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SPI

THE SOCIETY OF THE PLASTICS INDUSTRY, INC.
250 PARK AVENUE • NEW YORK, NEW YORK 10017 • 212/687-2675

MINUTES

SEMI-ANNUAL MEETING OF THE PLASTIC BOTTLE DIVISION

Doral Country Club & Hotel
Miami, Florida

January 21, 1972
9:15 a.m.

PRESENT:

Arthur R. McCamey, Jr., CHAIRMAN, Kerr Glass Manufacturing Corp., Packaging Products Division, P.O. Box 4000, Lancaster, Pennsylvania 17604
R. J. Abramowitz, Hooker Chemical Corp., Ruco Division, Box 456, River Road, Burlington, New Jersey 08016
Eugene Andrews, Sinclair-Koppers Company, 950 Koppers Bldg., Pittsburgh, Pennsylvania 15219
James J. Asback, B. F. Goodrich Chemical Company, 6100 Oak Tree Blvd., Cleveland, Ohio 44131
George Babcock, Owens-Illinois, Inc., Plastic Products Division, P.O. Box 1035, Toledo, Ohio 43601
Bailey Barnes, E. I. du Pont de Nemours & Company, Inc. Plastics Division, 300 Union Commerce Bldg., Cleveland, Ohio 44115
H. R. Bishop, Allied Chemical Corporation, Plastics Division, P.O. Box 365, Morristown, New Jersey 07961
R. D. Bishop, IMCO Container Company, 4240 Blue Ridge Blvd., Kansas City, Missouri 64132
J. W. Brown, Vistron Corporation, Midland Bldg., Cleveland, Ohio 44115
C. Malcolm Cooper, Owens-Illinois, Inc., Plastics Products Division, P.O. Box 1035, Toledo, Ohio 43601
Robert K. Croll, Allied Chemical Corporation, Plastics Division, P.O. Box 365, Morristown, New Jersey 07961
Leon Gold, Esq., Shea, Gould, Climenko & Kramer, 330 Madison Ave., New York, N. Y.
Lewis P. Green, Borden, Inc., 511 Lancaster Street, Leominster, Massachusetts 01453
Frank M. Harris, Aim Packaging, Inc., Erie Industrial Park, P.O. Box 278, Port Clinton, Ohio 43452
Jerome Heckman, Esq., Keller & Heckman, 1150 17th Street, N.W., Washington, D.C. 20036
Ray Hobbs, Owens-Illinois, Inc., Plastic Products Division, P.O. Box 1035, Toledo, Ohio 43601
James Hollyday, American Can Company, American Lane, Greenwich, Connecticut 06830
W. D. Howells, Hooker Chemical Corporation, P.O. Box 456, River Road, Burlington, New Jersey 08016

SPI-23997

Jack Jaglom, Pantasote Company of New York, Inc., 26 Jefferson Street, Passaic, New Jersey 07055
Fred Kaufman, Sinclair-Koppers Company, 950 Koppers Bldg., Pittsburgh, Pennsylvania 15219
Richard Kitteredge, Fabri-Kal Corporation, 7 Industrial Parkway, Somerville, New Jersey 08876
Donald Lewis, Monsanto Company, 800 N. Lindbergh Blvd., St. Louis, Missouri 63166
G. B. Linden, Allied Chemical Corporation, Plastics Division, P.O. Box 365, Morristown, New Jersey 07961
John McDonald, Continental Can Company, Plastics Container Division, 633 Third Avenue, New York, New York 10017
Kenneth G. Michel, Continental Can Company, Plastics Container Division, 633 Third Avenue, New York, New York 10017
John Murphy, American Can Company, American Lane, Greenwich, Connecticut 06830
Clifford Oman, U.S. Industrial Chemicals Company, 99 Park Avenue, New York, New York 10017
Donald M. Pollock, Union Carbide Corporation, Plastics Division, One Cory Road, Morristown, New Jersey 07960
William E. Risch, Anchor Hocking Corporation, 189 Container Place, Springdale, Ohio 45246
J. M. Ryder, Owens-Illinois, Inc., Plastic Products Division, P.O. Box 1035, Toledo, Ohio 43601
Richard F. Sands, IMCO Container Company, 4240 Blue Ridge Blvd., Kansas City, Missouri 64132
Robert C. Schroeder, Celanese Plastics Company, 550 Broad Street, Newark, New Jersey 07901
John N. Scott, Phillips Petroleum Company, Plastics Division, Phillips Bldg., Bartlesville, Oklahoma 74003
Kenneth Walker, Pantasote Company of New York, Inc., 26 Jefferson Street, Passaic, New Jersey 07055
Robert L. Walter, Monsanto Company, 800 N. Lindbergh Blvd., St. Louis, Missouri 63166
Thomas J. McGrath, STAFF ADMINISTRATOR, SPI, 250 Park Avenue, New York, New York 10017

CHAIRMAN'S OPENING REMARKS

Division Chairman Arthur McCamey welcomed the attendees to our Semi-Annual Meeting in Florida. He called for the usual self-introduction of the attendees and following the introductions inquired if there were any corrections to be made to the minutes of the Executive Committee Meeting held on September 29, 1971. There were no corrections to be made and a motion was made, seconded and carried that the minutes of the meeting be approved as distributed.

REPORT ON THE EXECUTIVE COMMITTEE MEETING

Chairman McCamey advised that the Executive Committee met in two sessions and took the following actions:

1) They reconsidered their motion that the Division recommend to the Board of Directors that unless sectional offices are self-supporting they be closed. The motion was reaffirmed by the Executive Committee and the chairman will present

it at the next SPI Board of Directors Meeting.

2) The Division will establish a Membership Committee and will request the Market Development Committee to name the chairman of this committee..

3) The chairman will give a yearly review of the Division's activities at the next Annual Meeting.

In closing his comments, Chairman McCamey advised that the other actions taken by the Executive Committee will be reported by the various committee chairmen since they affect their committees.

MEMBERSHIP REPORT

The Staff Administrator advised that the Executive Committee approved the applications of Borden Chemical Company, Anchor Hocking Corporation and Marquis Products Company, Inc. They also gave conditional approval to American Can Company, subject to the provision that American Can Company and Chemplex Corporation maintain separate memberships with the Bottle Division. The Executive Committee also accepted the resignation of Marbon Chemical Company.

FINANCIAL REPORT

The Staff Administrator reviewed the 6-month expenditures of the Division's income (which included a balance forward from the previous year) totalling $63,584.36. Expenses for the period were $40,706.23, leaving a balance in the fund as of the end of the calendar year of $22,878.13. It was noted that assessments for the 6-month period $42,847.50, and there are unpaid assessments totalling $38,237.50. The Staff Administrator also distributed a comparison of the 6-month actual budget. (Please note: A copy of the financial statements are attached to the minutes as Exhibit A.) A motion was made, seconded and unanimously carried that the financial report be accepted.

LEGAL ADVISORY REPORT

Chairman McCamey advised that the Executive Committee has selected SPI General Counsel Jerome Heckman to serve as the Division's legal advisor. He expressed his sincere appreciation to William Ellis of Union Carbide Corporation, who has served in this capacity. In view of Mr. Heckman's involvement with the Division in several areas, the Executive Committee deemed it highly advisable to request that Mr. Heckman function as the Division's counsel.

Mr. Heckman thanked the members of the Executive Committee for selecting him as their Division counsel. He stated that later on in the program he will discuss the subject of plastic liquor bottles and at this time wished to draw the members' attention to several items:

1) In this month's issue of "Modern Packaging" there are two articles of interest, entitled: (a) "Control for Solid Waste: Plan it Out" and (b) "In Safety Packaging You Go By the Rules or You Don't Go." Mr. Heckman recommended that the Division members read these articles.

2) He also called their attention to a study performed for the National Soft Drink Association by the Midwest Research Institute on the impact of national ban on no-return beverage containers. The basic conclusion of the report on the impact of a law banning non-returnable beverage containers is that it would be highly damaging to the economy. Mr. Heckman recommended that all members obtain a copy of this study.

(Please note: Attached is a copy of the press release and summary findings of this report as Exhibit B.)

STATISTICAL COMMITTEE REPORT

The Staff Administrator reported in place of Statistical Chairman Harry Eberheim, who was unable to attend the meeting. Mr. Eberheim had informed the Staff Administrator that our program with the Department of Commerce continues to run smoothly as possible considering recent budget cuts within bureau. At the last meeting of the Statistical Committee, the Staff Administrator was unable to attend the meeting due to his involvement in the preparation of our court case against the City of New York, and Mr. Al Evans, SPI Statistical Manager, substituted for the Staff Administrator. Mr. Eberheim highly praised Mr. Evans for his constructive comments at the meeting and it was recommended that we invite Mr. Evans to participate in all future Statistical Committee meetings to gain the value of his experience.

The Staff Administrator commented that the attendance at our Statistical Committee Meeting was poor. He requested the official representatives to name a representative to the Statistical Committee so that we may give proper attention to this vital function of the Division.

TECHNICAL COMMITTEE REPORT

Ray Hobbs, Chairman of the Technical Committee gave his report which is attached to the minutes as Exhibit D.

Mr. Hobbs advised that the Executive Committee at its meeting yesterday approved the selection of Robert Hayes of IMCO Container Company as chairman of the PVC Test Method Subcommittee. The Executive Committee also approved the expenditure required to reprint Volume 1 of the Institute of Paper Chemistry report. Regarding the Committee's request to name a representative to the Packaging Institute's Shipping Container Subcommittee and the Chemical Specialty Manufacturers Association's Committee on Metrication, the Executive Committee gave approval for the Technical Committee to send representatives to the initial meetings of these groups and report back to them so that they may make a determination if it is desirable for the Plastic Bottle Division to name permanent members to these committees.

MARKET DEVELOPING COMMITTEE REPORT

Committee Chairman Don Lewis reported on the activities of the Market Developing Committee. (Please note: A copy of Mr. Lewis' report is attached to the minutes as Exhibit E.)

TRAFFIC AND TRANSPORTATION COMMITTEE

The Staff Administrator advised that Committee Chairman Burke was unable to attend and he read the Chairman's report which is attached to the minutes as Exhibit C.

PROMOTION COMMITTEE REPORT

Committee Chairman Jim Ashbeck reported on the activities of the Plastic Bottle Division. Those areas which he highlighted were:

1) The Committee has established a subcommittee which works closely with Burson-Marsteller in developing stories for the Plastic Bottle Bulletin.

2) The Committee has initiated an Ecology Corner in the Bulletin which gives us the opportunity to provide useful information to our customers about the relationship of plastic bottles to the environment.

3) The Committee will review the mailing list of the Plastic Bottle Bulletin to update it and make certain that the key people in the user companies are receiving the Bulletin.

4) The Division is in the process of developing an ecology brochure which will present our story in a readable and concise fashion.

5) The Division is in the initial stages of planning a Division seminar. A determination will be made by the Executive Committee at its next meeting whether or not we will hold a seminar and what the topics should be.

Following Mr. Asbeck's report, Mr. Linden requested that the public relations budget for 1972 be mailed prior to the May meeting. The Staff Administrator advised that the Division's budget will be presented in draft form before the May meeting.

PLASTIC WASTE MANAGEMENT COMMITTEE REPORT

Committee Chairman Fred Kaufmann reported on the activities of his committee. (Please note: A copy of Mr. Kaufmann's report is attached to the minutes as Exhibit F.)

PLASTIC BOTTLE DIVISION ASSESSMENT FORMULA

Chairman McCamey reported that the Executive Committee established a subcommittee comprised of Ken Michel, Gus Linden and himself to evaluate our present assessment formula and, if needed, to come up with an alternative method. This subject will be discussed in detail at our Annual Meeting in May.

MEMBERSHIP

Chairman McCamey advised that the Executive Committee has requested that we establish a membership Chairman and that he be selected from the Market Developing Committee.

ANNUAL MEETING FORMAT

Art McCamey advised that for the Annual Meeting he would like to establish a task force to poll the top management of the member companies to obtain their recommendations regarding the subjects which they would like to hear discussed at the Annual Meeting. He suggested that we allot some time at the Annual Meeting for the task force to consider the proposed projects and make firm recommendations for their implementation.

REPORT OF THE PUBLIC AFFAIRS COUNCIL OF SPI

Ken Michel, Chairman of the SPI Public Affairs Council, reported on its activities He advised that the Council has held numerous meetings which have resulted in the establishment of objectives, assessment formula and staff support. The objectives of the Public Affairs Council are: a) convince influential public about the benefits of plastics; b) convince our customers that not only do plastics represent good, modern design and material solutions, but also that plastics do not expose these customers to public relations problems; c) respond quickly and accurately to public criticism of plastics; d) counteract or repeal anti-plastics legislation; e) demonstrate that the plastics industry has a genuine and constructive concern for improving our environment. Mr. Michel stated in his comments that to assist in reaching these objectives, the Council has hired the public relations firm of Hill & Knowlton. In addition, they have hired its initial legislative representative.

He advised that the Public Affairs Council has a proposed 1972 budget of $975,000. He feels confident that this figure will be reached.

He stated that the Council has initiated a legislative surveillance program which screens every bill introduced in a state legislature, to determine what impact they may have on the plastics industry. In addition, he advised that Hill & Knowlton has conducted some pilot research programs to pinpoint the problem areas facing the industry.

He closed by noting that the Council will initiate a membership drive, and plans to contact some 400 companies requesting them to join the Council.

GUEST SPEAKER: MR. LEON GOLD, ESQ.; SHEA, GOULD, CLIMENKO & KRAMER

Mr. Gold, who was the architect of our successful lawsuit against New York City's plastic packaging attacks, discussed the background which led to our successful defense against this unjust tax. Mr. Gold provided the members with insight as to reasons for the approaches which they took and answered questions. Following Mr Gold's talk he received a warm round of applause for an excellent presentation.

GUEST SPEAKER: MR. JEROME HECKMAN; KELLER & HECKMAN, SPI GENERAL COUNSEL

Mr. Heckman discussed "PVC For Liquor Bottles--Where We've Been and Where We Are." (Please note: A copy of Mr. Heckman's comments is attached to the minutes as Exhibit G.) Following Mr. Heckman's talk there was a series of questions and answers. The members thanked Mr. Heckman for his fine presentation.

DATE AND PLACE OF NEXT MEETING

The Executive Committee will hold its next meeting in New York City on Wednesday, March 29th. The Division will hold its Annual Meeting at Castle Harbor, Bermuda, May 8th to 10th.

ADJOURNMENT

There being no further business to discuss, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,

Thomas J. McGrath
Staff Administrator
Plastic Bottle Division

TJMcG/rce
Enc.

EXHIBIT A

PLASTIC BOTTLE DIVISION
EXPENSE/BUDGET
JUNE 1971 - DECEMBER 1971

COMMITTEE MEETINGS	1971-72 BUDGET	SIX-MONTH ACTUAL
Executive	$ 1,500.00	$ 720.37
Legal Advisory	150.00	------
Promotion	1,750.00	639.81
Traffic & Transportation	200.00	21.25
Statistics	250.00	171.20
Technical	1,250.00	350.13
Subcommittees	1,500.00	288.29
Market Development	1,350.00	984.16
Subcommittees	750.00	50.00
Waste Management	1,000.00	------
Full Division	6,000.00	279.55
Subtotal	$ 15,700.00	$ 3,504.76

PROJECT EXPENSE		
Cooperative reporting with the Bureau of Census	$ 2,375.00	$ 2,375.00
Institute of Paper Chemistry	5,000.00	3,470.28
Promotion Committee		
Agency Fee	30,000.00	15,000.00
Expenses & Projects	25,000.00	13,356.19
	$ 55,000.00	$ 34,201.47
Keep America Beautiful	3,000.00	3,000.00
TOTAL	$ 81,075.00	$ 40,706.23

SPI-24004

EXHIBIT A

PLASTIC BOTTLE DIVISION
INCOME/EXPENSE
JUNE, 1971 - DECEMBER, 1971

INCOME

Balance Forward 5/31/71			$ 20,091.70
*Assessments - 6 months		$ 42,837.50	
Sale of literature		655.16	$ 43,492.66
			63,584.36

EXPENSES

Divisional Meeting		279.55	
Executive Committee		720.37	
Traffic & Transportation		21.25	
Statistics			
Meetings	171.20		
Bureau of Census	2,375.00	2,546.20	
Market Development			
Meetings	984.16		
Milk Bottle	50.00	1,034.16	
Technical Committee			
Meetings	350.13		
Closures & Cartons	40.00		
Institute of Paper Chemistry	3,470.28		
Dimensional Research	40.00		
Test Methods	91.07		
Performance Research	117.22	4,108.70	
Promotion Committee			
Meetings	639.81		
BMA Fee	15,000.00		
BMA Expense	13,356.19		
Keep America Beautiful	3,000.00	31,972.30	
Total Expenses			$ 40,706.23
Balance in Fund 12/31/71			$ 22,878.13

*Unpaid Assessments $38,237.50

EXHIBIT B

NATIONAL SOFT DRINK ASSOCIATION
1101 SIXTEENTH STREET, NORTHWEST • WASHINGTON, D.C. • 20036 • (202) 833-2450

This release, a summary of the Midwest Institute's study on the impact of a national ban on no-return beverage containers, was made available to the trade press on Friday, Jan. 7, by the National Soft Drink Association, U. S. Brewers Association, Glass Container Manufacturers Institute and Carbonated Beverage Container Manufacturers Association. Modern Packaging magazine already had received information on the study.

Further distribution of the release and summary will be made on request from the news media. NSDA also will send the study and release to about 300 key soft drink industry environmental leaders.

Exhibit B (continued)

National Soft Drink Association
1101 Sixteenth Street N.W.
Washington, D.C. 20036

Contact: George Wells
833-2450

January 7, 1972

IMMEDIATE RELEASE

There has been much debate concerning the impact of outlawing no-return, no-deposit beer and soft drink containers on the economy and the solid waste and litter problems. Fragmentary evidence has been presented from time to time, both pro and con, but no comprehensive and conclusive data has been available.

To meet this need, the beverage and container industries commissioned the Midwest Research Institute to make a definitive study. Sponsoring the project were the Carbonated Beverage Container Manufacturers Association, the Glass Container Manufacturers Institute, the National Soft Drink Association and the United States Brewers Association.

Before proceeding to a summary of the study, it will be useful to point out that Midwest Research Institute (MRI) is an independent, non-profit research organization headquartered at Kansas City, Missouri. During its 26 years of existence it has conducted some 4,000 research projects for some 1,500 sponsors in a broad range of economic and technological areas.

MRI produced a definitive study for the federal government on "The Role of Packaging In Solid Waste Management, 1966 to 1976," which has become the national reference on the subject. This study and numerous other projects for both government and industry on salvage-recycling-disposal systems, the packaging industry's contributions to total environmental waste, and the economic impact of control proposals has qualified as an authority on solid waste prob-

The new study on "The National Economic Impact of a Ban on Non-fillable Beverage Containers" was made on a national basis and npleted in late 1971. While the study did not attempt to measure e economic impact of state and local legislation seeking to ban e-way beverage containers, such local impact can be clearly dem-strated through the national results.

Basic Conclusions

MRI came to several basic conclusions concerning the national pact of a law banning non-returnable beverage containers:

*It would eliminate more than 164,000 well-paying jobs.

*It would reduce personal income nearly $3 billion dollars.

*It would reduce Gross National Product by more than $10 billion.

*It would cut national, state and local tax revenue more than $800 million.

*It would require new investments by brewers, beer distributors, bottlers, packers, can vendors and retailers totalling well over $1 billion.

*Under the most favorable circumstances it would reduce the total volume of municipal solid waste by only 1.37 percent by volume (1.09% by weight) and roadside litter by only 11.3 percent.

The most obvious conclusion is that the overall costs of light gains on the solid waste and litter fronts would be staggering. Now let's examine the MRI conclusions in more detail.

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Sales Decline

The study foresees a ban on one-way beverage containers resulting in an 8% decline in soft drink and beer sales because there will

(more)

be fewer retail outlets handling such beverages, fewer brands on the market, and consumer resistance to an all-returnable bottle system. The study also estimates that trippage of returnable bottles would drop to an average of eight round-trips per bottle annually.

MRI, utilizing computer input/output analysis techniques, concluded that cutbacks forced by a one-way container ban would produce negative impacts throughout our whole entire economy. One would be termination of 104,000 well-paying, relatively permanent jobs in the four basic industries directly affected, as well as in many other industries where the "intertwined economic repercussions" of the ban would come into play.

Brewers, beer distributors, bottlers, retailers and other affected businesses could be expected to create some 56,000 new jobs to meet the labor requirements of an all-returnable bottle system. However, these jobs would be low-skilled, low-paid jobs that would in no way offset the more highly skilled jobs terminated in the container and beverage industries.

MRI estimates that brewers would face capital expenditures of $464 million for new equipment and facilities, beer distributors $276 million, soft drink bottlers, contract packers and can vendors $299 million, and retailers $22 million.

Effect on Litter

The MRI study cited a litter survey made in 1969 by the National Academy of Sciences for Keep America Beautiful, Inc., showing that beer and soft drink containers of all kinds accounted for 19.7% of highway litter by item count. One of seven of the beverage containers was a returnable bottle.

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THE NATIONAL ECONOMIC IMPACT OF A BAN ON
NONREFILLABLE BEVERAGE CONTAINERS

SUMMARY REPORT

of a Study Conducted by Midwest Research Institute for the Ad Hoc Committee of the Beverage and Container Industries--the Carbonated Beverage Container Manufacturers Association, the Glass Container Manufacturers Institute, the National Soft Drink Association, and the United States Brewers Association

1971

MRI Project No. 3482-D

Prepared by

Midwest Research Institute
425 Volker Boulevard
Kansas City, Missouri 64110

SPI-24010

FOREWORD

Research Institute is an independent nonprofit research
juartered in Kansas City, Missouri. During its 26 years
has conducted 4,000 research projects for 1,500 sponsors
ige of subjects in economics and technology.

ors of the Solid Waste Bureau's well-known "eggshell book,"
ging in Solid Waste Management, 1966 to 1976, and numerous
s for government and industry on salvage and recycling
rtunities, legislative options, research and development
new disposal system evaluation, packaging's contribution
ental pollution, and economic impacts of control proposals,
seen some of the complexities of packaging solid waste

eve these problems will be most wisely resolved when all
are fairly examined and well understood.

INTRODUCTION

Under sponsorship of the Ad Hoc Committee of the Beverage and Container Industries, Midwest Research Institute undertook this project to identify and quantify the economic effects of proposed national legislation which would ban nonrefillable beverage containers--metal cans and no return bottles--for beer and soft drinks.

The project began with an intensive literature search--a purposeful reexploration of MRI's own considerable data bank in the Patterson Library and the Economic Resources Center, and extending to the world famous Linda Hall Library of Science and Technology, the state university libraries of both Kansas and Missouri, and the municipal libraries of Kansas City and surrounding communities.

Additional information was obtained in seven related surveys involving more than 2,500 interviews, covering consumers, retail and wholesale trade, beverage and container producers, and a variety of other groups. Input/Output computer tapes from the U.S. Department of Commerce OBE Bureau of National Economics were used to determine gross negative economic impacts of the ban; and conventional analytical techniques were used to estimate specific economic impacts in net terms, and to estimate the ban's effects in reducing roadside litter and solid waste.

The study measured the year 1969 with and without the ban, to show the impact in reasonably current perspective. It assumed that the ban's effects were instantly mature and stabilized at January 1, 1969; that adequate conversion capital was available throughout the industry (no bankruptcies); that write-offs would be book-value-less-salvage, charged entirely against income taxes over a 5-year period; that changeover expenses could and would be entirely charged against 1969 income; that tax-free beer (mainly export and military) would not have counted as domestic package mix; and that, for purposes of computing tax revenue losses, the ban would neither change average beverage prices nor change the 1969 operating margin for any beverage producer or trade function. It was subjectively estimated, as a basis for certain essential computations, that the ban would diminish sales by 8 percent and reduce bottle trippage rates to eight, in both soft drinks and beer.

FINDINGS

Input/Output Analysis: Gross Negative Economic Impacts of a Ban

Obviously, a ban on nonrefillable beverage containers would affect some industries and activities positively, and it would affect others negatively. In each case, the direct effects of the ban (e.g., metal can sales drop to zero) are merely the opening round of what becomes a series of commercial and industrial chain reactions occurring as the result of complex interdependencies which characterize the national economy.

Over the past 25 years, econometricians have developed reliable computerized methods of aggregating these chain reactions to provide fair measurements of the total national economic gain or loss tracing--directly and indirectly--to a given change in any sector of business activity. The methodology is called Input/Output analysis, and it was used in this ban impact study to determine the gross negative economic effects of the proposed legislation. The partially offsetting gross positive impacts were too devious in nature to be measurable by the method.

Traceable negative impacts (losses) in 1969's national output due to the ban were estimated to total $10.2 billion. Of this amount, $6.6 billion derives only from shutting down the metal beverage can industry, with all of the chain reactions such a shutdown would impinge through the supporting metal industries, mining, utilities, transportation and equipment, plus the repercussions in associated industries and services which supply them, and their suppliers' suppliers, along with consequent personal income reductions all down the line and the resultant diminution of consumer purchases of goods and services throughout the economy.

The magnitude of these economic repercussions can be readily seen from the fact that the ban-impacted decline in metal can output--by itself, taken alone--is less than $1.2 billion. Similarly, the soft drink industry's output loss of $300 million extends to an all-industry loss of $1.7 billion; brewing's loss of $258 million extends to $1.36 billion; and glass container producers' loss of $97 million triggers an all-industry economic loss of $534 million.

Input/Output extensions can also be expressed in terms of employment reductions impacted by given declines in industry output. Thus, for every $1 million decline in metal can output, there would be 89 equivalent full-time jobs lost altogether nationally when all of the inter-industry repercussions of the ban are counted. A $1 million decline in soft drink output would cost the economy 96 jobs; in beer it would cost 85 jobs; and in glass containers it would cost the economy 109 jobs. All told, the ban would eliminate more than 164,000 existing equivalent full-time jobs.

These negative impacts--losses of $10 billion in national output and 164,000 jobs--were directly estimable from existing Input/Output data because the inter-industry relationships of the primary impact industries (beverages and containers) are all well established in prior art.

On the other hand, the positive impacts of a ban cannot be computed by Input/Output analysis because the required data base simply does not exist. As yet, no one has been able to develop definitive inter-industry "repercussion" figures for capital expenditures, for example; nor have they been able to aggregate such other positive impacts as the additional part-time, after-school jobs which an all-returnable bottle system would oblige in retail stores.

In the case of forced capital expenditures, the ban's positive impacts would only be of a temporary nature--come and gone in about 1 year. The permanent positive impacts would tend to be relatively intensive in the lower labor skills--unskilled materials handling, especially--as compared with the higher technology negative impacts. This difference is extremely important in Input/Output multiplier extensions because higher technology activity involves more inter-industry repercussions. For this reason it appears certain that the ban's positive impacts would be less than half of its negative impacts in terms of total national output.

Although it is regrettable that Input/Output analysis cannot be used to measure net economic impacts of a ban, its estimates of gross negative impacts are still useful as indices of economic disruption. The $10 billion worth of output and the 164,000 equivalent full-time jobs would still be lost by someone, even though someone else might gain by the same legislation.

Conventional Analysis

In contrast to the general approach of Input/Output analysis--which measured the ban's aggregate negative effects throughout the entire economy--the approach here attempted to identify and quantify net impacts which are specific to various segments of the beverage and container industries themselves. Information from standard government and industry sources was collated with data obtained in our own surveys; and whenever practicable to do so, the results were correlated with the Input/Ouput figures. All proprietary information solicited from private companies was held in confidence and combined as necessary to avoid public disclosure.

We selected the most heavily impacted segments of industry and trade, and measured them as seven specific entities. Each segment was analyzed to determine five different kinds of ban impacts at various assumed reduced

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levels of beverage sales volume and various assumed trippage rates for returnable bottles.

The Metal Sheet and Metal Can industry segments would sustain the greatest losses in terms of investment and employment. Together these segments would lose $850 million in book value after salvage, and they would lose 57,900 jobs with combined annual earnings of $615 million. Brewer and Bottler investment losses of $350 million would be sustained, although their employment would rise by 22,400 jobs of generally low order skill. Glass Bottle Manufacturers--with 100 percent share of a diminished market for beverage containers--would lose about $95 million in investments and 8,200 jobs.

More than $1 billion in new investments would be required in the beverage production, distribution and sales segments. Although employment would expand in these particular areas, the aggregate difference in quality of jobs gained and lost in all seven beverage and container industry segments is suggested by an anticipated $248 million decline in total employment costs.

Beverage producers and sellers would find their overhead and other operating costs increased by some $367 million. Most of this would occur as transportation and supervisory cost increases; but it would also include additional costs in utilities, space allocation, system accommodation, insecticides, janitorial materials, general and administrative charges, and other miscellaneous accounts.

The Ban's Impact on Tax Revenues

The ban would reduce aggregate national tax revenues by an estimated $800 million each year for the first 5 years, and over $500 million annually thereafter. This loss would be shared by every state, although federal revenue would suffer most.

These projected tax losses become significant in light of an interesting and probably little-known fact: the brewing industry alone is responsible for the generation of about $2 billion in taxes every year, including $1.5 billion in excise taxes. A brewer seldom earns as much as $1 for every $10 his beer generates in taxes.

The Ban's Impact on Litter

Surveys by the Florida Transportation Department, the Georgia Highway Department, and Keep America Beautiful (covering 29 states) show that beverage containers actually account for 19.6 percent, 17.1 percent, and 19.7 percent of highway litter items, respectively. Considering that one of every seven littered beverage containers is a returnable bottle, and considering that all litterers would be obliged to shift to returnable bottles under ban conditions, MRI estimates that the ban would reduce highway litter by 11.3 percent--not 40 percent as the public apparently believes according to our surveys.

The total volume of beverage containers was 34.91 million cubic yards, assuming that they were piled compactly and that none were crushed or broken. Altogether these containers weighed 6.27 million tons.

If a ban on nonrefillables resulted in an 8 percent decline in beverage sales and a trippage rate of eight trips per bottle, then 1969's total volume of beverage containers would have dropped to 10.75 million cubic yards and the weight would have diminished to 3.37 million tons.

Since 1969's total national volume of municipal waste is estimated[1] to have been 1,767 million cubic yards, with weight of 265 million tons, MRI calculates that a ban on nonrefillable beverage containers would reduce the nation's municipal solid waste problem by 1.37 percent in volume, and by 1.09 percent in weight (see Figure 1).

Savings Vs. Costs

The only known national total of public expenditures for roadside litter pickup comes from the Keep America Beautiful surveys of state government outlays for cleaning up the federal and state primary roadways. In 1969, the 50-state total was $33.4 million. The federal government spends no money for roadside litter pickup, considering it to be a maintenance problem and therefore a responsibility of the states.

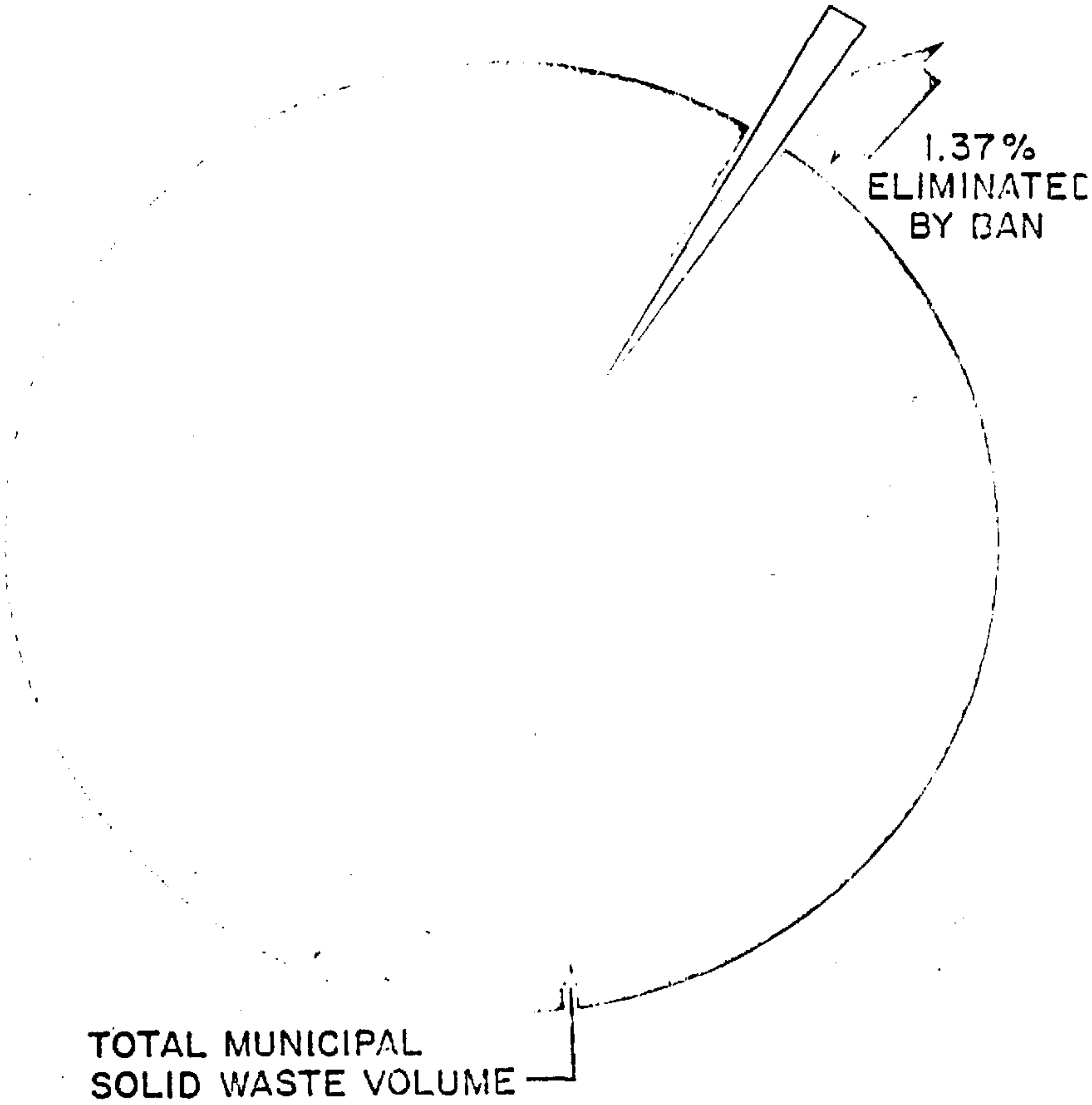
According to Office of Environmental Affairs (HEW) testimony before the House Subcommittee on Public Health and Welfare in September 1970, public expenditures for the collection and disposal of beverage containers totaled $176 million in 1969.

1/ MRI calculations based upon HEW's National Solid Waste Survey Interim Report, October 1968. Excludes industrial, construction and agricultural wastes.

Exhibit B (continued)

Figure 1

REDUCTION OF MUNICIPAL SOLID WASTE VOLUME BY A BAN ON NONREFILLABLE BEVERAGE CONTAINERS 1/



1/ MRI calculations based on HEW's National Solid Waste Survey, Interim Report, October, 1968.

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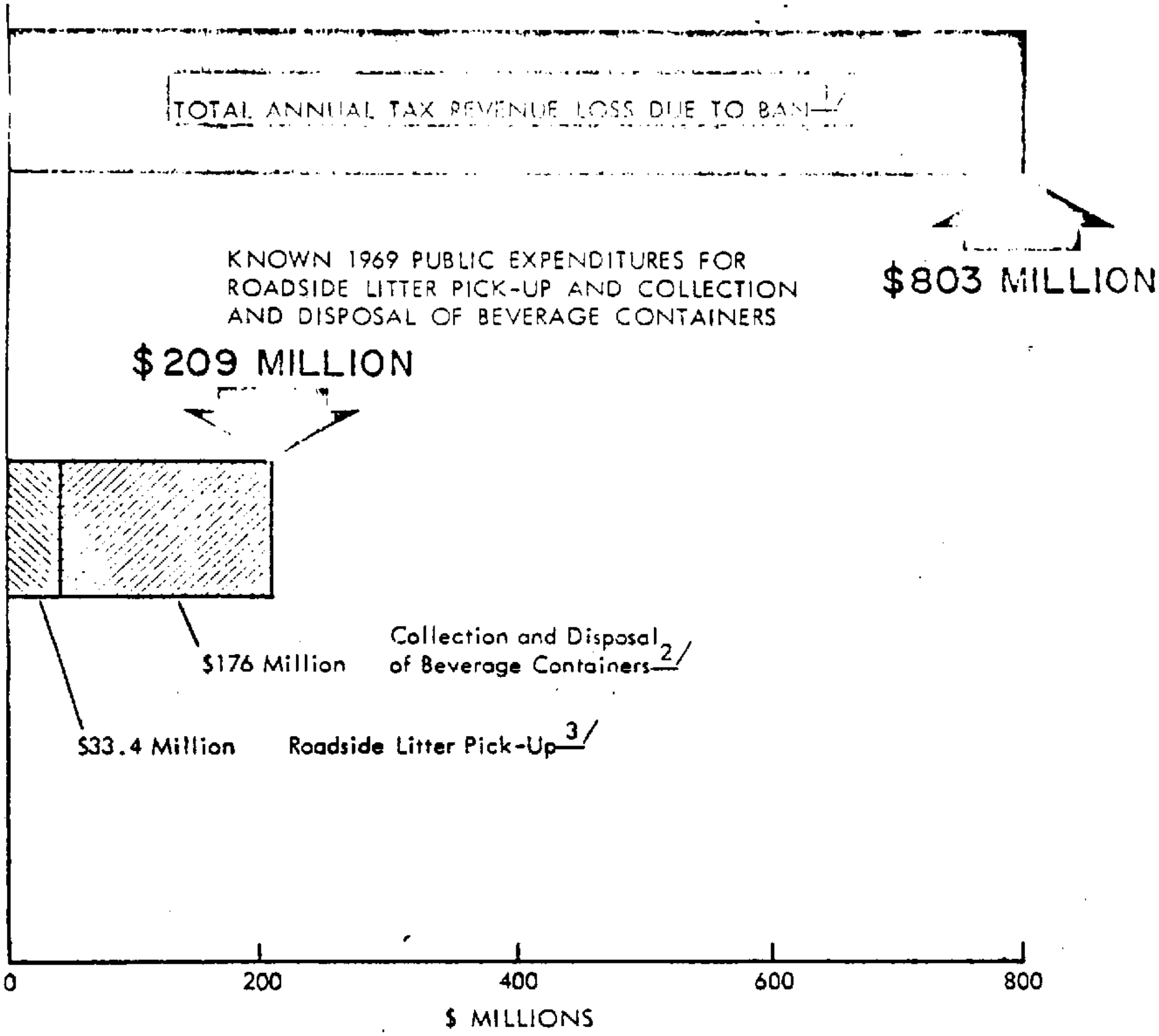
<u>Exhibit B</u> (continued)

Even if these expenditures--$33.4 million and $176 million--could be entirely saved by banning nonrefillable beverage containers, the savings would be achieved at the sacrifice of $800 million in ban-impacted tax revenues (see Figure 2).

Exhibit B (continued)

Figure 2

ANNUAL TAX REVENUE LOSS DUE TO A BAN ON NONREFILLABLE BEVERAGE CONTAINERS COMPARED TO KNOWN PUBLIC EXPENDITURES ON ROADSIDE LITTER PICK-UP AND COLLECTION AND DISPOSAL OF BEVERAGE CONTAINERS



1/ MRI estimate.

2/ Hearing records of testimony before House Subcommittee on Public Health and Welfare, Serial No. 91-88, p. 15.

3/ Estimated by Keep America Beautiful, Inc., News Release No. 14LO, December 1970. Represents total 1969 expenditures of the 50 states for the pick-up of all roadside litter items on state and federal primary roadways.

MRI estimates that a ban of one-way beverage containers would triple the percentage of returnable bottles in litter, and that as a consequence a ban would be expected to reduce highway litter by a maximum of 11.3%.

MRI points out that many people are overly optimistic about th contribution of a ban on non-returnable beverage containers to the solution of the litter problem. Consumers in response to a questic in several major cities felt a ban would reduce litter an average o 40 percent -- almost four times the actual probability.

Effect on Solid Waste

The effect of a ban on one-way beverage containers on municipa solid waste volume would be almost non-existent. The MRI study shows that with beverage bottle trippage down to 8 as a result of a ban, and beer and soft drink sales reduced by 8 percent, the volume of beverage containers in solid waste could be expected to drop onl 2.9 million tons. Measured against the total volume of municipal solid waste in 1969 (265 million tons), this reduction would amount to only 1.09% (1.37% by volume).

MRI contrasted the negligible impact the ban would have on litter and solid waste with the $803 million annual loss in tax revenues. The study pointed out that the 50 states spent $33,400,000 in 1969 to pick up litter from primary state and federal highways, and that it cost the U.S. public $175,000,000 in 1970 to collect and dispose of the 46,800,000,000 beverage containers believed to have found their way into the solid waste stream in that year.

Said the report: "It would appear that the ban's annual sacrifice of over $800 million in tax revenues makes it an expensive way to purchase relatively small reductions in litt; and solid waste."

Exhibit B (continued)

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EXHIBIT C

REPORT FOR EXECUTIVE COMMITTEE
OF PLASTIC BOTTLE DIVISION

January 21, 1972

The Traffic and Transportation Committee has not had a meeting since your last meeting of September 29, 1971. Our meeting is scheduled for February 3 and 4, 1972.

Since my last report, lower rates on truckload movements of plastic bottles in Central States Territory became effective December 15, 1971. This was a 15% reduction in rates and was a joint effort of the SPI with producers of bottles in this area. It took almost three years to reach our successful conclusion of this project since the motor carriers were not receptive to our original request for lower rates. Perseverance prevailed. The lower rates apply when shipper loads the carriers trailer and makes a notation to this fact on the bill of lading at time of shipment. Rates apply via single line routing and not joint line.

During the 90-day wage-price freeze from August 15 to November 14 no freight rates could be increased. Reductions negotiated could become effective, but no increases could take effect. At the end of the 90-day period, the freeze continued to apply until the ICC issued an order on November 22 advising

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their regulatory authority under the President's Economic Stabilization Program. The ICC established requirements that any increase of 2% or more in the price for a carrier service must be supported by evidence showing that such an increase is necessary.

The teamsters received another increase in wages and fringe benefits effective the first of January. This contract was negotiated in May 1970. The motor carriers would normally increase their rates around the first of the year to offset these increased operating costs. Because of the necessary supporting papers required to justify their increases, it has delayed the increases in many territories with some not effective until near the end of January.

The Central and Southern motor carriers General Rate Committee docketed four proposals to restrict the application of commodity rates on alcoholic liquors to not apply when shipped in plastic bottles. Rate items currently authorize shipments in glass in boxes and there is a rule in the National Motor Freight Classification that advises that whenever glass is an authorized container, plastic can also be used. In the consideration given these proposals by the Rate Committee of the motor carriers, they uncovered a rule in the tariff that stated where specific packing was provided in the rate items, that only THAT packing was authorized. This would eliminate the application of the rates if shipments of liquor were made in plastic bottles. Objections were recorded to their interpretation of the rule. A hearing was held in Louisville on December 15 and was attended by representatives of Distilled Spirits Institute, some individual distilling companies, plastic bottle manufacturers and representation from the SPI with our legal counsel. The proposals have now been withdrawn but the carriers and the opponents to the proposal still have to resolve the interpretation and applicability of the restricting rule.

If the carriers position is sustained, this could have "far reaching" effects on any and all products currently packaged in plastic bottles. Rumor has it that the reason these proposals were placed on the docket was that a truckload of liquor in plastic bottles was shipped and the weight only amounted to 22,000 lbs. The same amount of cases packed in glass bottles would have weighed 37,000 lbs.

Plastic liquor bottle producers should design the bottles so that the case they fit into occupies less cube than the glass bottles. In this manner more cases can be loaded per trailer and the same weights can be realized whether packed in plastic or glass. Bottle configuration and case sizes are

EXHIBIT D

SEMI-ANNUAL MEETING
Doral Country Club - Miami, Florida
January 20 and 21, 1972

TECHNICAL COMMITTEE REPORT TO THE EXECUTIVE COMMITTEE

Good morning. The Technical Committee and its various subcommittees have been very busy in the last few months. I am very pleased to report upon what I consider to be significant progress. The remaining portion of my report will be a brief summary of our activities.

Poly-e Test Methods Subcommittee
Chaired by Pat Gibbons, Continental Can

This subcommittee held one meeting on December 2, 1971 in Chicago. I am disappointed to report that little progress has been made. We have had two major difficulties: 1) getting people to attend our meetings, and 2) reproducibility in our test methods. The outstanding tests which we are working on are anti-stat and stress crack. We are presently involved in an anti-stat round robin. Once again, reproducibility appears to be a major problem.

For the past several years, I have stood up here and told you that we will have these tests completed this year. I recognize that our progress must be discouraging to you. It is to many of us on the Technical Committee also. Pat Gibbons, the chairman, has encouraged me recently, however, that he feels that we will be successful in setting up a test method for stress crack. I will keep you posted regarding our progress.

PVC Test Methods Subcommittee

Since the last meeting of the Executive Committee, my previous subcommittee chairman has resigned. At this time, I would like to ask for your approval of the appointment of Bob Hayes of IMCO as chairman of this subcommittee.

Because of the lack of a chairman, there is nothing new to report in this area. We will continue with our investigation regarding the various test methods for PVC. I will look forward to working with Bob Hayes in this area, and I am sure he will make rapid progress.

Cartons & Closures Subcommittee
Chaired by Guy Clark, Owens-Illinois

This subcommittee has been very active. When you consider the fact that the major portion of the work has been done by two people, you gain a further appreciation of their efforts. Our work with the Paper Institute has come to a close. The last report (Volume II) has been published. I have a copy of it for your personal review. It is our recommendation to the Executive Committee that we reprint 1500 copies of the Volume I Institute of Paper Chemistry report. Volume I and Volume II would then constitute the final report from the Institute of Paper Chemistry. We also recommend that 15 copies of the total report be given to each member company. In addition, the total report should be made available to non-members who wish to buy it at a charge of $100.00. We are also continuing with our efforts to complete the summary report (laymen's terminology). This is presently at the publication stage.

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It is our plan to print this in a soft cover similar to the Good Practices Manual. We recommend to the Executive Committee that 3000 copies be printed. Twenty-five free copies would be sent to each member of the Bottle Division. Additional copies would be available to members at cost. Charges to non-members should be $10.00 per copy. If we proceed on this basis, it must be recognized that we may over-spend the present Technical Committee budget by approximately $2000 to $2500. Your direction in this area is requested.

In addition, we are preparing the necessary standard test method to supplement the summary report. This subcommittee will work hand-in-hand with Pat Gibbons' subcommittee in developing these test methods. It is our plan to complete these in 1972. The original write-ups have been completed and will be ready for divisional ballot in the very near future.

Dimensional Research Subcommittee
Chaired by Fred Homburger, Kerr Glass

Statement on Closures and Plastic Containers

We have received from Burson & Marsteller, a re-write of our statement which was submitted to the National Classification Board. It was the opinion of the subcommittee and later the Technical Committee that the technical substance of the report had been seriously reduced in content. Based upon this fact, we have rewritten the report and plan on reviewing it again with Burson & Marsteller.

Standard Finishes

The last of our plastics finishes have been submitted to ASTM. They have passed the initial subcommittee ballots. There are a few very minor negatives to be resolved. None of these involve technical problems.

Revision of Overflow Capacity Tolerances

The subcommittee has reviewed the overflow capacity tolerances as outlined in our Technical Bulletin PPD-2. This was done as a result of a request from one of our members to give consideration to tightening the tolerances. The subcommittee has recommended that we stay with the present tolerances.

Joint Meeting with GCMI

This subcommittee met with a task group of the Closure Committee of GCMI. At this meeting, it was agreed that there is a definite need for a standard finish in this area. Hopefully, the finish would satisfy both glass and plastics. The bayonet type of finish was suggested as the finish where the initial effort should be concentrated. GCMI will direct their efforts to developing a standard for this finish. We in SPI then will take the necessary steps to incorporate it into our plastics standards. We have advised GCMI of our plastic finish guidelines. Hopefully, this will facilitate a uniform and satisfactory finish.

It should be noted that the safety closure law is in effect. Presently, the enforcement of it is difficult. FDA is promoting a performance standard that would involve 200 children. Eighty to eighty-five percent of these children must be unable to open the closure before the closure would be considered satisfactory. There also is a rumor that the closure and finish may have to be opened and closed ten times before the test. GCMI objects violently to a performance standard. They are promoting a physical standard, something of the nature of the Canadian standard of two dissimilar and opposite actions like "push-turn."

GENERAL - TECHNICAL COMMITTEE

Packaging Institute

The Technical Committee has been asked to appoint a representative to the Packaging Institute Shipping Container Subcommittee. Guy Clark of Owens-Illinois has been selected. We ask for your approval of this selection.

Chemical Speciality Manufacturers Association

The CSMA is attempting to initiate intra-industry action of metrication of container sizes. They recognize that the metric system is probably ten years away from being accepted in the United States. They do feel, however, that we should take preliminary action to obtain standardization regarding container sizes as a means of preparing for the acceptance of the metric system. The Technical Committee has recommended that R. E. Hobbs and T. J. McGrath represent our committee to this group. We ask for your approval of these selections.

Mr. Chairman, this concludes the report of the Technical Committee. Our next meeting will be held in New Orleans. The subcommittees of the Technical Committee will meet on February 24th with the Technical Committee meeting on February 25th. We would like to extend a welcome to any of the members of the Bottle Division. We are in dire need of participants. Anything you can do to help us in this area would be significantly appreciated.

Respectfully submitted,

R. E. Hobbs, Chairman
Technical Committee

/hk

EXHIBIT E

Market Development Committee Report 1/21/72
To
Plastic Bottle Division, Semi-Annual Meeting

I. Meeting Dates

Last Meeting: November 17, 1971 (Mr. Ken Michel, Luncheon Speaker)
Next Meeting: February 29, 1972 (Speaker on Product Liability)

II. Subcommittee Programs

	Program	Status
Household & Industrial Sam Pierce Con Can	Safety Closures	Monitor SPI/GCMI liaison on standards plus Industry/FDA activity for continuing committee discussion of commercial significance and any appropriate action.
	Product Liability	Developing statement of suggesti: of how one might limit liability including possibility of a reference list of "Expert Witnesses".
	Floor Care Story	Supplying promotion committee w detail on Floor Care companies (brands) now in plastic.
Cosmetics & Toiletries Bob Bishop Imco	Decorating Standards	Reviewing with technical committe to work toward setting commercia standards for heat transfer labelir
	Market Analysis	Breaking market into subsegment:
	Value Story	Developing recommendations for promotion committee
Food & Drug Matt Smith O-I	PVC for Liquor	Monitoring ATFD/Industry activit for continuing committee discussi and consideration of action to promote conversion.
	Generic FDA Approval for Polyolefin	Determine what can be done to expedite
	Value Story	Developing recommendations for promotion committee

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Market Development Committee Report 1/21/72
To
Plastic Bottle Division, Semi-Annual Meeting

II. Subcommittee Programs (Continued)

	Program	Status
Milk Sam Rupert Uniloy	Paper/Plastic Cost Study	Dubell & Richardson Study completed, refuting paperboard study. Permission obtained to publish in plastic bottle bulletin.
	Refute Excello Claim	"Milk in Plastic spoils quicker" campaign has been stopped.
	Value Story	Story on statistical growth of milk bottles has been published.

III. Make or Buy

This issue represents an obstacle to plastic bottle suppliers from the point of view that many firms considering captive blow molding overlook real costs due to unfamiliarity with this operation, and thus overstate potential savings. At a steering committee meeting on November 16, it was suggested that this subject be discussed at the planned SPI Plastic Bottle Division Seminar in April. There was mixed emotion and the group requested the chairman to prepare a draft of a proposed paper on this subject for review by the steering committee, and if approved - for presentation to the Executive Committee for approval to include on the agenda of the April Seminar.

Respectfully submitted

Don Lewis
Chairman
Market Development Committee

EXHIBIT F

PLASTIC WASTE MANAGEMENT REPORT

SPI PLASTIC BOTTLE DIVISION

SEMI-ANNUAL MEETING

JANUARY 21, 1972

AS A STARTING POINT FOR DISCUSSION AT THE SEPTEMBER 29, 1971, EXECUTIVE COMMITTEE MEETING, A COPY OF CLYDE KRACHT'S SPI INTEROFFICE MEMO OF JULY 19, 1971, SUMMARIZING 24 "RECYCLING ALTERNATIVES FOR PLASTICS MATERIALS" WAS DISTRIBUTED. AFTER SOME DISCUSSION I WAS GIVEN THE ASSIGNMENT TO PROPOSE SOME ECOLOGICAL PROGRAM USING PLASTIC BOTTLES WHICH WE COULD INITIATE OR SUPPORT WHICH WOULD BE OF SIGNIFICANT PUBLIC RELATIONS VALUE TO OUR INDUSTRY.

GENTLEMEN, BEFORE GOING ANY FURTHER, LET ME SAY THAT DESPITE THE EXTREME PRESSURES ON THE PLASTIC INDUSTRY TO INITIATE RECYCLING PROJECTS, I CANNOT IN GOOD FAITH RECOMMEND ANY PROGRAM TODAY WHICH I FEEL WOULD BE WORTHWHILE WITHOUT CREATING THE RISK OF A PUBLIC RELATIONS BACKLASH OR GETTING WAY OVER OUR HEADS FINANCIALLY.

FRANKLY, I HAD THOUGHT THE COLLECTION OF USED PLASTIC CONSUMER ITEMS AT LOCAL GLASS AND CAN RECYCLING REDEMPTION CENTERS WITHIN A REASONABLE DISTANCE OF ONE OF THE NEW STEAM GENERATING MUNICIPAL INCINERATORS OFFERED US THE CHANCE TO PUBLICIZE PLASTIC'S USE AS A CLEAN, I.E., LOW SULPHUR, HIGH BTU, SOURCE OF ELECTRICAL ENERGY. THIS ACTUALLY WAS JIM ASBECK'S SUGGESTION LAST YEAR TO WORK WITH THE NEW NORTHWEST INCINERATOR IN CHICAGO. HOWEVER, THIS HAS TWO DRAWBACKS AT PRESENT:

(1) THEY HAVE NO PROSPECTIVE CUSTOMERS FOR THE STEAM THEY COULD GENERATE.

(2) WITH ELECTROSTATIC PRECIPITATORS AND NO SCRUBBERS, ANY ADDITIONAL PVC ADDED, EVEN THOUGH SLIGHT, COULD ADD TO THE HCL AIR POLLUTION CLAIM.

I RECENTLY TALKED WITH MR. PAUL BRICKER, THE DESIGN ENGINEER FROM THE FIRM OF GANNETT, FLEMING, CORDDRY, AND CARPENTER, INCORPORATED, HARRISBURG, PENNSYLVANIA, CONCERNING THE HARRISBURG INCINERATOR NOW UNDER CONSTRUCTION. INITIAL INCINERATOR STARTUP TEST RUNS SHOULD COMMENCE IN APRIL, 1972. HOWEVER, THE DESIGN HERE IS VERY SIMILAR TO THE CHICAGO INCINERATOR, INCLUDING ELECTROSTATIC PRECIPITATORS AND NO SCRUBBERS.

PROFESSOR ELMER KAISER WAS THE CONSULTING ENGINEER ON THE DESIGN OF AN INCINERATOR IN NEW CAANAN. THIS DOES NOT GENERATE STEAM OR POWER BUT DOES HAVE A SCRUBBER BUILT FROM ACID BRICK AND REENFORCED PLASTIC. THE SCRUBBER STARTED UP IN APRIL, 1971, AND THERE IS NO WORK UNDERWAY TO STUDY ITS PERFORMANCE OR HOW IT IS HOLDING UP. PROFESSOR KAISER HAS SUGGESTED SPI SPONSOR SUCH WORK, BUT THIS APPEARS TO BE A LITTLE FAR REMOVED FROM OUR PROBLEM.

MCA IS CURRENTLY SPONSORING A PROJECT AT MIDWEST RESEARCH INSTITUTE ENTITLED "PLASTICS AND THE ENERGY CRISIS." I HAVE SEEN THE RESEARCH OUTLINE FOR THIS PROJECT AND UNFORTUNATELY LOOKS LIKE A REHASH OF PREVIOUS REPORTS BY MIDWEST, DEBELL AND RICHARDSON, AND OTHERS; I HOPE I AM WRONG.

UNDOUBTEDLY YOU'VE HEARD OF THE ELGIN, ILLINOIS, BRIDGE WITH THE CEMENT CONTAINING 30% BY VOLUME OF SCRAP PLASTIC. SPI WAS ALL SET TO PUBLICIZE THIS UNTIL WORD WAS RECEIVED THAT THE COMPLETED BRIDGE HAD COLLAPSED INTO THE RIVER DUE TO DEFECTIVE DESIGN OF THE STRUCTURAL STEEL.

I WOULD WELCOME ANY SUGGESTIONS FROM YOU GENTLEMEN HERE THIS MORNING, OR IF YOU'D LIKE TO ADVISE ME AT A LATER DATE OF ANY IDEAS YOUR COMPANIES MIGHT HAVE ON SOMETHING USEFUL THE BOTTLE DIVISION CAN DO.

THANK YOU,

FREDERIC S. KAUFMAN, JR.
SINCLAIR-KOPPERS COMPANY

CHAIRMAN, SPI BOTTLE DIVISION
SOLID WASTE MANAGEMENT COMMITTEE

FSK:JAA

EXHIBIT G

"PVC for Liquor Bottles--Where We've Been and Where We Are" */

Gentlemen:

I am delighted to be here with you today--the sunshine and proximity of Doral's ninety holes make it especially pleasurable.

To round out your latest exposure to reports on "enviromania," my aim is to provide a brief overview of the Bottle Division's continuing efforts to obtain the permanent blessing of the Internal Revenue Service's Alcohol, Tobacco and Firearms Division for the use of polyvinyl chloride bottles to package alcoholic beverages. Although the industry has come a long way, and has been given reason for optimism, the total opening of the market is not yet at hand.

Here's the story. As many of you are well aware, members of the Plastic Bottle Division began working with ATFD in the late 1960's to establish the suitability of PVC bottles for the intended use. I am sure they found, as we have, that working with ATFD is a refreshing experience, relatively speaking. I can tell you that we feel the atmosphere is one of mutual cooperation, and sincere open-mindedness.

In November, 1968, official recognition of advantageous beverage application possibilities in the PVC area came to public attention with the release by ATFD of Industry Circular No. 68-32. Through this Circular, issued after careful study of the then available technical data, ATFD granted permission for the experimental use of rigid or semi-rigid polyvinyl chloride liquor bottles of less than one-half pint or of one-half gallon capacities.

Since that first circular was issued, others have followed annually which have served to extend the experimental time periods and, later, to liberalize the size limitations. Obviously, the industry was encouraged by these official actions.

*/ Presented by Jerome H. Heckman, SPI General Counsel, at Plastic Bottle Division Meeting, January 21, 1972, Doral Country Club and Hotel, Miami, Florida.

When Industry Circular No. 70-33, once again extended the period of time for experimental use it came to be understood that, by December of 1971, a final decision would be made as to termination of the experimental period and the beginning of the era of "bouncing booze bottles."

Since at least 1968, we believe there has been excellent dialogue and liaison between industry representatives, our office, and ATFD aimed at expediting the expanded experimental use of PVC bottles and hastening the day when formal approval would be given for unlimited bottle size use. We have had many occasions to confer with the ATFD Staff regarding various procedures involved in the obtaining and filing of necessary applications, and suggestions to clarify ATFD policies when they are referenced to applicable Food and Drug Administration regulations. We have also called on and had superb cooperation from SPI's membership which has made it possible to give the government accurate, up-to-date technical data to assist with its decisions.

In August and September of last year, it appeared to us as though a satisfactory end to the experimental era might be in sight. Rumors emanating from ATFD indicated that a final decision would be forthcoming soon, and the indicators were all "go." A further Circular was issued--this one requesting final comments from interested parties regarding PVC liquor bottle use and giving November 15, 1971 as the date when a final decision would be announced. Our reading was that the decision would, indeed, be favorable and that full-scale use of PVC containers would be permitted by April 1, 1972.

It was shortly thereafter that we and the ATFD Staff had a bit of an unforeseen roadblock thrown up. More specifically, in late October, we were informed by a staff member that an IRS administrative determination had been made that ATFD would have to go through the new environmental impact statement proceedings so the anticipated November 15 decision date was now sadly out of the question.

Some of you may not be aware of this relatively recent legislation, and exactly what it entails. In 1969, Congress passed the National Environmental Policy Act (NEPA) which was signed by the President and became law in 1970. Under its provisions which look towards mandating a coordinating approach among government agencies to evaluate broadly any action that could have a significant impact on the environment, every agency must prepare, publicize and receive comments on an environmental impact statement whenever it decides a contemplated action is one which could be of major signficiance to the environment. These proceedings involve the gathering of a great deal of factual information and require a minimum of 90 days to complete once a draft impact statement is released. Obviously the overall time between the making of a decision on whether the special proceedings must be brought into play and completion of the process will always be considerably longer.

As soon as the higher echelons at IRS decided that the NEPA requirements would have to be met in our PVC bottle case, a request for help was forthcoming. The ATFD Staff candidly conceded that, like most other agencies, it lacked experience in preparing these environmental impact statements and, more importantly, needed distilled and organized technical data.

In response, we set to work immediately to prepare an SPI statement that would aid the ATFD in fulfilling its statutory obligations. Our office prepared a draft and then met with Plastic Bottle Division members in early December. Our goal was to prepare an accurate and factual statement with regard to the benefits of the use of PVC liquor bottles and to dispel the misconceptions about these bottles, especially concerning their alleged potential adverse effects on the environment. Again, after continuous communications between industry representatives, our office, and ATFD, a statement was submitted to the agency in the form of a letter with twenty appendices to Mr. Rex D. Davis, Director of the Alcohol, Tobacco and Firearms Division.

Essentially, this is where the matter stands today. ATFD staff members have been very appreciative of the data we supplied and our relations with them have been and remain extremely cordial. We have been in continuous contact with various Bottle Division members regarding technical details in the letter to Mr. Davis and have made and relayed the changes to ATFD whenever appropriate. The government agency, in the meantime, has been concentrating its efforts on digesting our material and in writing for inter-agency circulation a draft environmental impact letter. The 90-day time period does not begin to run until the draft statement is issued. So, once again, we have no choice other than to resign ourselves to a long wait in addition to being alert for, and prepared to counter any adverse comments submitted regarding the use of PVC liquor bottles.

Meanwhile, of course, the experimental period has been extended to June 30, 1972, and may well have to be extended again since the latest word we have is that ATFD is working diligently on its draft but probably will not have a document to circulate until sometime in February at the earliest. Until all these procedures are completed, distillers and bottlers may only use PVC bottles for half-gallons, containers under one-half pint, and any one other size of their choosing. They can put any or all of their product lines in the same sizes if they wish.

At the risk of adding one more bit of "future shock," I think I should also mention here that the Food and Drug Administration has been under considerable pressure lately to "start complying with NEPA." A group of environmentalists called the National Resources Defense Council, Inc., which has already been successful in enjoining the Department of Interior for failing to complete NEPA procedures before proceeding with oil lease sales off the shores of Louisiana, has jabbed FDA for ignoring the 1970 Act as regards such matters as food additive petitions. Characteristically, FDA has now announced it will soon be issuing a policy statement on how it will comply with NEPA. We can hardly wait!

This much seems certain even before the new FDA policies are announced: They will undoubtedly have adverse consequences as regards action on food additive petitions relating to packaging materials. The agency is already incapable of meeting the 180 day statutory deadline for action on most of these petitions, as many of you know. Compliance with NEPA can only worsen an already intolerable example of regulation that chokes off progress. I thought I should let you know about this collateral horror even though it may not have an immediate relationship to the liquor bottle case since it could, like the ultimate ATFD decision, have considerable significance for the plastic bottle business generally. This is because it might seriously inhibit obtaining FDA clearances for new resins or substances used to give bottles desired special qualities.

Thank you.