MANUFACTURING CHEMISTS ASSOCIATION

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May 19, 1975
GRC-55-1

MINUTES
GOVERNMENT RELATIONS COMMITTEE
MCA CONFERENCE ROOM
WASHINGTON, D. C.
APRIL 18, 1975

PRESENT

Everett H. Bellows, Chairman	Olin Corporation
James T. Conner	Chemagro Div. of Mobay Chemical
Kimball C. Firestone	The Firestone Tire & Rubber Company
Don A. Goodall	American Cyanamid Company
Sam Gusman	Rohm and Haas Company
Richard M. Hunt	N L Industries, Inc.
Jeremiah J. Kenney, Jr.	Union Carbide Corporation
J. Wilson Malloy	Eastman Chemical Products, Inc.
Mike Manatos	The Procter & Gamble Mfg. Co.
Lester G. Shapiro	Engelhard Industries
Arthur J. Smith	Shell Chemical Company
Walter D. Thomas	FMC Corporation
Jack Woolley	PPG Industries, Inc.
Albert A. Fox, Jr.	Manufacturing Chemists Association
Ms. Terri Gratson	Manufacturing Chemists Association
Ms. Anne Waggoner	Manufacturing Chemists Association
William M. Stover, Secretary	Manufacturing Chemists Association
John T. Estes (for Forrow)	Allied Chemical Corporation
Myron T. Foveaux (for Pickard)	Monsanto Company
James A. Gavin (for Miller)	Tenneco Inc.
Eugene Hagar (for Hayes)	Celanese Corporation
Stanley A. Mattison (for Miller)	Hooker Chemical Corporation
Ms. Mary Oakes (for Breiter)	Hercules Incorporated
Stuart Van Scoyoc (for Kelly)	E. I. du Pont de Nemours & Company

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GUESTS

Warren Easley	Monsanto Company
Jim Sparling	

ABSENT

Robert L. Shafer, Vice Chairman	Pfizer Inc.
Earl P. Bassett, Jr.	3M Company
Robert D. Buehler	The B. F. Goodrich Company
Francis E. Cook	Stauffer Chemical Company
Francis D. Flanagan	W. R. Grace & Company
Charles O. Gerfen	Mallinckrodt Incorporated
James T. McCrory	Borden, Inc.
Charles T. Marck	Dow Chemical U. S. A.
Richard W. Murphy	Merck & Co., Inc.
Douglas D. Pirnie	Exxon Chemical Company U. S. A.
John F. Rudy	The Goodyear Tire & Rubber Company
Carstens Slack	Phillips Petroleum Company
William H. Thomas	Universal Oil Products Company
A. C. Welling	BASF Wyandotte Corporation
Harry D. Williams	Ashland Oil, Inc.

The meeting was called to order at 10:00 a.m. by Chairman Bellows. All attendees were asked to introduce themselves.

1. Approval of Minutes

The minutes of the last regular meeting, March 11, 1975, were approved.

2. New Business

A. Membership -- The Secretary announced the MCA Board has approved the nomination of Harry D. Williams, Washington Counsel, Ashland Oil, Inc., to be a new member of the Government Relations Committee.

B. MCA Board Actions -- Mr. Stover announced the following actions by the MCA Board of Directors:

- The Board has approved a detailed study of the economic impact of toxic substances legislation. The study will be performed by the consulting firm of Foster D. Snell and results should be available in approximately six weeks.

- The MCA Board has devoted considerable time and attention to the toxic substances issue and has remained familiar with the status and with current MCA activities. It has been emphasized that instant access to top corporate officials will be useful during consideration of amendments in Committee markup sessions.

- The MCA Board now receives regular legislative status reports on those issues of concern to the chemical industry together with appropriate handouts and reference materials. Members of the Government Relations Committee are urged to make suggestions to the MCA Staff regarding the content and thrust of these status reports and briefings.

- The MCA Board has been made aware of the FEA "company-specific" energy conservation reporting program.

- The Board of Directors has approved the MCA budget for the next fiscal year. At that time it was made clear that MCA will continue to function with heavy reliance on the cooperation and actions of member company executives. This will be especially important in the government relations effort and will require continued attention to the exchange of information and the coordination of actions taken.

C. Mr. Stover announced that the CHEMICAL FORUM set for May 5 has been cancelled and that an appropriate notice to that effect will be circulated.

3. Major Issues

Chairman Bellows received unanimous approval to depart from the agenda and to limit further discussions at this meeting to the major issues of toxic substances legislation, energy conservation and legislation, and taxation.

A. Toxic Substances -- Mr. Fox reported on the status of legislation, recent activities, and future activities. There was considerable discussion in each of these areas.

- Status: Senate hearings are now completed with the final day devoted to testimony from organized labor on April 15. There is no firm indication as to when the Commerce Committee will begin markup, although there is some reason to believe it will not be until May. In the House, a bill has not yet been

introduced by Representative Eckhardt, and there is additional information that a "Sierra Club bill" will probably be introduced by Representative Brodhead. House hearings remain tentatively scheduled for the first week in June.

- Recent actions: Mr. Fox detailed a number of meetings and actions which have been taken over the recent weeks, including: preparation of a detailed markup of S. 776; meeting with a number of appropriate House staff members; meetings with Senate staff to discuss our markup; meetings with several Senators who serve on the Commerce Committee and their staff members; meetings of the Government Relations Committee Subcommittee on Toxic Substances for the purpose of strategy coordination. Members of the GRC are urged to continue to put high emphasis on contacts with members of the Commerce Committee in the Senate in order to draw attention to this issue. In addition, reports of these contacts should be immediately channeled to Mr. Fox at MCA.

- Future activities planned: On April 23, MCA is convening a meeting of approximately 25 representatives of allied trade associations for the purpose of discussing toxic substances legislation. It is hoped that we will gain a better appreciation of those willing to take an active role in working for improvements in the pending bills.

  A seminar on the issues involved in toxic substances legislation is planned and the date of May 20 is being considered. The current plans call for a series of presentations on various issues which arise in all versions of the pending legislation, such as premarket screening, relationship to other laws, confidentiality, etc. An appropriate written notice will be sent before such a program is held.

  There is a further meeting with the Senate staff to discuss S. 776, our markup, and possible revision of their language on Thursday, April 24.

B. Energy Conservation and Pending Legislation -- Mr. Stover reported on MCA's voluntary reporting plan on energy conservation. The trial run of our system has been conducted and the results reported to FEA Administrator Zarb and Acting Commerce Secretary Tabor. Copies of the report have been sent to GRC members. A subgroup of our energy steering committee is examining and suggesting improvements in the MCA reporting program.

The new FEA "company-specific" energy conservation reporting plan -- Mr. Stover reported that on April 2 MCA was visited by Mr. A. A. "Ben" Lahna, an official of FEA, who will have responsibility over the petroleum and chemicals portion of FEA's new reporting proposal. The new FEA "voluntary" plan is aimed at providing more specific information and requiring greater access to company procedures. It envisions specific company goals for 1980 conservation, interim goals, quarterly reports, reviews by FEA officials, and other burdensome and questionable practices. The FEA proposal has been met with serious reservations by the energy conservation and reporting experts within MCA.

Upon learning of the FEA plan, MCA President Driver sent a wire to Assistant FEA Administrator Sant requesting a delay in contacting MCA member companies and the opportunity to review and comment on the FEA proposal. No delay was achieved and we were informed that FEA letters were already on the way to MCA member companies. Mr. Driver immediately wrote to all Executive Contacts of MCA member companies to warn them of the forthcoming FEA letter and to outline in broad terms the nature of the FEA request.

On April 10 a meeting of an MCA energy subcommittee was convened in St. Louis to discuss aspects of the energy conservation and reporting activity and specifically, the new FEA initiative. It was the recommendation of that group that the MCA respond vigorously to FEA, that MCA seek to develop guidelines for the use of member companies in responding to FEA, and that an interim letter be sent from Mr. Driver to Executive Contacts explaining the actions being taken.

Subsequent to that meeting a number of additional developments have taken place. Mr. Driver has written to Executive Contacts. A meeting has been set with Mr. Sant of FEA on April 24. We have requested an extension in the 30-day reply required of member companies. (The request was denied.) It has been arranged that FEA official John Roose will attend a meeting of the MCA Energy Steering Group on April 25 in New York City. And, today (4/18) the Chairman of the MCA Energy Steering Committee is visiting Washington to confer with MCA Staff concerning the forthcoming meetings.

Considerable discussion took place on this general subject, during which the following points were made: it appears that there is little coordination of these activities within FEA;

though a number of industries are involved in the FEA program there appears to be less pressure in certain industrial areas than is being exerted in chemicals; some companies are being advised by their Washington Representatives to actively resist complying with the FEA request; this activity is closely related to the progress of legislation on the Hill in the energy field.

Energy legislation is very active on Capitol Hill. S. 622 has passed the Senate and segments of it could now be considered by several House committees. The markup of energy legislation in the Dingell Subcommittee continues (Mr. Bellows circulated the text of an amendment proposed by Representative Wirth of Colorado which has now been adopted, with amendment). The Ways and Means Committee continues consideration of H.R. 5005 and there is considerable controversy over the shape of this measure. Both FEA Administrator Zarb and Senator Long have recently exhibited doubts as to the likelihood of speedy enactment of major energy policy legislation. There seems to be considerable uncertainty as to what course the President will take in order to encourage Congressional action in a constructive vein.

It was the consensus of those present that the issue is so complex and so much action remains to be taken that a final resolution of national energy policies is not likely to happen quickly. There appears to be no clear consensus in the Congress. The President will soon decide on Administration action with regard to import taxes on foreign oil. Representative Dingell now expects that it will be mid-May before his legislation can be brought to the House floor.

There was discussion of the formation of the Industrial Energy Users Forum, a group of associations and others concerned with long-term policies with regard to energy use.

C. Taxation -- Dr. Gusman gave an informative report on the status of various tax proposals in the Congress and on the April 17 meeting of MCA's Tax Policy Committee.

The Tax Reduction Act must serve as a warning to industry since damaging Burke-Hartke amendments were adopted hastily on the Senate floor. Although substantially deleted in conference, it was clear that the tax-writing committees intend to return to this general area in the future.

Energy taxation, H.R. 5005, will probably be the next area of danger from this type of attack. It is evident that the taxation of foreign source income will be addressed directly on the Senate floor when the energy tax legislation reaches that point.

Tax reform is a source of major concern for all of industry and the MCA Tax Policy Committee continues to be active in preparing for the forthcoming hearings. Ways and Means Chairman Ullman has indicated a preference for the panel approach in hearings, but the chemical industry will request that open hearings be held. Steps are also under way to attempt to place a panelist from the chemical industry on any panel which discusses foreign source income. Dr. Gusman also discussed plans for quantifying the effects of undesirable tax amendments in terms of jobs and capital formation within the chemical industry. A questionnaire is being prepared with this goal in mind and will be circulated in the near future.

During the discussion of this general subject it was emphasized that the taxation of foreign source income is extremely serious and likely to become a hot issue in all succeeding tax legislation. Member companies were urged to develop their responses in quantitative terms. It was reported that Chairman Ullman has urged that arguments be portrayed in terms of jobs by Congressional district.

Having completed discussion of above items, the Committee adjourned at 11:15 a.m.

Respectfully submitted,

William M. Stover, Secretary
Government Relations Committee

Subject to approval