



Enriching lives through innovation

**Testimony for the Record by Peter R. Huntsman
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Committee on Energy and Commerce
Subcommittee on Environment, Manufacturing & Critical Materials**

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for Life Saving Medical Devices and Other Essential Products”
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Why I Am Here Today

Chairwoman McMorris Rodgers, Chairman Johnson, Ranking Member Pallone and Ranking Member Tonko, thank you for the opportunity to appear before the Committee to testify on how to best calibrate regulation on American chemical and material manufacturers to ensure American prosperity. 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 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 I believe present imminent risk to the American chemical sector. 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, our way of 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 2022 revenues of \$8 billion, 7,000 employees and operations in nearly 30 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.

The Huntsman story is the American story.

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, reunification 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.

Raw Materials, Feedstocks, Chemical Manufacturing, and Innovation

I want to provide a basic primer on what chemical companies do. 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, passenger airplanes, smartphones, residential homes, commercial buildings, pharmaceuticals, missiles, fighter planes, clothing, soap, shampoo, shoes, clean drinking water and crop fertilizer are just a few examples of 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 fossil fuel feedstocks, we cannot manufacture chemicals.

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 and larger crop yields. Human lives are enriched and lengthened through chemical sector innovation.

Lack of Understanding of 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 trend in the 1990s and 2000s were the Pennsylvania steel industry and textiles in North Carolina, among others. Wall Street became the highest paying sector in the 1990s and 2000s. 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.

Natural Resource Extraction and Refining Are 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. On the issue of fossil fuel extraction, I fully align myself with J.P. Morgan Chase & Co. Chairman and CEO Jamie Dimon when he testified here in September 2022 that stopping capital investment in fossil fuel development would be “the road to hell for America.”

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.

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 finds itself a cold winter away from having to choose between allowing industry to operate or permitting its citizens to warm their homes. Without a policy course correction around energy and natural resource extraction, Germany may be on the cusp of a once-in-a-century deindustrialization that will have enormous global impacts, including in the United States.

Just two 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 keep the lights on and its citizenry warm in the winter. I encourage elected officials to study deeply the policy decisions Germany made as it presents a real-life example of how *not* to organize 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 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, Effective 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. As in all human endeavors, mistakes and failures occur. 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. My concern today is that EPA has recently adopted a never-good-enough approach to regulating aspects of manufacturing that it doesn't seem to fully understand. Effective, science-based, and risk-based implementation of environmental laws and regulations, like the Toxic Substances Control Act (TSCA), the Clean Air Act, and the Clean Water Act, require a balance of hazards and real-world exposure scenarios. EPA must use the most relevant, current science information, adhere to science standards, and consider safety protocols that are already in place.

Partnership and communication with chemical manufacturers needs to be timely, objective, and fact-based. Ill-informed overregulation weakens our ability to invest in the technology that would reduce emissions. For example, if Huntsman scientists today invented a molecule that would transform the world and massively reduce greenhouse gas emissions, it would take no less than five years to be approved by EPA for sale in the marketplace. And that's if the Agency isn't hampered by litigation. If the threat of a warming planet is truly existential, we don't have five years.

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 will return 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, chemicals, and material innovation. History shows that such policy decisions determine the fate of nations and societies.

I look forward to your questions.