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Chemicals

Practitioner's Insights: Putting Government to Work for Innovation

BY CAL DOOLEY

Fostering innovation is a frequent goal of elected officials, but in reality, government's role in innovation is fairly limited. Where government and private sector innovation do intersect, government is more frequently the obstacle, rather than the enabler. President Donald Trump has vowed to change this equation and has even announced a new White House office to put innovation to work to solve our country's most vexing problems. But there are also immediate and tangible ways that the Trump Administration can put government to work for innovation.

In a major victory for American consumers and America's economy, last summer Congress passed the Frank R. Lautenberg Chemical Safety for the 21st Century Act (LCSA) to modernize the way chemicals are regulated in the United States. The new law outlines a sophisticated, efficient 21st century system to assess chemicals for safety. After years of negotiation and input from many stakeholders, the LCSA carefully balances the need to protect health and the environment while also supporting American competitiveness.

Implementation of the LSCA began almost immediately. Under the previous administration, the Environmental Protection Agency made important progress toward putting the pieces of a new oversight framework in place. It became clear though that in certain areas, the EPA was misinterpreting the new law with very real consequences for American manufacturers and our economy.

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Part of the agency's job is to review new chemicals before they come to market. Although the new chemicals program was understood to work well under the old law, the LCSA made some modest but important amendments.

The improvements were intended to enhance the EPA's ability to analyze substances before they enter commerce and to ensure that the agency has sufficient information to make decisions. The amendments codified the EPA's mandate to address vulnerable populations and to ensure transparency in its decisions. The changes did not alter the legal standard for review of new chemicals and were not intended to radically modify or indiscriminately extend the EPA reviews of new chemicals.

Reviews Mired in Inefficiencies Unfortunately, the EPA's new chemical reviews have become mired in inefficiencies, causing significant delay for manufacturers. As of the end of February, the backlog of new chemicals awaiting approval has doubled from 331 to 658 (based on the latest information available). During this time EPA has completed its review of only 33 substances, a sharp decline for a program that has historically reviewed about 1,000 substances every year.

New chemicals are the building blocks for countless new products and materials that make life healthier, safer, more productive and more enjoyable. By reviewing and green-lighting these innovations, EPA's New Chemicals Program plays a central role in maintaining America's competitive edge.

Historically, the U.S. has led the world in developing and commercializing new chemistries. In fact, prior to implementation of the LCSA, three times as many new chemicals were introduced in the U.S. than in other countries. An efficient new chemicals review program

is essential to U.S. leadership in the development of new products and transformational technologies.

The breakdown of the new chemical reviews couldn't come at a worse time. The business of chemistry is experiencing historic growth in the U.S. thanks to plentiful, affordable domestic natural gas supplies. More than 290 chemical industry projects including new facilities, expansions and restarts valued at \$179 billion are planned or have broken ground. It's projected these developments will create 462,000 new jobs by 2025. Over 60 percent of this new investment comes from abroad, meaning that U.S. chemistry is "insourcing" jobs. Impeding the essential functions of new product development and commercialization could cause some to question the wisdom of their investments.

To its credit, the EPA has begun to address the procedural and substantive issues raised by its interpretation of the LCSA's changes to the program. However,

we need strong leadership and direction from Administrator Scott Pruitt to ensure that the new chemicals program reflects the legal standard, speed and flexibility that Congress envisioned.

The chemical industry is dedicated to the success of the LCSA as a modern, strong and efficient law to regulate chemicals in commerce, including ensuring EPA has the funding it needs to implement this important Act. We are committed to investing in research and development here at home to drive American competitiveness and growth. With an equal commitment from EPA, the United States can remain the world's leading innovator and the most attractive place in the world to invest.

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