



Enriching lives through innovation

**Testimony for the Record by Peter R. Huntsman  
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**United States Senate  
Committee on Energy and Natural Resources**

**“Full Committee Hearing to Identify Challenges to Meeting Increased Electricity Demand”  
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### **Why I Am Here Today**

Chairman Lee, Ranking Member Heinrich, Members of the Committee, thank you for this opportunity to appear before the Committee to testify on how policymakers at the Federal, state and local level can work together to ensure America calibrates public policy to meet increased electricity demand. It is an honor. I take very seriously our First Amendment right to engage directly with elected officials and policymakers of both parties to help educate and inform them about how Huntsman Corporation and American chemical manufacturers manage risk, make capital decisions, grow our employee base, return capital to shareholders, and safely deliver the products that make modern life possible. None of this is possible without access to cheap, abundant energy and electricity.

The primary reason I am here today is to share my observations on policy, political, business, and cultural forces that are shaping investment decisions by U.S. manufacturers, especially those that are energy intensive. I rely heavily on thousands of Huntsman associates and colleagues in the industry to help me understand the complexity of these issues. However, after four decades in the chemical industry, I do understand how energy and electricity—and other inputs—incentivize or disincentive manufacturing investment decisions in the United States.

I hope Members of the Committee come away with the following conclusions from my testimony:

- 1. American manufacturing dominance, prosperity, security, innovation and power are based predominantly on our continuing access to cheap, abundant, and reliable energy, primarily in the form of hydrocarbons.**
- 2. The safe and environmentally secure extraction, processing, and transportation of hydrocarbons makes modern life possible. That is not hyperbole. It is physical, immutable reality.**
- 3. Given the inherent limitations of existing technology, organizing the American economy and government to *entirely eliminate* greenhouse gas emissions will create scarcity of the chemical building blocks of modern life, increase the costs of all goods and services, lower our standard of living, inhibit U.S. economic innovation and weaken America in the world.**
- 4. To enable society to *reduce* greenhouse gas emissions, public policy should be calibrated to *increase* U.S. natural resource extraction, material refining capacity and chemical manufacturing more efficiently and productively here in the United States, where we have the strongest, risk-based**

**environmental laws and regulation in the world. It is the chemical sector that develops the molecules that allow individuals and society collectively to lower their greenhouse gas emissions.**

- 5. Long term taxpayer subsidy of intermittent and unprofitable electricity production creates market distortions across the entire manufacturing value chain and supplants reliable, clean and profitable sources of energy.**
- 6. If the threat of climate change is existential to humanity, the U.S. Congress should directly finance or incentivize the construction of emissions free nuclear energy facilities across the entire nation.**

### **The Huntsman Story**

The Huntsman story is the story of American manufacturing.

Through the vision and tenacity of my father, Jon Huntsman, Sr., and supported by tens of thousands of employees over a half century, Huntsman Corporation today is a New York Stock Exchange (NYSE) traded company headquartered in The Woodlands, Texas with 2024 revenues of approximately \$6 billion, 6,000 employees and operations in 25 countries. My father's life began in 1937 in a Blackfoot, Idaho home with no indoor plumbing. By the end of his life in 2018, he had built a global manufacturing company, created thousands of jobs, and donated nearly \$1 billion dollars to endow the Huntsman Cancer Institute (HCI) at the University of Utah in Salt Lake City. Today, HCI is the leading cancer hospital in the Mountain West Region and has saved tens of thousands of lives through world leading cancer treatment.

After dropping out of college, I started my career in 1983 as a truck driver delivering oil across the Intermountain West. In 2000, I became President of the company and in 2017 Chairman and CEO. As our company grew from a small California packaging company into a multinational chemical company, I have witnessed boom and bust business cycles, mergers and acquisitions, multiple iterations of "peak oil," the collapse of the Soviet Union, reunification of Europe, the rise of China, the creation of the Internet and the transformational impact of hydraulic fracturing on the world, among other things. Today, I am eagerly watching how Artificial Intelligence will change the chemical industry and world. Through it all, I have observed the tax policy and regulatory environment impacting U.S. manufacturing ebb and flow across Democrat and Republican Administrations and Congresses. Our company and the chemical industry have played a role in all of it.

### **Raw Materials, Feedstocks, Chemical Manufacturing, and Innovation**

I want to provide a basic primer on what chemical companies do because chemicals are the building blocks of all American manufacturing. In the most basic form, we take atoms and molecules, break them apart and then put them back together to make the building blocks of virtually everything you see and touch in modern life. Automobiles, passenger airplanes, solar panels, wind blades, smartphones, computers, televisions, residential and commercial buildings, pharmaceuticals, missiles, fighter planes, clothing, soap, shampoo, shoes, clean drinking water and crop fertilizer are all "modern miracles" made possible by chemical manufacturing.

The most utilized starting atoms, or "feedstocks," for chemical manufacturing are hydrocarbons derived from petroleum, natural gas, natural gas liquids and coal, otherwise known as fossil fuels. Without abundant access to fossil fuel feedstocks, nobody can manufacture chemicals. Without chemicals, virtually all U.S. manufacturing would cease.

The scientists and engineers in the American chemical sector go to work in laboratories across the country every day and work to improve existing molecules and develop new ones. When commercially viable, their laboratory innovations move to manufacturing plants and into the marketplace. While abstract to the average person, the molecular innovation we do ultimately manifests itself in our sustainable modern lives – lighter airplanes and cars, longer lasting clothes, stronger building materials, clean drinking water, new medicines and cancer

treatments, and larger crop yields. Standards of living increase and human lives are enriched and lengthened through chemical sector innovation and manufacturing.

### **Lack of Understanding of How Things Are Made**

I lay this out in some detail as I have become increasingly concerned that many government and business leaders lack an understanding of how “things” are actually made. In the post-Cold War era of globalization, the United States underwent a low-level form of deindustrialization as the appeal of cheap labor and growth markets in Asia pushed supply chains out of North America. Two examples of this can be seen in the fate of the Pennsylvania steel industry and textiles in North Carolina in the 1990s and 2000s, and there have been countless others. Wall Street became the highest paying sector. It was then followed by Silicon Valley and the tech boom. Making things never stopped but put simply, “making things” here in the U.S. went out of vogue because it was done “out of sight and out of mind.”

Looking back with the benefit of hindsight, I believe the post-Cold War manufacturing exodus led many policymakers and business leaders to simply forget how things are manufactured at the most basic molecular level or, as we say in the chemical industry, “upstream.” This trend is best encapsulated by Apple’s famous “Designed in California Assembled in China” label on their products. To most people, the iPhone is a supercomputer we use every few seconds connecting us to the entire world. As a chemical industry leader, I see a device consisting of minerals and elements extracted from the Earth and refined thousands of times over into chemicals, plastic, glass, and materials brought to market via one of the most sophisticated supply chains ever developed. The same is true of millions of other products we use in our daily lives.

### **Natural Resource Extraction is the Base of American Manufacturing & The American Way of Life**

One of the biggest threats to American manufacturing power, security, and prosperity today is the growing belief, seemingly held by many, that we can choose *not* to extract our natural resources and convert them into the materials that enable our citizenry to thrive. Since the beginning of recorded history to the modern-day international system, human beings and nation states have used natural resources to survive, prosper, trade and project power. This has been an invariable part of human nature and will always be so.

In the current policy, political and business arenas, opposition to natural resource extraction manifests itself in the idea that American society – and the world – can somehow “transition” away from fossil fuels and their derivative materials, including chemicals, and somehow maintain our current standard of living and our way of life. Until the advent of new technology or a massive expansion of nuclear power, this is simply untrue and not physically possible. To believe so is both naïve and dangerous. Serious countries and people understand this reality.

Until relatively recently, the notion that we could eliminate fossil fuels while still sustaining modern society was mostly a fringe idea and dismissed by serious leaders in government and industry. Over the last two decades, as seemingly well-intentioned policy proposals developed to attempt to manage an ever-changing climate, anti-fossil fuel extraction policy has become normalized in Europe and, more recently, in parts of the United States. Many governments have organized themselves around stopping natural resource extraction in the name of reducing greenhouse gas emissions to “net zero.” In the business community, many companies have made “commitments” that may (or may not) come to reality in less than three decades.

### **“Net Zero” & German Deindustrialization**

The most notable example of the danger of “net zero” government policy is Germany. Through a series of government decisions over two decades and exacerbated by Russia’s invasion of Ukraine, Germany has chosen

to embark on a once-in-a-century deindustrialization that will have enormous global impacts, including in the United States.

Just three years ago, it would have been inconceivable that the birthplace of the chemical industry and so many others could be intentionally deindustrializing. Yet here we are, waiting to see whether one of the most advanced economies and societies in modern history will be to provide cheap, reliable, and abundant heat and electricity to power its economy. I encourage all U.S. elected officials to study deeply the policy decisions Germany made as it presents a real-life example of how *not* to organize electricity, manufacturing, natural resource, energy, and industrial policy.

### **The Chemical Sector Enables Society to Lower Greenhouse Gas Emissions**

If the goal of government and business is to reduce carbon dioxide emissions across society, U.S. government policy should be calibrated to *increase* domestic natural resource extraction and chemical manufacturing more efficiently and productively. It is the chemical sector that develops the molecules and the innovations that allow individuals and society collectively to lower their emissions. This is evident in almost every sector across the economy. In the aerospace sector, fossil fuel-derived carbon composite airplanes fly longer distances using less fuel than their aluminum predecessors. Automobiles are constructed using carbon fiber material versus steel in years past. Modern homes include insulation materials that create a building envelope, securing the valuable hot and cold air inside the home. The world population recently reached 8 billion people and, for the most part, everyone has access to food. The mass starvation that we witnessed as recently as the mid-1980's in sub-Saharan Africa is virtually obsolete. This is a new phenomenon in human history and has been made possible only by chemical fertilizer and cold chain storage. Simply stated, a vibrant chemical industry means it is within our ability to lower emissions, grow the economy, and improve lives.

### **American Manufacturers Welcome Strong, Effective and Risk Based Regulation**

The United States has the strongest and most effective environmental laws in the world. It was not always that way and industry has made mistakes. However, when you compare the environment in the developed world today to even 1980, the progress is staggering. The water in the Potomac River, the air in Los Angeles, and our rivers and streams throughout the United States are all cleaner. This is due to the combination of strong government regulation, corporations being held legally accountable for wrongdoing and because wealthy nations have the financial resources to prioritize the environment. The more prosperous a society becomes, the better it manages the environment.

Every single day the chemical sector manufactures, handles, stores, transports and sells hazardous materials across the world. To deliver the products that make modern life possible we incur and manage the risk. We spend billions of dollars on the environmental health and safety of our employees and the communities where we operate. Safety is a deeply ingrained value and our license to operate. In my 40 years in the industry, I can state unequivocally that we have greatly improved our environmental and safety record. As in all human endeavors, mistakes and failures occur. Our safety record demonstrates we constantly strive to learn and improve as a company and industry.

### **Complex Industrial Systems and “Transitions”**

The United States possesses the most sophisticated energy production and electricity delivery system in the world. Every day, the energy system delivers electricity to 330 million people so they can power their businesses and maintain the highest standard of living in the world. Every single American has on-demand access to refined petroleum products to fuel their automobiles. Together, the energy and automotive sectors employ millions of Americans and generate hundreds of billions of dollars in wealth for Americans.

Our energy production and electricity delivery system are the two bedrocks of American manufacturing strength. They are also two of the most amazingly complex manufacturing systems in human history. They are the envy of every other nation in the world and their processes have been refined for over 150 years through efficiency and human innovation. Yet, we take them for granted and often fail to appreciate how easily they can be irreparably harmed by bad government policy and improperly incentivized business decisions.

I encourage the Committee members to consider that, over the last decade, European and U.S. governments have collectively committed trillions of taxpayer spending to “transition” away from energy sources that have successfully powered our modern economies to energy sources that cannot do so. European and U.S. governments have subsidized a “transition” to passenger vehicles for which no mass market demand exists and the electricity generation needed to fuel them is not possible. In both cases—maybe for the first time in modern American history—we invested a huge portion of American productive capacity into duplicative and parallel energy and transportation systems that will do very little to improve lives or lift people out of poverty.

Today, government and business leaders talk about “transitions” of the U.S. energy and electricity system as a forgone conclusion that will just happen without massive financial, human and reliability costs. Complex systems that profitably mass produces materials society wants and needs are very hard to “transition” away from because they represent the essence of free market capitalism. An energy “transition” will only happen when new, undeveloped technology is scaled to meet mass market demand at a profit. No amount of government spending can supplant these systems without enormous damage to American manufacturing and American lives.

### **Looking Ahead**

I am highly optimistic about the future. The United States, with its combination of freedom, capitalism, scientific inquiry, deep capital markets, legal protection, and entrepreneurial spirit, possesses the power to solve humanity's problems. As the geopolitical tides churn and countries reassess their priorities in a more dangerous world, regionalized supply chains will take precedence.

Government policy around natural resources, self-sufficiency and manufacturing have returned to the forefront of policymaking. Industrial policy, regulatory decisions and capital expenditures made today by government and business leaders will impact America and the world for generations to come. We don't need to look far to see the damaging impact of bad public policy around natural resources, energy, electricity, chemicals, and material innovation.

History shows that such policy decisions determine the fate of nations and societies.

I look forward to your questions.