AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
10 a.m., Tuesday, May 10, 1977
Washington Hilton (Map Room), Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meeting of April 12, 1977

III. Business Items:
- (a) Appointment of Director's Alternate
  (Sheldon R. Salzman for Joseph P. Flannery)
- (b) Report of Membership Committee
  The C. P. Hall Company
- (c) Budget and Financing for Fiscal Year 1977-78
  (Proposal mailed to Directors 4/20/77)
- (d) Report of Nominating Committee
- (e) Appointment of Committee Members (Attachment)

IV. Report on Energy Conservation Legislation - Ronald S. Wishart

V. Report on Implementation of Toxic Substances Control Act -
Richard E. Heckert

VI. Report of Director of Government Relations

VII. Reports of Committees (Attachment)
- (a) Insurance Committee
  R. R. (Dick) Balotti, Chairman
  Discussion leader: Tom K. Smith, Jr.
- (b) Solid Wastes Management Committee
  P. A. (Phil) Palmer, Vice Chairman-elect
  Discussion leader: Robert L. Mitchell
- (c) Transportation and Distribution Committee
  F. E. (Fred) Allen, Jr., Chairman
  Discussion leader: John S. Coey

VIII. Report of the President

Next Meeting of the Board of Directors - Wednesday, June 8, 1977, at 5:30 p.m. in the West Virginia Room, The Greenbrier, White Sulphur Springs, West Virginia, followed by cocktails at 6 p.m. in the Tyler Room and Dinner at 7 p.m. in the Fillmore and Van Buren Rooms.

MINUTES of the two hundred fifty-eighth meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held at The Washington Hilton, Washington, D. C., Tuesday, May 10, 1977, at 10 a.m.

Directors:	Earle B. Barnes, Chairman	
	Edward Donley, Vice Chairman	
	James G. Affleck	Ralph M. Knight
	John S. Coey	W. C. Krumrei
	William J. Driver	Raymond H. Marks
	Thomas S. Farmer	Robert L. Mitchell
	John T. Files	H. Barclay Morley
	Joseph P. Flannery	George F. Polzer
	Edward J. Goett	Tom K. Smith, Jr.
	Richard E. Heckert	Harvey J. Taufen
	John M. Henske	Konrad M. Weis

Alternates:
Charles E. Brookes (for Robert D. Goodall)
Donald T. Brophy (for Vincent L. Gregory, Jr.)
Werner C. Brown (for Harvey J. Taufen)
Charles R. Carson (for John F. Welch, Jr.)
F. X. Dwyer (for Raymond H. Marks)
Ben C. Hayton (for John K. McKinley)
M. Donald McClusky (for Thomas B. Nantz)
Max A. Minnig (for Eugene J. Sullivan)
Charles A. Polachi (for George F. Polzer)
Carl S. Smith (for Dieter H. Ambros)
Alexander B. Trowbridge (for John T. Connor)

Outside Counsel: John H. Pickering

Staff Counsel: Bruce M. Barackman

Secretary-Treasurer: George E. Best

By Invitation:
F. E. Allen, Jr., E. I. du Pont de Nemours & Company
R. R. Balotti, E. I. du Pont de Nemours & Company
Elwood P. Blanchard, President, SOCMA
A. C. Clark, MCA
D. A. Kunze, MCA
P. A. Palmer, E. I. du Pont de Nemours & Company
V. H. Peterson, MCA
H. J. Sauer, MCA
W. M. Stover, MCA
J. E. Slavick, MCA
R. S. Wishart, Union Carbide Corporation

At Chairman Barnes' suggestion, name cards on the table were used in place of self-introduction.

I. MINUTES OF APRIL 12, 1977, MEETING

Minutes of the April 12th Board meeting, as distributed, including the financial statement for ten months ended March 31, 1977, were approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Approval of Director's Alternate Sheldon R. Salzman was approved as Mr. Flannery's designated alternate.

(b) Report of Membership Committee As chairman, Mr. Polzer reported the committee's having examined the qualifications of the company named below and recommending its election.

ON MOTION, duly made and seconded, it was

VOTED: That The C. P. Hall Company be elected to membership in the Association.

(c) Budget and Financing for Fiscal Year 1977-78 Mr. Farmer, Finance Committee chairman, summarized the budget and financing proposal which was mailed to Directors on April 20 as favorably recommended by the Executive and Finance Committees.

ON MOTION, duly made and seconded, it was

VOTED: That a budget for fiscal year 1977-78 in the amount of $3,799,100, of which $3,448,700 is for operations and $350,400 for projects, be approved and presented to the membership at the Annual Meeting, funding to be provided by membership fees based on a continuation of the existing fee scale plus income from investments, meetings, sale of publications, and overhead reimbursement from subscribed projects;

That the authority delegated to the President be continued at the same level, namely, to transfer among approved projects 10% ($35,040) of the total funds budgeted for them and to redistribute a like amount under operations, also to approve budget amendments up to a total of 2% ($75,980) of the fiscal year budget, with the understanding that individual amendments in excess of $10,000 would be cleared with the chairman of the Executive Committee or Board and become subject to Executive Committee approval if so advised; and

That a separate plastics activity budget for fiscal year 1977-78 in the amount of $72,000 be approved, of which $60,000 will come from assessments on participating member plastics materials producers and the balance from plastics fund surplus. Of the total budget, $40,800 is in reserve for allocations to projects under current study by the Plastics Committee, subject to prior approval by the Board of Directors.

(d) Report of Nominating Committee In the absence of the chairman (Mr. Connor), Mr. Best read the report attached as Exhibit B.

(e) Insurance Data Bank Evaluation Pursuant to a recommendation of the Insurance Committee to which reference is made in the chairman's report (Exhibit F), Mr. Driver confirmed the favorable action of the Executive Committee earlier today.

ON MOTION, duly made and seconded, it was

VOTED: That extension of the pilot evaluation project as described in Exhibit C, involving $6,000 additional funding to be subscribed by the participating companies, be approved.

(f) Appointment of Committee Members Appointments listed in Exhibit D were approved.

IV. REPORT ON ENERGY CONSERVATION LEGISLATION

Mr. Wishart, chairman of the MCA Energy Conservation Committee, outlined the committee's organizational approach to legislative developments on energy conservation and spoke of the helpful assistance being obtained from Charles Curtis (Van Ness, Curtis, Feldman & Sutcliffe).

Mr. Wishart enumerated problem areas believed to be inimical to the chemical industry in the Carter Administration's proposals which were put forward recently, indicating that econometric modeling might be needed to prove selective disadvantage to this industry. He speculated on alternatives which might be suggested without damaging the overall objective of energy conservation.

V. REPORT ON IMPLEMENTATION OF TOXIC SUBSTANCES CONTROL ACT

Mr. Heckert, as the Senior Advisor to the Executive Committee on this subject, reported on the current status of EPA's regulatory developments, identifying those elements which are of particular concern. He observed there is a tendency to over-regulate, and plans to meet soon with Administrator Costle to discuss this aspect as well as to emphasize the limited availability of testing facilities to conduct toxicological evaluation.

VI. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit E. A tabulation of the status of legislation of interest to MCA as of May 6, 1977, was distributed.

VII. REPORTS OF COMMITTEES

Reports presented by the following committee chairmen are attached as indicated:

Mr. R. R. Balotti, Chairman Insurance Committee (Discussion leader: Mr. Smith)	Exhibit F
Mr. P. A. Palmer, Vice Chairman-elect Solid Wastes Management Committee (Discussion leader: Mr. Mitchell)	Exhibit G
Mr. F. E. Allen, Jr., Chairman Transportation and Distribution Committee (Discussion leader: Mr. Coey)	Exhibit H

VIII. MCA/SOCMA LIAISON

In introducing Mr. Blanchard, Dr. Barnes referred to the suggestion made some months ago that consideration be given to merging SOCMA into MCA. This matter having been studied jointly by the MCA Executive Committee and SOCMA Board, a merger has been abandoned for the present. Instead, closer liaison is to be maintained through cross visitation at meetings of the official bodies of the two organizations.

IX. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit I. He told of the meeting yesterday of a delegation from the European Council of Chemical Manufacturers' Federations (CEFIC) with members of the MCA Executive Committee with discussion of the scope and purposes of the two organizations, the recent performance of the chemical industry in Europe and in the United States and the uncertain potential for continued growth. Also covered were governmental regulation of air and water pollution control and of toxic substances, as well as a preliminary assessment of energy conservation in the United States. A return visit is in prospect on October 26 in conjunction with the observance in Berlin of the 100th anniversary of the West German federation (Verband der Chemischen Industrie).

Mr. Driver commented as well on:

(1) Liaison with EPA staff through MCA Air Quality and Water Resources Committees whom Administrator Costle will address on May 11;

(2) MCA's environmental management survey, response to date on which has been disappointing -- 89 companies compared to 130 in a similar survey two years ago -- with the hope expressed that additional returns will be forthcoming;

(3) OSHA's cancer policy proposal, regarding which he reported having written again to the chairman of the National Advisory Committee on Occupational Safety and Health urging the establishment of a review committee of cancer experts from academia, government, labor, toxicology, and industry groups; and

(4) OSHA's announced emergency temporary standard on occupational exposure to benzene in relation to the project being administered by MCA with 15 companies participating. Convening a meeting of experts to review the scientific literature and other available information is under consideration. Mr. Pickering spoke of applying, under the Freedom of Information Act, for access to the data on which OSHA based its action and, in the name of the companies involved, seeking a stay of the effective date of compliance. He reported that some of the companies individually are contemplating litigation, and that the MCA Executive Committee earlier today had approved MCA participation in hearings or litigation if so recommended by the benzene project group. The rationale for doing so is that benzene is widely produced and/or used within the chemical industry and the circumstances involved are potentially precedent-setting.

George E. Best

George E. Best
Secretary-Treasurer

Certified correct:

Earle Barnes

Earle B. Barnes
Chairman of the Board

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

May 10, 1977

Dollar amounts rounded from tabular details
($000)

INCOME & EXPENSE
June 1, 1976 - April 30, 1977 - 11 Months (92%)

				Percent of Budget
Income	- Membership Fees	$2,768		100.655%
	- Other	653		133.265%
			$3,421	105.586%
Expense	- Operations	$2,681		91.658%
	- Project	262		50.872%
			$2,943	85.552%

ASSETS
(As of April 30, 1977)

Cash	$ 30	
Investments	6,156	
Miscellaneous	6	
		$6,192

MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

April 30, 1977

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 23,076	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	800	$ 29,876
Investments		
Bank Certificates of Deposit	$1,100,000	
Bank Repurchase Agreements	75,000	
U. S. Government Securities	2,201,189	
U. S. Government Agency Securities	202,500	
Corporate Securities	2,577,250	6,155,939
Deposits & Advances		
U. S. Government Printing Office	$ 500	
American Airlines	425	
Postage Meter	3,998	
Travel Advances	1,407	6,330
		$6,192,145

Liabilities & Fund Balances

Liabilities			
D. C. Use Tax			$ 520
Reserve			
Deferred Compensation			95,000
Fund Balances			
Restricted (Schedule I (e))		$3,915,794	
Unrestricted - From Previous Fiscal Years	$1,702,560		
- Current Fiscal Year	478,271	2,180,831	6,096,625
			$6,192,145

INCOME & EXPENSE

INCOME		
Memberships Dues & Entrance Fees		$2,768,262
Income from Investments		359,557
Publications Sales		87,587
*Meeting & Special Funds (Schedule I (d))	$ 73,229	
Overhead Reimbursement Subscribed Projects (Schedule I (d))	132,423	205,652
Miscellaneous		21
Total Income		$3,421,079
EXPENSE (Schedule II)		
Management		$ 724,238
Technical - General		822,839
Technical - Chemtrec		265,149
Public Relations		524,330
Government Relations		322,759
Staff Services		283,493
Total Expense		$2,942,808
Income less Expense		$ 478,271

FOOTNOTE:

*Net Income on Completed Projects

CMA 037268

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

April 30, 1977

	Balance June 1, 1976 (a)	Current Fiscal Year Receipts (b)	Expenditures (c)	Transfers To Income (d)	Balance April 30, 1977 (e)
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 86,435	$ 297,209	$ 194,319	$ 73,228	$ 116,097
Tank Car Mileage Compensation	60,548	16,148	57,061	-	19,635
Vinyl Chloride Research	106,620	156,267	1,042	9,354	252,490
Vinylidene Chloride Monomer Research	247,085	44,800	79,628	11,294	200,963
Styrene Monomer Research	178,940	198,426	136,155	4,617	236,594
Acrylonitrile Monomer Research	432,139	189,649	258,841	7,062	355,885
Trichloroethylene Research	347,153	117,750	268,235	7,806	188,862
Ethylene Dichloride Research	104,763	65,360	111,856	6,004	52,263
Chlorobenzenes Research	9,860	-	-	5,466	4,394
Phosgene Safety Research	81,698	15,780	53,143	4,017	40,318
Fluorocarbons Research	1,505,076	1,372,994	1,076,509	64,205	1,737,356
Allyl Chloride Research	118,694	108,680	75	3,673	223,626
Epichlorohydrin Research	127,274	127,660	75	3,673	251,186
Phthalate Esters Research	31,817	4,000	22,716	3,092	10,009
Loss Data Bank Project	4,613	-	689	-	3,924
NBS/duPont Study	-	1,000	1,000	-	-
Benzene Study	-	91,750	200	2,160	89,390
Chemical Industry Trade Advisor	5,841	16,000	20,722	-	1,120
Total - Non-Budgeted Funds & Meetings	$3,448,556	$2,823,473	$2,282,266	$ 205,651	$3,784,112
Advance Membership Dues	$ -	$ 10,000	$ -	$ -	$ 10,000
Plastics Group Financial Package	$ 118,542	$ 60,000	$ 56,860	$ -	$ 121,682
Total	$3,567,098	$2,893,473	$2,339,126	$ 205,651	$3,915,794

CMA 037269

BUDGET PROGRAM

April 30, 1977

	MANAGEMENT		TECHNICAL				PUBLIC RELATIONS		GOV'T RELATIONS		STAFF SERVICES		TOTAL TO DATE 11 MONTHS	
			GENERAL		CHEMTREC									
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees	12		25		7		12		12		14		82	78
OPERATING EXPENSE														
Salaries & Related Expense	$292,095	$293,489	$447,651	$ 454,584	$119,182	$118,928	$214,721	$217,571	$175,169	$206,140	$177,430	$180,537	$1,426,248	$1,471,249
Retirement Plan & Group Ins.	57,451	49,372	79,027	76,468	26,289	20,084	42,721	36,538	36,043	29,287	30,095	30,250	271,626	241,999
Hosp. Ins. & Health Plan	4,382	4,675	10,277	11,367	1,192	1,100	4,550	5,408	3,084	3,942	5,382	6,417	28,867	32,909
*(5)Legal Fees & Expense	281,451	258,500	5,000	9,167	-	-	-	-	30,643	22,917	-	-	317,094	290,584
Consultants&Investment Serv.	-	4,583	-	-	-	-	-	-	-	-	-	-	-	4,583
Audit	3,500	2,613	-	-	-	-	-	-	-	-	-	-	3,500	2,613
Rent & Premises Expense	19,998	20,057	31,676	29,288	6,931	7,343	18,065	18,911	11,945	12,677	30,827	31,992	119,442	120,268
*(3)Taxes & Insurance	13,231	11,266	23,819	21,230	87,316	80,098	12,427	11,504	9,864	9,213	13,340	12,118	159,997	145,429
Supplies & Gen. Office Exp.	7,038	7,563	25,905	28,783	2,348	4,483	20,599	18,067	8,697	10,533	13,308	8,305	77,895	77,734
Furniture & Equipment	2,788	2,246	6,223	6,050	2,638	2,750	140	229	1,223	1,833	306	550	13,318	13,658
Printing	4,553	4,583	-	917	1,048	1,100	4,767	4,583	646	733	1,579	1,467	12,593	13,383
Telephone & Telegraph	6,153	5,638	16,383	18,810	17,018	18,333	8,608	7,517	8,026	7,150	6,359	6,719	62,547	64,167
Postage	3,646	3,483	23,200	27,500	449	1,100	47,361	44,000	9,344	9,167	1,901	2,017	85,901	87,267
Travel & Entertainment	9,794	7,333	19,451	23,833	237	1,375	21,131	22,917	12,818	13,750	805	1,192	64,236	70,400
Meeting Expense	9,786	12,100	286	825	-	-	80	92	2,481	5,042	-	-	12,633	18,059
Periodicals, Books, etc.	1,967	550	1,554	1,833	422	550	1,552	1,650	6,855	7,333	1,999	1,650	14,349	13,566
Organizational Memberships	2,961	2,750	2,374	2,567	79	92	987	917	921	2,108	162	137	7,484	8,571
Contingency	3,444	4,583	-	-	-	-	-	-	-	-	-	-	3,444	4,583
Operating Expense Totals	$724,238	$695,384	$692,826	$ 713,222	$265,149	$257,336	$397,709	$389,904	$317,759	$341,825	$283,493	$283,351	$2,681,174	$2,681,022
PROJECTS														
Technical														
*(4) Air Quality			$ 65,076	$ 137,500									$ 65,076	$ 137,500
Trade Advisor			16,000	33,000									16,000	33,000
Occupational Health			-	9,167									-	9,167
Water Resources			31,500	28,875									31,500	28,875
Multi-Committee/Transportation			-	4,950									-	4,950
Multi-Committee/Publications			17,437	88,000									17,437	88,000
Public Relations														
Community Relations							$ 21,199	$ 26,107					21,199	26,107
Consumer Information							19,447	40,929					19,447	40,929
Environmental Quality							24,818	27,289					24,818	27,289
Internal Publications							25,387	23,833					25,387	23,833
*(2) Toxic Substances Control Legislation							4,615	4,240					4,615	4,240
Media Relations							4,830	7,792					4,830	7,792
College & Hi School Teacher Awards							16,398	15,125					16,398	15,125
Education Exhibits							4,036	3,667					4,036	3,667
Education Publications							5,891	16,958					5,891	16,958
Government Relations														
*(1) Equal Employment Advisory Council									$ 5,000	$ 4,583			5,000	4,583
Project Totals	$ -	$ -	$130,013	$ 301,492	$ -	$ -	$126,621	$165,940	$ 5,000	$ 4,583	$ -	$ -	$ 261,634	$ 472,015
COMBINED TOTAL	$724,238	$695,384	$822,839	$1,014,714	$265,149	$257,336	$524,330	$555,844	$322,759	$346,408	$283,493	$283,351	$2,942,808	$3,153,037

*Budget Amendments (1) by Board of Directors June 9, 1976, provides a contribution of $5,000 to the Equal Employment Advisory Council for 1976
(2) approved by President July 30, 1976, provides for "Toxic Substances Control Legislation Advertising/Communications" $4,625
(3) by Board of Directors September 14, 1976, increases provision for Liability Insurance by $34,750
(4) by Board of Directors October 12, 1976, provides for Hydrocarbon Emissions Control Cost Analysis $95,500
and Oxidant Level Control Study $54,500
(5) by Executive Committee March 8, 1977, provides for legal services pertaining to legislative development on Energy Conservation $10,000

Nominating Committee Report
to the
Board of Directors
May 10, 1977

Officers for Fiscal Year 1977-78 --

Chairman of the Board
James G. Affleck, Chairman of the Board and President,
American Cyanamid Company

Vice Chairman of the Board
William S. Sneath, Chairman of the Board,
Union Carbide Corporation

Chairman of the Executive Committee
Edward Donley, President,
Air Products and Chemicals, Inc.

President
William J. Driver

Directors:

One-year term expiring May 31, 1978 --
James G. Affleck, Chairman of the Board and President,
American Cyanamid Company

Three-year term expiring May 31, 1980 --
Ray C. Adam, Chairman and President,
N L Industries, Inc.
Drummond C. Bell, Chairman of the Board,
National Distillers and Chemical Corporation
M. B. Carus, President,
Carus Chemical Company, Inc., Division of
Carus Corporation
Robert A. Charpie, President,
Cabot Corporation
Peter J. Fass, President,
Reichhold Chemicals, Inc.
Vincent L. Gregory, Jr., President,
Rohm and Haas Company
Richard A. Jay, Vice Chairman of the Board,
The Goodyear Tire & Rubber Company

(cont'd)

Duncan J. MacLennan, Group Vice President - Chemicals,
United States Steel Corporation
Paul F. Oreffice, President,
Dow Chemical U.S.A.
John M. Pitblado, Group Vice President,
Minnesota Mining and Manufacturing Company
Charles W. Smith, President, Chemicals Division,
Pfizer, Inc.
Otto Sturzenegger, President,
CIBA-GEIGY Corporation

Nominating Committee
John T. Connor, Chairman
James G. Affleck
Earle B. Barnes

Exhibit C

Proposed Continuation
of the
Insurance Data Bank Evaluation

RECOMMENDATION: The representatives of MCA member companies participating in the Insurance Data Bank System recommend approval of an additional subscription of member company participants, to yield about $6,000. The fund will be used to continue the experimental Insurance Data Bank System which computerizes information on fire, explosion, and other losses.

BACKGROUND: Since July 1974 seven member companies have participated in the Insurance Data Bank System as a pilot group study which is intended to provide broad loss information reports allowing decision making that could lead to safer operations and reduced loss incidents. McDonnell Douglas Automation Company (MCAUTO) has been under contract to provide the data processing service since that time. The system was originally developed by using a proprietary package called RAMIS. The member company participants believe that by converting the system to run in a COBOL environment additional sorts of losses could be made to provide more useful report information. The cost of conversion and operation for one year totals about $10,000. About $4,000 remains from a prior collection. If the pilot group operation is successful, additional member companies could be expected to participate in an Insurance Data Bank.

MCA

EC - 5/10/77
BD - 5/10/77

Exhibit D

Appointment of Committee Members

(a) Chemical Packaging Committee
  J. P. Cuthbertson, Shell Chemical Company
  Charles W. Mattingly, Mallinckrodt, Inc.

(b) Legal Advisory Committee
  James I. Wyer, American Cyanamid Company -- As Chairman*
  Leon C. Holt, Jr., Air Products and Chemicals, Inc. -- As Vice Chairman*
  Ray W. Brown, Mobay Chemical Corporation *
  Gerald M. Doppelt, Chevron Chemical Company *
  Richard A. Heuerman, The B. F. Goodrich Company *

(c) Nulear Committee
  Lamar P. Bupp, Exxon Nuclear Company -- As Chairman**
  J. C. Bishop, Allied Chemical Corporation -- As Vice Chairman**

(d) Occupational Health Committee
  C. F. Reinhardt, M. D., E. I. du Pont de Nemours & Company -- As Chairman*
  James E. Long, M. D., Minnesota Mining and Manufacturing Company, Chemical Division -- As Vice Chairman*
  Theodore Ellison, Mobil Chemical Company
  Ralph M. Gelburd, CIBA-GEIGY Corporation
  G. David Kirk, Merck & Co., Inc.
  Herbert L. Northrop, M. D., Stauffer Chemical Company
  Richard L. O'Connell, M. D., Olin Corporation
  Charles E. Ross, Shell Chemical Company
  Colin T. Sutherland, M. D., BASF Wyandotte Corporation
  Ernest Tillman, M. D., Monsanto Company

(e) Patent and Trademark Committee
  Robert C. Kline, E. I. du Pont de Nemours & Company -- As Chairman*
  Lloyd L. Mahone, Stauffer Chemical Company -- As Vice Chairman*

(f) Plastics Committee
  L. A. Cohn, Monsanto Company
  Robert L. Yohe, Hooker Chemicals & Plastics Corp.
  James J. Young, Owens-Corning Fiberglas Corporation, Chemical Division

(g) Safety and Fire Protection Committee
  W. L. Ball, Air Products and Chemicals, Inc.

(Over)

(h) Transportation Equipment Committee
R. E. Phillips, Ethyl Corporation -- As Chairman**
J. R. Hopkins, Dow Chemical U.S.A. -- As Vice Chairman**
Donald A. King, Rohm and Haas Company
E. J. Willcox, Diamond Shamrock Corporation
Roy J. Holden, Bureau of Explosives, Association of American Railroads***
Donald W. Vierimaa, Truck Trailer Manufacturers Association, Inc.***

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* Effective June 1, 1977 ** Re-election
*** Associate membership (non-voting status) subject to review and confirmation annually.

MCA
BD-5/10/77

Exhibit E

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

MAY 10, 1977

PRESIDENT CARTER'S ENERGY PACKAGE SENT TO CONGRESS

On April 20, the President addressed a Joint Session of Congress and presented the outline of his national energy plan. He proposed, as part of his comprehensive energy legislative package, the following energy goals to be achieved by 1985:

- reduce the annual growth of United States energy demand to less than 2 percent

- reduce imports of foreign oil to 6 million barrels a day

- reduce gasoline consumption by 10 percent

- insulate 90 percent of American homes and all new buildings

- increase annual coal production by a least 400 million tons

- establish a strategic petroleum reserve of 1 billion barrels

The program unveiled by President Carter is based on three major strategies. The first strategy is to implement an effective conservation program for all energy users; second, emphasis on conversion from the use of oil and natural gas to coal by industry and utilities; finally, vigorous research and development.

Among the proposals which the President wants enacted into law are:

- a 10 percent business tax credit for conservation measures, and an additional 5-year 10 percent investment tax credit for investment in energy-saving plant equipment

- a tax to raise the price of "old" domestic crude oil from $5.25 per barrel to $11.25 per barrel by 1979. After 1979, all domestic oil would be allowed to rise to meet the world price

- a price ceiling of $1.75 per thousand cubic feet for all natural gas, with the extension of controls to the intrastate market

- a requirement that industries and utilities convert to coal from oil and natural gas by 1990

- a tax of 5 cents per gallon on gasoline in 1979 if energy consumption rises above a 1978 target; imposition of an additional annual tax of 5 cents per gallon if consumption continues to rise above the target

- tax credits for home insulation and other energy conserving measures

- tax rebates designed to return revenues from gas and auto taxes to low income Americans through the income tax system or by direct payment to those who don't pay taxes

Analyses are being undertaken by the Office of Management and Budget to determine the economic and inflationary impact these proposals are likely to have on the nation's investment climate.

IN THE HOUSE OF REPRESENTATIVES, Speaker Tip O'Neill promised his "wholehearted" support of the President's energy proposals, and appointed a bipartisan Ad Hoc Committee on Energy to coordinate the work of regular standing committees with jurisdiction over various aspects of the package. The Ad Hoc Committee will hold hearings and parcel out the parts of the energy package to the standing committees, who then have 75 - 90 days in which to report their bills back to the Ad Hoc Committee The Ad Hoc Committee will then assemble the bills and submit one omnibus bill to the House floor for debate. The Ad Hoc Committee cannot change the bills as reported by the standing committees, but can offer amendments or an entire substitute on the floor of the House. The Ad Hoc Committee's responsibility will be to examine the impact of the President's energy goals, while the standing committees will set the strategies for attaining these goals.

The Ad Hoc Committee has already held hearings on the National Energy Act (H.R. 6831) with testimony thus far from Secretary of State Cyrus Vance, Secretary of Defense Harold Brown and James Schlesinger, the Presidential Energy Advisor. The hearings focused on the national security implications and the international economic impact of the proposed White House policies, and are expected to last for several weeks.

Meanwhile, hearings on H.R. 6831 are also being held in the Energy and Power Subcommittee of the House Commerce Committee.

The House Ways and Means Committee has cleared its calendar to work solely on tax aspects of the energy proposals beginning May 16.

Chairmen of the standing committees have expressed some doubt they can complete action on their parts of the package within the 75 - 90 day period proposed under the resolution establishing the Ad Hoc Energy Committee. Representative Dingell, Chairman of the House Commerce Subcommittee on Energy and Power, indicated that natural gas pricing, electric utility rate reform, oil pricing, home insulation and coal conversion aspects could each take 60 - 90 days for hearings and markup. The Subcommittee has opened hearings on proposed natural gas controls and they will be held five days a week through June 1st. The Subcommittee is expected to focus on the President's proposed natural gas controls covering intrastate and interstate commerce Four of the sixteen days of hearings will focus on the gas pricing plans.

The standing committees are scheduled to report their bills to the Ad Hoc Committee sometime in July. and as many as 31 separate bills could be reported.

Other committees who are to handle the President's package in the House are the Science Committee. which is expected to focus on research and development; and the House Interior Subcommittee on Energy and Environment which will look at the nuclear policy proposals.

President Carter's proposal (H.R. 4263) for a Cabinet-level Department of Energy cleared the House Government Operations Committee. The measure would transfer all functions of the FEA, ERDA and the FPC to the Department of Energy. The bill establishes an independent Federal Energy Regulatory Commission within the proposed Department of Energy to review appeals from the Department's decisions. The proposed bill would give the new Department of Energy full responsibility over the environmental, consumer protection and conservation concerns that are incorporated in the national energy development policy. The measure would retain gas and electric utilities financing regulation within the SEC, coal slurry pipeline regulation within the ICC, and would insure that the Interior Secretary and the Energy Secretary have equal responsibility in the leasing of public lands for production of energy resources. Congressman Conyer's controversial amendment adopted in Subcommittee which would have placed authority to purchase oil produced by OPEC and other countries solely with the Federal government, was later deleted by the full committee.

IN THE SENATE, Majority Leader Robert C. Byrd has indicated in a recent message to Democratic Members that the Senate cannot adjourn without acting on a significant portion of President Carter's energy package. He added, however, that it was possible to make sufficient progress through cooperation and that an October adjournment remains feasible. He urged his colleagues to refrain from pushing non-essential, non-energy legislation and to give their support to committee chairmen.

Byrd said he expected "must" non-energy bills to be completed by July. He predicted June would be "energy month" on the Senate floor, with consideration likely on a number of energy-related bills: creation of a Department of Energy, strip mining, air quality amendments, an outer continental shelf bill, and coal conversion.

This timetable, he said, would free the Senate for September consideration of the tax-related legislation to be drafted by the Finance Committee, and for another major segment of the Cart r package being drafted by Senator Jackson's Energy Committee.

Byrd emphasized that "substantive opposition" to pending bills would not be curtailed, but that so-called unnecessary legislation would be set aside to await action next year.

The Senate Energy and Natural Resources Committee chaired by Senator Jackson, and the Finance Committee chaired by Senator Long, will have primary responsibility for the President's energy package. The Energy Committee has already received testimony from James Schlesinger, and will hear detailed explanations of the non-tax features of the package from other officials beginning May 13.

The Finance Committee will hold hearings after the House Ways and Means Committee has acted on the tax aspects of the President's proposals. Nuclear aspects will be delayed until mid-June, after the Energy Committee looks at the research and development provisions and authorizations for the Energy Research and Development Administration (ERDA).

The Energy and Natural Resources Subcommittee on Energy Conservation is presently holding hearings on the FEA recommendations on pricing policies for Alaska oil. This Subcommittee will next address the President's policies regarding coal conversion.

The Senate Governmental Affairs Committee, which is focusing on the proposed Department of Energy, is soon expected to complete markup of an amended bill (S. 826) which would divide oil and gas pricing authority between the three member regulatory board within the Department, the Secretary of Energy, the President, and Congress. Under the plan, the President could veto the Board's proposed gas prices, and either House of Congress could veto the Board's proposed oil prices.

JOBS BILL CLEARED, WATER AMENDMENTS DROPPED

Last week the Congress finally cleared and sent to President Carter the first major piece of his economic stimulus package, a $4 billion public works program designed to create an estimated 160,000 jobs. The bill had been deadlocked in a House/Senate conference for seven weeks while conferees argued over controversial water pollution amendments and funding which had been added as a rider to the jobs bill.

The aim of the public works jobs package is quick creation of jobs through grants for local projects which are already planned and on which construction could begin in 90 days The House had acted on its version of the bill in February, with the Senate passing a similar jobs bill in March. However, the Senate added $9 billion for continued funding of un-related programs of sewage treatment plant grants. In response, the House reconsidered its own bill, and added its own water pollution amendments approved by the House Public Works Committee. These included water treatment funding, but also several substantive amendments to the Federal Water Quality Act opposed by Senator Muskie and some environmental groups. During conference maneuvering it became clear that both the House and Senate were looking beyond the pending issues toward the possibility of substantive hearings on water quality legislation later this year. The conference decision to drop water quality matters from the jobs bill leaves the sewage treatment construction grants program with no funds authorized for fiscal 1978, and $1 billion, part of the supplemental appropriations bill now awaiting the President's signature, for fiscal 1977. Also set aside were the House-passed provisions which would have extended the July 1, 1977 treatment deadline for industrial and municipal dischargers, suspended the collection of industrial cost recovery charges for 18 months to allow the use of ad valorum user charges, extended reimbursement eligibility for communities which built sewage treatment facilities with local funds, and limited Federal jurisdiction over dredge or fill discharges into navigable waters.

It now appears possible that the Senate Environment and Public Works Committee could begin hearings on water legislation as early as June.

TAX CUT BILL GOES TO PRESIDENT

The Congress last week sent President Carter a tax cut bill designed to bolster the economy after stripping from it a $1.4 billion benefit for business and the much-discussed $50 individual tax rebate. The bill includes a change in the standard deduction which will result in a tax reduction for about 46 million taxpayers, two-thirds of the total. The bill will mean an overall reduction in taxes of about $2.8 billion in fiscal 1977, $17.7 billion in fiscal 1978, and $13.7 billion in fiscal 1979.

House and Senate conferees dropped the House provision calling for a $50 per person tax rebate, which had been abandoned by President Carter three weeks before on grounds that it was no longer needed to spur the economy. The Senate had then acted quickly to delete the rebate from the Finance Committee version of the measure.

The conferees also eliminated a provision of the Senate bill which would have increased the investment tax credit from 10 percent to 12 percent, a reduction which would have meant a savings to business and a loss of treasury revenues of $1.4 billion per year. The higher investment tax credit rate had been successfully defended on the Senate floor, but it was dropped in conference because of strong opposition from House Ways and Means Chairman Ullman, and indications that it was held in disfavor at the White House.

Retained, however, was a compromise special jobs tax credit which appeared in both bills in differing forms. The conference compromise provides that an employer hiring new workers beyond a "normal" two percent growth in his work force would get a tax credit or reduction in taxes otherwise owed of up to $2,100 per new employee. However, he would lose a deduction for some of the wages paid this employee, and therefore would receive a somewhat smaller net tax gain.

Another provision of the bill continues to the end of 1978 the existing corporate rate which taxes the first $25,000 of corporate income at 20 percent, the next $25,000 at 22 percent and everything above that at 48 percent.

HOUSE AND SENATE NEAR FLOOR ACTION ON AIR AMENDMENTS

Both the House Committee on Interstate and Foreign Commerce and the Senate Committee on Environment and Public Works have concluded their work on pending amendments to the Clean Air Act, and it appears that floor action in both bodies will be under way this month.

The House bill, H.R. 6161, must still clear the Rules Committee, but Chairman Paul Rogers (D-Fla.) predicts the bill can reach the President's desk in time to avoid any legal problems for the auto industry in connection with model change-over deadlines this summer. Both the House and Senate committee bills would extend for one year the deadline and further tighten auto emissions standards. Car makers and the United Auto Workers Union want a two-year delay and a heated floor fight is expected on both sides of Capitol Hill. The industry and the union will be seeking to hold current standards in place until the 1980 model year, and to avoid further tightening of the exhaust emissions numbers for hydrocarbons, carbon monoxide, and nitrogen oxide.

Heated battles also took place in both House and Senate committees over rules which will apply to the expansion of industrial facilities in areas where air quality does not meet national health standards. In an effort to set aside the EPA "trade-off policy", a broadly supported business effort was mounted in both committees. As a result, the House committee bill contains an amendment offered by Representative Eckhardt (D-Tx) which offers only minor relief, and which was adopted after more desirable language was defeated. The Eckhardt proposal allows states some flexibility. It gives areas violating health standards until 1982 to comply, with the photochemical oxidant standards delayed until 1987. New plants may be built, but only if states make "reasonable further progress" as defined in the bill, and if plants achieve lowest emission rates.

The Senate committee markup was also the scene of several votes on non-attainment amendments. The previously-adopted Bentsen provision was modified by an amendment offered by Senator Domenici (R-N.Mex.). Senator Bentsen offered a compromise version which failed by a vote of 6 to 9, and the Domenici language was then adopted by 13 to 1, with Bentsen casting the single negative vote. The Domenici approach permits states to obtain waivers from specific plant-by-plant trade-off requirements under certain limited conditions. Supporters saw the Domenici amendment as meeting the two major objections which environmentalists leveled against the Bentsen proposal: it sets fixed deadlines for ultimate attainment of air quality standards, and it requires states to "provide for" meeting the deadlines. The deadline for meeting the standards would be 1982, except in the case of carbon monoxide and photochemical oxidants, the deadlines for which could be extended to 1987 under certain conditions. The Domenici amendment also tightened emissions control requirements for existing sources in non-attainment areas. If EPA decides a state plan is too weak, it could refuse to grant a waiver and require the offset plan to remain in effect.

There will undoubtedly be further debate of the controversial non-attainment question in both House and Senate when these bills reach floor debate later this month. However, there is little optimism that further meaningful improvements can be achieved which will benefit industry.

TOXIC SUBSTANCES FUNDING IN SENATE HEARINGS

Current Congressional activities concerning toxic substances include hearings in the Senate Commerce Subcommittee on Science on two amendments to the Toxic Substances Control Act and a bill to increase fiscal year 1978 authorizations for the TSCA to $50 million.

Administrator Costle of the EPA has requested appropriation authorizations of $29 million for fiscal year 1978 and $50 million for fiscal year 1979. However, S. 1069 has provisions of $50 million for fiscal year 1978 and $100 million for fiscal year 1979. Prior to leaving his position at EPA, former Administrator Train had requested $52 million for fiscal year 1978. Concern was expressed by some Subcommittee members that Costle has not requested sufficient funding to properly administer the law, and therefore asked for a cost-by-cost, item-by-item breakdown of the discrepancies between Train's and Costle's budget requests. That report should be in the committee's hands within a week.

Senator Griffin has proposed an amendment to the TSCA, S. 899, to establish the Toxic Substances Injury Assistance Act. His feeling is that the Federal and state levels of government should respond to chemical contaminations much as they do in cases of natural disasters. However, Costle and the environmental organizations supported a concept of a revolving fund contributed to by the manufacturers. In an instance where relief would be necessary, such indemnification would come from this fund. S. 1069 and S. 899 should go to markup around May 10.

Senator Riegle has proposed an amendment to the TSCA, S. 1330, to develop a Federal strike force to cope with chemical contaminations. Riegle developed this concept along the lines of FAA response teams in aviation accidents. Costle, HEW, the Department of Agriculture and the environmental groups represented all apparently support such a program. S. 1330 has been referred to the Senate Committee on Environment and Public Works where hearings have not yet been scheduled.

INTERNATIONAL TRADE DEVELOPMENTS

The U. S. is beginning the third year of the President's five-year authority to bargain on tariff and non-tariff barriers under the Trade Act of 1974. These very complex negotiations involving nearly 100 nations have been delayed, primarily because of the election of a new American President. But preparatory stages have now been completed and the participating countries are now poised to make real progress. The new catalyst is Ambassador Robert Strauss, former Democratic Party chairman, who was recently confirmed as the President's Special Trade Representative. His well-known talents for handling controversy and molding compromise make him an excellent choice for this tough assignment, and we now expect the Multilateral Trade Negotiations to start moving soon. There is some chance they may conclude in 1978, but more likely in 1979.

Meanwhile, our industry's program of continuing close liaison with the government on bargaining issues is working well. Most of this activity is being carried on in Industry Sector Advisory Committees under government security rules. You might be interested to know they are evaluating literally hundreds of chemicals to determine their sensitivity to expected negotiations results. They are also recommending concessions to be gained to help U. S. exports. The Department of Commerce-Special Trade Representative team working with industry people has been complimentary about our efforts -- efforts which are sufficiently unique to be a model for other industry groups.

Our industry is also making progress in coping with the demands and opportunities provided by the Trade Act. The Office of the Chemical Industry Trade Advisor suffered a serious setback with the death of Dr. David Dawson, but our new organization is now beginning to take shape. Myron Foveaux has left Monsanto to become full time Deputy Chemical Industry Trade Advisor. The "talent search" is under way now for one of our top chemical industry executives to serve as the Trade Advisor. A very important function for our Advisor will be to act on the Industry Policy Advisory Committee which relates directly to Secretary of Commerce Kreps and Ambassador Strauss.

Exhibit F

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

R. R. BALOTTI, CHAIRMAN
INSURANCE COMMITTEE

MAY 10, 1977

On behalf of the Insurance Committee, I am pleased to have this opportunity to discuss with you the state of the insurance business and some of the Committee's activities and concerns as they relate to the MCA member companies.

First, on the insurance community, from the news media, trade journals and your own insurance people, all of you are aware of the problems in the liability area. To put it simply, the liability market is in a state of utter chaos. Premiums have escalated by a factor of 3 - 5 - 7 - 10 times and we hear stories of even more. Capacity is restricted with many insurance companies refusing to quote on renewals and new business. Published reports of 35 major USA insurance companies for the year 1975 state a composite underwriting loss of $2.3 billion, ranging from $9 to $283 million. Causes of the losses were inflation, increase in litigation with higher court awards and the failure of underwriters to foresee the magnitude of the problems and adjust accordingly. The 1976 results are not available yet, but from what I can see of current reported earnings the situation may be turning around some. However, the problems are far from over.

For the near term, insurance buyers will face more of the same--further curtailment of coverage and higher premiums. The impact this will have on MCA member companies is a function of several things--their financial strength; their risk management program including quality control procedures, claim record, ability to assume a larger share of the risk, usually through higher deductibles, and no doubt other factors. I would hope that all member companies are giving serious consideration to assuming more of the risks, coupled with "in-house" risk management disciplines and procedures to control losses. The name of the game continues to be loss prevention.

Of course, the net result is--it's the consumer who pays. I have read somewhere that right now an American automobile includes $200 in the price for the liability exposure and next year it may be $600.

While the recent aircraft disaster in the Canary Islands does not impact directly on the chemical industry, the tremendous losses that will be paid by underwriters will affect both capacity and premiums on all lines of insurance.

Now, let me very briefly fill you in on what the Insurance Committee has done, is doing and intends to do about the liability insurance situation. There are two major activities in this area.

One, we endorse legislative reform. Many business and insurance groups suggest that the long-term solution to the product liability problem is legislative reform--federal and/or state. Our Committee agrees with that position and toward that end met on April 7 with the MCA's Legal Advisory Committee. The result of that meeting was the adoption of a resolution to form an ad hoc committee for the purpose of developing position papers on pending legislation dealing with product liability, which I understand is under consideration.

I am hopeful that MCA will be able to influence legislation to the benefit of the chemical industry.

Two Senate bills that I know of have been drafted: S. 527--To amend the Small Business Act by authorizing the Small Business Administration to furnish reinsurance for liability insurers for small business concerns; and S.403--To regulate the flow of interstate commerce by establishing programs, standards and procedures for determining responsibilities and liabilities arising out of product related injuries, and for other purposes.

I would guess the first order of business would be to develop position papers on these bills.

Second, we're studying insurance alternatives. Recognizing there could be a real need for insurance alternatives for some of the member companies, especially the smaller ones and at the lower levels of coverage, last Fall a subcommittee was appointed to conduct a preliminary feasibility study directed toward gaining a more precise insight into the problems of MCA member companies.

Our request for $43,000 is now under review by the ad hoc committee just mentioned. Funding will permit us to employ an outside consulting firm to develop a questionnaire to be sent to all member companies, to analyze the results, to establish a dialogue between the MCA and prominent insurance underwriters and to develop with MCA recommendations for future action. There is no quick or easy solution to this situation. There are many problems to be solved and agreements reached on variables among companies in terms of limits, deductibles, risk management disciplines, engineering, premium assessments and a host of others.

And finally, we're working toward the finalization of a Loss Data Bank. About five years ago, several members of the Insurance Committee saw the need for the MCA to provide member companies with statistics and pertinent information on property losses. Accordingly, a Loss Data Bank under stewardship of MCA to provide uniformity of reporting and confidentiality was initiated on a trial basis. The concept developed slowly and rather painfully but now after being proven is in a position to begin accumulating a base of statistical loss information for use of MCA. This base should be a useful tool to evaluate the effectiveness of loss prevention programs, assist in determining the optimum design in installation of loss prevention facilities and provide a bridge for transmitting these concepts to other members. Here, smaller firms should benefit the most.

Today, your Executive Committee was requested to approve a $6,000 request to be subscribed by six companies, which will permit the signing of the contract between MCA and a data processing firm making the program operational.

I have given you a very brief rundown on the concerns and activities of the Insurance Committee. The members have been very active and the progress made is directly attributable to their outstanding abilities and dedication.

I would be pleased to field any questions you may have.

Exhibit G

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

PHILIP A. PALMER, VICE CHAIRMAN
SOLID WASTES MANAGEMENT COMMITTEE

MAY 10, 1977

For the past several years the Solid Wastes Management Committee's efforts have involved participation in the legislative process with timely and knowledgeable input to Congress. These efforts have been successful since the legislation, known as the Resource Conservation and Recovery Act (RCRA) which passed in October 1976, is in general viewed by the Committee as constructive.

More recently, the Committee has been maintaining close liaison with the Environmental Protection Agency Office of Solid Waste Management Programs to identify key issues and to prepare input to the developing regulatory program. As with all new regulatory programs, additional burdens and problems for industry are anticipated.

EPA views their position to be primarily one of technical and financial support since, under the RCRA, states must formulate comprehensive solid waste management plans to qualify for federal funds. EPA will take over management of the hazardous wastes portion of the program if a state fails to act appropriately.

States are required to phase out open dumps within five years and some industrial on-site landfills may be affected.

EPA is developing criteria which will classify some wastes as "hazardous" and a cradle-to-grave control concept is evolving. Regulatory activity is concerned with storage, transport and disposal at a permitted disposal site. One favorable aspect is that the regulations will not impose restrictions on the composition or quantities of wastes generated, comparable to the emission standards for discharges into the air or the effluent guidelines for discharges into the water as in the clean air and water acts.

Special notification procedures and permits will be required for final treatment, storage or disposal of such wastes. There will be a record-keeping system which enables the regulatory agency to track hazardous wastes from generation through disposal. (A manifest system now in effect in Texas accomplishes this and is not particularly onerous).

The Act also provides funding for development of resource conservation and recovery technology, but this aspect does not appear to be of any great importance to the chemical industry.

For the next one to two years, the major efforts of the Solid Wastes Management Committee will be devoted to promoting the issuance of reasonable regulations covering the generation, storage, transport and any environmentally sound disposal of solid wastes.

In this effort the Committee will interface directly with EPA to enable MCA to provide data, commentaries on EPA "Key Issue Questions" and the draft regulations. The Committee will also prepare to recommend MCA responses to proposed regulations as they appear in the Federal Register. Proposed regulations are anticipated in July or August and finalization due by April 1978.

EPA is approaching their regulatory task in a manner which differs from the way regulations were developed pertaining to air and water pollution. Extensive lists of questions relating to the major issues have been developed and public input is being requested prior to developing draft regulations. In this manner EPA hopes to resolve potential conflicts early so rule-making may proceed smoothly.

While the advantage of providing industry input <u>before</u> regulations are cast in stone is clear, disadvantages are also apparent. First, we must develop realistic positions early without full knowledge of EPA thinking; and second, we must respond to an extremely large number of questions raised rather than to a well-defined and more concise regulatory program.

Solid Wastes Management Committee task groups have been organized to parallel the EPA organization to be more effective and obtain the maximum participation of our membership.

One problem is anticipated which might limit our effectiveness; however, the Joint Subcommittee on Environmental Law (JSEL) may not be adequate to provide knowledgeable assistance with the continuity we believe our task groups may require in drafting response to the regulatory proposals.

The Committee will focus on a number of key rule-making areas which are deemed most significant to the chemical industry.

o <u>Hazardous Waste Criteria</u> - The criteria need to be defined to include the most important wastes but to avoid the excessive costs associated with providing expensive hazardous waste disposal and treatment for non-important wastes. Such criteria should enable efficient management of problem waste by reducing the chances of overwhelming the transportation reporting and permitting systems.

o <u>Sanitary Landfill Definition & Methodology</u> - EPA will define acceptable disposal methods which will be classified as sanitary landfills. All other methods will be classified as open dumps to be phased out. We must see to it that the sanitary landfill definition is broad enough to encompass all properly designed and environmentally sound industrial landfills and other methods such as land farming.

o <u>Potential Conflicts</u> - The RCRA requires coordination with other environmental laws. However, we must follow rule-making to avoid overlap of regulatory authority in waste disposal applications such as injection wells, waste water ponds and lagoons and in the transportation of hazardous materials regulated by the DOT.

The RCRA will affect all chemical plant installations; however, until the regulations are finalized, no reliable cost estimates of the RCRA provisions can be made. The consensus of th Solid Wastes Management Committee is that if EPA is at all reasonable, the additional capital and operating costs imposed on th typical chemical plant will be much lower than those resulting from either the air or water pollution control regulations. The Committee will work to this end.

Exhibit H

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

FREDERIC E. ALLEN, JR., CHAIRMAN
TRANSPORTATION AND DISTRIBUTION COMMITTEE

MAY 10, 1977

This morning I have three items involving the Transportation and Distribution Committee that I wish to cover. In addition, several other items will be summarized and attached to my written report to provide you with a more complete picture of the Committee's activities.

First, the special task group's effort on tank car compensation has the highest priority of any program in which we are now involved. This group, formed in May 1975, has a three-year objective to provide a long-range solution to the industry's problem of receiving a fair return from rail carriers for the use of its tank cars in transportation service. In the past, the railroads have compensated each other for the use of their equipment at a significantly higher level than they reimbursed the private car owner. The group achieved its short-term goal in May 1976, when a joint agreement was reached that increased compensation by 22-1/2% and produced a $17 million a year flow from the rail carriers to the chemical industry for the use of tank cars. A periodic update procedure produced an additional $6 million per year in April 1977.

This has been a time-consuming and costly effort. Outside legal fees, for example, have cost approximately $65 thousand since May 1975. However, the MCA tank car participants have recently shown continued support for the activity by recommending an assessment of $1.50 per tank car, thereby providing an additional $100 thousand which is forecast to be required to bring this effort to a satisfactory conclusion. Current study assignments pertain to critical factors in the long-range tank car compensation program. Reports from these studies will be used to develop a position which will be the basis for negotiations with the tank car lessors, railroads, and other shipper associations. The objective of this effort is to develop a mutually acceptable long-range compensation program that is to be submitted to the Interstate Commerce Commission (ICC) in the Second Quarter of 1978. It is hoped that there will be very few points that will be necessary for the ICC to resolve.

Concurrently, this group has also participated in a special ICC proceeding resulting from the Railroad Revitalization and Regulatory Reform Act of 1976. This Act required a special study be made and reported to the ICC with respect to overall private car ownership. While private tank car ownership was excluded because of the program already underway by the special task group, it was apparent that involvement was necessary or we might be running a significant risk in having the ICC reach decisions which would adversely affect or limit our long-range tank car compensation program. Work on this special ICC docket will be completed in August 1977, and it is not expected that there will be any surprises.

In summary, the efforts of the special task group have already provided the chemical industry with many benefits. Equally important, however, is the opportunity to develop a long-range solution to private tank car compensation, which has been a major problem to the chemical industry for years.

My second item for discussion is the Committee's continuing effort to develop programs with other trade associations in the area of transportation and distribution to improve communications. During the last twelve months, the Committee has received formal presentations from the American Waterways Operators, the National Tank Truck Carriers, Inc. and the Independent Liquid Terminals Association. We have been impressed with the capabilities of these associations. The presentations have been worthwhile and have produced a better understanding of the problems that their memberships face. The Committee has made similar presentations at annual meetings of these associations.

The objective of these programs is not to establish positions with respect to any particular issue, but rather to provide a means of communication between the members so that we can understand each other's concerns and minimize problems or activities which are wasteful in time, money and effort.

For example, prior to officially setting up lines of communications with the National Tank Truck Carriers, they went directly to the Department of Transportation and requested additional regulations be imposed to require shippers to identify and notify them in advance what material was being shipped in each instance. The membership of the Committee is almost in unanimous agreement that there is a need for this type of notification and is also convinced that it could have been accomplished without its becoming a regulatory issue. Unfortunately, it is now in proposed rulemaking as Hazardous Materials Docket HM-145.

We now have a well-defined program with the National Tank Truck Carriers and expect to complete a similar program with the terminal operators during 1977. Meetings are scheduled on a regular basis between the associations, and there is an advanced agenda for review.

The final item that I wish to discuss is a relatively new effort involving what I will call "product liability while in transit." The Committee believes there are growing indications that the commercial carrier industry by year-end 1977 will make an effort to shift liability for penalties, fines, damages and injuries caused by a product being transported to the shipper.

In the past, commercial carriers have assumed this responsibility when they accepted a material for shipment. Approximately three years ago, the barge operators took a stand that they were not financially able to handle the liability for damages caused by product spills, refusing to accept materials for shipment that they considered hazardous unless the shipper was willing to relieve them of all liability. The common carrier industry, because of regulation, probably cannot take such a strong position. However, many new regulations have caused the carriers to become justifiably concerned about being able to survive financially if they are involved in a serious incident.

The Committee will study this potential problem and develop what alternatives may be available. It is the hope of the Committee that by becoming involved in this situation now we will be able to react in a positive manner.

This program is in its early stage and still needs further definition, but the Committee is convinced it may be our highest priority program over the next year. There are many other MCA committees which have interest in this program, and they should be active participants.

(3) A one-day seminar was conducted in Washington, D. C. in February 1977 on computer freight rate, car location, and information systems. There were over 150 people in attendance, and the fee of $35 per person was charged to defray expenses associated with the seminar. Based on unsolicited comments from those in attendance, including several professional transportation and distribution consultants, this seminar was extremely successful.

V. Hazardous Materials - Docket HM-145--Environmental and Health Effects Materials--under this advanced notice of proposed rulemaking, the Materials Transportation Bureau is considering the need to regulate transportation of a large number of materials that are now regulated by either the Environmental Protection Agency (EPA) or the U. S. Department of Labor, Occupational Safety and Health Administration (OSHA).

This docket will be addressed by MCA as there is concern that conflicting regulations involving the Department of Transportation, EPA and OSHA could result. The materials in question do not appear to pose a significant potential hazard to humans from acute exposure in transportation with one or two exceptions. Such exceptions could be handled outside Docket HM-145. This proposed rulemaking potentially involves several MCA committees.

VI. Marine - Several bills have been introduced in Congress related to repair and/or replacement of Lock and Dam 26 at Alton, Illinois. None of those bills are coupled with user charges.

The subcommittee will follow indicated action by certain states directed to the establishment of state pollution liability funds as well as a possible national user pollution fund.

Exhibit I

STAFF REPORT

by

William J. Driver

May 10, 1977

On April 27, I wrote to Senator Henry M. Jackson (D-Wash.) in support of the goals of a proposed Coal Utilization Act of 1977 (S. 977), but suggested that encouragement for industrial boilers to use coal rather than dwindling supplies of natural gas and fuel oil come from free market incentives, not federal government coercion. I noted that certain industrial processes, because of safety, process control and product quality considerations can be served only by non-coal, fossil fuels. I emphasized, too, that consumption of natural gas and fuel oil as boiler fuels represents an inferior use of these dwindling natural resources, and that it is in the national interest to increase our self-sufficiency by encouraging the greater utilization of domestic supplies of coal. The letter concluded by applauding the fact that the bill is directed at boilers, since we believe the generation of steam represents the greatest opportunity to utilize coal.

Hearings on S. 977 are planned for mid-May.

In an earlier letter to Senator J. Bennett Johnston Jr., chairman of the Subcommittee on Energy and Natural Resources, I emphasized our belief that the nation should proceed immediately to conserve energy and develop new energy sources. Both actions were stated to b necessary and should be carried out in a way that will balance the environmental and economic factors. I mentioned again our support for increased coal utilization and also the development of other kinds of energy such as solar and nuclear.

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Work continues on efforts to amend the Clean Air Act of 1970, and both the Senate and the House of Representatives may receive committee proposals by the end of May.

The House Committee on Interstate and Foreign Commerce concluded its markup of H.R. 6161 on April 28. Paul Rogers (D-Fla.), chairman of the Subcommittee on Health and Environment, had introduced this "clean bill" following markup in his subcommittee. While few amendments were adopted by the full committee, an effort was made to lessen the restraints on growth imposed by nonattainment requirements. Further efforts to amend the bill are expected when the bill reaches the House floor, probably sometime in May. The chemical industry's principal concerns with the bill remain: improved definition and interpretation of ambient air quality standards, limits on industrial expansion in areas failing to attain health standards, no-growth implications of federally-enforced policy of nondeterioration, relief from certain flexible statutory compliance deadlines.

The full Senate Committee on Environment and Public Works is marking up S. 252. Just prior to the Easter recess, the committee adopted an amendment by Senator Lloyd Bentsen (D-Tex.) which states the option to permit industrial expansion in nonattainment areas under certain conditions. While this represents a major improvement and is endorsed by MCA, the Bentsen amendment continues to be very controversial within the committee and undoubtedly will be the subject of debate when the bill reaches the Senate floor. The Senate committee already has addressed the questions of air quality standards, nondeterioration, compliance deadlines, administrative procedures and judicial revi w. In each instance the language reflects little recognition of the concerns of the business community.

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The Occupational Safety and Health Administration on April 29 announced an emergency temporary standard for benzene of 1 part per million, based on an eight-hour average. The previous standard was 10 ppm. The temporary standard also reduces the present ceiling level of 25 ppm to 5 ppm and eliminates the peak level of 50 ppm for any 15-minute period during the eight-hour day. Emergency requirements, among others, include measuring employee exposure, personal protective equipment and clothing, employee training, medical surveillance, work practice and recordkeeping. The standard becomes effective on May 21. A public hearing on the permanent standard, to be published May 13, will begin on July 12. Eula Bingham, head of OSHA, promises that work on developing a permanent standard will b completed within six months.

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MCA arranged 56 television interviews and 72 radio intervi ws with 16 member company representatives at this year's American Women in Radio and Television convention in Minneapolis April 28-30. MCA interviewed 10 industry representatives, and 1,000 tapes of thes interviews will be sent to extension home economists around the country for use on their local radio programs. The number of intervi ws was up 31 percent over 1976. Of the 600 persons who attended th convention, 560 visited MCA's suite. This 93 percent attendance was up from 70 percent last year. Convention attendees said our suite was the most popular of all.

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Close to 1,100 representatives of more than 180 member companies have registered for the 105th Annual Meeting.

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Two new legislative representatives have joined MCA's Government Relations Department, Donald M. Clarke and Mark O. Decker. At the same time, Myron T. Foveaux has been named deputy chemical industry trade advisor.

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