

GREGORY LEBEDEV
PRESIDENT AND
CHIEF EXECUTIVE OFFICER



January 23, 2003

The Honorable Spencer Abraham
Secretary of Energy
Department of Energy
100 Independence Avenue, SW
Washington, DC 20585

Dear Secretary Abraham:

On behalf of the American Chemistry Council (ACC), I am pleased to transmit the attached "US Chemical Industry Response to the President's Global Climate Business Challenge." This voluntary commitment has been approved by our Board of Directors, pursuant to President Bush's call for an American industrial response to the issue of global climate change. We applaud President Bush's leadership in harnessing the entrepreneurial spirit of the US private sector in addressing this significant issue.

ACC members are proud to do their share to help the President and the country achieve the overall 18 percent reduction in greenhouse gas intensity by 2012, as called for in the Business Challenge. In 2001, the US chemical industry had nearly half a trillion dollars in sales, and half of that was of products that are hydrocarbon-based. The business of chemistry is energy-intensive, and is unique because it uses energy both in the manufacturing process and also as a raw material. No other industry adds as much value to its energy inputs as the business of chemistry.

Energy efficiency and greenhouse gas intensity reduction are not new to the chemical industry. As you know, we have reduced the fuel and power energy consumed per unit of output by 41 percent since 1974. Carbon emissions per unit of output have declined by more than 45 percent during the same period. The efficient use of energy has been an economic imperative of the chemical industry

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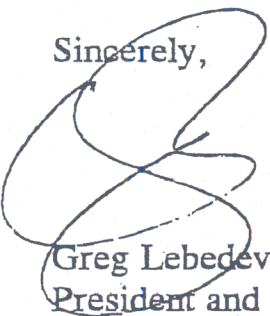
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for decades, driven by the need to compete globally and the desire to constantly improve our operations.

The centerpiece of our 12-part response to the President's Global Climate Business Challenge is to pursue reductions in greenhouse gas intensity toward an overall target of 18 percent by 2012, using a baseline of 1990. From 2003 through 2012, the ACC will collect data directly from members to measure progress. But that's not the only way our intensity will help the country achieve its intensity reduction target. We also pledge to continue to manufacture products and pursue innovative new ways to help other industries and sectors achieve the President's goal. We plan to work with the government, through the Department of Energy, to develop a credible methodology for estimating greenhouse gas efficiency improvements in sectors of the economy that use chemical industry products. Our response also highlights areas in which government policy can assist in achieving designated greenhouse gas intensity reductions.

We look forward to working with the Department of Energy and the Administration in implementing this commitment. We also look forward to participating in the February 6 White House event and would be interested in a speaking role. If you have any questions, please feel free to contact ACC Vice President of Federal Relations, Mark Nelson, at (703) 741-5900.

Sincerely,



Greg Lebedev
President and
Chief Executive Officer

cc: The Honorable James L. Connaughton, Chairman
Council on Environmental Quality