Exhibit F

HC

STAFF REPORT

by

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We announced on May 27 our support of a House toxic substanc s control bill, H.R. 14032, sponsored by Representatives Bob Eckhardt (D-Tex.) and James T. Broyhill (R-N.C.). The new bill replaces H.R. 10318, specific provisions of which we seriously objected to. The bill appears to focus the resources of industry and government on the most pressing problems. The impact of the legislation will depend on how it is administered by the Environmental Protection Agency.

In a letter to Rep. Eckhardt notifying him of our support, I stated that we were grateful for his cooperation and willingness to compromise. At the same time, I warned that our support for the revised bill was given with considerable concern that the constructive changes in the substitute bill could be negated by additional, damaging amendments at any of the remaining stages of the legislative process.

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The Senate Public Works Committee is marking up S. 2150, the proposed Solid Waste Utilization Act of 1975. The version under consideration is much more satisfactory to industry than previous bills, but there is some question about provisions of the hazardous waste disposal control section. We hope these questions can be resolved to our satisfaction in later markup sessions.

The House Transportation and Commerce Subcommittee (Interstate and Foreign Commerce Committee) continues to work on their second solid waste draft and expects to release it by the end of May. The first draft was issued in December, 1975. It was much more comprehensive than the original Senate bill and more controversial. Because of adverse reaction, the revised draft is expected to be toned down substantially in order to attract more support.

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On very short notice, MCA participated in hearings before th House Manpower and Housing Subcommittee of the Committee on Government Operations on May 12. In addition to general oversight on controlling toxic substances in the workplace, the committee want d to discuss disclosure of all ingredients in products entering the workplace. Union representatives and others argued that a complete listing of contents should be on all labels. Our position, presented by Emil E. Christofano, chairman of the Occupational Health Committee, is that labels should disclose the nature of the hazards and the presence of hazardous ingredients, as well as give warnings to avoid exposure. This already is being done by companies following MCA guidelines, which follow the new ANSI standard that is based on MCA's Guide to Precautionary Labeling of Hazardous Chemicals. Also appearing were C. J. O'Connor, chairman of the Labels and Precautionary Information Committee, and Dr. H. J. Kolodner, chairman of the Safety and Fire Protection Committee.

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The Department of Transportation granted a 30-day extension of the time allowed for commenting on amendments that consolidat d the regulations governing transportation of hazardous materials. MCA had asked for 90 days. Some amendments were found contrary to company experience, some were in conflict with other amendments and some were considered incomplete. The deadline now is June 14. As an example of its criticism, MCA presented recommendations on May 20 concerning errors in authorized shipping names, requirements for loading drums and a more realistic approach to setting effective dates implementing the amendments.

MCA also presented to the Materials Transportation Bureau recommendations for combination safety relief devices on tank cars and trucks containing hydrogen chloride.

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Winner of the Lammot du Pont Safety Award for 1976 in the category of companies working more than two million manhours: Exxon Chemical Company, with a 61 percent reduction in the injury frequency rate. Runner-up was American Cyanamid Company, with a 48 percent reduction. Winner among companies working less than two million manhours was Virginia Chemicals Inc. with a 61 percent reduction, while SunOlin Chemical Company had a 59 percent reduction.

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We continued to seek modifications in the proposed amendments to the Clean Air Act, particularly in section 113 (g). If the changes are enacted, they would require retrofitting all existing facilities within the particular air quality region in which a change in operation was planned.

MCA also supports Sen. Frank Moss' amendments to S. 3219 which delete section 6, the "no-growth" section, and establish a national study commission. The commission would report on changes in non-deterioration provisions within one year.

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Six senators who have fought bitterly over natural gas price deregulation have joined forces and introduced a compromise bill calling for partial deregulation. It remains to be seen, however, whether this latest initiative will break the legislative impasse and spur a new law in Congress.

After lengthy negotiation, the bill was introduced by Sens. James B. Pearson (R-Kan.), Ernest F. Hollings (D-S.C.), Adlai E. Stevenson III (D-Ill.), Warren G. Magnuson (D-Wash.), Henry L. Bellmon (R-Okla.) and Paul J. Fannin (R-Ariz.).

Sens. Pearson, Bellmon and Fannin had been strong advocates and sponsors of broad price-deregulation proposals, while Hollings, Magnuson and Stevenson had strenuously fought such proposals.

The key provisions of the compromise are:

- Offshore natural gas would continue permanently under federal price regulation when sold interstate.

- New discoveries of on-shore gas would continue to be controlled for seven years, but the current 52-cent maximum would be raised to $1.60 (with a cost-of-living escalator) retroactive to discoveries from Jan. 1, 1976.

- Gas sold within the same state in which it is produced would continue free of price regulation.

- The use of natural gas for "boiler" fuel--low-priority industrial uses for which other fuels can serve--would be phased out over 10 years.

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The Senate Finance Committee began markup of tax reform/ tax reduction legislation on April 27 and should finish by early June.

During the past three weeks, the Committee has dealt with tax shelters and other provisions which have little impact on the chemical industry. The Committee is scheduled to take up foreign income and capital formation matters the latter part of May.

When the Senate begins debate on a tax bill, a group of tax reform-minded Senators led by Senator Edward Kennedy (D-Mass.) is expected to introduce a number of amendments contrary to business interests. These probably will include proposals to repeal DISC, the Asset Depreciation Range System, deferral of taxation of income of foreign subsidiaries and the percentage depletion allowance for hard minerals. There may be other proposals to restrict the use of the foreign tax credit and to prevent the extension of the 10 percent investment tax credit.

There are indications that about 25-30 Senators will support the tax reform amendments and that an equal number will oppose them. This leaves a block of 40-50 Senators who are presently uncommitted.

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In a speech to a combined meeting of the Air and Water Quality Committees in Washington on May 12, Russell W. Peterson, head of the Commission on Environmental Quality called for a "detente" between industry and environmental groups.

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Fourteen member company representatives gave 51 video and 61 radio interviews to 33 broadcasters at the annual meeting of the American Women in Radio and Television in Philadelphia May 5-8. MCA participation in the meeting was arranged by the Consumer Information Subcommittee, and the suite was staffed by 15 members of the subcommittee and the Public Relations Committee. More than 400 of the convention's 650 registrants visited the MCA suite.

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Dewey A. Kunze has been appointed to the MCA staff as secretary and staff representative of the Transportation and Distribution Committee. Mr. Kunze has been with Rohm and Haas as assistant traffic manager, and with Merck and Union Carbide.

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D. Miller Simpson retired as librarian on May 31 after 22 years with MCA. He will be succeeded by Jane Rasmussen, who has been a librarian in private industry and at the American School in Iran.

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