



Portland Cement Association

February 1, 2011

The Hon. Darrell Issa
Chairman
House Committee on Government Reform and Oversight
Washington, DC 20515

Dear Mr. Chairman:

Thank you for your letter soliciting the Portland Cement Association's (PCA) perspectives on federal regulatory concerns and their impact on jobs. As you may be aware, domestic cement manufacturers are among the most highly regulated enterprises in the country. Although we have a decades-long history of cooperation with the Environmental Protection Agency (EPA), the industry is currently facing an avalanche of EPA rules ranging from tighter air quality standards and EPA-imposed limits on greenhouse gas (GHG) emissions to rules aimed specifically at our sector. The cumulative impact of these rules, detailed in the attached economic study, will cost Americans much needed jobs as the industry continues to struggle from the steepest economic downturn since the 1930s. By way of background, PCA is a trade association representing 25 cement companies, operating 97 manufacturing plants in 36 states, with distribution centers in all 50 states. PCA members account for 97.1% of domestic cement making capacity.

PCA has recently completed a cumulative economic analysis outlining these impacts and includes the following highlights:

- 4000 lost jobs by 2015, on top of 4000 lost jobs since 2007;
- Two EPA rules will impose \$5.4 billion in compliance costs by 2015;
- One EPA rule will close 18 plants nationwide by 2013;
- And increased imports totaling 56% of domestic consumption by 2025.

The U.S. cement industry provides more than 15,000 high-wage jobs with average compensation of \$75,000 per year, and along with allied industries, accounts for nearly \$27.5 billion of GDP. In recent years, our sector has shed over 4,000 jobs, a nearly 25% reduction of the sector's workforce. As the industry attempts to recover in this dire economic climate, in September 2010, EPA finalized the Portland Cement National Emission Standards for Hazardous Air Pollutants (NESHAP). Imposing a September 2013 compliance deadline, the rule puts at risk the closure 18 of the 97 cement plants nationwide and throws an additional 1800 Americans out of work. In addition to further downsizing domestic payrolls and domestic manufacturing capacity, the rule will cost \$3.4 billion over a three year period for an industry that currently generates just over \$6.5 billion in annual revenue. Industry revenues have dropped by approximately 35% from their historic norms and are not expected to recover for another five years. Therefore establishing a 2013 compliance deadline for a \$3.4 billion rule, which is approximately half the industry's current annual

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revenues, will needlessly weaken an industry attempting to recover from the worst market conditions since the 1930s.

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Not only does the Portland Cement NESHAP distort economic realities, but it may also have adverse environmental impacts, especially with respect to mercury emissions. While the environmental benefits for reducing emissions of nominal amounts of domestic mercury are uncertain, it is clear that outsourcing domestic manufacturing capacity to developing countries will merely result in environmental leakage and therefore increase global mercury emissions, putting the nation in a position in which it imports more cement and more air pollution. Such an outcome will not only undermine the nation's economic security, but it threatens to degrade the environment and public health as well. Because the costly Portland Cement NESHAP is scheduled to hit the industry during a time of major financial vulnerability, cement manufacturers request that Congress explore legislative remedies that will give industry more time to recover and preserve domestic jobs before assuming unreasonable compliance burdens and undesirable environmental outcomes.

For more information related to this issue, please contact Bryan Brendle in PCA's Washington office at (202) 408-9494. Thank you very much for your consideration of this issue.

Regards,



Aris Papadopoulos
Chairman of the Board of Directors

Attachment: Report - Cumulative Economic Impacts of EPA Rules on Cement Manufacturers