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U.S. HOUSE COMMITTEE ON ENERGY AND COMMERCE

Subcommittee on Energy and Power

Subcommittee on Commerce, Manufacturing, and Trade

**HEARING ON EPA'S PROPOSED OZONE RULE: POTENTIAL IMPACTS
ON MANUFACTURING**

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Thank you Chairmen Whitfield and Burgess, Ranking Members Rush and Schakowsky, and Members of the Subcommittees. It is an honor and privilege to be sharing the views of WD-40 and its partner trade association NAA and CSPA with you today.

I join you as the President of the Americas for the WD-40 Company, and on behalf of the National Aerosol Association (NAA). For over 60 years, WD-40's signature blue and yellow can has thousands of uses ranging from stopping squeaky hinges to protecting tools from rust to taking crayon marks off leather furniture. It took us 40 attempts to get our signature water-displacing formula just right, a trial-and-error process that got us our name.

Daily, WD-40 Company does business in over 176 countries. Our USA based supply chain services the USA, Canada, Latin America and large portions of Asia and proudly displays "Made in America." From our origins in a San Diego lab to a globally recognized brand, we are proud to have a consumer product that is the beacon of successful American-made manufacturing and branding.

About WD-40 Company

WD-40 Company is a global marketing organization dedicated to creating positive lasting memories by developing and selling products which solve problems in workshops, factories and homes around the world. Our products are found under the sink, in the garage and in toolboxes of loyal fans around the world. More people use WD-40 every day than use dental floss.

WD-40 Company's corporate headquarters is located in San Diego, California and we have offices throughout the world to support our brands. The company markets its multi-purpose and specialty maintenance products and its homecare and cleaning products under the following well-known brands: WD-40®, 3-IN-ONE®, X-14®, 2000 Flushes®, Carpet Fresh®, no vac®, Spot Shot®, 1001®, Lava® and Solvol®.

About the National Aerosol Association

The National Aerosol Association (NAA) is an industry association dedicated to the promotion and protection of the aerosol package through expert knowledge, technical innovation, and education. NAA represents manufacturers, marketers, fillers, and suppliers to the aerosol market.

WD-40 is also board member of the Consumer Specialty Products Association and active in their 25-year effort to promote innovative and sustainable products that provide essential benefits to consumers while protecting human health and the environment.

National Ozone Standard

My remarks today concern the debate on the proposal to lower the National Ambient Air Quality Standards for Ozone.

We can all agree that policies to assure clean air and water are important. The challenge is to identify and implement policies that will most effectively achieve these goals. We all need to work together to find a way to achieve both economic growth and environmental progress, they do not necessarily have to be mutually exclusive. The NAA and WD-40 Company have a long history of working with the California Air Resources Board (CARB), the Ozone Transport Commission (OTC), the EPA, and several individual Air Districts in search of this goal. NAA was the first association to assist CARB in their formation of the Relative Reactivity Regulation for Aerosol Coatings. This first of a kind regulation was later mirrored as a National Rule on Aerosol Coatings.

To say we have worked diligently to meet already stringent VOC limits in our products is an understatement. The time, talent, and treasure incurred to reformulate and launch these products has been and is significant. Often, the efficacy of our products has suffered. We have lowered the VOC content for our WD-40 brand from roughly 65% to 50% to the current 25% mandated in California over the past 10-15 years. By the end of 2018, California presently requires that we get VOC content to below 10%. We have not discovered the way to do that yet that is technologically or commercially feasible. All this is being done under the current set of regulations. If we were required to move to more stringent ones now, we and the entire industry would face a most uncertain future. **Our past experience shows that it takes years of diligent research and costs millions of dollars to discover and launch new products that are a result of regulations.** To inflict increased burdens on our industry without first allowing current regulations to be implemented is not good policy. I believe scientific evidence will demonstrate that we will reach a point of diminishing returns when it comes to the costs of new VOC regulations versus the clean air benefit derived from aerosol industry regulations.

We ask you to seriously consider delaying any lowering of the standard, and requiring the EPA to primarily focus on areas that are presently in non-attainment status with the current standard at 0.075ppm. Any revisions to the National Ozone Standard should be based on sound science and appropriate cost / benefit considerations.

We make this recommendation based on our longstanding and cooperative working relationship with the states and EPA. The development of consumer product VOC regulations, and the hundreds of millions of dollars that WD-40 and many hundreds of other consumer product companies have spent to reformulate our products, may have lowered VOC emissions somewhat and we hope that they have assisted in providing some benefit to improving air quality. Numerous scientific studies, however, show that our VOC emissions are of very low reactivity, and thus, have very small ozone impacts. Indeed, the latest scientific studies are showing that VOCs from all sources are having less and less impact on ozone. Nevertheless, consumer products will continue to be targeted for continued regulatory action if the EPA ozone standard is lowered even further.

Based on our observations in the consumer products industry, a further reduction of the ozone standard at the present time is likely to have the following consequences: (1) a serious impact on consumer products – meaning that household products like WD-40 could become much less effective at a much higher cost and/or possibly discontinued or rejected by our end users; (2) confusing compliance regulation across the United States as Districts copy and paste regulation without considering geographical factors; (3) significant costs that adversely impact the entire aerosol industry.

➤ Impact on WD-40 Consumer Products

Should the ozone standard be lowered, I fear such costly reformulation requirements will severely harm WD-40 Company and the aerosol industry. Again, WD-40 has lowered its VOC content from 65% to 50% to current 25% - with significant costs and challenges to maintain product performance. We do not have the answer for the upcoming reduction to 10% required by California for 2018.

Our R&D team has informed us that meeting the upcoming 10% VOC standard will require a new and different type of formula that end users will notice looks, smells, sprays and acts differently from our current WD-40 formula. This is of immense concern to us since we have

built our global brand equity on the current formula. The only positive thing I can say is that we have three more years to work to figure out how we will accomplish this very challenging task.

➤ Overlapping Regulation/Unnecessary Overregulation

Another consideration that will affect our products is how states will adopt regulations to achieve attainment of EPA's proposed new ozone standard. By EPA's estimates, a 70 parts per billion standard will result in a nonattainment designation for 358 counties; a 65 parts per billion standard would increase that number to 558 counties.¹ Under a 65 parts per billion standard, all but two of the nation's top twenty metropolitan economies² would be in areas designated as in nonattainment. At a standard of 65 ppb, approximately 75 percent of the projected costs are attributed to unknown controls, or technologies and emission reduction strategies that have yet to be developed.³

If the Ozone Standard is lowered, more states will be required to adopt new regulations. As these states adopt regulations, we will have to comply with a patchwork of regulations. The regulations are overlapping and sometimes not in sync with one another. I am concerned that this problem will be magnified if the EPA proposed Ozone Regulation is adopted. Testing, VOC limits and other provisions vary from one locale to another. This creates a marketing and distribution nightmare for national and Global companies such as ours.

Currently, WD-40 has worked with CARB and OTC states on new rules that have not yet been implemented. We would ask that the ozone standard not be lowered until the states and jurisdictions have had time to fully implement the new regulations and to give appropriate time to regulators to determine whether new regulatory requirements are effective to achieve attainment at the current standard.

➤ Economic Impact on the Industry

In addition to implications for the chemical efficacy of the products and overregulation at the State and local level –I ask you to consider the appropriate cost/benefit consideration and economic impact to the industry of lowering the standard.

¹ Under the Clean Air Act National Ambient Air Quality Standards, areas are classified as nonattainment, attainment, or unclassifiable for each of six criteria pollutants, including ozone.

² Baton Rouge Chamber of Commerce analysis, available at http://www.brac.org/brac/news_detail.asp?article=1947, based on Brookings Institution's Metro Monitor, available at <http://www.brookings.edu/research/interactives/metromonitor>.

³ Senator Jon Thune (R-SD), June 3. Available at <https://www.youtube.com/watch?v=TtOvGwkWYs>

As a global company with sales of almost \$400 million and 400 global employees—with hundreds more employed by our contract packagers—resources are always tight. Given that, we have chosen to be one of the industry leaders when it comes to clean air regulations and working with all parties to get the best possible outcome. The time, talent, and treasure it takes to do this does not help us grow our sales or profits, in fact, quite the opposite. But we believe working this way is the “right thing to do” which is our number one company value. The growing number and complexity of environmental regulations in general along with the associated costs of compliance is one of the most significant challenges our company (and others) face in the future. This means that such regulations need to be science and fact based, agreed to by all those involved. They need to be technologically and commercially feasible to be both successful and achieve the positive impacts they seek. We do not believe that changing the current standard will satisfy these requirements.

Concluding Thoughts

Chairmen, and subcommittee members – product modifications for environmental compliance is a top priority for WD-40 Company and our industry. We work every day to improve our products, while at the same time ensuring that our communities remain economically strong.

We recommend Congress seek to keep the current standard unchanged at 0.075 ppb until states have been able to implement that standard, and learn from those regulations.

WD-40 Company and its partner trade associations are ready to work with Congress and the agencies on efforts to assist areas already struggling with attainment. We have made great progress in cleaning up our air and we believe more can be done, but premature establishment of higher standards is not the answer. Please allow the current regulation to establish a more consistent regulatory framework across the country for a higher level of attainment.

Thank you again for the opportunity to testify, and I welcome any questions.