Statement for the Record
American Chemistry Council

Hearing on:
Death by a Thousand Regulations: The Biden Administration's Campaign to Bury America in Red Tape

House Oversight and Accountability Committee
June 14, 2023

The American Chemistry Council (ACC) represents more than 190 companies engaged in the business of chemistry—an innovative, economic growth engine that is helping to solve the biggest challenges facing our country and the world. Our members are the leading companies engaged in all aspects of the business of chemistry, from the largest corporations to the smallest, and everything in between. They are the people and companies creating the groundbreaking products that are improving the world all around us by making it healthier, safer, more sustainable and more productive.

We believe that if America is to remain a country that innovates and competes globally, it must do so with a thriving American chemical industry. Protecting that unique role and promoting our industry's interests drives everything we do.

ACC members represent a heavily regulated subsector of American manufacturing: annual compliance costs are estimated to be between $2 billion and $3 billion.[1] The *Code of Federal Regulations* alone contains more than one million restrictions applicable to chemical manufacturers—more than ten percent of the total number of restrictions.[2]

ACC has long supported responsible regulation that puts science first, promotes innovation and supports supply chain resiliency. We are very concerned by a growing number of proposed federal regulations that would not meet these standards. Unless the Administration moderates several of these proposed regulations, critical chemistries will suffer—and the important products and industries they support will suffer as well.

ACC has identified the following 13 proposed regulations on the chemical industry that impose a collective cost to the economy of close to $7 billion per year using the agencies' own estimates.

Proposal	*Agency*	*Annual Cost*
Climate disclosure reporting	SEC	$2,400,000,000
Feedstock production of Class II ODS	EPA	$386,667
Emission guidelines for oil and natural gas sector (methane)	EPA	$963,462
NAAQS PM	EPA	$390,000,000
Restrictions of certain uses of HFCs	EPA	$150,000,000

[1] Estimated by ACC based on compliance personnel costs from the following study: Trebbi, F. and Zhang, M.B., 2022. *The Cost of Regulatory Compliance in the United States* (No. w30691). National Bureau of Economic Research.

[2] Restrictions are a count of the number of occurrences of certain words – "shall," "must," "may not," "required," and "prohibited." The count comes from RegHub at George Mason University's Mercatus Center.

Asbestos chrysotile TSCA Section 6	EPA	$78,000,000
CERCLA PFOA/PFOS*	EPA	$2,528,000,000
Risk Management Plan regulations	EPA	$76,700,000
Ethylene oxide sterilizers	EPA	$32,000,000
NESHAP HON rule	EPA	$70,133,333
MCL PFOA/PFOS	EPA	$1,204,600,000
methylene chloride TSCA Section 6**	EPA	$13,600,000
TSCA new chemical review procedural changes**	EPA	$TBD
TOTAL		$6,944,383,462

Note: Unless noted, all rules are economically significant (subject to OMB review) and all cost estimates are from the issuing agency and discounted at 7%.
**ACC developed this cost estimate to account for the indirect cost of CERCLA cleanup.*
***Not designated as an economically significant rule by OMB.*

In many of the regulations above, ACC's concern is not that the chemistry is being regulated; rather, that the proposed regulations are not science based and are so strict that its benefits are not worth its costs. Several of the regulations listed above either ban chemistries outright or regulate them at trace levels, which is a *de facto* ban on manufacturing. ACC anticipates several more proposed regulations on different chemistries, primarily those slated for risk management proposals under the Toxic Substances Control Act (TSCA) that will even further increase the scope and cost of federal regulations for critical downstream sectors.

ACC is concerned that some of these regulations will restrict or entirely prohibit critical chemistries that make up the supply chain for important technologies, including many that are policy priorities under the Inflation Reduction Act (IRA), Infrastructure Investment and Jobs Act (IIJA) and CHIPS and Science Act.

For instance:

- The CHIPS and Science Act appropriates tens of billions of dollars toward U.S. fabrication of the most advanced computer chips. Here are some of the chemistries facing regulations that would impact their manufacturing:

- **Ethylene Oxide** is used widely in semiconductor manufacturing processes like wafer cutting, chemical mechanical planarization, photoresist, and photoresist residue cleaner.
- **Methylene chloride** is used to make polycarbonate, which is used for multiple applications in semiconductors like valves, tubing and filtration elements.
- **D4**, a type of silicone, is used in the manufacture of silicon wafers.
- **Trichloroethylene** is a solvent used to improve semiconductor performance.
- **PFA**, a fluorinated chemistry, is used for fittings, fluid management, liquids transport, high-purity manifolds, valves and many other purposes.

- IIJA directs billions of dollars to development of a domestic electric vehicle (EV) industry**,** and the IRA incentivizes the purchase of those vehicles. Here are the chemistries under active regulation that, if done wrong, threaten the success of those IRA/IIJA programs:

  - **Formaldehyde-based technologies** are used to make interior molded and under-the-hood components that allow for higher fuel efficiency by reducing vehicle weight. It is also used in the production of highly durable exterior primers, clear coat paints, tire-cord adhesives, brake pads and fuel system components.
  - **Ethylene oxide** is used to produce ethylene carbonate, which is used in lithium-ion batteries to allow the electricity generated to travel more easily through the battery.
  - **PFAS** are essential to lithium-ion batteries (anode and cathode coatings), fuel cells (electrode membranes), power electronics (diaphragms, seals, and case coatings), and textile materials and membranes (gas filter membranes in air-conditioning systems, engine compartment covers).
  - **NMP** is an essential processing aid and in most cases there is no replacement. NMP is necessary for lithium batteries that are key to energy storage and electrification that will help the US move away from fossil fuels.
  - **1, 3-butadiene** is used primarily as a chemical intermediate and as a monomer in the manufacture of polymers such as synthetic rubbers, latex or elastomers. Butadiene is necessary for tires for automobiles.

- Both IIJA and IRA provided billions in funding for infrastructure improvements. The chemistries below have critical applications in infrastructure:

  - **Butadiene** rubber emulsion provides construction projects with superior tensile strength and durability. Butadiene is also used to create adhesives and sealants, asphalt and polymer modification and compounds. Its water-based formulation also resists moisture weathering, abrasion, and UV radiation damage.
  - **Formaldehyde** is used in building and construction materials and formaldehyde-based resins are used to manufacture composite and engineered wood products used in cabinetry, countertops, moldings, furniture, shelving, stair systems, flooring, wall sheathing, support beams and trusses.

- **Asbestos** diaphragms are used to produce chlorine, and EPA has proposed an accelerated ban on this technology that manufacturers may not be able to meet without impacting the supply chain, particularly for water treatment.

The chemical industry is committed to advancing sustainability worldwide, through innovation, collaboration and technologies that enhance the safety and environmental impacts of our products and our operations. We are a solutions provider for many of the challenges we face as a society. We seek a regulatory environment that protects public health and welfare while promoting our industry's competitiveness. We hope that an increased focus on the burdens our industry will yield better regulatory outcomes and avoid unnecessary supply chain disruptions.