

Oral Statement of
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before the

United States Senate
Committee on Environment and Public Works

On

Oversight on U.S. Chemical Risk Management
Policy

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Good morning Chairman Boxer, Ranking Member Inhofe, and Distinguished Members of the Committee. My name is Jim DeLisi, President of Fanwood Chemical, Inc., located in Fanwood, New Jersey. I have been employed by Fanwood Chemical for over 30 years and have specialized in the marketing of organic chemical intermediates in North America as well as Europe and South America. In addition, I have been heavily involved in trade issues that impact our industry. I have served as Chairman of the Synthetic Organic Chemical Manufacturers Association's (SOCMA) International Affairs Committee for many years. In addition, I am the Chairman of ITAC 3, the Industry Trade Advisory Committee for Chemicals, Pharmaceuticals, Health Science Products and Services administered by the US Department of Commerce and the Office of the United States Trade Representative.

Thank you for this opportunity to share with you my company's perspective on current chemical risk management regulation and initiatives by the U.S. Environmental Protection Agency. My remarks will also address generally significant concerns about Congress moving in the direction of adopting overreaching regulatory schemes, such as Europe's Registration, Evaluation, Authorization and Restriction of Chemicals program, also known as REACH.

Fanwood Chemical currently has two full time employees and two part time employees working in our office in Fanwood, NJ. We also have working relationships with senior members of our industry for help on special projects. The products we sell are primarily used to make color or are functional additives in lubricating fluids. In these instances, we are responsible for bringing

to the market place the products of U.S. producers and are backed up by their staffs. We are also experts in REACH and the business challenges this program presents, with special emphasis on its impact on non-EU based companies. This combination of activities has required us to have a working knowledge of EPA's Toxics Substances Control Act, Federal Insecticide, Fungicide, and Rodenticide Act and many other EPA programs as well as similar programs in countries where we have direct exports. We also are knowledgeable of programs in countries where we have indirect exports – i.e. countries our customers export to.

Fanwood Chemical was founded by my father, Vince DeLisi in 1971. He could have successfully completed his career without being involved in the international arena. However, the primary industry we were serving at the time was manufacturers of dyestuffs, so clearly I could not. Therefore in 1980 we began to do business in the international arena – first into Europe. It was challenging then, and remains challenging today to sell U.S.-produced goods into the Colorant Industry internationally because of the competition from the Far East.

Since 1976, tens of thousands of chemicals have been evaluated by the U.S. Environmental Protection Agency under the Toxic Substances Control Act for potential human health and environmental effects. American chemistry has invested and continues invest significant resources to assure that the products we sell meet rigorous regulatory standards and do not present an unreasonable risk to health or the environment. To the contrary, in fact, chemicals produced by SOCMA members daily improve the lives of millions of Americans. These chemicals assist the young and the elderly alike, helping the healthy to stay well and the sick to recover. Other chemicals produced by industry go toward defending our nation against

terrorism, enabling American workers to perform their jobs safely, and transporting millions of travelers across our Nation. We also are confident that chemistry will be key to the solutions needed to help us minimize global warming. All these benefits are made possible by the appropriate balance contained in our existing system of chemical control regulation and the vast commitment of chemical industry resources to product stewardship.

I urge this committee to thoughtfully consider whether it is really necessary or wise to adopt a monolithic new regulatory regime for chemical regulation like the European Union's Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) regulation. In our view, existing EPA regulations and voluntary initiatives are sufficient, and far more appropriate than REACH, to control possible hazards and still preserve the sustainability of America's third largest manufacturing industry. Our industry accepts our responsibility to profitably make products that are safe under expected exposure conditions – an obligation that EPA polices under TSCA. But Congress has also established a policy in TSCA that chemical regulation should not “impede unduly or create unnecessary economic barriers to technological innovation.” This balance of regulatory burdens and public benefit is crucial for small American businesses, which would be hit hardest by a REACH-type scheme. A common assumption that chemical companies each employ thousands of workers and have unlimited resources are myths. Seventy percent of SOCMA members, many of which operate in New Jersey, are classified as small businesses by the federal government. Though not a manufacturer in the pure definition, Fanwood Chemical sells chemicals domestically and abroad to manufacturers that produce end-use products. Manufacturers large and small rely on companies like mine to source chemicals on their behalf, enabling them to reliably meet American consumers' demands for their products. In

a major way, Fanwood Chemical and the many small chemical companies like it represent the underpinnings of the industry. And, though we are small, our regulatory obligations are very similar to large manufacturers covered by TSCA, which we accept, but are deeply concerned with Congressional rhetoric that suggests that the EU's REACH program is somehow a better program with negligible impact on U.S. industry.

We believe that an "American REACH" would not only hamper innovation but would reverse the progress made over the course of many years by federal regulators and the chemical industry to appropriately manage risk. Even before the first REACH compliance deadline has passed, we are already witnessing how bogged down the process of regulating chemicals has become in Europe. Whether REACH will improve human health or the environment will not be known for years, if ever, but its ability to tie up regulators and commerce is already clear. In short, REACH has outreached the EU's capabilities. Americans cannot afford to emulate this unproven, highly bureaucratic approach to chemical regulation, especially when we already possess a system that has proven its mettle and needs only revitalization.

Thank you for the opportunity to share with you Fanwood Chemical's perspective on chemical control regulations in the U.S. I look forward to your questions.