Personnel	I	II	III	IV	V	VI
22. Provisions that contractors either have programs for their own employees consistent with applicable sections of this Code or be included in the member company's program, or some combination of the two.						

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EXHIBIT C

Process Safety Code of Management Practices

Questions and Answers

MANAGEMENT LEADERSHIP

1. Q: How does one define senior management?

   A: Senior management is that level that has the authority to establish policies and authorize expenditures to implement them. As used in this Code, this probably includes plant managers and above.

2. Q: What is meant by participation by senior management?

   A: Participation in this context refers to activities which convey and reinforce commitment and leadership as well as support the implementation of policies and procedures.

3. Q: Is it necessary to have a written process safety policy?

   A: Yes.

4. Q: What parameters can be used to measure process safety performance?

   A: Each company should establish its own methods of measurement. Counts of unwanted incidents, frequency rates, property loss statistics, audit violations, permit violations, risk reviews and completion of training are a few examples.

5. Q: How should one define the type of incident that should be investigated?

   A: There is no single standard which defines the type of incident or near-miss to investigate. Management should establish a formal procedure to investigate those uncontrolled events which have potentially serious consequences.

6. Q: What should be done after each incident or near-miss investigation?

A: Corrective actions or follow-up should be identified, carried out and communicated as appropriate within the company.

7. Q: What kind of knowledge and lessons should be shared?

A: Knowledge and lessons which can benefit others because of their general applicability or novelty or unusualness. Member companies may establish procedures to promote sharing consistent with proprietary and legal considerations.

8. Q: How much input do you envision our industry receiving from the public sector?

A: The CMA fully supports the concepts of working with local communities to listen to their views and concerns and to consider them in plant safety systems. The intent is to discuss major process additions and new grass-roots construction as opposed to minor plant changes. Individual companies are responsible for the safe design and operation of facilities; that responsibility cannot be shared with the public. It is intended that public concerns be considered in design and operations of the facility. The CAER network provides a useful vehicle to accomplish this.

TECHNOLOGY

9. Q: What type of documentation of process design and operating parameters should exist?

A: Each operating unit should have up-to-date safety related information that contains the design basis and procedures, (eg. process flowsheets, piping and instrument diagrams or engineering flow diagrams, vessel drawings, electrical area classifications, safety valve capacity information and operating manuals). The documents will serve as the back bone for employee training, hazard evaluation and process modifications.

10. Q: What is meant by operating parameters?

A: Operating parameters are the ranges of conditions (eg. temperature, pressure and flow composition) within which a unit is designed to operate. Within that range, a unit is expected to operate without any problems. For example, the safe operating parameter for a reactor temperature during exotherm might be 70 degrees minimum to 130 degrees maximum. Operating outside the range could cause instability in the reaction -- runaway temperature if above, potential brittle fracture if below.

11. Q: What are some of the types of information needed to define the chemistry?

A: Each reactant and product should have a material safety data sheet. Chemical reaction kinetics and acute toxicity known and understood. Reactive chemical performance upon mixing various chemicals in different proportions should be documented. Waste streams should be included as well as reactants and products.

12. Q: What type of procedures should be maintained?

A: Generally, all routine jobs or tasks with process safety implications should have written step-by-step instructions. These procedures should capture the experience base of the knowledgeable experts. The protective equipment and employee concerns should be incorporated in the procedures. Also, emergency procedures must be clear and unequivocal.

13. Q: What is the difference between documentation covered in practice 7 versus that included in practice 8?

A: Number 7 refers mainly to design and operating information, while number 8 specifically addresses the hazards associated with the unit being evaluated.

14. Q: Does the reference in the Code to risk imply that we will be required to perform quantitative risk assessments on all our plants?

A: No. Qualitative analysis alone should be sufficient to satisfy process safety analysis objectives in most cases. In any case, qualitative analysis should be considered prior to performing numerical frequency or consequence calculations.

15. Q: What does periodic assessment of process hazards mean in the technology element?

A: Each member company should establish its own review frequency based on inherent hazards, operating experience, rate of technology change and other factors. Typical review frequencies range from three to seven years. Under very special circumstances, review frequency may be as short as one year.

16. Q: What is meant by "management of change"?

A: "Management of change" means having management systems in place that ensure the original safe design of the unit is maintained and all changes, including minor modifications, are properly reviewed, recorded and communicated.

17. Q: What changes should be covered?

A: All changes except like for like substitutions. Examples include hardware, procedures, raw materials, operating conditions, throughput, employee, software and control mode.

24. Q: Are "Safety Reviews" as prescribed in practice 13 different from "Process Hazard Assessments" as prescribed in practice 9?

A: Yes. "Process Hazard Assessment" is done during the process design stage and periodically thereafter. It focuses on the hazards inherent to the process and measures to control these hazards. "Safety Reviews" use "Process Hazard Assessment" as a starting point and focus on the physical installation to assure that it is in accordance with design and is safe to start-up and operate.

25. Q: Shouldn't Safety Reviews go beyond simple field inspection?

A: Yes. Safety Reviews may include such things as testing equipment, controls, control logic, interlocks, "water runs" etc., prior to operation with hazardous materials. In addition, such reviews should also confirm that process documentation and procedures are in place and that operators have been trained.

26. Q: Doesn't a "Preventive Maintenance Program" meet the requirement of practice 14?

A: To meet the intent of this code practice, the preventive maintenance (PM) program must go beyond operating reliability and economic considerations and address all potential failures which, while possibly extremely unlikely, could impact process safety. A program to "ensure facility integrity" must search out hidden deterioration and flaws that can result in sudden and unexpected failure that can impact process safety.

27. Q: What are some examples that could be included in a PM program to satisfy practice 14?

A: Metallurgical examinations for stress corrosion cracking, nondestructive acoustic testing, compressor vibration monitoring, thickness measuring for erosion or corrosion on key parts of pressure vessels and pipelines, verification of bolt and clamp material of construction and quality, reliability of critical instruments and operation of safety valves are examples.

28. Q: Shouldn't a hierarchy be considered in applying "layers of protection"?

A: Normally technology should be applied first, choosing an inherently safe or less hazardous process whenever possible. Then hardware, safety factors, redundant controls, failure detection systems, etc., should be applied. Finally, emergency procedures and employee training should complement the process and hardware design.

18. Q: There does not seem to be a clear distinction between Technology and Facilities - shouldn't these two sections be combined?

A: While it is true that the two sections are closely related and interdependent, Technology (i.e., chemistry and know-how) and Facilities (i.e., equipment and hardware) each deserve an independent focus as related to process safety.

FACILITIES

19. Q: Should the community be consulted when considering potential effects of a new site or new installation?

A: Yes, using principles of the CAER process.

20. Q: Does this mean the community has approval or rejection authority over our projects?

A: No: It means that we should identify and respond to community concerns.

21. Q: Choosing a new plant site involves many complex considerations. Can we realistically expect to completely satisfy all interests?

A: Possibly not, but the Responsible Care Guiding Principles require health, safety and the environment to be priority considerations and such issues must be adequately resolved.

22. Q: Does the Code cover concerns about sabotage or terrorism?

A: Such issues are not intended to be within the scope of the Code. However, good practice in site selection and planning will consider such general security issues as buffer zones, fencing, lighting, entrance gates and security surveillance. Also, mitigation and emergency response measures can help minimize consequences of hostile acts.

23. Q: Does "sound engineering practice" extend beyond mandatory codes and regulations?

A: In many cases, yes. While government codes and regulations may establish minimum legal requirements for plant design, operation and maintenance, member companies are expected to use qualified professionals to identify and apply other engineering practices (such as contained in many non-mandatory or consensus standards or codes) as may be necessary to fulfill our safety commitment to employees and the community.

29. Q: How many layers constitute "sufficient layers of protection"?

A: There is no absolute answer to this question. The number of levels needed depends on the likelihood of an initial failure, the nature of the consequences and whether additional levels of protection will materially improve safety. Layers of protection include more than redundant equipment. They may include process techniques, instrumentation and hardware, operating procedures and operator training.

30. Q: What is meant by "external conditions"?

A: By external conditions we mean anything that is beyond the direct and immediate control of the process operator. An example might be an evacuation order for your plant caused by a fire or toxic release from a neighboring plant as well as an upset or incident in an adjoining process unit.

PERSONNEL

31. Q: We train our employees thoroughly; why is it necessary to also demonstrate their proficiency?

A: Even with the best employee training programs, people learn at different rates and comprehension. An actual demonstration is the only way of being sure that each individual has grasped essential concepts or skills. Demonstrations can involve written tests and/or having the trainee show a qualified observer how they would do a job.

32. Q: Do procedures and work practices have to be documented?

A: Generally, yes. Procedures typically require proper execution of several stages. Documented procedures help assure that a critical action is not overlooked and that the procedure is carried out consistently by everyone.

33. Q: Does the code require that employees be screened for alcohol and drug abuse?

A: No. The Code requires programs designed to assure fitness for duty.

34. Q: What kinds of jobs are safety-critical?

A: A position is safety-critical when it involves tasks which, if not performed properly, can significantly increase the likelihood of a fire, explosion, or accidental chemical release.

35. Q: What is meant by "external influence"?

A: External influences include abuse of alcohol or drugs, but the terms also refers to any factor which might impair judgement, attention or general capacity to perform a job safely. Examples include physical impairment, emotional stress, and stress from too much overtime work.

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EXHIBIT D

CMA STATE GOVERNMENT RELATIONS REPORT: OPPORTUNITIES FOR BUILDING AND ENHANCING MEMBER COMPANY SGR ACTIVITIES

BACKGROUND

In September 1988, the Board adopted the recommendations of the State Task Group of the Board Advocacy Committee aimed at strengthening the industry's state advocacy capabilities. Resulting actions included: an enhanced State Affairs department at CMA, with increased association resources focused on state activities; and the formation of the Federation of State Chemical Associations to coordinate information exchange and provide technical and financial assistance to the state chemical industry councils. The third component of this integrated framework of enhanced industry state advocacy is the CMA member companies.

In late 1989, the State Affairs Committee conducted a survey of member companies' state affairs activities. The survey results showed that only a handful of members were fully supporting the industry's state advocacy efforts. The Committee concluded that there is a need to improve member company involvement, and that advice, assistance and recommendations could help that process.

STATUS:

The SAC has completed the "CMA State Government Relations Report: Opportunities for Building and Enhancing Member Company SGR Activities."

The purpose of the report is to help companies identify the states which are most important to their businesses based on a range of factors, assess their existing state government relations activities in those states, and identify resources which already exist within the company which could be targeted to state activities. A series of simple worksheets are included in the report which can help the reader analyze the company's current commitments and decide what other resources exist or are needed.

The report also contains several recommendations summarized as follows:

- Join CIC's in key states.
- Assign state monitoring and advocacy responsibilities to appropriate employees.
- Insure senior management's personal involvement and leadership in state activities.
- Consider utilizing outside resources offered by the CMA State Affairs Department and other organizations.

FUTURE ACTIVITIES:

The SAC recommends that a reply form be included with the transmittal of the report to member companies. Executive contacts will be asked to simply respond when the analysis has been completed. Once a majority of members have completed the worksheets, the Committee intends to sample companies' actions as a result of the analysis and recommendations. The Committee will then be able to monitor the growth of member company involvement in state advocacy, and eventually measure the effectiveness of these enhanced activities in the states. The Committee and the CMA State Affairs Department will always be available to advise and assist companies in planning and developing state advocacy programs.

ACTION REQUESTED:

Approve the State Affairs Committee report for distribution to all CMA member companies. Encourage companies to complete the analysis, and take appropriate actions to develop new state advocacy programs or enhance existing activities.

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CMA STATE GOVERNMENT RELATIONS REPORT:

OPPORTUNITIES FOR BUILDING AND ENHANCING MEMBER

COMPANY SGR ACTIVITIES

PREPARED BY THE CMA
STATE AFFAIRS COMMITTEE
SEPTEMBER, 1990

EXECUTIVE SUMMARY

For the past three years the CMA and CICs have devoted resources to improve state advocacy for the industry. The third leg of the industry strategy--the efforts of member companies--leaves room for improvement, however. A recent CMA survey shows that only one-third of the member companies have assigned staff or dedicated resources to this objective. Consequently, we have created a four-step process through which each company can decide for itself how to improve its state advocacy effort.

The first step in this process is to identify your company's key states. States where your major facilities are located are clearly key, but major market states are just as important. Supply and distribution route states; states imposing unusual regulatory demands on your company or products; states central to your company's strategic plan; and bellwether states are all potentially key, as well. Each of these criteria deserves your careful consideration. In any one of these states, your company might be exposed to a significant state policy threat or, if you are actively engaged in working with state government, you might discover a true opportunity in them.

Internal Worksheet 1, the first of three that are provided here, is designed as a tool for conducting the company self-analysis. It asks you to think about how important each state is based on several criteria.

The second step is to review your company's current state advocacy activities. Worksheet 2 will help you review each priority state and identify corporate, operations, sales, or other resources which constitute your current inventory for state advocacy.

The third step is to use Worksheet 3, which should help you make decisions regarding other company resources which already may be available and could be utilized for state advocacy. These decisions affect current advocacy efforts and the long-term relationship your company should have with its key states' governments.

The fourth step is to act; to join in the industry effort for more effective state advocacy. Our recommendations are:

1. Join State CIC: They provide a wide range of political, legal and technical benefits, among others, and they are a rallying point in the state for chemical companies. Where none exists, the business and industry association is a useful substitute.

2. Embrace Other Outside Resources: CMA offers consultation and advice on specific state advocacy problems, lawyers, consultants, and lobbyists are also available in each state capital.

3. Assign Monitoring and Advocacy Responsibilities to Appropriate Employees: Get managers outside of plants and into the communities to build rapport and gain political experience.

4. Get Personally Involved: Your personal involvement and leadership is critical to success. Serve as an officer of a CIC; make state advocacy a visible, personal goal, and reinforce commitment through company actions.

The self-analysis and recommended actions will help your company--and the industry--create opportunities and avoid problems. You are an integral part of the chemical industry's state success.

I. INTRODUCTION

Recognizing both the threats and opportunities in state activism, in September 1988 the CMA Board formally adopted the recommendations from the State Task Group of the Board of Advocacy Committee. These recommendations called for strengthening state advocacy based upon an integrated framework of CMA, state Chemical Industry Councils (CICs), and member companies. During the ensuing two years, action has been taken to enhance the state advocacy resources and efforts of CMA. Similarly, investments have been made and more are planned to strengthen the CICs. Building and enhancing state advocacy activities within the CMA member companies, the third leg of this strategy, is the purpose of this report.

In late 1989, the CMA State Affairs Committee conducted a survey of member companies. The survey results presented a "snapshot" of an industry that is working to achieve an effective voice in state and local public policy-making. The respondents unanimously agreed that state actions are important and impact their businesses. But that recognition has not yet been followed by concrete steps to confront the problems. The survey showed that the total commitment to state government relations remains relatively minor. Only one-third of the CMA member companies have assigned staff and dedicated resources to this area. Further, relatively few of the member companies are doing a majority of the work, and the industry's resources continue to be concentrated in a small number of states where facilities are located. Even in these states, not all companies are actively involved in industry programs established through CMA and the CICs to address threats and opportunities. In sum, the survey shows that there is ample room for improvement.

This report contains a process through which member companies can determine how to enhance their current state advocacy programs. This process takes into account the fact that each company, large or small, single or multi-state, is uniquely structured and has different perspectives in determining which states are most important. Internal Work Sheets are provided to allow each company to examine its own structure, its current advocacy efforts, and how it can enhance involvement in this important state legislative and regulatory advocacy effort.

Once you have completed this analysis, and identified your company's unique needs, several recommendations are presented for your consideration.

II. ANALYSIS OF YOUR COMPANY'S EXPOSURE: THREATS AND OPPORTUNITIES

How does a chemical company evaluate the threats and opportunities presented by state actions? The process starts with an analysis of where and how a company is exposed, on the one hand, and what its product and market goals are, on the other. Consideration must be given to both manufacturing and marketing states, because both create exposure and both promise opportunity.

A. Identifying Your Priority States

The first step in the evaluation process is to identify your company's key states, in other words, the manufacturing and marketing states which are most likely to present threats and opportunities. There are six factors to consider.

States with Plants or Other Major Facilities

The most obvious threat to your company comes from laws or regulations in the states where you have the largest investment in plants and facilities and where you have the most employees. In today's public policy environment, all chemical operations are vulnerable to punitive legislative and regulatory activities. State and local authorities are continually creating programs which encroach on business operations. In some states, business managers can even be held criminally liable for certain actions.

In addition to this type of immediate concern, laws and regulations can affect your plans for future expansion or acquisition. For example, the Environmental Cleanup and Responsibility Act (ECRA) in New Jersey requires a formal environmental quality certification prior to any business property sale or transfer. This law also exists in other states, and may be considered in many more. In order for you to respond effectively to these threats, you must continually keep in mind your company's long-range plans for building new plants, expanding existing operations or selling property.

States Representing Largest Markets

The states containing your company's largest markets should also be considered key states. These states will not necessarily coincide with the manufacturing states, yet they present threats and opportunities of major proportion. Chemicals, and products containing targeted chemicals, are becoming political issues, and this leaves them open to negative political action, such as restrictions or outright bans. If a product is restricted or banned by a key market state, the company's earning potential will be reduced, and, if the product is the mainstay of the company, the company's existence could be threatened.

Not only does a restrictive state action have a direct impact on you, but it also affects your customers and downstream users of your products. Broad families of products may no longer be available to the public. In some states CFCs have been banned. In others, packaging materials have been restricted or banned, and because of state restrictions, some agricultural chemicals can no longer be used. As you consider your priority market states also keep in mind your company's long-range plans for developing new products, creating new uses for existing products, and opening new markets.

Supply and Distribution Route States

Another factor in identifying key states is where your primary supply and distribution routes are located. These routes could connect a source of raw material with a plant, one plant with another, or a plant with a major market.

In these states the threats and opportunities are related to the transportation and storage of company products. If a key state for these routes decides to tax the value of goods shipped across its borders, a company's profits could be squeezed. Or, if a distribution state limits transportation routes or requires pre-notification of shipments, the company could be put at a competitive disadvantage in its major market. For example, the Ohio Hazardous Materials Transportation Act directly affects chemical companies which either have facilities in that state or must transport their products through Ohio.

Opportunities exist as well, and an actively involved company can improve its distribution system by gaining the cooperation of key states.

Regulatory Demand States

Another indicator of key states is that they impose significant regulatory demands on a company or its competitors. These states need not meet any of the three criteria discussed above. This group could include states that are convenient but not essential to distribution, or states whose borders are nearby a plant site and whose actions influence the company's operation through environmental or employee-related regulations. Numerous states are tightening their regulations on disposal of hazardous and toxic wastes, and new and stringent requirements for product labels are appearing in many states. For example, Alabama and South Carolina have recently enacted restrictions on the interstate transportation of hazardous wastes and California's Proposition 65 requires public warnings for exposures to chemicals. These regulations have become a national issue for our industry, and could be enacted in many other areas over time.

Another danger is that intrusive regulations often lead to multi-state problems. The standards for transportation of hazardous waste set by one state, for instance, are likely to vary from neighboring states or states within the same transportation route. Therefore, the transport of a chemical product across state lines could mean that you will have to meet multiple standards according to the requirements of each state on the route.

In another example, states and localities can place severe restrictions or prohibitions on the incineration of hazardous waste or the siting of incinerators. Different waste disposal fees among the states can have an effect on interstate waste transport. Also, an environmental agency in a

state might be especially concerned with wastewater treatment and groundwater contamination. Heavy metals in pigments and dyes have become an issue in some states. Thus the regulatory climate in a state is an indication of the importance of that state to your company.

Strategic Plans

Another factor in identifying your key states is your company's overall strategic plan. Any state could fit into the strategic plan because in five to ten years it will be a major manufacturing or market state or because at that time it may meet one of the other criteria. In addition, you might have unique political experience in a state. This experience is invaluable, whether resulting from problems or opportunities, because it will weigh heavily in company planning.

Bellwether States

The last criterion is a state's influence as a bellwether. Some states have emerged as leaders on various issues. They lead the nation in proactive public policy or politics, or both. For example, Massachusetts and California have often passed laws and regulations which have later been used as models by other states on policies affecting your company. When these states develop new laws concerning ground water or air quality, for example, states with similar problems pay close attention and very often follow their lead. The influence of bellwethers can also be narrow. Some of the states might be bellwethers on an issue that affects only one or two companies in the industry. These or other states also emerge as leaders because they reveal "good politics." If it is "good politics" to support hazardous waste incineration in Massachusetts, it is also likely to become "good politics" in Rhode Island and other states.

Finally, states' actions on policy or politics are regularly followed by federal efforts. Many examples exist of Congress or the EPA embracing an idea from one state and expanding it to the entire country.

Whatever the circumstances, states such as California, Massachusetts, New York, Illinois and others have traditionally been trendsetters and could be considered key states as you assess your threats and opportunities.

B. Evaluation of Key Factors

The consideration of each of these six criterion is a process every company should undertake. In doing so, keep in mind the following three critical functions of your company . . . corporate, operations and sales. Some of these states will be key because they affect all these functions, whereas others will be key because their impact is focused on sales. The corporate, operational, and sales functions are all exposed to potential threats or open to opportunities which your company's state advocacy effort should address.

C. Determining Key States

Internal Worksheet 1 is a tool for you to use in rating each state and identifying those which are a high priority for your company. Use the three major columns, manufacturing, marketing, and strategic plans, to organize your thoughts. Then use the subcolumns to relate the other assessment factors to your company.

This Work Sheet can be used in two ways, depending upon your preferences:

1. Checklist Approach - For each state, simply read across the subcolumns and put a check at each appropriate point. The states with the most checks will be your high priority states.

2. Quantitative Approach - Actual dollar values for assets and sales, or numbers of employees can be added to the Worksheet to make the assessment more precise. Comparable designations (e.g., important, somewhat important, or not important) or check marks can be used to value the less quantifiable factors, such as Regulatory Experience. The states with the greatest value will be your high priority states.

   By using either of these two approaches, you will gain a better understanding of your company's high priority states. This process helps set aside assumptions and reach new conclusions. It also positions you to think about whether your current advocacy activities are properly targeted.

INSERT WORKSHEET 1 HERE

III. REVIEW OF YOUR COMPANY'S CURRENT ADVOCACY ACTIVITIES

Once you have identified your high priority states, the next step is to assess your current level of advocacy in those states. Worksheet 2 can help you determine which states have resources assigned to advocacy activities, and where you may need to increase your activities.

Worksheet 2 considers two types of resources, internal resources and cooperative industry efforts. As you use Worksheet 2, keep four questions in mind ---

- Do we have a system for monitoring legislative, regulatory and political activities in each high priority state?
- Once we have identified issues or actions, do we have a capability for analyzing their likely impact on our company?
- Do we have a means of advocating changes in each high priority state that would mitigate threats and encourage opportunities?
- Do we have a program for evaluating the quality of our effort, and our successes and failures?

To use this worksheet, simply list your high priority states from Worksheet 1 in the first column. Then, check the resource columns that show how your company's interests are being advocated in each high priority state.

Insert worksheet 2 here

IV. ALLOCATING RESOURCES FOR STATE ADVOCACY

Initially, identifying your corporate or divisional resources may be an easier task than identifying outside assistance that is available to you. However, the chemical industry has established two external resources which you can draw on -- Chemical Industry Councils (CIC) and CMA. The CICs can provide a company with political intelligence from state capitals, technical and legal support, in-state advocacy efforts and advocacy project management. In addition, the Federation of State Chemical Associations promotes and coordinates information exchanges between CICs involving legislative, policy and organizational issues of common concern. CMA, with its state issues staff, offers member companies an intelligence network for gathering ideas about successful advocacy strategies, as well as technical, legal and communications support.

The State Chemical Affairs Network (SCAN) is an on-line, computerized legislative tracking and information service offered by CMA to all member companies and CICs. SCAN also allows all users to communicate directly, on-line, to share strategies on particular state issues. SCAN is an inexpensive and effective tool for sharing information and building coalitions.

State manufacturers associations, chambers of commerce, and other trade associations are additional outside resources which, although less likely to be focused on a member company's interests, are nevertheless potentially effective resources for your company. Other external resources are also available to companies before resorting to lobbyists, lawyers, or consultants. The CIC's or CMA can help you identify them.

Now that you have drawn a portrait of your priority states and your current advocacy activities, you should identify company resources which can help meet your advocacy needs. Worksheet 3 is a quick method for performing this task. Simply fill in your priority states in the top row. Then, for each state, put check marks in the resource categories where the best support is available to protect and advance your company's interests.

V. CONTINUOUS EVALUATION OF YOUR STATE GOVERNMENT RELATIONS ACTIVITIES

In order to protect your company's vital interests, it is important to establish a continuous process of evaluating the state government relations activities in your key states. The process need not be complicated, but it should be the responsibility of senior managers to "steward" the company, efforts related to state advocacy, and fine-tune the activities, as needed.

Criteria which can be used to measure successes or failures can be directly linked to the costs and ease of operation in a state. For example, the defeat of an onerous chemical storage fee in one of your primary manufacturing states can save the company thousands of dollars. Numerous small successes will have a significant cumulative effect. The successful introduction of a new product or opening of a new market free from burdensome governmental regulation, will add revenue and profit to your company.

An integral part of a state government relations program is the formal on-going evaluation of your efforts to create public policy conducive to your company's continued profitable operation in a state.

Insert Worksheet 3 Here

VI. CONCLUSION

Legislative and regulatory activities of state and local governments present real world threats and opportunities for your company. There are threats of being so heavily regulated that you can no longer manufacture and market products at a profit. But, opportunities also exist to create a climate in states which is conducive to doing business. Positive actions can be taken through the public policy process which can persuade governments that your company is a good neighbor to the community, a protector of the health and well-being of the population and a positive contributor to the economy of the state. Those actions will mitigate the threats and help you capitalize on the opportunities.

By conducting the analysis suggested here, you have already identified the most important states to your company. You have analyzed your company's advocacy resources in those states, and identified additional resources which could be used in priority states.

It is now time to act. Our recommendations are:

- Join State Chemical Industry Councils

  The CICs are the front-line advocates representing the special needs of the chemical industry. They also supply political intelligence, legal and technical support, are a rallying point for chemical companies in the state, and a host of other benefits for you.

  Where no CIC exists, join the state business and industry group. It too can supply political intelligence and support services. Most importantly it can give you immediate connections in the state.

- Embrace other outside resources

  One of the many benefits of CMA membership is access to the professional resources of the Association's State Affairs Department. Consultation, advice and assistance on specific state problems, as well as mechanisms to enhance existing state activities is available. CMA can bring collective industry action to bear on state issues.

  You may also want to contract for independent professional assistance. In every state capital, qualified firms are available to monitor and advocate your company's interests within the public policy-making process. The CMA State Affairs Department is available to help put you in touch with competent, experienced people.

- Assign state monitoring and advocacy responsibilities to appropriate individuals within your company

  There are several examples of how this can be done: Ensure that managers are involved outside of the plant gates, in community programs. Encourage managers at all levels of your company to become acquainted with their state and local elected officials, public policy makers, and opinion leaders. Ensure that your technical, legal and communication professionals are assigned government relations responsibilities. Make assignments part of their formal job descriptions, and evaluate their performance accordingly. Subscribe to SCAN and integrate corporate, plant and facility communications with CMA and the CICs.

- Get personally involved

  Of all the actions you might take, this is the most important. It will drive the others to succeed. Join in the leadership of the chemical industry councils in your priority states. Serve as an officer or on the boards of directors of the CICs. Clearly indicate to your employees that their involvement in state and local government activities is one of your personal goals and will positively contribute to the present and future interests of the company. Consider assigning formal management responsibility within the corporate structure to oversee the company's state government relations activities.

Through these and other actions, you can position your company to protect your vital interests in the states where you manufacture and market products. You can become an integral part of the chemical industry's concentrated effort to replace threats with opportunities.

Be a leader, help set the standard for our industry's state government relations efforts.

If you would like more information, contact the CMA State Affairs Department at (202) 887-1320.

INTERNAL WORKSHEET 1
ASSESSMENT FACTORS TO DETERMINE KEY STATES

STATES	MANUFACTURING			MARKET		STRATEGIC PLANS		
	ASSETS ($)	EMPLOYEES (#)	REGULATORY EXPERIENCE	SALES ($)	DISTRI-BUTION	MARKET POTENTIAL ($)	BELLWETHER	HIGH, MEDIUM OR LOW PRIORITY
AL								
AK								
AZ								
AR								
CA								
CO								
CT								
DE								
FL								
GA								
HI								
ID								
IL								
IN								
IA								
KS								
KY								
LA								
ME								
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OH								
OK								
OR								
PA								
RI								
SC								
SD								
TN								
TX								
UT								
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WI								
WY								

INTERNAL WORKSHEET 2

RESOURCES CURRENTLY UTILIZED TO COVER TOP PRIORITY STATES

	INTERNAL RESOURCES			OUTSIDE RESOURCES			
PRIORITY STATES	CORPORATE	OPERATIONAL	SALES	CIC	STATE TRADE ASSOCIATION	HIRED LOBBYIST	OTHER

ALLOCATING RESOURCES FOR STATE ADVOCACY

RESOURCES/STATE	PRIORITY STATES																								
CORPORATE																									
Legal																									
P.R.																									
Top Mgt																									
Government Relations																									
Regulatory Relations																									
OPERATIONAL																									
Plant Manager																									
Sales																									
R&D																									
Legal																									
P.R.																									
Leg./Reg.																									
Other																									
CIC																									
OTHER ORGANIZATIONS																									

EXHIBIT E

CMA WORKPLAN FOR RISK MANAGEMENT, RISK ASSESSMENT AND RISK COMMUNICATION ACTIVITIES

BACKGROUND

During the last few years, risks posed by the chemical industry have received increased social and political scrutiny. The focus on imposed risk and risk assessment techniques has led to regulations and legislation that seeks to reduce these risks to zero. Consequently, this focus has significantly impacted the chemical industry by increasing the cost of operations, decreasing the competitiveness in the international arena and fostering public mistrust of the industry.

In November, 1989, CMA's Health and Safety Committee formed the Ad Hoc Study Group on Risk to develop positive programs for shaping the social agenda on risk reduction. The group has assessed measures that will concentrate on influencing the public debate, advancing the public understanding of risk assessment and changing the risk assessment and risk management process to set priorities to reduce the most significant risks to society. Within the last six months, the group has focused on developing a CMA workplan to address these risk assessment, risk management and risk communication issues. The group convened a CMA Risk Management Conference in May, 1990, to solicit input from experts in these fields. The conference was organized and facilitated by Lee Thomas. The focus of the conference was to: 1) define the problems with the current risk assessment process, 2) identify measures for successful resolution of the problems, and 3) detail a series of action steps for CMA to precipitate these solutions. On June 6, 1990, the Health and Safety Committee briefed the Board of Directors on the conference and the status of the groups activities

The participants in the conference and other experts have identified the following four areas for CMA to address in order to impact the risk management process:

- o provide key audiences with a clear statement of industry goals (as embodied in CMA's Responsible Care Initiative) and gain public acceptance of the goals;
- o promote the proper use of risk assessment in regulation and legislation;
- o promote accountability by government, industry, environmentalists, and media; and
- o expand risk communications by industry to create an informed and objective public that can discern and make responsible decisions on environmental issues.

RECOMMENDED WORKPLAN

The Ad Hoc Study Group on Risk has developed a CMA workplan that incorporates these four objectives within three programs dealing with communications, accountability, and the risk assessment process (see Attachment A). Each section includes:

- o a statement of the problem;
- o a goal for the program area and a process for a successful resolution of the problem;
- o specific activities to be conducted; and
- o timelines for completion of each phase of the program.

Initial activities to establish these programs are ongoing and are noted in the workplan.

RESOURCE REQUIREMENTS

The workplan is intended to complement ongoing activities of established Health and Safety Committee technical groups. These programs will establish a significant new direction for CMA and as such, will require funding and resources. The Ad Hoc Study Group on Risk is currently assessing project costs and resources. Tentative costs and resource requirements have been estimated through the end of FY 90/91 (Attachment B). The early estimates suggest needed resources may exceed current budget allocations. Efforts are underway to re-evaluate current resources and identify cosponsors for these activities. The group will refine these estimates for these programs and will compile projected resource requirements for upcoming years. These requirements will be presented to the Executive Committee and Board of Directors in November, 1990, for approval.

ACTION REQUIRED

For information and comments. Action will be requested at the November meetings.

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ATTACHMENT A

HEALTH AND SAFETY COMMITTEE
AD HOC STUDY GROUP ON RISK
WORKPLAN

DATE: August 23, 1990

MISSION AND GOAL OF THE GROUP

The Ad Hoc Study Group on Risk will oversee a CMA initiative to address the broad spectrum of technical, social, economic and political factors of imposed risk. The group will develop an association workplan and an interactive strategy with other organizations and associations to address risk assessment and management issues and to build a strong base to alter current unproductive trends.

The overall goal of the initiative is to achieve societal, legislative, and regulatory acceptance of new, flexible and realistic approaches to measure and define exposure levels that are protective of human health and the environment and to focus government action on first controlling those risks that will most benefit society. Three programs are proposed to achieve these goals: communications, accountability, and the risk assessment process.

COMMUNICATIONS

Industry needs to educate and inform the public on health and environmental issues. At this time, decision makers, school children and the public are getting a one-sided message. Successful resolution of this problem will be achieved by 1) presenting industry experts that are accepted as objective environmental experts, 2) ensuring that science teachers and opinion leaders are environmentally literate, 3) achieving school curricula that are balanced and objective and 4) enabling students and/or the public to approach environmental issues with interest, objectivity, and understanding.

CMA's current risk communication program focuses on a limited audience -- industry employees that address community relations issues. A prime objective of a new program is to significantly expand and redefine this program to target many internal and external audiences with risk communication programs and programs aimed at improving environmental literacy. Within the frame work of risk communication, the goals are to create public understanding of risk analysis and risk management in order to gain support for greater flexibility for scientists and policymakers debating these issues and to create public understanding of the concept of addressing the most significant risks first.

PROJECT	COMPLETION DATE
Risk Communication Program - Develop risk communications programs for all management-level employees in order to make risk communications an integral part of the risk management process in all companies.	
Specific activities:	
o continue current risk communications workshop series for plant managers	Ongoing
o hold planning session with risk communications experts to develop extensive programs tailored to all levels of industry	October 1990
o develop training materials (video tape and manuals) for programs	June 1991
o conduct meetings with member companies on incorporating risk communications programs into standard employee training programs	June 1991-94
Education Program - Develop educational programs on risk for all target groups to promote risk management as an integral part of life in a manner that contributes to safety. Target groups would include Congressional members and staff, teachers and school children, and the general public	
Specific activities:	
o conduct planning session with risk communications experts to identify ideal programs and materials needed for target groups	October 1990
o develop programs for target audiences	May 1991
o develop materials for programs, including video material and booklets to distribute to audiences	August 1991
o conduct seminars for target groups	September 1991
Communication Program Review - Establish a research project on successful risk communication programs	
Specific activities:	
o hire consultant to define criteria for sucessful programs	October 1990
o conduct survey of ongoing industry risk communications programs	January 1991-January 1992
o develop recommendations for improvements in programs and provide recommendations to industry	June 1992

ACCOUNTABILITY

Public mistrust of the chemical industry has increased during the last few years. In part, this is due to the lack of clear industry goals that are accepted by the public and supported by positive programs. Industry has been slow to establish its accountability through objective, measurable criteria and the release of performance data. Environmentalists and others are also not held accountable for outrageous statements made concerning risks posed by industry's raw materials, processes, emissions and/or products. Additionally, the government does not routinely evaluate regulations and legislation to ensure government action is effective or that the benefits of regulation and legislation are in balance with their costs.

Successful resolution of these problems would include 1) results-oriented industry action shared with the public, 2) responsible public dialogue and the reluctance of any party to make unsupportable allegations and spurious and outrageous statements, 3) governmental actions that are routinely assessed and improved, and 4) a positive recognition system for universal accountability.

For this program, the goals are to:

- create criteria for accountability within groups (industry, government, public interest and media), for intra and inter group discussion of health and environmental issues, and truthfulness and credibility of debate on these issues;
- create a disincentive to engage in a non-substantive or non-credible dialogue on such issues, and
- establish a reluctance of any group to make outrageous, unsupportable and spurious statements concerning environmental issues.

PROJECT	COMPLETION DATE
Environmentalists, press, industry and government - Establish a code of ethics for responsible public dialogue on environmental issues. The code of ethics will be developed through a consensus process that is managed by a respected third-party organiation.	
Specific activities:	
o initial meeting with Keystone Center personnel to explore possibility of dialogue meetings	August 1990
o identify organizations and groups to participate	September 1990
o first meeting dialogue group	November 1990
o finalize code of ethics	January 1992
o establish communications program to publicize the code to the general public	February 1992

PROJECT	COMPLETION DATE
CMA - Focus CMA's Responsible Care Program to identify industry's goal and to identify results-orientated indicators to measure progress, e.g., emissions numbers, spill statistics, accident figures, and test data. Indicators will be widely communicated to demonstrate accountability to the general public.	
Specific activities:	
o discuss proposal with Responsible Care Coordinating group	September 1990
o consult Public Adivsory Panel	November 1990
o identify indicators	January 1990
o develop program to communicate indicators and measure progress towards goals at regular intervals	June 1990
Government - Construct a framework to evaluate the benefits of legislative and regulatory action and formalize the framework in the federal process (new organization or legislation). The framework possibly will consider criteria such as actual risk reduction, costs, socio-economic factors, and technological considerations. This process will provide insight on needed improvements in the federal regulatory process to achieve the goals of a particular agency, e.g., EPA.	
Specific activities:	
o hold a series of meetings with members of industry, political and economic experts, agency officials, e.g., EPA, and OMB, and Congress to solicit input for framework	September -December 1990
o develop framework and solicit comments	March 1991
o meet with agency officials to explore how to incorporate framwork in the overall federal agency process	May 1991

RISK ASSESSMENT PROCESS

The current risk assessment process is flawed as theoretical risk assessment numbers are serving as the basis for regulation of chemicals and forcing the ratcheting down of potential risk (and exposure) to achieve a "zero risk" level. However, there is no incentive for government to change the process. Reputable experts are not involved in developing the process or setting priorities to address public

health concerns. Successful resolution of this problem would direct the use of risk assessment to setting priorities for protection of public health and involve all interested parties in establishing these priorities. This change represents a fundamental shift in how risk assessment is used as the basis for government action. CMA's previous activities have not addressed these issues, but have focused on technical aspects of the current risk assessment process.

CMA's goals are to promote a technical, social, and political framework that will allow risks to be reduced, while improving U.S. economic health and regaining the credibility of the chemical industry.

PROJECT	COMPLETION DATE
Risk Assessment Coalition- Organize a coalition to 1) review and define the problems and misuse in the risk assessment/management process; 2) develop solutions to these problems; 3) develop an implementation program; and 4) promote the proper use of risk assessment in environmental and health regulation and legislation. Members on the coalition will represent mainstream scientists and public health experts, as well as industry groups. The coalition will develop recommendations for improveming the risk assessment process targeted at the White House, Congress, and Federal Agencies, e.g., EPA and FDA, and focus on incorporating these recommedations into federal risk management policy.	
Specific activities:	
o target additional sponsors	September 1990
o coalition planning meeting with Lee Thomas	September 1990
o identify coalition participants	October 1990
o hold first coalition meeting	November 1991
o develop initial recommendations for improvements in the risk assessment process for target groups	May 1991
o interact with White House, Congress, and federal and state agencies to incorporate recommendations into the regulatory framework	May 1991-94
o interact with additional influential groups, e.g., NAS Committee in proposed Clean Air Act legislation and Keystone Center Policy Dialogue on Food Safety.	January 1991-94

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ATTACHMENT B

HEALTH AND SAFETY COMMITTEE
AD HOC STUDY GROUP ON RISK
RESOURCE REQUIREMENTS

These estimates reflect initial costs and resources for the initiative through the end of FY 90/91. Project costs for some projects will be high during the initial start-up phase, e.g., risk assessment coalition and Keystone dialogue, and may decrease over the next few years. However, costs in the communications area must remain at a high level for the long term to ensure success of the program. The overall initiative is slightly larger than CMA's CAER program.

Outside services funding requirements

- Communications programs - The communications programs would center around developing training and education materials and conducting seminars. (A detailed description of the program is provided in the workplan) An intial breakdown of funding is: consultant to assist in developing training material $40,000; risk communication video $35,000; training materials $50,000; and seminar expenses $40,000. The total start up cost is $165,000.

- Risk Assessment Coalition - The coalition would define the problems and misapplication of the risk assessment/management process and would recommend improvements to the White House, Congress, and Federal Agencies. The coalition would be broad-based and include other industries and public health experts. Lee Thomas, Law Environmental Company, has agreed to organize and run the coalition. Law Environmental has estimated the initial costs at approximately 330,000. CMA will bear the early costs and solicit additional sponsors once the coalition is proceeding in a timely manner. (A detailed description of the coalition activities is presented in the workplan).

  The breakdown of project costs is as follows:

  - Symposia costs - including meeting rooms, meals, travel/rooms, and speaking fees - $37,200/symposia with a total of three symposia scheduled before 5/31/91, total $111,600;
  - Coalition Papers development costs - including author fees, peer review, printing and distribution, and travel estimated at $72,000; and
  - Fees for Lee Thomas and staff, and costs associated with mailings, telephone, etc. estimated at $46,400 and $2,700, respectively.

- Accountability - The Keystone Center dialogue project will address responsible public dialogue on environmental issues and develop a code of ethics for accountability. CMA's portion of the initial funding for this project is estimated at $25,000. This element of the program has recieved funding from the existing Health and Safety Committee outside services funds budget.

Member Company Resource Requirements

Additional member company expertise is needed in technical, socio-economic, and communications fields to implement the risk assessment and risk management activities that will be recommended to the Board by CMA's Ad Hoc Study Group on Risk. These individuals will participate in two major coalitions and a broad educational effort to improve the risk assessment and risk management process. One coalition will address the risk assessment process and its regulatory and legislative applications. A second coalition will develop accountability indicators that will be applied to the activities of government, environmentalists, media, and industry. One to two technical experts are needed in modeling and exposure assessment. Three experts each are needed to support the socioeconomic aspects of risk management and communications activities.

Staff resource requirements

- One staff executive and one staff assistant will be needed full time within the Technical Department.

  Primary responsibilities will include managing CMA involvement in the risk assessment coalition, organizing association activities in the Keystone project for responsible public dialogue, and coordinating the proposed risk communication/education programs with ongoing Health and Safety activities. Future activities will involve maintenance of these programs and integration with CMA's Responsible Care programs.

- One full time staff executive is needed to support the Communications Department projects.

  Responsibilities would include developing training and education programs on risk communication for industry members, government representative and the general public. Future activities would involve integration with ongoing activities such as Chemical Education for Public Understanding Program (CEPUP).

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EXHIBIT F

HEALTH AND SAFETY COMMITTEE
AND
INTERNATIONAL AFFAIRS COMMITTEE

ISSUE:

Recommendations for Continued CMA Member Company Involvement in the OECD High Production Volume (HPV) Existing Chemicals Testing Program.

BACKGROUND:

The chemical industry is experiencing increasing pressure from regulatory agencies and the public for more information on the health and environmental effects of existing chemicals. The U.S. Environmental Protection Agency (EPA) is under pressure to increase the amount of testing on existing chemicals, primarily through its authority under the Toxic Substances Control Act (TSCA). Recent Congressional hearings and reports by the U.S. General Accounting Office (GAO) have been critical of EPA's performance in generating test data and of the Agency's lack of a "vision" for its program. Reports by the National Academy of Sciences and GAO conclude that when judged by today's standards, toxicity data on existing chemicals is quite limited.

When testing of existing chemicals has been required under TSCA, exposure considerations have often not been a factor in selecting the amount and type of testing to be conducted. In addition, TSCA Section 4 procedures have not provided flexibility in selecting testing methodologies or meeting time constraints.

The United States performs more than 95% of the testing done worldwide on industrial/commercial chemicals. Currently mandated testing requirements and proposals in the U.S. have ranged from $550,000 to over $2 million per chemical. Statutes other than TSCA, such as the Safe Drinking Water Act, and agencies other than EPA, such as the Agency for Toxic Substances and Disease Registry, have authority to require testing or to implement testing programs through TSCA authority. Testing requirements and costs may increase significantly in the U.S. when the Clean Air Act is reauthorized (testing authority is included in current proposals) and when the European Community finalizes a Commission regulation on the evaluation and control of existing chemicals (expected in 1991).

Existing CMA policy supports the concept of international cooperative testing programs to ensure adequate assessment of health risks of existing chemicals and calls for promoting the equitable apportionment of testing responsibility among countries through the OECD Existing Chemicals Program (see Attachment I). The OECD Existing Chemicals Testing Program represents the most viable forum for achieving these goals (see Attachment II).

OECD HPV EXISTING CHEMICALS TESTING PROGRAM:

The Organization for Economic Cooperation and Development (OECD) has initiated a voluntary program to systematically investigate the potential human health and environmental effects of high production volume (HPV) chemicals. A Screening Information Data Set (SIDS) has been developed for an initial evaluation of the potential hazards of these chemicals. In Phase 1 of the Pilot Program, 53 HPV chemicals were chosen from a list of 147 HPV Priority 1 chemicals for which no data are publicly available. Fourteen (14) OECD member countries, including the U.S., have agreed to 1) take the lead on specific chemicals in the pilot phase; 2) exchange existing data on these chemicals; and 3) conduct testing needed to complete the SIDS for each chemical. The U.S is sponsoring nine of the 53 chemicals. Total testing costs per chemical will depend on the extent of existing data and could cost up to $200,000. SIDS testing on the 53 chemicals is expected to begin in December 1990, with testing completed by December 1991.

The 14 participating OECD member countries will meet in November 1990 to review the 53 HPV chemical dossiers and proposed SIDS testing plans. U.S. manufacturers taking lead responsibility for individual chemicals are invited to participate. This meeting will provide an important opportunity to judge the viability of the OECD Program. The ability of participating countries to reach consensus on evaluating existing data and proposals for testing is key to continued participation of both OECD countries and individual chemical producers.

The November 1990 OECD meeting will also focus on initial efforts to identify lead country sponsors for the remaining HPV Priority 1 chemicals. Lead country sponsors are expected to be announced at the January 1991 OECD Ministerial Meeting where William Reilly, EPA Administrator, will represent the United States.

Indication of CMA support for the program is needed to prepare for the upcoming November meeting and to ensure that chemicals allocated to the U.S. are of interest to U.S. producers. If U.S. companies do not take the lead responsibility for individual chemicals, the EPA may need to secure manufacturers' support through other means, including mandatory regulatory testing programs.

RECOMMENDATION FOR CONTINUED U.S. INDUSTRY INVOLVEMENT IN THE OECD HPV EXISTING CHEMICALS TESTING PROGRAM:

CMA will continue to support Phase I of the pilot OECD HPV Existing Chemicals Testing Program under the auspices of the Health and Safety Committee. Progress will be measured against the criteria established by CMA's Board of Directors in September 1989 and will be periodically reported to the Board throughout 1991. (U.S. industry sponsors of Phase I chemicals are identified in Attachment III.)

CMA will support Phase II of the OECD HPV Priority 1 Existing Chemicals Testing Program by implementing the attached Action Plan to secure sponsors for the approximately 20-30 HPV Priority 1 chemicals assigned to the U.S and manufactured by CMA member companies CMA member companies have been cross matched against the remaining HPV Priority 1 chemicals (see Attachment IV and V). Prior to the Board of Directors meeting, CMA member companies will be contacted to confirm that they are producers of these chemicals and to inform them of the proposed recommendation. Commitment to continued participation in the OECD Program presumes that each member company will accept responsibility for sponsoring at least one of the remaining HPV Priority 1 chemicals listed in Attachment V that it manufactures. The Action Plan also includes developing a long-term strategy to integrate existing chemicals testing programs internationally.

Each U.S. industry participant will have three options for participating in Phase II of the Pilot Program:

Option A:

An individual company will take lead responsibility for specific chemical data collection and testing and will interact directly with EPA, which serves as the U.S. representative to the OECD. Individual companies may wish to develop consortia of co-producers to share data collection and testing costs.

Option B:

Individual companies will take lead responsibility for specific chemicals and can request that CMA establish an OECD SIDS testing panel within CMA's CHEMSTAR program to interact with EPA and the OECD.

Option C:

Co-producers of specific chemicals can form consortia to share in data collection and testing and can request that CMA establish a chemical specific panel or augment an existing panel where appropriate within the CHEMSTAR program.

ACTION REQUESTED:

1) Approve continued CMA member company involvement in the OECD HPV Existing Chemicals Testing Program.

2) Approve Action Plan for managing CMA participation in the OECD HPV Existing Chemicals Testing Program.

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OECD HPV Existing Chemical Program
Phase II Pilot Program

PROPOSED ACTION PLAN

Phase II of the OECD HPV Existing Chemicals Testing Pilot Program is expected to begin in early 1991 with the allocation of the remaining Priority 1 HPV Chemicals to OECD countries. Collection and sharing of existing data is to be completed by August 1991. Review of existing data and SIDS testing proposals are scheduled for December 1991 SIDS testing is to begin in April 1992.

The goals of the Phase II Pilot Program are to:

- Provide a cost-effective and publicly recognized testing framework for responsible product stewardship of high production volume chemicals;
- Emphasize that exposure considerations are of primary importance in setting priorities and expenditure of resources;
- Continue advocating equitable sharing of high production volume chemical testing costs internationally; and
- Integrate testing requirements of U.S. and international programs into a single effort.

To achieve these goals, the following actions will be taken:

Action	Date
1. Secure CMA Board of Directors' support for Phase II of the Pilot Program.	September 1990
2. Identify CMA member sponsors for Phase II chemicals. Seek voluntary participation through executive letters to candidate sponsors. Report progress to Board in November 1990.	September - November 1990
3. Evaluate progress of Phase I of the Pilot Program at completion of OECD Expert Meeting in mid November 1990.	December 1990

4. Announce U.S. and international sponsors for Phase II pilot program at OECD Ministerial Meeting.	January 1991
5. Develop recommendations to improve international sharing of existing chemical data.	Winter - Spring 1991
6. Develop and implement long-term strategic plan to integrate domestic and international testing requirements.	Begin September 1990
7. Develop a framework for evaluating the results of screening testing.	November 1990 - April 1991
8. Advocate that EPA nominate chemicals already subject to U.S. testing requirements as part of the Phase II Program.	November 1990 - December 1990

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ATTACHMENT I

EXISTING CMA POLICY
ON THE
OECD HPV EXISTING CHEMICALS TESTING PROGRAM

In September 1989, the CMA Board of Directors adopted the following policy on the OECD Existing Chemicals Testing Program:

> CMA and its member companies support the concept of international cooperative testing to ensure adequate assessment of health risks for existing chemicals. Such testing is consistent with the Guiding Principles of Responsible Care. CMA will promote equitable apportionment of testing responsibility among countries through the OECD Existing Chemicals Program. CMA believes a screening approach to chemical testing is appropriate for developing data needed for directing priorities for further testing. Results of screening however, should not be used for regulatory control purposes.

When this policy was approved, the Board also approved criteria that the OECD Program must meet for continued CMA involvement (progress to date in meeting each criteria is indicated):

1. The Screening Information Data Set (SIDS) must adequately represent a screening approach to chemical testing.
(Progress to date: A SIDS, developed with significant input by and supported by U.S. industry, was formally adopted by the OECD in May 1990.)

2. Prior to any testing, all producers and users of a HPV chemical in OECD member countries will be surveyed and requested to make available unpublished data on the chemical. This data may reduce or obviate the need for further testing.
(Progress to date: Data sharing efforts began in April 1990. U.S. producers and EPA have provided existing data to appropriate national SIDS contacts. It has been difficult to obtain full reports from other countries. This stumbling block must be resolved prior to beginning Phase II.)

3. International testing programs and costs must be equitably applied and well-coordinated within OECD member countries.
(Progress to date: Fourteen of the twenty-four OECD member countries are participating in the pilot phase of the SIDS program.)

4. International testing programs must be well-coordinated with regulatory testing programs of each OECD country.
(Progress to date: EPA has recognized the role of the OECD program by placing the 53 pilot phase chemicals on its master testing list, an inventory of current Agency testing activities. It is too early to tell whether the OECD program will be fully integrated with U.S. or other national regulations.)

5. Data developed by the OECD testing program should be accepted by regulatory agencies of all OECD countries.
(Progress to date: This is integral to the OECD program as currently structured. November 1990 OECD meetings will provide the first opportunity to evaluate this criteria.)

6. The OECD screening testing set should be integrated into U.S. testing requirements to ensure adequate and consistent chemical assessment. If the U.S. chooses to mandate testing, the current TSCA Section 4 procedures are not viable because of inflexibility in testing methodology and timing constraints. These procedures must be modified to permit accomplishment of testing consistent with the goals of the international cooperative effort.
(Progress to date: EPA is developing new strategies for existing chemicals testing under TSCA. There are informal indications that the Agency may adopt the OECD approach for prioritizing its testing program. It is too early, however, to fully evaluate if significant change in TSCA Section 4 procedures will occur.)

7. An initial pilot program covering a small set of chemicals, i.e., 15-25, should be conducted. Testing on the pilot chemicals should be equitably assigned.
(Progress to date: A pilot phase is being conducted that includes 53 chemicals; U.S. producers are taking the lead on 9 chemicals.)

As part of the policy approval, the Board also indicated the need to evaluate CMA's policy on the OECD Program as the pilot program progressed.

Additionally, CMA's Officers approved management of the pilot phase of the OECD Program under the auspices of the Health and Safety Committee's OECD Existing Chemicals Ad Hoc Group. This approach was predicated on individual companies taking lead responsibility for specific chemicals, including commitments for funding of any necessary SIDS testing (or developing cost sharing arrangements independently of CMA).

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ATTACHMENT II

RATIONALE FOR U.S. CHEMICAL INDUSTRY PARTICIPATION IN THE OECD PROGRAM

The OECD Existing Chemicals Testing Program offers the most viable forum for achieving the goal of internationally harmonized health, safety, and environmental protection programs.

From an international perspective, the OECD program offers avenues for:

- o Sharing the burden of chemical testing with producers in other countries (the U.S. currently performs more than 95% of testing worldwide on industrial/commercial chemicals);
- o Harmonizing international testing requirements and acceptance of test data (resulting in lowering of non-tariff trade barriers);
- o Minimizing duplicative testing requirements for multiple regulatory authorities;
- o Moving toward international consistency in environmental protection programs, including consistency in interpreting test results and assessing chemical response; and
- o An opportunity for influencing new EEC regulations for existing chemicals.

Domestically, the OECD Program could influence current EPA efforts to "revitalize" the Agency's activities under the Toxic Substances Control Act (TSCA), including:

- o Increasing acceptance of a screening approach for existing chemicals;
- o Gaining possible acceptance of a tiered testing approach for filling data needs beyond screening;
- o Harmonizing priorities for testing existing chemicals domestically and internationally;
- o Increasing flexibility in accepting testing results, including data developed under other testing programs or by other countries;
- o Providing an opportunity to work cooperatively with government, environmental, and labor groups;
- o Providing clear, public documentation that industrial chemicals are being tested; and
- o Developing a response to issues raised by recent Congressional hearings questioning the effectiveness of

TSCA's testing programs (Synar hearings) and any possible Federal legislative initiatives.

More generally, U.S. industry may benefit from improved scientific tools for evaluating the safety of chemicals. Greater reliance on screening approaches may lead to improved screening tests; exposure based testing for data needs beyond screening may result in modified testing protocols tailored to the exposure circumstances of concern.

Finally, U.S. industry participation in the OECD program may be another avenue for improving public perception by dispelling the public's belief that the safety of a large number of the chemicals in commerce have not been assessed. This voluntary effort by U.S. industry will result in publicly documented testing of a larger number of chemicals than is possible under current domestic regulatory mechanisms. Additionally, the testing conducted under this international program could be used as a measurable achievement for the Responsible Care initiative expressed in the guiding principle "to extend knowledge by conducting or supporting research on the health, safety, and environmental effects of our products, processes, and waste materials."

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