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A G E N D A
MEETING OF THE CMA BOARD OF DIRECTORS
9:00 a.m., Tuesday, October 30, 1984
West Alabama Room
The Westin Galleria
Houston, Texas

			TAB
9:00- 9:02 a.m.	1.	Call to Order and Approval of Minutes of Meeting, September 17-18, 1984	
9:02- 9:07 a.m.	2.	Treasurer's Report -- G. C. Herrman	1
9:07- 9:12 a.m.	3.	Report of the Membership Committee -- Chairman Files	
9:12- 9:20 a.m.	4.	Report of Employee Benefits Committee -- Chairman Leahy	2
9:20-10:00 a.m.	5.	Report on the UAREP Study -- Bruce W. Karrh, M.D., E. I. du Pont de Nemours & Company	3
10:00-10:20 a.m.	6.	RCRA Reauthorization Analysis -- G. V. Cox	4
	7.	Superfund Wrap-up	5
10:20-10:40 a.m.		(a) Legislative Report -- Stacey J. Mobley E. I. du Pont de Nemours & Company	
10:40-10:55 a.m.		(b) Association Program/Work Plan Report -- W. M. Stover	
	8.	Report of the Vice Presidents	
10:55-11:05 a.m.		(a) Technical Director -- G. V. Cox	6
11:05-11:15 a.m.		(b) Director of Communications -- J. C. Holtzman	7
11:15-11:25 a.m.		(c) Director of Government Relations -- W. M. Stover	8
11:25-11:35 a.m.		(d) General Counsel -- D. F. Zoll	9
11:35-11:45 a.m.	9.	New Business	
11:45 a.m.	10.	Adjournment	

MINUTES of the three-hundredth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held in the West Alabama Room, The Westin Galleria, Houston, Texas, on Tuesday, October 30, 1984, at 9:00 a.m. There were present:

Directors:
Edwin C. Holmer, Chairman
W. H. Clark, Jr., Vice Chairman

Richard G. Askew	Robert H. Malott
Lee K. Bailey	Fred W. Montanari
Max S. Bass	Seymour S. Preston, III
Robert D. Cadieux	Toy F. Reid
Ralph S. Cunningham	Thomas E. Reilly, Jr.
Keith H. Edmondson	Robert A. Roland
Robert B. Fell	David L. Rooke
John T. Files	Vincent A. Sarni
Robert C. Forney	George J. Sella, Jr.
Ben C. Hayton	Donald F. Smith
Ray R. Irani	Harold A. Sorgenti
John W. Johnstone, Jr.	Charles E. Stewart
Sidney M. Leahy	J. R. Street
Richard J. Mahoney	Otto Sturzenegger

Secretary: Charles W. Van Vlack
Treasurer: Gary C. Herrman
General Counsel: David F. Zoll

By Invitation:
Peter R. Agnew, CMA
Stuart T. Allen, SOCMA, E. I. du Pont de Nemours & Company
David L. Baird, Jr., Exxon Chemical Company
Geraldine V. Cox, CMA
*Louis Fernandez, Monsanto Company
Paul E. Hime, Texas Chemical Council, Celanese Chemical Company
Jon C. Holtzman, CMA
E. Hamilton Hurst, Nalco Chemical Company
Bruce W. Karrh, M.D., E. I. du Pont de Nemours & Company
*John Klacsmann, Clean Sites, Inc.
Stacey J. Mobley, E. I. du Pont de Nemours & Company
Timothy F. O'Leary, CMA
Victor H. Peterson, CMA
*Charles W. Powers, Clean Sites, Inc.
Vernon R. Rice, E. I. du Pont de Nemours & Company
Randal P. Schumacher, CMA
Charles T. Seay, Texas Chemical Council, Exxon Chemical Americas
William M. Stover, CMA
Juliane H. Van Egmond, American Cyanamid Company
Harry P. Whitworth, Texas Chemical Council
Albert M. Wolford, Texas Chemical Council, Texas United Chemical Corporation

*Part Time

1. The meeting was called to order by Chairman Holmer. He welcomed the officers of the Texas Chemical Council and thanked them on behalf of the Association for their contribution to the overall Superfund advocacy effort in 1984. He also reported on the status of the Clean Sites, Inc. request for funds from CMA member companies. He urged those companies who had not yet responded to the request for funds to seriously consider contributing to the program.

2. MINUTES OF THE SEPTEMBER 17 AND 18, 1984, MEETINGS

The minutes of the September 17 and 18, 1984, Board meetings were approved as distributed.

3. TREASURER'S REPORT

Mr. Herrman reported that the September 30 Treasurer's report has been mailed to the Board. The report indicates that for the first four months of the fiscal year the Association has received $12,122,900, principally from dues, and has expended $3,702,300. The details of the variances are analyzed in the September 30 report. For the period of June 1 through September 30, the report reflects overall favorable variances in both revenue and expenses.

4. REPORT OF THE MEMBERSHIP COMMITTEE

Reporting on behalf of the Membership Committee, Chairman Files advised that the Membership Committee had examined the qualifications of the companies listed below and recommended their election.

ON MOTION, duly made and seconded, it was

VOTED: That Airco Industrial Gases, a Division of the BOC Group, Inc., and the Chemicals Division of Nutrius, Inc., be elected to membership in the Association.

5. REPORT OF THE NOMINATING COMMITTEE

Reporting as Chairman of the Nominating Committee, Mr. Holmer presented a nomination to fill a vacancy on the Board of Directors caused by the resignation of Kenneth E. Davis of Stauffer Chemical Company.

ON MOTION, duly made and seconded, it was

VOTED: That L. John Polite, Jr., Chairman, President and Chief Executive Officer, Essex Chemical Corporation, be elected as a Director through May 31, 1985.

6. REPORT OF THE EMPLOYEE BENEFITS COMMITTEE

Reporting on behalf of the Employee Benefits Committee, Chairman Leahy reported on the results of the committee's meeting held that morning. The three items discussed were conversion of the CMA Thrift Plan to a 401(k) Plan; providing a cost-of-living adjustment for CMA retirees; and designating the Controller as Plan Administrator for all IRS-qualified plans at CMA.

There was considerable discussion of all the items, but particularly with respect to providing a cost-of-living adjustment to retirees. Chairman Leahy reported that the Employee Benefits Committee had recommended providing a 6% maximum increase to the nineteen current retirees, calculated at .125% per month for each month of retirement since December 1, 1980. The funding for that increase would be provided through the purchase of a one-time annuity at a cost of approximately $70,000. No increase has been granted to the retirees since 1980. Discussion included:

- The importance of not establishing a pattern of periodic adjustments. Opinion was expressed that adjustments should be handled on an ad hoc basis and no expectation of periodic increases should be created.

- The experience and practice of individual chemical companies as to whether they had provided cost-of-living adjustments since 1980, and if they had, in what amounts

- The appropriate peer/reference groups for purposes of CMA pension benefit determinations

It was agreed that a survey of the Board should be undertaken, prior to the January meetings, on pension adjustment practices within the individual member companies and that the Employee Benefits Committee should review the results of that survey and bring forward their revised recommendation for action to the Executive Committee and Board in January. The concept of undertaking a similar survey on salaries was also agreed to.

In addition, on the questions of the 401(k) Plan conversion and the designation of the Controller as Plan Administrator:

ON MOTION, duly made and seconded, it was

VOTED: That the conversion of the CMA Profit Sharing Plan (Thrift Plan) be converted to a 401(k) Plan, as outlined in Exhibit A; and further

ON MOTION, duly made and seconded, it was

VOTED: That CMA's Controller be designated as Plan Administrator for all Association IRS-qualified plans, as outlined in Exhibit B.

7. REPORT ON THE UAREP STUDY

Dr. Karrh's report, together with the executive summary of the UAREP report, is attached as Exhibit C. Copies of the report are being mailed out by UAREP. Although a press release has been prepared, UAREP has no current plans to hold a press conference or briefing on their report. A public forum will be held on December 17 and 18 to secure comments on the report. A final report is expected in January. Dr. Karrh expressed general satisfaction with the draft report and its conclusions. He also indicated that ongoing coordination will continue with AIHC.

Mr. Holtzman presented a proposed communications program to be implemented in connection with the release of the UAREP study. It included:

- Informational mailing to key Association contacts
- A CMA press release, to be utilized in conjunction with the release of the report
- Keeping open the option of a CMA press briefing.
- Editorial/Media mailings and briefings
- Development and distribution by CMA of TV/Radio pieces on the report
- Articles and letters to the editor, etc., for scientific and medical publications and journals

There was discussion of the report, its impact and the actions, as approved by the Executive Committee, which CMA will take in response to its release. These include:

- Implementation of the above outlined communications plan
- A more thorough review of the report to be concluded as soon as possible
- Once the preliminary review is complete, development of a proposed action plan for the Association, consistent with the report's findings
- Review and approval of the proposed proactive plan for the Association by the Officers Group as soon as possible so that the Executive Committee and Board can act on the plan in January

The Board expressed its gratitude to Messrs. Karrh and O'Leary for their efforts on the study.

8. ANALYSIS OF RCRA REAUTHORIZATION

An outline of Dr. Cox's report is attached as Exhibit D. Significant provisions in the RCRA bill as sent to the President include the following:

- Phased-in land disposal bans
- Additional requirements for surface impoundments
- Regulation of underground storage tanks
- Requirements for generator identification of alternatives to land disposal
- Inclusion of many small generators previously exempted
- Revisions to state programs

Dr. Cox reported that the Association is undertaking a major analysis of the statutory changes and the resultant regulatory implementation. She indicated that these changes will result in a significant increase in workload for the Association's staff and committees. CMA will sponsor, together with other members of the Council of Chemical Associations (CCA), a series of seminars early next year to explain the impact of the legislation.

9. REPORT ON SUPERFUND REAUTHORIZATION

a. Legislative Report Mr. Mobley's report is attached as Exhibit E. Highlights of his presentation included the following developments:

- Dr. Forney's testimony before the Senate Finance Committee in September
- Finance Committee activities, which did not result in a mark-up of the bill
- Various proposals surfaced by Senators Bradley, Dole and Long. No bill was voted on favorably by the Senate.

Mr. Mobley concluded with the following three points:

- The industry would have been served best by the passage of a good bill.
- Despite this, the chemical industry was very successful in presenting its position and maintaining a positive image and role in the process.
- The chemical industry team, comprised of member company representatives, CMA staff and the legislative consultants, functioned well together and the industry remained united throughout the process.

b. Association Superfund Programs Report Mr. Stover presented a report on the status and future plans relative to the various Association advocacy program activities on Superfund. He expressed his gratitude to Mr. Mobley for his leadership during the past two years on this issue. Highlights of his report included:

- Association achieved the following goals during the 83/84 debate:
    - No punitive legislation
    - Development of a credible and consistent policy and advocacy program around which the industry was able to remain united
    - Enhanced credibility for the next Congress
- Areas where the outlook for next year have improved are:
    - Anti-EPA rhetoric likely to decrease
    - Media treatment (no election year posturing)
    - More focus on substantive issues
    - Continued involvement of industry executives

- Program activity for next year will focus on:

    - Policy refinement
        - UAREP results
        - EPA studies
        - Data development

    - Legislative strategy development:
        - Election outcomes
        - Identification and contact with key legislative leaders, followed up with CEO visits
        - Educating new members

- Development of a revised work plan with respect to the following areas:

    - Communication program/education effort
    - Economic impact assessment and advocacy
    - Grassroots program evolution
        - More CIC involvement
        - Joint seminar for CLR's and grass-roots managers
        - Interface with the new Administration; specifically EPA, OMB and Treasury
        - Expand coalition activities; particularly with API and the Mining Congress

The Officers and the Executive Committee will participate in the development and review of the Association's strategy and work plan as it is being evolved during the next several months.

Chairman Holmer thanked Messrs. Mobley and Stover for their efforts on Superfund during the past year.

10. REPORT ON CLEAN SITES, INC.

Dr. Fernandez reported on the status and progress of Clean Sites, Inc. (CSI). Dr. Powers and Mr. Klacsmann of CSI also participated in the presentation. Highlights of their report included the following:

- Cooperation with EPA and the states has been better than expected.
- Employee recruitment has been proceeding, but there are still vacancies in some key positions. Of particular concern are the areas of project management, where private sector experience is crucial, and coalescing.

- Liability of CSI for its actions and technical judgments is the most serious problem, but progress is being made in resolving it.
- EPA regions and the states are submitting candidate sites for CSI action, but additional suggestions from industry are needed.
- The CSI facility will be dedicated on November 26.

11. REPORT OF THE TECHNICAL DIRECTOR

Dr. Cox's report is attached as Exhibit F. In addition, she highlighted the following activities and issues:

- CRAC activities on positions for TSCA reauthorization
- NRDC court case on TSCA Section 4 testing which will result in the formalization of voluntary testing programs
- Draft Keystone report on victims compensation
- Development of a training film on tank car inspections in conjunction with the railroads
- Expanding access of the CHEMTREC 800 number to Canada
- Development of a draft program on first responder training.
- Initiation of a new Keystone Conference on the "How Clean Is Clean" issue

Mr. Reilly commented that the proposed Durenberger TSCA amendments could have a very serious impact on many CMA members. Chairman Holmer indicated that the level of attention on TSCA was being increased by the Officers.

12. REPORT OF DIRECTOR OF COMMUNICATIONS

Mr. Holtzman's report is attached as Exhibit G. In addition, he expressed his appreciation to the Board for their personal involvement and budget support for the communication segment of the Superfund advocacy program.

13. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit H. In addition, he highlighted the Mondale/Ferraro campaign activities with respect to hazardous waste and also provided an update on the Presidential and Congressional campaigns, their likely outcomes, and the impact of those elections on CMA advocacy.

14. REPORT OF GENERAL COUNSEL

Mr. Zoll's report is attached as Exhibit I. In addition, he reviewed developments and options relating to programs for alternative dispute resolution.

* * * *

ON MOTION, duly made and seconded, the meeting was adjourned.

Charles W. Van Vlack
Corporate Secretary

Certified correct:

Edwin C. Holmer
Chairman of the Board

EXHIBIT A

CONVERSION OF THE CMA THRIFT PLAN

TO A 401(K) PLAN

Background: After approval by the Executive Committee and the Board in January, 1982, CMA has offered a long-term savings plan for employees beginning on July 1, 1982. The Thrift Plan is a savings plan whereby the employee invests a portion of salary while CMA matches the contribution according to a predetermined formula. Due to recent changes in the tax laws, employees may now contribute their dollars on a pre-tax rather than after-tax basis in accord with Section 401(k) of the Internal Revenue Code.

Discussion: The 401(k) Plan maintains the same philosophy and basic structure as the CMA Thrift Plan instituted in July, 1982. It is still a long-term savings plan intended to help employees supplement retirement income, while providing savings for long-term major financial events such as the purchase of a home, children's education, or for medical emergencies. Contributions made with pre-tax dollars enable employees to reduce payroll tax withholdings and income tax on the percentage of earnings contributed. Under the "pre-tax" concept employee contributions are made before any federal income taxes and state income taxes are taken out. Thus, for tax purposes income is lower, as are taxes. Conversion of the Thrift Plan to a 401(k) Plan will involve no additional cost to CMA.

Action Item: Approval of recommendation to convert the CMA Profit Sharing Plan (i.e., Thrift Plan) to a 401(k) Plan.

CMA
BD-10/30/84

EXHIBIT B

RECOMMENDATION DESIGNATING THE CONTROLLER
AS PLAN ADMINISTRATOR FOR QUALIFIED PLANS

Background:	Historically, the Vice President-Treasurer has served as Plan Administrator for IRS-qualified plans. The Board of Directors, in its January 1983 approval of the plan document for the CMA Thrift Plan, designated the Controller as Plan Administrator.
Discussion:	The Controller is currently serving on behalf of the Vice President-Treasurer as staff executive to the Employee Benefits Committee. While reporting to the Vice President--Treasurer he works regularly with pension counsel, outside consultants and account representatives from insurance companies to implement the operation of CMA's qualified plans and to file required tax returns to the IRS and other filings to appropriate government agencies.
Action Item:	Designation of the Controller as Plan Administrator for all IRS-qualified plans at CMA.

CMA
BD-10/30/84

EXHIBIT C

STATUS OF THE UAREP STUDY

Background:

Compensation for people harmed by exposure to hazardous substances is a growing public and legislative issue. The issue is fueled, in great part, by the assumption that large numbers of people have been harmed by such exposures, and that the victims will clog the present legal system by their sheer numbers.

Objective:

CMA contracted with the Universities Associated for Research and Education in Pathology (UAREP) to examine the assumption that large numbers of people were being harmed by exposures to hazardous substances, specifically by exposures to chemicals at waste disposal sites. UAREP was asked to assemble existing information to indicate the nature and scope of human health effects that have resulted from exposure to waste site chemicals. In particular the study would:

- identify substances most likely to be found at waste sites
- define probable health effects associated with those substances
- indicate the extent to which human health effects have occurred from exposure to waste site chemicals
- develop scientific criteria to identify human health effects that result from exposure to waste site chemicals
- identify the procedures that are most useful in detecting such health effects

Current Status:

Sponsors of the study now include CMA, the National Paint and Coatings Association, the National Agricultural Chemicals Association, the U.S. Chamber of Commerce, the American Industrial Health Council, and the National Association of Printing Ink Manufacturers. The World Health Organization participated in the study as a scientific collaborator. The Environmental Protection Agency and Centers for Disease Control have made their relevant data available to UAREP. The project's sponsors have retained Arthur Young & Co. as the project manager to ensure that the study could not be wrongly characterized as an industry "whitewash".

UAREP's draft report was originally scheduled for release at the beginning of June 1984. UAREP completed a draft report late in June and the Board of Sponsors suggested that the document should be peer reviewed before being released for public comment. A new release date was set for September 14.

Comments from the reviewers required more extensive changes to the report than the UAREP staff had anticipated. The draft report is now expected to be released at the end of October.

Action Required:

None, for information only.

CMA
EC - 10/29/84
BD - 10/30/84

UAREP STUDY REPORT

Title: "Draft Report: Executive Scientific Panel on the Health Aspects of the Disposal of Waste Chemicals"

Contents: 9 Chapters, Executive Summary and 2 Appendices - 690 pages

Nine Conclusions: Summarized:

1. Cause and effect are not proven.
2. Supports prospective studies (the work of ATSDR).
3. To date, inadequate science and increased fear.
4. Supports coordinating studies and improving scientific methodology (ATSDR).
5. Supports cleaning up sites (CSI and CERCLA).
6. Need to monitor emissions.
7. Need to treat waste before disposal to decrease the toxicity.
8. Acknowledges there is a potential future health problem.
9. Public perceives a problem even though one is not proven. Public needs education.

Chapt rs:

i. Executive Summary and Table of Contents — 24 pages

1. Introduction and Background — 35 pages

2. Waste Chemicals of Major Concern — 26 pages

   Recommends additional characterization of waste in sites and more toxicity testing.

3. Factors Influencing Human Exposure to Chemicals From Disposal Sites — 50 pages

   Recommends:

   a. New waste disposal sites be constructed and located to minimize groundwater contamination.
   b. Finance research on hydrogeology, contaminant transport, and relevant fields of environmental sciences.

c. Attempt to inventory existing sites and assess risk of adverse effects.

d. Periodically review pertinent legislation and regulation.

e. Do research on transport and transformation of compounds and mixtures.

f. Attempt to develop more effective methods of waste disposal.

g. In assessing potential for health effects, consider low levels of exposure and latency.

4. Clinical and Laboratory Methods for Detecting Health Effects in Individuals Exposed to Disposal Site Chemicals — 119 pages

Recommends:

a. Establish relevant health effects data base and new lab tests.

b. Expand in-vitro and cytogenetic tests.

c. Acquire new information on DNA repair.

d. Improve quality of reproductive outcome measures and registries.

e. Develop new tests for reproductive abnormalities.

f. Develop appropriate tests for impaired immune system.

g. Correlate studies of neurological effects with biochemical or physiological findings.

h. Clinicians and public health professionals be alert for possible indicators of chemical exposures.

5. Epidemiological Methods for Detecting Health Effects in Populations Exposed to Disposal Site Chemicals — 59 pages

Recommends:

a. A standardized protocol for health effects surveys and used, where possible, for each individual site study.

b. Health effects surveys should include measures of effects to be expected based on current knowledge.

c. Health effects studies should be done early in the study of a site and results should be used to re-evaluate the program at the site.

d. When early or follow-up studies suggest a problem, more sophisticated epidemiologic work should be done.

e. Surveillance should be established for census tracts in the U.S. where large or potentially dangerous disposal sites exist.

f. Site cleanup workers should be identified and their health status followed.

g. CDC should be central agency for health effects studies at sites and should create a special advisory panel.

h. Community social aspects need to be considered.

6. Factors Affecting Progressive Phases and Risk Assessment — 75 pages

Recommends:

a. Research to define and understand transport and transformation of compounds and mixtures.

b. Materials from disposal sites may be at low levels for long times so need to consider latency.

c. Need better data to document human exposure. Now have to use surrogate data.

d. Research on clinical, physical, and biological mechanisms to better understand disease process.

e. Need more data on human exposures before can do quantitative risk assessment.

f. Need improved methods for estimating carcinogenic risk.

7. Health Effects of Environmental Chemical Exposures Not Directly Related to Disposal Sites — 59 pages

Recommends:

a. Consider confounding factors in extrapolating risk potential from occupationally exposed populations to disposal site populations.

b. Appropriate environmental sampling is needed.

c. Epidemiologic studies need to consider the population at risk is defined, the alleged exposure is quantified, and the disease end point is delineated.

d. Determine full range of health effects due to chronic low level exposures to organic chemicals in drinking water.

e. Positive associations justify continued study.

f. Historical documentations of life factors of persons being studied are essential.

g. Develop better, more refined indices of exposure.

h. Use indirect measures of exposure now, but without better measures of exposure, epidemiology is not likely to improve.

8. Population Studies of Health Effects Associated with Chemical Disposal Sites — 89 pages

Recommends:

a. National registry of health investigations at disposal sites.

b. Schedule additional prospective and retrospective health studies for disposal sites.

c. Develop uniform checklist for future health effects surveys.

d. Use interdisciplinary teams of scientists in all health effects studies at disposal sites.

e. Combine use of classical epidemiologic techniques with measurements of early biological events.

f. Interpret significance of biological changes and molecular biological end points with regard to actual effects on human health.

g. Make available written results of investigations to all sectors of government, scientific and local cummunities to reduce inappropriate fear and anxiety.

9. International Aspects of Chemical Waste Disposal — 56 pages

Recommends:

a. Intensify efforts to improve and apply epidemiologic studies of populations chronically exposed to low levels of chemicals from waste sites.

b. Intensify efforts to determine the extent to which old disposal sites contribute to pollution.

c. Support and encourage international approaches to the pollution problem.

d. Intensify efforts to obtain data on exposures and health effects from local authorities.

e. Convene an international workshop for developing countries to examine their health problems related to toxic chemical waste disposal.

Appendix A: Chemical Synopses 48 pages

Benzene

Carbon Tetrachloride

Chloroform

Methyl Ethyl Ketone

Pentachlorophenol

Phenol

Trichloroethylene

Appendix B: Contributing Scientists 9 pages

BWKarrh:tls
10/26/84

DRAFT REPORT

EXECUTIVE SCIENTIFIC PANEL

on the

HEALTH ASPECTS OF THE DISPOSAL OF WASTE CHEMICALS

October 1984

Universities Associated
for Research and Education in Pathology, Inc.
9650 Rockville Pike
Bethesda, Maryland 20814

EXECUTIVE SUMMARY

This study reviews the current state of knowledge of human health effects which may be attributable to waste chemicals from disposal sites. The review was conducted by an Executive Scientific Panel (ESP) of 13 academic scientists, assisted by more than 40 scientific consultants and by staff members of Universities Associated for Research and Education in Pathology, Inc. (UAREP) and the Life Sciences Research Office (LSRO) of the Federation of American Societies for Experimental Biology (FASEB). This Draft Report of the ESP is released for comment from the scientific community and other interested parties prior to completion of a final report.

After a careful search, the Panel, its consultants and staff found few published scientific reports of adverse health effects clearly attributable to chemicals from disposal sites. There are apparently numerous reports on chemical disposal sites in the official files of federal, state, and local authorities that have not been and probably never will be published. For example, the Panel found that there are many reports from private contractors and consultants to various government agencies which are extremely difficult, if not impossible, to obtain because they are involved in litigation. Only one report offered overwhelmingly convincing evidence that serious health effects had resulted from improper disposal of waste chemicals and subsequent contamination of the environment. The remaining reports were frequently suggestive but rarely definitive in establishing a statistically significant and biologically plausible cause and effect relationship. These results are not surprising, given the many technical difficulties inherent in establishing cause and effect relationships in such situations. However, they cannot be interpreted to indicate that no risk exists but merely that no serious health effects clearly attributable to the sites have been detected to date by the study methods employed. In the context of chronic or long-latency diseases, such as cancer, sufficient time may not have elapsed for detection of any excess incidence of disease in populations around these sites.

In a typical situation, an epidemiologic study is undertaken in reaction to pressures from the community near a chemical disposal site. Usually there will have been considerable coverage by the press and other media, and the local residents may well be convinced that a perceived excess of illnesses is caused by chemicals from the site. Scientists undertaking the epidemiologic study generally find that the contents of the site have not been adequately identified. Quantitative measures of the extent and intensity of exposure of individuals are seldom available. Experience to date is limited, but the available data suggest that human exposures, in general, have been of insufficient duration and intensity to have resulted in observable health effects. Based on current knowledge, chronic health effects from long-term, low-level exposures would be expected to affect only a small percentage of those exposed; also, the size of the population involved is seldom large enough to demonstrate a slight increase in adverse health effects.

Finally, and perhaps most importantly, we are constantly being exposed to a great variety of potentially toxic substances in the air, water, and food we consume at home or at work. The effects of these additional exposures may confound the findings at a given chemical disposal site.

The following lines of inquiry were pursued during the study: the number and distribution of chemical disposal sites; the toxic chemicals found most frequently in substantial quantities and having chemical and/or physical properties favoring migration from the site; the physical nature of the sites, and routes by which toxic substances might migrate from the site and result in human exposure; the health effects these chemicals produce in humans or in experimental animals; and the methods required to identify chemically induced health effects in individuals and patterns of health effects in populations.

From these lines of inquiry the Panel concluded that a number of chemical disposal sites contain substantial quantities of toxic substances, some of which migrate from the sites and result in human exposure, and have the potential to cause serious, irreversible, or even fatal illness if exposure is substantial or prolonged.

Chemical Waste Disposal Sites

There are 4818 treatment, storage, and disposal facilities in the United States regulated under the Resource Conservation and Recovery Act. These are the sites which are authorized for active use. It is estimated that there are about 14,000 generators of hazardous waste and that they produce somewhere between 130 and 400 million metric tons annually. Only 4% of the total volume of hazardous waste generated in 1981 was shipped off-site, while 96% was treated, stored, or disposed of at the site.

The primary concern of this study is the health effects of chemical waste in uncontrolled sites, many of which are abandoned, covered over, or even forgotten. The number of uncontrolled sites is believed to exceed 20,000. CERCLA, the "Superfund" act, addresses these sites and the Environmental Protection Agency has already designated more than 500 on its National Priority List.

Uncontrolled sites include open dumps, landfills, bulk storage containers, and surface impoundments. The locations for these sites were usually selected for convenience and expedience. Some were appropriately built on clay soil which would retard leakage, while others were located in sandy or gravelly terrain only a few feet above the groundwater, and frequently within one-half mile of shallow drinking-water wells. When the sites were abandoned, they were frequently left uncovered which increased the likelihood of water pollution from leaching or flooding, and increased the chances for air pollution and direct contact.

Release and Migration

Many factors influence the extent to which a given chemical is likely to migrate from a waste site and result in human exposure. Chemical characteristics affect decomposition and interactions with other substances and organisms to produce new chemicals. Physical characteristics such as solubility and volatility influence the rate at which a chemical leaches into groundwater or escapes into the air.

The nature of the soil at the site is of great importance. Clay soils or organic rich soils adsorb many chemicals, thus reducing the rate of release. Sand and gravel favor rapid movement of water and other liquids and do not provide good containment. Soil microorganisms can convert some chemicals into less toxic or into more toxic forms.

Chemicals migrate and reach humans through surface water or groundwater, or through the air as vapor or particulates. Also, human exposure has resulted from ingestion due to bioaccumulation in the food chain, especially in fish.

Contamination of air or surface water generally presents less of a problem than contamination of groundwater because of dilution or degradation by microorganisms and photochemical reactions. Contamination of air and surface water tends to be episodic and of short duration since it depends on the vagaries of precipitation, temperature, and wind. Because it is insidious, difficult to monitor, and likely to cause sustained exposure, groundwater contamination is the greater long-term hazard. It moves slower than surface water with little mixing or dilution, and degradation proceeds more slowly. Contaminated groundwater moves in a plume that may persist for years after the termination of polluting activities.

Human Exposure

Chemicals enter the body through skin contact, inhalation, or ingestion. The ultimate health effect depends on the toxicity of the chemical, the dose absorbed, and the route of entry. Skin contact usually produces external lesions; inhalation frequently has direct respiratory effects; ingestion produces toxicity in internal organs such as liver and kidney. Entry through any of these routes may, however, cause injury in some other part of the body.

Monitoring of the environment surrounding an uncontrolled chemical disposal site is seldom initiated until a health or environmental effect is detected or suspected. Past exposures cannot be measured but only estimated. Analysis of the full range of chemicals present is seldom complete and tends to be qualitative except for a limited number of readily quantifiable chemicals. In those instances of careful chemical analysis, the concentrations found are often in the parts-per-million (ppm) or parts-per-billion (ppb) range.

A key issue in investigating health effects is determining the quantity, duration, and timing of exposure for each individual in the exposed population. The fact that such information is virtually never completely available presents a formidable barrier to establishing cause and effect relationships. Measuring human exposure is further complicated by the variability of individual exposures: some people spend a major portion of the day away from the exposure site; families move in and out of the contaminated area; employed persons may be exposed to the subject chemical(s) in the workplace as well as the home. In the absence of data on measured exposure, investigators frequently use indirect risk factors, such as proximity to the site and duration of residence, to assess exposure. In some instances it is possible to estimate exposure by analyzing samples of body fat, blood, urine, or expired air.

Detection of Health Effects

It is easier to detect health effects if one has knowledge of exposure, but the precise nature, duration, and intensity of exposure is seldom evident. This limitation tends to preclude discovery of an unsuspected or subtle effect especially when exposures are likely to be multiple and low level. Thus, our knowledge of the risk of exposure may be very limited, and the epidemiologist may have no leads regarding anticipated health effects, other than those reported by the community.

Before undertaking a population survey, some leads on exposure or health effects may be developed from studies of the site or examination of health records. Vital statistics may disclose perturbations of mortality rates. Examination of birth certificates may reveal an excess incidence of low birth weights, premature births, or obvious congenital malformations. Queries directed to local physicians and hospitals may uncover an increased incidence of these or certain other medical conditions, including cancer, chronic neurological disease, or spontaneous abortion.

An appropriate next step would be to survey the exposed population and carefully selected comparison populations using questionnaires and interviews. If these approaches provide useful data on health effects, investigators might then undertake an intensive study of a representative sample of the exposed population and the comparison populations using medical procedures which are non-invasive, relatively specific, and likely to permit definitive diagnoses.

These approaches may help to establish positive correlations between illness and carefully selected risk factors such as proximity to a chemical disposal site, especially if appropriate comparison populations are available. Unfortunately, such investigations are of limited scientific value because positive correlations do not necessarily establish a cause and effect relationship and negative findings do not prove that no risk exists. In a practical sense, the objective may be to provide information to authorities for a decision to close the site, to clean it up, and/or to set priorities among competing sites. If so, then such studies can be extremely useful.

<u>Establishing Cause and Effect Relationships</u>

To assign causal significance to an exposure requires careful evaluation of all available information bearing on the issue. Confidence that an exposure may be responsible for a disease improves as the strengths of the following criteria are increased:

1. <u>Consistency of Association</u> -- multiple studies using different methods and populations;

2. <u>Strength of Association</u> -- disease appears much more frequently in those exposed and increases with increased exposure;

3. <u>Temporal Relationship</u> -- disease appears after exposure allowing for the necessary induction or latent period;

4. <u>Specificity of Association</u> -- disease correlates with a single exposure modality and not with other factors;

5. Biological Plausibility -- the disease in question might be expected to result from the exposure on the basis of existing knowledge.

Formal evaluation of this kind is usually impaired by gaps in existing knowledge. For example, many chemicals have never been tested for toxicity, and little is known about the effects of exposure to chemical mixtures. Data on human health effects from long-term, low-level exposures are incomplete. Furthermore, especially in the case of chronic disease, the etiology may not be fully known, but available data often implicate multiple factors in addition to chemical exposure.

Alternative Approaches

The known limitations inherent in obtaining definitive knowledge regarding health effects attributable to a specific site have led some investigators to propose alternative approaches for investigative efforts. These approaches include national registries, population screens for body burden, or pooling of data from a number of sites which appear to present similar hazards. An interesting approach has been taken in Florida to establish state-wide data linkages which permit correlation of vital statistics and other health indices with data on location of disposal sites, pollution of water and air, etc. Whether these approaches will improve chances for detecting health effects resulting from long-term, low-level exposures remains to be determined.

From a practical standpoint, it may be preferable to program resources for detecting unacceptable exposures rather than for demonstrating subtle health effects. Effective environmental monitoring around chemical disposal sites could provide early warning that an unacceptable risk exists and thus could indicate the necessity for management intervention.

With as many as 20,000 disposal sites to be considered, available resources for environmental monitoring do not permit total coverage. As stated earlier, priorities must continue to be set and followed. EPA has already identified 546 priority sites.

Predicting Health Hazards

Probable exposures to disposal site chemicals may be estimated on the basis of knowledge of site contents, site characteristics, sampling water supplies, etc. Given knowledge as to probable exposures and access to the literature on toxicity, it may be possible to estimate the likely health effects of these exposures.

Many chemicals have been detected at waste disposal sites and 200 have been designated by EPA as toxic wastes. The Panel decided that it would be illustrative to include a review of relevant data on 7 representative chemicals. The review contains tabulations of chemical and physical properties, and toxic effects in humans and in laboratory models.

The Experience in Other Countries

Environmental pollution is a serious problem in most developed nations and is becoming a problem in many developing nations as populations increase, and urbanization and industrialization expand. Most advanced nations have adopted regulatory measures to abate chemical pollution of air, water, and food, including regulation of the disposal of hazardous wastes.

The laws and regulations regarding hazardous chemical wastes appear to be directed toward preventing future problems by controlling disposal of current wastes. Relatively little emphasis seems to be given to cleaning up old disposal sites unless they are to be used for residential or commercial purposes. Spokesmen for the responsible governmental agencies generally report that they are not aware of serious health problems related to old disposal sites. The lack of published studies suggests that other countries are not yet engaging in epidemiological studies of old sites such as those reported or in progress in the United States.

TENTATIVE CONCLUSIONS AND RECOMMENDATIONS

1. Conclusion: Critical reviews of thirteen investigations of the health of populations in the vicinity of chemical disposal sites have confirmed that, with one exception, cause and effect relationships cannot be proved. These investigations can be termed suggestive at best. The absence of demonstrable effects on human health should not be taken as proof that no such effects exist, nor do positive associations necessarily prove that observed disease was caused by chemical effluents from a site. Chapter 8 elaborates on studies performed to date.

Recommendation: Additional prospective and retrospective health studies using sensitive methods should be scheduled according to the precedence indicated for those chemical disposal sites on EPA's list of priority sites. The populations that have been exposed should be monitored for at least 20 years to detect any excess incidence of cancer or other chronic disease.

2. Conclusion: Retrospective epidemiologic health studies to date have relied heavily on the survey questionnaire, which is useful, but prospective epidemiological studies involving biological indices of exposure, though more difficult to perform, can be of greater value and should be undertaken,

especially with reference to cancer incidence . Specific biological endpoints and their values and limitations in hazardous waste site investigations are discussed in Chapter 4 of this report.

Recommendations:

1. A uniform check list for health effects surveys should be designed and used to the extent feasible in all future studies.

2. Interdisciplinary teams of scientists should be used in all future studies of health effects associated with chemical disposal sites. Disciplines relevant to these studies include, but are not limited to, epidemiologists, public health physicians, toxicologists, environmental engineers, and biostatisticians.

3. Conclusion: Investigations to date have been constrained by the inherent scientific difficulties of performing these studies, as well as by the climate of public anxiety and fear in which the studies were performed.

Recommendations:

1. Because the nature of exposure of persons near waste sites has be n the primary unknown in studies to date, major efforts in prospective investigations should focus on characterizing chemical exposure by air, water, or soil.

2. Retrospective studies often rely on indirect measures of exposure. These investigations should continue to use such measures, with full recognition of the scientific limitations of investigations performed without direct estimates of population exposure.

3. If subtle biological changes in body tissues are used to characterize health effects in populations in epidemiological studies, investigators should clearly interpret the significance of these measures to effects on human health. Failure of previous investigators to address this point adequately has led to major public misunderstanding of past chemical disposal site studies.

4. Written results of investigations should be made available simultaneously to all sectors of the scientific, governmental, and local communities. Principal investigators should keep the public informed of the progress of their work in order to ease the anxiety of the community surrounding a chemical disposal site, and to engender public confidence in the work being performed by the investigators.

4. Conclusion: The sociology of community reactions to perceived health threats requires serious consideration and evaluative research. Coordination of investigations of potential health effects relating to chemical disposal sites will improve the quality of the individual studies and advance the scientific quality of the methods used. The issue of health effects in

populations at chemical disposal sites is so emotionally charged, and the economic and social consequences are so great, that special efforts are needed to assure that the work is of high quality and the results are subjected to intensive scrutiny.

Recommendation: The Centers for Disease Control should establish mechanisms to create a special panel charged to review and advise regarding techniques for overcoming the difficulties and limitations encountered in conducting population studies, including the standardization of methods and the selection of appropriate study designs.

5. Conclusion: The current uncertainties associated with relating adverse human health effects to chemicals from either active or inactive disposal sites must not result in postponement of justifiable preventive or remedial action to reduce the potential impact of these sites.

Recommendation: Because of the numerous uncontrolled candidate sites identified for remedial action and the critical need for setting priorities, each should be placed in perspective from the viewpoint of its potential effects on human health by the responsible public health agencies of the federal government. Chapter 3 discusses factors which permit the derivation of a qualitative description of a site's potential to affect health.

6. Conclusion: Monitoring of emissions of chemical substances from waste

disposal sites is currently necessary if exposure of the surrounding community is to be avoided or minimized.

Recommendations:

1. Monitoring of effluents from contained chemical disposal sites should be performed routinely. Surrogate exposure indices should be explored, as well as the potential for use of ecological sentinels.

2. Available models for predicting the fate of chemical substances escaping from waste sites should be evaluated in order to provide better tools to model exposure.

7. Conclusion: The risk of health hazards can be reduced by appropriate treatment of toxic wastes prior to disposal. A number of such systems of treatment have been developed.

Recommendations:

1. The existing systems for treating chemical wastes prior to disposal should be utilized now for all active sites.

2. Additional research and development is needed to improve methods of reducing or treating chemical wastes to reduce the risk to humans and the environment.

8. Conclusion: Although solid evidence for serious health effects caused by chemicals from disposal sites is generally lacking, it is clear that a substantial risk is presented by many sites. Their contents, construction, and location favor pollution of air, water, and soil which may ultimately result in human exposure.

Recommendations:

1. The EPA's efforts to identify and rank priority sites should be intensified.

2. Once a serious risk is detected, appropriate risk management measures should be developed and applied without waiting for health effects to appear.

9. Conclusion: There is a great disparity between the public perception of the human health effects attributable to chemicals in disposal sites and the current scientific evidence on this subject.

Recommendation: The nature of risks from chemical disposal sites compared to risks from other environmental agent(s) should be conveyed to the public in a major educational effort. Brochures, tapes, films, slides, and personal appearances by capable scientists will help to increase understanding of this subject.

EXHIBIT D

RCRA AMENDMENTS

In the closing days of the past session of Congress, amendments to the Resource Conservation and Recovery Act (RCRA) were passed by both the House and Senate. It is anticipated that President Reagan will sign the legislation sometime before the election. Many of the amendments have a significant impact on the waste disposal practices of the chemical industry. Some of the key provisions of the RCRA amendments are, as follows:

- A specific schedule and procedure for EPA to decide whether or not to ban specific wastes from land disposal.
- A requirement that surface impoundments be retrofitted with double-liners unless they qualify for one of three variances.
- Hazardous waste exposure assessments must be submitted as part of the RCRA permit applications.
- An underground storage tank program is established specifying notification and new tank performance standards for qualifying underground tanks.
- Hazardous waste generators must certify that they have a program in place to minimize the volume and toxicity of wastes to the extent economically practicable.
- Authorizes citizen suits against specified parties, under limited conditions, where hazardous waste disposal may present an imminent and substantial endangerment.

CMA has prepared a summary of significant provisions of the RCRA amendments. In addition, the Environmental Management Committee, as part of its November 27-28, 1984, Environmental Update, will conduct a half day RCRA amendment mini-seminar. The EMC also is considering conducting a more in-depth seminar(s) on the RCRA amendments early in 1985.

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EXHIBIT E

SUPERFUND STATUS REPORT
LEGISLATIVE UPDATE

By Stacey Mobley, E. I. du Pont de Nemours and Company

SENATE

Senator Robert Stafford's (R-VT) Committee on Environment and Public Works met the week of September 10 and decided they had no chance to pass a Superfund bill this year because of the slow process of reviewing S. 2892 section by section. So Stafford stripped everything from the bill except for a funding level of $7.5 billion over 5 years. Then the Committee members spent the next four days adding amendments. On September 13, they reported a new S. 2892 with the following key provisions:

- $7.5 billion over 5 years with recommendations for the funding mechanism
- a demonstration program covering five states with an insurance scheme for persons exposed to hazardous substances
- it calls for a number of health studies to be conducted

The Senate Finance Committee then began hearings September 19 on the funding aspects of S. 2892. Dr. Robert Forney, Executive Vice President of du Pont testified on behalf of CMA. The Committee members began to understand that an increase in the feedstock Superfund tax would have an adverse impact on the domestic chemical industry and chemical products in international trade. After the hearings, the Committee staff began an intense effort to work out a compromise with all interested parties. But, Congress adjourned for the year without completing the Superfund taxing authority which expires on September 30, 1985.

On October 2, Senator Bill Bradley (D-NJ) offered the S. 2892 regulatory sections with a new funding level and mechanism to the Continuing Resolution. Bradley was defeated on a procedural vote and Superfund was not considered further. The significance of the Bradley proposal was that it called for $6 billion over 5 years.

CMA played a positive and constructive role by continuing to meet with S nators and staff to discuss our Superfund position and to respond to their requests for information. The new Congress will probably begin Superfund consideration in January or February. In the interim, the Environmental Protection Agency will release its study 301A of the Superfund program funding needs. Also, the CMA UAREP study of data on hazardous waste sites and possible health effects will be released soon.

MEDIA

Recently a few major newspapers, such as The Washington Post, The New York Times, The Wall Street Journal, The Detroit News and others have written favorable editorials against the federal cause of action, the so-called "victims" compensation and the funding issue. Also, a number of balanced articles have recently appeared in some newspapers. But, the media up until this point has not given the Superfund issue the intense attention it received in 1979 and 1980.

ENVIRONMENTALISTS

The environmentalists continue to lobby very aggressively in the Senate for a very large increase in the Superfund and for "victims compensation".

ADMINISTRATION

EPA Administrator Ruckelshaus continues to advocate that Superfund legislation should not be considered this year until the Agency completes its preliminary study of funding needs in September 1984.

Mondale campaign has begun making statements on hazardous waste cleanup and including Superfund and health concerns in their political advertising campaigns.

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EC - 10/29/84
BD - 10/30/84

EXHIBIT F

REPORT OF THE TECHNICAL DIRECTOR

The Technical Director's report highlights CMA accomplishments and activities in its advocacy of prime issues.

GOVERNMENT CONTROL OF CHEMICAL PRODUCTION IMPACT ON INNOVATION (TSCA)

- TOXIC SUBSTANCES CONTROL ACT -- At its annual planning meeting, the Chemical Regulations Advisory Committee (CRAC) concluded that the Toxic Substances Control Act (TSCA) should be streamlined through legislative amendments. Although TSCA is basically sound, there are parts of the law that should be fine-tuned to benefit the public and industry. In January CRAC will present specific recommendations to CMA's Executive Committee and Board of Directors. Until then, the CMA's public position on TSCA remains unchanged: that TSCA should not be amended. CMA, however, will participate in the TSCA oversight process by reviewing and responding to congressional amendment proposals.

  Senator Durenberger introduced a TSCA amendments bill, which proposes extensive changes to the law. Many of these changes could represent extraordinary administrative and financial burdens to the industry. CMA will review this bill and respond to the Senate staff's concerns.

- INFORMATIONAL MEETING ON TSCA -- CRAC will sponsor a TSCA informational meeting on December 13, 1984, in Washington, DC. The meeting's topic will be "TSCA's Increasing Impact." Mr. Ronald B. Outen, majority staff member, Senate Subcommittee on Toxic Substances and Environmental Oversight, will be the luncheon speaker.

- NEGOTIATED TESTING RULES -- Recently, a federal district court issued its opinion in the Natural Resources Defense Council's (NRDC) suit against EPA on the Agency's testing program under TSCA Section 4. The court held that certain aspects of EPA's testing program, such as negotiated testing agreements, were contrary to TSCA Section 4. This could have a major impact on companies involved.

  In a closed door session with NRDC, the Agency went beyond the requirements of the court order by agreeing to modify important aspects of its Section 4 testing program. CMA was barred from this meeting and denied an opportunity to meet with EPA management and NRDC on this matter. Consequently, CMA sent a letter to EPA Administrator William D. Ruckelshaus, describing the incident and pointing out that it violates his principle of open decision-making.

- FORMALDEHYDE -- Another federal district court dismissed the NRDC's suit against EPA regarding the Agency's failure to apply TSCA Section 4(f) to formaldehyde. Section 4(f) requires EPA to focus on any chemical that presents or shall present significant risk to humans from cancer, gene mutations or birth defects. The judge dismissed NRDC's complaint as moot because of EPA's current rulemaking activities on formaldehyde.

- The Risk Analysis and Risk Management Task Groups prepared comments to EPA on that Agency's advance notice of proposed rulemaking on formaldehyde. The comments suggested that the Agency did not use all available information in assessing the risks of formaldehyde. Supplementary comments are now being prepared. CRAC will have a consultant review the quality of the Agency's risk assessment of formaldehyde and outline how a proper risk assessment should be done.

- RISK ANALYSIS SEMINAR SUMMARY -- Dr. Robert L. Sielken, Jr., Texas A&M University, summarized the concepts developed at CMA's seminar on "Risk Analysis and Error Propagation." Dr. Sielken will present his summary at CRAC's TSCA Informational Meeting in December.

- TSCA SECTION 5(e) ORDERS -- Members of CRAC's Notification and Reporting Task Group met with EPA to discuss the Agency's use of TSCA Section 5(e) orders. Section 5(e) allows the EPA to issue an order on a new chemical completing the Agency's review process. Such an order could prohibit or restrict production, of a new chemical. The industry representatives stated their perceptions about the increasing severity of control actions and delays associated with EPA's Section 5(e) actions.

- CHEMICAL INFORMATION SYSTEM (CIS) -- CMA sent a letter to Senators Durenberger and Baucus, in response to an inquiry from a Senate staff member regarding EPA's Chemical Information System (CIS). The letter points out the value of CIS as a data system for government agencies and the public, and suggests that the National Library of Medicine be considered to manage CIS.

- EXPOSURE ANALYSIS GUIDELINES -- The Risk Analysis Task Group commented on EPA's draft guidelines for exposure analysis. The comments urged EPA to make a greater effort to ensure that only valid data are used to assess exposure and to place greater emphasis on data that result from actual measurement rather than data from models or estimates.

- WORKER EXPOSURE STUDY -- The Exposure Analysis Work Group is discussing with EPA the possibility of participating in the Agency's study of worker exposure during drumming and bagging operations. The results of the study would be used to estimate exposure for TSCA's premanufacture notification procedure.

- BIOMEDICAL AND ENVIRONMENTAL SPECIAL PROGRAMS

  ARSENIC -- The Ninth Circuit Court's decision in ASARCO v. OSHA was announced on September 13, 1984. The CMA Arsenic Panel was an intervenor in the case. The case involved challenging OSHA's inorganic standard by various industry groups. The decision was in

OSHA's favor in which the Court showed considerable deference to the Agency's 1) approach to risk assessment; 2) judgment regarding the significance of various levels of risk; and 3) determinations of technological and economic feasibility.

- ETHYLENE DICHLORIDE -- The Program Panel filed comments with EPA on Recommended Maximum Contaminant Levels for EDC in Drinking Water. The comments critiqued the Occurrence Document and Criteria Document on EDC, the documents that formed the basis for EPA's recommendation of zero level for EDC in drinking water. The Panel recommended that a zero level not be established for EDC in drinking water, and emphasized that the weight of the evidence does not support EPA's contention that EDC is a probable human carcinogen.

- KETONES -- The Ketones Program Panel completed all testing under the Negotiated Testing Agreements for methyl ethyl ketone (MEK) and methyl isobutyl ketone (MIBK). The testing consisted of a battery of five assays to assess the ability of MEK and MIBK to produce mutations in the genes of bacteria and mammalian systems, to change chromosomal morphology and to transform cells in culture. An inhalation 90-day study and an inhalation teratology study were conducted in rats and mice for MIBK. These data were already available on MEK.

  For MEK, there was no evidence of genetic or transforming activity in any assay, and the Panel concluded that there is no concern over oncogenic or mutagenic activity and that no further mutagenicity or oncogenicity testing is needed.

  MIBK was clearly negative in three of the five mutagenicity tests and not clearly positive in any of the five tests. These results combined with the results of the 90-day study led the Panel to conclude that no further mutagenicity or oncogenicity testing is needed. In the 90-day study, the only effects noted were a slight increase in liver weight and an increase in the number of hyalin droplets in male rat kidneys. The results of this study do not suggest that MIBK poses an unreasonable risk of chronic health effects. The teratology study confirms that MIBK lacks teratogenic activity and embryo-fetotoxicity at exposure levels that are nontoxic to mothers. Thus, exposure to MIBK under current use conditions should not pose a risk of teratogenic effects. The results of the 90-day and teratology studies taken together indicate that further reproduction effects testing is unnecessary.

- NAPHTHENATE METAL SOAPS -- The Program Panel received an approval from EPA on its protocol for a dermal absorption study on lead and cobalt naphthenates. EPA, under TSCA Section 4(a), issued a "no-test" decision because the industry group had voluntarily undertaken a dermal absorption study.

  The Program Panel will expand its scope of activities to include zinc and copper naphthenates. In its expanded scope, the Panel will interact with EPA's Office of Pesticides in deciding on the extent of testing that will be required for zinc and copper naphthenates.

- NICKEL-CONTAINING CATALYSTS -- The Program Panel has changed its name to Metal Catalysts Producers Panel, and will deal with chromium-containing catalysts in addition to the nickel-containing catalysts. In the future, the Panel will address issues concerning cobalt, molybdenum, vanadium and tungsten.

- PHTHALATE ESTERS -- The Phthalate Esters Panel submitted test data to EPA completing the Environmental Effects Testing Program, which is part of the Negotiated Testing Agreement on phthalate esters under TSCA Section 4. The test data submitted include octanol water partition coefficients, semicontinuous activated sludge studies, vapor pressure studies on 14 phthalate esters, and acute toxicity studies for 12 to 14 phthalate esters in Daphnia magna, sheepshead minnows, and algae. Chronic toxicity tests in Daphnia magna were submitted for all 14 phthalate esters.

  The Panel commissioned Dr. Joseph Rodricks to conduct a risk assessment of the use of di-2-ethylhexyl phthalate (DEHP).

  Dr. Rodricks, a principal of Environ Corporation, and formerly Deputy Associate Commissioner for Health Affairs of the Food and Drug Administration, reviewed the available experimental data pertaining to DEHP's health effects and estimated the potential risks to children resulting from exposure to DEHP-containing products. When the most conservative risk extrapolation procedures are used, the predicted lifetime risk from children's products that contain DEHP is less than one in one million. When the available biological information about DEHP's mechanism of action is taken into account, estimated risks are no greater than one in 500 million. According to Dr. Rodricks, even smaller risks are projected when the estimations are based on data that consider the different responses of humans and rodents to DEHP.

PUBLIC HEALTH/PUBLIC RISK (PUBLIC COMPENSATION)

- UAREP STUDY OF HAZARDOUS WASTE SITES -- The UAREP draft report of the nature and scope of health effects associated with waste sites is expected to be available near the end of October. The public will have an opportunity to review the draft and comment before a final report is issued.

- PUBLIC COMPENSATION WORK PLAN -- The Public Compensation Task Group recently completed two studies on funding mechanisms for environmental compensation and health surveillance around waste sites. The information from these studies will be used to prepare a work plan, now being drafted.

ENERGY AND PETROCHEMICAL FEEDSTOCKS

- DEPARTMENT OF ENERGY'S (DOE) NATIONAL ENERGY POLICY PLAN V -- CMA strongly supported the Administration's stated National Energy Policy goal "to foster an adequate supply of energy at reasonable costs through strategies that promote a balanced and mixed energy resource system, and that minimize federal control and involvement in energy markets while maintaining public health and environmental quality."

  In comments filed on August 30, CMA also cited the following accomplishments of the Administration since the beginning of 1981:

  - Elimination of all remaining price controls on crude oil and petroleum products;
  - Continued filling of the Strategic Petroleum Reserve (SPR) to a level more than triple that which existed at the end of 1980;
  - Rejection of standby allocation and price controls for crude oil and petroleum products in the event of an energy emergency;
  - Elimination or simplification of some unneeded, burdensome reporting requirements;
  - Simplification of the requirements of the Fuel Use Act;
  - Elimination of a rule to extend incremental pricing of natural gas to nonboiler users; and
  - Fewer restrictions on energy exploration and developments.

  CMA advocated Administration action and support for the following policies:

  - Removal of legislative and regulatory impediments to restore competitiveness to the natural gas market;
  - Reliance on the market to allocate energy supplies in a shortage period;
  - Continued filling of the SPR, and testing of the auction sales, physical distribution and use systems;
  - Voluntary conservation directed by fuel economics;
  - Continued encouragement of cogeneration;
  - Reduced data collection burden;
  - Limited support for synthetic fuels research and development;

- Accelerated "acid rain" research;

- Legislation to grant federal eminent domain for coal slurry pipeline right-of-way; and

- Encouraging development of domestic energy resources, including plans to expand Outer Continental Shelf (OCS) leasing for oil and gas exploration and production.

  CMA also urges continued opposition to any new energy taxes.

- DEPARTMENT OF INTERIOR APPROPRIATIONS LEGISLATION -- CMA joined in a coalition letter to all members of the Senate urging that they oppose attempts on the Senate floor to attach offshore oil and gas leasing moratoria. In our view, developing offshore oil and gas resources is critical for meeting future energy needs. More than 100 trade associations and companies also signed the letter.

  Through a coalition of the Business Advisory Council on Federal Reports, CMA provided legislative language intended to restrict the scope and implementation of a proposed Energy Information Administration (EIA) survey of manufacturing energy and feedstock use. CMA believes that EIA has not justified the need for this highly confidential information.

- NATURAL GAS REGULATORY ISSUES — The Federal Energy Regulatory Commission (FERC) extended authorized pipeline special marketing programs for another year. It is not clear how the intrastate gas market will be affected by enhanced competition under the new program.

- AMERICAN ENERGY AWARENESS WEEK, OCTOBER 21-27, 1984 -- The CMA Communications Department prepared ten consumer-oriented radio newsfeeds on energy conservation that will be released to 3,600 radio stations during American Energy Awareness Week. This will be CMA's contribution to the Alliance to Save Energy coalition project.

PLANT MANAGEMENT AND DESIGN

- ELECTRIC CODES AND STANDARDS -- The Electrical Task Group prepared more than 100 proposals for revision of the 1984 National Electrical Code.

  -- CMA voted on the following standards proposed for adoption as American National Standards:

NEMA TC3	(PVC Fittings)
UL 1	(Flexible Metal Conduit)
UL 44	(Rubber-Insulated Wires and Cables)
UL 69	(Electric Fence Controllers)
UL 83	(Thermoplastic-Insulated Wires and Cables)

UL 270 (Wireways, Auxiliary Cutters and Associated Fittings)
UL 674 (Electric Motors and Generators for Use in Hazardous Locations)
UL 781 (Portable Electric Lighting Units for Use in Hazardous Locations)
UL 823 (Electric Heaters for Use in Hazardous Locations)
UL 844 (Electric Lighting Fixtures for Use in Hazardous Locations)
UL 845 (Motor Control Centers)
UL 854 (Service-Entrance Cables)
UL 894 (Switches for Use in Hazardous Locations)
UL 942 (Ground-Fault Circuit Interrupters)
UL 1010 (Receptacle-Plug Combinations for Use in Hazardous Locations)
UL 1581 (Reference Standard for Electrical Wires, Cables, and Flexible Cords)

-- CMA voted on two Tentative Interim Amendments to the National Electrical Code involving (1) elimination of three ampacity tables, and (2) a proposed section on Interconnected Power Production Sources.

- STANDARDS-RELATED ACTIVITY -- CMA approved a one-year extension of ANSI C12.10 (Watthour Meters), 28 Power Switchgear Standards, and eight standards in the ANSI C135 series.

  -- Electrical Task Group member J. W. Frasure of Dow presented a paper on Ampacity Tables in the National Electrical Code before the International Association of Electrical Inspectors, Michigan Chapter.

- PROCESS COMPUTER FORUM -- Preliminary arrangements have been made for the fifth CMA Process Computer Users Forum to be held May 1986 in Pine Mountain, Georgia. The May 1984 forum drew 150 member company people.

CHEMICAL PRODUCTS DISTRIBUTION

- EMERGENCY RESPONSE TEAM WORKSHOP -- A CHEMTREC Emergency Response Team Workshop was held in Valley Forge, PA, on September 19-20. This was the last in this year's series of workshops. Attendance was excellent. Ninety-four persons enrolled thanks to the efforts of Dennis Poole and the Pennsylvania Chemical Industry Council.

- CANADIAN WATS LINE -- CHEMTREC's extended Wide Area Service (WATS) into Canada will go on-line November 1. The actual connection is scheduled for October 26 with a four-day test period.

- MOTOR CARRIER SAFETY PROFILE -- CMA/ATA/NTTC Safety liaison group held a news conference on September 5, 1984, to announce the recently adopted Motor Carrier Safety Profile. Thanks to the hard work of our Communications Department, the news conference was very successful in getting wide media coverage.

- FIRST RESPONDERS TRAINING -- CMA sponsored a conference to discuss a cooperative approach to First Responders Training. Representatives were present from manufacturing, carrier, fire and police services, and government sectors. There was general agreement that a need exists for a cooperative program. Work will progress to determine what materials are available and if a consensus curriculum can be developed.

- SANTA FE/SOUTHERN PACIFIC MERGER -- The Distribution Committee Rail Task Group approved a position on the Santa Fe/Southern Pacific merger. That position emphasized competition between the merged corporation and other rail lines.

- INTERSTATE COMMERCE COMMISSION (ICC) RATE INCREASE -- CMA failed a protest before the ICC relating to a rate increase by several railroads. Similarities of the increased rates suggested that the railroads had collectively agreed on the action. The matter is now pending before the ICC.

- TANK CAR COMPENSATION -- The Tank Car Compensation issue has entered a critical phase in negotiations. The CMA group is considering a compromise on the compensation similar to that of the API proposal.

- DISTRIBUTION COMMITTEE SEMIANNUAL MEETING -- The Distribution Committee held its semiannual open meeting in Chicago. There were 57 persons in attendance representing 42 companies. Presentations on tank car compensation, safety initiatives and pro-competitive initiatives were highlighted.

OCCUPATIONAL SAFETY AND HEALTH

- OSHA STANDARD ON LADDERS AND SCAFFOLDS -- CMA commented to OSHA that its preliminary draft standards on ladders and scaffolds were well-written. They are an improvement over the current standard, 29 CFR 1910 Subpart D, on Walking-Working surfaces, the draft standards which were revised. We commended the Agency for using a performance approach in these drafts.

- RECORDKEEPING FOR OCCUPATIONAL INJURY AND ILLNESS -- In comments submitted to the Department of Labor and the Office of Management and Budget, we urged that the Bureau of Labor Statistics (BLS) draft, "Recordkeeping Guidelines for Occupational Injuries and Illnesses," (BLS 412-4), be returned to BLS to consider further the content of the document before publishing it. This draft, was intended to replace BLS 412-3, "What Every Employer Needs to Know About OSHA Recordkeeping," published in 1978.

We argued that the draft guidelines are, in effect, substantive rules. As such, they are subject to the notice and comments requirements of the Administrative Procedures Act. In Addition, the internal inconsistencies in the revised guidelines will detract from an employer's ability to recognize hazards and to identify appropriate countermeasures.

As a result of comments on the BLS 412-4, the Bureau announced that it will reexamine and revise their draft recordkeeping guidelines. The revision may appear in the Federal Register for public comment before BLS returns it to the Office of Management and Budget. BLS hopes that the revised guidelines will be effective in January 1986.

- DEPARTMENT OF LABOR (DOL) REPORT ON DISABLED WORKERS -- The Occupational Safety and Health Committee received a contractor's study that reviewed the DOL report on disabled persons from occupational disease. The study looked at the validity of DOL's methodology for assessing disability and concluded it was erroneous and unreliable. This is one of several committee studies nearing completion.

WASTE HANDLING AND DISPOSAL (SUPERFUND/CERCLA)

SUPERFUND NATIONAL CONTINGENCY PLAN -- The Superfund Task Group and the Hazardous Waste Response Center Task Group developed comments on EPA's draft national contingency plan (NCP) revisions. The comments submitted October 1, 1984, highlight several basic concerns with the draft NCP revisions. The Agency is planning to publish the proposed revisions in mid-October with a 60-day comment period.

- KEYSTONE CONFERENCE -- CMA is a cosponsor and participant in a Keystone Conference on Superfund cleanup levels. The goal of this conference is to see if a consensus position can be developed on the question of "how clean is clean" for Superfund site cleanups. The Keystone participants will be meeting at least two more times, with Keystone issuing a report sometime in late winter of 1984 or spring of 1985.

SUPERFUND GUIDANCE COMMENTS -- The Hazardous Waste Response Center Task Group developed comments on EPA's second draft of guidance on how to conduct regional investigations (RI)/feasibility studies (FS). The comments concentrated on technical concerns we identified in the second draft. The final EPA guidance will define for the EPA regional offices and private parties what is an acceptable RI/FS.

GROUNDWATER

- CMA GROUNDWATER TREATMENT SEMINAR -- The Environmental Management Committee conducted a seminar on groundwater treatment technologies. Member companies provided case studies on their groundwater treatment experiences. In addition, EPA provided their experiences using various technologies in the field that were based on their research and development. Approximately 140 member company personnel attended the seminar.

- GROUNDWATER PLAN -- The various standing committees and task groups, with an interest in the implementation of the groundwater plan, recommended that CMA establish a groundwater coordinating committee. The group would coordinate all CMA groundwater activities; assure the availability of necessary company and CMA resources; and monitor the timely development of various work products.

WASTE HANDLING AND DISPOSAL (RCRA)

- RESOURCE CONSERVATION AND RECOVERY ACT AMENDMENTS -- The EMC's RCRA Regulations Task Group has prepared an analysis of the 1984 amendments to the Resource Conservation and Recovery Act. The following are of special interest to CMA: land disposal ban provisions, retrofit liner requirements, RCRA permit health studies, and waste minimization requirements. A half-day detailed presentation on the RCRA Amendments will be part of the EMC's Environmental Update on November 27-28, 1984.

CLEAN WATER

- PRETREATMENT LITIGATION - The Environmental Management Committee recommended that CMA intervene in NRDC's lawsuit challenging EPA's final revisions to the pretreatment regulations. NRDC primarily is objecting to EPA's revised system for approving pretreatment removal credits granted by local agencies. The EMC's Pretreatment Work Group has reviewed these removal credits provisions and generally concurs in EPA's approach.

- EFFLUENT GUIDELINES -- The EMC's Effluent Guidelines Task Group has developed comments on EPA's draft economic impact methodology to be used in developing effluent guidelines for the organic chemicals, plastics, and synthetic fibers industry. The comments highlight the technical inadequacy of the draft methodology.

CLEAN AIR

- INDUSTRIAL BOILER NEW SOURCE PERFORMANCE STANDARD -- The EMC's Process Emission Regulations Task Group developed comments on proposed new source performance standards for industrial boilers. The comments submitted to EPA on October 1, 1984, stressed that the technical basis for the proposed regulation was unsound.

- VOLATILE ORGANIC LIQUIDS STORAGE NEW SOURCE PERFORMANCE STANDARD -- The EMC's Process Emission Regulations Task Group developed comments on proposed new source performance standards for volatile organic liquids storage facilities. The comments submitted to EPA on September 28, 1984, indicated that the proposal was generally technically sound and well-reasoned, although a few technical concerns remain.

CMA
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EXHIBIT G

REPORT OF THE DIRECTOR OF COMMUNICATIONS

Jon C. Holtzman

Phase II of Superfund communications has been completed. The next phase includes updating the 100+ newspaper editors and reporters contacted in the course of our project on the status of Superfund and how CMA views the congressional action.

During this phase the UAREP Report, delayed by peer review requirements, will have been released by the time of the semiannual meeting. Communications is working with the UAREP task force to assure CMA is ready to comment on and promote the report if that proves appropriate. The executive, Washington and communication contact lists are targeted for immediate information.

SUPERFUND COMMUNICATIONS WRAP UP

- Interviews were conducted during the period at: Dallas Times-Herald; Ft. Worth Star- Telegram; San Antonio Light; San Antonio News & Express; St. Petersburg Times; Kansas City Star; Kansas City Times; Wichita Eagle-Beacon; Sacramento Bee; Missoula (Mont.) Missoulian; Baton Rouge State Times; Baton Rouge Advocate; Shreveport Journal; Shreveport Times; Great Falls (Mont.) Tribune; Oklahoma City Times and the Daily Oklahoman; Albuquerque Journal; Albuquerque Times; Santa Fe New Mexican; Cheyenne (Wyo.) Eagle; Cheyenne State Tribune; Spokane Spokesman-Review; Spokane Chronicle; Casper (Wyo.) Star Tribune; and the Billings (Mont.) Gazette.

During the Superfund Communications Program, CMA officers, staff and member-company representatives visited 42 cities to meet with the editorial boards of 88 key national and regional newspapers and magazines.

Interviews, using CMA staff, also were conducted during the period with 16 television stations in key states via satellite. These interviews, which were used in news stories on Superfund issues, reached an estimated 7.5 million house-holds. The potential viewing audience included 16 million people of voting age.

During the seven months of the Superfund Communications Program, 70 television newsfeeds were produced and distributed -- 59 of which were targeted to key states. Each of the remaining 11 national TV newsfeeds averaged 33% usage and each reached an average 9 million households.

In addition, 100 radio newsfeeds were produced and distributed during the seven-month period on Superfund issues -- 68 of them targeted to key states.

WASTE HANDLING AND DISPOSAL: CMA camera crews have begun shooting material for a new film on hazardous waste site cleanup. Completed or scheduled are company sites in Minnesota, Virginia and Louisiana and three NPL sites provided by EPA.

Lee Thomas, EPA, has assigned a staff member to expedite access to information and locations. Television and community group distribution will be targeted in key chemical producing states. The film will be a documentary style production.

PUBLIC COMPENSATION: The Communciations Department is assisting State Affairs in preparing for a public compensation legislative battle in the state of Massachusetts. Staff has already attended and reported on an early public hearing on the bill. We will be preparing communication materials which will serve as base information for an expected federal legislative effort in the next Congress.

CMA also participated in the National Campaign Against Toxic Hazards program, Toxics Action 1984 in Boston. Dr. Geraldine Cox responded to questions which included public compensation; citizen's participation in suits, funding of Superfund and labeling. This is the same group which claims to have 40,000 volunteers knocking on doors in neighborhoods across the country seeking signatures in support of an expanded Superfund.

TRANSPORTATION: Media tours were conducted in Kansas City and Los Angeles during the period on CHEMTREC.

REGIONAL COMMUNICATIONS PROGRAM: Jon Holtzman addressed sixty chemical industry plant managers and public affairs managers at a seminar sponsored by the West Virginia Department of Commerce. The subject was the application of advocacy communication to West Virginia.

GENERAL COMMUNICATIONS:

- We have received more than 800 requests for nominations for the 1985 Catalyst Awards program, an exceptional level of interest.
- CMA's 1983-84 Annual Report, an issues oriented document, has been published and will be distributed to a broad group of industry observers.
- An employee communication task group of the Communications Committee is proposing increased efforts at packaging CMA materials in forms directly usable by company editors.
- A media balance task group has developed a set of recommendations for media education and communication over the next several years.

CMA
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EXHIBIT H

REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS
WILLIAM M. STOVER

ENERGY AND FEEDSTOCK SUPPLIES: NATURAL GAS LEGISLATION

Natural gas legislation failed to pass in this session of Congress. The bill reported by the House Energy and Commerce Committee, H.R. 4277, was not taken up by the House despite a letter signed by 218 Members urging consideration of the bill this year. Proponents of that bill were unable to have the House Rules Committee consider a rule and send the legislation to the House floor. The Senate earlier failed to reach a consensus on proposals regarding natural gas and the matter was not returned to the Senate floor.

CMA and a coalition of other industry users and producers have opposed H.R. 4277 in its present form and essentially stated that the status quo is preferable to extending or maintaining price controls on gas due to expire at the end of the year. The CMA goal has been to seek comprehensive deregulatory legislation and prevent a punitive or "quick-fix" bill from passsing. Most Congressional Members and staff now have adopted a "wait and see" attitude with regard to the need for corrective gas legislation. Most forecasters of natural gas market conditions are suggesting that prices will not increase in the short-term and could become lower. The debate over gas availability and prices, therefore, has moved to the regulatory arena where it is expected that the Federal Energy Regulatory Commission (FERC) rule-making process will intensify.

NATIONAL ECONOMIC POLICIES: OMNIBUS TRADE BILL

On October 9, 1984, the Congress passed and sent to the President the Trade and Tariff Act of 1984. The bill combines many unrelated trade issues, the most important of which are summarized below.

Generalized System of Preferences (GSP)

The Generalized System of Preferences (GSP) allows for duty-free imports into the United States of goods (including chemicals) from developing nations. The program has been in effect since 1976, and was due to expire on January 3, 1985. The bill extends the program for an additional 8½ years. CMA had supported the renewal of GSP, but felt greater limits should be placed on the President's discretion in deciding whether specific products, product sectors or entire countries should be ineligible for GSP treatment. The bill does provide more specific guidelines to suspend the duty-free status of an article on both a year-by-year basis (competitive need limits) and on a permanent basis (graduation). However, it also provides the President with far greater discretionary power than he previously held.

U.S./ISRAEL BILATERAL FREE TRADE

This section of the bill (Title IV) gives the President authority to negotiate a bilateral free trade arrangement with Israel. It also allows for similar negotiations with other countries, but only after a request for such negotiations from the foreign country. The .resident must also properly notify the Congress of his intent to negotiate and allow 60 working days for the Congress to disapprove the action before proceeding with negotiations. Any agreement reached with Israel must stipulate that at least 35 percent of the value of the finished good imported into the United States be of Israeli origin. This 35 percent total requirement may include up to 15 percent of the total value of the good having originated in the United States. This section of the bill provides only for the authority to negotiate the arrangement. The text of the negotiated arrangement must be approved by the Senate. Although the CMA International Trade Committee had discussed this issue, it had not recommended a position for the CMA Board of Directors to consider.

Reciprocity

The bill would encourage reciprocal trade and give the President more authority to retaliate, and otherwise enforce trade sanctions against countries which erect barriers against the importation of U.S. products and services. It also includes provisions for the protection of intellectual property rights. CMA has supported both of these issues.

Trade Law Reform

Numerous technical amendments to anti-dumping and countervailing duty laws are contained in the bill. These changes are designed to simplify the pursuit of either or both types of investigations. It requires that, if these types of investigations occur concurrently for a given article, the timetables for the investigations will be simultaneous. Such is not now the case. It also allows either type of investigation to be settled by the use of quantitative restriction agreements. These provisions were included in the Gibbons bill. Not included in the Trade and Tariff Act were the more controversial sections of the Gibbons bill which re-defined the use of natural resource materials used to manufacture goods to be a subsidy. The CMA Board of Directors had earlier decided to remain neutral on the Gibbons bill because of this natural resource provision. There is general agreement that the industry is faced with a continuing problem caused by the manufacture of petro-chemicals from materials priced below cost. This situation, coupled with the certain re-introduction in the next Congress of a bill to authorize the use of countervailing duties to counteract natural resource raw materials, is causing the CMA International Trade Committee to continue to seek an acceptable alternative solution to the problem.

Assuming the President signs the bill as he is expected to do, the CMA International Trade Committee will present an in-depth analysis of the entire Trade and Tariff Act of 1984 at its' open meeting in November.

PRODUCT DISTRIBUTION: CANADIAN DIVERSION BILL

Legislation (H.R. 1511) that would regulate U.S.-origin and destination traffic moving through ports in neighboring countries was defeated on the House floor. A comparable Senate version was not considered. Similar legislation has been around in previous years, but this was the first time the bill had been brought up in the House.

CMA has repeatedly opposed proposals that would restrict cargo movement and trade. Opponents of the bill are now optimistic that legislative effort in this issue is ended for the foreseeable future.

PRODUCT DISTRIBUTION: RAILROAD DEREGULATION

An effort has been undertaken by coalitions among the aluminum, chemical, coal and utility industries to demonstrate to Congress that the Staggers Rail Act of 1980 needs to be examined. Public sector groups have also joined in declaring that predatory rate practices are being practiced by the railroad industry and that the Interstate Commerce Commission (ICC) has failed to comply with Congressional intent.

The CMA effort is to maintain and enhance rail-to-rail competition. Our view is that increased competition will reduce the need for rate regulation and the problems that result when government attempts to second-guess the marketplace. CMA has submitted amendments to Senate and House transportation committees that would prohibit anticompetitive cancellations of through routes, joint rates and reciprocal switching, and promote interchange of captive traffic by requiring publication of proportional rates.

A Joint Resolution introduced by Senator John Danforth (R-MO), would substantially accomplish the competitive goals CMA is seeking. It is expected that Joint Resolution 331 will be re-introduced at the start of the next session of Congress and that hearings will be announced in the Senate Surface Transportation Subcommittee.

ENERGY AND FEEDSTOCK SUPPLIES: ENERGY TAXES

The possible imposition of new or additional energy taxes is of concern to CMA. The need for the next Congress to generate revenue and reduce the Federal deficit will result in serious consideration of a mix of crude oil excise taxes and oil import fees. Congressional staff continue to look at various funding schemes. For example, discussions were held in late September before the House Ways and Means Committee regarding a broad-based consumption or sales tax, a BTU tax, a value-added approach and a pollution tax on "unclean" energy sources. National security arguments and disproportionate impacts or equity arguments were also a part of the discussion.

The economic impact of various energy taxes on certain chemicals was just reported by a consultant for the CMA Energy Committee. The results of this study showing negative impact on the chemical industry will be distributed to key Congressional Members and staff.

COMMERCIAL PRODUCTION OF CHEMICALS - TSCA

Senator Dave Durenberger (R-MN) introduced his TSCA amendments package before adjournment of the 98th Congress. His package included far-reaching proposals to require minimum premanufacture testing for new chemicals, testing for high volume existing chemicals, and confidential business information restrictions.

This package is said to be merely for discussion purposes to focus the debate rather than the final word to which Senator Durenberger is committed. Staff insists the bill introduced next year will be different and will reflect our discussions with them during the Congressional recess in the next several months.

Our Chemical Regulations Advisory Committee (CRAC) is in the process of developing positions on the substantive issues, such as:

- o a new chemical assessment alternative
- o some way of improving the ITC/Section 4 testing process for existing chemicals
- o some means for assuring adequate follow up.

CMA anticipates playing a more pro-active role next year regarding TSCA amendments. Following approval of the CRAC recommendations, a Government Relations Task Group will develop the basic legislative strategy for the 99th Congress.

COMMERCIAL PRODUCTION OF CHEMICALS - BIOTECHNOLOGY

Senator Dave Durenberger's (R-MN) subcommittee on Toxic Substances began hearings in September on genetic engineering and its potential consequences on the environment. These hearings mark the beginning of Senate interest in this important new technology, and, given the thrust of the Chairman's initial comments, could lead to Congressional oversight or legislation significantly impacting this emerging industry.

Chairman Durenberger worried whether our ability to manipulate nature - to rearrange the very building blocks of life - outstrips our ability to predict consequences. His hearings are designed to ask the questions about the benefits and risks to the environment of this new industry. First - Does genetic engineering present possible significant harm to the environment? Second - Is the existing patchwork of statutes, regulations and guidelines adequate to prevent potential problems?

Witnesses included Dupont's research director, Dr. Alexander MacLachlan, EPA's Dr. John Moore, and other government and industry representatives. Dr. MacLachlan stressed that biotechnology products (as distinguished from its science) will and should be regulated at the federal level, on a reasonable basis, and in a coordinated way by various government agencies. Dr. Moore testified that EPA is already developing a regulatory framework for reviewing the products of biotechnology, and within a few months will publish a Federal Register notice discussing the agency's policy for reviewing novel microbial products under TSCA's PMN system. This is a harbinger of things to come.

OLD WASTE SITES/CERCLA: SUPERFUND REAUTHORIZATION DIES IN CONGRESS

SENATE

Senator Robert Stafford's (R-VT) Committee on Enviroment and Public Works met the week of September 10, and decided they had no chance to pass a Superfund bill this year because of the slow process of reviewing S. 2892 section by section. So Stafford stripped everything from the bill except for a funding level of $7.5 billion over 5 years. Then the Committee members spent the next four days adding amendments. On September 13, they reported a new S. 2892 with the following key provisions:

- $7.5 billion over 5 years with recommendations for the funding mechanism
- a demonstration program covering five states with an insurance scheme for persons exposed to hazardous substances
- it calls for a number of health studies to be conducted

The Senate Finance Committee then began hearings September 19 on the funding aspects of S. 2892. Dr. Robert Forney, Executive Vice President of Dupont testified on behalf of CMA. The Committee members began to understand that an increase in the feedstock Superfund tax would have an adverse impact on the domestic chemical industry and chemical products in international trade. After the hearings, the Committee staff began an intense effort to work out a compromise with all interested parties. But, Congress adjourned for the year without completing the Superfund taxing authority which expires on September 30, 1985.

On October 2, Senator Bill Bradley (D-NJ) offered the S. 2892 regulatory sections with a new funding level and mechanism to the Continuing Resolution. Bradley was defeated on a procedural vote and Superfund was not considered further. The significance of the Bradley proposal was that it called for $6 billion over 5 years.

CMA played a positive and constructive role by continuing to meet with Senators and staff to discuss our Superfund position and to respond to their requests for information. The new Congress will probably begin Superfund consideration in January or February. In the interim the Environmental Protection Agency will release its study 301A of the Superfund program funding needs. Also, the CMA UAREP study of data on hazardous waste sites and possible health effects will be released soon.

MEDIA

Recently a few major newspapers, such as The Washington Post, The New York Times, The Wall Street Journal, The Detroit News and others have written favorable editorials against the federal cause of action, the so-called "victims" compensation and the funding issue. Also, a number of balanced articles have recently appeared in some newspapers. But, the media up until this point has not given the Superfund issue the intense attention it received in 1979 and 1980.

ENVIRONMENTALISTS

The environmentalists continue to lobby very aggressively in the Senate for a very large increase in the Superfund and for "victims compensation".

ADMINISTRATION

EPA Administrator Ruckelshaus continues to advocate that Superfund legislation should not be considered this year until the Agency completes its preliminary study of funding needs in September 1984.

Mondale campaign has begun making statements on hazardous waste cleanup and including Superfund and health concerns in their political advertising campaigns.

RESOURCE CONSERVATION AND RECOVERY ACT

The House and Senate have passed the Conference Report for the 1984 amendments to the Resource Conservation and Recovery Act (RCRA) prior to adjourning. President Ronald Reagan's signature is expected before the end of October. It is important to note that the amendments have a four year authorization. As a consequence, Congress will be forced to renew RCRA amendments prior to any of the deadlines having to be met.

The amendments will require the Environmental Protection Agency (EPA) to ban land disposal of certain hazardous wastes. The bill also bans the "California list" of waste from land disposal if EPA has not promulgated regulations on such disposal within 32 months of enactment. A one to two year variance is available with the waste required to be disposed of in double lined landfills during the variance period. Dioxins and solvents are under the same plan if no regulations have been promulgated in 24 months.

EPA is to determine the suitability of other waste for land disposal in three increments. The first third within 45 months, the second within 55 months and the last within 66 months. If EPA misses its deadline for either of the first two thirds, disposal of those wastes shall be immediately limited to landfills/surface impoundments with double liners and a leachate detection system. Furthmore, if EPA misses the final deadline, waste that the agency has not acted upon is banned from land disposal and is subject to a variance if there is a lack of alternative capacity.

The provisions of the bill which require retrofitting with double liners for surface impoundments if they exhibit agressive biological treatment. The owner/operators of these impoundments must prove to the satisfaction of the administrator of EPA that there is no leak occurring in concentrations sufficient to endanger the public health or environment in order to maintain their exemption.

The bill significantly broadens citizen suits provisions under RCRA. Bringing suit requires a 90 day notification to EPA, the state and the alleged responsible parties as well as a copy of the complaint to EPA and the Justice Department alleging eminent and substantial endangerment. Citizens' suits are prohibited with respect to the facility citing and permitting where EPA has taken action or where a consent decree has been signed.

The bill also requires owners and operators of landfills and surface impoundments to submit information about potential public exposure. Under this provision, EPA may ask the Agency for Toxic Substances and Disease registry to conduct a health study funded by EPA.

The amendments require EPA to adopt new tank standards and program regulations for all petroleum underground storage tanks within 30 months. Hazardous substance tanks standards must be promulgated within 36 months and regulations within 48 months. Bare steel tanks are prohibited unless soil tests show a certain level of resistance.

Also included in the bill is the creation of a national groundwater commission. However, provisions were added that were designed to ensure that water rights are not jeopardized. Also created by the amendments is an EPA omnibusman which will be sunsetted in four years. A provision was added that clarifies that nothing in the new amendments will affect surface impoundments currently under the jurisdiction of the Uranium Mill Tailings Radiations Control Act.

The bill was reauthorized for four years with a funding level of $125 million in fiscal year 1985 and $140 million in fiscal years 1986-89.

CLEAN WATER ACT

The 98th Congress failed to pass amendments to the Clean Water Act.

During the final weeks, full Senate consideration of clean water bill S. 431 was delayed by controversies that eventually were mitigated. These included whether to cap New York City raw sewage dumping, and whether to exempt two pulp mills in Alaska from clean water regulations. The prevailing issue which House and Senate leaders on clean water legislation could not resolve was sewage plant construction grant funding contained in the House-passed bill. The Administration opposed Congressional approval this year for major funds not yet required. The Senate leaders proposed a compromise grant level well below the House level, but House leaders did not accept.

CMA's Clean Water Act Task Group continued to work on the issue for possible Senate passage of S. 431 followed by House-Senate conference. We had targeted conferrable issues on which papers were prepared for distribution to potential conferees.

SAFE DRINKING WATER ACT

The Congress adjourned without Senate approval of a Safe Drinking Water Act. Efforts by CMA and other industries to prevent expansion of the Act to include groundwater provisions were successful. Further, the final bills did not contain provisions on federal cause of action which were opposed by CMA. Also, we oppose the inclusion of sole source aquifer provisions.

It is likely that the Congress will return to the Safe Drinking Water Act early next year. Efforts to prevent inclusion of groundwater provisions and fed ral cause of action will have to be made. These issues should receive high priority by CMA.

Efforts to reauthorize the Safe Drinking Water Act may be complicated by OMB's objections. OMB opposed EPA's efforts to work toward passage of a Safe Drinking Water Act reauthorization bill this year. OMB supports cut backs in the drinking water program. The agency would replace the federal drinking water program with regulations by the states and other program offices.

It is unlikely, however, that the Congress would support sunsetting the Safe Drinking Water Act. Reauthorization this year was supported by a wide majority in the House. Congressman Ed Madigan (R-IL), the ranking Republican on the Subcommittee on Health and the Environment was one of the major sponsors of the bill that passed the House. Support for a Safe Drinking Water Act in the Senate next year is difficult to predict since Senator David Durenburger (R-MN) may not be the Chairman of the Subcommittee on Toxic Substances and Environmental Oversight in the 99th Congress.

CLEAN AIR ACT

The Clean Air Act, which was due for reauthorization in 1981, did not pass in the 98th Congress.

The last event relative to clean air legislation in this Congress was the introduction of H.R. 6398, by Representative John Dingell (D-MI). This bill would amend Section 112 without automatic listing of substances as hazardous air pollutants., Dingell offered similar language as a substitute for the Waxman/Wirth amendment in H.R. 5314 during the House Health and Environment Subcommittee mark-up on May 2. A vote did not occur at that time and the Subcommittee never reconvened to advance clean air legislation in the House.

Over the summer, CMA suggested improvements in the Dingell substitute for consideration before introduction as a bill. The significance of the bill introduced October 4 is that it can serve as a basis for discussion/education on the hazardous air pollutant issue in the new Congress.

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STATE LEVEL COMMUNICATION AND COORDINATION

STATE LEGISLATIVE ACTIVITY

Relatively little legislative activity has transpired in the states in the last few months due to the fact that 95 percent of the states are out of session. Of those that were in session since the last report, Pennsylvania provided the most onerous piece of legislation - passage of a Right to Know measure which was similar to New Jersey's law.

A number of issues are beginning to create a large amount of interest for the upcoming '85 legislative sessions. The areas of groundwater and public compensation will represent a major commitment of resources by CMA and its member companies next year. As these issues are not likely to be resolved in the short term, we are looking at a resource commitment that will be with us for the next several years.

STATE AFFAIRS COMMITTEE: PROGRAM UNDERWAY

Task Groups. The committee is in the process of reformulating its issue task groups to make more efficient use of the resources at its disposal. Even before this restructuring, there was a need for more company personnel on the task groups but now it is imperative that we get a good company response in order to deal with the issues properly.

The Hazards Communication Task Group has met several times with the OSH Committee State Activities Work Group, concentrating resources on the upcoming 1985 state legislative sessions. The joint task group is developing guidelines on various aspects of the issues related to the scope and coverage of public right to know proposals. The guidelines will provide direction to state organizations on the development of legislative proposals and state hazards communication plans. An updated compilation of state right to know activities is being finalized. These volumes will include summaries of existing laws, copies of laws and regulations, key state contacts and an update on state plan activities.

The Hazardous Waste Disposal Task Group is reorganizing to include groundwater issues. Members of the group participated in CMA's Groundwater Treatment and Leachate Control Seminar which was held recently in Atlanta.

Members of the Environmental Task Group participated in the second annual National Conference on Toxic Pollutants which was sponsored by the State and Territorial Air Pollution Program Administrators. Sessions at the conference included cases studies of state/local air toxic air pollution and the roles of risk assessment and risk management in regulating air toxics.

The Information Management Task Group unanimously chose to continue subscribing to the Commerce Clearinghouse Electronic Legislative Search System for 1985 and decided to include 12 new subject areas to the group's subscription.

Implementation of the pilot project which would link CMA and key Chemical Industry Councils (CICs) has also been discussed. CIC's interested in participating in the project will soon be able to include comments on important legislative developments in the State Affairs data base. New Jersey and Michigan have obtained the hardware and the software needed to implement this project.

KEY ISSUE: HAZARDOUS WASTE/ SUPERFUND

A Resource Conservation and Recovery Act (RCRA) permitting strategy that will place a heavy work load on state environmental agencies was recently adopted by EPA. States are requested to give the highest call-in priority on permits to facilities that (1) receive Superfund wastes (2) are known sources of environmental damage (3) that violate environmental standards or (4) have sregarded RCRA regulations. The state focus will be on land disposal and incinerator permits which will focus most storage facility permitting activities to be delayed until 1986.

Legislation substantially revising Ohio's hazardous waste program, including expansion of state enforcement powers was signed recently by Governor Celeste. The state director of environmental protection is authorized to prohibit disposal of specific wastes in Ohio if the director determines that these wastes pose certain threats. The law also allows the Ohio Environmental Protection Agency to adopt regulations more stringent than those under the Federal Resource Conservation and Recovery Act.

Abatement or related legal actions are not just limited to situations where contamination is taking place but are authorized in situations where there is a threat of contamination as well.

KEY ISSUE: PUBLIC COMPENSATION

State public compensation activity continues to center on two states for the remainder of 1984. In Massachusetts, the special legislative study commission scheduled five hearings around the state in October to take testimony on its draft report. The report recommends substantial changes in state tort law and seeks additional comments on the desirability of creating an administrative compensation fund. The commission will review the testimony and issue a final report, together with draft legislation, before the end of the year. CMA has been working closely with the Associated Industries of Massachusetts (AIM) and local member company representatives on this issue. In addition, CMA has provided monetary support for the New England Legal Foundation which is providing local legal analysis.

In Minnesota, a similar study has been released for comment by the state waste management commission. A hearing was scheduled for September 15 and legislation recommending compensation is expected when the legislature reconvenes in 1985.

KEY ISSUE: RIGHT TO KNOW

A new worker/community right to know law was signed by the Governor on October 5 in Pennsylvania. The bill (H. 1236) passed both Houses of the legislature after nearly two years of debate and many revisions. The final version is a very comprehensive worker and community chemical disclosure program, similar in many respects to the 1983 New Jersey law. It differs in several significant areas from the Federal OSHA Hazards Communications Standard, including scope of coverage, labeling and citizen suits.

In New Jersey, the hearing on the request of several business associations and companies for a temporary injunction preventing the state's right to know law from going into effect is scheduled for October 22. Supporting briefs have been filed in this action, and a schedule for additional filings will be set up by the end of October. If the industry prevails in its request, a temporary injunction could be granted by mid-November.

Twenty-five states are taking administrative actions which would bring them into compliance with the state plan requirement of the OSHA hazards communications program. Fourteen states are adopting a standard identical to the federal standard. Seven states have indicated that they will submit their existing right to know laws to OSHA for approval as state plans, and four states intend to adopt programs which also differ from the federal plan.

KEY ISSUE: GROUNDWATER

A significant number of states continue to focus on groundwater as their top priority. Wisconsin's Department of Natural Resources has already begun drafting regulations to implement the new groundwater legislation which was approved in April. Billed as the first comprehensive groundwater legislation to emerge from any state, the bill contains two sets of numerical standards, prev ntive action limits (PAL's) and enforcement standards. The PAL's are designed to be early warning signs - limits which would trigger preventive action. The enforcement standards are based on federal drinking water standards - expressing a concentration of a substance that would make groundwater unsuitable for human consumption. The bill authorizes additional staff positions for the Department to set standards, investigate well problems, investigate landfill leaks, monitor wells and administer the program. The state agency hopes to have interim regualtions in place by January.

KEY ISSUE: TOXIC AIR

The state of Maine has recently joined an increasing number of states that are making an effort to regulate some hazardous air pollutants for which the U.S. Environmental Protection Agency has not set standards. The Bureau of Air Quality sent out a questionnaire to 534 major Maine companies thought to have potential air pollution problems. The questionnaire, patterned after similar surveys sent out by Texas and New York asks for data on 200 chemicals from companies which might use those chemicals in amounts of more than 2000 pounds per year.

The Bureau is also conducting an area source inventory to consider several categories of emitters including dry cleaners, degreasers and others. When the results of both surveys have ben tabulated, the Department of Environmental Protection will work closely with the Bureau of Health to target "problem" chemicals and sources. Toxicity, volume of emissions and public exposure to emissions will be considered in the prioritization process. The Department will report to the legislature in February to outline what further information is needed before regulations can be established and implemented.

KEY ISSUE: TRANSPORTATION

Good Samaritan legislation continues to be introduced and passed at the state level. Thirty-four states currently have some form of Good Samaritan legislation. However, some states, such as Massachusetts and Florida are introducing bills which would exclude acts of negligence (as opposed to gross neglig nce from coverage). Aside from making the bill meaningless, this would create a false sense of security as a Good Samaritan responder might believe he is protected from liability when in fact he is not. Bills of this nature would adversely affect the chemical industry's interests and will be closely monitored by state chemical industry councils.

CMA
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