



GLOBALCHEM

PREPARED REMARKS FOR CAL DOOLEY

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Good morning and welcome to day two of this year's Global Chemical Regulations Conference.

I'd like to begin by thanking our sponsors once more for their generous support of this year's conference: Beveridge & Diamond PC; Keller and Heckman LLP; Sidley Austin LLP; Steptoe & Johnson LLP; Chemical Watch; and the Technology Sciences Group, which sponsored the TSCA Fundamentals workshop on Monday.

I'm happy to have the opportunity to discuss why ACC and our member companies believe it is so critical to establish a regulatory framework both at home and abroad that will allow our industry to innovate, create jobs and meet the world's most pressing challenges.

As you may know, the U.S. business of chemistry is currently driving an American manufacturing renaissance by transforming domestic energy supplies into a stronger economy and new jobs. Ethane-rich natural gas from shale gives the United States a significant competitive advantage over other countries – an advantage that starts with the business of chemistry.

Thanks to affordable, abundant supplies of domestic shale gas, the chemical industry has been able to recoup some of the 140,000 jobs our industry lost over the last few decades, primarily due to high, volatile natural gas prices. Nearly 800,000 Americans now work in our industry,

earning approximately 46 percent more than the average manufacturing wage. These are good, American jobs.

Clearly, the continued success of our industry will depend on a comprehensive national energy strategy that encourages the development of natural gas from shale and expands the diversity of our nation's energy supply. Equally important to ensuring our country's long-term competitive advantage is a sound chemical regulatory system that promotes safety, instills public confidence and supports the American chemistry industry's tradition of innovation.

As we pursue efforts to modernize America's chemical management system and reform TSCA, innovation and safety must be viewed as twin priorities. It is innovation that brings about new, safer chemicals. Innovation in chemistry leads to new products that will revolutionize our lives and will allow us to meet global needs to provide food, shelter, medicine and energy to the world. Innovation is what creates economic activity, growth and jobs that sustain families and communities.

In recent years we have witnessed the emergence of new approaches to chemicals management in Europe and other countries. This has raised questions about whether the United States has ceded its position of leadership on these critical issues to other nations.

Some in the U.S. have pointed to the EU's REACH as a model for changes to TSCA. Some presumably have adopted that view in the interest of perceived convenience or ease. But there is ample reason to be skeptical of REACH as an appropriate model for the U.S. We simply do not have evidence that REACH will promote safety AND innovation.

Just last week, a report from Indiana University identified several ways in which REACH, as it is written today, would not work well for the United States. Importantly, the report found REACH to be "much more complex and burdensome than the program needs to be to accomplish its objectives."

When it comes to tough issues, the U.S. has a long record of demonstrating the kind of sensible, pragmatic leadership that is needed on chemicals management to promote safety, encourage

innovation and support a thriving industry and overall economic growth. With all due respect to my European colleague, the EU's record is not quite so strong.

For example, genetically-modified organisms, or GMOs, present the promise of enhanced food security at a time when global demand for food, water and arable land is growing exponentially. Put plainly, without innovation in seeds to increase yields, while at the same time slowing the rate of increase in water and land usage, our planet simply won't be able to meet the nutritional needs of its people. But Europe's regulatory system has effectively shut that industry down.

As a result of the EU's resistance to these new technologies, companies are moving related operations elsewhere. In January of this year, BASF announced that it was leaving the European plant biotechnology market to concentrate on the major markets in North and South America. In another example, regulatory proposals affecting nanotechnology could well have the effect of stifling the emergence and acceptance of this groundbreaking technology.

We must learn from these lessons and assert U.S. leadership by crafting a new regulatory regime that can serve as the gold standard for global chemicals management.

Unfortunately, there is little real progress to show for the significant effort to modernize TSCA put forth by multiple stakeholders over the past three years. And while there may be uncertainty about the effectiveness of REACH, there is certainty that the current proposal in the Senate, the Safe Chemicals Act, would NOT achieve the goals of safety, innovation and future growth of the domestic chemical industry.

The bill is based on an unworkable safety standard. It would modify the new chemicals program, widely viewed as effective, to be even more restrictive than REACH; and it fails to require systematic, scientifically-based prioritization of chemicals for review. Given the breadth, scope, and frankly, the lack of focus in the bill, it would certainly cost at least several billion dollars to implement and would grow the size of the EPA to an extent that is unnecessary.

ACC has worked closely with staff and members of Congress from both sides of the aisle to present specific, detailed proposals to modernize TSCA. These proposals would demonstrate our commitment to safety and instill public confidence in U.S. chemicals regulation, but they would also allow for continued growth, innovation and global competitiveness of the U.S. chemical industry and the manufacturing sectors it supports.

Regardless of the merit of our proposals or those of anyone else, we all need to recognize that in current the political environment in Washington, serious progress on TSCA is highly unlikely. That is why we have intensified our efforts to pursue improvements to current EPA regulations.

In recent months we have worked to improve the Chemical Data Reporting rule so EPA has high quality information they can draw upon to inform prioritized reviews of chemicals. ACC has proposed a transparent, science-based prioritization system that will allow EPA to take advantage of the information it collects to efficiently focus its resources on assessing chemicals where there is the greatest need.

We were pleased that EPA's strategy to review certain existing chemicals released last Thursday, included an explanation of their work plan that reflected elements of ACC's proposed prioritization tool. This is a step in the right direction toward credible, scientifically-sound prioritization as a foundation for chemical regulation and away from chemical action plans which appeared to be a reactive approach to the activists' suspect chemical du jour.

ACC is also focused on ensuring that EPA makes fundamental changes to the IRIS program so when the risks associated with chemicals are assessed, the results are credible.

And we're also working to ensure that EPA's regulatory proposals don't undermine the competitive nature of the free market. Every chemical company in the United States presumes that, when they invest millions of dollars to develop new products, their discoveries and innovations will be protected under intellectual property rights.

However, an EPA rule now under review at OMB would deny chemical companies the ability to protect chemical identity as confidential business information, except in two limited and insufficient circumstances.

In the chemical industry, trade secret chemical identities are among the most valuable intellectual property, yet they often cannot be patented.

For example, a few years ago one of ACC's consumer products companies discovered innovative surfactants worth over \$150 million in development costs that have changed the way Americans do their laundry. At the time, the company submitted two PMNs to EPA to create a revolutionary new laundry detergent. A new detergent was then introduced that allowed consumers to use cold water rather than hot to clean their clothes, which saved money on energy bills and reduced CO2 emissions from the energy-intensive process of heating water in the laundry wash cycle.

It was critical that the chemical identities in this product be claimed confidential in order to prevent competitors from unfairly piecing together the unique chemical structures and composition of the surfactants to develop a similar product. Had EPA's new interpretation of section 14(b) been adopted at that time, the company would have had to disclose its confidential business information to competitors, surrendering its competitive edge and spoiling the new business opportunity.

That's why ACC, along with support from our colleagues at the American Cleaning Institute and the International Fragrance Manufacturers of North America, developed an alternative approach that would ensure that appropriate health and safety information be available without compromising our industry's competitive edge. We believe our approach strikes the right balance between keeping consumers informed of important health and safety information about chemicals, and protecting legitimate competitive business interests of the chemical industry.

If we want the United States to continue to be a leader when it comes to developing new and innovative chemicals and bringing them to market, we must also focus our attention abroad. Importantly, we must work together to identify and resolve trade barriers to allow unfettered access to world markets and to ensure a level playing field for chemical manufacturers.

From crafting sensible health and safety regulations, to encouraging innovation at home and abroad, to boosting U.S. exports and driving job creation, chemical management is indeed a global concern with worldwide ramifications. But that doesn't mean the United States should not take the steps necessary to maintain our country's competitive advantage. And it doesn't mean the United States cannot lead the way. We can, we should, and we will.

I wish to thank you all again for joining us this week and being a part of this important leadership effort.

And now let's get our next session started. I would like to invite the participants for the morning's first session on "REACH 2013 Registration Preparations" to the stage. While they make their way up, let me briefly introduce you to the speakers whom have both traveled from Europe to be with us today.

First, Ms. Eva Sandberg who is the International Relations Coordinator in the Directorate of Cooperation at the European Chemicals Agency in Helsinki where she has worked since 2008. Before ECHA, she worked for the Swedish Chemicals Agency (KEMI) for a number of years and was part of the REACH drafting team.

Our second presenter today is Mr. Darren Abrahams who is an English Barrister and a partner in the Brussels office of Steptoe & Johnson, one of our conference sponsors. Mr. Abrahams practice is focused on EU regulatory requirements and related commercial impacts including those of REACH and Classification, Labeling and Packaging. Please welcome Eva and Darren.