



January 18 2011

Director Jacob Lew
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Lew,

As the president of the American Chemistry Council (ACC), representing America's chemical manufacturers, I am writing today in response to President Obama's piece in this morning's *Wall Street Journal*. We welcome the president's interest in ensuring that government does not place unreasonable burdens on U.S. business. At ACC, we believe our ability as an industry to compete in a growing global market, drive innovation throughout the value chain, and preserve and create the high-skilled, high-paying domestic manufacturing jobs of the future is directly related to our ability as a nation to strike the right balance with respect to government regulation.

We believe that many of the rules issued by this administration thus far have failed to fully recognize the consequences for small business, the effects on future investment in the U.S., particularly in the manufacturing sector, and consequences for American jobs. This is a significant problem for the future competitiveness of the United States, something that should be front of mind, particularly this week during President Hu's visit.

We support many of the specific initiatives outlined in the President's Executive Order. But in order to ensure that federal agencies are indeed striking the right balance, the administration needs to deal with two fundamental problems in the way it develops and evaluates rules.

First, in order to adequately understand the consequences of new rules, the quality and scope of the economic models being used by regulatory agencies must be improved. Right now, federal agencies assess costs of an individual rule in a vacuum. Despite previous Executive Orders requiring that they do so, agencies frequently fail to look at the consequences of a new rule being layered onto existing rules to show the full economic and employment impact for business.

A flawed economic model leads to flawed conclusions. For example, Administrator Jackson recently asserted that increased regulation will actually create jobs. As the representative of a

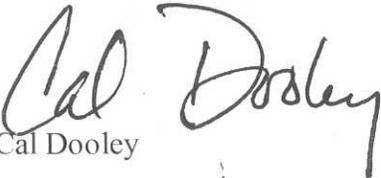
highly regulated industry, I can tell you that the rules proposed by the Environmental Protection Agency in the past two years will put tens of thousands of high-paying manufacturing jobs at risk. Any economic model that comes to an alternative conclusion is suspect.

Furthermore, in order to meet the Obama administration's standards for transparency, the economic assessments completed by federal agencies should be made public. Currently, we are dealing with a proposed rule for industrial boilers and heaters (known as "Boiler MACT") that, as proposed, we believe will jeopardize roughly 60,000 U.S. manufacturing jobs. We understand from reports that the U.S. Department of Commerce has conducted an assessment that also shows significant job impacts, contradicting EPA's public assessment. Despite requests from Congress, the administration has failed to release the Department of Commerce's study, making it difficult to determine the reason for the discrepancies and the true cost to business.

Second, the administration must create clear and transparent standards for scientific data used to develop rules in order to ensure its objectivity and credibility. The administration should establish uniform criteria for the relevance, quality and reliability of data relied on by all federal agencies. Doing so will level the playing field so that irrespective of funding source or affiliation of investigators, the government has a solid scientific basis for economic decisions.

If we, as a nation, hope to maintain our competitive edge, continue to foster innovation that is the envy of the world and maintain and create good jobs here at home, we have to take a hard look at how we regulate. Simply examining individual rules will only deal with a symptom of the larger problem. We stand ready to work with the administration to craft an approach to economic assessments and setting standards for scientific data that will produce regulations that protect safety, health and the environment while also ensuring that businesses can continue to grow and thrive in the United States.

Sincerely,


Cal Dooley

CC: Cass Sunstein, Administrator, Office of Information and Regulatory Affairs