



Statement of the U.S. Chamber of Commerce

FOR: STATEMENT FOR THE RECORD ON THE U.S.
ENVIRONMENTAL PROTECTION AGENCY'S PROPOSAL
ON THE OZONE NATIONAL AMBIENT AIR QUALITY
STANDARDS

TO: U.S. ENVIRONMENTAL PROTECTION AGENCY

BY: MARY K. MARTIN,
ENERGY, CLEAN AIR & NATURAL RESOURCES POLICY
COUNSEL

DATE: JANUARY 29, 2015

The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96% of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on issues are developed by Chamber members serving on committees, subcommittees, councils, and task forces. Nearly 1,900 businesspeople participate in this process.

Statement Prepared for the
U.S. Environmental Protection Agency Public Hearing
Washington, D.C.
January 29, 2015

The U.S. Environmental Protection Agency's Proposal on the Ozone National Ambient Air
Quality Standards

Mary K. Martin
U.S. Chamber of Commerce

Good afternoon. My name is Mary Martin and I am here on behalf of the U.S. Chamber of Commerce. The Chamber is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is very concerned about the EPA's proposed lowering of the National Ambient Air Quality Standards (NAAQS) for ozone because of the potentially devastating economic and employment impacts that could result, as well as the added implementation burdens on states.

One area that is particularly troubling is the EPA's continued failure to adequately consider the impact of international border pollution on current and future ozone levels in the United States. In recent years, scientists have measured increasing amounts of air pollution coming to the United States from overseas, particularly Asia. Pollutants, such as ozone and particulate matter, are carried across the oceans at high altitudes and deposited on the Western United States. Other pollutants coming from Mexico, Canada, and Africa affect air quality in the Northeast, Southeast, and Southwest areas of the United States. A recent study found that "on a day-to-day basis, the transport of [emissions embodied in export]-related

Chinese pollution contributed, at a maximum, ... 2-5% of ozone ... over the western United States, and it also contributed up to 8% of daily mean ozone over parts of the Great Lakes region.”¹ Undoubtedly, as the world economy expands, numbers like these reflecting the impact of overseas pollution on the United States are only going to grow.

The Chamber has long implored the EPA to consider international emissions in its regulation of air pollutants. In fact, in 2006, the Chamber petitioned the EPA for a rule implementing Clean Air Act Section 179B, which requires the agency to protect U.S. states and regulated entities from suffering regulatory and economic burdens due to foreign emissions. Specifically, Section 179B eases nonattainment penalties on states able to show that they would be in attainment “but for” emissions emanating outside of the United States. Despite these efforts, the impacts of international emissions on ozone levels in the United States continue essentially to be a non-factor in the imposition of ozone standards.

This is a critical flaw in the review, setting and implementation of the ozone NAAQS because international emissions have added to, and increasingly will add to, domestic ozone levels, causing areas in the U.S. to be in non-compliance.² As we are all aware, failure to comply with existing ozone standards can lead to non-attainment designations, which are often viewed as a death knell for economic and business development in an area.

¹ See “China’s international trade and air pollution in the United States” by Jintai Lin, et al., *Proceedings of the National Academy of Sciences of America*, Vol. 111, No. 5 (January 21, 2014); available at <http://www.pnas.org/content/111/5/1736>.

² In fact, the aforementioned study found that “Chinese pollution ... resulted in one extra day or more of noncompliance with the US ozone standard in 2006 over the Los Angeles area and many regions in the United States.” The study also concluded that Chinese emissions “increased the number of days in 2006 when the daily maximum 8-hour average ozone concentration exceeded the current US standard” of 75 parts per billion. *Id.*

Indeed, severe repercussions result almost immediately from non-attainment designations, such as increased costs to industry, permitting delays, restrictions on expansion, as well as impacts to transportation planning. There are significant adverse consequences to being designated a non-attainment area, making it substantially harder for a community to attract new business or expand existing facilities. Furthermore, in non-attainment areas, EPA is able to revise existing air permits, which can cause tremendous uncertainty, delays, and increased costs in the permitting process for businesses.

Another potentially harmful effect of lowering the ozone standard is the increased implementation burden on the states. States implement approximately **96.5%** of federal environmental programs.³ This is a tremendous burden for states, particularly from a time, money and resource perspective. To add to the difficulties that states face, according to the Environmental Council of States (ECOS), states have seen a trend in declining funds from the federal government to implement these programs.⁴ Federal budget documents confirm that EPA's State and Tribal Assistance Grants (STAG) budget has decreased significantly in recent years.⁵ While the largest funding source for state environmental agencies is permit fees, federal funding is the second largest source. ECOS reports that "[d]ecreasing funds from the federal government jeopardize states' ability to implement federally delegated programs and policies."⁶

³ *Id.* The chart on page 4 ("Implementation of Federal Environmental Programs") is based upon information from ECOS (https://www.dropbox.com/s/jgdbu4rql29oexh/EEEnterprise%20One%20Pager%205_21%20FINAL.docx).

⁴ *Id.*

⁵ See EPA FY 2014 Budget in Brief, p. 87 (<http://www2.epa.gov/planandbudget/fy2014>).

⁶ See https://www.dropbox.com/s/jgdbu4rql29oexh/EEEnterprise%20One%20Pager%205_21%20FINAL.docx.

We, the regulated community, recognize and appreciate the fact that states are carrying such a huge burden and doing so with shrinking resources. Indeed, that burden is only going to grow in the future as EPA issues many more complex and costly regulations, such as the proposal at issue here to lower the National Ambient Air Quality Standards for ozone. All of this amounts to a sobering conclusion – states are being asked to do more and more with less and less when it comes to implementing federal environmental programs and policies. And worse yet, EPA keeps moving the goal posts on states by revising air quality standards, like the ozone NAAQS, before the current standard has been implemented fully.

Consequently, the Chamber urges EPA to retain the current ozone standard and fully implement it before taking any further action. Moreover, any tightening of the ozone standard would be premature because the impact of international emissions must be fully considered by EPA. Otherwise, if even stricter regulatory measures were to be imposed, states and regulated stakeholders could well be burdened with even costlier responsibilities, but still find themselves in non-compliance because of overseas pollutant impacts. As the nation's leading business group, the Chamber impresses upon the Agency the fact that the likely economic fall-out from such non-compliance – especially at such a critical time in our country's economic recovery – could be particularly harmful for states, local communities, and the business community.

Thank you for your time and consideration today.