A G E N D A

MEETING OF THE CMA BOARD OF DIRECTORS
9:00 a.m., Tuesday, November 3, 1981
Yellowstone Room, Hyatt Regency on Capitol Hill
Washington, D. C.

		TAB
9:00 a.m.	1. Call to Order -- Chairman Oreffice	
9:05-9:06	2. Approval of Minutes of Meeting, September 28-29, 1981	
9:06-9:10	3. Treasurer's Report -- G. C. Herrman	1
	4. Association Activities:	
9:10-9:20	a. Developments Affecting Domestic International Sales Corporations -- Glenn W. White, The Dow Chemical Company	2
9:20-9:30	b. Survey of CMA Companies: Effect of Reagan Tax Cuts on R&D -- W. M. Stover	3
9:30-9:40	c. Report of Special Programs Advisory Committee -- G. V. Cox	4
9:40-9:55	d. Sunset of Public Risk Analysis Special Committee and Establishment of Regulatory Impact Special Committee -- Konrad M. Weis; Jackson B. Browning, Union Carbide Corporation	5
9:55-10:05	e. Status Report on Member Services -- V. H. Peterson	6
10:05-10:15	5. Report of Technical Director -- G. V. Cox	7
10:15-10:25	6. Report of General Counsel -- E. B. Frost	8
10:25-10:35	7. Report of Director of Government Relations -- W. M. Stover	9
10:35-10:45	8. New Business	
10:45	9. Adjournment	

Next Meeting of the Board of Directors: Monday and Tuesday, January 11-12, 1982, The Arizona Biltmore,Phoenix, Arizona

MINUTES of the two-hundred eighty-fifth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at the Hyatt Regency on Capitol Hill, Washington, D. C., on Tuesday, November 3, 1981, at 1:30 p.m.

Directors: Paul F. Oreffice, Chairman
Louis Fernandez, Vice Chairman

Richard C. Ashley	William B. Jackson
Dexter F. Baker	Raymond H. Marks
Robert P. Barnett	Dwight C. Minton
Charles E. Brookes	L. John Polite, Jr.
Harry W. Buchanan	William C. Roher
Carlyle G. Caldwell	Robert A. Roland
Lester E. Coleman	John P. Sachs
Orell T. Collins	George J. Sella, Jr.
Robert S. Dudley	William J. Simeral
Richard E. Engebrecht	Orin R. Smith
Robert W. Gerwig	Allan J. Tomlinson
Arthur L. Goeschell	Hugh B. Vanderbilt
James B. Henderson	Edward A. Von Doersten
Paul F. Hoffman	Konrad M. Weis
Edwin C. Holmer	William G. West
Richard J. Hughes	Louis G. Zachary
Ray R. Irani	

Secretary: Bruce M. Barackman
General Counsel: Edmund B. Frost
Treasurer: Gary C. Herrman

By Invitation: Jackson B. Browning, Union Carbide Corporation
D. Christopher Cathcart, CMA
Geraldine V. Cox, CMA
John E. Dull, E. I. du Pont de Nemours & Company
Myron T. Foveaux, CMA
Robert B. Hill, CMA
William C. Krumrei, The Procter & Gamble Company
K. James O'Connor, Jr., CMA
Victor H. Peterson, CMA
Ernest S. Robson, SOCMA, Monsanto Company
James N. Sites, CMA
William M. Stover, CMA
Glenn W. White, The Dow Chemical Company

1. The meeting was called to order by Chairman Oreffice.

2. APPROVAL OF SEPTEMBER 28-29, 1981 MINUTES

Minutes of the September 28-29, 1981 meeting, as distributed, were approved.

3. TREASURER'S REPORT

Mr. Herrman's report is attached as Exhibit A. Additionally he advised that the latest financial statements concerning the four months ending September 30, 1981,

indicate overall no significant variances from budget. Member dues, however, will be somewhat lower than originally budgeted but this will be more than recovered by investment earnings which are higher than originally anticipated.

He encouraged attendance at the November 10 and November 17 meetings of the Board Review Committees which will provide significant input to the budget process. The budget will be initially reviewed by the Finance Committee on March 8, 1972.

4. REPORT OF ACTIONS TAKEN AT EXECUTIVE COMMITTEE MEETING

Mr. Simeral described the recent visit to Brussels where he and Mr. Oreffice continued the dialogue on problems of common interest with the policy group of CEFIC. He then advised that Mr. Henderson had reported on a meeting of the Communications Policy Review Committee. A full discussion of the communications program will take place at the January Board meeting.

5. ASSOCIATION ACTIVITIES

a. Developments Affecting Domestic International Sales Corporation (DISC)

Following a status report on DISC developments (Exhibit B). Mr. White presented the report of the Tax Policy Committee on DISC (Exhibit C).

Mr. Roland, referring to the discussion at the last Board meeting concerning the establishment of the Investment Policy Advisory Committee to the Office of Trade Representative, announced that Mr. Dexter Baker has been nominated as the chemical industry representative to that committee. The CMA International Trade Committee will establish a task group to provide support in this area.

b. Survey of CMA Member Companies: Effect of Reagan Tax Cuts on R&D

Mr. Stover presented the attached report, Exhibit D.

c. Sunset of Public Risk Analysis Special Committee and Establishment of Regulatory Impact Special Committee

Dr. Weis presented the proposal, previously approved by the Executive Committee, which would terminate the Public Risk Analysis Special Committee and establish the Regulatory Impact Special Committee with the charter and membership as set forth in Exhibit E. Following remarks by Mr. Browning:

ON MOTION, duly made and seconded,
it was

VOTED: To approve Exhibit E.

d. Status Report on Member Services

Mr. Peterson updated his report, Exhibit F. In additional he described the first annual meeting of state groups scheduled for November 4 in Washington, D.C.

e. Report of Special Programs Advisory Committee (SPAC)

Dr. Cox invited attention to the SPAC report, Exhibit G. noting that the Executive Committee had approved its reauthorization for another year.

6. REPORT OF TECHNICAL DIRECTOR

Dr. Cox's report is attached as Exhibit H. Again she urged all non-participants to seriously consider participating in the hard-copy phase of the CHEMTREC communications program.

7. REPORT OF GENERAL COUNSEL

Mr. Frost's report is attached as Exhibit I. In addition he discussed the totally unfounded allegations of impropriety, in regard to certain meetings between representatives of CMA and EPA, which surfaced at the Moffett hearings. He also described the statement, submitted for the record of the hearings, which established that CMA's activities were proper and legal.

8. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

In expanding on his report, Exhibit J, Mr. Stover described the political situation in the Congress in order to contribute to a better understanding of the current attacks on EPA and its Administrator. Support, as appropriate, of EPA and Anne Gorsuch, as well as other Agency heads, was urged.

He also discussed the prospects for congressional action on the Clean Air Act and advised that CMA continues to participate in the business coalition which is working for amendments this year. During discussion the view was expressed that education of the public and the Congress must continue in regard to amending the Clean Air Act so that the advocates aren't perceived as trying to gut the Act.

9. NEW BUSINESS

Mr. Oreffice announced the resignation, effective October 8, 1981, of William G. Kay, Jr., Director of the Association. To fill the vacancy thus created on the Board, Mr. Oreffice on behalf of the Nominating Committee, nominated Mr. Wilbert J. Magers, Group Vice President, Sun Company, Inc. and President of Sun Refining and Marketing Company, as Director of the Association.

ON MOTION, duly made and seconded,
it was

VOTED: To elected Wilbert J. Magers
a Director of the Association for the
remainder of the fiscal year, effective
November 3, 1981.

Bruce M. Barackman
Vice President-Secretary

Certified correct:

Paul F. Oreffice
Chairman of the Board

EXHIBIT A

TREASURERS REPORT

Five Months Ending October 31, 1981

This report will be prepared and distributed following the end of the month.

For your reference, the following is provided:

- The approved budget and funding for the fiscal year beginning June 1, 1981 and ending May 31, 1982.
- The approved budget for the separately funded Biomedical and Environmental Special Program area.
- A summary recap of the approved budget and funding for all Communication and Public Relations expenditures through CMA.

EC - 11/02/81
BD - 11/03/81

CHEMICAL MANUFACTURERS ASSOCIATION
APPROVED BUDGET AND FUNDING FOR THE
Fiscal Year Beginning June 1, 1981 and ending May 31, 1982

REVENUE:	1981-82 Annual Budget
Membership Dues	$ 9,500,000
Investment Revenue	800,000
Meetings (Net of Expenses)	232,000
GENERAL OPERATIONS REVENUE	$10,532,000
ChemCAP Assessment @ 40% of Dues	3,800,000
Utilization of ChemCAP Assessment collected during prior year	160,000
TOTAL REVENUE	$14,492,000

PROGRAM AND MANAGEMENT EXPENSES:	
General Counsel	$ 760,600
Government Relations	722,400
International Trade & Economics	222,300
State Activities Program	204,400
Communications and Public Relations	1,131,400
Technical Administration	181,200
Health, Safety & Chemical Regulations	734,300
Environmental Activities	662,500
Distribution, Energy, Engineering	417,600
Chemtrec	621,500
Outside Legal Fees	1,600,000
Outside Technical Consulting	1,166,800
Executive Department	1,222,100
Accounting, Purchasing & Building Services	469,200
Printing, Distribution & Computer Services	415,700
GENERAL OPERATIONS EXPENSES	$10,532,000
ChemCAP Expenses	3,960,000
TOTAL EXPENSES	$14,492,000

AUTHORIZED PERSONNEL	147

Note: The above budget and funding does not include the activities and staff of the separately funded Biomedical and Environmental Special Programs area.

CMA 073429

CHEMICAL MANUFACTURERS ASSOCIATION
APPROVED BUDGET AND FUNDING FOR
BIOMEDICAL AND ENVIRONMENTAL SPECIAL PROGRAMS
Fiscal Year Beginning June 1, 1981 and ending May 31, 1982

	1981-82 Annual Budget	Budget Amendment*	1981-82 Annual Budget As Amended
REVENUE:			
Overhead reimbursement @ $500 per day	$ 641,300	$ 39,200	$ 680,500
Investment Revenue @ 9%	324,000	--	324,000
Less: Direct Credit of Investment Revenue to the Fluorocarbon Program @ 9%	(162,000)	--	(162,000)
Publication Sales	1,000	--	1,000
TOTAL REVENUE	$ 804,300	$ 39,200	$ 843,500
EXPENSES:			
Salaries & Related Expenses	$ 349,200	$ 29,400	$ 378,600
Employee Benefits	65,600	5,500	71,100
Travel & Staff Training	8,400	800	9,200
Dues, Subscriptions & Pubs.	1,200	200	1,400
Meetings & Workshops	800	100	900
Outside Printing, Artwork & Graphics	500	--	500
Direct Postage, Freight & Delivery	11,000	500	11,500
Direct Supplies & General Office Expense	25,800	500	26,300
Taxes & Insurance	27,300	2,200	29,500
Special Insurance	56,000	--	56,000
Rent & Occupancy	44,300	--	44,300
Common Cost Expenses	66,700	--	66,700
Administrative Support:			
Technical Administration	48,700	--	48,700
Office of General Counsel	74,100	--	74,100
Accounting	13,700	--	13,700
Printing & Distribution	11,000	--	11,000
TOTAL EXPENSES	$ 804,300	$ 39,200	$ 843,500

AUTHORIZED PERSONNEL	12	2	14

* The addition of a program administrator and secretary to the Special Programs staff was approved at the September Executive Committee meeting.

CMA 073430

CHEMICAL MANUFACTURERS ASSOCIATION
SUMMARY RECAP OF COMMUNICATIONS AND
PUBLIC RELATIONS EXPENDITURES
Fiscal Year Beginning June 1, 1981 and ending May 31, 1982

The following detail summarizes total funding and expenditures through CMA in the Communications and Public Relations area as an integrated program. The portions funded by members dues and those funded by the special ChemCAP assessment are presented both separately and as a combined total.

	1981-82 Approved Communications & P.R. Budget	1981-82 Approved ChemCAP Budget	1981-82 Combined Communications Budget
PROGRAM FUNDING:			
Dues & Other General Revenue Required to support program	$ 1,131,400	$ N/A	$ 1,131,400
ChemCAP Assessment @ 40% of Dues	N/A	3,800,000	3,800,000
Utilization of ChemCAP assessment collected during prior year	N/A	160,000	160,000
TOTAL FUNDING	$ 1,131,400	$ 3,960,000	$ 5,091,400
PROGRAM EXPENSES:			
Salaries & Related Expense	$ 555,800	$ *	$ 555,800
Employee Benefits	99,700	*	99,700
Travel & Staff Training	70,700	*	70,700
Dues, Subscriptions & Publications	9,200	-0-	9,200
Meetings & Workshops	9,900	-0-	9,900
Research & Opinion Polls	-0-	120,000	120,000
Media & Public Relations	112,000	180,000	292,000
Outside Printing, Artwork & Graphics (net of sales of $170,000)	276,100	160,000	436,100
Audio Visual Material & Distribution (net of sales of $10,000)	-0-	150,000	150,000
Outside Publication Distribution	-0-	40,000	40,000
News Materials/Workshops	-0-	86,000	86,000
Community Committees	-0-	50,000	50,000
Speakers Program	-0-	20,000	20,000
Scientific/Academic Programing	-0-	50,000	50,000
Direct Postage, Freight, Delivery	142,500	60,000	202,500
Direct Supplies & General Office	11,000	-0-	11,000
Taxes & Insurance	46,000	*	46,000
Rent & Occupancy	87,100	*	87,100
Common Cost Expenses	123,500	*	123,500
* Administrative Allocation of Salaries, Benefits and Overhead Charges of Communications Personnel	(412,100)	412,100	*
PROGRAM EXPENSES EXCLUDING ALL ADVERTISING	$ 1,131,400	$ 1,328,100	$ 2,459,500
Advertising development, space costs, etc.	-0-	2,631,900	2,631,900
TOTAL PROGRAM EXPENSES	$ 1,131,400	$ 3,960,000	$ 5,091,400

CMA 073431

EXHIBIT B

DEVELOPMENTS AFFECTING
DOMESTIC INTERNATIONAL SALES CORPORATIONS (DISC)

CMA has learned that the Treasury Department is considering a modification of the Domestic International Sales Corporation (DISC) provisions of the Internal Revenue Code. This consideration has arisen because of allegations by European Common Market members that the DISC provision violates the GATT Subsidies Code.

Under present law, the DISC provisions permit a corporation to defer current U.S. income taxation on up to one-half of its export profits so long as those profits are devoted to export related activities. In 1979, the latest year for which official Treasury Department figures are available, the chemical and allied products industries deferred $288.4 million in taxes from DISC sales or 1.5 percent of total gross receipts. At issue, however, is not only the value of the current tax incentive for DISC related activities, but the tax treatment of previously deferred DISC income. Since the DISC provisions were enacted in 1971, total tax deferrals could be substantial for many CMA member companies.

At the September meeting, CMA's Board of Directors expressed its concern over developments related to DISC and directed the Tax Policy Committee to review this problem and to develop an appropriate CMA response and strategy. On October 14, 1981, the Foreign Tax Task Group met on DISC and a representative will present a status report to the Board at its November meeting. In the interim, CMA President Robert A. Roland has written directly to Treasury Secretary Donald T. Regan to stress the prime importance of DISC to the chemical industry and CMA's desire to be consulted in the development of this legislation.

Action Required: None. For information only.

CMA
BD-11/3/81

EXHIBIT C

REPORT ON DISC

REPORT OF THE TAX POLICY COMMITTEE ON DISC

CMA enthusiastically applauds the decision of the Reagan Administration to continue its support of the provisions of the Internal Revenue Code which pertain to Domestic International Sales Corporations (DISC).

For some time the Treasury Department and the Office of the Special Trade Representative had considered proposals to modify the DISC provisions. This review stemmed from allegations of our major European trading partners that those provisions violate the GATT Subsidies Code.

It is understood that the GATT Council may make a final decision in the near future on whether DISC violates GATT. It is possible that such a decision could be delayed for an 18-24 month period. CMA is most encouraged that the Administration will vigorously defend the DISC provisions. However, if it is ultimately decided that DISC violates GATT, the United States will be faced with repealing or replacing DISC, or retaining DISC and allowing GATT members to impose countervailing duties and to take trade reprisals. This would probably result in GATT becoming a weakened international organization.

The DISC issue is very important to the economics of the U.S. chemical industry. Export sales comprise a significant portion of total industry sales, and export profits are likewise significant. The elimination of the DISC provisions would substantially affect the ability of the U.S. chemical industry to compete in international markets. Moreover, if DISC were eliminated and accumulated earnings were made subject to tax, chemical companies would see a substantial plunge in available capital and earnings reported to shareholders in that year because of payment of the tax or an increase in tax reserves.

It is possible that DISC could be replaced by a different export incentive, such as a foreign international sales company. Regardless of what is proposed, ongoing industry effort will be required to ensure that any DISC replacement is at least as beneficial as DISC. The key questions that must be considered in this regard are the treatment of existing tax deferrals and intercompany pricing rules.

In view of these considerations, the Tax Policy Committee recommends that CMA take the following positions with respect to DISC:

(1) CMA supports DISC as the minimum response of the U.S. Government to an effective export policy. CMA and

member companies should urge Secretary Regan, Ambassador Brock, and other representatives of the Government not to concede that DISC might violate GATT. European countries should be made to understand that the United States believes that DISC is not as strong an export incentive as the effect of the tax systems of those countries and that the United States is committed to and will provide an incentive no less strong than DISC.

(2) CMA should, however, direct its Tax Policy Committee to study, develop, and pursue alternative export incentives so that CMA could respond immediately with an acceptable alternative to any action of GATT, the Treasury, or the Congress that might lead to a likely repeal of DISC.

(3) In its activities, the Tax Policy Committee believes it should pursue three fundamental principles. First. Any alternative export incentive shall be at least as beneficial to exports on an overall basis as the present DISC provisions. Second. Any alternative export incentive must contain clear and equitable principles for the pricing of exports along the lines of section 994 of the DISC rules. Third. There should be no tax imposed as part of any changeover to an alternative entity on present accumulated DISC earnings. More than $10 billion in current U.S. corporate income taxes may have been deferred by American industry through the operation of the DISC provisions. Of this amount the chemical industry has deferred more than $1 billion in taxes that would be immediately charged against earnings reported to shareholders under generally accepted principles of accounting if the DISC provisions are repealed.

(4) The Tax Policy Committee will report to the Board of Directors should a change in circumstances occur that necessitates reconsideration of the policy described herein.

EXHIBIT D

Survey of CMA Companies: the effect of the Reagan Tax Cuts on Research & Development

The CMA board of directors, at their September 29, 1981 meeting, directed that CMA attempt to develop concrete means to express support for President Reagan's economic programs. To accomplish this, staff was directed to conduct a survey to determine what effect the Economic Recovery Tax Act of 1981 would be likely to have on company investment for research and development.

With the cooperation of several member company experts, CMA staff has developed a short questionnaire which seeks to determine any changes anticipated in R & D budgets as a result of the Tax Act. The questionnaire also seeks to determine the likelihood of shifts in R & D activities from foreign subsidiaries to U.S. firms. Confidentiality of all responses will be maintained. This is being done to determine if company size has any effect on the amount of resources alloted to R & D activities.

It is anticipated that the questionnaires will be mailed to CMA Executive Contacts the last week in October, with a requested return date of November 16. The tabulated results are anticipated by December 1.

All CMA members are urged to complete the questionnaire so that a strong consensus on this issue can be reached.

Action Required: None. For information only.

CMA
BD-11/3/81

EXHIBIT E

REGULATORY IMPACT SPECIAL COMMITTEE

Subject	The Public Risk Analysis Special Committee (PRASC) has fulfilled the requirements of its Charter and should sunset. A new Regulatory Impact Special Committee should be formed to develop appropriate methodologies for use in regulatory impact analysis by CMA.
Objective	To form a Special Committee which can help CMA support the Administration's regulatory policy more fully, and function within the guidelines of CMA's Policy for Regulatory Impact Analysis of Health, Safety and Environmental Regulations.
Recommendations	That the CMA Executive Committee sunset the Public Risk Analysis Special Committee and approve the attached charter for a new special committee, the Regulatory Impact Special Committee (RISC). The list of proposed committee members will be sent to the Executive Committee under separate cover.
Action Required	Sunset PRASC and approve the charter for RISC.

CMA
EC - 11/2/81
BD - 11/3/81

REGULATORY IMPACT SPECIAL COMMITTEE

CHARTER

Under the Regulatory Impact Analysis Policy for Health, Safety and Environmental Regulations approved by the Board of Directors and within the limits of authority specified by the Executive Committee, the Special Committee will define and develop appropriate methodologies for use in regulatory impact analysis by CMA. The Special Committee will maintain liaison with organizations active in regulatory impact analysis, and will promote an exchange of information with regulatory agencies, other associations, and chemical and allied industries.

Among its members the Special Committee shall have representatives from other appropriate CMA committees. This method of committee structure would insure consistent analysis across the spectrum of CMA interests.

CMA
EC - 11/2/81
BD - 11/3/81

REGULATORY IMPACT SPECIAL COMMITTEE

Nominees

Mr. Jackson B. Browning (CHAIRMAN)
Union Carbide Corporation
270 Park Avenue
New York, NY 10017

Mr. Anthony DiBattista
CIBA-GEIGY Corporation
Saw Mill River Road
Ardsley, NY 10502

Mr. H. Granville Haight, Jr.
E. I. du Pont de Nemours & Company
1007 Market Street - Room 1354
Wilmington, DE 19898

Dr. Peter W. Ifland
The Procter & Gamble Company
Miami Valley Laboratories
P. O. Box 39175
Cincinnati, OH 45247

Dr. Ann Baker Jenkins
Environmental Affairs
Allied Corporation
P. O. Box 2332-R
Morristown, NJ 07960

Mr. John McCarthy
Koppers Company, Inc.
1201 Koppers Building
Pittsburgh, PA 15219

Mr. William K. Newbury
Conoco Inc.
High Ridge Park
Stamford, CT 06904

Mr. Thomas H. Rhodes
Exxon Chemical Americas
P. O. Box 3272
Houston, TX 77001

Dr. William R. Richard
Monsanto Company
800 N. Lindbergh Boulevard
St. Louis, MO 63166

Mr. Charles L. Sercu
The Dow Chemical Company
1800 M Street, N.W.
Washington, DC 20036

Dr. Peter M. Wolkonsky
Standard Oil Company)Indiana
Mail Code 3805
P. O. Box 5910-A
Chicago, IL 60680

Mr. Rene D. Zentner
Shell Oil Company
P. O. Box 2463
Houston, TX 77001

Staff Executive: D. Chris Cathcart

CMA
EC-11/2/81
BD-11/3/81

EXHIBIT F

MEMBER SERVICES DEPARTMENT

STATUS REPORT

The creation of this department was announced at the January 1981 Board Meeting. Consequently, it has been in existance for only 10 months. It is staffed by one professional and a secretary.

RATIONALE FOR CREATING DEPARTMENT

The chemical industry has been under critical pressure for many years by environmentalists, the media and government, both legislative and regulatory.

As the industry is widely spread across the country, with some well-defined areas of heavy concentration, these pressures also have been widely spread. Eventually, the pressures extended to and were applied by national environmental groups, national media and the Federal government.

CMA had no formal mechanism at state and local levels to counter the efforts directed against the industry.

One was needed - a broadly based one to strengthen CMA's advocacy effectiveness on the national scene. The need became even more evident with the election of President Reagan and his commitment to defederalization.

This turning to the states by the Federal government in no way lessened the absolute necessity for strength in Washington. It reaffirmed the need, for now the industry was to face fighting on 50 fronts (the states) with much of which would take place lighting the fuse on issues to explode state-by-state right up to Congress.

In the early '50s, some state and local groups representing the chemical industry in their respective areas were formed, largely on their initiative. CMA (then MCA) had an on-again, off-again love affair with these autonomous organizations. Some flourished, some died, others were quite passive. In the '60s and early '70s, when support was vital, CMA couldn't decide what to do. Eventually, those that survived went their own way. The relationship with CMA was not good.

That was how matters stood in January 1981. (See attached brochure: Today, Testerday, Tomorrow. A Brief Look at State Organizations.)

DEPARTMENTAL OBJECTIVE

Build a strong, broadly based chemical industry state and local structure to support CMA at the point of the pyramid in Washington by:

1. Developing a close, cooperative association with existing associations, councils and chemical industry committees;

2. Helping to found additional similar groups where warranted;

3. Working in like manner with the corporate headquarters of CMA members and, through them, with their plants in local areas;

4. Studying the chemical industry, seeking to find companies eligible for CMA membership and recruit them through the Membership Committee and the Board, while working closely with the CMA offices of Secretary and Treasurer;

5. Serving CMA through eyes and ears attuned to problems upon which the Association should act positively;

6. Acting as the catalyst to bring Association resources to bear on problems and assure that needed seminars, symposia, policy positions and programs are fielded where needed, principally with state organizations.

ACTION TO DATE

Top priority has been given to strengthening existing state groups and our ties with them. This priority also included helping in firming the establishment of four just coming on stream when the department was created. The four brought to 18 the number of groups. One, Southern California, has since merged with the California Chemical Industry Council to constitute a blanket organization for the state. It will, however, continue as a satellite group as most of the plant operations are in the south, and there is need for it to continue to meet on concerns peculiar to its area. (See inside back cover of brochure for list of groups.)

The newest groups are in New York, Pennsylvania, Connecticut and Tennessee.

With member company personnel, we are working on building relationships with the chemical groups instituted under the wings of the Associated Industries of Kentucky and the Virginia Manufacturers Association. We also are actively exploring the possibilites of assisting in the creation of units in North Carolina, Arkansas and Iowa.

To help us focus on critical areas, we conducted two studies, both of which are appended.

The first was divided into two parts. The initial section covered the top 26 states as to value of shipments. All existing state groups fell into this category. In conjunction with the State Activities Division of the Government Relations Department, we then selected those remaining states most likely to give the industry problems and ranked them also as to value of shipments. This came to 15, and none has a state chemical group.

Other categories in the study, and ranked, were value added, number of chemical employees in production, the percent of this to all manufacturing employees in the state, the percent of chemical employees to total state population, the number of CMA companies in the state and the number of their plants, and the number of CMA companies in the state with $100 million or more in annual sales.

Of the three states currently under study for new groups, North Carolina and Iowa fall into the top 26. Kentucky and Virginia, with whom we are working as noted earlier, also are in this grouping. Thus, we either have existing or under study organizations in 19 of the 26. Those without are targets and include Indiana, South Carolina, Florida, Georgia, Massachusetts, Maryland and Wisconsin. Arkansas falls into the set of 15, ranking third in value of shipments.

These studies have been distributed to CMA staff for needs as they see fit and either have or will be given to all state groups.

The second study, also attached, shows us the participation by CMA member companies in existing state groups, according to their membership rosters supplied us by October 1, 1981. As these groups accept members the year around, it is possible some CMA member companies have joined or applied or are considering joining since receipt of rosters.

The brunt of support is borne by 15 to 20 percent of our members. There are a number with spotty memberships; some with none. These are targets of opportunity for broadening the industry's outreach effort.

To consolidate our efforts to date and to further increase mutually beneficial working relationships, we scheduled the First Annual Meeting of State Groups on November 4, the day following the Semiannual Meeting.

As of this writing, all but one of the state groups will participate and there is reason to believe attendance will be 100 percent. Kentucky, Virginia and Iowa representatives also will attend.

As an inducement, each group was provided one "Freebee" to the Semiannual and State Meetings. Any additional attendees bore the full charge. Indicated attendance, again as of this writing, is approximately 40 or more.

The program included the vice presidents for technical, legal, government relations and communications spelling out the services available to state groups. An equal portion of the program featured actions by state groups. One section was devoted to what they felt they need from us and how needs can be satisfied.

Since the founding of the department, I have visited, on their home grounds, every existing group at least once. I have had two or more visits with a number, speaking at Executiv Committee, Semiannual and Annual Meetings. The message: what we are trying to do and the how and why of it. The reception, without exception, has been gratifying. They feel wanted, needed and appreciate the outstretched hand. Any reluctance has largely been overcome.

Cooperation by all segments of CMA staff has been excellent. When called upon, response has been thorough and prompt. Also, there has been no reluctance to call upon Member Services for assistance in reaching state groups when specific needs exist. Further, many valuable suggestions have come from various departments.

ACTION FORECAST

1. All attending will be asked to critique the First Annual Meeting so that the second can be better, more fruitful.

2. New state groups will be formed as needed, and if possible, as quickly as conditions permit.

3. The promotion of joint meetings by state groups will be furthered. The Texas Chemical Council already has invited the California Chemical Council to meet jointly at its Annual Meeting. If this is successful, TCC plans to continue such efforts with others.

4. The possibility of two to three regional meetings of state groups under CMA sponsorship will be studied and begun, if feasible.

5. Efforts will continue to help state groups build membership.

6. Hopefully, there will be time to institute a state group newsletter.

7. Services and visits, as initiated, will continue as needed.

8. Devotion of more time to individual member company needs and to building CMA membership where cost effective.

ACTION REQUIRED

None - for information only

CMA
BD - November 3, 1981

EXHIBIT G

SPECIAL PROGRAMS ADVISORY COMMITTEE

Objectives:	SPAC will advise the Executive Committee on the acceptance of new programs, ensure that all special programs are conducted in a manner consistent with CMA policy and with the Special Program Guidelines, and review and make recommendations on all advocacy programs on individual chemical(s) requested by a program panel or staff.	
Problems:	None	
Recommendations:	Extend authorization of SPAC for one year	
Impact:	Money:	There will be no dues impact.
	Company Personnel:	One representative on the Committee from each of 15 companies.
	Staff Personnel:	One staff executive coordinating the work of the committee. No additional staff required.
Action Required:	Approval of recommendation	

CMA
EC- 11-2-81
BD- 11-3-81

TABLE OF CONTENTS

SPECIAL PROGRAMS ADVISORY COMMITTEE
REPORT TO THE
CMA EXECUTIVE COMMITTEE

Since its first meeting in January, 1980, the Special Programs Advisory Committee (SPAC) developed guidelines for the conduct of special programs, reviewed all of the ongoing special programs, and made recommendations on all proposed new programs. Significant recommendations resulting from SPAC's reviews are summarized below.

PROPOSED NEW PROGRAMS

Arsenic

SPAC recommended approval of a new program on Arsenic. The primary objective of the program is the education of people within regulatory agencies through a jointly sponsored arsenic symposium with the National Bureau of Standards. This symposium (November 4-6, 1981) will provide a means for industry and government agencies to come to an understanding of cost-effective regulation of arsenic as a hazardous material through knowledge of production and use patterns, toxicologic properties, and the presence of arsenic in the environment.

Ethylene Oxide

The Ethylene Oxide Industry Council was formed to (i) develop information regarding responsible industry programs to control exposure to ethylen oxide; (ii) to develop relevant scientific, technological, and economic data; and, (iii) to present such information and data to U. S. governmental bodies considering regulatory controls pertaining to ethylene oxide so as to assure that such standards, regulations or policies are reasonable, scientifically sound, and economically and socially effective. SPAC recommended approval of the formation of this Council.

Polychlorinated Biphenyls

Under the Chemical Regulations Advisory Committee (CRAC) companies affected by the Court's decision on Polychlorinated Biphenyls (PCBs) initiated two surveys to provide EPA with information for promulgating a final regulation. The estimated cost of these surveys and other consultant fees was $165,000; CRAC budgeted the original phase and then asked that the program be moved to the Special Programs Division. SPAC approved the first phase of a PCB special program which will include conducting two surveys, analyzing the data from the surveys and participating in formal rulemaking. CRAC contributed $30,000 toward this effort. SPAC will review the program at the end of Phase I and will make a recommendation on whether Phase II should be continued under Special Programs.

New Source Performance Standard on Non-Metallic Minerals

Due to lack of funding, the Environmental Management Committee transferred a request for a new program on Non-Metallic Minerals to the Special Programs Division. Initially the burden of these regulations would have

been on the non-metallic mineral industry alone, but the precedent would be set for the regulatory agency to take such actions on other sectors of the chemical industry. SPAC recommended approval of this program with the Special Programs division providing all administration and the Environmental Division providing all technical support. Subsequent to this recommendation, the EPA, under the new administration, decided not to pursue the proposed regulation, and therefore, the SPAC recommendation was not brought to the Executive Committee.

SPECIFIC RECOMMENDATIONS TO PANELS

Acrylonitrile

In 1975 CMA signed a $576,300 contract to investigate the possible toxic effects and the pharmacodynamics of ingested and inhaled acrylonitrile in laboratory animals. In 1978 the contract was amended and the contract amount raised to $647,900. The contractor submitted the report on the last phase of this study on December 9, 1980. At the same time, the contractor submitted a final invoice containing a cost-overrun of $134,000. CMA has initiated balloting of panel members to determine if they approve payment of this cost overrun. Several ballots remain outstanding. Upon SPAC's recommendation the CMA legal department confirmed that CMA is not reponsible, under the terms of the contract, for the overrun. Although several companies have still not responded with their ballots, staff and CMA counsel are working closely with the contractor and the panel to resolve the cost overrun.

Chlorobenzenes

When EPA issued a TSCA Section 4(a) Draft Test Rules Package on chlorobenzenes two CMA groups became involved. The CRAC Testing Task Group identified broad policy and legal issues and spoke with EPA regarding the precedent-setting implications. The program panel, which has always been research-oriented, established a Toxicology Regulatory Task Group to address specific toxicological issues concerning the six chlorobenzenes recommended for immediate testing. In addition, SOCMA formed the Chlorobenzenes Producers Association to assume an advocacy position. All of these groups worked together to form a unified industry position on the Test Rules Package. SPAC recommended that these groups continue with the work they have begun until the Federal Register notice comes out. SPAC further recommended that as most of the companies participating in CMA (research) and SOCMA (advocacy) programs are the same, a consideration be given to bringing both the chlorobenzenes research and advocacy programs under one umbrella organization at an appropriate time.

Ethylene Dibromide

Audits of the NCI and NIOSH studies were completed and an independent auditor found that both of these studies were acceptable. SPAC, therefore, on August 25, 1981, supported the panel's decision to disband although they suggested a new panel be formed to continue for advocacy. Following this decision, OSHA received a petition from the Teamsters Union to lower the exposure limit on EDB from 20,000 ppb to 15 ppb. SPAC reviewed plans for a reconstituted panel on October 20, 1981.

Fluorocarbons

SPAC approved a limited advocacy role for the Fluorocarbons Program Panel so that the panel could make statements on science. The first was in response to the November 1979 NAS Report, "Stratospheric Ozone Depletion by Halocarbons: Chemistry and Transport."

SPAC recommended that the panel continue its limited advocacy charter and appointed two members to explore appropriate means of coordinating the Alliance, the CMA Fluorocarbons Panel and the CMA Section 4 Testing Task Force of the Chemical Regulations Advisory Committee.

Ketones

SPAC endorsed the panel's plans to establish an early dialogue with EPA regarding the anticipated TSCA Section 4(a) rule. However, SPAC recommended that the panel's charter be amended to include epidemiologic studies and possible evaluation of the environmental effects of ketone.

Phthalate Esters

In early 1980 the Phthalate Esters panel planned a material handling survey of the manufacturers, distributors and users of phthalates. However, since CMA is a trade association representing manufacturers, SPAC recommended that all action be tabled until the Society of the Plastics Industry could be contacted. In the meantime a study by the National Cancer Institute became available which for the first time raised health effects concerns for phthalate esters. In addition, based upon NCI's findings, EPA requested additional information on PMNs for phthalate esters. The panel was concerned that EPA had taken regulatory action on preliminary information and that EPA might come up with an unreasonable TSCA section 4(a) rule. SPAC recommended that the panel add advocacy to its charter and that they establish a dialogue with EPA on developing a voluntary test standard. This was a valuable recommendation as can be seen by the subsequent accomplishments of this panel (section 7.4 of the attachment).

Titanium Dioxide

SPAC recommended that in the absence of any significant findings in the long-term inhalation study in progress at duPont, the panel consider disbanding.

Vinyl Chloride

The Vinyl Chloride Panel hired an independent consultant to review the work performed by Industrial Bio-Test (IBT) under contract to CMA. This consultant recommended that CMA examine animal tissues still available from the study. The panel did not act upon this recommendation. However, they did ask IBT for a refund of the $130,000 they had already paid under the contract. The panel was waiting for financial resolution with IBT before submitting a final report to government agencies. SPAC recommended that the panel not wait for resolution before submitting a final and report that they act upon the consultants recommendation to do additional histopathology. The Panel followed this recommendation.

Zinc Dialkyl Dithiophosphate

SPAC heard a proposal for a new special program on ZDDP. Although this new panel was interested in studying the reproductive role of ZDDP in rats and rabbits SPAC recommended that they consider undertaking an epidemiological study. SPAC approved the panel's draft charter with a strong recommendation that it be expanded to include advocacy. The panel followed this recommendation.

SPAC'S RECOMMENDATIONS TO THE EXECUTIVE COMMITTEE

SPAC's review of ongoing special programs, as well as proposals for new programs, concentrated on scientific and policy issues, the adequacy of professional and financial support from participating companies, the availability of CMA resources, and the inclusion of advocacy in the panels' charter.

The first year of reviews under the new Special Programs Guidelines provided the members of SPAC with valuable insight into the workings of program panels. In the future, SPAC will concentrate on the significant activities of the panels since their last meeting with SPAC. SPAC will also make sure that recommendations made during previous reviews were acted upon. Staff will keep SPAC informed of new actions as they occur, rather than waiting for a scheduled meeting.

Further background on the functioning of the Special Programs Division, its major accomplishments during the past year, and a summary of each program is attached to this report.

SPAC has now completed its first year, as authorized by the Executive Committee. SPAC is performing a valuable oversight function for CMA Special Programs and I therefore recommend re-authorization of this Committee for a second year.

CMA
EC-11/2/81
BD-11/3/81

ATTACHMENT 1

BIOMEDICAL AND ENVIRONMENTAL SPECIAL PROGRAMS

AN OVERVIEW

1.0 MISSION

The mission of the CMA Biomedical and Environmental Special Programs Division (Special Programs) is to provide manufacturers, processors, and/or users of a chemical or chemicals with the opportunity to support collectively research and/or advocacy on specific chemicals. When referring to Special Programs, advocacy involves external communication, not designed solely for information exchange, that relates to existing or developing regulations, legislation or litigation. CMA serves participating companies by providing proper and effective administration of programs.

Scientific information developed through research programs should promote the health and safety of the general public and of workers involved in manufacturing, processing, and using these chemicals. All significant findings and reports of CMA-administered research programs are available to the public in a timely manner.

2.0 DIVISION SUMMARY

CMA approved the first "special project" in 1972. The initial special projects were exclusively research oriented. The intent at that time was for CMA to collect and disburse the necessary funds, contract for the research to be done, and provide meeting facilities and surveillance over the conduct of the meetings. The time requirements on CMA staff were expected to be minimal since the participating companies would provide all technical expertise and management skills necessary to conduct the programs. The administration of these programs was assigned to CMA secretaries of several standing committees.

The number of special programs administered by CMA increased at a moderate rate from 1972 to 1979. By the end of 1979, CMA was administering to seventeen special programs. Since 1980, requests for CMA to undertake new special programs have increased considerably. This increase is due mainly to increased activities related to the Toxic Substances Control Act, Clean Air Act and Clean Water Act. The Special Programs Division presently coordinates research and/or advocacy for twenty-three special programs.

CMA took its first steps toward advocacy in 1977 when the Benzene Program Panel was formed in response to a worker-exposure standard proposed by OSHA. Industry believed that the scientific studies on which this standard was based were flawed. The Benzene Panel's Charter was to develop a sound technical base that could be used by industry to challenge the proposed regulations. The Benzene Panel's Charter was expanded in November 1978 to

allow the Panel to represent the interests of the members of CMA before federal and state agencies in all matters relating to safety and health issues arising out of the production, reaction, release, packaging, repacking, storage, transportation, handling or use of benzene. Since 1980, fifteen program panels have broadened their charters to include advocacy or begun programs which included advocacy.

In September 1979, the CMA Executive Committee authorized the formation of a Special Programs Advisory Group (SPAG). SPAG was subsequently given the status of Special Committee which is now known as the Special Programs Advisory Committee (SPAC). Three major responsibilities of SPAC are: (1) to review requests for individual product advocacy by special program panels and determine that appropriate conditions for these advocacy positions are met; (2) to review each ongoing special program at least once a year to provide guidance based on SPAC members' expertise; and, (3) to make certain that advocacy actions of each Special Program are in harmony with CMA Standing Committee positions. Appendix A lists current members of SPAC. During 1981, SPAC completed review of all ongoing special programs.

In addition, in 1980 and 1981, SPAC approved CMA undertaking new special programs on arsenic, ethylene oxide, glycol ethers, ketones, polychlorinated biphenyls, and zinc dialkyl dithiophosphates.

Appendix B lists all special programs undertaken by CMA to date. Appendix C lists companies that are currently participating in special programs.

3.0 STAFF ORGANIZATION AND RESPONSIBILITIES

The Special Programs Division has a staff of thirteen, including a Director, five program administrators, a program coordinator, five secretaries, and one word processor. One program administrator and one secretary devote their time exclusively to the Fluorocarbon Program. The other four program administrators and four secretaries are responsible for the remaining twenty-two programs. Figure 1 outlines the organization of Special Programs with respect to both the staff and the specific programs.

Program administrators prepare for and attend panel and task group meetings, prepare records of meetings, and write and administer all contracts in their respective areas. In addition, program administrators:

- maintain awareness of pertinent regulations relating to panel's activities;
- communicate with government agencies on scientific and regulatory matters;
- coordinate information flow to and from the agencies, the companies, other trade associations and academic communities;
- coordinate the development of advocacy and regulatory position

papers with appropriate CMA staff, standing committees, and outside consultants; and,

- o provide monitoring and auditing services for ongoing research projects.

The Special Programs Division keeps the office of General Counsel informed of the status of ongoing panel activities.

4.0 BUDGET

To date CMA program panels have spent $20,430,287 in research and advocacy programs on 24 families of chemicals (see Table 1).

4.1 Overhead Reimbursement Budget

CMA charges participating companies the full costs, including overhead, for administration of special programs. The program account is charged $500 per day for professional staff. This charge includes both the direct and allocated costs of full time professional and clerical Special Programs staff and routine professional or support assistance from the Technical, Legal, Government Relations, Communications, and Administrative Services Departments.

Other direct costs, such as out-of-town travel, meeting room and program equipment rentals when meeting outside CMA, conference calls, telex, unusually large printing and mailings, etc., are charged as miscellaneous administrative expenses to the program. Other CMA professional staff time, if required to work on specific or non-routine aspects of the program, is charged at the same rate as the program administrator. In addition to an overhead reimbursement of $500 per day, the CMA Special Programs Division is credited monthly with 0.75% of received but not expended special program funds as interest. Interest received on non-disbursed Special Program funds is used to defray administrative costs not recovered by the daily rate. In the case of the fluorocarbon program, the unexpended funds balance is approximately $2 million. This has resulted in a special agreement with the Program Panel to credit its funds with interest at 9% and charge a fixed fee of $16,500 per month from June 1981 to May 1982. This arrangement produces an effective billing rate of $825 per day instead of the normal $500 per day. The fixed fee of $16,500 will be reviewed in March 1982 for fiscal year 1982-1983.

4.2 Panel Research/Advocacy Budget

CMA requires written commitment for the full amount of a study budget from all participating companies before executing study contract(s). A separate account is established to receive and disburse funds for each program.

As a matter of CMA fiscal policy, participating companies are invoiced for a minimum of 50% of the projected fiscal year commitments. Initial invoicing occurs immediately after participating company management approval of the program activities. During the course of the program, additional collections are made as necessary to maintain a reserve from which disbursements are made. Reserves are maintained as low as possible under sound financial management.

A new phase of a program begins whenever there is a change in composition of sponsoring companies. At the completion of any phase of a program, uncommitted funds are carried over to a subsequent phase. If a company voluntarily drops out of a program at the completion of all contracted work, a refund is made if the pro-rated balance of uncommitted funds exceeds $2,500 for that company. A company which voluntarily drops out of a program during an ongoing study is expected to provide its full financial commitment to the current study phase including any additions or extensions which were approved during the term of its participation.

A financial statement detailing all expenses and commitments is prepared monthly for each program. A copy of the statement is provided to panel members at their meetings to keep them informed of the financial status of the panel.

5.0 GOALS FOR 1981 - 1982

- o to continue working on establishing new contacts within regulatory agencies;
- o to establish better communication with both U.S. and non-U.S. trade associations involved in activities related to Special Programs;
- o to enhance the scientific credibility of CMA by promoting the publication of CMA-administered research in peer review journals;
- o to achieve better recognition of CMA's capabilitres by initiating the Special Programs News Letter starting January 1982; and,
- o to establish semi-annual meetings with representatives of other trade associations involved in administration of toxicologic and epidemiologic research.

6.0 LONG-RANGE PLAN

Through much hard work on the part of CMA staff and panel members, CMA-administered research is developing a reputation for its objectivity and integrity. However, there is room for improvement. Special Programs needs to increase the chemical industry's awareness that Special Programs has the expertise to:

- o administer research and advocacy programs; and,
- o provide scientific services which, until recently, have not been available, expected, or requested.

To accomplish this, Special Programs has identified steps which should be taken over the next few years. These include:

- o reducing the work load per program administrator to enable him/her to undertake the challenge of new tasks/programs;
- o encouraging staff, through educational benefits, to expand existing and develop new expertise in science and business management;
- o hiring new staff to complement existing staff in scientific disciplines not already adequately covered;
- o hiring additional support staff capable of assuming a portion of a program administrators non-scientific administrative duties in order to permit the program administrator to devote more time to scientific and liaison functions;
- o playing a larger role in penetrating the Washington scene and interacting with regulatory agencies and professional societies by establishing good professional relationships with peers in the regulatory agencies, the industry, and government-funded research laboratories;
- o utilizing the contacts and experience of individual program administrators more effectively within the Special Programs Division and other Divisions of CMA;
- o completely reevaluating the method of compensating CMA for services provided;
- o developing the flexibility to provide services panels expect and for which they are willing to pay; and,
- o publicizing Special Programs accomplishments and capabilities in:
  - CMA News
  - ChemEcology
  - The newly-proposed Special Programs Newsletter
  - Peer review journals (publication of research results)
  - News releases on significant findings

7.0 MAJOR ACCOMPLISHMENTS

7.1 Chlorobenzenes

Panel toxicologists provided technical input to the Chlorobenzenes Producers Association (CPA) for their submission to EPA in response to EPA's proposed TSCA Section 4(a) Test Rule on Chlorobenzenes. This group of panel toxicologists has continued to work closely with the CPA in the development of a voluntary industry testing program that would be acceptable by EPA in lieu of formal test rule.

Following earlier dialogues between CMA/CPA and EPA a "decision-tree" approach to testing of commercial chlorobenzenes was adopted. The outline for this proposal is now being reviewed by EPA. The testing program as now envisioned would be much more conservative in scope than that originally outlined by EPA in their proposed Test Rule.

7.2 Ethylene Oxide

The EO council is organized in such a way that it is able to respond immediately to emergency situations. A petition to OSHA to issue an emergency temporary standard of 1 ppm was submitted on August 13, 1981. Within two weeks the Council, working on advice from its regulatory and scientific committees and outside counsel, prepared a precise, detailed response which they submitted during a meeting with OSHA on September 2. This meeting was also attended by the American Hospital Association and the Veterans Administration--both of which were anxious to join with the Council to present a united industry position. On September 29 OSHA denied the petition.

7.3 Fluorocarbons

- The Program has made substantial contributions to the scientific understanding of what is happening in the stratosphere. The calculated ozone depletion at steady state (approximately 100 years from now) has fluctuated between 5% and more than 20%. Current calculations indicate 6%.

- The Program has achieved a reputation for scientific objectivity and integrity seldom attributed to industry-sponsor d effort.

- There has been cooperation with government agencies throughout the world and with international agencies. Research conducted by government agencies has been funded or co-funded and research with universities or private laboratories has been co-funded with government support.

- CMA is the only member of the Coordinating Committee on the Ozone Layer of the United Nations Environment Program not

representing a national government or an international agency.

- Perhaps the greatest contribution has been the influence on the government funded stratospheric research, particularly in the U.S. The productivity of government agency research has been improved substantially over the past five years. At least in part this has been due to the methodology followed and advocated by the industry-sponsored program and the oversight and review provided by the Fluorocarbon Program Panel.

7.4 Phthalate Esters

- The Phthalate Esters Program Panel has developed a voluntary test Program to address potential health and environmental effects of a class of compounds.

- The panel has worked with the Test Rules Development Branch (TRDB) of the Environmental Protection Agency and has gained their acceptance of the test program. TRDB is currently proceeding with agency review of the program and we expect official acceptance by mid-November.

- The Panel is optimistic that EPA will decide that the data do not warrant a 4(f) finding at this time.

- The FDA Task Group has developed a voluntary test program for DEHA which is aimed at determining the cause of the bioassay results. This program will be presented to FDA with the hope that the FDA will accept the program in lieu of an interim regulation or ban on DEHA.

- The FDA Task Group has successfully altered the time table within the Bureau of Foods for regulatory action on DEHA. This delay has allowed FDA and CMA scientists to discuss the scientific issues to develop mutually acceptable regulatory actions to assure public safety and the continued use of an unreplaceable substance, DEHA, in food contact applications.

7.5 Polychlorinated Biphenyls

There has been a spirit of mutual cooperation between CMA and EPA since the beginning of this program. EPA representatives worked with CMA in developing our surveys and presenting a symposium on these surveys to industry and other trade association representatives.

- CMA obtained the cooperation of almost 50% of its membership in the 50 ppm incidental generation survey.

- o CMA has continued to maintain on open dialogue with other trade associations involved in collecting data for EPA--especially the National Electrical Manufacturers Association and the Edison Electric Institute.

- o CMA submitted to EPA a narrative dissertation on the problems and costs associated with low level PCB analysis. This report was well accepted by the Agency and received good coverage in several trade publications.

- o In order to insure the objectivity of the data generated by its current round robin, CMA secured the participation of several EPA laboratories in addition to member company labs. It is hoped that the data generated from this cooperative effort will demonstrate to EPA the variability of analytical results which must be considered in writing and enforcing a regulatory cut off level for PCBs.

8.0 SUMMARIES

8.1 Special Program Advisory Committee

The Special Program Advisory Committee (SPAC) was formed to provide the Program Panels with multi-disciplinary expertise in areas of scientific research and governmental advocacy. SPAC reviews each special program on an annual basis and once a year reports to the CMA Executive Committee on the progress of each program.

Controversies which exist either within a panel or between staff and panels which cannot be resolved at staff level, are brought to SPAC for review and recommendation. SPAC reviews all new and revised programs for consistency with Association policy.

8.2 Acrylonitrile (AN)

The Arcrylonitrile Program is concerned with the epidemiology, toxicology, and environmental aspects of processes involving acrylonitrile, its copolymers and its end products. The program was begun in 1974 to develop additional data on the toxicology of AN. This was accomplished through animal exposure studies by inhalation and ingestion.

An epidemiology study was not conducted because of lack of specific exposure data for most of the period to be studied as well as difficulties associated with designating a suitable control group. Several participating companies conducted their own internal epidemiology studies, three of which have been published in detail.

FDA has been interested in food-contact applications of AN polymers, especially beverage bottles. However, the Panel did not assume an advocacy position on this issue. The Society of Plastics Industry conducted advocacy related to OSHA regulations on AN, but CMA was not involved.

As a result of proposed regulations by EPA in 1980, the monomer and polymer producers decided to charter a new organization under SOCMA to fulfill the necessary advocacy role. This new group will also perform any future research on Acrylonitrile. The CMA panel voted to disband upon completion of its current research.

8.3 Allyl Chloride

Concern over the carcinogenic hazard attributed to vinyl chloride prompted the formation of the AC Program Panel in January, 1976. The panel has so far undertaken three research projects: a teratology study, a pharmacokinetic and metabolic study and a 90-day inhalation probe study. The need for additional research will be determined after the results of these studies are evaluated.

8.4 Arsenic (AS)

An Arsenic Program Panel was established in the first quarter of 1981. The panel's objectives are to: 1) gather information; 2) conduct necessary research to compliment existing information; 3) educate regulators; and 4) undertake regulatory advocacy.

The panel's first priority was to sponsor an arsenic symposium and an in-depth critical literature review on the health effects associated with arsenic. The symposium, scheduled for November 4-6 in Gaithersburg, Md. is being cosponsored with the National Bureau of Standards. Session topics include industrial sources and uses of arsenic, biomedical and environmental perspectives, and epidemiology.

The literature review is underway and should be completed in November 1981. The panel may initiate research studies based on needs identified in this review and may undertake advocacy regarding present and proposed arsenic standards.

8.5 Benzene (B)

The Benzene Program Panel was formed in November 1976. Th Panel assessed the data used by NIOSH and OSHA in proposing workplace standards for benzene, developed its own recommendations, and gathered additional data to substantiate establishment of a standard.

The panel continues to be concerned with expansion of the toxicological and epidemiological data base, development of industry guidelines for workplace standards, and health and safety aspects of EPA's proposed National Emission Standards for Hazardous Air Pollutants (NESHAP).

The panel completed a benzene reproduction study which showed no compound-related adverse effects in male and female rats exposed to levels up to 30x the present workplace standard. CMA and the American Petroleum Institute have initiated an extensive 90-day inhalation study of benzene toxicity in rats and mice which will be used to set dose levels for a subsequent two-year chronic benzene study. An epidemiology study of approximately 14,000 workers in nine plants should be compl ted in 1982.

8.6 Butylated Hydroxytoluene (BHT)

The BHT Panel was formed in response to a proposed interim regulation issued by the FDA in May, 1977. The panel's goal is to collect toxicological information on BHT and to recommend research to fill any data gaps which might exist.

An Agency Proposal Pending was published on December 31, 1979, but the final rule is still not out. The panel expects FDA to recommend that only a 90-day subchronic study be undertaken. The panel is waiting for U.S. government action before taking further action on BHT.

The French government recently began phasing out BHT as a direct food additive and is at present reviewing the use of BHT as an indirect additive. The joint FAO/WHO Expert Committee on Food Additives recently extended the temporary Average Daily Intake (ADI) for BHT, pending receipt of additional testing data.

8.7 Chlorobenzenes (CB)

The Chlorobenzenes Program Panel began its program in 1974 with the conduct of a worldwide literature search on available health data regarding monochlorobenzene (MCB), ortho-dichlorobenzene (ODCB) and para-dichloro benzene (PDCB). Since that time, the panel has been concerned with expanding the toxicological data base on these three compounds and has recently added a fourth (1,2,4-trichlorobenzene) to a proposed test program.

In October 1980, the panel initiated a series of teratology studies on MCB, ODCB and PDCB in rats and rabbits. To clarify results obtained in the MCB study in rabbits, a follow-up study was conducted in this species. A draft final report on both MCB studies is expected by the end of the year. The ODCB research was completed and interim data are being assembled; animals go on test in the PDCB teratology study in November 1981.

The panel has worked closely with the Chlorobenzenes Producers Association (CPA) in formulating comments on EPA's proposed rules for testing of chlorobenzenes under TSCA Section 4(a). The CPA has held a series of discussions with EPA in an effort to develop a voluntary industry-sponsored testing program in lieu of a formal test rule. A proposal outline was developed and submitted to the Agency. If approved, the CPA has asked the panel to provide funding and administration for the program.

8.8 Epoxy Resin (ER)

The Special Program on Epoxy Resins was approved in July, 1977. The panel was formed to evaluate the available health effects literature on Epoxy Resins and to sponsor necessary research. Initially, the panel decided to concentrate on Bisphenol-A epichlorohydrin-derived epoxy resins.

The panel is initiating an advocacy role by requesting that OSHA remove Bisphenol A diglycidyl ether from OSHA's candidate carcinogen list.

8.9 Ethylene Dibromide (EDB)

Concerned about possible government regulatory action, the panel was formed in 1979. On December 14, 1977, EPA issued a Notice of Rebuttable Presumption Against Registration (RPAR). The agency concluded that presumptions for oncogenicity, mutagenicity and reproductive disorders had not been rebutted.

A subchronic inhalation study conducted by Dow Chemical Toxicology Research Laboratory showed that repeated subchronic exposure of rats to 10 or 40 ppm of EDB induced pathologic changes in the respiratory epithelium of the nasal turbinate. Subsequent post-exposure phase revealed a lack of progression of the lesions, with almost complete reversion toward normal histologic appearance of the nasal turbinate.

Two additional studies were conducted by the National Cancer Institute (NCI) and the National Institute for Occupational Safety and Health (NIOSH). The panel conducted third-party auditing of both of these studies. The independent auditor found that both studies were of acceptable quality and their findings valid. Since EDB was shown to be carcinogenic in both studies, there is no need for either continued research or an advocacy program. The panel therefore decided to disband. However, the panel has been reactivated as a result of the National Brotherhood of Teamsters' petition to OSHA to lower the current worker exposure standard from 20,000 ppb to 15 ppb.

8.10 Ethylene Dichloride (EDC)

The Ethylene Dichloride Program Panel was formed in February, 1975 to evaluate the adequacy of knowledge relating to EDC. The panel initiated a chronic inhalation, a metabolic, and a teratogenic study in experimental animals. The Panel decided to disband, pending the acceptance of all final reports on this research. This decision was reversed when it was learned that EPA was considering proposing a TSCA Section 8(a) rule.

8.11 Ethylene Oxide (EO)

A study conducted at Bushy-Run labs showed Ethylene Oxide to be carcinogenic in rats. Industry was interested in gathering information on the safe handling of Ethylene Oxide which led to the formation of the Ethylene Oxide Industry Council on July 30, 1981. The Council operates through an Executive Committee and four operating committees: Scientific, Regulatory, Finance and Membership, and Communications.

The Council is developing information regarding responsible industry programs to: 1) control exposure to ethylene oxide; 2) to develop relevant scientific, technological and economic data; and, 3) to cooperate with other national and international organizations having similar objectives. The Council will present this information and data to any United States federal, state or municipal governmental body considering regulatory controls n ethylene oxide so as to assure that such standards, regulations or policies, are reasonable, scientifically sound, and economically and socially effective.

The Council developed a response to the petition filed by the Public Citizen Health Research Group and the American Federation of State, County and Municipal Employees to lower the exposure standard for ethylene oxide. The petition asked that the eight hour TWA be lowered from 50 ppm to 1 ppm and that a short-term exposure level of 5 ppm be established. Representatives of the Council met with OSHA officials on September 2 t discuss industry's concern regarding the petition. On September 29 OSHA denied the petition.

8.12 Fluorocarbons (FC)

The Fluorocarbon Program was formally organized in the Spring of 1973 with essentially all of the Free World producers of chlorofluorocarbons (CFCs) supporting the effort. The panel's initial purpose was to determine the fate of CFCs in the atmosphere and the effects they may produce on plants or animals. There was no suspicion of their effect on the stratosphere.

With the publication of the Ozone Depletion Theory in June, 1974 the Program was expanded and accelerated. To date, over $10,000,000 has been spent on this research. There is no indication that the participants intend to curtail this effort in the immediate future.

The panel limits its funding to scientific research and its advocacy to dissemination of research results and interpretation of the state of the science. Legislative and regulatory advocacy is handled by a coalition of CFC producers and users, the Alliance for Responsible CFC Policy. The Alliance depends on the Fluorocarbon Program Panel for scientific data.

8.13 Glycol Ethers (GE)

The Glycol Ethers Program was formed on June 26, 1980 and is concerned primarily with the alkyl and dialkyl ethers of ethylene glycol and diethylene glycol, selected ethers of propylene glycol, and their acetic acid esters. The panel conducted a review and evaluation of the published and available unpublished literature on health and environmental effects. As a result of the literature review the panel has developed a multi-phase testing program. This program includes testing of: Ethylene Glycol Monomethyl Ether (EM), Ethylene Glycol Monobutyl Ether (EB), and Ethylene Glycol Monoethyl Ether (EE) in 1981 (Phase I) for teratology and possible reproductive effects. Phase II will begin in 1982 and includes teratology studies on: Ethylene Glycol Monoethyl Ether Acetate (EE Acetate) and Propylene Glycol Monomethyl Ether (PM). Phase II also includes a subchronic study of EE and a research study still under development, which will allow a comparative assessment of glycol ethers with their acetates. A Phase II testing program on other glycol ethers may be developed in 1982.

The Glycol Ethers Program Panel currently is considering developing exposure data and has begun a liaison program with NPCA and CSMA. The panel is also considering what role, if any, they wish to play in an advocacy program with EPA and/or OSHA. Current advocacy activities involve interactions with NIOSH, ACGIH, and ECETOC.

8.14 Ketones (K)

In 1979 five ketones, methyl ethyl ketone (MEK), methyl isobutyl ketone (MIBK), mesityl oxide (MO), isophorone and cyclohexanone, were recommended for testing under Section 4(e) of TSCA by the Interagency Testing Committee. The Ketones Panel met for the first time on January 23, 1980. Their first activity was to assemble all toxicology literature on eight ketones, including the five on the ITC List. Both published and unpublished (from the files of participating companies) studies were reviewed and principal areas of deficiencies in toxicology information identified. Since the Industrial Health Foundation (IHF) already had a program on cyclohexanone, the present scope of the Ketones Panel is limited to the four remaining ketones on the ITC List.

A revised EPA schedule resulted from a ruling in favor of the Natural Resources Defense Council which had sued EPA for

non-compliance under Section 4 by not having initiated rule-making within the one year deadline. The suit resulted in deadlines of 1982 for cyclohexanone and 1983 for the remaining four ketones. Further rescheduling resulted in deadlines in mid-1982 for all five ketones. The panel is currently undertaking an advocacy program on four of the ketones on the ITC List: MEK, MIBK, MO and isophorone. The program involves developing use and exposure information, as well as a voluntary test program.

A 90-day inhalation study on methyl isobutyl ketone (MIBK) is currently underway and reproduction and teratology studies are under consideration. The panel will follow closely complimentary testing on methyl ethyl ketone by CIIT, and methyl isoamyl ketone by Eastman Kodak. The panel has met once with EPA on testing recommendations for ketones under Section 4(a) and is developing a document for submission to the Agency. The document will present summaries of toxicity data on the four ketones and use and exposure information. An overview of the research program will also be included.

8.15 Phosgene (P)

The Phosgene Panel was formed in April, 1975. Its purpose is to maximize safety in the production and use of phosgene, to reduce the possibility of exposure incidents, and to develop effective diagnostic procedures and therapeutic countermeasures. The panel is studying means for monitoring concentrations of phosgene in air, means of evaluating actual exposures to phosgene as a guide to medical treatment, and means of preventing incidents of phosgene release. Toward this objective, the panel has funded:

- o two animal studies and published two papers in the Archives of Environmental Health (These studies suggested possible mechanisms of Phosgene poisoning and candidate therapeutic agents.);
- o a worldwide literature search; and,
- o a third animal study directed toward exposure of candidate therapeutic agents expected to be effective based on the literature search or on results from the first two animal research projects.

In order to improve engineering and safety practices during the manufacturing or use of phosgene, the panel is structuring and conducting four surveys to identify and update this information. Dupont and Dow have each conducted in-house retrospective epidemiology studies on workers exposed to phosgene. The panel does not currently find it feasible to sponsor a prospective study due to the absence of a controlled, phosgene-only exposure.

To improve worker safety, the panel is working with instrument designers and manufacturers to develop instrumentation with maximum sensitivity for both industrial (process) and personal monitoring, develop protective clothing, and self contained breathing devices. The panel is also exploring improved in-plant safety practices and developing optimal post-exposure diagnostic procedures and therapeutic countermeasures.

8.16 Phthalate Esters (PE)

The CMA Phthalate Esters Program Panel, which was formed in 1972, originally concentrated its efforts on studying the environmental effects of phthalates. Extensive literature surveys at that time indicated little or no concern over the health effects of phthalates. The Interagency Testing Committee recommended only environmental testing on the phthalate ester class of compounds. Under the provisions of Section 4 of the Toxic Substances Control Act (TSCA), EPA could develop test rules for environmental testing; however, the phthalate esters panel began development of a comprehensive voluntary environmental effects test program.

As a result of a 1980 draft report from the NCI to the National Toxicology Program which shows that di-2-ethylhexyl phthalate (DEHP; also widely known as DOP) causes hepatocellular carcinoma at high dose levels in laboratory rodents, phthalate esters received increased attention from regulatory agencies. With the disclosure of the new NTP findings, the Program Panel expanded its efforts to include a comprehensive testing program to address the human health concerns. The goal was to develop a comprehensive voluntary test program that would develop test data required under Section 4 of TSCA, but without the imposition of mandatory test rules.

The first phase of the comprehensive environmental effects and human health effects testing program is ready to be implemented. The human health effects portion has been designed to examine a limited number of compounds on a risk assessment basis. The studies which comprise this phase of the program will generate sound scientific data that can be applicable to phthalate esters as a class, rather than to specific chemicals. Allocation of costs, was developed to include all the affected industries, phthalate producers, raw materials suppliers and phthalate users.

The environmental effects testing portion, includes the 14 phthalate esters produced in large volume. The program includes acute testing for all 14 phthalates in three species. Additional acute and chronic test data will be developed for those esters for which test data is not already available. The Phthalate Esters Panel has held several discussions with Mr. Newburg-Rinn of EPA's Test Rules Development Branch. As a result of these discussions, EPA held a public meeting on September 15, 1981 to propose acceptance of the Panel's Voluntary Test Program. Final

acceptance awaits receipt of written comments from the public and some further review within the Agency.

In a response to a Citizen's Petition filed under Section 21 of TSCA, the EPA Office of Pesticides and Toxic Substances conducted a priority review assessment of DEHP which could result in a 4(f) Action being taken by the Agency. The CMA Phthalate Esters Panel is currently working with EPA on this issue.

Phthalate and adipate esters are also of interest to three Bureaus within the FDA, the Bureau of Foods, the Bureau of Biologics and the Bureau of Medical Devices. The Bureau of Biologics and the Bureau of Medical Devices are primarily interested in DEHP use in flexible plastics that come in contact with blood, blood elements or intravenous solutions.

The Bureau of Foods regulates DEHA for use in plastics that come in contact with foods, and DEHP for use in plastics that contact non-fatty foods. In addition, other adipates, di-(C_7, C_9-alkyl) adipate and di-n-alkyl adipate (made from C_6, C_8, C_{10} alcohols) are sanctioned for use in foods, but foods, but the sanctions on these latter compounds were based upon safety of DEHA.

In June 1981, a new Task Group (FDATG) was formed within the Phthalate Ester Panel, to interact with FDA on issues relating to adipates and phthalates. At that time the Bureau of Foods was preparing a strategy document for submission to the FDA commissioner which could have resulted in a restriction or ban of DEHA in food contact applications. The Phthalate Esters FDATG met with representatives of the FDA and successfully delayed the strategy document. The FDATG is currently preparing a detailed review of DEHA toxicity data and developing a voluntary testing program which FDA could accept in lieu of an interim regulation or ban on DEHA. Since the Phthalate Esters Panel was originally organized and funded to address EPA's concerns, the FDATG activities will be funded separately.

The panel faces the challenge of presenting an industry consensus on a class of compounds. Individual participating companies have diverse interests, but all have a common goal--to minimize the regulatory action on these substances by responsible, voluntary programs supported broadly.

8.17 Polychlorinated Biphenyls (PCBs)

The recent decision in EDF v. EPA, NO. 79-1580, set aside two parts of EPA's regulation pertaining to PCBs. The Court found that EPA did not present substantial evidence to support its determination to: 1) exclude from regulation materials containing less than 50 ppm PCBs and, b) define the statutorily exempted "totally enclosed uses" as intact and non-leaking. As a

result of requests by EPA and EDF the Court decided to stay its mandate for up to eighteen months. Within this time period EPA is to collect information and promulgate a supportable regulation on PCBs.

CMA staff, with advice from the Chemical Regulations Advisory Committee (CRAC) and interested company representatives, negotiated with EPA and EDF to gather information on the 50-ppm incidental generation issue. Since CRAC's budget could not support the data-gathering efforts, the Special Programs Division was asked to assume responsibility for this project. The first panel meeting was held in February, 1981.

The PCB Panel is conducting two surveys of its member companies: 1) 50 ppm incidental generation survey - to characterize the nature and scope of the low concentrations of PCBs; 2) totally enclosed survey - to identify the numbers of pieces of electrical equipment which contain PCBs, the volume of such PCBs, and their concentration levels or ranges. The information obtained from these surveys will be presented to EPA. In August 1981, the panel submitted to EPA an analytical narrative dissertation discussing the problems and costs associated with low level PCB analysis. The panel is currently conducting an analytical round-robin testing program which involves both industry and EPA laboratories.

8.18 Rubber Additives (RA)

The Rubber Additives Program Panel was formed in March 1980 to sponsor research that would expand the toxicological data base on rubber chemicals of interest to participating companies.

As an initial effort, the panel sponsored a series of *in vitro* tests on purified and commercial samples of 2-(morpholinothio) benzothiazolesulfenamide (MBS). Further testing of MBS is presently under consideration, as is the need for testing of other rubber additives.

The panel works in close cooperation with both the WTR (International Working Group on Rubber Chemical Toxicology) and the Rubber Manufacturers Association. All three groups have been concerned with nitrosamines in the workplace and the panel is considering undertaking a testing program on nitrosamine.

8.19 Styrene (S)

The Styrene Program Panel is expanding the styrene toxicology data base. The panel also represents the interests of its members before federal agencies in matters relating to safety and health issues.

A two-year chronic and three-generation reproduction study of styrene in drinking water was completed and released to fed-

eral agencies. The panel also reviewed a draft final report on a styrene pharmacokinetic study in mice. The latter study indicated species differences with respect to acute styrene toxicity in rats and mice. The panel presently is assessing how these differences relate to man before proceeding further with a research program.

The panel incorporated a Regulatory Task Group to address EPA's proposed regulations (NESHAP) for benzene emissions from ethyl benzene/styrene plants comments were submitted to EPA on June 1, 1981.

8.20 Titanium Dioxide (TD)

In 1977, Du Pont initiated a review of the literature on titanium dioxide toxicity and concluded that further information was needed to answer possible questions which might be directed at titanium dioxide. The impact of the Toxic Substances Control Act also raised concern as to the adequacy of existing information.

The panel has tentatively concluded that a historical mortality study is not justified at this time. The panel plans to terminate program activities if no new evidence of human health effects is reported as a result of the two year inhalation studies being conducted by Du Pont.

8.21 Trichloroethylene (TCE)

The Trichloroethylene Program Panel was formed on May 12, 1975 in response to an NCI Memorandum of Alert. The panel's primary concern was a long-term inhalation study. A contract was signed in 1975 with Industrial BIO-TEST Laboratories (IBT) to conduct such a study. The testing performed by IBT resulted in a number of grave inadequacies and a final report was not issued. Therefore, the CMA TCE Audit Task Group prepared an audit report. EPA's Cancer Assessment Group has asked the panel to provide validation of chamber concentrations for the first 12 to 15 months of the IBT study.

The panel is monitoring the progress of the NCI bioassay on TCE which involves several strains of mice and rats.

Although the panel contemplated an epidemiological study, SOCMA determined that a study population for an epidemiologic investigation would be too small to yield statistically significant results. Therefore, such a study was not conducted.

8.22 Vinyl Chloride (VC)

Since 1972, the Program Panel has supported activities related to the accumulation and assessment of health and safety data of vinyl chloride monomer.

After funding s veral animal studies, the emphasis on research shifted from toxicological investigations to the early diagnosis and clinical management of vinyl chloride-related injuries. The panel is also funding an update of a vinyl chloride epidemiology study of 10,000 workers.

The panel has maintained a close liaison with SPI and several European-based companies. The present interest in polyvinyl chloride (PVC) dust control limits in the UK is being closely followed. Several months ago OSHA requested information on PVC dust; however, no notice has been published or other action taken.

8.23 Vinylidene Chloride (VDC)

The Vinylidene Chloride Program Panel was formed in May 15, 1974 to investigate the potential toxicologic effects and pharmacokinetics of inhaled and ingested VDC in laboratory animals. Dow Chemical, which was planning research on VDC toxicology, agreed to convert its program into an industry-wide effort. The Two-Year Inhalation Toxicity and Oncogenicity Study of Vinylidene Chloride in Rats is stil in progress.

The Work Practices Task Group of the panel prepared a Health and Safety Work Practices Guideline for Vinylidene Chloride to minimize exposure to VDC. The Guidelines were sent to the Director of NIOSH and the Project Manager for Criteria Documents at SRI. They received no other distribution.

The panel is preparing to respond to a Health Risk Assessment Criteria document on VDC under preparation by the EPA Criteria and Health Assessment Group. OSHA does not have a standard for VDC and EPA is unlikely to require any further toxicity testing on VDC under TSCA Section 4.

The pharmacokinetics and metabolism research show a species sensitivity of Mouse>Rat>Man. The total data bank indicates oncogenicity is not observed without recurrent tissue damage and without a cytotoxic dose; a tumorigenic response in man would be an improbable event.

8.24 Zinc Dialkyl Dithiophosphates (ZDDP)

The ZDDP Program Panel was chartered in November 1980 to conduct research on this class of oil additives. As a first step, gonadal toxicity studies of three ZDDP compounds were initiated in immature and mature rats and rabbits.

Obvious species differences were observed between rabbits and rats with respect to ZDDP toxicity. Consequently, the panel proposes to conduct a comparative in vivo pharmacokinetic study

in the rat, rabbit, and man. A dose-response study is also proposed to determine a no-effect level in rats and rabbits.

In vitro testing of ZDDPs by individual companies has shown that some members of the class have genotoxic potential. The Program Panel is considering conducting mutagenicity/carcinogenicity assays to further assess this potential.

CMA
EC-11/2/81
BD-11/3/81

TABLE 1

BIOMEDICAL AND ENVIRONMENTAL SPECIAL PROGRAMS BUDGET SUMMARY[a]

PROGRAM	RESEARCH AND ADVOCACY COMMITMENT	ADMINISTRATIVE EXPENSES	TOTAL
Acrylonitrile	$ 728,484	$ 79,172	$807,656
Allyl Chloride	309,500	17,186	326,686
Arsenic	10,000	8,600	18,600
Benzene	3,048,684	112,262	3,160,946
Butylated Hydroxytoluene	21,944	29,467	51,411
Chlorobenzenes	370,722	37,952	408,674
Epichlorohydrin	315,032	27,432	342,464
Epoxy Resins	- 0 -	15,059	15,059
Ethylene Dibromide	10,039	43,032	53,071
Ethylene Dichloride	288,100	64,449	352,549
Ethylene Oxide	- 0 -	15,518	15,518
Glycol Ethers	313,000	15,232	328,232
Ketones	208,880	28,977	237,857
Phosgene	217,512	85,728	303,240
Phthalate Esters	186,585	132,628	319,213
Polychlorinated Biphenyls	100,434	18,869	119,303
Rubber Additives	30,725	17,730	48,455
Styrene	708,218	66,545	774,763
Titanium Dioxide	30,725	23,969	54,694
Trichloroethylene	490,506	89,738	580,244
Vinyl Chloride	1,326,562	119,701	1,446,263
Vinylidene Chloride	729,482	57,440	786,922
Zinc Dialkyl Dithiophosphates	79,857	12,207	92,064
Subtotal	9,524,991	1,118,893	10,643,884
Fluorocarbons	9,216,650	569,753	9,786,403
TOTAL	$18,741,641	$1,688,646	$20,430,287

[a] Fluorocarbons program from start thru May 30, 1981. All other programs start to to September 25, 1981.

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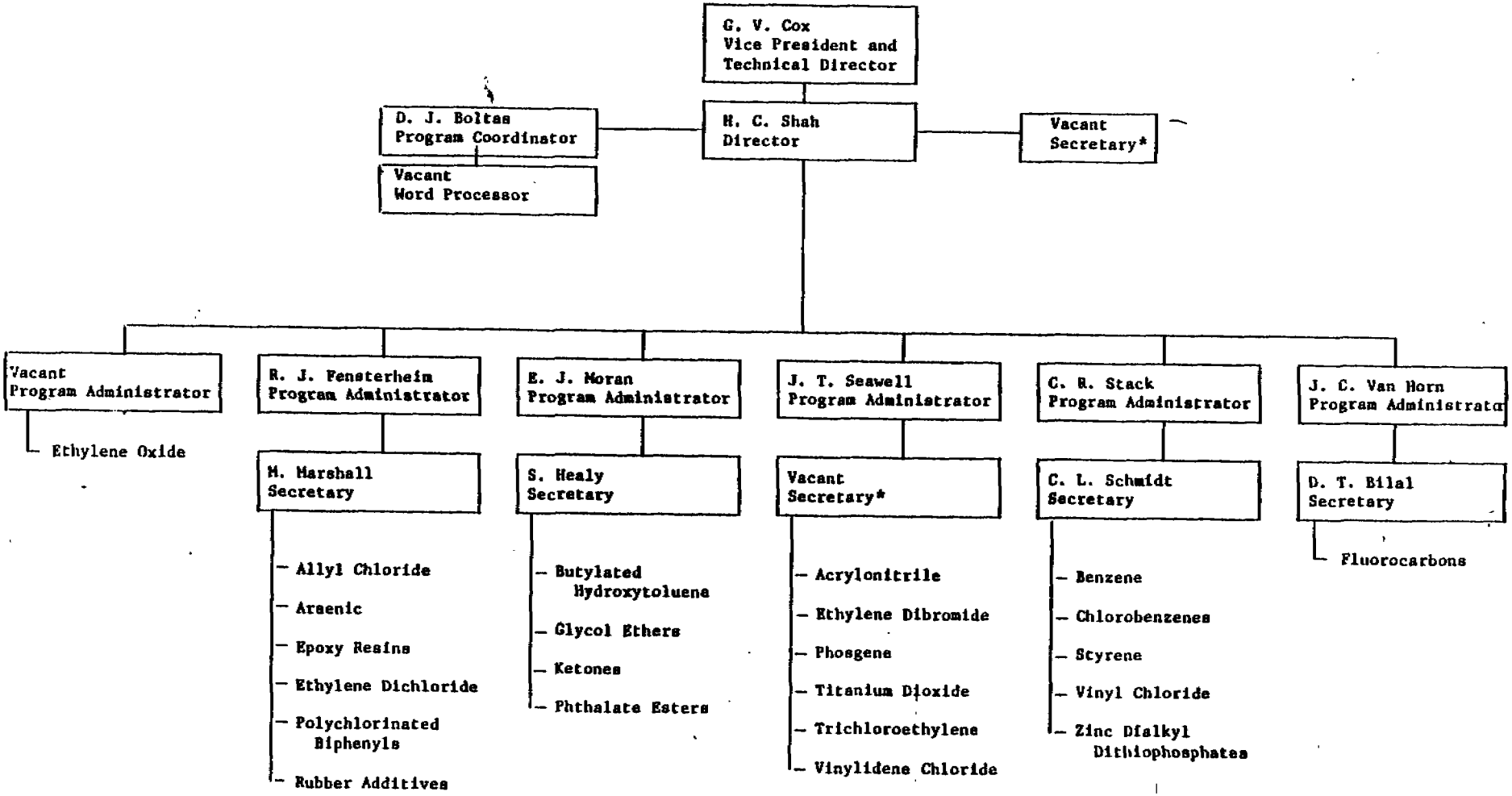

*shared

Figure 1 - Biomedical and Environmental Special Programs Division

BIOMEDICAL AND ENVIRONMENTAL

SPECIAL PROGRAMS ADVISORY COMMITTEE (SPAC)

The Committee will: advise the Executive Committee on the acceptance of new programs, ensure that all special programs are conducted in a manner consistent with CMA policy and with the Special Program Guidelines; and, review and make recommendations on all advocacy programs on individual chemical(s) requested by a program panel or staff.

TERM ENDING MAY 31, 1982

H. Donald Feeney.....	Borg-Warner Chemical Corporation, International Center, Parkersbury, WV 26101
George J. Levinskas.....	Monsanto Company, 800 North Lindbergh Boulevard, St. Louis, MO 63166
Curtis W. Smith.....	Shell Chemical Company, P. O. Box 2463, Houston, TX 77001
Otto Sturzenegger..... Chairman*	CIBA-GEIGY Corporation, Ardsley, NY 10502
Carl Umland.....	Exxon Chemical Americas, P. O. Box 3272, Houston, TX 77001

TERM ENDING MAY 31, 1982

William C. Becker.....	The BFGoodrich Company, 6100 Oak Tree Boulevard, Cleveland, OH 44131
Calvin Benning.....	Essex Chemical Corporation, 1401 Broad Street, Clifton, NJ 07015
Conrad Kent.....	Stauffer Chemical Company, Westport, CT 06880
Myrl E. Miller.....	IMC Chemical Group, 421 East Hawley Street, Mundelein, IL 60060
Gary Ter Haar.....	Ethyl Corporation, 451 Florida Avenue, Baton Rouge, LA 70801

Appendix A

TERM ENDING MAY 31, 1984

Noble Robinson.....Mallinckrodt, Inc., P O Box 5840, St. Louis, MO 63134

Jerry M. Smith.....Rohm and Haas Company, Spring House, PA 19477

Gary Sunshine.....ICI Americas, Wilmington, DE 19897

Joan E. Young.....Petrolite-Tretolite Division, 369 Marshall Avenue, St. Louis, MO 63119

John J. Zimmerman...ARCO Chemical Company, 3801 West Chester Pike, Newtown Square, PA 19073

Staff Executive: Hasmukh C. Shah

*Through May 31, 1982

LIST OF SPECIAL PROGRAMS

NUMBER	PROGRAM NAME	PROGRAM TYPE	START DATE	COMPLETION DATE
1.	Acrylonitrile	Research	06/20/74	
2.	Allyl Chloride	Research	08/19/75	
3.	Arsenic	Research and Advocacy	01/29/81	
4.	Benzene	Research and Advocacy	02/08/77	
5.	Butylated Hydroxytoluene (BHT)	Research and Advocacy	09/19/77	
6.	Chlorobenzenes	Research	12/16/74	
7.	Epichlorohydrin	Research	08/19/75	08/31/80
8.	Epoxy Resins	Research and Advocacy	01/18/77	
9.	Ethylene Dibromide	Research	03/22/79	
10.	Ethylene Dichloride	Research	12/17/74	
11.	Ethylene Oxide	Research and Advocacy	04/16/81	
12.	Fluorocarbons	Research and Advocacy	04/09/73	
13.	Glycol Ethers	Research and Advocacy	06/26/80	
14.	Ketones	Research and Advocacy	01/23/80	
15.	Phosgene	Research	05/18/72	
16.	Phthalate Esters	Research and Advocacy	02/24/72	
17.	Polychlorinated Biphenols	Advocacy	02/11/81	
18.	Rubber Additives	Research and Advocacy	09/10/79	
19.	Styrene	Research and Advocacy	10/24/74	
20.	Titanium Dioxide	Research	06/13/77	
21.	Trichloroethylene	Research	05/12/75	
22.	Vinyl Chloride	Research and Advocacy	11/16/71	
23.	Vinylidene Chloride	Research	05/15/74	
24.	Zinc Dialkyl Dithiophosphates	Research and Advocacy	10/02/80	

COMPANIES PARTICIPATING IN SPECIAL PROGRAMS

ABBOTT LABS
Ethylene Oxide

AIR PRODUCTS
Vinyl Chloride

AKZO CHEMIE BV
Fluorocarbons

ALLIED CORPORATION
Fluorocarbons, Ketones, Phthalate Esters, Phosgene

AMAX LEAD & ZINC, INC.
Arsenic

AMERICAN CYANAMID
Acrylonitrile, Phthalate Esters, Rubber Additives

AMERICAN HOECHST
Styrene

AMOCO
Benzene, Styrene, Zinc Dialkyl Dithiophosphates

ANACONDA COPPER COMPANY
Arsenic

ARCO CHEMICAL
Benzene, Phthalate Esters, Polychlorinated Biphenyls

ARCO/POLYMERS
Styrene

ASAHI-DOW LIMITED
Vinylidene Chloride

ASAHI GLASS CO., LTD.
Fluorocarbons, Vinylidene Chloride

ASARCO INC.
Arsenic

ASHLAND CHEMICAL
Benzene

ASSOCIATED OCTEL COMPANY
Ethylene Dibromide

AUSTRALIAN FLUORINE CHEMICALS PARTY, LTD.
Fluorocarbons

BASF WYANADOTTE
Ethylene Dichloride, Ethylene Oxide, Phosgene, Phthalate Esters.

BECTON DICKINSON
Ethylene Oxide

BETHLEHEM STEEL
Benzene

BORDEN CHEMICAL
Ethylene Dichloride, Phthalate Esters, Vinyl Chloride

BORG-WARNER CHEMICALS
Acrylonitrile, Styrene

BRISTOL LABS
Ethylene Oxide

C-I-L, INC.
Trichloroethylene

CELANESE PLASTICS SPECIALTIES CO.
Epoxy Resins, Ethylene Oxide

CERTAIN-TEED
Vinyl Chloride

CHESEBROUGH PONDS
Ethylene Oxide

CHEVRON
Phthalate Esters, Zinc Dialkyl Dithiophosphates

CIBA-GEIGY
Epoxy Resins

CONOCO CHEMICALS
Ethylene Dichloride, Ethylene Oxide, Phthalate Esters, Vinyl Chloride

COSDEN OIL
Benzene, Styrene

CRESCENT MANUFACTURING CO
Ethylene Oxide

DAIKIN KOGYO CO. LTD.
Fluorocarbons

DART INDUSTRIES
Butylated Hydroxytoluene

DIAMOND SHAMROCK
Arsenic, Ethylene Dichloride, Polychlorinated Biphenyls, Phthalate Esters, Trichloroethylene, Vinyl Chloride

DOW CHEMICAL
Acrylonitrile, Allyl Chloride, Benzene, Chlorobenzenes, Epoxy Resins, Ethylene Dibromide, Ethylene Dichloride, Ethylene Oxide, Glycol Ethers, Ketones, Styrene, Trichloroethylene, Vinyl Chloride, Vinylidene Chloride

E. I. DU PONT DE NEMOURS & CO.
Acrylonitrile, Benzene, Ethylene Dichloride, Fluorocarbons, Phosgene, Phthalate Esters, Polychlorinated Biphenyls, Titanium Dioxide, Vinylidene Chloride

DU PONT CANADA INC.
Fluorocarbons

ELCO CORPORATION
Zinc Dialkyl Dithiophosphates

EL PASO PRODUCTS COMPANY
Styrene

EASTMAN KODAK
Polychlorinated Biphenyls

ESSEX CHEMICAL (RACON)
Fluorocarbons

ETHYL CORPORATION
Allyl Chloride, Ethylene Dibromide, Ethylene Dichloride, Phthalate Esters, Trichloroethylene, Vinyl Chloride, Zinc Dialkyl Dithiophosphates

EXXON
Benzene, Ketones, Polychlorinated Biphenyls, Phthalate Esters, Vinyl Chloride, Zinc Dialkyl Dithiophosphates

FOXMATIC CORP
Ethylene Oxide

GENERAL ELECTRIC
Phosgene, Phthalate Esters, Polychlorinated Biphenyls

GENERAL TIRE & RUBBER
Phthalate Esters, Vinyl Chloride

BFGOODRICH
Allyl Chloride, Ethylene Dichloride, Rubber Additives, Vinyl Chloride, Vinylidene Chloride

GOODYEAR TIRE & RUBBER
Rubber Additives, Vinyl Chloride

W. R. GRACE
Vinyl Chloride, Vinylidene Chloride

GREAT AMERICAN CHEMICAL
Vinyl Chloride

GREAT LAKES
Ethylene Dibromide

GULF CHEMICAL CO.
Acrylonitrile, Benzene, Ethylene Dichloride, Styrene, Vinyl Chloride

GULF & WESTERN
Titanium Dioxide

HALCON
Ethylene Oxide

HOECHST AG/AMERICAN HOECHST
Fluorocarbons

HOOKER CHEMICAL
Polychlorinated Biphenyls, Trichloroethylene, Vinyl Chloride

ICI AMERICAS
Ethylene Dichloride, Glycol Ethers, Vinyl Chloride

IMPERIAL CHEMICAL INDUSTRIES PLC
Fluorocarbons, Trichloroethylene

INMONT CORPORATION
Phthalate Esters

ISC CHEMICALS LTD
Fluorocarbons

JAPAN FLON GAS ASSOC.
Fluorocarbons

JOHNSON & JOHNSON
Ethylene Oxide

KAISER ALUMINUM AND CHEMICAL CORP
Fluorcarbons, Polychlorinated Biphenyls

KALI CHEMIE AG
Fluorocarbons

KENDALL CO
Ethylene Oxide

KEYSOR-CENTURY
Vinyl Chloride

KOPPERS COMPANY
Arsenic, Benzene, Butylated Hydroxytoluene, Phthalate Esters

KUREHA CHEMICAL INDUSTRY
Vinylidene Chloride

LUBRIZOL
Zinc Dialkyl Dithiophosphates

MALLINCKRODT INC
Ethylene Oxide

MICRO BIOTROL
Ethylene Oxide

MITSUI FLUOROCHEMICALS LTD
Fluorocarbons

MOBAY CHEMICAL
Phosgene, Rubber Additives

MOBIL OIL CORPORATION
Benzene, Phthalate Esters

MONSANTO COMPANY
Acrylonitrile, Benzene, Chlorobenzenes, Ketones, Polychlorinated Biphenyls, Phthalate Esters, Rubber Additives, Styrene, Vinyl Chloride, Vinylidene Chloride

MONTEDISON SPA
Fluorocarbons, Phosgene

MONTROSE CHEMICAL CORP OF CA
Chlorobenzenes

MORTON CHEMICAL
Vinylidene Chloride

NALCO CHEMICAL COMPANY
Ethylene Oxide

NL INDUSTRIES
Titanium Dioxide

OLIN CORPORATION
Glycol Ethers, Polychlorinated Biphenyls, Phosgene, Vinylidene Chloride

OSMOSE WOOD PRESERVING COMPANY
Arsenic

PANTASOTE
Phthalate Esters

PENNWALT
Arsenic, Fluorocarbons, Rubber Additives

PHILLIPS PETROLEUM COMPANY
Benzene

PPG INDUSTRIES
Chlorobenzenes, Ethylene Dibromide, Ethylene Dichloride, Ethylene Oxide, Glycol Ethers, Polychlorinated Biphenyls, Phosgene, Trichloroethylene, Vinyl Chloride, Vinylidene Chloride

POLYSAR LIMITED
Benzene

PRODUITS CHIMIQUES UGINE KUHLMANN
Fluorocarbons

REICHHOLD CHEMICALS
Epoxy Resins

ROHM & HAAS
Vinylidene Dichloride

RUBICON
Phosgene

SALSBURY LABS
Arsenic

SCM CORPORATION
Titanium Dioxide

SHELL CHEMICAL COMPANY
Allyl Chloride, Benzene, Butylated Hydroxytoluene, Epoxy Resins, Ethylene Dichloride, Ethylene Oxide, Glycol Ethers, Ketones, Phthalate Esters, Vinyl Chloride, Styrene, Zinc Dialkyl Dithiophosphates,

SHERWIN WILLIAMS
Butylated Hydroxytoluene

SHERWOOD MEDICAL
Ethylene Oxide

SHOWA DENKO KK
Fluorocarbons

STANDARD CHLORINE CHEMICAL CO
Chlorobenzenes

STANDARD OIL (OHIO)
Acrylonitrile, Benzene

STANGE COMPANY
Ethylene Oxide

STAUFFER CHEMICAL
Ethylene Dichloride, Phosgene, Phthalate Esters, Polychlorinated Biphenyls, Vinyl Chloride

STEPEN CHEMICAL
Phthalate Esters

SUN PETROLEUM PRODUCTS
Styrene

SUNSHINE MINING CO
Arsenic

TECKNOR-APEX
Phthalate Esters

TENNESSEE EASTMAN
Acrylonitrile, Glycol Ethers, Ketones, Phthalate Esters, Vinylidene Chloride

TENNECO CHEMICALS
Vinyl Chloride

TEXACO INC
Benzene, Ethylene Oxide, Glycol Ethers, Zinc Dialkyl Dithiophosphates,

TIOXIDE CANADA, LTD
Titanium Dioxide

TOMS RIVER
Phosgene

TRAVENOL LABS
Ethylene Oxide

UNION CARBIDE
Benzene, Ethylene Dichloride, Ethylene Oxide, Glycol Ethers, Ketones, Polychlorinated Biphenyls, Phosgene, Phthalate Esters, Styrene, Vinyl Chloride

UNION OIL OF CA
Vinylidene Chloride

UNIROYAL, INC.
Acrylonitrile, Butylated Hydroxytoluene, Rubber Additives, Vinyl Chloride

USS CHEMICALS
Benzene, Phthalate Esters, Styrene

UPJOHN COMPANY
Phosgene

VULCAN MATERIALS
Ethylene Dichloride, Polychlorinated Biphenyls

WITCO CHEMICALS
Phthalate Esters

WARREN CHEMICAL CO
Ethylene Oxide

EXHIBIT H

TECHNICAL DIRECTOR'S REPORT

Since the last Board of Directors' meeting, the Technical Director made presentations at the following conferences:

- National Solid Waste Management Association Conference on Waste Technology (Boston, MA). Topic: Degree of Hazard.

- Management of Uncontrolled Hazardous Waste Sites (Washington, DC). Plenary Lecture. Topic: Degree of Hazard.

She participated in media tours in San Francisco, Detroit, Boston and Providence.

The Technical Director is working actively with the Conservation Foundation to develop a hazardous waste siting booklet for use in local communities. She also participated as a member on the Coast Guard's Chemical Transportation Advisory Committee where an international Superfund was discussed. (See Environmental Programs.)

The major activities of the Technical Department -- outside of those detailed in the following sections -- centered on preparation for the Semiannual Meeting and the report for the Technical Review Committee. The Review will be on November 10.

CHEMTREC

The next CHEMTREC workshop is scheduled for Louisville on November 18-19. The Director and selected Advisors are working with Texas A&M to refine their presentation. They're working to reduce to a minimum the outside resources required. This program will continue through the three remaining developmental workshops.

There are now 18 companies, with 24 stations, on the "hard copy" network. Approximately one-third of the total traffic goes through this system.

The CHEMTREC Advisors met October 28-29 to discuss a number of matters, including reporting by carriers, and emergency response outside of the United States.

DISTRIBUTION

In oral and written comments to the Senate Committee on Science, Commerce and Transportation, CMA opposed proposed amendments (S. 1593) to the Shipping Act of 1916, which would increase regulation of ocean transport and reduce competition. The amendments would adversely affect the ability of U.S. chemical shippers to participate in an increasingly competitive world market.

CMA is preparing briefs and comments to be filed before the courts and the Interstate Commerce Commission regarding proceedings of the Commission to implement the Staggers' Rail Act of 1980. Involved are determinations of revenue adequacy (Ex Parte 393), inflation index (Ex Parte 290) and market dominance (Ex Parte 320). All are related to the determination of railroad freight rates and periodic adjustments (always up).

ENERGY

CMA's view on natural gas policy, with one-page summary and a question and answer format, was distributed to members, including Washington Representatives, state liaison contacts and allied trade associations. Also, the Committee is developing a program to brief Washington Representativs on natural gas issues. A similar program is contemplated to communicate CMA views to Congressional staff representatives. CMA is also preparing testimony for November 5 oversight hearings to be conducted by the Senate Committee on Energy and Natural Resources. Daniel M. Greeno, Group Vice President, Stauffer Chemical Company, will testify on behalf of CMA.

The debate on energy emergency preparedness legislation continues in Congress. Although CMA is opposed to legislation, if allocation plans are adopted CMA will work in conjunction with allied trade associations to obtain a priority for chemical feedstocks.

Final Fuel Use Act rules for new and existing facilities offer many improvements which had been recommended previously by CMA. CMA is proposing additional comments to the Department of Energy because important sections of the rules have been reissued as proposed rules.

The Senate Finance Committee conducted oversight hearings on energy tax incentives October 19. CMA has concluded that it would not be appropriate to advocate market forces as the essential basis for energy policy, and at the same time, advocate subsidies such as additional energy conservation tax incentives.

A member survey indicates that for the 12-month period ending June 30, 1981, CMA members have improved energy efficiency by 23.4%, compared with 1972.

ENGINEERING

CMA reviewed and commented on five standards of substantial interest to the chemical industry. They were proposed for adoption as American National Standards by Underwriters Laboratories (UL) and Manufacturers Standardization Society. CMA's major concern continues to be adequate safety at reasonable cost. Of those reviewed, CMA reaffirmed its negative vote on three UL proposals because of inadequate wire beading space, which would result in excessive installation and maintenance costs.

The Committee is planning a forum on the causes and effects of power outages, and cures for them, with a view towards formulating remedial action.

The Committee is preparing and selecting a speaker for the program for the third Process Computer Users Forum to be held in May 1982. This forum will build upon what was learned last time about distributed computer control. It will also explore managerial considerations including use of management information systems and scientific computations, and full utilization of installed systems.

CHEMICAL REGULATIONS

CRAC has been meeting with EPA in a series of discussions on CMA's petition requesting exemptions from PMN requirements for low-volume chemicals, site-limited intermediates, and certain polymers. The meetings have focused on issues raised by EPA and data requirements that the Agency believes it needs prior to proposed rulemaking. Examples include definition of a qualified expert, criteria for polymer exemptions and justification for a 25,000 pound cut-off for low-volume exemptions, among others. CRAC intends to complete its discussions with EPA by the end of 1981, and looks for EPA proposed rules during the first quarter of 1982.

CMA staff prepared an economic analysis supporting our 25,000 pound cut-off for low-volume PMN exemptions. PMN-associated costs were shown to adversely impact the marketability of new chemicals, which, in turn, reduces the innovative capability of the chemical industry.

CRAC representatives and CMA staff met with Don Clay, Director of the Office of Toxic Substances (OTS) to discuss major regulatory issues under TSCA. Mr. Clay has assigned

three of his staff to develop comprehensive EPA programs for reporting, PMNs, and contract management for OTS activities. PMN exemptions will be part of EPA's priority programs, which gives us assurance that proposed PMN exemption rules will be ready soon.

Staff updated the portion of CMA's submission to the Vice President's Task Force on Regulatory Relief dealing with TSCA-related issues. The update detailed the progress EPA has made in addressing the key issues highlighted in the original report.

CRAC held a two-day planning meeting on October 21-22 to discuss how the current objective and key strategies of each task group are helping to achieve the overall goals of CMA and to promote effective regulations under TSCA.

CRAC plans to hold an Information Meeting for CMA members on December 3. Dr. John Todhunter (EPA) is the invited guest speaker; he will speak on the Agency's plans for implementing TSCA.

Testing

Comments are being prepared on EPA test rules proposed June 5, and on OECD proposed test guidelines. The task group is also working on a strategy for getting closure on Section 4 Test Standards and related issues.

Reporting

Plans are being made to develop a strategy for implementing Section 8 of TSCA in a more integrated manner. The task group looks forward to interacting with EPA in this effort.

CSIN

The major effort of the task group is planning a workshop for early 1982 on the subject of data quality.

HAZARDS COMMUNICATIONS SPECIAL COMMITTEE

CMA submitted a draft hazards communications proposal to OSHA on July 13, 1981. The OSHA Work Group has reviewed CMA's proposal and has allegedly incorporated most of industry's positions in its own draft. As of October 3, the OSHA draft had not been signed by Secretary Donovan. A publication date is, therefore, unknown.

The CMA draft proposal focuses on Material Safety Data Sheets, worker training and education programs, and workplace hazards communications. It is anticipated that these same

components will be incorporated into the OSHA rule, but the final standard will most likely be a more complex proposal than that developed by CMA.

OCCUPATIONAL SAFETY AND HEALTH

Access to Records

OSHA stayed parts of the rule on access to employee records to consider confidentiality of trade secrets. CMA recommended that negotiations with employee representatives, not regulations, should determine the conditions for allowing access to records with trade secrets. Moreover, CMA continues to intervene in the AFL/CIO legal action to prevent further broadening of access to employee records.

Hearing Conservation

In comments to OSHA, CMA recommended that stays be continued on the amendment to the occupational noise standard. CMA made additional suggestions on remaining parts of the standard to permit continued use of hearing conservation programs which have been so successful in the chemical industry.

Informing Primary Care Physicians About Occupational Medicine

CMA co-sponsored a pioneering course in cooperation with the American Occupational Medical Association, to inform primary care physicians and other health professionals about occupational medicine. Attendance was good and the presentations were well received.

Reproductive Hazards

Reproductive hazards in the workplace remain a major chemial industry concern. In its comments on the Interagency Regulatory Liaison Group's Risk Assessment Work Plan for control of reproductive hazards, CMA discussed the complexity and lack of information on this subject.

Targeting

CMA endorsed OSHA proposals for targeting safety inspections and made suggestions for improvement. These included the use of OSHA recordable injuries and self-reporting of these data to the Agency. OSHC will continue to work with the Agency on this matter.

PUBLIC RISK ANALYSIS SPECIAL COMMITTEE

PRASC developed a proposed policy for regulatory impact analysis for health, safety and environmental chemical regu-

lations. The proposed policy addresses all pertinent aspects of regulatory impact analysis of which public risk analysis is one component. A CMA position on regulatory impact analysis is important because of the potential impact of Executive Order 12291.

On September 29, CMA's Board of Directors approved the Public Risk Analysis Special Committee's proposed policy on regulatory impact analysis.

At the Semiannual Meeting in November, CMA will recommend to its Executive Committee and Board of Directors that PRASC sunset and a new committee be formed. This new committee, the Regulatory Impact Special Committee (RISC), will have a charter and objectives more in line with the CMA policy on regulatory impact analysis. Among its several tasks, RISC will define and develop appropriate methodologies for use in regulatory impact analysis by CMA.

ENVIRONMENTAL PROGRAMS

Regulatory Reform

CMA sent out a letter to CMA committee chairmen, vice chairmen, task group leaders and staff executives requesting their assistance in providing Vice President Bush with an interim progress report on the accomplishments and remaining tasks of the Administration's regulatory relief program.

Clean Air Act

Comprehensive written testimony is being prepared for submittal to Congressman Waxman's Subcommittee on Health and the environment concerning amendment of the Clean Air Act. The materials submitted will cover all of CMA's positions on amending the Clean Air Act.

A CMA delegation participated in a meeting at EPA-Durham to discuss the Agency's plans for regulation under Section 112 of the Clean Air Act. On chemicals yet to be listed, EPA plans Science Advisory Board review of the listing (several will be reviewed in early 1982), then several option papers will be available for the Administrator to review. The regulatory options include: regulate under Section 111(d), list immediately under Section 112, proceed toward listing and regulating under Section 112. EPA seemed willing to consider changes in the Act including compressing listing and standard setting, use of "unreasonable risk" and regulating by source categories.

Superfund

Members of the Superfund Task Group met with EPA representatives to discuss EPA's new concept on the "how clean

is clean" issue. EPA has suggested that practicable engineering solutions be used and they would like to develop a matrix to be used as a guidance document. CMA is developing recommendations which will be submitted to EPA. The meeting represented significant progress in developing a workable approach for the "how clean is clean" issue.

Members of CMA Environmental, Distribution, and Legal staff met with representatives of the U.S. Coast Guard to discuss an IMCO draft Articles for a Convention on Liability and Compensation in Connection with the Carriage of Noxious and Hazardous Substances by Sea. Our review of this draft indicates that it appears to be an international Superfund with all the unacceptable provisions we were able to minimize last year. We discussed the position(s) to be espoused by the U.S. Delegation (i.e., the Coast Guard).

Speaking Engagements

Joe Mayhew attended the Oak Ridge National Laboratory Life Sciences Symposium in Gatlinburg, Tennessee on October 5-6. He gave a presentation on "The Effect of the Resource Conservation and Recovery Act on Hazardous Waste Treatment and Disposal Practices in the Chemical Industry."

J. Harvey conducted a media tour in Central Florida October 26-28, 1981. She concentrated her remarks primarily on the topic of hazardous wastes.

BIOMEDICAL AND ENVIRONMENTAL PROGRAMS

Allyl Chloride

The Allyl Chloride Program Panel has recently accepted the draft final report by Dow Chemical of the pharmacokinetic and metabolic properties of allyl chloride. The panel is currently awaiting the completion of a 90-day inhalation study.

Arsenic

CMA and the National Bureau of Standards are sponsoring an Arsenic Symposium to be held in Gaithersburg, MD on November 4-5, 1981. The symposium will provide a means whereby industry and government agencies may reach an understanding for cost-effective regulation of arsenic as a hazardous material through knowledge of production and use patterns, toxicologic properties, and the presence of arsenic in the environment.

The Arsenic Program Panel sponsored a literature review of the suspected carcinogenic effects of arsenic with Dr. Harding-Barlow.

Butylated Hydroxytoluene (BHT)

The joint FAO/WHO Expert Committee on Food Additives recently extended the temporary average daily intake (ADI) for BHT, pending receipt of additional testing data.

Chlorobenzenes

EPA and the chlorobenzenes producers have agreed on a decision-tree approach to the testing of chlorobenzenes in the voluntary industry test program. The Toxicology Research Group has recommended that Dr. Gary Williams of the American Health Foundation perform the cell transformation assays and EPA is in agreement with this recommendation. Requests for proposals to conduct a two-generation reproduction study on monochlorobenzene were sent to five contract laboratories.

Ethylene Dibromide (EDB)

The International Brotherhood of Teamsters urged in a September 2, 1981, petition that the Occupational Safety and Health Administration (OSHA) issue an emergency temporary standard (ETS) reducing the exposure limit for the fumigant EDB. The Teamsters' petition claims that "three major studies" show EDB to be a potent carcinogen at levels far below those allowed under the present OSHA standard. OSHA has been asked to write an ETS. OSHA has no definitive plan of action until it has obtained more data. Information from the panel will be considered. Dr. L. Vernon White of Great Lakes Chemical and Mr. Roger Mangham of Ethyl Corporation will attend an OSHA meeting on EDB on October 13 as industry representatives.

Ethylene Dichloride

The Ethylene Dichloride Program Panel is endeavoring to clarify several questions relating to the final report of the chronic inhalation study conducted for the panel by Drs. Maltoni and Spreafico.

Ethylene Oxide

Membership of the newly formed Ethylene Oxide Industry Council includes 28 companies and associations. The Scientific and Regulatory Committees have formed several task forces that are in the process of developing programs. Budgets and proposals are to be submitted to the EOIC Executive Committee by November 1.

On September 28, OSHA denied a petition of the the Public Citizen Health Research Group and the American Federation of State, County and Municipal Employees to issue an emergency temporary standard. Also OSHA stated that an advance notice of proposed rulemaking (ANPR) would be issued. Included in the

denial was a statement that regulation of sterilant and pesticide end users of ethylene oxide would be under EPA's jurisdiction.

It was expected that the Health Research Group would file a motion for injunctive relief in the DC District Court; however, this has not occurred. On October 1, the Group did file a discovery request with OSHA for documents used as a basis for the denial.

Fluorocarbons

All 19 participating companies have committed to the increased budget of $1.9 million for calendar year 1982. There is no indication that the industry contribution to the resolution of the validity of the Ozone Depletion Theory will diminish in the near future.

Four CMA representatives attended the UNEP Coordinating Committee on the Ozone Layer at Copenhagen, Denmark, on October 12-16, 1981.

Two task forces and the Fluorocarbon Program Panel (FPP) met in Rome, Italy the week of October 19, 1981. A number of visiting scientists participated in presentations and panel discussions on atmospheric measurements techniques and results and the status of atmospheric modeling.

Due to budget difficulties, NASA cannot commit, at this time, to fund one-half the atmospheric lifetime experiment (ALE) for the next year (total cost approximately $400,000). Therefore, FPP will reallocate authorized funds to support the whole program for the six months starting 11/1/81. It is essential that the five ALE stations continue measurements after existing contracts expire 10/31/81.

CMA will testify on the state of the science before the House Subcommittee on Health and the Environment in early November.

Glycol Ethers

The panel is considering developing exposure data and has begun a liaison program with NPCA and CSMA. The panel is also considering what role, if any, they wish to play in an advocacy program with EPA and/or OSHA. Current advocacy activities involve interactions with NIOSH, ACGIH, and ECETOC.

Ketones

The panel is undertaking an advocacy program on four ketones on the ITC list: MEK, MIBK, MO and isophorone. The program involves developing use and exposure information, as well as a voluntary test program.

A 90-day inhalation study on methyl isobutyl ketone (MIBK) is currently underway and reproduction and teratology studies are under consideration. The panel will follow closely complementary testing on methyl ethyl ketone by CIIT, and methyl isoamyl ketone by Eastman Kodak. The panel met once with EPA on testing recommendations for ketones under Section 4(a) and is developing a document for submission to the Agency. The document will present summaries of toxicity data on the four ketones and use and exposure information. An overview of the research program will also be included.

Phosgene

Initial AECM (Albert Einstein College of Medicine) exposure work will begin in early November. Three industrial safety surveys and all the allied material pertinent were approved by the Engineering and Safety Task Group and the panel on October 14 and 15, respectively.

Phthalate Esters

The Phthalate Esters Program Panel has discussed with the Test Rules Development Branch (TRDB) of EPA the voluntary test program to address potential health and environmental effects of a class of compounds. TRDB is currently proceeding with Agency review of the program.

Dr. Hernandez, Deputy Administrator of EPA, is reviewing the matter of DEHP at this time.

The panel's voluntary test program for DEHA, which is aimed at determining the cause of the bioassay results, will be presented to FDA. The panel hopes that FDA will accept the program in lieu of an interim regulation or ban on DEHA.

FDA and CMA scientists are exchanging views on the development of regulatory actions to assure public safety and the continued use of an "irreplaceable" substance in food contact applications.

Polychlorinated Biphenyls (PCB)

The PCB Program Panel is preparing its comments on several ANPRs relating to final regulations on PCBs. Two surveys were initiated to characterize the nature and scope of chlorobiphenyls which are incidentally generated by the chemical industry to identify the number of pieces of electrical equipment which contain PCBs, the volume of PCBs and their concentration ranges. Data form these surveys are in the analysis stage and will be included in the panel's submission to EPA.

An analytical narrative dissertation describing the problems and costs associated with low-level PCB analysis was submitted to EPA on August 25, 1981.

An analytical round-robin testing program was initiated including laboratories from member companies and EPA. Its purpose is to examine invariability of results expected from various laboratories.

Rubber Additives

The CMA Rubber Additives Panel is reviewing the final report from Litton Bionetics. The study evaluated the genotoxic properties of three commercial samples of the rubber accelerator 2-(Morpholinothio) benzothiazolesulfenamide (MBS). The Panel will chemically analyze commercial mixtures of MBS to evaluate the stability of the compound. The panel is currently investigating initiating several other testing programs on mercapto-benzothiazole properties of three commercial samples of the rubber accelerator 2-(Morpholinothio) benzothiazolesulfenamide (MBS). The panel will chemically analyze commercial mixtures of MBS to evaluate the stability of the compound. The panel is currently investigating initiating several other testing programs on mercapto-benzothiazole (MBT), nitrosomorphiline, and additional testing of MBS.

Zinc Dialkyl Dithiophosphates (ZDDP)

ZDDPs manufactured by Ethyl were subject to a battery of in vitro tests. Positive results in some of the assays were obtained and Ethyl submitted the information to EPA as an addendum to a previous TSCA Section 8(e) report on possible reproductive effects associated with these chemicals. Further mutagenicity/carcinogenicity research on ZDDPs is under consideration by the Panel. Phase II of the program will examine species differences with respect to skin absorption of ZDDPs and the use of the rabbit as a model for testicular effects.

CMA

BD - 11/3/81

EXHIBIT I

GENERAL COUNSEL'S REPORT

1. Energy Conservation Standards. CMA expressed its strong opposition to the energy conservation standards proposed by the American Society of Heating, Refrigerating and Air-conditioning Engineers (ASHRAE). These standards would impose a costly and burdensome audit and compliance program for process energy use, as well as the building envelope.

2. Superfund Litigation. CMA's petition to intervene in New Jersey v. United States was granted by Judge Flannery of the U.S. District Court for the District of Columbia. The case tests the meaning of the preemption language found in Section 114(c) of the federal Superfund Act. On September 30, oral arguments were heard on a motion to dismiss the case filed by the United States. The judge reserved ruling on the motion and ordered the United States to file a memorandum responding to CMA's supplementary memorandum.

On September 3, 1981, the Environmental Defense Fund (EDF) filed suit against EPA and OMB in D.C. District Court. EDF asks that EPA be ordered to promulgate the final National Contingency Plan (NCP) under CERCLA by February 1, 1982. On September 17, 1981, the State of New Jersey filed a separate suit in the D.C. District Court against EPA and OMB. New Jersey seeks promulgation not only of the NCP, but also the §106(c) "enforcement guidelines" by February 1, 1982. Both the EDF and New Jersey complaints are assigned to Judge Bratt. As of October 15, EPA has filed no pleadings and no other parties have intervened.

3. CHEMTREC Service Mark. CMA filed papers with the U.S. Patent and Trademark Office seeking to register CHEMTREC as a Service Mark.

4. Patent and Trademark Committee. The legislation (S.1700, H.R. 4482) to create a Court of Appeals for the Federal Circuit is currently stalled in Committee due to increased opposition from the American Bar Association et al. The patent community is hopeful that explanations of the benefit from a single Court of Patent Appeals and elimination of forum shopping will generate more support from the business community who rely on secure patents.

5. Amicus Brief in Support of Fetotoxin Exclusionary Policy. CMA's joint amicus brief with American Cyanamid and the Equal Employment Opportunity Advisory Board in support of Olin's policy of excluding woment of childbearing capacity from work-place exposure to fetotoxins will be filed October 23, 1981. EEOC v. Olin No. 81-1230 (4th Cir. 1981).

6. Access to Exposure and Medical Records. On September 18, 1981, staff counsel filed comments with OSHA supporting interim modifications to the rule which provide increased protection for trade secrets. CMA also requested that the Agency undertake a more comprehensive review of the legality of the entire rule.

On September 30th, the 5th Circuit held that OSHA had improperly designated the promulgation as an occupational safety and health standard and remanded the access rule for further review in the Western District of Louisiana. Louisiana Chemical Association v. Bingham No. 80-3724 (5th Cir.).

7. Revision of ANSI Z129.1-1976. CMA has completed its review of the National Standard for the Precautionary Labeling of Hazardous Industrial Chemicals and will begin the ANSI canvass approval procedure.

8. RCRA Regulations. On October 8, 1981, EPA filed a report to the D.C. District Court in State of Illinois v. EPA which outlines EPA's strategy and timetable for issuing RCRA permitting standards for land disposal facilities. Thus far, EPA has issued no such standards for existing facilities and only temporary standards for new facilities. In EPA's report, EPA projects proposal of the new standards by late 1982 and final promulgation by fall of 1983.

On October 1, 1981, EPA announced in the Federal Register a further six month deferral (to April 13, 1982) of all financial responsibility requirements (both closure/post-closure financing and liability insurance) under RCRA. EPA also announced its intent to propose (by "mid-October") to withdraw all requirements for liability insurance. The position CMA should take in response to this proposal is now being actively considered by the EMC and the RCRA task group.

9. RCRA Litigation. The industry parties to the RCRA portion of the "Consolidated Permits" litigation (NRDC v. EPA) in the D.C. Circuit have basically reached an agreement which settles all of the RCRA-related issues in a manner quite favorable to the industry. Not all of the parties are yet willing to sign to settlement stipulation, however, because certain NPDES-related issues in the same litigation have not yet been ironed out. Upon execution of a settlement stipulation by all parties (expected by the end of October), EPA will then propose changes to its regulations for public comment.

With respect to the litigation challenging EPA's substantive hazardous waste regulations under RCRA (Shell Oil v. EPA), CMA and other parties are actively negotiating settlements on various issues with EPA. Major issues of concern

(definition of solid waste, recycle-reuse, "mixture" rule, incinerator standards, etc.) are being negotiated and resolved on different time-tracks. We expect this process to continue for at least the next six months.

10. CMA v. EPA. (Nonattainment/PSD Case) EPA has offered a proposal to settle the "netting" issue: whether to use actual emissions or allowable emissions as the basis for calculating emission increases from source modifications. The EPA proposal would use allowable emissions as measured by peak capacity (e.g., lbs/hour of pollutant at design capacity), which gives industry credit for giving up physical capacity to emit but would still prevent industry from cashing in on the hours during which the capacity is idle. The industry petitioners, which hav adverse interests on the issue, are attempting to formulate a unified response to EPA.

11. Controlled Treading Policy. In early September, EPA released a pre-proposal draft of a 100-page policy paper outlining requirements for state programs implementing the offset, bubble, and emission banking programs. CMA then submitted written comments criticizing the rigidity of the EPA requirements and questioning whether this is the appropriate time to draw up such a policy statement in view of changes to the PSD and offset rules and imminent revisions to the Clean Air Act.

12. Dusquesne Light v. EPA. (Noncompliance Penalties Case) CMA has participated actively in settlement discussions between industry and EPA on about 20 issues. As of October 9, it remains unclear whether the parties can achieve settlement. EPA insists on a package deal, but the package includes EPA's refusal to even discuss two of the fundamental industry challenges. Industry will prepare a comprehensive counterproposal to present to EPA on October 23.

13. CMA's Section 12(b) Petition. EPA has not responded to CMA's July 3, 1981 petition to amend the Agency's final rules on export notification. CMA is presently awaiting the completion of a joint State and Commerce Department report on a U.S. hazardous substances export policy.

14. Export Policy Task Group. The Export Policy Task Group of the CMA International Trade Committee has prepared proposed CMA position papers on the Foreign Corrupt Practices Act and Senator Roth's trade reorganization bill (S.970). These position papers have been approved by the Committee and are awaiting CMA Executive Committee action. A proposed position paper on DISC's has been forwarded to the Tax Policy Committee for its review, and a position paper on property rights protection overseas has been referred to the Patent and Trademark Committee. A paper on the pending export trading company legislation has been tabled due to insufficient member interest.

15. Export of Hazardous Substances. President Carter's Executive Order, which would have restricted exports of products, including chemicals, that have been restricted in the U.S., was revoked by President Reagan on February 17, 1981. President Reagan requested from the Departments of State and Commerce alternative proposals to improve export notification systems. CMA has been meeting with appropriate federal officials on this subject. The deadline for a report to the President was August 17, 1981. However, the report has not yet been submitted. Completion of the report is expected in the immediate future.

In a related area, there has been recent activity by the OECD Expert Group on Information Exchange Related to Export of Hazardous Chemicals. A questionnaire was sent by the Chairman of the Expert Group for completion by its members on the proper scope of this OECD Information Exchange program and existing export control/notification procedures in OECD member states. The U.S. respondents to the questionnaire included representatives (one each) from the State Department, EPA, industry, and the Natural Resources Defense Council (NRDC).

16. Proposed OECD Decision on MPD. CMA sent a letter to Assistant Secretary of State James Malone on April 2, 1981, expressing CMA's concerns regarding a proposed Decision of the Organization for Economic Cooperation and Development (OECD). Under this proposed Decision, manufacturers of new chemicals in OECD member countries would be required to develop a prescribed set of Minimum Premarketing Data (MPD). The OECD Council action on this Decision has twice been deferred. The United States Department of State has submitted in July, 1981, suggested clarifying language for consideration by other OECD member countries. This clarifying language addresses the legal, scientific, adn policy concerns expressed by CMA. The matter is still under consideration in Paris, with no clear indication at present as to a time frame for Council action.

Concurrent with our communications with the Department of State, CMA has been working with EPA officials on the text of an EPA Policy Statement on the domestic impact of an OECD Council Decision on MPD, that is, to ensure that the Policy Statement would be finalized and approved by the EPA Administrator prior to a Council vote on MPD.

17. OECD: Guidelines on the Protection of Privacy in Transborder Flows of Personal Data. Secretary of Commerce Baldrige recently wrote CMA asking for a public endorsement of the OECD Guidelines on the Protection of Privacy in Transborder Flows of Personal Data. The purposes of these Privacy Guidelines are to help harmonize national privacy legislation, uphold human rights (such as the unlawful storage of personal data, the storage of inaccurate personal data, or abuse of

unauthorized disclosure of such data), and prevent interuptions in international flow of personal data. The Commerce Department is presently seeking voluntary industry compliance with and support of the Guidelines. CMA has sent a memorandum to legal contacts of member companies bringing this matter to their attention. As these Guidelines deal solely with transborder flows of personal data (such as personnel and medical records, etc.), CMA will not be responding directly to the Commerce Department's request for endorsement. CMA will, however, continue to monitor the progress of these Guidelines, as well as the upcoming second phase of this OECD effort, which will deal with transborder flows of corporate data.

Three projects have received most of CMA's attention recently in the Clean Water area: 1) legislative and regulatory changes to the Clean Water program; 2) settlement of the NPDES litigation with EPA; and 3) resolution of CMA's concerns with the general pretreatment program.

1. Clean Water Act Policy. The CMA board of directors approved the Clean Water Act Policy Paper, which was contained in September's meeting book. Meanwhile, the Clean Water Policy Task Group has held two meetings to chart CMA's strategy for advocating its position. The task group has divided the issues between those with primarily legislative solutions and those amendable to regulatory remedies. Separate lobbying strategies will be developed to promote each group of issues. Although EPA still lacks an Assistant Administrator for water, the Acting Assistant Administrator and other upper echelon staff have expressed a strong interest in CMA's position. Through close cooperation with the EPA policy makers, we hope to contribute substantially to the Administrator's emerging policy on Clean Water Act revisions.

2. NPDES Settlement. Final settlement of the NPDES litigation still eludes the industry parties. EPA staff has put up stiff resistance to changes on some important issues, and because of the recent reorgination of Frank Sheperd and the ensuing reorganization of these issues directly with the top-level EPA policy members. As of mid-October, it appears that EPA and industry will resolve the so-called "common issues" (those that overlap the RCRA litigation) and the "new discharger" issues. At least seven major issues, relating mostly to toxics controls and procedural matters, remain without final resolution.

3. General Pretreatment. On October 13, EPA published two important notices. One withdrew the indefinite stay on the Carter administration's amendments to the rules, and proposed to allow the entire program to go into effect on January 31, 1986. At the same time, EPA separately declared its intention to re-evaluate the rules and determine which selected provisions might be stayed beyond January 31, 1982. EPA solicited public comment on which portions of the rules should be subject to further stay.

These EPA actions substantially weaken the force of the environmental group challenge to the suspension of the pretreatment rules (NRDC v. EPA, 3d Circuit). CMA, which has intervened in the NRDC litigation, has also submitted an amicus brief to the D. C. Circuit in a case raising similar questions of law about indefinte stays of final rules. In both contests, CMA argues the right of the executive branch to stay final rules without going through APA informal rulemaking.

18. Regulatory Reform. CMA is continuing to explore opportunities to add amendments to pending regulatory reform legislation. Amendments giving "good science" a role in the regulatory decisionmaking process are being considered which would encourage agencies use of committee and workshops to tap scientific expertise. Amendments are under consideration which assure that risk exposure and risk reduction information will be beneficially evaluated in proposed regulations.

CMA
BD-11/3/81

EXHIBIT J

REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

TAXATION: THE PRESIDENT AND THE FEDERAL BUDGET

When President Reagan made his public appeal last month on new proposals to reach his overall budget goals, he rejected delays in any of the recently enacted individual tax reductions. Instead, the President proposed to enact new measures to eliminate "abuses and obsolete incentives in the tax code." These include proposals to restrict or to repeal the use of tax exempt industrial rev nue bonds, to accelerate the quarterly payment of corporate income taxes, to repeal business and individual energy tax credits, and to eliminate the practice of allowing certain contractors to defer income tax payments until the last year of a multi-year contract. In addition, the President re-emphasized the need to enact legislation for additional user fees on boats, barges, and private airplanes.

As anticipated, the proposed sources of new tax resources cited by the Administration met strong opposition on Capitol Hill. Early warning signals from Senate Finance Committee Chairman Bob Dole (R-Kansas) indicated that at present a majority of the Senate would prefer to postpone the effective date of the Reagan individual tax custs from July to October, both in 1982 and in 1983, rather than to adopt new taxes so near an election year. On the other hand, the House Democratic leadership for the moment appears willing to allow pressure from the economy to build before directly confronting the President's program.

For the moment the President's options appear to be limited in addressing key factors that are largely beyond his control: interest rates, revenue flows to the Treasury, and inflation. At this writing, the possibility of a major slowdown in economic activity appears to have cooled investor demands for higher interest rates, at least for the moment.

ENERGY: NATURAL GAS

It is currently expected that when a formal Administration position on natural gas deregulation is announced, it will include a recommendation for accelerated phased decontrol of all natural gas over a three year period. The present belief is that an announcement will not be made until budget and economic policy issues have been considered by the Congress. General principles or guidelines for legislation, however, may be provided to the Congress in order to promote a hearing process this year. Congressional consideration will also be influenced by the nearing of the 1982 elections.

Oversight hearings on wellhead prices for natural gas have been scheduled by the Senate Energy and Natural Resources Committee for November 5 and 6. The hearings are expected to focus on problems involved in implementing the Natural Gas Policy Act (NGPA), specifically Title I. Undoubtedly discussion will also include the broader natural gas issues, and CMA has requested an opportunity to appear. No House hearings are expected in the near future, but support continues to grow for the major elements of H.R. 4390, offered by Representative Phil Gramm (D-TX-6).

The CMA position and supporting information continues to be provided to key Administration officials and Congressional members. The Government Relations Committee (GRC) Energy Task Group is also preparing to offer a natural gas issues briefing to member company Washington representatives, possibly in November. A natural gas "white paper" that discusses the issues and chemical industry viewpoints is being developed.

ENERGY: EMERGENCY PREPAREDNESS

On September 30, the Senate Energy and Natural Resources Committee completed markup of legislation designed to deal with a major petroleum shortfall. Several amendments to S.1503, the bill introduced by Chairman James A. McClure (R-ID), were included in the final version. The Standby Petroleum Allocation Act of 1981 (SPAA) would provide the President with broad discretionary authority and offer a list of options in the event of a severe petroleum supply shortage. In many respects the reported bill is similar to the expired Emergency Petroleum Allocation Act (EPAA). The same priority provisions of the EPAA were added, including a provision for petrochemicals. The bill is ready for Senate floor action and activity could occur in late October.

Markup has been delayed in the House Energy and Commerce Subcommittee on Fossil and Synthetic Fuels, and probably will not be held until sufficient support exists among Subcommittee members to report out a bill. (However, Chairman Philip R. Sharp (D-IN-10) did introduce a bill, H.R. 4700, similar in many respects to the unamended Senate version. The Standby Authority Petroleum Allocation Act of 1981 differs by not listing specific priority guideline provisions, but would require adoption of regulations consistent with the priorities specified in the old EPAA.

The Administration remains opposed to the passage of any legislation to deal with an energy emergency. CMA, likewise, believes that no legislation is necessary and that free market forces can best allocate resources. In the event that legislation appears imminent, the CMA effort will be to assure recognition of a high priority for feedstocks, as in the Senate bill.

ENVIRONMENT: CLEAN AIR ACT AMENDMENTS

The Reagan Administration is beginning to provide some of the momentum necessary for amendment of the Clean Air Act.

In late September, President Reagan reaffirmed "the Administration's keen interest in seeing Congress make much needed corrections to the Clean Air Act this year", in a letter to Senate Majority Leader Howard Baker and to House Minority Leader Robert Michel. The President's letter described the Clean Air Act as "our top priority in the area of regulatory reform", and changes in the Act as "essential to the success of our overall economic recovery program."

Since then, Vice President Bush has begun selectively contacting members of the Senate Environment and Public Works Committee and the House Energy and Commerce Committee to encourage development of bipartisan legislation in accordance with the 11 principles announced by EPA Administrator Anne Gorsuch in early August. Senator Robert T. Stafford (R-VT.), Chairman of the Senate Committee, now has staff working to develop consensus and legislative language for Committee mark-up, possibly late in October. The Committee's new pace could be a reflection of the fact that Stafford has just announced he is running for re-election, and thus seeks closer ties with the Administration.

On October 13, CMA representatives met with the Senate Committee staff to discuss recently released draft legislative language. Our representatives emphasized our concern on the Prevention of Significant Deterioration (PSD) proposals, but we focused primarily on the Hazardous Air Pollutants porgram proposals (Section 112).

In the House, there has been little movement toward the drafting of a combined mobile and stationary sources bill by Chairman John D. Dingell (D-MI-16) and Ranking Minority Leader James T. Broyhill (R-NC-10). Industry hopes to generate interest in introduction of the necessary bipartisan, comprehensive legislation following the hearings in the Subcommittee on Health and the Environment, which are scheduled through November 9.

CMA testimony on recommended improvements regarding PSD requirements of the Clean Air Act will be delivered at hearings of the Health Subcommittee scheduled for October 28. In addition, a detailed statement on all CMA recommended revisions will be submitted for the record.

Our Clean Air Act legislative program continues to include active participation in a broad business coalition organized to work for amendments this year. We helped develop the coalition's consensus document detailing 12 basic areas of necessary change in the Act to "make it work". We are cooperating in sharing the document with Congressional members and staff in order to show industry unity for prompt action.

Further, as part of our objective to generate both public acceptance and more positive media treatment of the need to amend the Clean Air Act, a CMA "Action Advisory" was issued on September 28 to all member companies, urging: contact with Senators and Representatives; education of local media, local opinion leaders and groups; and, encouragement of others to help carry the message. Background materials were provided and supplemental materials are being sent in later mailings.

ENVIRONMENT: GROUNDWATER POLICY

Rep. Toby Moffett (D-Conn.) September 10 sent a letter to EPA Administrator Gorsuch criticizing EPA's "lack of action" on groundwater protection. The Moffet letter asked Gorsuch to respond by September 30 with "all documents and materials relating to your decision not to issue a national groundwater strategy at this time." Moffet's main concern is that the Administration will not continue working on a National Groundwater Policy Guidance Document. CMA testified last year in support of the development of such a Groundwater Guidance Document.

In the past, Moffett has threatened to introduce federal legislation to regulate groundwater if a National Policy was not developed within EPA. Moffet's Subcommittee on Environment, Energy and Natural Resources of the House Government Operations Committee, will conduct an oversight hearing October 21, 1981 to discuss with EPA Administrator Anne Gorsuch the status of the groundwater policy and other issues.

ENVIRONMENT: CLEAN WATER ACT

On September 24 the House Public Works and Transportation Committee completed work on H.R. 4503 (Roe, D-NJ) to authorize for one year (FY 1982) $2.4 billion for the sewage treatment construction grants program. It was expected that Rep. Jim Oberstar (D-MN) would offer an amendment that would extend the 1984 date for achieving Best Available Technology (BAT).

The Clean Water Act Task Group of the Government Relations Committee, expressed the following concerns with the Oberstar amendment:

1. The chemical industry needs a comprehensive review of the Clean Water Act in 1982.
2. These needs go far beyond a simple extension of BAT requirements.
3. While we support an extension of the 1984 BAT date, we have a deep concern that the inclusion of such an amendment now will preclude a comprehensive review of Titles 3 and 4 next year.
4. Thus, unless we can be assured that the passage of this amendment now would not preclude a full review of the bill next year, we would prefer that non-construction grant provisions be considered early next year.

The Task Group contacted key members of the Public Works and Transportation Committee and expressed these concerns. Subsequently, Rep. Oberstar did not offer his amendment in Committee, but the construction grants bill, H.R. 4503, could be brought to the House floor by the end of October, and Mr. Oberstar is considering offering his amendment at that time. The Task Group will be expressing the chemical industry's concerns with the timing of the Oberstar amendment with key members of the House, and stressing the need for a comprehensive review of the Clean Water Act in 1982.

On September 23, the Senate Environment and Public Works Committee completed its work on the construction grants bill, S. 1274. During the session the Committee voted unanimously to repeal the Industrial Cost Exclusion provision (the so-called Stafford Amendment). CMA submitted a letter supporting the repeal of ICE to all members of the Environment and Public Works Committee.

ENVIRONMENT: SUPERFUND DEVELOPMENTS

CMA has been granted the right to intervene in the New Jersey Attorney General's lawsuit on pre-emption against the Federal Government. Judge Flannery of the U.S. District Court for the District of Columbia will now hear the Federal Government's motion to dismiss the case.

EPA Administrator Anne Gorsuch has recommended to OMB that th Army Corps of Engineers be used to assist in the cleanup of hazardous waste dumpsites under Superfund. Rep. James Florio (D-NJ) became concerned about the use of the Corps for cleanup and asked CMA for its views. In a letter to OMB's David Stockman dated September 15, CMA strongly supported the use of private contractors in the design and construction work required under Superfund. CMA said the Corps presently does not have the experience or trained personnel that will be necessary to conduct the remedial cleanup program called for in Superfund.

Rep. Florio held an oversight hearing on the Superfund law July 29, before his Subcommittee on Commerce, Transportation and Tourism of the House Energy and Commerce Committee. During the hearing, Florio developed a discussion on joint and several liability with EPA's Gorsuch and Department of Justice's Carol Dinkins that appeared to confuse the issues. CMA therefore felt it necessary to submit for the hearing record a legal memorandum on joint and several liability. We contend that the failure of Congress to provide joint and several liability was intentional. The CMA views were then critized by Senator Robert Stafford (R-VT) in the Congressional Record of September 9.

TAXATION: SUPERFUND TAXES

CMA has learned that a draft of proposed interpretative regulations on the application of the excise taxes imposed on chemicals and petroleum under the Superfund legislation is being reviewed within the Internal Revenue Service. We anticipate that the proposed regulations will be moving forward from the IRS to the Treasury Department within the next few weeks.

INTERNATIONAL TRADE: EXPORT OF HAZARDOUS SUBSTANCES

President Reagan requested from his Secretaries of State and Commerce on February 17, 1981 proposals for changes in existing notification systems for exports of "hazardous" substances. A large proportion of pesticide exports would be most affected along with products eventually to be restricted under TSCA. The Reagan Administration has dropped any plans for control or prohibition of such exports as provided for in President Carter's executive order which President Reagan subsequently revoked.

Since February, the Commerce and State Departments have encountered disagreements in writing the joint response. The most serious difference of opinion is through what channels information is to be passed from the U.S. exporter to the country receiving the product. The most likely choice at this writing appears to be the U.S. embassy of the receiving country. Another issue in the joint response will be whether recommendations are made to amend appropriate sections of existing FIFRA and TSCA laws. The CMA position that TSCA should not be amended for this purpose has been strongly emphasized by our spokesmen.

The CMA has worked closely with government officials during this process of evaluation. Close liaison with the National Agricultural Chemicals Association and the Pharmaceutical Manufacturers Association has been maintained and a fully coordinated position maintained. It is expected that we will be allowed to comment on the final draft before it is approved by an interagency committee.

INTERNATIONAL TRADE: NORTH AMERICAN TRADE POLICY

The Administration continues to take initiatives toward new trade arrangements with Mexico and Canada. Tensions with Canada over its National Energy Plan and the Federal Investment Review Act and with Mexico on a number of issues have served to heighten the activity.

The President made a report to Congress on a North American trade union on July 26. His visits with Mexican President Lopez Portillo and Canadian Prime Minister Trudeau have been only preliminaries but they have triggered follow-up activities. A joint U. S./Mexico

Commission of top level officials has been formed and met recently. Evidence grows that Mexico and Canada are seeking duty free access to the U.S. petrochemical market. The Administration has stated that it wishes to free up markets and trade flows. It is likely that petrochemical agreements will eventually be made. U.S. chemical exports to Canada in 1980 were $2.1 billion and to Mexico, $1.4 billion. These totalled 17 percent of all U.S. chemical exports.

CMA is maintaining close liaison with a Senate Caucus and a U.S. Chamber of Commerce group working on this matter. A letter has been sent to U.S. Trade Representative Brock by Mr. Leo Johnstone, Phillips Petroleum Company. The letter emphasizes the chemical industry stake in a trade arrangement, and requests that the industry be kept informed of developments affecting chemicals in the hope that the industry will be able to support whatever agreement is made.

Various pieces of legislation in the Congress dealing with Canadian government policy have been introduced but are not likely to see significant action soon.

INTERNATIONAL TRADE: SEMINAR PLANNED

On December 8 and 9, the International Trade Committee will hold a trade seminar at the Marriott Hotel, 22nd and M Streets, Washington, D.C. Milt Hunt, Chairman of the ITC, will preside. Subjects of interest to chemical companies will be covered thoroughly by highly qualified speakers from the Congress and agencies. Featured will be an introductory overview by Leo Johnstone, Executiv Vice President - Phillips Petroleum Company. Ambassador Bill Brock will speak at a dinner December 8.

Brochures with details and a registration form will be widely distributed on October 23.

SAFETY AND HEALTH: TSCA REAUTHORIZATION

On September 29 the House approved H.R. 3495, the Energy and Commerce Committee bill to reauthorize TSCA for two years at a funding level of $62 million (plus $1.5 million for state programs). S. 1211, passed by the Senate last May, would reauthorize TSCA for one year at $59.6 million. A Conference is expected to resolve the differences shortly.

Following our work with key House members and staff to avoid counter-productive amendments to TSCA earlier this year, CMA continues to respond to Congressman Florio's staff in their efforts to monitor the Reagan Administration's implementation of TSCA generally. Mr. Florio still plans to call for an Office of Technology Assessment

study of the adequacy of the PMN test data, although the letter formally requesting OTA to begin work has not been sent. In the meantime, CMA is working with EPA to produce a viable PMN exemptions policy for new, low risk chemicals under section 12(b) of TSCA, as well as the negotiations between the U.S. and OECD, regarding a decision on minimum premarket data, and the interpretive note language to remedy chemical industry concerns.

SAFETY AND HEALTH: OSHA REFORM

On September 23 Senator Paula Hawkins' (R-Fla.) Oversight and Investigations Subcommittee began long awaited hearings on OSHA oversight, focused broadly on the Agency's administration of the Act and recommendations for the future. Thorne Auchter was commended for his efforts to re-direct the Agency away from its previous adversarial approach. Senator Kennedy, as expected, was critical of what he perceived to be an "emasculation" of worker protections under the Act. He tried to embarrass Mr. Auchter for media effect, but on the whole, Auchter stood up well to the questioning and made an effective presentation.

The Reagan Administration will not be moving toward legislative change in this area until other priorities are handled and there has been an opportunity to determine which administrative reforms have demonstrated success. CMA is working closely with the new leadership at OSHA, and with a broad based industry coalition, for the purpose of developing recommendations for OSHA reform at the appropriate time.

SAFETY AND HEALTH: HAZARDS COMMUNICATIONS/LABELING

On October 6, Congressman Gaydos' Health and Safety Subcommittee continued its hearings on OSHA's withdrawal of its proposed hazards communications standard, receiving testimony from Master Chemical Company. Master testified against the original proposed OSHA standard from a small chemical company standpoint, providing detail as to how disclosure of specific chemical identity could harm its business. The next hearings have been scheduled for November 3, at which OSHA's Thorne Auchter will testify on labeling as well as other matters within the framework of OSHA oversight.

CMA continues to provide follow-up information to the Subcommittee and to work with Subcommittee members responsive to industry positions. Simultaneously, CMA has sought to assist the new task force at OSHA in development of a new performance-oriented, cost effective and reasonable hazards communications standard.

SAFETY AND HEALTH: HOUSE HEARING ON THE RITTER RISK ANALYSIS BILL

On September 24 the House Science Subcommittee on Research and Technology, chaired by Doug Walgren (D-Pa.), held a hearing on

Congressman Don Ritter's (R-Pa.) Risk Analysis Research and Demonstration Act of 1981 (H.R. 3441). This bill calls for development of comparative risk analysis methodology in a research and demonstration program under the direction of the White House Office of Science and Technology Policy. It would authorize $1.7 million for a two-year government R & D program to improve risk analysis techniques in regulatory decisionmaking, and a two-year risk analysis study by regulatory agencies and the National Science Foundation.

Testifying in favor of the bill were Congressman Jim Martin (R-NC), Congressman Ritter, Attorney Michael Baram, and Brookings' Dr. Lester Lave. Dr. James Miller, then Executive Director of the White House Task Force on Regulatory Relief, testified on behalf of the Administration. Dr. Miller agreed with the goals and concepts of the legislation, but could not give it his official support. In his view, H.R. 3441's goals could be achieved through existing mechanisms within OMB (i.e., the Task Force on Regulatory Relief) without additional appropriations.

TRANSPORTATION: HAZARDOUS MATERIALS

The differing Senate and House bills that reauthorize and amend the Hazardous Materials Transportation Act are awaiting floor action. H.R. 3403 is scheduled for October 14-16 and S. 960 should be voted on by the end of October. CMA is exploring the possibilities for an amendment in the Senate providing federal preemption and uniformity of hazardous materials transportation laws. There is also a possibility of efforts to add undesirable floor amendments.

TRANSPORTATION: RAILROAD DEREGULATION

A hearing on rail deregulation has been scheduled by the Senate Commerce, Science and Transportation Committee for November 10. The oversight hearings are expected to address problems involved with implementation of the Staggers Rail Act that passed in the last session. CMA is in the process of preparing comments to be submitted for the record and may present testimony.

TRANSPORTATION: MARITIME REFORM

Legislative proposals that would revise the regulation of international liner shipping operations in foreign commerce are being considered. Hearings were held in late September before the

Senate Commerce, Science and Transportation Subcommittee on Merchant Marine. CMA presented testimony on S. 1593, a bill offered by Chairman Slade Gorton (R-Wash.) and filed a supplementary statement for the record in response to questions given the CMA witness. Activity has also begun in the House Merchant Marine and Fisheries Committee. Merchant Marine Subcommittee Chairman Mario Biaggi (D-NY-10) introduced a bill, H.R. 4374, and sch duled hearings for October 7, 13, and 19. CMA is preparing to file a statement for the record.

Both Senate and House versions may proceed to early markup, even though the Administration position is not expected until the end of October.

TRANSPORTATION: USER FEES LEGISLATION

There is increasing interest in legislation dealing with the inland waterways system and harbors and ports. User fees ar a major component of President Reagan's economic proposals, and legislation is being introduced to permit authorities to collect user fees to repay improvement and development costs. Proposals are being circulated and hearings could be announced in both the Senate and House. CMA is working with a coalition of organizations as the issues and timetables unfold.

REGULATORY REFORM LEGISLATION

CMA is actively seeking passage of omibus regulatory reform legislation. Cooperating with allied business groups behind the leadership of the Business Roundtable, CMA has assisted in the development of S. 1080, the Regulatory Reform Act, introduced by Senator Paul Laxalt (R-Nev.). The focus has been to secure amendments which would provide that "good science" be considered a principal factor in the regulatory reform decision-making process.

S. 1080 has been reported with amendments by both the Senate Judiciary Committee and the Senate Government Affairs Committee. The Government Affairs version of this legislation includes one of CMA's "good science" amendments. CMA is working to assure that a compromise version will be passed by the Senate in the near future.

In the House, the Judiciary Subcommittee on Administrative Law favorably reported H.R. 746 (Danielson-D.-Calif.) to the Full Committee October 1, 1981.

PATENTS: RESTORATION OF THE PATENT TERM

CMA continues to work actively in support of legislation to restore to the term of a patent grant the period during which marketing or use of a patented product is delayed because of the need to secure Federal regulatory approval.

The key bills on this subject are S. 255 (Mathias-R-Md.) and H.R. 1937 (Kastinmeier-D-Wis.) and they are substantially similar. The Senate bill passed in July. The House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice began its hearings on this subject in September and held subsequent hearings in October.

CMA is working in a business coalition under the leadership of the Pharmaceutical Manufacturers' Association to secure passage.

PATENTS: UNIFIED COURT OF APPEALS

On October 14, 1981, the House Judiciary Committee favorably reported, with amendments, H.R. 4482, a bill to establish a single court of patent appeals. This bill may be taken up on the House floor under suspension of the rules within the next few weeks.

The Senate version, (S. 1700, Dole-R-Kans.), will be marked up by the Senate Judiciary Committee on Tuesday, October 20. The key issue at that time will be a proposed amendment by Senator Baucus (D-Mont.) to allow the present Federal Circuit Courts of Appeal to retain jurisdiction over patent appeals. CMA is working closely in the coalition of allied business interests in support of S. 1700, and in opposition to the Baucus amendment.

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STATE AFFAIRS

STATE AFFAIRS SPECIAL COMMITTEE: INTERNAL DEVELOPMENTS

At its September 17 meeting, the State Affairs Special Committee was briefed by CMA Technical Department staff on current and emerging air and surface water issues at the state level. This paralleled a similar briefing on Federal Superfund implementation made at the prior meeting.

ISSUE TASK GROUPS

In addition to endorsing the committee charter, subsequently approved by the Executive Committee and Board at their September meeting, the committee addressed its legislative and regulatory priorities for 1982. This process began with the distribution of a state issues survey which canvassed all member companies, CMA staff, and key technical committees. Based upon the results of the more than 100 responses received, the committee established issue task groups in the following areas:

- Hazardous Waste Disposal (Superfund and Siting)
- Hazards Communication (Right-to-Know)
- Hazardous Materials Transportation
- Environmental (Air and Water Quality)

Within its assigned subject area, each issue task group will:

- monitor the introduction and progress of State legislation and significant regulation;
- identify the component elements of the issue;
- where appropriate Association policy does not exist, work with CMA technical and functional committees to clarify or develop the required policy;
- working through member companies and appropriate local entities, seeks to coordinate industry participation in state legislative and regulatory advocacy programs;
- provide support, through the State Affairs Special Committee, to all CMA committees and program areas in order to assure a consistent Federal/State policy.

October meetings were held so that issue task groups could organize, address any remaining 1981 legislative and/or regulatory proposals, review 1981 activity, establish contact with the corresponding CMA technical staff and technical committee for briefings on policy, develop procedures and assign responsibilities for information and intelligence gathering, analyze states which are likely to be active, and discuss advocacy mechanisms and coalitions. Issue task groups will continue these meetings through the fall to prepar for the beginning of the 1982 legislative sessions.

FUNCTIONAL TASK GROUPS

The State Affairs Special Committee established two functional task groups to address the communications requirements of the CMA state program.

The Electronic Service Task Group will:

- serve as the forum for the periodic screening and selection of vendors of electronic legislative and regulatory tracking services;
- monitor the performance of the contracting vendors and serve as a liaison between the chemical industry subscribers and the electronic services suppliers;
- coordinate periodic training and information sessions for member company personnel on equipment and system services.

This task group formalizes the efforts of an ad hoc group of chemical industry companies who contracted with an electronic state bill and regulatory tracking service for 1981. With these contracts expiring at the end of December, the task group has been engaged in selecting an appropriate vendor for 1982. This process is now complete and contracts are expected to be signed in early November. In addition, the task group is actively encouraging additional member companies and allied trade associations to sign up for the state monitoring services.

The final task group is designed to provide the basis for coordinated nationwide communications on state legislative and regulatory matters for the chemical industry. The Network Task Group will:

- by drawing upon the resources of CMA member companies and Industry Councils, develop a register of personnel to provide the basis for both intelligence gathering and advocacy efforts;
- interface with other national and state trade and business associations to facilitate the exchange of information and the coordination of activities;
- provide through its personnel register, additional resources to the issue task groups to enhance their delivery capabilities;
- seek to enhance the effectiveness and influence of the chemical industry in the various states by working to strengthen or organize Chemical Industry Councils or other similar groups as focal points for local efforts.

CHEMICAL INDUSTRY COUNCIL RELATIONS

The State Affairs Division staff is continuing its efforts to meet personally with members of the various CIC's. During September and October, state councils in Michigan, California, New Jersey and Tennessee were visited.

1981 LEGISLATIVE ACTIVITY WINDING DOWN

The vast majority of state legislatures have adjourned for the year with only a few of the major industrial states remaining in regular session. A few states are in special session to consider particular issues such as reapportionment and taxes. There has been some activity this fall in several states on two of our priority issues.

SUPERFUND.

On September 24, Governor Brown signed into law SB 618 which culminates a long and difficult debate in California over state Superfund. Starting with three widely divergent bills sponsored by competing interests, the final product (SB 618) reflects significant success on the part of the chemical industry. Although some of the provisions of the state act go beyond what industry advocated, the final version is much more reasonable than the radical proposal advocated by the Brown administration and its environmental supporter On the whole, industry worked closely and effectively on this issue. CMA contributed the services of its legal staff to assist in drafting language during late June and early July. Also, the California CIC has recently decided to establish a permanently staffed office.

In New Jersey, discussions are continuing concerning proposed comprehensive amendments (NJ AB 3411) to the State Spill Fund Act which pre-dates Federal Superfund. Complicating these discussions are the lawsuits brought by five New Jersey companies (Exxon, Tenneco BF Goodrich, Monsanto and Union Carbide) in New Jersey, and by the State of New Jersey against EPA in Washington in which CMA intervened These suits seek to address the question of whether New Jersey's tax is preempted by Federal Superfund. It is still possible that the New Jersey Legislature will take up this subject in lame duck sessio in November. CMA has worked closely during the past several months with both the CIC and the litigants group to keep all parties fully informed.

RIGHT-TO-KNOW

Hearings were held on September 15 in Madison, Wisconsin, on AB 615 which is sponsored by Assemblywoman Muntz. Industry is workin to insure that its most damaging provisions are not passed.

On the municipal level, Cincinnati, Ohio scheduled hearings in October on an ordinance that is potentially very unfavorable to industry. Santa Monica, California, is also moving on a similar proposal.

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