Enerkem

April 15, 2015

The Honorable Rob Portman
Co-chair
Working Group on International Tax
448 Russell Senate Office Building
Washington, DC 20510

The Honorable Chuck Schumer
Co-chair
Working Group International Tax
322 Hart Senate Office Building
Washington, DC 20510

Dear Senator Portman, Senator Schumer, and the International Tax Working Group,

I am writing in support of Congressional efforts to reform the tax code which will make United States tax system more competitive given global challenges. Enerkem appreciates the opportunity to provide comments to the International Tax Working Group in the Senate Finance Committee on the enactment of a production or investment tax incentive to accelerate commercialization of the renewable chemicals and biobased products industry. Enerkem is a private company based in Canada that produces clean fuels and green chemicals from non-recyclable municipal solid waste. With projects in development in the U.S. and around the world to develop new biorefineries capable of producing valuable renewable chemicals, Enerkem is following closely the development of policy in the U.S. and other countries, which will guide our company's near-term investment decisions in the rapidly developing biorefining industry.

It is important to recognize, when considering reforms, that tax policy is particularly important to emerging technologies that have not yet achieved full commercial scale in the industrial and environmental biotechnology sector, which is the case for renewable chemicals. A production tax credit or investment tax credit for renewable chemicals will attract private investment and promote domestic production of innovative renewable chemicals for everyday consumer products. Enerkem's technology is enabling the production of a new generation of renewable chemicals from waste, which can supplement or substitute traditional petroleum-based chemicals and products. Enerkem's innovative green chemistry enables production of windshield washer fluid, adhesives, solvents, beverage bottles, polyester fabrics and many other everyday consumer products.

The emergence of this technology represents a historic opportunity to reverse job losses in the U.S. chemicals and plastics sectors while simultaneously improving energy security and the environment. Federal policies that provide production incentives would help this emerging industry expand and grow throughout the country, and secure America's leadership in the important arena of green chemistry. A production tax credit or investment tax credit for renewable chemicals would create thousands of high quality U.S. jobs, improve trade balance, reduce dependence on foreign oil, and maintain U.S. leadership in clean energy, sustainable chemistry and biobased manufacturing, building the nation's biobased economy.

1130 Sherbrooke Street West
Suite 1500
Montréal QC H3A 2M8 CANADA
www.enerkem.com

As policymakers grapple with the challenges of financial constraints as faced in the U.S. today, the opportunity to reduce the country's costly dependence on foreign oil and to profit from a $60 billion worldwide renewable chemicals market represents a key step towards sustainable economic growth and development.

Production tax credits are currently offered to incumbent fossil energy industries. As such, the renewable chemicals allowance is critical to Enerkem's efforts to attract capital given that these types of incentives are offered to conventional U.S. energy sectors. As we prepare deployment of our technologies in 2015 and beyond, we would welcome broader comprehensive tax reform discussions to take into consideration the enactment of a production tax credit to accelerate commercialization of the renewable chemicals technology and biobased products.

For example, sectors of the fossil energy industry are able to benefit from using the advantages of a publicly traded MLP. The publicly traded MLP structure reduces a company's tax burden, enables access to capital at lower cost, and increases liquidity. Access to capital is critical to the success of the emerging renewable chemicals sector. Enerkem supports legislation to allow companies of the renewable chemical sector to be able to operate as publicly traded MLPs, which would provide parity and level the playing field among the different industrial sectors.

While the U.S. has made great strides in developing industrial biotechnology, more can be done. As countries around the world embark on the global transition towards a bioeconomy, the U.S. may already be falling behind other trading nations in commercializing biotechnologies and building biobased manufacturing facilities. Other nations are using government incentives to invest and to ramp up commercial development of biotechnology applications. We support efforts underway in the U.S. to update, level the playing field and innovate the U.S. tax code, particularly as it applies to innovation sectors such as the renewable chemicals and biobased products industry. It is absolutely critical to provide incentives such as a production tax credit which would attract and retain private capital within the U.S.

We look forward to working with you on this important matter.

Sincerely,

Marie-Hélène Labrie
Senior Vice President, Government Affairs and Communications
Enerkem Inc.
MLabrie@enerkem.com
(514) 875-0284 #231