BOB/HAS/ Attached Tyr. You may have seen via other sources — primarily Canadian implications, but of ~~CEPA~~ interest to all VC industry.

FAX

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Al Barber @ 6 am, 11/18/96

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Re: Cost Impact of NSN Regs - Draft Study

Don,

Will you request CCPA to set up a conference call for middle to end of this week on the subject study? It is important to review what has happened since the CEPA-ICG meeting and come to agreement on our feedback to Environment and Health Canada on the subject study.

After finally getting the document and giving it a cursory review, I think it is <u>imperative</u> we consider as a first option, ***"stonewalling"*** the study. Only as a distant second, should we offer the excellent upgrades suggested by John Shepherd at the last ICG meeting. The underlying methods used by Environment and Health Canada must be stopped before they are used a third time.[1] .../2

[1]CCME, 1995. *Cleaner Vehicles and Fuels*. The draft study was heavily criticized by industry which failed to offer an alternative to the **cost/benefit** approach to vehicle emissions. Industry concerns were ignored, and the reports were never finalized (to my knowledge). The petroleum sector is now

A similar approach was taken by Environment and Health Canada on vehicle emissions. The emissions cost vs. benefits study was just as technical as the one on the NSNR we are considering. In sections dealing with inherent toxicity, exposure, and valuation of benefits, government gave the appearances of fairness, balanced judgement and allowed for uncertainty. When the results of these three components of benefits were integrated, reductions in respirable particulates were *predicted* (largely by modeling) to be improved a non-detectable 2-3%, resulting in *predicted* morbidity and mortality that was similarly undetectable from background. Nonetheless, the health benefits were *calculated* to be $30B (that's right, billions!). While still in draft, the $30B value was leaked to the media from the CCME Ministers' meeting in Yellowknife late last year.

I focused on the vinyl chloride chapter in the NSNIWG draft study, and what I expect to see in the headlines very shortly is that the VCM and PVC manufacturers are killing as many as 11 people in the community around their six plants, and an additional 1 to 3 workers, all from cancer. You can see the costs in the relevant tables may exceed $100M. Neither government nor its contractor bothered to get any facts from industry (that I'm aware) about numbers of people exposed, levels of exposure, or our experience with hemangiosarcoma incidence/mortality. Making assumptions, the contractor,

- Calculated an exaggerated cancer incidence at low exposures;
- Over-estimated exposures; and,
- Grossly over-valued the health benefits from VCM control / ban.

Reported thru 1988.

Wonder where those numbers came from? Per 1993 most recent official ASI registry update, would've was @ 174

The results do not agree with experience. The number of hemangiosarcomas associated with occupational VCM exposure in the world is only 68 cases (according to the contractor), and I do not believe any of these were in the Canadian facilities currently in operation.

CPPI has been encouraged to investigate two approaches: 1) media, and 2) legal. In the former, the goal would be to grab the initiative, point the finger at government's use of "casual, back-of-the-envelope" calculations, surrounding them in very technical-sounding camoflage, and creating fear (when there are virtually zero "risks") - all to justify their continuing existence in an age of budget-cutting. In the second approach, senior bureaucrats would be advised that industry would seek recovery of damages (including punative) for any unfounded allegations of harm. Would ICG consider?

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supporting a joint effort to get a more sensible balance between cost *vs.* benefits. The cost of the joint initiative is quite large, and the results could still drive a (yet another) major rationalization of the petroleum industry in Canada.

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