

December 5, 2024

Dear President-elect Trump,

On behalf of the American Forest & Paper Association (AF&PA) and our member companies, we congratulate you on your election to the Presidency. We look forward to working with you and your Administration to accomplish your agenda of growing the American manufacturing economy, creating new, high-paying jobs throughout our country, particularly in rural America, and ensuring that regulations are sustainable and do more good than harm. The forest products industry accounts for approximately 5% of the total U.S. manufacturing GDP, manufactures about \$350 billion in essential products annually and employs about 925,000 people. The industry meets a payroll of about \$65 billion annually. We are U.S. Manufacturing!

AF&PA serves to advance U.S. paper and wood products manufacturers through fact-based public policy and marketplace advocacy. The forest products industry is circular by nature. AF&PA member companies make essential products from renewable and recyclable resources, generate renewable bioenergy and are committed to continuous improvement through the industry's sustainability initiative — Better Practices, Better Planet 2030: Sustainable Products for a Sustainable Future.

Manufacturing Excellence and Value to Rural Communities

The forest products industry is a top ten manufacturing employer in 43 states – such as Wisconsin, Georgia, Pennsylvania, North Carolina, Michigan, Virginia, South Carolina and Ohio. Over 75 percent of our member company facilities are in counties that are overwhelmingly rural. Our facilities and our member companies provide good, high-paying, family-wage jobs, and our employees are the backbone of these communities.

We are proud of the hard-working men and women in our industry who work every day to bring essential products to all Americans, and we maintain strong relationships with our labor partners. The facilities and workers generate a strong tax base for these communities and support multiple small businesses, landowners, and others throughout the forest products industry supply chain. We estimate that each forest products industry job supports 3.25 additional jobs in supplier industries and in local communities across rural America.

Cumulative Burden of Regulations Undermine U.S. Innovation and Job Growth

We believe the American free enterprise system has been a significant engine for prosperity and can deliver a promising future for the United States and the world. The U.S. manufacturing sector has been a fundamental driver of this success, but our nation faces growing challenges in a highly competitive global economy. The cost, complexity and volume of regulations is greater than ever. As a result of our cumbersome air and water permitting processes, manufacturers that want to expand and create jobs with cleaner, more efficient technology are often stymied.

At the same time, we recognize that reasonable, evidence-based regulations can provide important benefits, such as the protection of the environment, health, and safety for our country, communities and employees. Unfortunately, poorly designed regulations that fail to balance costs and benefits and disregard the best available science unintentionally can cause more harm than good, waste limited resources, undermine sustainable development, and erode public confidence in government.

The U.S. Supreme Court recently made clear that regulators must follow the best reading of statutes; they must only act within the boundaries of their statutory authority, and consider all relevant factors, including balancing costs and benefits. Accordingly, it is essential that regulations be designed to provide net benefits to the public based on best available scientific and technical information through a transparent and accountable rulemaking process, with due consideration of the cumulative regulatory burden.

Your administration and Congress have an historic opportunity to dramatically improve the regulatory process to better serve the public interest, create jobs, and strengthen the competitiveness of American manufacturing. We welcome the opportunity to talk with your team about systemic reforms to our regulatory process. In addition, while not exhaustive, we have attached a list of over a dozen of our top priority regulations we request be considered for immediate attention. In addition, priority issue areas for our members include:

Carbon Neutrality of Biomass

One of the primary policy challenges for our industry is ensuring the federal government recognizes the carbon neutrality of our biomass energy. The pulp and paper industry is a leading producer of carbon-neutral bioenergy, and our efficient use of forest products manufacturing residuals provides two-thirds of the energy used at our pulp and paper mills and also provides bioelectricity for the grid. For many years, the Environmental Protection Agency (EPA) had treated biomass as carbon neutral, in line with the rest of the world, but in 2010, EPA issued its Tailoring Rule which for the first time failed to recognize the carbon benefits of our bioenergy and created regulatory uncertainty that impedes investment planning and growth. Since then, the EPA has done extensive work on bioenergy, and in 2017, came very close to formally recognizing the carbon neutrality of biomass. Unfortunately, the rule was never made final, and we have continued to work extensively with federal agencies and Congress to resolve this lingering regulatory uncertainty.

Tax Reform

Our industry is made up of both C-corporations and pass-through entities, which invest heavily in equipment and improvements, making our industry one of the most capital-intensive among all US manufacturing. The paper and wood products industry invests roughly \$16 billion per year in plant and equipment items such as recovery boilers, turbine generators, paper machines, and environmental controls that are critical to maintaining technologically advanced manufacturing facilities that compete in an extremely competitive global marketplace.

As an industry that is a key economic driver, especially in rural communities, we support several key elements of the US tax code including the 21 percent corporate rate enacted as part of the 2017 Tax Cuts and Jobs Act (TCJA), restoring 100 percent full expensing for investments in new and used property, maintaining the TCJA's original interest deduction limitation provision, and restoring the full research and development tax credit as enacted. Finally, as a globally competitive industry, it is crucial that we ensure the United States is on a level playing field with other countries – TCJA had a number of provisions designed to encourage businesses back to the United States and make them competitive with other countries. We need to ensure those provisions are preserved.

Trade

U.S. forest products exports account for a significant piece of the industry's total sales and in 2023, the industry's global exports totaled over \$9 billion. AF&PA strongly supports free but fair trade and in today's globalized market, it is critical for the U.S. forest products manufacturing sector to achieve unrestricted access to international markets and level the playing field among international competitors by eliminating both tariff and non-tariff barriers such as restrictive import regulations.

AF&PA member companies procure the vast majority of their fiber from healthy, American forests but our companies also procure some fiber from key trading partners and additional tariffs would negatively impact the U.S. forest products industry's ability to compete with other international forest products producers. Additionally, some paper manufacturing machinery and equipment that is used by our member companies to produce our essential products comes from other countries and cannot currently be made in the United States. While we support domestic manufacturing policies that will ultimately make that possible, we oppose tariffs on machinery and pieces of equipment our companies use that objectively cannot be made in the U.S.

In 2023, the European Union (EU) enacted the EU Deforestation-free Regulation (EUDR), a regulation that aims at eliminating products sold in the EU that are linked to deforestation, is unworkable and disadvantages the U.S. forest products industry, small U.S. family forest owners, and threatens to disrupt trade with the EU valued at more than \$3.5 billion. The U.S. forest products industry is among the most responsible suppliers of forest fiber in the world, and a strong proponent of international efforts to suppress deforestation and forest degradation. The prescriptive requirements of the regulation, however, will unjustifiably increase compliance costs and weaken U.S. producers' market access to established EU trading partners.

The U.S. forest products industry does not contribute to global deforestation or forest degradation, and we will need your direct engagement with EU government authorities to ensure U.S. wood, pulp and paper producers and our supply chain, which includes nearly 11 million small, private landowners, can remain competitive and continue to ship our essential products into the EU without disruption.

Recycling Policy

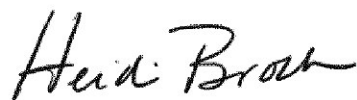
Paper recycling is a success story, no matter how you measure it. Paper is one of the most widely recycled materials in America, and paper recycling rates in the U.S. have consistently increased in recent decades. In fact, the paper industry recycles nearly 60% more paper today than it did in 1990, when the industry set its first recycling rate goal. In 2023, the paper recycling rate was 65-69% and the rate for cardboard recycling was 71-76%. In the United States, paper is recycled into new products every day.

The success of paper recycling has been accomplished through our industry's voluntary leadership and investment in market-based solutions. The use of recycled paper in manufacturing is driven by availability, performance, and cost, allowing recovered paper to be directed toward its highest-value end use. While nearly half of our industry's fiber needs are satisfied from recycled fiber, fresh fiber from sustainably managed forests is also a crucial source of material to sustain the fiber supply. We do not support government mandates for postconsumer recycled content in specific products. We support the U.S. EPA waste hierarchy, which recognizes a clear distinction between recycling and energy recovery and prioritizes recycling.

Conclusion

Again, we want to congratulate you on your election victory. We look forward to working with you over the next four years to enact policies that will allow pulp, paper, packaging and wood products manufacturers to continue as an American success story. Please let us know how we can assist your team in this endeavor.

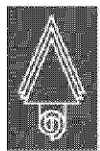
Sincerely,



Heidi Brock
President and CEO
American Forest & Paper Association

Cc: Vice-President elect J.D. Vance

Attachment



American Forest & Paper Association

Summary of Key Regulatory Concerns of AF&PA and Recommended Reforms (Dec. 2024)

The regulations and recommended reforms summarized below cut across many regulatory areas, such as the environment, energy and product-specific issues. While each regulation has its own technical aspects, a common thread across them all is the adverse impacts they have on the competitiveness of U.S. pulp, paper and wood products manufacturers, which must operate efficiently to successfully compete in our global marketplace. The U.S. forest products industry provides family wage jobs that support rural communities across America. Our industry employs 925,000 hard-working people who make essential paper and wood products that over 330 million Americans, as well as billions more around the world, depend on in their daily lives.

Environmental Protection Agency:

- **Carbon Neutrality of Biomass:**

Paper and wood products mills are the largest producers and users of carbon-neutral bioenergy of any other industrial sector. Unfortunately, EPA's policy shift in 2010 on biogenic CO₂ emissions has created counterproductive regulatory uncertainty for the industry that has lingered for almost 15 years.

- **We recommend that bioenergy produced by pulp, paper and wood products mills be considered carbon neutral in rules and policies by EPA, as well as in the clean electricity tax credit rules and policies by the Department of Treasury, and by other relevant agencies.**

- **Air Permit Gridlock and PM NAAQS:**

Every five years, EPA must decide whether its National Ambient Air Quality Standards (NAAQS) are sufficiently protective of public health. Over time, as NAAQS (for particulate matter (PM), ozone, sulfur dioxide and nitrogen oxides) have been lowered close to background levels, it has become increasingly difficult to get permits approved for projects to modernize, expand, or build state-of-the-art American manufacturing plants. Given extremely stringent NAAQS recently issued by EPA, especially the PM NAAQS, a broad array of American industries, in addition to ours, across our country now face permitting gridlock. EPA should modernize its air permitting process based on credible approaches and adjust its modeling criteria to reflect actual impacts. The challenges with the ever-lower NAAQS are exacerbated by a lack of a credible

implementation plan, including inappropriate emission measurement methods, poor estimates of emissions, use of unrealistic air dispersion models, and several unduly rigid permitting policies.

- **We recommend that EPA withdraw and reconsider the recent PM NAAQS due to its flawed and legally questionable rushed review, the failure to provide a workable implementation plan, and the scientific uncertainties. (RIN 2060-AV52)**
- **We recommend that EPA address the air permitting gridlock given the lack of “headroom” by committing sufficient resources to develop a credible NAAQS implementation program based on the best technical practices, including using more realistic receptor locations and emissions, exposures, and modeling data within the next year.**

- **PFAS Regulations (CERCLA Listing of PFOA/PFOS as Hazardous Substances; SDWA Maximum Contaminant Level (MCL)):**

In paper products manufacturing, sustainable materials management includes the beneficial use of paper mill residuals, largely composed of tree fiber, as a fertilizer. These mill residuals can be beneficially used for agricultural or forest lands, providing reduced soil erosion, less need for irrigation, increased soil nutrient-holding capacity, and reduced soil compaction, all of which significantly improves plant growth. It is important to ensure that the listing of PFOA and PFOS as hazardous substances under CERCLA does not lead to unintended outcomes, including impeding or preventing the safe and beneficial use of paper mill residuals as fertilizer.

Paper mills also sometimes serve as small drinking water systems for workers and local communities, and any drinking water MCLs under the Safe Drinking Water Act (SDWA) should be consistent with the law’s requirements, including requirements for quality of science and data, as well as consideration of cost to all categories of public water systems.

- **We recommend that EPA reconsider the CERCLA Rule, which is legally flawed and could produce a host of unintended outcomes (RIN: 2050-AH09).**
- **We recommend that EPA reconsider the PFAS MCL Rule, to ensure it is consistent with the law’s requirements for quality of science and data and the consideration of cost (RIN: 2040-AG18).**

- **Water Permit Gridlock and Human Health Water Quality Criteria (HHWQC):**

Under the Clean Water Act, states have the primary responsibility for issuing water quality standards and establishing acceptable risk levels in those standards. Based on a novel and far-reaching legal theory, EPA has established extraordinarily stringent water policy in two rules, the HHWQC Rule for Washington State and the Tribal Reserved Rights Rule. Both rules will lead to unattainable water quality standards and unattainable

limits in Clean Water Act NPDES permits needed to operate U.S. manufacturing facilities.

- **We recommend that EPA reconsider the HHWQC Rule for Washington State (RIN: 2040-AG21) and the Tribal Reserved Rights Rule (RIN: 2040-AG17).**

- **Pulp and Paper MACT Risk and Technology Reviews:**

The pulp and paper industry has invested billions of dollars to significantly reduce hazardous air pollutants (HAPs) from its operations due to stringent Maximum Achievable Control Technology (MACT) requirements set under section 112 of the Clean Air Act. EPA determined that the remaining public health risk at both pulp and paper mills is acceptable based on a thorough analysis of post-MACT emissions. In 2020, a federal circuit court remanded back to EPA the “Pulp MACT” (Subpart MM National Emissions Standard for Hazardous Air Pollutants (NESHAP)), ruling EPA failed to revise the MACT as required under section 112(d)(6). *See Louisiana Environmental Action Network v EPA*, 955 F.3d 1088 (2020) (“LEAN”).

EPA recently has misinterpreted their obligation under *LEAN* (and section 112(d)(6)) to set standards for more HAPs and more equipment at facilities. Section 112(d)(6) obligates EPA to “review and revise as *necessary*,” which is broad language that courts have interpreted in similar situations as requiring the consideration of all relevant factors, including costs, and balancing costs and benefits before imposing any new obligations. The recent Supreme Court *Loper Bright Enterprises* decision provides further support that EPA should change its approach to reviewing NESHAPs such as the Pulp and Paper MACTs.

In November 2024, EPA initiated its review of the Pulp MACT by sending a comprehensive survey of pulp mill operations and equipment to seven major companies. Once responses are evaluated, EPA plans to require about 200 HAP tests at 45 mills costing several million dollars. (EPA is simultaneously reviewing the “Paper MACT,” so called the Subpart S NESHAP, and plans to send out a similar survey in 2025 and mandate additional HAP testing in 2026.) Unfortunately, much of the HAP testing data will be hard to assess due to poor quality and variability.

- **We recommend that EPA reconsider its plans to require pulp mills to undertake extensive HAP testing next spring by first determining whether new standards are “necessary” for each HAP-equipment combination -- considering all relevant factors, including public health risks, likely control costs, technical feasibility to accomplish testing, adequacy of current requirements, value of additional data and other relevant factors.**
- **Based on an assessment of public health benefits and costs (including any new test data) under section 112(d)(6), we recommend that EPA promptly complete its review of the pulp and paper MACT and only set new standards**

(either work practices or limits) that are “necessary” and reasonable and achievable.

- **Formaldehyde Risk Evaluation**

Under TSCA as amended, EPA’s evaluation of priority chemicals has focused mainly on hazards and making unduly conservative assumptions about exposures, which leads to unnecessarily stringent and unworkable regulation. EPA routinely relies on conservative hazard determinations rather than the weight of the scientific evidence, as TSCA requires. EPA also is creating occupational exposure levels for existing chemicals in commerce even if the chemical has been adequately regulated by OSHA, which has led to confusing regulatory duplication.

An example of the problems in the chemical risk evaluation process under TSCA is its current draft Risk Evaluation for Formaldehyde. EPA calculated an extremely stringent occupational exposure level that is below background concentrations of formaldehyde in the air. Even facilities that do not use formaldehyde directly in manufacturing will have difficulty meeting the EPA level, which is far lower than the existing and protective OSHA permissible exposure level and much lower than occupational levels developed in Europe and other countries. EPA must incorporate the best available science in rulemaking to comply with TSCA and to ensure the U.S. is on a level playing field with its competitors around the world.

- **We recommend that EPA revise its formaldehyde risk evaluation under TSCA.**
- **We recommend that EPA use the best available science when evaluating chemicals such as formaldehyde and rely on the work of authoritative scientific bodies instead of operating independently and ignoring the weight of the scientific evidence.**

- **Good Neighbor Plan:**

In 2023, EPA promulgated the so-called Good Neighbor Plan regulation under the Clean Air Act to impose control requirements for nitrogen oxide (NO_x) emissions in 23 states from fossil fuel boilers in power plants -- and for the first time -- seven manufacturing industries, including paper mills. EPA ignored AF&PA’s comments showing that the paper industry should have been excluded from the rule, both because the paper industry’s emissions were below EPA’s emissions threshold and because its very high control costs exceeded EPA’s cost threshold.

States, AF&PA, and other industries challenged the rule. In June 2024, the U.S. Supreme Court issued a rare stay of the rule pending review on the merits by the D.C. Circuit Court of Appeals. *See Ohio v EPA*, 144 S. Ct. 2040 (2024), which found that industry petitioners likely would succeed on the merits.

- **We recommend that EPA withdraw and reconsider the Good Neighbor Plan (RIN: 2060-AV51)**

Department of Labor, Occupational Safety and Health Administration (OSHA):

- **OSHA Heat Injury and Illness Prevention Proposed Rule:**

AF&PA recognizes the importance of protecting workers from heat-related injury and illness and wants to accomplish this objective in a practical, reliable, and scientifically sound manner. We understand OSHA's desire to establish a baseline for workplaces to address this hazard, but the scope of the rulemaking covers a very broad range of industries (including both outdoor and indoor work), regional climates, and worker populations. The rule needs to provide significant flexibility across workplaces to effectively manage the hazard of heat. AF&PA members already employ many controls outlined in the proposed rule and effectively protect workers from heat on a site-specific basis. Like other industries, we are concerned that certain aspects of the proposed rule are unreasonably prescriptive, burdensome, and unnecessary – and could be counterproductive.

- **We recommend that OSHA carefully review the proposed heat rule (RIN:1218-AD39) to add flexibility and recognize the effective efforts currently underway.**

Securities and Exchange Commission (SEC) and Federal Acquisition Regulatory (FAR) Council

- **Greenhouse Gas Reporting and Goals Rules (SEC Climate Disclosure Rule; FAR Council Proposed Rule on Greenhouse Gas (GHG) Emissions Reporting and Goals for Federal Contractors):**

As part of the Biden Administration's "whole of government" approach to climate regulation, the SEC finalized a rule requiring publicly listed companies to extensively report on their GHG emissions. In addition, the FAR Council (the General Service Administration, the Department of Defense, NASA, and OMB's Office of Federal Procurement Policy) proposed an extraordinarily far-reaching rule to require both GHG emissions reporting as well as GHG reduction goals by major federal contractors. Both rules raised a host of legal and practical concerns, and the SEC final rule currently is under legal challenge.

- **We recommend that the SEC reconsider and revise its climate disclosure rule (RIN: 3235-AM87) to ensure it is within the bounds of its statutory authority and is not arbitrary and capricious or counterproductive.**

- **We recommend that the FAR Council withdraw its GHG emissions reporting and goals proposed rule (RIN: 9000-AO32) given its host of legal flaws and potential unintended outcomes.**

Department of Treasury

- **Clean Electricity Tax Credits:**

Under the Inflation Reduction Act, the Department of Treasury was required to issue regulations to implement the production tax credit and investment tax credit under sections 45Y and 48E of the Internal Revenue Code. Under the IRA, qualified facilities have a greenhouse gas emissions rate of not greater than zero. AF&PA filed with Treasury extensive comments and many scientific studies showing that the energy systems at pulp and paper mills should be included as qualified facilities in Treasury's final rule and annual table.

- **If pulp and paper mills' energy systems are not included as qualified facilities in the final rule (RIN: 1545-BR17) and annual table, we recommend that the final rule and annual table be withdrawn and reconsidered.**

Federal Trade Commission (FTC)

- **Green Guides Update:**

The Green Guides provide guidance to help marketers avoid making environmental claims that mislead consumers. The FTC is in the process of finalizing an update to the Green Guides. AF&PA supports the update of the Green Guides and looks forward to the opportunity to comment on the proposed updates.

- **Updating the Green Guides to reflect current trends and concerns in the marketplace is important to ensure consistency across states and avoiding a potential patchwork of state regulation of marketing claims.**