Regulatory Policy Must Do More Good Than Harm

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Background

The American free enterprise system is one of the greatest engines for prosperity and liberty in history, and manufacturing — including the forest products industry — is a cornerstone of that success. The forest products industry is of critical importance to the U.S. economy. More than 75 percent of U.S. pulp and paper mills are located in rural counties, and every job in the paper industry supports 3.25 more jobs in supplier industries and local communities. On the wood products side of the industry, each job supports 2.25 more jobs in other parts of the economy.

In addition to facing the challenges of an increasingly competitive global economy, American manufacturing must wrestle with an economy here at home that has become distorted by a patchwork of mandates and incentives imposed by unelected regulators.

U.S. paper and wood products manufacturers have spent billions of dollars on regulatory compliance and face additional significant compliance costs in the future.

Poorly-designed regulations can cause more harm than good, stifle innovation, discourage growth, impede job creation, waste limited resources, undermine sustainable development and, ultimately, erode the public’s confidence in government.

Government leaders must embrace systemic regulatory reform. Regulations should be designed to provide net benefits to the public based on the best available scientific and technical information through a transparent and accountable rulemaking process, with due consideration of the cumulative regulatory burden.

Policy Recommendations

AF&PA supports the following policy proposals to improve the regulatory process and advance societal well-being, promote jobs and increase the competitiveness of the American pulp, paper, packaging and wood products industry.

• **Do More Good Than Harm:** In designing regulations, policymakers should ensure that the benefits justify the costs and apply analytical best practices. (AF&PA supports EPA’s initiative on “Increasing Consistency and Transparency in Considering Costs and Benefits in the Rulemaking Process.” (See Memorandum from EPA Administrator Andrew R. Wheeler to Assistant Administrators (May 13, 2019)).

• **Sound Science:** Regulatory decisions should be based on the best available scientific and technical information.

• **Transparency:** Agencies should disclose data to the public early, outline models and other key information used in high-impact rulemakings and provide an adequate opportunity for meaningful public input. (AF&PA supports EPA’s rulemaking, “Strengthening Transparency in Regulatory Science, 83 FR 18768 (April 30, 2018)). Moreover, court settlements between regulators and interest groups to require rulemakings should be published and disclosed to the public and reviewed by the Office of Information and Regulatory Affairs before going final.
• **Streamline the Permitting Process:** The cumbersome federal permitting process for siting or modernizing facilities or projects must be modernized to be timely, certain and efficient so that beneficial projects can proceed, and jobs can be created. This requires the reform of policies and rules under statutes such as the *Clean Air Act* and the *Clean Water Act*.

• **Retrospective Review of Rules:** There should be an institutionalized, retrospective review to streamline and simplify existing rules and to remove outdated and duplicative rules. The retrospective review process should be the beginning of a bottom-up analysis of how agencies can best accomplish their statutory goals. This should include a careful analysis of regulatory requirements and their necessity, as well as an estimation of their value to achieve needed outcomes.

• **Accountability:** The president should direct all regulatory agencies, including the independent agencies, to promptly implement the preceding recommendations. As all regulation starts with the delegation of lawmaking authority from Congress, Congress should elevate these principles into binding law.