

March 12, 2013

The Honorable John Shimkus  
Chairman, Subcommittee on Environment and Economy  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

The Honorable Paul Tonko  
Ranking Member, Subcommittee on Environment and Economy  
Committee on Energy and Commerce  
U.S. House of Representatives  
2125 Rayburn House Office Building  
Washington, DC 20515

Dear Mr. Chairman and Ranking Member,

The National Association of Chemical Distributors appreciates the opportunity to comment on the Chemical Facility Anti-Terrorism Standards program. As the trade association representing our nation's chemical distribution industry, NACD offers a unique and important perspective on CFATS. NACD members process, formulate, blend, re-package, warehouse, transport, and market chemical products exclusively for an industrial customer base of more than 750,000. NACD members operate in every state in the continental U.S. and throughout all of North America through more than 1,500 facilities. Most NACD members are small businesses. The typical member is privately owned with \$26 million in annual sales, 3 facilities, and 28 employees. More than 40 percent of NACD members are family-owned.

NACD members demonstrate our commitment to product stewardship through compliance with Responsible Distribution, our mandatory and third-party verified environmental, health, safety, and security program. NACD members have always focused on the safety and security of our workplaces and products. In response to the terrorist attacks of September 11, 2001, NACD became the first chemical trade association to mandate specific security measures for our members, and we continue to assess Responsible Distribution's security measures against current threats. Specific measures addressing security include:

- Developing programs that address security of a member's facility and the transportation of chemicals, including conducting a security vulnerability assessment
- Scrutinizing for-hire motor carriers for the security of chemicals in transportation
- Qualifying customers purchasing chemicals as prescribed by government regulations
- Verifying implementation of security measures by an independent third-party verification firm

NACD members are more committed than ever to security. Last month, the NACD Board of Directors unanimously voted to create a specific Responsible Distribution Security Code to formalize and further emphasize these security measures.

Despite its slow start and programmatic challenges, CFATS is an important program that has spurred industry to develop consistently reliable approaches to chemical facility security, reducing our vulnerability to the threat of terrorist activity. As envisioned by Congress during its passage, CFATS provides an opportunity over time to improve public confidence that our nation's chemical facilities are secure not only from intentional releases, but against contamination and theft designed to create chemical weapons.

There has been much frustration, on Capitol Hill, in industry and even within DHS, that this program has been slow to develop. Moreover, since the November 2011 memo leak, it has been clear that the problems with the program have been severe and fundamental. While evident challenges remain, since that time, DHS has designed 95 actions plans to address the specific issues identified and has made at least some progress on each one, and completed many. As DHS is making progress on addressing these challenges and implementing CFATS, the importance of maintaining a well-funded program is greater than ever.

While improvements can and should be made in CFATS program, our industry is committed to working as a partner with both Congress and DHS to further the primary purpose of the program. We appreciate this Committee's vigilance and ask that you continue to support the program as the agency continues its efforts to make progress toward this critical program's basic mission of providing security and confidence in our nation's chemical management system.

Respectfully,

A handwritten signature in black ink, appearing to read 'CJahn', with a long horizontal flourish extending to the right.

Chris Jahn  
President