HUNTSMAN

Enriching lives through innovation

**Testimony for the Record by Peter R. Huntsman**
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**Subcommittee on Chemical Safety, Waste Management, Environmental Justice, and Regulatory Oversight**

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## Why I Am Here Today

Chairman Curtis, Ranking Member Merkley, and members of the Subcommittee, thank you for the opportunity to testify on appropriate regulation of the American chemical industry to support innovation and ensure American prosperity. It is an honor. I take very seriously the First Amendment right to engage directly with elected officials and policymakers of both parties to educate and inform them about how Huntsman Corporation and American chemical manufacturers manage risk, make capital investment decisions, support our employees, and deliver the products that make modern life possible.

The primary reason I am here today is to share my observations on policy, political, business, and cultural forces that will shape the future of the American chemical sector – and with it America's entire economy. If there is one conclusion I want Members of the Committee to come away with from my testimony, it is this:

American prosperity, security and power are entirely dependent on a strong, thriving and properly regulated chemical sector. Without it, modern life is not possible. That is not hyperbole. It is physical, immutable reality.

## The Huntsman Story

Through the vision and tenacity of my father, Jon Huntsman, Sr. and with the support of tens of thousands of employees over a half century, Huntsman Corporation today is a New York Stock Exchange (NYSE) traded company headquartered in The Woodlands, Texas, with 2024 revenues of $6 billion, 6,000 employees and operations in nearly 25 countries. My father's life began in 1937 in a Blackfoot, Idaho home with no running water. By the end of his life in 2018, he had donated nearly $1 billion dollars to endow the Huntsman Cancer Institute (HCI) at the University of Utah in Salt Lake City. Today, HCI is the leading cancer hospital in the Mountain West Region and has saved tens of thousands of lives through world leading cancer treatment.

It was a story that can only happen in America.

After dropping out of college, I started my career in 1983 as a truck driver delivering oil across the Intermountain West. In 2000, I became President and CEO and Chairman in 2017. As our company grew from a small California packaging company into a multinational chemical company, I have witnessed boom and bust business cycles, mergers and acquisitions, multiple iterations of "peak oil," the collapse of the Soviet Union, unification of Europe,

the rise of China, the creation of the Internet and the transformational impact of hydraulic fracturing, among others. I have also observed the policy and regulatory environment around the chemical sector ebb and flow across Democrat and Republican Administrations and Congresses. Our company and the chemical industry have played a role in all of it.

## Chemical Manufacturing, and Innovation

I want to provide a basic primer on what chemical companies do because chemicals are the building blocks for all American manufacturing. In the most basic form, we take atoms and molecules, break them apart and then put them back together to make the building blocks of virtually everything you see and touch in modern life. Automobiles, airplanes, solar panels, wind blades, smartphones, computers, televisions, residential and commercial buildings, pharmaceuticals, missiles, fighter planes, clothing, soap, shampoo, shoes, clean drinking water and crop fertilizer are all "modern miracles" made possible by chemical manufacturing.

The most utilized starting atoms, or "feedstocks," for chemical manufacturing are hydrocarbons derived from petroleum, natural gas, natural gas liquids and coal, otherwise known as fossil fuels. Without abundant access to these feedstocks, nobody can manufacture chemicals. Without chemicals, virtually all U.S. manufacturing would cease.

The scientists and engineers in the American chemical sector go to work in laboratories across the country and aim to improve existing molecules and develop new ones. When commercially viable, laboratory innovation moves to manufacturing plants and into the marketplace. While abstract to the average person, that molecular innovation ultimately manifests itself in lighter airplanes and cars, longer lasting clothes, stronger building materials, clean drinking water, new medicines and cancer treatments and larger crop yields. Human lives are enriched and lengthened through chemical sector innovation.

## How Things Are Made

I am increasingly concerned that many government and business leaders lack an understanding of how "things" are made. In the post-Cold War era of globalization, the United States underwent a low-level form of deindustrialization as the appeal of cheap labor and growth markets in Asia pushed supply chains out of North America. Two examples of this can be seen in the fate of the Pennsylvania steel industry and textiles in North Carolina in the 1990s and 2000s, and there have been countless others. Wall Street became the highest paying sector. It was then followed by Silicon Valley and the tech boom. Quite simply, "making things" went out of vogue because it was done "out of sight and out of mind."

Looking back with the benefit of hindsight, I believe the post-Cold War manufacturing exodus led many policymakers and business leaders to simply forget how things are manufactured at the most basic molecular level or, as we say in the chemical industry, "upstream." This trend is best encapsulated by Apple's famous "Designed in California Assembled in China" label on their products. To most people, the iPhone is a supercomputer we use every few seconds connecting us to the entire world. As a chemical industry leader, I see a device consisting of minerals and elements extracted from the Earth and refined thousands of times over into chemicals, plastic, glass, and materials brought to market via one of the most sophisticated supply chains ever developed. The same is true of millions of other products we use in our daily lives.

## Essential to The American Way of Life

One of the biggest threats to American power, security and prosperity is the belief that we can choose not to extract our natural resources and convert them into the materials that enable our citizenry to thrive. Since the beginning of recorded history to the modern-day international system, human beings and nation states have used

natural resources to survive, prosper, trade and project power. This has been an invariable part of human nature and will always be so.

In the current policy, political and business arenas, opposition to natural resource extraction manifests itself in the idea that American society – and the world – can somehow "transition" away from fossil fuels and their derivative materials, including chemicals, and somehow maintain our way of life. Until the advent of new technology or a massive expansion of nuclear power, this is simply untrue and not physically possible. To believe so is both naïve and dangerous. Serious countries and people understand this reality.

Until relatively recently, the notion that we could eliminate fossil fuels while still sustaining modern society was mostly a fringe idea and dismissed by serious leaders in government and industry Over the last two decades, as seemingly well-intentioned policy proposals developed to attempt to manage an ever-changing climate, anti-fossil fuel extraction policy has become normalized in Europe and, more recently, in the United States. Many governments have organized themselves around stopping natural resource extraction in the name of reducing carbon dioxide emissions to "net zero." In the business community, many companies have made "commitments" that may (or may not) come to reality in less than three decades.

## European Deindustrialization

The most notable example of the danger of "net zero" government policy is Germany. Through a series of government decisions over two decades and exacerbated by Russia's invasion of Ukraine, Germany has chosen to embark on a once-in-a-century deindustrialization that will have enormous global impacts, including in the United States.

Just a few years ago, it would have been inconceivable that the birthplace of the chemical industry could be deindustrializing. Yet here we are, waiting to see whether one of the most advanced economies and societies in modern history will be able to provide cheap, reliable, and abundant heat and electricity to power its economy. I encourage all U.S. elected officials to study deeply the policy decisions Germany made as it presents a real-life example of how not to organize electricity, manufacturing, natural resource, energy, and industrial policy.

## The Chemical Sector Improves Lives and Lowers Emissions

If the goal of government and business is to reduce carbon dioxide emissions across society, U.S. government policy and regulation should be calibrated to *increase* natural resource extraction and chemical manufacturing more efficiently and productively. It is the chemical sector that develops the molecules and the innovations that allow individuals and society collectively to lower their emissions. This is evident in almost every sector across the economy. In the aerospace sector, fossil fuel-derived carbon composite airplanes fly longer distances using less fuel than their aluminum predecessors. Automobiles are constructed using carbon fiber material versus steel in years past. Modern homes include insulation materials that create a building envelope, securing the valuable hot and cold air inside the home. The world population recently reached 8 billion people and, for the most part, everyone has access to food. The mass starvation that we witnessed as recently as the mid-1980's in sub-Saharan Africa is virtually obsolete. This is a new phenomenon in human history and has been made possible only by chemical fertilizer and cold chain storage. Simply stated, a vibrant chemical industry means it is within our ability to lower emissions, grow the economy, and improve lives.

## The Chemical Industry Welcomes Strong, Predictable and Risk Based Regulation

The United States has the strongest most effective environmental laws governing clean air and water in the world. It was not always that way and our industry has made mistakes. However, when you compare the environment in the developed world today to even 1980, the progress is staggering. The water in the Potomac River, the air in

Los Angeles and our rivers and streams are all cleaner. This is due to the combination of strong government regulation, corporations being held legally accountable for wrongdoing and because wealthy nations have the financial resources to prioritize the environment. The more prosperous a society becomes, the better it can manage the environment.

Every single day the chemical sector manufactures, handles, stores, transports and sells hazardous materials across the world. To deliver the products that make modern life possible does incur risk. We spend billions of dollars on environmental, health and safety of our employees and in the communities where we operate. Safety is a deeply ingrained value and our license to operate. In my 40 years in the industry, I can state unequivocally that we have greatly improved our safety record. Our safety record demonstrates we constantly strive to learn and improve as a company and industry.

The Environmental Protection Agency (EPA) can effectively protect human health and the environment while supporting American innovation and strengthening the American economy. This was the intent of Congress when it passed the Toxic Substances Control Act (TSCA). It is essential that regulations under TSCA be science-based and risk-based. This requires a balance of hazards and real-world exposure scenarios. EPA must use the most relevant current science information, adhere to scientific standards, and consider safety protocols that are already in place.

We have seen what happens when EPA deviates from this approach. EPA's reviews of new chemicals are taking far longer than the 90-day timeframe required in the law, thereby creating uncertainty in the marketplace. Without a clear understanding of how long it will take to bring a new chemical to market, companies will either not innovate or introduce the product outside of America. This is a clear barrier to innovation.

Likewise, TSCA evaluations of existing chemicals have taken an overly conservative approach, not based on real world risks. This has led to unnecessary bans and highly restrictive regulations that are well outside the range of the rest of the world. This approach risks the availability of critical chemistries that are needed to power our economy and keep America safe.

To demonstrate the effect of unpredictable regulation, I would use the example of Huntsman's aerospace adhesives business. We have decades of experience in developing and marketing high performance adhesives which are widely used in aircraft interiors and structures, both civil and military. In recent years, many of these regulatory changes have stemmed from overstated or overly conservative risk assessments, driving repeated reclassifications that force unnecessary reformulation and retesting. Today, we spend as much time reformulating existing products as developing new ones, due to constant changes in chemical classifications. When products are reformulated, they often then need to undergo rigorous, costly testing by our aerospace customers to ensure their performance on aircraft. This process often takes longer to complete than the time window available to implement chemical classification changes. In some cases, where the regulatory burden is too high, products can be withdrawn, leaving a gap in the market and no obvious replacements. The constant need to address regulatory changes reduces the time and investment available for innovation and creates significant uncertainties for aerospace companies whose aircraft production lifecycles last decades.

For example, a UV absorber is an additive that protects aircraft parts from damage caused by UV and sunlight. This product was recently placed on Annex A of the Stockholm Convention. As a result, European regulators have effectively banned its use by 2030. In the U.S., the absorber is not currently regulated because we have not ratified the Convention. However, since both the chemical and aerospace industries operate globally, we must eliminate its use worldwide and undertake costly reformulation and testing to meet aerospace requirements. A downstream impact of this regulation is that the recycling industry no longer accepts end-of-life aircraft parts that may contain this additive, as they cannot verify whether concentrations are below one part per million. As a result, these parts are not being recycled and are instead accumulating in the environment — adding unnecessary complexity, cost, and creating unintended consequences for the industry's efforts toward circularity.

Congress has the opportunity between now and next year to fix these problems and provide durability through a provision built into the Lautenberg Amendments to review the law after 10 years. There is bipartisan recognition on this Committee that the EPA has done a poor job getting new, safe, environmentally sound chemistries into commerce. Congress can review the Lautenberg Amendments in targeted provisions to ensure EPA is meeting its statutory deadlines by approving new chemistries for their intended purposes or "conditions of use" in the language of the statute. Congress can ensure existing chemical regulations are based on risk and actual exposure rather than theoretical assumptions.

Such a policy solution won't see-saw depending on who is in office. This type of certainty will not only help manufacturers make investment decisions but will benefit the general public by encouraging innovation that will bring safer and more sustainable chemicals to the market.

**Looking Ahead**

I am highly optimistic about the future. The United States, with its combination of freedom, capitalism, scientific inquiry, deep capital markets, legal protection, and entrepreneurial spirit, possesses the power to solve humanity's problems. As the geopolitical tides churn and countries reassess their priorities in a more dangerous world, regionalized supply chains will take precedence.

Government policy around natural resources, self-sufficiency and manufacturing have returned to the forefront of policymaking. Industrial policy, regulatory decisions and capital expenditures made today by government and business leaders will impact America and the world for generations to come. We don't need to look far to see the damaging impact of bad public policy around natural resources, energy, electricity, chemicals, and material innovation.

History shows that such policy decisions determine the fate of nations and societies.

I look forward to your questions.