Business Roundtable

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April 12, 2011

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of Business Roundtable, I again want to thank you for your recently promulgated Executive Order on *Improving Regulation and Regulatory Review* and to reiterate the business community's commitment to work with your Administration to lessen the regulatory burdens that threaten U.S. competitiveness and impede job creation and economic expansion.

Addressing the multitude of new and existing regulatory requirements burdening America's job creating businesses is one of Business Roundtable's most important objectives. Businesses today are facing an unprecedented number of new and pending regulatory requirements that, when added to the substantial array of existing regulations applicable to business, create chilling uncertainty, add significant costs and divert substantial capital from more productive, job-creating uses.

In some cases, these new requirements are driven by major legislation enacted in the last Congress that now must be implemented. Other new regulation is the result of a more activist approach regarding environmental regulation and consumer protection by regulatory agencies. In still other cases, new regulations are driven by court mandates. Regardless of the reasons for the increase in regulatory burden facing business, we believe that regulations must be developed based on: (1) sound science; (2) the application of rigorous cost-benefit analysis; (3) the establishment of realistic timetables; and (4) careful consideration of the cumulative burdens being placed on business. Adherence to these four core principles is essential if we are to create a more effective, responsive and flexible regulatory environment that allows American business to drive economic recovery and jobs creation.

Business Roundtable has surveyed its members to identify the most problematic regulations that are likely to be finalized over the next year. From these surveys, we have developed the attached list of regulatory issues, an estimate of their potential impact, and a recommended course of action. We discuss these regulations in the following four categories: (1) Accelerating Permitting and Jobs Creation; (2) Avoiding Economic Burdens and Jobs Destruction; (3) Eliminating Unnecessary Regulatory Burdens; and (4) Reforming the Regulatory Process. This list represents but a small subset of the pending regulatory requirements on U.S businesses.

From this list, we have identified a few issues with the largest adverse economic or jobs impact. For these high priority issues, the Administration has the legal flexibility to mitigate substantially the costs they threaten or, in the case of the development of our oil and gas resources, to unlock the economic potential and job creation that is being stifled. These high priority issues are:

<u>Accelerating Permitting and Jobs Creation</u>

- Offshore oil and natural gas leasing (DOI)
- Alaska oil and gas development (EPA/DOI)

<u>Avoiding Economic Burdens and Jobs Destruction</u>

- Revisions to ozone national ambient air quality standards (EPA)
- Greenhouse gas regulations (EPA)
- Industrial and Utility Boiler MACT (EPA)

<u>Eliminating Unnecessary Regulatory Burdens in Implementing New Legislation</u>

- End user exemption for derivatives (CFTC/Treasury/SEC)

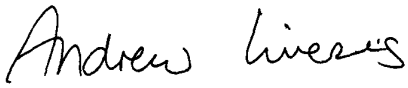
The <u>annual</u> compliance costs of these regulations will be substantial. For example, the EPA estimated that the annual cost of the proposed ozone national ambient air quality standard could be significantly higher than $90 billion a year, imposing a heavy burden on an economy that still is struggling to regain its footing after the longest recession we have faced since the Great Depression.[1] Moreover, many of these estimates of the costs of regulation do not include jobs lost, factory expansions that are abandoned and market opportunities surrendered to competitors in other parts of the world. These consequences of regulation highlight the need for more fundamental reform of our regulatory process, a topic that we will focus on in the near future.

In our attachment, we have included a recommendation as to how each of the issues can be addressed. We look forward to working with you and your Administration to address these and

[1] In its regulatory impact analysis the EPA estimates this as its higher end cost estimate but then added, "These estimates assume a particular trajectory of aggressive technological change. An alternative storyline might hypothesize a much less optimistic technological trajectory, with increased costs."

the other issues we have identified in the attached report. Again, thank you for your leadership on this important issue.

Sincerely,



Andrew N. Liveris
Chairman & CEO, The Dow Chemical Company
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AL/rr
Attachment
C: William Daley
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