

AMERICAN CHEMISTRY COUNCIL CLIMATE POLICY PRINCIPLES

Climate change is a global challenge that requires long-term commitment and action by every segment of society. A combination of technology, market-based and policy solutions will be necessary to reduce greenhouse gas emissions (GHG) and achieve climate goals, such as those of the Paris Agreement.

The chemical industry – and innovations in chemistry – are critical to achieving efficient and effective climate change solutions. Many low-carbon solutions rely on innovations in chemistry – from lithium-ion batteries that drive electric cars to high-performance building insulation and windows to lightweight plastic packaging and auto parts that reduce energy needs, and carbon emissions, in shipping and transportation. As a significant manufacturing sector, we are continuously improving the energy efficiency and intensity of our own operations. The chemical industry is developing transformational technologies that cut emissions, improve energy efficiency and enable a socially, environmentally and economically sustainable future.

Principles for Reducing Worldwide GHG Emissions

Making sustainable progress toward the reduction of greenhouse gas (GHG) emissions, while minimizing the costs to society, requires consistent, predictable policy and regulatory environments that foster innovation, investment and economic growth. Any new U.S. climate policy should cover all sources of GHG emissions. It should be developed by Congress, and it should integrate the following basic principles.

Recognize U.S. Energy Security. U.S. climate policy must recognize the national and industry interest in America’s oil and gas resources. U.S. policy should focus on expanding all energy and feedstock supplies. U.S. policy should strongly encourage the use of energy-efficient products and technologies. Regional or national climate and energy policies should be fully integrated.

Achieve Meaningful GHG Emissions Reductions. GHG emissions reductions resulting from U.S. climate policy should be meaningful in both a national and global context. Reductions should be achieved in a balanced, efficient and cost-effective way.

Exempt Non-Emitting Feedstocks. The chemical industry relies on essential and cost-sensitive feedstocks such as natural gas, natural gas liquids, hydrogen and others as well as processes that result in little or no GHG emissions. Manufacture and use of such feedstocks and processes should be exempted from climate regulation. Climate policy should address both mitigation and adaptation strategies.

Protect the Competitiveness of U.S. Manufacturing. The U.S. chemical industry is in the midst of a historic wave of investment in new capacity. Any climate policy must protect the ability of energy intensive, trade exposed industries to compete in the global economy.

Support Investment in New Technology and Innovation in New Products. U.S. climate policy must support capital investment in state-of-the-art manufacturing capacity to achieve emission reductions and reward investments in combined heat and power, energy efficiency, demand

response, and renewable energy. Further, U.S. policy should create momentum for the development of new innovations in processes and products that harness the power of chemistry to enhance GHG reductions.

Adopt Market Signals and Administrative Provisions that Send Clear Messages. Transparent, predictable, technology-neutral price signals will facilitate lower GHG emissions, and any such price signals should be made revenue-neutral. The complexity and administrative costs of U.S. climate policy must be minimized to the fullest extent possible.

Implement a uniform, national policy. Climate policy should be developed and authorized by the U.S. Congress. Ideally, climate policy should result in a single transparent and effective national program that gradually eliminates the need for a patchwork of state laws and federal regulations.

Track Progress. Progress toward national and/or global emissions reduction goals can only be assessed if appropriate measures are in place to track progress. The U.S. should develop policies that encourage measurement of the life-cycle emission benefits of products. Importantly, U.S. climate policy should avoid simply shifting emissions between regions or countries.