

**Committee on Energy and Commerce, Subcommittee on Energy and Power**

**Testimony of Aris Papadopoulos, Chairman of the Portland Cement Association and CEO, Titan America  
April 15, 2011**

Mr. Chairman and congressional committee members, my name is Aris Papadopoulos. I serve as CEO of Titan America, a cement manufacturer and concrete producer in 8 states, employing over 2,000 Americans. I presently chair the Portland Cement Association (PCA) that represents 97% of US cement capacity with nearly 100 manufacturing plants in 36 states and distribution in all 50.

Cement is to concrete what nails are to wood. It acts as the glue that builds our bridges, roads, dams, schools and hospitals. At \$6.5B combined revenue, we're a relatively small industry, but without us, the entire trillion dollar construction economy would come to a halt. Without cement, our already deteriorating infrastructure would continue to degrade to unsafe levels, along with our communities and quality of life.

The Great Recession hit our industry very hard. Cement demand dropped in half. Profitability has been wiped out. Yet, we sought neither handouts nor bailouts. We cut costs, which sadly included more than 4,000 jobs. What remains are 15,000 well-paying jobs, with average compensation of \$75,000.

Cement is a dynamic industry. In its 150+ year history, cement producers have demonstrated their commitment to continuous improvement and environmental stewardship. In the decade prior to this recession, it invested tens of billions of dollars in modernizing and expanding

facilities with state-of-the-art technologies that significantly cut energy intensity. Today, the US has a world class cement industry, which recycles 12 million tons a year of industrial and urban byproducts, like tires, fly ash and wood chips that would otherwise be land-filled. Recent EPA rules, however, may jeopardize this practice.

In the wake of the recession, the EPA embarked on a series of rulemakings that would deliver uncertain public benefits while undermining economic recovery. Although EPA has promulgated several rules recently, there are three rules in particular that pose an immediate challenge to the cement industry. I'm talking specifically about the Portland Cement National Emission Standards for Hazardous Air Pollutants (NESHAP), which has a September 2013 compliance deadline; new standards for Commercial and Solid Waste Incinerators, or CISWI rule; and a revised definition of "solid waste," which is a companion regulation to the CISWI rule.

NESHAP, which I discussed during previous congressional forums, would close 18 of the country's 100 cement plants during the next two years. This rule as written is either technically and/or economically unachievable (*in fact setting emission standards demanded by no other country in the world!*). The net result is industry will be forced to shut down plants. When market demand for cement returns, it will be met by cement imported from other countries. The result will be the loss of more US industry jobs. Furthermore, it will also cause a net increase in pollutants from cement production in countries that have little to no regulation – and thus none of the environmental benefits of US produced cement.

These regulations truly represent is a hidden tax imposed on the domestic industry today. PCA recently completed a study analyzing the economic and environmental impacts of EPA rules and concludes that:

- The NESHAP and CISWI rules impose a combined compliance burden of \$5.4B in the next 4 years, equal to 85% of the industry's total annual sales. They also increase production costs by 20%.
- The NESHAP rule will force almost 20% of U.S. plants to shut down in two years; the CISWI rule would add another 4 plant closures to the 18 closures imposed by NESHAP.
- The industry could lose 25%, or an additional 4000 jobs by 2015;
- Assuming economic recovery thru 2025, this reduced domestic cement capacity will force the U.S. to depend on foreign imports for 56% of its needs.

We conclude, that in their totality, EPA rules make investing in the U.S. unattractive compared to overseas. In the end, neither the economy nor the environment win. American jobs and investment are lost while greater amounts of pollutants are emitted offshore. Dependence on foreign cement follows the road of dependence on foreign energy. And with the combined effects of increasing global demand for construction material and cement more cumbersome to import than oil, shortages and price volatility will become more common. This could hurt the entire construction economy, with impacts on infrastructure, housing, commerce and jobs.

As to infrastructure, I must let you know that there is actually some very good news. Recent research by M.I.T. confirms that cement and concrete can play leading roles in mitigating GHG

emissions and other environmental challenges. It follows that we would want to produce the materials here in the U.S. in order to reinstate win-win policies that benefit the economy and the environment.

Congress can establish win-win policies and create a climate that encourages domestic production of cement - consistent with the findings of the M.I.T. research - by taking immediate action to address onerous regulations and place a near term moratorium on more rules. Congress must craft legislation that mitigates the impacts of harmful regulations. It must replace them with policies that promote job growth, investment certainty, and responsible environmental stewardship. This will revive private sector confidence, create good jobs for Americans and restore economic prosperity.

Thank you for this opportunity to testify. I would be happy to address any questions you may have.

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