

US HOUSE OF REPRESENTATIVES  
SUBCOMMITTEE ON COMMERCE, TRADE AND CONSUMER PROTECTION  
LEGISLATIVE HEARING ON HR 4805  
THE FORMALDEHYDE STANDARDS IN COMPOSITE WOOD PRODUCTS ACT  
MARCH 18, 2010

STATEMENT OF THOMAS A. JULIA  
PRESIDENT, COMPOSITE PANEL ASSOCIATION

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Thank you Mr. Chairman and members of the Subcommittee for this opportunity to address you today about a bill with significant implications for American consumers.

I am Tom Julia, President of the Composite Panel Association (CPA), a trade association celebrating its 50<sup>th</sup> anniversary of service this year. The CPA represents companies responsible for more than 90% of the North American production capacity of particleboard, MDF and hardboard. We also represent most of the companies making wood-based decorative surfacing materials, as well as others affiliated with the composite panel industry.

The CPA represents manufacturers of two of the three major products that would be regulated under HR 4805, and I am here today to offer our strong support for this legislation.

Composite panel manufacturing and the use of our products in both construction applications and home and office furnishings, is a major worldwide industry. In the US alone our mills employ more than 20,000 workers, and affect more than 350,000 additional jobs, typically in small rural communities through the nation.

We pride ourselves as being among the greenest industries in the world, as almost all of our members' panel products are made with 100% recycled, residual or post-consumer wood. Indeed our industry is predicated on recycling and always has been. The CPA itself is a world leader in quality assurance, product testing and certification, sponsorship of voluntary industry standards, and development of technical data about industry products. Moreover, we have shared our technical expertise with organizations throughout the world, even assisting several international consumer product testing organizations who today are testing panel

products in China that are bound for the US. We believe this it is a good think that the consumers have high confidence in the composite wood products in their homes and offices regardless of the source, and we are committed to supporting global manufacturing too, even though our members' markets are exclusively domestic.

I am also proud to say that virtually 100% of both US and Canadian production capacity of particleboard and MDF is already certified to meet or exceed the CARB Phase 1 emissions levels, and many are already meeting the Phase 2 limits that go into affect for our products beginning next year. A sister association, the Hardwood Plywood Veneer Association, reports similar success for hardwood plywood products, the third of the three products regulated under HR 4805.

None of this happened by accident. It took a long term commitment to lowering emission levels, a major capital investment in technology, and an early commitment to the CARB rule and to meeting its deadlines. In no other part of the world has there been such a commitment and urgency to product stewardship and regulatory compliance, even for US markets where the CARV rule is not enforceable.

For decades CPA has operated the largest and most stringent third party testing and certification program for composite panels in North America. It includes monthly audits and random testing to assurance compliance with both formaldehyde emission requirements as well as physical properties. We operate a state-of-the-art International Testing and Certification Center in Leesburg, Virginia, where we can test to even the exceeding challenging tolerances of CARB Phase 2 emission requirement as well as other ultra-low emitting criteria.

The third party testing and certification requirements embedded in California's emission rules are based in large part on the CPA's Grademark Certification Program, and we were the first organization worldwide to be recognized and approved as a CARB-approved Third Party Certifier.

In short, we know a lot about composite wood products and about the use of formaldehyde based adhesives, and we have a demonstrated record of helping industry achieve and document increasingly lower emission profiles for its products.

We are convinced that it is imperative that our customers and the American public have full confidence that panel producers are doing everything possible to minimize the environmental footprint of our products and – equally important – full confidence that a rigorous, reliable testing and certification program stands behind our products, as mandated by federal law.

We wish everyone felt the same way and would demonstrate the same commitment, especially some of those responsible for the massive influx of composite panel products entering the United States from overseas. While things have improved since the CARB rule went into effect, and US-based trade associations representing many of these producers have strongly committed themselves to compliance with the CARB rule, there is still too much product that enters the US market without any regulatory oversight.

These are the bad actors that HR 4805 will enable the EPA to reach, while at the same time ensuring a consistent standard of compliance and enforcement not only in California but also throughout the United States.

To be clear, not all importers are of the same mind, and not all products manufactured offshore are suspect. Indeed many companies have a long track record of product stewardship on a global scale, and many others have moved quickly to make sure their products meet the CARB rule as well as any prospective national standard. But there are, and a Congressional directive can help EPA make sure that compliance doesn't just happen some of the time but rather all of the time. That means putting in place the first ever federal standard governing emission levels from composite panel products– no matter where they are made in the world if sold in the US, and no matter where they are sold in the US.

With CPA's considerable experience, we know that in the rare instances when products are found to emit high levels of formaldehyde, they are most often products made without regard to industry standards, international accreditations or in-house testing.

Beginning with HR 4805, and its counterpart in the Senate, the Congress has a chance to change this. I submit that your real challenge is not whether to move ahead and direct EPA to enact a sensible rulemaking but rather how quickly and comprehensively they can do so to effect meaningful change.

A lot of eager lawyers and expert consultants are waiting in the wings, hoping a multi-year extravaganza that costs the federal government and

American taxpayers millions of dollars, that costs industry even more, and that bogs EPA staff down for years before a federal rule is adopted.

Who would be served by this? Certainly not the American consumer, nor the domestic composite panel industry – nor public health itself.

Last summer CPA submitted comments in response to the Sierra Club's petition for rulemaking by the EPA. We said yes, fill the void and establish a national standard. We said base it on the work done by the California ARB over the past seven years to formulate its Air Toxic Control Measure for Composite Wood Products. No more, no less. We said resist the urge to go down the path of a complex TSCA 6(a) rulemaking approach and find a better way. We said this is a moment in history when industry, environmentalists, labor and health care groups can come together all support the same approach.

Last but hardly least, we were are still cognizant of the allegations of high formaldehyde emissions from the emergency housing units provided by FEMA to victims of hurricanes Katrina and Rita. The Sierra Club has it right on this one: had there been a national standard in place and a third party testing and certification regimen to validate compliance, its likely there never would have been a FEMA trailer problem, at least not one related to formaldehyde emissions from composite wood products manufactured here or abroad.

I am here today to urge Congress to give direction and urgency to EPA, and not permit the agency to be drawn into a long, complex and expensive rulemaking. Instead, I urge you to memorialize what California has done and take the "toughest production standard in the world" (CARB's words, with which we agree), and make it America's standard too. Do it now, do it this year and give the American people the full confidence that what's in our homes and offices has been subject to rigorous in-mill quality assurance, to third party testing and certification, to verifiable chain of custody documentation, and to an enforcement regimen with teeth.

CPA is pleased to be part of a coalition supporting this bill that includes the American Home Furnishing Alliance, the Business and Institutional Furniture Manufacturers Association, the Hardwood Plywood Veneer Association, the Kitchen Cabinet Manufacturers Association, the American Forest and Paper Association, the APA-Engineered Wood Association, and other major business groups. We are equally pleased that this coalition includes the

Sierra Club, the National Center for Health Housing, the United Steelworkers Union and other influential environmental and public health advocates. We thank and commend them for their early leadership on this matter, and note that many are represented on the panel or in the audience here today.

I will close be addressing two questions that have sometimes been raised during our discussions with members of Congress and others since last year, and that bear repeating.

The questions are why not pre-emption in this bill, and why not give EPA the opportunity to establish emissions ceilings that are different than those established by California.

While the CPA might support pre-emption, the typical reasons for desiring it do not necessarily apply here, and so we do not believe it is essential. This is not the case of asking EPA to develop an entirely new regulation that is unfamiliar to the 50 states. Rather, compliance with the CARB rule is already being practiced by industry throughout the United States, though perhaps less by some than others. Indeed, California's rule is becoming a *de facto* national standard, so the incentive for any state to do anything different is not there. If Congress directs the EPA to establish a federal standard based on California's parameters, this will only help ensure that other states are not tempted to initiate a rule of their own, and will ensure the certainty that all stakeholders look for in a regulatory outcome.

Our reasons for not making pre-emption a condition of passing this bill are also pragmatic. Indeed, the breadth of stakeholder and Congressional bipartisan support for this legislative approach to date has been the result of consensus. If pre-emption were to be made an issue now we believe that consensus would unravel.

As to the levels themselves, the formaldehyde emission ceilings called for under the CARB rule are already exceedingly low, and the rule incentivizes the manufacture of what are termed Ultra Low Emitting as well as No Added Urea Formaldehyde adhesive systems. This is memorialized in HR 4805, and the American ingenuity – and the free market – is already responding by manufacturing dramatically lower emitting products over the past two years. This the appropriateness of once again addressing formaldehyde emissions from industry products again down the road is becoming moot. A federal standard based on CARB's approach will boost this positive direction and given everyone the assurance that at least the wood products sector is in full

compliance. Thus while we appreciate the desire to continue to address health related concerns about formaldehyde exposure, we submit that the levels of exposure that are possible under the CARB rule and a corresponding national standard are significantly below any reasonable level of concern. Moreover, the third party testing and certification requirement of the rule is the mechanism that will provide full confidence to the marketplace if implemented properly by the EPA.

Thank for again for holding this hearing and for the opportunity to address you today. CPA looks forward to continuing to support the work of the Congress on this important matter.

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More information: [tjulia@cpamail.org](mailto:tjulia@cpamail.org) or 703.724.1128 ext. 243, or 703.405.5602 (mobile)