February 8, 2024

The Honorable Joseph R. Biden, Jr.
President of the United States
The White House
Washington, D.C. 20500

Mr. President,

The domestic chemical manufacturing sector provides raw materials for nearly every economic sector in the country. Chemistry also employs over half a million Americans and supports twenty-five percent of the national gross domestic product. However, the current regulatory overload is putting the sector at risk. The total number of regulations that apply to the chemical manufacturing industry has doubled in the past 20 years. Currently, the amount of newly proposed regulations impacting the chemical manufacturing sector would increase our compliance costs by fifty percent, costing the industry an extra $7 billion annually.

Our industry supports a vast supply chain. Your administration has worked determinedly to enact and implement the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the CHIPS and Science Act to fund new advancements in U.S. healthcare, semiconductors, clean energy, biotechnology, infrastructure among other economic sectors, all of which rely on chemistry.

Recently, the American Chemistry Council surveyed our members concerning the current regulatory environment. More than three quarters of respondents said that their regulatory burden has risen over the past year, and they expect it to increase even more. The industry is concerned that this impact is harming our ability to support manufacturing in America and compete with international rivals, such as China. For example, our member companies responded that the current regulatory environment has led companies not to expand their U.S. operations and could lead to a decrease in hiring, capital spending and investing in research and development. This hurts domestic manufacturing and domestic jobs. According to the United Steelworkers, the chemical sector is one of the largest sectors within the international union with approximately 30,000 chemical workers being represented.

According to our new survey, 86% of responding chemical manufacturers said the overall level of regulatory burden has risen, particularly at the federal level and that they expect the volume of new regulations to rise even further across all levels of government a year from now. Over the past year, 65% of our member companies have been negatively impacted due to government delay in making a regulatory decision or acting on a permit, license, or product approval in the U.S. This is particularly concerning when 94% of U.S. chemical industry firms, totaling approximately 7,600 companies, meet the Small Business Administration's criteria for small businesses.

Following are a few examples of the impact of regulatory overreach.

- Sixty-seven percent of respondents reported that the current regulatory environment threatens their investment in the clean energy sector. Ethylene oxide, fluoropolymers, and N-

Methylpyrrolidone (NMP) are examples of chemicals needed for lithium-ion batteries. If not done correctly, regulations like those the U.S. Environmental Protection Agency (EPA) is proposing, however, could hamper chemical manufacturers' ability to produce products to support the administration's clean energy goals.

- Fifty-seven percent of respondents reported that the current regulatory environment threatens their investments in domestic semiconductor manufacturing. Ethylene oxide, fluoropolymers, and formaldehyde are examples of chemicals necessary for semiconductor manufacturing. However, EPA regulatory proposals, like the Agency's Hazardous Organic National Emission Standards for Hazardous Air Pollutants for ethylene oxide and overly broad PFAS restrictions, and EPA's routine reliance on information from its Integrated Risk Information System do not reflect the best available science or use the weight of scientific evidence. This threatens domestic semiconductor manufacturing, the U.S. continuing as a leader in technological innovation, and enhancing the U.S.' edge in the global economy.

- Nearly half of respondents said the current regulatory environment threatens their investment in the healthcare sector. Chemistry is integral to manufacturing medical equipment for diagnoses and treatments, maintaining the sterile environment required in hospitals, and being prepared for the next health crisis. For example, fluoropolymers and formaldehyde are used in medical devices such as ventilators and pacemakers. Formaldehyde is used in the manufacture of certain viral and bacterial vaccines. Approximately 50% of all medical devices are sterilized with ethylene oxide, and for many of those, it is the only option known to modern science. The administration is committed to protecting and expanding Americans' access to quality, affordable health care. However, proposals like EPA's sterilizer rule, which aims to reduce ethylene oxide emissions by 80%, could result in significant disruption to the supply chain leading to decreased sterilization capacity and supply availability across the country.

Likewise, a variety of chemistries are essential to biotechnology and biomanufacturing and investments in building domestic infrastructure. Chemistries aid in conserving resources in the agricultural sector, providing critical applications for crop production and animal agriculture, and building resilient and more sustainable infrastructure.

Additionally, the delay and lack of decision making and permitting for newer, innovative chemistries is routine. Even if approved and permitted, these new chemistries are so heavily regulated, potential customers from wide ranging economic sectors are increasingly unsure of using these new chemicals in their goods. Ultimately, if domestic manufacturers are not using new chemistries due to regulation and unable to use existing chemistries, entire sectors and supply chains are forced to go offshore with finished goods made abroad and simply imported back into the U.S. That result is entirely inconsistent with your administration's new domestic manufacturing agenda.

Because it is part of our role at the American Chemistry Council to encourage policymakers across the federal government to understand the cumulative and cascading impact of regulations on the chemical industry and the broader economy, we request that you create an Interagency Policy Committee (IPC) led by the Director of the White House National Economic Council to coordinate an economic impact analysis. The

IPC would require all cabinet departments to evaluate the regulatory proposals by other federal agencies specifically to identify their impact on the ability and speed of administering the programs of those federal departments, especially the new responsibilities associated with implementing the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and the CHIPS and Science Act, and how to more effectively implement those existing and new programs.

The U.S. chemical manufacturing industry is the second largest chemical manufacturing segment in the world and is one of the heaviest regulated in the country. We take pride in developing goods which consistently improve life for Americans. We invest billions of dollars in research and development every year. Investments through the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, the CHIPS and Science Act, and other new investments in a variety of industries in which chemistry is essential, should help the domestic chemical production industry continue to thrive, create new jobs opportunities, support sustainability, and promote onshoring innovation and manufacturing.

On behalf of the domestic chemical manufacturing industry, we appreciate your serious consideration of this request. Enclosed is a copy of the member company survey referenced in this letter. I also request that the American Chemistry Council and our member companies have the opportunity to work with you and the White House senior leadership to develop information for an economic impact analysis which will be a resource to the administration.

Sincerely,

Chris Jahn
President and CEO

cc: Mr. Jeff Zients, White House Chief of Staff
Ms. Natalie Quillian, White House Deputy Chief of Staff
Dr. L. Brainard, Director, National Economic Council
Mr. Steve Ricchetti, Counselor to the President

Mr. Jon Podesta, Senior Advisor to the President for Clean Energy Innovation and Implementation
Mr. Ali Zaidi, National Climate Advisor
Dr. Richard Revesz, Administrator, Office of Information and Regulatory Affairs
Mr. Steve Benjamin, Director, Office of Public Engagement

Enclosure: *"Impact of Rising Regulations on Chemical Manufacturing & American Priorities,"* January 17, 2023, American Chemistry Council.