

**TESTIMONY OF THE NATIONAL ASSOCIATION OF  
MANUFACTURERS**

**SUBMITTED FOR THE RECORD TO THE U.S. EPA**

**U.S. EPA OZONE HEARING**

**EPA Docket No. OAR-2005-0172 – Proposed Revision to National  
Ambient Air Quality Standard (NAAQS) for Ozone**

**Philadelphia, PA**

**August 30, 2007**

## **I. Introduction**

Good afternoon. My name is Bryan Brendle, Director of Energy and Resources Policy for the National Association of Manufacturers. Thank you for the opportunity to comment on the EPA's proposed revision to the National Ambient Air Quality Standards (NAAQS) for ozone.

By way of background, the NAM is the nation's largest industrial trade association representing approximately 11,000 small, medium and large manufacturers in every industrial sector and in all 50 states. The manufacturing sector employs more than 14 million workers in the U.S. and generates approximately \$1.5 trillion of the nation's Gross Domestic Product. To put this figure in perspective, the nation's manufacturing sector generates more than three times the Pennsylvania GDP of \$489 billion.

The NAM's mission is to enhance the competitiveness of manufacturers and improve American living standards by shaping a legislative and regulatory environment conducive to U.S. economic growth. As a general matter, the NAM supports EPA regulations that are designed to provide real net benefits to environmental quality and the public health, including the health of manufacturing workers and their families. Conversely, the NAM opposes regulations that would impose overly burdensome compliance costs on the manufacturing sector, jeopardizing high paying manufacturing jobs while providing uncertain environmental and health benefits.

After analyzing the EPA's latest proposal, the NAM has concluded that any recommendation to revise the current ozone standard will provide uncertain benefits while burdening the nation's economy. We therefore support preservation of the existing ozone standard.

## **II. The Current Ozone Standard Is Working**

The current standard establishes limits of 0.08 parts per million (ppm) is reducing emissions, and has not been fully implemented. Many jurisdictions have until 2013 to attain the current standard and therefore improve their local air quality

According to EPA's own studies, average ozone concentrations nationwide have decreased by 21 percent between 1980 and 2006. Furthermore, total emissions from the six key air pollutants regulated by the Clean Air Act, some of which are precursors to ozone formation, have declined by 54 percent between 1970 and 2006. These emissions will continue to fall without revising the current standard. According to EPA's Clean Air Trends Report, current regulations – including the Clean Air Interstate Rule (CAIR) and the highway and non-road diesel rules - will significantly reduce ground level ozone-causing emissions to drop over the next two decades. Power plant emissions will drop by 50 percent by 2015, and mobile source emissions will drop by more than 70 percent by 2030, all within the context of the current standard. Also, these air pollution emission reductions have taken place within the context of a growing economy, with energy

consumption in the U.S. having increased by more than 176 percent since passage of the Clean Air Act during the 1970s.

### **III. Great Uncertainty Surrounds Scientific Methodologies EPA Used to Recommend a More Stringent Standard**

There are numerous questions regarding the state of the science and especially whether there have been any significant developments during the past decade that would warrant further revisions of the standard. Recent studies present inconsistent or conflicting data, and they do not point to a particular numeric change to the current standard.

In developing the proposed revision to the current standard, EPA changed the way it calculated naturally occurring and other existing ground level ozone so as to inflate the benefits of a new standard by as much as 90 percent. Even CASAC indicated that EPA “did not provide a sufficient base of evidence” to provide that this new method was the best choice. (CASAC letter, March 26, 2007, p. 2)

Of additional concern is the fact that the EPA’s own analysis shows huge costs without corresponding benefits. There is great uncertainty regarding the benefits and the costs of tightening the standard, resulting in the Agency being able to draw no conclusions at all about whether the Nation would gain or lose as a result of the proposed regulation. EPA’s benefits estimates range from \$2.5-\$33 billion per year and the cost estimates range from \$10-\$22 billion per year. EPA’s estimated costs for the proposed rule are so high as to make it among the most expensive federal regulation ever issued.

EPA estimates that 10 counties in California and four other States will not meet the current ozone standard by 2020, but the Agency is proposing to significantly tighten the standard when it is not at all clear how specific regions of the country are going to attain the current standard. The current standard is the most cost-effective for the Nation and progressively more stringent options provide diminishing returns for the costs that will be incurred. EPA admits existing technologies are insufficient to meet the proposed standard and simply assumes that new technologies will become available that can double emission reductions.

### **IV. The Adverse Economic Impacts of Redundant Regulation is Well Documented**

A 2006 study conducted by the NAM shows that U.S. industry pays the equivalent of a 5.2 percent tax, or structural cost, in order to comply with pollution abatement regulations. This cost differential, or de facto tax, undermines U.S. competitiveness and has contributed to the loss of more than 3 million manufacturing jobs between 2000 and 2004, according to the Congressional Budget Office. The U.S. spends more of its manufacturing output on pollution abatement than France, Germany and Great Britain, which ironically are generally viewed as imposing a higher degree of regulation on the private sector than the U.S.

The EPA estimates that current Clean Air Act regulations will cost about \$27 billion annually in 2010 and \$180 billion overall. The additional \$10 - \$22 billion annual cost of

the proposed new standard will further increase costs to businesses which consumers will likely see reflected in the cost of everyday items.

In Pennsylvania alone, more than 200,000 manufacturing jobs have been lost in recent years. In New York and New Jersey, manufacturing job losses number 193,000 and 210,000 during the same period, respectively. Nationwide, manufacturing jobs pay on average approximately \$65,000 per year, more than \$12,000 per year above the national average compensation.

### **Conclusion**

There is no sound policy justification for changing the current standard. EPA's current ozone standard continues to improve air quality nationwide and will continue to do so, according to the agency's own studies. There is disagreement surrounding the methodologies EPA used to draw its justification toward consideration of a more stringent standard, and the EPA concedes that a high degree of uncertainty surrounds the estimated costs and benefits of a more stringent standard. Because there is less doubt that a more stringent standard will further undermine the competitiveness of the nation's most dynamic and innovative economic sector, the EPA should preserve the existing standard. Thank you for the opportunity to comment on this issue.