

A G E N D A

MEETING OF THE CMA BOARD OF DIRECTORS
Monday and Tuesday, January 11 and 12, 1982
Grand Ballroom, Arizona Biltmore
Phoenix, Arizona

TAB

Monday, January 11, 1982 - 8:00 a.m.

8:00-8:01 1. Call to Order -- Chairman Greffice

COMMITTEE CHAIRMEN REPORTS

8:01-10:00 2. Communications Committee
Chairman: M. C. Carpenter, The Dow Chemical Company

10:00-10:35 3. Chemical Regulations Advisory Committee
Chairman: E. Hamilton Hurst, Nalco Chemical Company

10:35-11:10 4. Patent and Trademark Committee
Chairman: Richard G. Waterman, Dow Chemical U.S.A.

11:10-11:45 5. Occupational Safety and Health Committee
Chairman: Thomas F. Evans, Monsanto Company

ASSOCIATION ACTIVITIES

11:45-11:55 6. Member Services Report -- Victor H. Peterson

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LUNCH (North Patio)

This Board meeting will continue Tuesday,
January 12, 1982, beginning at 9:00 a.m.
in the Grand Ballroom.

Next meeting of the Board of Directors: 2:00 p.m., Tuesday, April 6, 1982, CMA
Board Conference Room, Washington, D. C.

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AGENDA - Meeting of the CMA Board of Directors (continued)

TAB

Tuesday, January 12, 1982 -- 9:00 a.m.

CONTINUATION OF COMMITTEE CHAIRMEN REPORTS

- 9:00 a.m. Call to Order -- Chairman Oreffice
- 9:00-9:35 7. International Trade Committee
Chairman: F. Milton Hunt, The Dow Chemical Company
- 9:35-10:10 8. Tax Policy Committee
Chairman: James L. Eichner, Eastman Kodak Company

BUSINESS SESSION

- 10:10-10:11 9. Approval of Minutes of Meeting, November 3, 1981 --
Chairman Oreffice
- 10:11-10:15 10. Report of Executive Committee -- Chairman Simeral
- 10:15-10:17 11. Treasurer's Report -- Gary C. Herrman 2
- 10:17-10:27 12. International Trade Policy -- Leo H. Johnstone,
Phillips Petroleum Company 3
13. Association Activities:
- 10:27-10:45 a. Report of the President -- Robert A. Roland
- 10:45-11:00 b. Results of R&D Survey of Member Companies --
Myron T. Foveaux 4
- 11:00-11:10 c. Report of Technical Director -- G. V. Cox 5
- 11:10-11:20 d. Report of General Counsel -- E. B. Frost 6
- 11:20-11:30 e. Report of Director of Government Relations --
W. M. Stover 7
- 11:30-11:45 14. New Business
- 11:45 15. Adjournment

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MINUTES of the two-hundred eighty-sixth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at the Arizona Biltmore, Phoenix, Arizona, on Monday at 8:00 a.m. and Tuesday at 9:00 a.m., January 11 and 12, 1982.

Directors:	Paul F. Orefice, Chairman	
	Louis Fernandez, Vice Chairman	
	Richard C. Ashley	Wilbert J. Magers
	Dexter F. Baker	Dwight C. Minton
	Charles E. Brookes	John Morrisroe
	Harry W. Buchanan	L. John Polite, Jr.
	Carlyle G. Caldwell	Robert A. Roland
	Robert S. Dudley	John P. Sachs
	Richard E. Engebrecht	M. Whitson Sadler
	Robert W. Gerwig	James F. Schorr
	Arthur L. Goeschel	George J. Sella
	J. B. Henderson	William G. Simeral
	Paul F. Hoffman (2)	Orin R. Smith
	E. C. Holmer	Alfred C. Stepan, Jr.
	Richard J. Hughes	Allan J. Tomlinson (1)
	Ray R. Irani	Hugh B. Vanderbilt
	William B. Jackson	Edward A. Von Doersten
	Richard H. Leet	William G. West
	John S. Ludington	

Secretary:	Bruce M. Barackman
General Counsel:	Edmund B. Frost
Treasurer:	Gary C. Herrman

By Invitation:	M. C. Carpenter, The Dow Chemical Company (1)
	Geraldine V. Cox, CMA
	John E. Dull, E. I. du Pont de Nemours & Company
	James L. Eichner, Eastman Kodak Company (2)
	Thomas F. Evans, Monsanto Company (1)
	Myron T. Foveaux, CMA (2)
	Milton Freifeld, CMA (1)
	Robert B. Hill, CMA
	F. Milton Hunt, The Dow Chemical Company
	E. Hamilton Hurst, Nalco Chemical Company
	Patrick C. Joyce, CMA (1)
	Victor H. Peterson, CMA (1)
	Ernest S. Robson, Jr., SOCMA, Monsanto Company
	William Sharfman, Brouillard Communications Division of
	J. Walter Thompson (1)
	Randal P. Schumacher, CMA
	James N. Sites, CMA
	William M. Stover, CMA
	Gordon D. Strickland, CMA
	Richard G. Waterman, The Dow Chemical Company (1)
	Richard L. Wilson, CMA (1)

(1) first day only
(2) second day only

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Monday, January 11, 1982

1. The meeting was called to order by Chairman Orefice.

COMMITTEE REPORTS

Executive summaries are attached in lieu of the complete committee reports which have been previously distributed to the Board.

2. COMMUNICATIONS COMMITTEE

The executive summary of the committee report is attached as Exhibit A.

Chairman Carpenter reviewed the objectives, audiences, and program elements of ChemCAP, Exhibit B.

Mr. Roland described the results of the program, including illuminating statistics relating to the size of audiences reached in each activity of ChemCAP, Exhibit C.

Following Mr. Carpenter's presentation of the recommendations of the Communications Committee, Exhibit D, Dr. Sharfman, senior vice president and planning director of Brouillard Communications, a division of J. Walter Thompson, explained the specifics of the proposed T.V. test.

At the conclusion of a question and answer period during which various concerns were expressed, the matter of the T.V. ad test was referred to the Executive Committee to prepare a recommendation for consideration by the Board.

3. CHEMICAL REGULATIONS ADVISORY COMMITTEE

The committee report, supplemented with chairman Hurst's report, is attached as Exhibit E.

4. PATENT AND TRADEMARK COMMITTEE

The committee report, supplemented with chairman Waterman's report, is attached as Exhibit F.

5. OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

The committee report, supplemented with chairman Evans' report, is attached as Exhibit G.

6. MEMBER SERVICES REPORT

Mr. Peterson's report is attached as Exhibit H. Additionally he described a preliminary analysis conducted of some 114 non-member chemical companies having annual sales ranging from \$30 million to over \$100 million -- all of which could contribute meaningful financial support if they were members of CMA. After further study it is planned to make a presentation to the Membership Committee for their consideration and recommendation to the Board as appropriate.

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The Board adjourned until 9:00 a.m., Tuesday, January 12.

Tuesday, January 12, 1982

7. INTERNATIONAL TRADE COMMITTEE

The committee report, supplemented with chairman Hunt's report, is attached as Exhibit I.

8. TAX POLICY COMMITTEE

The committee report, supplemented with chairman Eichner's report, is attached as Exhibit J.

The committee reports having been concluded the Board then proceeded with its scheduled business session.

9. MINUTES OF THE NOVEMBER 3, 1981 MEETING

The minutes of the November 3, 1981 meeting of the Board, as distributed, were approved.

10. REPORT OF EXECUTIVE COMMITTEE

Mr. Simeral reported the following actions taken by the Executive Committee the preceding day:

- Approved a change in the name of the "Pension Committee" to "Employee Benefits Committee". Also approved the committee's recommendations providing for: establishment of an educational assistance program which would reimburse CMA full-time employees for 75% of the cost of successfully completed, job related, continuing education activities at an estimated annual cost of \$8,000; establishment of a thrift savings plan permitting an employee to contribute up to 10% of salary of which CMA will match 50% of the first 6% at an estimated annual cost of \$56,000; and amendment of the CMA Pension Trust to clarify the language of the disability provisions in the current plan.
- Approved chemical industry participation in U.S. government petrochemical discussions with Japan and Mexico.
- Approved several recommendations of the Occupational Safety and Health Committee which included the establishment of a new Lamot du Pont Safety Award category for intermediate size companies. There will now be three award categories. Category 1 -- less than 1,000 employees; Category 2 -- 1,000 to 10,000 employees; and Category 3 -- over 10,000 employees.
- Heard a report that the staff training program is going forward as planned.
- Heard a suggestion from Mr. Orefice that the opportunity exists for member companies to work constructively with EPA regional officers on environmental matters. CMA staff will explore what the Association may do by working with state organizations such as the CIC's.

- Discussed in depth CMA's advertising program and unanimously voted to recommend to the Board that consideration of the proposed T.V. ad test program be deferred until the August meeting.

During discussion of the foregoing recommendation the Board was advised that in preparing the 1982-83 budget to be submitted for approval of the Board in April, staff has been instructed to be guided by Option #1 in the Treasurer's Analysis of Combined Communications Program Funding and Expenditures -- deleting the T.V. ad test, but preserving the funds for same.

ON MOTION, duly made and seconded, it was

VOTED: To approve the recommendation of the Executive Committee that consideration of the proposed T.V. ad test program be deferred until the August meeting of the Board.

11. TREASURER'S REPORT

Mr. Herrman's report is attached as Exhibit K. Additionally he advised:

- For the current year CMA should end up with a net contribution to reserves of several hundred thousand dollars. Dues will be lower but this should be offset by interest income and the fact that research and consulting expenses should be significantly less than budget. Full projections will be available at the March Finance and Executive Committee meetings and will be distributed to the Board in April following preliminary review.
- The communication assessment was billed in early December, 1981. Through January 6, 1982, a total of \$1,556,336 has been paid by 88 members. Payments are not due until January 31. At this point the payment rate is running ahead of prior years.
- The budget process for fiscal 1982-83 is well under way. The requests for 1981 chemical sales have been mailed with a cut-off date of February 1 for returns. Assistance of member companies in expediting the return of reports was requested since they form the basis for revenue projections.

12. REPORT OF MEMBERSHIP COMMITTEE

Chairman Caldwell reported that the committee had examined the qualifications of the companies named below and recommended their election.

ON MOTION, duly made and seconded, it was

VOTED: That Petrosar Limited and Philip A. Hunt Chemical Corporation be elected to membership in the Association.

13. INTERNATIONAL TRADE POLICY

Mr. Foveaux, on behalf of Mr. Johnstone, briefly reviewed the Common Market talks concerning petrochemicals in which Mr. Johnstone participated. As a result

of these talks the threat to levy protective tariffs against petrochemical exports to Europe from the United States was eliminated. Mr. Foveaux then presented the recommendations, Exhibit L, previously approved by the Executive Committee, relating to chemical industry participation in U.S. government petrochemical discussions with Japan and Mexico. He advised that Canada also is expected to seek similar discussions.

He then reported that the House Ways and Means Trade Subcommittee under Chairman Sam Gibbons (D-Fla.) held trade policy overview hearings late in the first session of Congress. He advised that Mr. Johnstone was scheduled to appear on behalf of the chemical industry on December 16, 1981. However, his appearance was postponed because Congress went home that week. The hearings and Mr. Johnstone's appearance will be rescheduled early in the second session, probably in February, perhaps in March. The significant points to be made in his testimony were summarized.

14. ASSOCIATION ACTIVITIES

(a) Report of the President

- Mr. Roland described the reports of the committee chairmen as the best ever and truly reflective of the continuing growth and efficacy of the committee structure at CMA. The reports also show that the burden of work is expanding. Accordingly more emphasis will have to be placed, especially in the light of present economic conditions, on prioritization -- a better utilization of resources is the focus of committees and staff in the ongoing planning process to manage the workload.
- The political bloom is off the rose and it will become increasingly difficult to resolve the government relations problems that face the industry. Just one significant policy issue is how do we forge an industry position on the new federalism versus states rights. In addressing this and the many other issues confronting us, we have the machinery in place to do the kind of imaginative thinking that is called for at this stage in our development.

(b) Results of R&D Survey of Member Companies

Mr. Foveaux's report is attached as Exhibit M. He also referred to the economic press conference held by CMA in New York City on December 16, 1981, which is further discussed in Mr. Stover's report.

(c) Report of Technical Director

Dr. Cox's report is attached as Exhibit N.

(d) Report of General Counsel

Mr. Frost's report is attached as Exhibit O. In addition he presented

an update and overview of the Administration's regulatory reform activity. He also commented on CMA's Supplemental Response to the President's Task Force on Regulatory Relief, copies of which were distributed to those present.

(e) Report of Director of Government Relations

Mr. Stover's report is attached as Exhibit P. He referred in particular to the Clean Air Act amendment process and urged member companies to respond to the action call going out this week from CMA explaining what actions individual companies can take to obtain improvements in the act.

15. NEW BUSINESS

Mr. Robson advised that SOCMA considers the New Federalism to be one of the key issues facing the industry this year. A SOCMA study is being conducted which will result in some industry policy guidelines which will be shared with CMA.



Bruce M. Barackman
Vice President-Secretary

Certified correct:



Paul F. Orefice
Chairman of the Board

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COMMUNICATIONS COMMITTEE REPORT

EXECUTIVE SUMMARY

The chemical industry's communications action program has hit stride during the 1981-1982 year, fulfilling the promise envisioned by the special Public Relations Task Force appointed by the CMA Board of Directors in early 1979 to come up with a plan of action to meet the industry's worsening public attitude problems. This multifaceted program, carried out by the CMA Communications staff with the overall guidance of the industry's Communications Committee, was marked by these developments as 1982 began:

- "The Chemical Balance: Benefitting People, Minimizing Risks," has been completed as the comprehensive sixth booklet in the CMA's key issue series documenting the industry's case. It comes on top of 100,000 copies of the other five booklets already printed.
- "Pollution Control and Waste Management: Where Do We Stand?" is appearing in the first-of-1982 issue of Time Magazine as a special four-page advertisement documenting the industry's case for Time's 20 million readers. This special report caps off two generations of ads that in 20 months have made over a billion impressions on readers and the public consciousness.
- Camera crews are shooting industry scenes for a new hazardous waste motion picture and series of television news clips and public service announcements, with a completion target date set for March 1982. The new film will supplement "Doing Something," which has gone through more than 8,000 showings before schools, organizations and industry groups and been viewed by 8,000,000 on TV.
- The CMA News Service, after handling a record 4,000 press inquiries in 1981, produced a special package of new-year story materials, held an economic briefing in New York City and inaugurated "The Report"--a chemical industry radio news service for 625 stations covering the nation.
- ChemEcology, reaching 100,000 thought leaders monthly, sought to extend its reach to millions through a new ChemEcology Science News Service for 1000 science editors. This emphasizes the CMA magazine's special policy issue reports and its new "Chemical Connection" series on industry contributions and benefits.
- "Chemical Worker Safety," the fifth in CMA's series of envelope-size key issue leaflets, is being mailed to the industry and thousands of consumer contacts and organization leaders.

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- CMA News has published a year-end Review and Outlook issue for the press and other thought leaders, capping off a series of special reports on public policy issues providing direct support for governmental action during the year.
- The CMA communications staff is responding to steadily rising requests for public support aid from the industry's government relations forces and other CMA departments and industrywide committees.

The central objective behind this varied, wide-ranging action: Public reassurance. The Communications Committee seeks to integrate CMA programming with that of individual member companies in pursuit of these objectives:

1. To increase public recognition of the industry's efforts to meet health, safety and environmental challenges and to manage the risks associated with chemical industry products and operations.
2. To develop public support for the industry's governmental policy positions.
3. To better inform the nation of the industry's positive contributions.

Toward this end, CMA's modest information program was supplemented two years ago, through CMA Board action, by the Chemical Industry's Communications Action Program--and both are now fully integrated into a consolidated effort. A competent staff has been assembled and, for the first time in its history, the industry has a full package of communications materials available to tell the industry's story and build public support for its objectives.

The Communications Committee, composed of 15 public relations specialists from CMA member companies and another 68 experts on the Committee's six Task Groups, was appointed simultaneously and charged with the specific mission of advising the CMA Board and CMA communications staff on problems and attitudes involving the industry's relations with the public and providing guidance and assistance on the development and implementation of remedial programs in this area.

In carrying out its mandate, the Committee has developed an intensive program planning process that began last September with an in-depth review by its Long-Range Planning Task Group.

The Committee recommendations in summary: The CMA communications program is on course, is achieving results and should be continued as an interlocked, multifaceted package; however, a number of "course corrections" should be made to shift overall emphasis in present programming somewhat from print advertising to more news and issue support action. At the same

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time, the Committee recommends that testing be carried out to determine the feasibility of extending the industry's print advertising campaign into network television.

The proposed TV test would be carried out in two stages:

1. Developing the most effective message vehicle for communicating the industry's case on television.
2. Undertaking a pilot field test of television advertising in four selected communities at two different expenditure levels to ascertain whether and at what cost the industry should carry out a national television information effort.

The ad test timetable would postpone any actual broadcasting and its funding until September of 1983, according to present planning, and the Committee would keep the Board fully informed of test progress and results so that the Board would have the fullest possible evidence before it for any discussion of follow-through action.

Cost of the TV ad test is budgeted at \$455,000. The present backlog of unspent ChemCAP funds would be tapped for this amount, and their expenditure would be spread over the present and next budget years.

The public attitude climate facing the industry seems to be improving, despite polls that show continued heavy public support for government regulation in health and safety areas. CMA's third-stage survey of attitudes should provide a better fix on these questions by April. And while some of the improvement is due to the let-up of the drumbeat of negative publicity originating from EPA and other government sources in 1980, pollsters ascribe a share of it to the industry's communications efforts. The television ad test would give the CMA Board additional facts to determine if our overall efforts to build a favorable public attitude climate for the industry need to be expanded into television advertising.

Member company communications efforts seem to be lagging, further highlighting this question. The CMA program was intended to serve as an "umbrella" nationwide effort that would provide materials and serve as a catalyst for individual company action, especially at the community level and with company contacts. Toward this end, the Committee and CMA staff, with Board support, have devoted the strongest efforts.

Unfortunately, and especially as a result of economic recession, many companies seem to be reducing rather than expanding their communications efforts. The Committee believes this underscores even more the need to maintain a strong CMA role in fighting the industry's overall public communications battles.

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In summary, the Committee feels the industry can take considerable pride in developing an effective communications program, which is getting results. Quality is present. Quantity is a continuing problem. The key question for Board consideration involving TV ad testing:

Should the industry position itself now so that it might later be ready, if public opinion and governmental developments demand it, to take another step forward in the industry's public support efforts?

COMMUNICATIONS COMMITTEE
REPORT TO
CMA BOARD OF DIRECTORS

January 11, 1982

PROGRAM STATUS

Two years ago CMA had a modest public information program that was basically a defensive operation. The Board of Directors then approved a plan to aggressively put our position before a number of audiences -- the Chemical Industry's Communications Action Program, or ChemCAP.

Both the ongoing CMA communications activities and ChemCAP are now fully integrated.

The central goal of the integrated program is: Public reassurance.

The main objectives are:

*Increased recognition by the public of industry efforts to:

Meet health and safety and environment challenges.
Manage risks associated with chemical industry products and operations.

*Build public support for the industry's governmental policy positions.

Our programs to date have been aimed at the following audiences:

Political actives
Government officials
Communicators
Company employees

Through CMA, member companies, some shareholders, suppliers and customers are reached as well as employees.

The program is made up of a number of elements:

News Services produces materials for the press, radio and television, concentrating on the news media in New York and Washington.

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It also produces materials for member companies and local and regional organizations to help them influence local reporting. The Service handles about 20 press inquiries per day.

Media Tours, virtually an extension of the News Service, arranges for industry scientists to be interviewed by local television, radio and press across the country. Scientists have high credibility with the public and the media.

Print Advertising gets our message to our target audiences in the form, in the place and at the time that we want them to receive it.

CMA Direct Issue Support includes counsel and preparation of brochures, white papers, etc. for the other CMA departments. An example of such support is the Clean Air packet prepared for the Government Affairs Department.

Public Information activities focus on cooperative communications work with other organizations inside and outside the chemical industry such as American Women in Radio and TV, and the National Association of Farm Broadcasters. Included here are efforts to encourage company involvement in the communications program.

Speakers Program seeks to encourage member companies to begin or extend their speaking programs.

Education Program carries out the Catalyst Awards program, one of the few effective entries in academia.

COMMUNICATIONS PRESENTATION
BY
ROBERT A. ROLAND
TO
CMA BOARD OF DIRECTORS
JANUARY 11, 1982

There is a growing recognition among our association peers, media, government and industry that CMA's communications program is a first-class operation. We have the right mix of industry leadership, talented people, intelligent programming and grade A supporting materials. No question about it. So you say, Right, Bob. You've got really fine people, programs and publications. Good work. But what about the return on our investment? How many people do we reach? Who are they? Is media getting our message? What impact are we having on public opinion? Good questions. So let's go to the bottom line and talk results. Specifically, what have we done for you lately?

NEWS SERVICE. Operating in a climate of controversy and hostility, we're developing a network of personal media contacts and servicing that network with no-nonsense news materials. In 1979, the Department received 1,900 phone calls. In 1981, two years later, 4,000 calls were received, most of them from media.

Clearly, we've established a presence in the media community as an authoritative source of information. Press releases, 211 of them in the past three years, are part of the package. More than 1,700 press clippings, a fraction of the reality, have been generated. And I'll tell you, it's nice to see some favorable headlines for a change.

In 1981, we participated in editorial briefings with the staffs of 30 publications with a circulation of 42 million--like U.S. News, Wall Street Journal, Time, and The Washington Post. Fact File is a comprehensive reference piece on the industry. More than 1,720 copies have been personally placed with newspaper editors and reporters representing a circulation of more than 15 million. We just wrapped up our year-end economic briefing for the press--total circulation represented: 5 million.

Our participation in the American Women in Radio and Television convention generated 87 broadcast interviews with industry experts. I can tell you that an estimated audience of 15.6 million people received our message.

Our participation in the National Association of Farm Broadcasters convention resulted in 296 interviews with industry experts. Potential audience: More than 10 million people.

The television news feature is an important part of our arsenal. A news feature on CHEMTREC is being distributed to more than 200 stations with a potential audience of more than 10 million viewers.

Our Radio-TV Manager runs the chemical industry Radio and Television News Service--reaching more than 10,000 stations.

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Media tours are the bread and butter of our news operation. CMA members and staff are specially trained to handle broadcast and print interviews. Our media tour program has generated 161 television interviews, 190 radio interviews and 91 print interviews. We've already covered 61 market areas representing a total population of over 83 million people. That's 83 million people. In our current media tour season we are targeting 69 market areas with a total population of more than 85 million.

Print advertising provides a synergistic base for everything else we do in communications. The ads give us a national presence that opens windows of opportunity--particularly with media and government. What's the impact, you say? 87.9 million people have seen our ads an average of 12.7 times. That's a bottom line of 1.1 billion advertising "impressions." And the ads have produced nearly 20,000 individual requests for our key issue booklets, an exceptionally high number for this type of ad.

CMA Direct Issue Support embraces those communications activities that seek to directly improve the climate of public opinion that influences legislative and regulatory decisions. Our News Service and print advertising are certainly a force in the public policy arena. Our monthly ChemEcology newsletter reaches 100,000 opinion leaders in academia, government and business. And our frequent ChemEcology Special Reports on key issues give us extended impact through distribution to 1,175 editors and reporters.

CMA News reaches 5,500 members--all of them real or potential activists on behalf of the industry. And CMA News Special Reports expand our reach to 1,175 editors and reporters. More than 2,000 copies of our clean air backgrounder, the definitive package on this key issue, were distributed to the U.S. Congress, key legislative contacts in member companies and the press.

Our public information efforts employ a comprehensive array of print and audio-visual materials to reach a network of business and special interest groups and the general public. By now you've all seen our "Doing Something" film. But is the film "doing something" for you? Try 8,000 showings to civic groups, women's clubs and schools for a total audience of a quarter of a million people. CMA members multiply this impact by using 250 prints to reach community audiences. Eight million viewers saw our film on cable and public television stations. Six public service announcements were extracted from "Doing Something." We've had an estimated 80 million viewers for our PSAs. That's right. 80 million viewers. In fact, WDVM-TV, the Washington, D.C. CBS affiliate, ran one of our PSAs over 40 times in a tough and important market of more than 3 million people. And most of that, incidentally, in prime time.

"The Need to Know," our new 27½-minute hazardous waste film, is in production for delivery this March. Like "Doing Something," it will get full group and television distribution and will give us more PSAs and news features to put into the media stream.

Our "Meeting the Challenge of Change" slide presentation is used extensively by member companies, with more than 400 sets being used to reach employees and the public.

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Our group liaison efforts give us a multiplier effect through other organizations that have considerable public credibility--like the American Home Economics Association and the Future Homemakers of America. CMA members and staff host exhibits and distribute materials at the conventions of five major groups representing a constituency of 683,000 influentials.

The General Federation of Women's Clubs and the National Grange are but two of ten other organizations that we work with to help tell our story--through film and material distribution and speaker placements. There are some prestigious platforms available and we want to be on them. The bottom line is reaching 64 million influentials--the constituents of these organizations. And we're doing it. As in a recent issue of the National Businesswoman Magazine, the journal of the National Federation of Business and Professional Women's Clubs, featuring the availability of CMA speakers and printed materials.

At the core of our print effort are six key issue booklets. The sixth booklet in this series, "The Chemical Balance: Benefiting People, Minimizing Risks," a summary of our commitment to environmental health and safety is before you today. More than one million copies of these booklets have been put before the nation's opinion leaders. Our leaflets, presenting shorter statements on the key issues, have reached a distribution figure of more than 275,000.

The just-issued "Public Support Programming Action Guidebook" offers specific success stories of member company communications programming. 692 copies are in use and spurring industry action.

There is clear evidence that our speakers program is coming to life. 3,000 copies of the CMA Speakers Resource Manual are in use by member companies. The result: Thousands of real and potential speaker appearances before employees, civic groups, women's clubs, schools and other appropriate forums. 39 member companies currently have or are planning such programs. I'd like to report that 200 companies are involved. We have a marvelous opportunity for some powerful eyeball-to-eyeball dialogue.

Our education programming is modest but productive. The Catalyst Awards Program recognizes teaching excellence in high school and college chemistry. 18 educators are honored annually, generating substantial prestige for our industry in the academic community. Taking it one step further, our 315 winners to date give us a pool of blue-ribbon educators who are generally favorable to the industry--and don't mind talking about it. ChemEcology gives us another entree to the educational community--15,000 readers are teachers and students.

So there you have it--hard, bottom line results. A return on your considerable investment in a comprehensive communications effort. But the real payoff comes well down the road, when we begin to see the needle of public opinion move back in our direction. It took us a long time to be considered the bad guys. And we won't reverse that overnight. But there are some encouraging signs. A Lou Harris poll asked respondents to rate the chemical industry's air and water pollution control efforts. In 1979, only 33% put us in the "good to excellent" category. In 1980, we hit an abysmal

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25% as EPA and activists generated a media blitz on toxic wastes. In 1981, we rebounded remarkably to a 42% "good to excellent" rating. Harris attributes the major part of this comeback to our advertising and communications efforts.

So the needle is moving. And we'll continue to take the temperature. Our third-stage Cambridge survey will be completed by April. And the proposed television ad test would give us an immediate fix on the impact of this medium on the public's perception of our industry.

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COMMITTEE RECOMMENDATIONS

Each year the Communications Committee and the Long-Range Planning Task group review the communications program. Both have found the program on course, but needing a few "course corrections". Taking account of today's economic conditions, some of these changes will take some years to accomplish.

The major recommendation is that we should shift the overall emphasis somewhat from print advertising to more news and issue support action. This will include a series of media background briefings involving industry key executives. An expanded effort to produce and place video news clips is also planned.

The committee recommends devoting further resources to day-to-day support of related governmental activities. More media tours by industry scientists are planned.

The advertising print campaign should be extended at its current level, with 10 percent of the present ChemCAP advertising budget being devoted to "issue advertising".

CMA and member companies should provide for communications programming at the local level, since environmentalist pressure is shifting from the national capital to the state capitals. More resources should therefore be devoted to support of the local Chemical Industry Councils.

The Communications Committee feels that adverse public opinion of the chemical industry and its potential for more government regulation makes it necessary to at least develop the information the industry needs to determine whether expansion of its public support program into television might be warranted in the future. The test would produce this evidence. We would place it before you in 1983. Conversely, if the test is not carried out, the industry will never have had a chance to know the facts in this crucial area. The Committee therefore recommends proceeding promptly to carry out the television advertising test.

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BD-1/11/82

CMA 073533

CHEMICAL REGULATIONS ADVISORY COMMITTEE
EXECUTIVE SUMMARY OF ACTIVITIES

INTRODUCTION

The Toxic Substances Control Act ("TSCA" or the "Act") was signed into law on October 11, 1976, and became effective on January 1, 1977. A complex and detailed statute, TSCA empowers the Environmental Protection Agency ("EPA" or the "Agency") to evaluate and, if necessary, regulate the effects of chemical substances and mixtures on human health and the environment.

TSCA's coverage is comprehensive. It potentially applies to all chemicals manufactured, processed, distributed or used in the United States except where these chemicals are already regulated under certain other federal laws. TSCA thus affects not only the chemical industry, but the many industries that use its products. TSCA is, therefore, the primary act of concern to the Chemical Regulations Advisory Committee (CRAC).

Because TSCA has had a direct and substantial impact on the chemical industry, CRAC has made a concerted effort to express its members' views on EPA's actions under the Act, and has used a variety of formal and informal channels to communicate with the Agency, including the submission of extensive written comments on EPA's proposed regulations.

CRAC's efforts have been effective. While the Agency has developed and articulated a regulatory approach under each of TSCA's principal provisions, very few EPA proposals have been issued as final rules and no irreversible policies have been adopted. Additionally, EPA's new leadership is taking a fresh look at the Agency's policies under TSCA and intends to alter the Agency's course wherever a change is warranted.

CMA has criticized several EPA proposals published during the last administration and awaiting final action. EPA's new leadership has reviewed CMA's comments and is re-examining those proposed rules. To aid EPA in that review CRAC published a 339-page book, "The First Four Years of TSCA." The book describes major provisions of TSCA, summarizes and references over 3000 pages of formal CMA comments on EPA's proposed rules and highlights the following nine guidelines to better implementation of the Act.

- EPA's regulatory requirements should be well within the limits of its statutory authority and clearly necessary to achieve the purposes of TSCA.

- EPA should place less reliance on formal legalistic requirements and instead emphasize voluntary action and informal negotiation to achieve TSCA's objectives.
- EPA must be more sensitive to the impact of TSCA's requirements on innovation in the chemical industry and must make greater efforts to evaluate the economic impact of its proposals.
- EPA should seek information only when it is needed to further specific and defined regulatory objectives, and should not demand the collection and submission of large amounts of information for its own sake.
- EPA must recognize the limited resources that industry is capable of devoting to the goals of TSCA without placing overwhelming burdens on particular products and operations.
- EPA's proposals should avoid stifling flexibility and inhibiting scientific judgement.
- EPA must make a greater effort to recognize the legal and commercial necessity of protecting confidential business information.
- EPA should take regulatory action under TSCA only after adequate data are gathered and only on the basis of scientifically defensible decisions that have been subject to peer review.
- EPA must recognize that the various provisions of TSCA do not stand alone, but interact with and mutually support each other, necessitating an integrated approach to the Act's implementation.

In addition to the above guidelines, CMA developed and presented a major regulatory reform package to Vice President Bush and his counsel, the Secretary of Commerce, the Office of Management and Budget, the Regulatory Relief Task Group, and the regulatory agencies. Together, the publications are a detailed roadmap to resolving priority concerns of our industry and to promulgating reasonable, cost-effective regulations that embody the original intent of Congress.

During the past year CRAC has continued to expand its influence within the government and the private sector and consequently to require more support from its members and its staff.

MAJOR ACCOMPLISHMENTS

CRAC has been able to achieve a high level of performance in regulatory and legislative activities, and has expanded its community, public relations and committee orientation functions by using representatives from member companies, outside legal counsel, outside consulting firms and CMA staff. Under its present task group structure, CRAC was able to address major EPA proposed or final rules under Sections 4, 5, 8 and 12 of TSCA. In addition, CRAC testified before Congress on the implementation of TSCA and was successful in preventing potentially troublesome amendments to TSCA. Communication with CMA members, EPA, Congress and the public remains an essential component on CRAC's program, which it has sought to expand through newsletters and other publications, informational meetings and meetings scheduled to discuss a specific topic. CRAC has also sought to define its objectives and to involve each committee member on specific task group projects.

Development of CMA comments on major rule proposals and studying the economic impact of TSCA rules on the chemical industry account for most of the budgeted funds spent during this past year. In order to maintain its high level of performance during 1981-1982, CRAC will continue to rely upon outside legal counsel and consulting firms for issues needing special expertise. As many proposed regulations reach final form under the new EPA Administration, environmentalist groups may litigate rules for which they believe EPA has not provided adequate support. CRAC will need to document its positions on TSCA proposals and to enter the courts where favorable final regulations are challenged or where final rules are unreasonable and pose substantial burdens.

Some major accomplishments made during the past year include:

- Testified before the House Commerce, Tourism and Transportation Subcommittee on EPA's progress toward the implementation of TSCA.
- Worked with key congressional staff to augment written CMA comments and positions by outlining and advocating CMA positions on EPA initiatives.
- Commented informally on a congressional subcommittee proposal which would request the Office of Technology Assessment to conduct a study examining the adequacy of test data that the chemical industry has historically submitted with PMNs.

- Briefed key individuals within EPA and OMB on priority regulatory issues facing the chemical industry under TSCA and through international agreements.
- Conducted an economic impact analysis of EPA's proposed premanufacture notification (PMN) requirements under Section 5 of TSCA.
- Petitioned EPA requesting that the Agency commence rulemaking and to exempt certain low-volume chemicals, site-limited intermediates and polymers from PMN requirements under Section 5(h)(4) of TSCA.
- Informed the Department of State of the proposed OECD Decision adopting minimum premarket data (MPD) requirements -- i.e., testing -- for all new chemicals.
- Submitted a petition to EPA requesting that the Agency modify its final export notification rule promulgated under Section 12(b) of TSCA.
- Prepared, in coordination with other CMA departments, a detailed regulatory reform package to the President's Task Force on Regulatory Relief, highlighting major regulations under TSCA needing immediate attention.
- Drafted a policy paper on the Chemical Substances Information System used by government agencies to store and retrieve information used in regulatory decision-making.
- Reviewed and commented on test protocols being developed by EPA under Section 4 of TSCA and by OECD.
- Completed the NERA pilot study examining the methodology used to measure the overall economic impact of TSCA on the chemical industry.
- Held quarterly Informational Meetings to keep member company representatives fully apprised of positions developed by CRAC on regulatory proposals, the origins of those positions, and the anticipated effect they would have on company operations.
- Published periodic Toxic Substances Newsletters which were sent to the designated TSCA contact of each member company.

- Communicated CMA positions on major regulatory issues to the media.
- Worked with other trade associations representing the chemical industry to develop a uniform industry position on regulatory proposals having broad impacts.
- Met or talked with various "public interest groups" having an interest in toxic chemicals in general, or CMA positions on specific TSCA regulations in particular, to more fully appreciate their interests and concerns, and in turn, to detail CMA's position to ensure they completely understood it and its supporting rationale.
- Provided input for CMA's Communications Department through articles related to TSCA that were published in CMA News, ChemEcology, and other CMA promotional material.
- Distributed to EPA members of the trade press, universities, public interest groups, and law schools, copies of CMA's primer, The First Four Years of TSCA.
- Briefed each new CRAC member on CMA procedures and policies, and on past and current activities of the committee.
- Prepared a CRAC Procedures Book which contains rules of procedure, charters of CRAC and its task groups, and the objectives and strategies for the committee..
- Held a planning meeting for CRAC members and CMA staff to determine what its long-term objectives should be and what strategies should be employed to meet those objectives in a timely manner.

MEMBER COMPANY PERSONNEL

The level of company participation under CRAC in FY 80-81 was comparable to that measured the year before, with a slight increase in the number of companies involved but with a reduction in the total amount of time spent attending CMA meetings. Figures show that 67 CMA member companies participated in various CRAC activities, compiling a total of 3.50 years of direct support through meeting attendance alone. CRAC's activities were supported by 214 company representatives who are members on the committee and its subordinate task groups and work groups. During the first 6 months of FY 81-82, member companies increased their direct support in CMA meetings, which equates to 2.01 years. CRAC is able to maintain a high level of performance by distributing the

work load among a greater number of companies, and through efforts to make meetings more productive by insisting on an early meeting agenda, asking company representatives to adequately prepare by obtaining company views on draft comments and company support information prior to meetings, and using written and electronic means of communication to enhance operational efficiency.

CMA STAFF SUPPORT

Currently, two staff executives from the Technical Department are assigned to CRAC full-time while four others provide part-time support. In addition, both the Legal Department and Government Relations Department, have assigned staff to work with CRAC on issues needing their expertise. Administrative and public relations support staff add significantly to the smooth functioning of the committee.

For 1981-82, the level of staff support is expected to remain constant. Peak work loads will be distributed among staff executives assigned to CRAC to ensure constant efficient operation.

Chemical Regulations Advisory Committee

Report to CMA Board of Directors

January 11, 1982

I interpret my assignment today to be one wherein I should highlight for you the activities of your Chemical Regulations Advisory Committee (CRAC) as they pertain to the implementation of the Toxic Substances Control Act (TSCA) and to indicate our thinking and plans for the coming year.

You have in your premeeting papers, a detailed summary prepared by the CMA staff which covers all of the activities that CRAC has carried out this past year. Perhaps this summary or my remarks will create some questions from the group to which I can respond at the end of this prepared presentation.

Before I can effectively present to you the highlights of our past activities and plans for the future, it is appropriate that we spend a few minutes summarizing the present status of implementation of the law.

I. CURRENT STATUS

Just ten days ago, TSCA celebrated its fifth birthday. It hardly seems like it has been five years since the law went into effect, but that's the way it is -- "time passes quickly when you are having fun."

What has been accomplished in five years with TSCA? The answer to that question depends on the perspective of who is answering. The Regulators (EPA) would point with pride to the publication of the TSCA Inventory listing some 60,000 chemicals manufactured and/or marketed in the U.S. The Agency would extol their efforts in implementing the Premanufacture Notification (PMN) System in which over 1,100 new chemicals have been processed in the 2-1/2 years it has operated. The third point of accomplishment would be the Section 8(e) Substantial Risk Report System, wherein 420 reports have been received and reviewed.

EPA says they have accomplished a lot in just five years! The environmentalists, however, answer the question differently. From their point of view the inventory, while published, was months late. The PMN system rules, while proposed, have never been finalized. They believe the Agency is accepting PMNs from industry with insufficient data and testing on new chemicals particularly toxicological testing data. For existing chemicals, no test rules have been finalized. The Agency has regulated only a few existing chemicals -- Polychlorinated biphenyls (PCBs), disposal of dioxins and certain uses of chlorofluorocarbons and asbestos. The

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regulation of PCBs was required in the law itself and even then EPA's regulations were arbitrary resulting in a lawsuit to begin new rulemaking. In short, the environmentalists believe TSCA has not been implemented. The law is five years old and the Agency is still not doing what Congress intended it to do.

From the position of those being regulated (industry), irrespective of the pace of EPA in putting rules into final form, TSCA is working, it is accomplishing the job intended by Congress. The Inventory is published, although not completely -- reportedly some 5,000-6,000 chemicals have not been listed publicly. The PMN System has not been finalized, and the system proposed by EPA should not be finalized. The current interim system is operating fairly smoothly and industry can best communicate the risks or lack of risk associated with a new chemical in the "free-style" dialogue approach now being used. The Agency has demonstrated in over 1,100 cases now that it can effectively review new chemicals for unreasonable risk using this approach.

The development of test protocols has been a slow process and it has delayed EPA's issuance of test rules. In the meantime, numerous industry-initiated test programs have commenced on products needing additional testing, whether brought into the health and safety spotlight by EPA or the companies' own initiative. Cooperative testing programs permitted under TSCA are taking place -- even though the rules are not in place to require such programs. From industry's point of view, TSCA is working -- new chemicals are subjected to PMN review and testing of existing chemicals is taking place.

The first five years of TSCA have seen numerous rules proposed by the Agency. CRAC and CMA members have reviewed these and in almost all cases, found the proposals to be either overly burdensome, beyond the intent of Congress, or unworkable or unmanageable for either the Agency or the industry. To date, we have seen none of these types of rules finalized. Under the current Administration, many of the proposed rules are being reworked, almost from scratch, we are told. Just how the new philosophy of EPA will be translated onto paper in the form of rules is difficult to predict, but we are hopeful.

II. MAJOR CRAC EFFORTS IN 1980-81

I mentioned earlier that there have been numerous activities wherein CRAC has interacted with the Agency, Congress or with the environmentalists. I do not intend to take you through a long list of activities. I will highlight three areas of major strategical importance to us. In April 1981, CRAC testified before the House Subcommittee on Commerce, Transportation and Tourism at a TSCA reauthorization hearing. At that time, we outlined our concern with the EPA

implementation progress to date, continued to support the spirit of TSCA as passed by Congress, and recommended that TSCA not be amended at that time. It was interesting to note that neither the Agency nor the environmentalists, when specifically asked by Congressman Florio, requested amendments to TSCA. This seemed to be disappointing to the Committee as they (Mr. Florio) expressed concern over the lack of EPA accomplishments under TSCA. In fact, the House Subcommittee on Commerce, Transportation and Tourism continues to express interest in assessing the quantity of testing being done on new chemicals and the need for additional testing and information. This will be a continuing issue that we will face and will need to handle.

Secondly, and this ties into the point I just mentioned, the Organization for Economic Cooperation and Development (OECD) has developed as a "Decision," ready for signature by the 24 member countries, a program which would call for a "minimum premarket data" package to be developed on all new chemicals. CRAC and the International Affairs Group (IAG), through the Department of State (DOS) were successful in convincing DOS that American industry did not support such a policy despite the former EPA Administration's assertion that such a policy was acceptable for the U.S. Our TSCA law does not require the generation of test data for PMNs. Had the DOS signed such a treaty on behalf of the U.S., it would have started us down the path of amending our laws so that U.S. could live up to its treaty commitment. The "minimum pre-marketing data package" would cost an estimated \$50,000 to \$100,000 for each new chemical.

This issue is still not settled internationally and final resolution may not take place for several months. However, the call for additional testing on new chemical substances on three fronts -- the international impetus fostered by OECD, the interest of Congressman Florio's Committee, and the claim by the environmentalists that industry is not doing sufficient testing on new chemicals warrant our continued attention. CRAC has maintained that testing should be done as appropriate for new chemical substances based on its expected properties and use of those chemicals. This testing should not be done on a cookbook or by-the-numbers approach, but should be done on the basis of need, as judged by qualified personnel. It is the primary responsibility of the company manufacturing the chemical to make this appropriate judgment.

We were successful in changing the U.S. position at the "last hour." We have submitted revised language for consideration by OECD, which recognizes the differences in existing domestic laws and regulations of all member countries. This has not been widely accepted by other OECD members, particularly European countries pushing for MPD on all new chemicals. We are holding to our guns here and plan to do so even

if it means no international agreement. Acceptance of the MPD package would represent a drastic change in the thrust of TSCA. Our suggested rewording of the agreement does, in our opinion, protect our interests and enables each country to operate according to its laws.

Our third major area of activity has been to petition and pursue with EPA the granting of exemption to PMN process as permitted by Section 5(h)(4) of the Act. Our study of the PMNs submitted to the Agency disclosed that a high percentage of new chemicals were of such a nature that no unreasonable risk would be encountered in manufacturing, processing or use. The PMN system required that these chemicals be subjected to the PMN process, which delayed manufacturing and market introduction unnecessarily and at a cost which was not justified.

The available evidence from studies done on the innovation of new chemicals also indicated there was a significant drop in the number of new chemicals being introduced because of the cost of the PMN system. It is estimated there has been approximately an 80% reduction in new chemical introductions since TSCA came into effect. This is in part due to the combination of cost burdens of the PMN system and companies' reluctance to engage in new ventures due to regulatory and cost uncertainty. We believe our petition for exemption would significantly ease the adverse impact of TSCA PMN notifications on innovations.

Our petition to EPA calls for exemption from all or part of the PMN system site-limited intermediates, small volume chemicals (less than 25,000 lbs/yr), polymers and those chemicals for which the Agency determines no unreasonable risk exists prior to the 90 days of the PMN review period. The Agency has expressed interest in our concepts and we are currently discussing with the EPA staff the additional details they need to develop in a rulemaking for such exemptions. We are hopeful we can have all of these exemptions available to the industry by the end of the summer of 1982.

III. CRAC OBJECTIVES, 1981-1982

I indicated earlier, that I would talk about our plans for 1981-1982. At our two-day CRAC planning meeting, which we held last October, we recognized several items that warrant our attention in CRAC, and for that matter, in CMA as a whole.

1. Many points within the government and society exist where pressure will develop, and is now developing, which can influence the course of TSCA implementation. While we have spent the great bulk of our time interfacing with EPA, we see other branches of government, such as, Congress, Office of Management and Budget, Government Accounting Office, and Office of Technology

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Assessment and regulatory reform activities as playing a timely role as TSCA moves toward full implementation. We will broaden our approaches to include identification of these pressure points and to take appropriate action. The continuing interest of Congressman Florio's Subcommittee on the adequacy of PMN data is a good example of how groups other than EPA will need our attention. Where other CMA committees, such as the Government Relations Committee, can help us, we will employ their services or coordinate our activities with them.

2. Since industry supported TSCA, as it was ultimately drafted and passed, we believe that the statement "TSCA is a workable law when implemented in a reasonable and timely fashion" appropriately expresses the industry's and CMA's continued support for the principles and spirit of the law. It is our belief that despite the lack of regulatory action taken by EPA (final rule-making, etc.) that the law is having its intended effect on the behavior of the industry. We have, in an informal way, surveyed part of our membership and developed a long list of actions that have occurred as a result of the passage of TSCA and the public opinion climate, which produced TSCA as a law. We plan to further develop this type of information, to publicize and use it to help quiet the claim that TSCA is "not working." If Congress perceives that TSCA is not working, it might ultimately begin efforts to amend TSCA adversely. The effectiveness of TSCA may be reviewed and scrutinized during the next congressional year in oversight hearings. Our approach is to work to assure there is no perceived need on the part of Congress to adversely amend this law.

Should amendments be sought by others, we are prepared to advance those changes which we believe would improve TSCA from industry's viewpoint.

3. We are developing conceptually, a plan for how TSCA can be effectively implemented while complying with the statutory limits of the law. This plan is based on CRAC's review of EPA proposals and constructive comments we have submitted. These are summarized in the book -- "The First Four Years of TSCA" which has been highly effective and well received by the new EPA Administration. We plan to work with the Agency to encourage a full implementation of the Act. We believe there exists now with the present Agency management a "window" through which we can get implementation achieved in a "reasonable manner". We want to capitalize on this opportunity, since subsequent administration might not be as favorable. Rules that can be finalized now will be more difficult to change later on.

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4. Finally, we will continue to pursue to a successful completion, our petition for PMN exclusion and resolution of the MPD issue. We will continue to respond to all EPA-initiated activities to assure they comply with the thrust of TSCA and represent reasonable implementation.

IV. CONCLUSION

This has been a very quick summary of where we are -- our accomplishments and our plans. TSCA is working and is, as expected, affecting our business, both in dollars and cents, as well as in the way we do our business. To date, TSCA implementation to EPA has been slow. The past EPA Administration was quite aggressive in proposing rules that pushed to the outer limits and beyond, the thrust and intent of TSCA as envisioned by Congress. We in CRAC sense a change in direction, at least at the top positions of EPA under the Reagan Administration. We should see considerable progress in implementing TSCA within the next two years. CRAC will be working to assure that this implementation is in reasonable step with the legislative intent that our industry supported in 1977. I believe CRAC has been and will continue to be an effective tool for the industry, representing our industry's interest well at EPA and helping to demonstrate industry's commitment to good corporate citizenship.

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