AGENDA

MEETING OF THE MCA BOARD OF DIRECTORS

10:00 a.m., Tuesday, October 12, 1976

The Statler Hilton (South American Room), Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meeting of September 14, 1976

III. Business Items:
- (a) Proposal to Establish Staff General Counsel (Attachment)
- (b) Proposed Project on Hydrocarbon Emission Control Cost Analysis (Attachment)
- (c) Proposed Study on Oxidant Level Control Strategy Anomalies (Attachment)
- (d) Proposed Supplemental Research on Plastics Combustion Products and Their Toxicity (Attachment)
- (e) Appointment of Committee Members (Attachment)

IV. Report of Director of Government Relations

V. Reports of Committees: (Attachment)
- (a) Education Activities Committee
  J. Richard (Dick) White, Chairman
  Discussion leader: George F. Polzer
- (b) International Trade Committee
  George O. Trabue, Jr., Chairman
  Discussion leader: Dieter H. Ambros
- (c) Occupational Health Committee
  E. E. (Emil) Christofano, Chairman
  Discussion leader: Thomas B. Nantz

VI. Information Items by Directors

VII. Report of the President

Next Meeting of the Board of Directors - 3:00 p.m., Monday, November 22, 1976, Pinnacle Club (Rooms A, B and C), Mobil Building, 150 E. 42nd Street, New York City

MINUTES of the two hundred fifty-second meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held in the South American Room, The Statler Hilton Hotel, Washington, D. C., October 12, 1976, at 10:00 a.m.

Directors:

Earle B. Barnes, Chairman
James G. Affleck
Dieter H. Ambros
William J. Driver
Thomas S. Farmer
Richard E. Heckert
John M. Henske
Ralph M. Knight
W. C. Krumrei
Andrew J. McNeill
Thomas B. Nantz
George F. Polzer
Tom K. Smith, Jr.
Harvey J. Taufen
Konrad M. Weis
Robert J. Whitesell
Robert A. Winslow

Alternates:

Frank W. Bradley (for James W. Kent)
Charles R. Carson (for John F. Welch)
Peter H. Conze (for Robert L. Mitchell)
Douglas H. Freeman (for William S. Sneath)
Ben C. Hayton (for John K. McKinley)
Joe D. Ligon (for John T. Files)
M. Donald McClusky (for Thomas B. Nantz)
Harold S. Mickley (for H. Barclay Morley)
Max A. Minnig (for Eugene J. Sullivan)
C. Robert Powell (for William H. Bricker)
Carl S. Smith (for Dieter H. Ambros)
N. B. Sommer (for James G. Affleck)
Alexander B. Trowbridge (for John T. Connor)

Outside Counsel: John H. Pickering

Staff Counsel: Bruce M. Barackman

Secretary-Treasurer: George E. Best

By Invitation:

E. E. Christofano, Hercules Incorporated
A. C. Clark, MCA
David H. Dawson, Chemical Industry Trade Advisor
Milton Freifeld, MCA
V. H. Peterson, MCA
John E. Slavick, MCA
William M. Stover, MCA
George O. Trabue, Eastman Chemical International Company
R. E. Varnerin, MCA
R. J. White, Merck & Co., Inc.

Chairman Barnes opened the meeting by calling for self-introduction of those present in turn.

I. MINUTES OF SEPTEMBER 14, 1976, MEETING

Minutes of the September 14th Board meeting, as distributed, including the financial statement for three months ended August 31, 1976, were approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Proposal to Establish Staff General Counsel The proposal to establish a General Counsel as a staff position, jointly recommended by the Legal Advisory Committee and by Outside Counsel and endorsed by the Executive Committee, was distributed in advance with the tentative agenda. Discussion highlighted the objective as being enhanced legal services to the Association, without expectation of offsetting savings in fees to outside legal counsels, the prospect of additional legal staff as needs are determined by future experience, and the importance of outstanding qualifications for the General Counsel.

ON MOTION, duly made and seconded, it was

VOTED: That establishing a General Counsel within the Association staff be approved.

(b) Proposed Project on Hydrocarbon Emission Control Cost Analysis Favorably recommended by the Executive Committee, the project proposal was distributed in advance with the tentative agenda.

ON MOTION, duly made and seconded, it was

VOTED: That the project described in Exhibit B be approved, amending the budget by $95,500 therefor.

(c) Proposed Study on Oxidant Level Control Strategy Anomalies Favorably recommended by the Executive Committee, the study proposal was distributed in advance with the tentative agenda.

ON MOTION, duly made and seconded, it was

VOTED: That the study described in Exhibit C be approved, amending the budget by $54, 500 therefor.

(d) Proposed Supplemental Research on Plastics Combustion Products and Their Toxicity Favorably recommended by the Executive Committee, the proposal to accelerate and expand this research was distributed in advance with the tentative agenda.

ON MOTION, duly made and seconded, it was

VOTED: That the supplemental program described in Exhibit D be approved, funded by $20, 500 from the budgeted unallocated reserve of the Plastics Financial Package.

(e) Appointment of Committee Members Appointments listed in Exhibit E were approved.

IV. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit F. A tabulation of the status of legislation of interest to MCA as of October 8 was distributed to those present.

Mr. Heckert reported his understanding that President Ford had signed the Toxic Substances Control Act into law, no public announcement yet having been made. [Public Law 94-469]

V. REPORTS OF COMMITTEES

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

Mr. J. Richard White, Chairman
Education Activities Committee — Exhibit G
(Discussion leader: Mr. Polzer)

Mr. George O. Trabue, Jr., Chairman
International Trade Committee — Exhibit H
(Discussion leader: Dr. Ambros)

Mr. E. E. Christofano, Chairman
Occupational Health Committee — Exhibit I
(Discussion leader: Mr. Nantz)

VI. INFORMATION ITEMS BY DIRECTORS

(a) Requests for Company Data for Government-Contracted Studies Dr. Barnes spoke of his company's increasing awareness of wide-ranging requests for company data from contractors on government studies and its decision to provide for central coordination of responses out of concern that, with public access to government records now available, unintended leakage of valuable technology might occur.

VII. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit J. He commented on the continuing progress in energy conservation in the chemical industry reflected in the report recently submitted to the Federal Energy Administration and the Department of Commerce (summary mailed to Executive Contacts on October 7), on concerns now in limbo because amendments to the Federal air and water pollution control statutes were not enacted, and on an aggressive program being formulated to inform the Association membership about the requirements of the Toxic Substances Control Act and follow closely the development of regulations for its implementation.

Also, Mr. Driver called on Mr. Clark to outline the staff and committee organization of the Nuclear and Plastics Committees. The details shown by slides were reproduced in a paper distributed to those present.

George E. Best
George E. Best
Secretary-Treasurer

Certified correct:
Earle B. Barnes
Earle B. Barnes
Chairman of the Board

CMA 071326

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

October 12, 1976

Dollar amounts rounded from tabular details
($000)

INCOME & EXPENSE
June 1, 1976 - September 30, 1976 - 4 Months (33%)

				Percent of Budget
Income	- Membership Fees	$2,763		100.473%
	- Other	257		52.449%
			$3,020	93.210%
Expense	- Operations	$ 818		28.062%
	- Projects	66		18.082%
			$ 884	26.960%

ASSETS
(As of September 30, 1976)

Cash	$ 20	
Investments	7,344	
Miscellaneous	6	
		$7,370

MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

September 30, 1976

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 13,147	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	800	$ 19,947
Investments		
Bank Certificates of Deposit	$1,000,000	
Bank Repurchase Agreements	450,000	
U. S. Government Securities	2,621,375	
U. S. Government Agency Securities	552,664	
Corporate Securities	2,720,300	7,344,339
Deposits & Advances		
U. S. Government Printing Office	$ 500	
American Airlines	425	
Postage Meter	2,204	
Travel Advances	2,798	5,927
		$7,370,213

Liabilities & Fund Balances

Liabilities			
D. C. Use Tax		$ 227	
Hospitalization Insurance		34	$ 261
Reserve			
Deferred Compensation			86,250
Fund Balances			
Restricted (Schedule I (e))		$3,445,759	
Unrestricted - From Previous Fiscal Years	$1,702,560		
- Current Fiscal Year	2,135,383	3,837,943	7,283,702
			$7,370,213

INCOME & EXPENSE

INCOME		
Membership Dues & Entrance Fees		$2,762,636
Income from Investments		128,481
Publications Sales		23,038
*Meeting & Special Funds (Schedule I (d))	$56,453	
Overhead Reimbursement Subscribed Projects (Schedule I (d))	48,963	105,416
Miscellaneous		11
Total Income		$3,019,582
EXPENSE (Schedule II)		
Management		$ 232,009
Technical - General		237,743
Technical - Chemtrec		56,185
Public Relations		168,783
Government Relations		102,454
Staff Services		87,025
Total Expense		$ 884,199
Income less Expense		$2,135,383

FOOTNOTE:
*Net Income on Completed Projects

SCHE[illegible] I - RESTRICTED FUNDS & ME[illegible]

Septemb , 1976

	Balance June 1, 1976 (a)	Current Fiscal Year: Receipts (b)	Expenditures (c)	Transfers To Income (d)	Balance September 30, 1976 (e)
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 86,435	$ 25,662	$ 58,610	$ 56,453	$ (2,966)
Tank Car Mileage Compensation	60,548	760	16,245	-	45,063
Vinyl Chloride Research	106,620	136,571	-	2,647	240,544
Vinylidene Chloride Monomer - Research	247,085	4,800	79,361	3,227	169,297
Styrene Monomer - Research	178,940	-	67,117	2,083	109,740
Acrylonitrile Monomer - Research	432,139	-	66,161	572	365,406
Trichloroethylene Research	347,153	58,875	886	4,527	400,615
Ethylene Dichloride Research	104,763	-	62,000	2,285	40,478
Chlorobenzenes Research	9,860	-	-	892	8,968
Phosgene Safety Research	81,698	15,780	7,505	1,403	88,570
Fluorocarbons Research	1,505,076	183,987	333,409	28,250	1,327,404
Allyl Cloride Research	118,694	108,680	60	913	226,401
Epichlorohydrin Research	127,274	100,100	60	913	226,401
Phthalate Esters Research	31,817	4,000	11,197	1,251	23,369
Loss Data Bank Project	4,613	-	337	-	4,276
Chemical Industry Trade Advisor	5,841	10,000	13,811	-	2,030
Total - Non-Budgeted Funds & Meetings	$3,448,556	$ 649,215	$ 716,759	$ 105,416	$3,275,596
Plastics Group Financial Package	$ 118,542	$ 58,604	$ 6,983	$ -	$ 170,163
Total	$3,567,098	$ 707,819	$ 723,742	$ 105,416	$3,445,759

CMA 071329

SCHEDULE II - EXPENSE

BUDGET PROGRAM

September 30, 1976

	MANAGEMENT		TECHNICAL GENERAL		TECHNICAL CHEMTREC		PUBLIC RELATIONS		GOV'T RELATIONS		STAFF SERVICES		TOTAL TO DATE 4 MONTHS	
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees	12		23		7		12		10		14		78	78
OPERATING EXPENSE														
Salaries & Related Expense	$103,281	$106,713	$165,699	$165,287	$ 41,900	$ 43,242	$ 77,830	$ 79,110	$ 62,595	$ 74,952	$ 62,144	$ 65,643	$ 513,449	$ 534,947
Retirement Plan & Group Ins.	-	17,952	-	27,804	-	7,303	-	13,285	-	10,649	-	11,000	-	87,993
Hosp. Ins. & Health Plan	1,377	1,700	3,911	4,133	293	400	1,789	1,966	1,189	1,433	1,857	2,333	10,416	11,965
Legal Fees & Expense	96,521	93,991	-	-	-	-	-	-	8,339	8,333	-	-	104,860	102,324
Consultants&Investment Serv.	-	1,666	-	-	-	-	-	-	-	-	-	-	-	1,666
Audit	3,500	950	-	-	-	-	-	-	-	-	-	-	3,500	950
Rent & Premises Expense	7,005	7,293	10,203	10,649	2,542	2,670	6,678	6,876	4,382	4,610	11,290	11,632	42,100	43,730
*(3)Taxes & Insurance	4,082	4,096	6,103	7,719	2,127	29,123	3,680	4,183	2,893	3,350	4,202	4,406	23,087	52,877
Supplies & Gen. Office Exp.	2,158	2,750	7,864	10,466	876	1,630	5,628	6,569	3,256	3,830	3,846	3,020	23,628	28,265
Furniture & Equipment	74	816	142	2,200	1,865	1,000	74	83	62	666	138	200	2,355	4,965
Printing	4,553	1,666	-	333	-	400	4,767	1,667	-	267	-	533	9,320	4,866
Telephone & Telegraph	1,948	2,050	5,578	6,839	6,298	6,666	2,836	2,733	3,147	2,600	2,162	2,443	21,969	23,331
Postage	1,712	1,267	7,623	9,999	105	400	18,525	15,998	3,628	3,333	548	733	32,141	31,730
Travel & Entertainment	2,294	2,665	6,098	8,666	86	500	7,721	8,333	3,930	5,000	324	433	20,453	25,597
Meeting Expense	1,911	4,400	84	300	-	-	-	33	33	1,833	-	-	2,028	6,566
Periodicals, Books, etc.	201	200	576	667	93	200	701	600	3,785	2,666	434	600	5,790	4,933
Organizational Memberships	650	1,000	1,180	933	-	33	182	333	215	766	80	50	2,307	3,155
Contingency	742	1,666	-	-	-	-	-	-	-	-	-	-	742	1,666
Operating Expense Totals	$232,009	$252,841	$215,061	$255,995	$ 56,185	$ 93,567	$130,411	$141,769	$ 97,454	$124,288	$ 87,025	$103,026	$ 818,145	$ 971,486
PROJECTS														
Technical														
Trade Advisor			$ 10,000	$ 12,000									$ 10,000	$ 12,000
Occupational Health			-	3,333									-	3,333
Water Resources			11,500	10,498									11,500	10,498
Multi-Committee/Transportation			-	1,800									-	1,800
Multi-Committee/Publications			1,182	31,996									1,182	31,996
Public Relations														
Community Relations							$ 11,226	$ 9,492					11,226	9,492
Consumer Information							5,023	14,882					5,023	14,882
Environmental Quality							9,228	9,922					9,228	9,922
Internal Publications							-	8,666					-	8,666
Media Relations							1,078	2,833					1,078	2,833
*(2) Toxic Substances Control Legislation							4,615	1,542					4,615	1,542
College & Hi School Teacher Awards							4,621	5,500					4,621	5,500
Education Exhibits							696	1,333					696	1,333
Education Publications							1,885	6,166					1,885	6,166
Government Relations														
*(1) Equal Employment Advisory Council									$ 5,000	$ 1,667			5,000	1,667
Project Totals	$ -	$ -	$ 22,682	$ 59,627	$ -	$ -	$ 38,372	$ 60,336	$ 5,000	$ 1,667	$ -	$ -	$ 66,054	$ 121,630
COMBINED TOTAL	$232,009	$252,841	$237,743	$315,622	$ 56,185	$ 93,567	$168,783	$202,105	$102,454	$125,955	$ 87,025	$103,026	$ 884,199	$1,093,116

*(1) Budget Amendment by Board of Directors June 9, 1976, provides a contribution of $5,000 to the Equal Employment Advisory Council for 1976

*(2) Budget Amendment approved by President July 30, 1976, provides for "Toxic Substances Control Legislation-Advertising/Communications" $4,625

*(3) Budget Amendment by Board of Directors September 14, 1976, increases provision for Liability Insurance by $34,750

CMA 071330

Exhibit B

PROPOSED PROJECT

ON

HYDROCARBON EMISSION CONTROL COST ANALYSIS

The Air Quality Committee recommends MCA engage an independent contractor to conduct a study of the cost of controlling emissions to the unprecedented new low levels being planned by the Environmental Protection Agency. The Committee further recommends the study, requiring 8-10 months at a proposed cost of $95,500, be assigned to Foster D. Snell.

Some member company estimates place the new permanent investment cost at $5 billion to $15 billion for reducing an estimated 2 million tons per year of hydrocarbon emissions to the new levels. Annual operating and maintenance costs would be in the range of $1 to $3 billion. Draft EPA guideline documents indicate estimates of control costs at much lower levels. The critical nature of the contemplated reductions can be appreciated from realizing that 15 lbs/day may be the maximum allowed, whereas 300 lbs/day now are permitted in most circumstances.

The study has been designed to ascertain how much it will cost, using reasonably available control technology (RACT), to reach four levels of hourly emission rates and four levels of daily rate limits. The study will yield data necessary to establish the relevant cost-benefit correlations needed to define the crucial point of diminishing return and the cost effectiveness of at least four basic RACT methods.

Data will be provided by MCA member company plants. Analysis will be made by the contractor. It is expected that about 500 individual member company plant responses will be obtained. Data will be encoded for confidentiality and to facilitate retrieval for analysis. Original data sheets will not be copied and will be returned to the originator after the study is complete. Information will be gathered on emission characteristics (flow volume, composition, concentration, solubility, etc.), by sources (stacks, vents, reliefs, etc.) according to plant location. Current levels of control, the methods employed, and the costs will be stated. Estimates of the cost of control will be compared against known situations to validate overall estimating procedures. Manufacturers will be interviewed on a selected basis for further cross-comparison and to apply their knowledge of the most recent RACT.

To avoid duplication of effort, liaison will continue with other organizations, such as the Texas Chemical Council, concerned with similar studies.

There is little doubt as to EPA direction. EPA considers nearly all hydrocarbons to be photochemical oxidant precursors, regardless of their relative photolytic reactivity. EPA has advised 45 states to revise their State Implementation Plans (SIP), and to ensure compliance with the Clean Air Act of 1970 (P.L. 91-604) which does not allow new source permits in non-attainment areas. Of the 247 Air Quality Regions (AQR), 74 are classed non-attainment because of oxidant levels. Major projects are stopped, in jeopardy, or delayed because P.L. 91-604 does not permit new sources in non-attainment regions. EPA has also announced a goal of 90% reduction in hydrocarbon vapor losses from autos and light trucks.

Currently, there is no industry data for development of rational regulations or workable guidelines. This study is intended to define the cost parameters so that a cost-benfit assessment can be related to the results of varying levels of control and different strategies that could be employed to reach them.

Acceptance of the project proposal is recommended. Staff concurs.

MCA

EC-9/14/76
BD-10/12/76

Exhibit C

PROPOSED STUDY
ON
OXIDANT LEVEL CONTROL STRATEGY ANOMALIES

When P.L. 91-604, Clean Air Act Amendments of 1970, was enacted, it was expected that national ambient air quality standards (NAAQS) would be met nationwide by 1975 or mid-1977 at the latest. Timely compliance has not been achieved for the criteria pollutants in many of the 247 air quality regions (ACR). Oxidant (ozone) levels are being exceeded in 74 regions, nearly all of which encompass chemical industry concentrations. To improve their technical understanding for enforcing the NAAQS, EPA studies in 1974-75 focused on the contribution of urban ozone precursor emissions to ambient ozone concentrations and on the relative roles of local ozone formations and long range transport. Even though observed high ozone concentrations cannot be explained in terms of air flow from specific point sources or even from single urban-industrial sources, EPA now is acting to require compliance with P.L. 91-604. Reduction of hydrocarbon emissions from mobile and stationary sources will be required, in spite of the fact that evidence exists showing that such will not necessarily prevent the occurrence of high ozone concentrations at any given site.

In order to provide data as to the effectiveness of proposed hydrocarbon control strategies, the Air Quality Committee (AQC) recommends a study to assess the relationship between hydrocarbon levels from point sources and ozone levels.

The study needs to be undertaken now so that the results can be available prior to the adoption of hydrocarbon controls, expected during the second quarter of 1977. The study, proposed to be conducted by the Radian Corporation, will cost $54,500.

Twelve metropolitan areas would be analyzed, selected as representative of chemical industry concentrations (e.g., Houston) and of non-chemical areas (e.g., Denver). Emission inventories for hydrocarbons and nitrogen oxides will be obtained for recent years, organized on a uniform basis, and placed on magnetic tape for data reduction after certification of the basic validity of the data. Ambient air data will be obtained for comparable time periods and qualified to be certain that it is correct, is representative, and covers the same time period as the emission data. Correlations then will be drawn among high hourly ozone values, their persistence, annual average concentration of ozone and hydrocarbon emissions. A special analysis will be made of unusual episodes and particular attention will be given to synoptic meteorological conditions associated with the unusual episodes. A report will be prepared describing the results and whether, in retrospect, current or proposed hydrocarbon control strategies would have worked to reduce ozone levels in the vicinity where control was imposed. Regional differences will be exposed.

The final report will include data describing regional variations and characteristic patterns needed to help formulate local decisions as to the severity, complexity and appropriateness of the regional control strategies themselves. This could be extended to define which hydrocarbon species need to be controlled first or most, whether drastic reductions in auto traffic will work in the particular area in question, and what the consequences of exceeding the standards by different amounts and varying frequencies would be, based on what has happened before.

Acceptance of the proposed study is recommended. Staff concurs.

MCA

EC-9/14/76
BD-10/12/76

Exhibit D

Proposed Supplemental Research on
Plastics Combustion Products
and Their Toxicity
funded under the
Plastics Financial Package

Jointly with The Society of the Plastics Industry (SPI), MCA is currently supporting research being conducted by The University of Michigan (UM) on "The Analysis and Toxicity of the Combustion Products of Natural and Synthetic Materials." The study involves evaluating behavioral and performance-testing methods for determining the effects of combustion products of plastics.

Recently extended until June 1, 1977, MCA's portion (50%) of the funding of the study is $59,670, provided from the Plastics Financial Package. Most of the work to date has involved methodology and considerable further test work is now necessary to evaluate the products of combustion.

The National Bureau of Standards (NBS) plans in 1977 to begin issuing formal experimental protocols prescribing methods for determining the incapacitation of test animals as a measure of the toxicity of combustion production. The data being developed by the UM study could have an important influence on the NBS protocols.

Therefore, the Plastics Committee recommends that the UM test work be accelerated and expanded at an additional cost of $20,500, to be funded solely by MCA from the budgeted unallocated reserve of the Plastics Financial Package.

Staff concurs with this recommendation.

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MCA

EC - 9/14/76
BD-10/12/76

Exhibit E

APPOINTMENT OF COMMITTEE MEMBERS

(a) Air Quality Committee
- J. F. Byrd, The Procter & Gamble Company
- Lynn D. Johnson, Rohm and Haas Company

(b) Chemical Regulations Advisory Committee
- Toi R. Aalto, Tenneco Chemicals Inc.
- John Behun, Mobil Chemical Company
- David M. Benforado, Minnesota Mining and Manufacturing Company
- John J. Combes, W. R. Grace & Co.
- S. M. Darling, Vistron Corporation
- Earl G. DeWitt, Ethyl Corporation
- Ernest Dixon, Celanese Corporation
- George Dominguez, CIBA-GEIGY Corporation
- David Giannotti, Hooker Chemicals & Plastics Corp.
- William J. Goebelbecker, Pfizer, Inc.
- Taylor W. Hanavan, E. I. du Pont de Nemours & Company
- Fred Hoerger, Dow Chemical U.S.A.
- A. B. Lindquist, Stauffer Chemical Company
- R. F. Manning, Allied Chemical Corporation
- Thomas J. McDonagh, Exxon Chemical Company
- J. R. McDonough, Tennessee Eastman Company
- Thomas W. Mooney, The Procter & Gamble Company
- D. D. Palm, Olin Corporation
- Walter L. Schleyer, Philadelphia Quartz Company
- C. Boyd Shaffer, American Cyanamid Company
- Arthur W. Sheldon, M&T Chemicals Inc.
- Curtis W. Smith, Shell Chemical Company
- J. D. Spainhour, Borg-Warner Chemicals, Borg-Warner Corporation
- Melford F. Tietze, ICI United States Inc.
- Paul L. Wright, Monsanto Company

(c) Legal Advisory Committee
- John A. Stichnoth, Union Carbide Corporation

(d) Plastics Committee
- C. A. Grant, Hercules Incorporated -- As Vice Chairman
- J. S. Oostermeyer, Shell Chemical Company

(e) Technical Information Retrieval Committee
- Anthony J. Costanzo, ARCO Chemical Company
- Linnea S. Ditchey, Allied Chemical Corporation
- Kathryn M. Donovan, Pennwalt Corporation
- Judy E. Hale, Goodyear Tire & Rubber Company

(f) Water Resources Committee
- Karsten Odland, Nalco Chemical Company
- S. N. Robinson, Mallinckrodt, Inc.

Exhibit F

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

OCTOBER 12, 1976

CHEMICAL FORUM SERIES RESUMES TODAY

Today we resume MCA's CHEMICAL FORUM luncheon series, featuring an address by the Honorable James B. Pearson, Senior United States Senator from Kansas. His topic will be legislation of concern to our industry which has occupied the attention of the Senate and its Commerce Committee during the 94th Congress. He will also discuss prospects for future action on matters pertaining to environment and energy.

Senator Pearson is the ranking Republican on the Senate Commerce Committee, and he also serves on the Foreign Relations Committee and on the Joint Congressional Committee on Atomic Energy. His Kansas colleague in the Senate is, of course, the Honorable Robert Dole, currently campaigning for the Vice-Presidency.

A CHEMICAL FORUM luncheon will be held on November 8th, at the Hyatt-Regency Hotel here in Washington. That date falls only six days after the national elections and for that reason we expect to arrange for a political analyst or commentator as guest speaker. The next CHEMICAL FORUM scheduled in conjunction with a meeting of the MCA Board of Directors will be on Tuesday, January 11, 1977. The luncheon will be held at the Washington Hilton Hotel, and we have extended an invitation to Senator Robert P. Griffin (R-Mich.) to be the guest of honor and principal speaker.

PRESIDENTIAL CAMPAIGN IN HOME STRETCH

With two of the three scheduled Presidential debates completed and with about three weeks remaining until election day, it appears that President Ford continues to run somewhat behind Governor Carter in the race for the Presidency.

President Ford's campaign has emphasized the effectiveness of his Administration in limiting unwise government spending advocated by the Congress, in restoring the economy to a more prosperous and stable footing, maintaining world peace and emphasizing his own performance as a leader of proven experience. Thus far it appears he has been more successful in capitalizing on the political advantages of the Presidential incumbency than was the case in his pre-convention fight against Governor Reagan. He has criticized Governor Carter for "fuzziness" on the issues and for a lack of experience. On the other hand, he has apparently suffered some recent damage due to the sudden resignation of Agriculture Secretary Butz, and as a result of a misstatement concerning eastern European nations in the second debate. The lingering impact of Watergate also must be viewed as a liability to the President.

Governor Carter's campaign places heavy emphasis on current unemployment problems and calls for a variety of new programs and reforms aimed at meeting domestic needs. He pictures the frequent Ford vetoes during the 94th Congress (33, with 8 overrides) as evidence of a lack of Presidential leadership, and calls for substantial government reorganization in the near future. In international affairs, he pictures Secretary Kissinger's active role as indicating the absence of strong leadership from the White House. Emerging from the Democratic Convention with an air of confidence and a wide lead in the polls, the Carter campaign has faltered more recently as a result of public dissatisfaction with his interview with Playboy magazine, some ill-chosen words about the taxation of middle income citizens and an apparently unintentional slur of former President Lyndon B. Johnson. These "slip-ups" have damaged, perhaps permanently, his image as being unbeatable and have turned the campaign into a much closer horse race.

Neither candidate, however, appears to have been able to project an especially compelling image to the public, or to consistently avoid damaging mistakes or tactical errors. There seems to be considerable voter disenchantment, and registration figures are down in many parts of the country. The effect of a low voter turnout on election day is uncertain, but more than likely would work to the advantage of President Ford. Another imponderable is the ultimate impact of the third-party candidacy of former Senator Eugene McCarthy. On the ballot in 29 states and particularly strong in Oregon, Wisconsin and New York, McCarthy could prove to be a genuine factor if his popular vote count begins to approach ten percent.

Regardless of the polls, however, elections are decided by electoral votes, with 270 needed for victory. Viewed in that context, Governor Carter appears to hold the advantage since he is generally viewed as leading in 18 states having a total of 201 electoral votes. President Ford appears to hold a similar lead in 14 states which would provide only 86 electoral votes. Such an analysis would leave 18 states where the outcome is a toss-up, and where 251 electoral votes are at stake. To win, Governor Carter would need only 69 of those votes, while President Ford would have to capture 184.

THE CONGRESS: LITTLE CHANGE IN PARTY STRENGTH EXPECTED

Regardless of who wins the Presidential race, it appears that the successful candidate will lack political "coattails". That is, neither candidate can expect to produce much effect in terms of sweeping a number of party colleagues into office in his wake. In fact, it appears that the "coattails" may be working in reverse -- most Democratic Members of the House seem to be leading Governor Carter in their home districts and strong Republican candidates in such states as Illinois, Indiana and Missouri appear to be helping President Ford's chances. Overall the current thinking is that there is little likelihood of a significant shift in the heavy Democratic majorities of the House or Senate.

In the House, Democrats hold a voting majority of 290 to 145. It appears that about 220 Democrats are relatively assured of re-election, and the same can be said for about 120 Republicans. In the present context a shift of more than 10-15 seats in either direction would be regarded as a surprise.

The Senate presents a somewhat similar picture, where Democrats hold a 62 to 38 majority and where 33 seats are to be contested this year. Only about half of these are considered close, however, with the result that a shift of 2 or 3 seats is the most that could be expected by either party.

PROSPECTS IN SELECTED SENATE RACES

Of the 33 U. S. Senate seats being contested, in the November election, there are about 20 of particular interest to our industry. The following represents an analysis of the probabilities in those contests:

CALIFORNIA - Democratic incumbent Senator John V. Tunney is in a very tight race with S. I. Hayakawa, a seventy-year-old conservative educator best known for his tough stand against student demonstrators at San Francisco State University. Tunney is an influential Member of both the Senate Commerce and Judiciary Committees, and is presently thought to hold a very slim lead over his challenger.

INDIANA - Incumbent Democratic Senator Vance Hartke is running well behind his opponent, Richard G. Lugar, former Mayor of Indianapolis. Senator Hartke is seeking his fourth term, and is influential on the Senate Finance and Commerce Committees. He was a leading spokesman in toxic substances and taxation legislation in the 94th Congress, and he serves as Chairman of the Senate Subcommittee on Surface Transportation.

MAINE - Incumbent Democratic Senator Edmund S. Muskie has a lead over millionaire businessman Robert A. G. Monks, but the political scene in Maine is extremely unsettled and this race is singled out as "one to watch". Senator Muskie is Chairman of the Senate Budget Committee and heads the Environmental Pollution Subcommittee of the Public Works Committee.

MICHIGAN - Incumbent Democratic Senator Hart is retiring, and his absence will be felt on both the Senate Judiciary and Commerce Committees. Former Representative Donald W. Riegle, Jr., has a strong lead over Representative Marvin Esch in the race to succeed Senator Hart.

MINNESOTA - Incumbent Democratic Senator Hubert H. Humphrey has a strong lead and is a long-shot candidate for Democratic Majority leader despite his recent operation for bladder cancer.

MISSOURI - Incumbent Democrat Symington is retiring, and will probably be replaced by Republican John C. Danforth, who is currently running well ahead of former Governor Warren E. Hearnes.

MONTANA - Senate Majority Leader Mansfield is retiring and is likely to be replaced by Representative John Melcher, a Democrat.

NEBRASKA - A close race has developed, with Republican Representative John Y. McCollister holding a slim margin over Democrat Edward Zorinsky, former Mayor of Omaha.

NEW JERSEY - Incumbent Democratic Senator Harrison A. Williams will return to the Senate and to his Chairmanship of the Committee on Labor and Public Welfare.

NEW YORK - A recent poll gives Democrat Daniel Patrick Moynihan a 13-point lead over Conservative incumbent Senator James L. Buckley.

PENNSYLVANIA - Another close race appears to be developing to determine who will succeed retiring Senate Minority Leader Hugh Scott. Representative H. John Hinds III is narrowly trailing Representative William J. Green, a Democrat. Hinds is thought to have some come-from-behind capabilities.

RHODE ISLAND - Former Republican Governor John H. Chaffee has a good lead in the race to succeed retiring Democratic Senator John Pastore. Senator Pastore was a genuine force in Congress with his Chairmanship of the Joint Atomic Energy Committee and Chairmanship of the Subcommittee on Communications.

VIRGINIA - Incumbent Independent Senator Harry F. Byrd, Jr. is a strong favorite to defeat Democratic challenger Elmo R. Zumwalt. Former Admiral Zumwalt has brought the question of Kepone pollution into the campaign by criticizing the reactions of both Senator Byrd and the State Government to the problems of Hopewell, Virginia, and the James River.

WASHINGTON - Incumbent Democratic Senator Henry M. Jackson is a strong favorite to be returned to the Senate and will continue as Chairman of the Interior Committee and leading spokesman on energy matters.

WEST VIRGINIA - Incumbent Democratic Senator Robert C. Byrd is unopposed for re-election and is considered a good bet to be chosen as the new Senate Majority Leader.

WISCONSIN - Incumbent Democratic Senator William Proxmire has a strong lead over challenger Stanley York, a State Representative. Proxmire chairs the Senate Committee on Banking, Housing and Urban Affairs, and is an active Member of the Appropriations and Joint Economic Committees.

Exhibit G

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

J. RICHARD WHITE, CHAIRMAN
EDUCATION ACTIVITIES COMMITTEE

OCTOBER 12, 1976

Liaison with educators has been an objective of the Education Activities Committee from its earliest days.

An important example from the very recent past illustrates our ability to mobilize key academic publics on very short notice to assist the Association in influencing legislation vital to the industry. We were able to recruit support because we have sponsored one of the prestigious academic programs available to teachers of chemistry and chemical engineering for more than 20 years.

When the Special Committee on Toxic Substances Legislation was marshalling all available forces to support constructive toxic substances control legislation, all MCA Teacher Award recipients received materials prepared by the special committee. The medalists were asked to contact their senators and congressmen if they concurred with MCA's position. The feedback was very gratifying, indeed. A significant number of the award winners sent strong letters to legislators. One letter in particular was so strong and supportive of the MCA position that MCA requested and received authority from the author to release the letter to the public in any manner to further our objectives. Many of the medalists expressed concern that the toxic substances legislation under consideration last winter would lead to an overkill impairing seriously academic and industrial research. Three of the medalists are editors of major academic journals and welcomed the material as background information for their editorial work. Though it is impossible to determine classroom utilization of our material on toxic substances, feedback indicates it was extensive. Quite clearly, our exposure to top flight people in education is extensive and mutually beneficial.

In addition, at MCA education exhibits MCA material on toxic substances and fluorocarbons was made available to more than 22,000 public school board members and superintendents attending the National School Boards Association Convention and to more than 7,000 science teachers at the National Science Teachers Association Convention. Personnel from member companies assisted MCA staff members at these exhibits and discussed these issues with visitors to the MCA booth.

Though our committee objective is primarily academic, we constantly reevaluate our programs in the light of communication linkages we establish -- and there is every indication that teachers welcome this PR aspect of our efforts. Several years ago we judged that our contact with administrators in the two-year colleges and secondary schools was somewhat deficient. We are in the midst of a program to extend our exposure and our influence with these publics.

We anticipate that our enlarged communications network will enhance the academic effectiveness of our programs and establish additional loyal publics to serve you on short term notice in causes vital to the industry.

In the nine months since my predecessor reported to you last January, we have initiated liaison with two entirely new publics -- public school board members and community college trustees. At MCA exhibits to each group, we promoted MCA programs and publications and initiated new communications linkages. We selected these two groups because these board members and trustees hail, for the most part, from the private sector, serve without pay and are the effective decision influencers in education.

Through previous occasional contact with the two-year college professors and presidents we had been unable to exploit constructively the full academic as well as communication impact of our awards program. Now, MCA is in a unique position in the community college scene. We offer the only national award available exclusively to two-year college professors in any field. The trustees and their association have received our liaison enthusiastically and assure their keen interest in promoting MCA education services.

On the high school level MCA has extensive contact on the individual basis and enjoys substantial credibility among teachers. However, politics and petty jealousies hampered our efforts to generate a desirable minimum number of nominations for our high school awards. An initial contact with superintendents last year increased the number of 1976 nominations five-fold over 1975. The recent promotion through the board members assures us that we can maintain the momentum.

Our contact with elementary school education is minimal. Yet, it is in these early years of schooling that lasting attitudes are formed toward industry and careers in it. An industry newsletter to elementary school teachers is on the drawing boards. We currently study the potential audience, content and impact of such an effort.

For the past six years we have been guided by the directive of Mr. Driver and your predecessors on the MCA board to collaborate with other associations so as to avoid competition or duplication of effort. Two collaborative efforts are in progress.

The American Chemical Society Committee on Professional Training with help from our committee surveyed recipients of terminal M.S. degrees in chemistry. A questionnaire with questions on job satisfaction, professional advancement and professional competence was distributed to all MCA member companies. More than 60 companies and 650 individuals contributed information for this important survey. The ACS committee is now interpreting the results. As you can imagine, some responses were quite negative. However, the majority responded most constructively. The results will form the basis for recommendations on curriculum innovation and development on the graduate and professional levels of training chemists. We anticipate member companies will find the results helpful in formulating job descriptions and evaluating recruits on the M.S. level.

This year the committee assumed a strong position of leadership in a collaborative effort, now in its 11th year, with the Industrial Research Institute in organizing the Visiting Industrial Scientist/ Engineer Program. This program sponsors at the expense of participating member companies more than 200 visits by technical people from industry to college campuses. This year our committee and the MCA staff contributed substantial PR guidance and writing services to assure highest professional credibility of this program among company executives and college professors. Many of you received letters from Mr. Driver inviting your company to participate in this important information and image-building service. I do hope many of you were able to participate in this important and highly successful bridge-building effort. I have informational fliers available here for distribution.

Sidney Marland, former U.S. Commissioner of Education, plunged us into the age of career education. The concept and thrust of this trend generate confusion, to be sure. Yet, the movement is upon us and, to all appearances, will require increased industrial contribution to and participation in the educational process. The anticipated result should be a new generation of recruits educated in contact with the real world of work and, in the long run, reduce recruitment and retraining cost for companies. A representative of our committee was on the advance planning task force for the U.S. Commissioner's Conference on Career Education (one of the events scheduled for the bicentennial year) to be held next month in Houston. It is quite opportune that your Program Committee recognized the importance of technical education and selected Dr. Norman Hackerman, president of Rice University, to address you on this important subject at the MCA Semiannual Meeting next month.

The committee is surveying possible contribution to the education of minorities to meet long-range recruitment quotas for the industry. A task force surveyed programs of other associations and the needs of MCA member companies. They will present specific recommendations shortly for committee action and for collaboration with other associations.

Parenthetically, I might add, the committee has had insignificant difficulty with equal opportunities in the MCA Teacher Awards. Yet, among our 98 national teacher medalists, there are only three women and four blacks. To be sure, there have been a few objections from academia. We respond that recipients of MCA awards must be determined on the basis of performance rather than allocation to special interest groups. In each case the objection vanished and we've had another occasion for important dialogue on an emotion-charged subject at the grassroots level of opinion influencers.

In closing, I would like to note that our career guidance booklet <u>Your Tomorrow--A Guide to Careers in the Chemical Industry</u> continues to be popular. More than 20,000 copies have been distributed since last January. Since this booklet is designed for the student, it gives our industry and careers in it high visibility among students, especially on the secondary level.

Our committee's promotional efforts continue to generate the largest number of new subscriptions, approximately 100 per month, for MCA's influential environmental newsletter, ChemEcology. Educators already constitute the largest single reading public for this newsletter. A significant influx of new subscriptions is anticipated as a result of the five upcoming fall 1976 education exhibits.

Thank you for the opportunity of reporting to you. I will try to answer any questions you might have now or later in our gathering before lunch.

Exhibit H

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

G. O. TRABUE, JR., CHAIRMAN
INTERNATIONAL TRADE COMMITTEE

OCTOBER 12, 1976

In an effort to illustrate to you the relative importance of matters that are now pending pertaining to international trade, I would like to quote from Ambassador Frederick Dent of the Office of Special Trade Representative (STR). The occasion was a plenary meeting in Washington some two weeks ago for a group of Industry Sector Advisory Committees (or ISAC). Ambassador Dent told us that imports into this country in 1976 are expected to be up 20% over those of 1975, while exports will be up only 5%. The expected trade deficit will be approximately 12 billion dollars. Imports of petroleum products in the U.S.A. in 1973 were valued at 7 billion dollars. This year they are expected to reach 32 billion dollars.

Gentlemen, the need for industry support in the international trade area has never been as great as it is now. Today in the United States the cost of feedstock for the petrochemical industry is less than the corresponding cost in the Common Market (EC), but it is expected to be equal to that of the Common Market in about four years. Your International Trade Committee suggests that strong continued industry support on international trade is a must.

I am advised that the subject of trade did not appear in the top 10 items which certain MCA member companies agreed to be those subjects of the greatest concern to them according to a recent survey. However, it does appear that we could have long-range problems in our economy, unless international trade for our country increases to offset these deficits.

With this scenario in mind, I would now like to give you an outline of what I hope to cover in the next 10 to 12 minutes. First, I plan to spend about 3 minutes on the status of the GATT negotiations. The main part of my presentation to you will last about 8 minutes, and this is devoted to the work that is going on in ISAC-5 (Chemicals). I would like to wind up with a brief comment concerning OCITA (Office of Chemical Industry Trade Advisor).

In regard to GATT, I am aware that Dr. Dawson has pretty much kept you up to date in this area. The written report of these remarks that you will receive will give you the details of how the tariff formula, which was first tabled by the U.S.A., differs from the one that the Common Market brought out in July. The tariff formula tabled by the U. S. suggests that all tariffs above 6.7% be cut by 60% (the maximum allowed by the Trade Act), and those below 6.7% by a formula of cuts between 50-60%. The EC formula proposes tariffs would be cut by their own amount, a process that would be repeated four times. That is to say, a tariff of 50% would initially be cut by 50%, the result being a 25% tariff. Doing this four more times would mean an ultimate tariff of 13%. The European version tends to embrace more "harmonization" in that it cuts the higher duties more than our formula does.

We remain critical of the EC proposal in that it specifically excludes agricultural products. The Common Market still hopes to keep this delicate subject separate from other trade areas. The International Trade Committee shares the feeling that the EC formula is not ambitious enough since it would result in an average reduction of the current duties of about 32% and that is before any exceptions are taken into account. I understand that Mr. Ford during his visit to the Summit Meeting in Puerto Rico stated that the U. S. should shoot for a target cut of 35% of the current tariffs of our EC trading partners. Since Mr. Ford was referring to a cut after exceptions are taken into account, you can see this leaves a wide gap for our negotiators to close.

As to the timing of the final decision on the tariff formula, you are aware that the Swedes have recently settled their elections. Soon it will be the West Germans and the Japanese. At the first of this coming year, there will be a replacement of eight of the nine EC Ministers in Brussels. All of this, coupled with our own elections in November, leads your Committee to the conclusion that not only will there be an agreement on the formula, but, also, no serious negotiations will begin before early to mid-1977 at best.

government continues, however, to let us know that things are indeed busy in Geneva with various Multilateral Trade Negotiation (MTN) subgroups at work hammering out preliminary details. These subgroups have been meeting with our trading partners in an effort to come to a mutual understanding on how to treat such matters as: subsidies, countervailing duties, access to supply, government procurement, standards and codes, GATT reform, and the very important subject of non-tariff barriers. Due to a wide variety of non-tariff barriers currently employed, it is thought by many that the settlement of this matter is more critical than the agreement upon a tariff formula. ISAC-5, six members of whom are from the MCA International Trade Committee, are providing U. S. chemical industry overviews on how we wish these matters to be handled when negotiations do finally take place.

This leads me into the subject of how ISAC-5 is progressing. At our meeting some two weeks ago in Washington, we were told by representatives of the Department of Commerce, as well as the Office of Special Trade Representative, that ISAC-5 was better prepared and better organized than any of the remaining 25 ISACs.

This praise by the government is not meant to imply that we necessarily expect to do better in the negotiations than we did in the Kennedy Round nor better than any of the other idustries of the United States, but we do want you to know that we see no reason for government to eventually point the finger at our industry and tell us that we failed in doing our homework.

There still remains an inadequate two-way flow of information in these large and complex government private sector committee structures. At the same time, it is agreed that they are functioning better than they were at the start. STR continues to tell us that they are determined to further improve the ISAC system and that the outcome of the negotiations will depend, to a great extent, on just how well we have prepared the Geneva negotiators, which in turn, is saying just how well the ISAC functioned.

Due to the complexity of the chemical industry, we were forced in ISAC-5 to fragment into seven subcommittees which are: Benzenoid Intermediates, Pigments, Fertilizers, Pesticides, Inorganics, Miscellaneous Organics, and Dyestuffs. The full ISAC-5 Committee is expected to meet four times this year, while the subgroups will meet at least that many times. At the present time, we are hard at work trying to determine just which chemical products would be most sensitive to tariff cuts. This is the exceptions list. There is one key area that I solicit the help of those of you present today in this respect, and that is in the field of inorganic products. More input into our Committee is definitely required by industry to be sure that correct decisions by ISAC-5 members are being made. This input, as it pertains to sensitivity, should be made directly to the Department of Commerce, and the appropriate address is given in the written report of these remarks. Mr. Ed J. Gealy, Industry Consultation Policy Staff, Department of Commerce, Washington, D. C. 20230

As ISAC-5 works with this exceptions list and brings it to a conclusion, we are informed by government that our next step will be one of being certain that we can ultimately provide the necessary justification for our decisions. By utilization of a checklist, we are preparing ourselves to address these questions from government. We are also establishing priorities within the exceptions list itself. Thus, the critical area for our industry will probably reside in the rules for determining exceptions, and the ultimate ability of our negotiators to obtain exceptions for the import sensitive products whether it is on a multilateral or bilateral basis.

In addition to this work on exceptions, we continue to press government for the conversion of our specific and compound duties to an ad valorem basis, the selection of the base year being the critical matter. Some base year has to be agreed upon in order to provide a starting point for the calculation of the value of the concessions to be negotiated. This is more important for the chemical industry than perhaps any other due to the fact that we have such a large number of specific and compound duties and to the sharp rises in the chemical prices over the last several years.

Finally, I wish to report that Dr. Dawson, in the capacity of the Chemical Industry Trade Advisor, has reactivated the Technical Advisory Committee. We will have our first meeting tomorrow in New York City. Dr. Dawson has restructured this Committee, and it is planned that this is yet another way that our industry can be sure of addressing all agencies of our government with uniform voice. In addition to MCA; DCMA, SOCMA, SPI, and various members of ISAC-5 will all be brought together tomorrow under one committee. This organization is not restricted as is the ISAC program in that two-way communication is possible.

One item that was not included in my outline that may be of interest to you, Gentlemen, deals with a recent survey sent to the chemical industry by the Stanford Research Institute (SRI) in conjunction with the U. S. Department of Labor. Due to the detail that the survey called for, an overwhelming number of U. S.-based chemical companies have declined to respond.

In conclusion, within the next 12 months, there is a reasonable chance that our negotiators will begin a serious dialogue with our trading partners. There continues to be a serious need for continued industry input to insure we take advantage of all available opportunities. Having been in the position of Chairman of this Committee only about four months now, I am happy to see Dave Dawson out there amongst you, and he has agreed to help me answer any questions.

Thank you.

Exhibit I

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

E. E. CHRISTOFANO, CHAIRMAN
OCCUPATIONAL HEALTH COMMITTEE

OCTOBER 12, 1976

Since my last report to the Board in February 1976, representatives of the Occupational Health Committee testified on behalf of MCA before the Subcommittee on Manpower and Housing of the House of Representatives Committee on Government Operations at an oversight hearing on the Occupational Safety and Health Administration (OSHA), before the National Academy of Sciences Committee on Public Information in the Prevention of Occupational Cancer and met with Dr. Morton Corn, the Assistant Secretary of Labor. An underlying theme of all three appearances was that regulation of each and every chemical in the work environment under separate rules is unworkable. Instead it was urged that entire sectors of the chemical industry be covered by simple guidelines enforced by inspectors experienced in that special industry. Industries, such as papermaking, pesticide manufacture, printing ink and petroleum refining were mentioned as examples where such regulation would be appropriate.

Recently the National Institute for Occupational Safety and Health (NIOSH) and OSHA have begun to prepare industry-wide guidelines on pesticide manufacture and printing ink formulation. Furthermore, at a recent NIOSH Workshop on Regulation of Pesticides in the Workplace, Mr. Steven Wodka, Legislative Assistant for The Oil Chemical and Atomic Workers suggested an approach to worker health protection similar to the views expressed previously at the hearing and meetings just mentioned.

Encouraged by the acceptance being gained for the idea of preparing regulations on an industry-by-industry basis, the Committee intends to further pursue its attempts at simplifying rules by working with the agencies involved.

The issue of identification of all chemicals including trade name products entering the workplace surfaced at the Congressional Oversight Hearing mentioned earlier. At that time the widespread practices among chemical manufacturers were disclosed whereby products are identified only by trade name with inadequate instructions for safe handling on the label. We predict that complete disclosure of the composition of trade name products will become a major effort by OSHA in the next year or two.

Recently the Committee sponsored the preparation of an article by Dr. W. R. Gaffey, a leading epidemiologist, which provides guidance in how to collect health and employment data, including exposure information, that will be meaningful and adequate for future epidemiological studies. To extend such studies across the entire petrochemical industry, we hope to begin a joint mortality study soon with the American Petroleum Institute.

At this time the Committee is beginning a feasibility study (in conjunction with the American Petroleum Institute) on the gathering and examination of mortality statistics among petrochemical workers. Since the Committee believes that worker health experience will remain topical over the next several years, it is also investigating a tumor registry among MCA member companies to be maintained by a contractor. It is expected that budget requests for these two activities will be firm by January 1977.

STAFF REPORT

by

William J. Driver

October 12, 1976

The 109 MCA member companies taking part in the latest round of voluntary energy conservation reporting registered an aggregated energy conservation improvement per unit of output of 8.8 percent for the 12 months July 1, 1975 to June 30, 1976, using 1972 as a base year. The energy saving would have been 9.7 percent except for the environmental and occupational safety regulations that have gone into effect since 1972.

These savings show continuing progress in the MCA program that began in March 1975. They compare with 4.0 percent and 4.9 percent for calendar 1975, when production relative to capacity dropped because of the recession, causing lower operating rates. During the 12 months covered by the current report, the industry operated at an average capacity of 78.8 percent, compared with 84.2 percent in base year 1972. In 1975, industry operations averaged 74.2 percent of capacity.

The figures are sent by MCA to the Commerce Department and the Federal Energy Administration.

* * *

On September 27, the House passed S. 2150, the Resource Conservation and Recovery Act of 1976, after replacing the text of the Senate-passed bill with a committee substitute for H.R. 14496. This substitute is the result of a hasty compromise worked out between members of the House Interstate and Foreign Commerce Committee and the Senate Public Works Committee. They sought to avoid a time-consuming conference in the few remaining days of the 94th Congress. The compromise measure is broadly acceptable to the Administration, industry, labor and environmental groups. It has three major provisions: mandatory Federal controls over hazardous wastes; a Federal grant program designed to encourage states to develop solid waste management plans; and a larger EPA solid waste research and development program.

* * *

On September 16, both the House and Senate approved and sent to the White House the final version of the Tax Reform Act of 1976, H.R. 10612. While there are certain provisions not completely to the President's liking, he signed the bill. As finally enacted, the bill is a compromise hammered out by House and Senate conferees between mid-August and early September.

Provisions of the legislation that are of significance to the chemical industry were reported last month.

* * *

MCA has protested certain proposed revisions in regulations and criteria for ocean dumping of wastes under the Marine Protection Research and Sanctuaries Act of 1972. The revisions are proposed by the Environmental Protection Agency, which says it intends to "eliminate ocean dumping of unacceptable materials as rapidly as possible," while holding to a general criterion of producing "no detectable changes in biota." MCA feels this position is "arbitrary," as reflected in four points:

1. EPA would prohibit issuance of new permits after April 23, 1978, except for municipalities and industries already holding them. MCA supports carefully controlled and gradually limited issuance of permits consistent with developing technology.

2. EPA would consider whether raw materials and manufacturing processes "are essential . . . or if other less polluting materials could be used." MCA feels this could lead to EPA regulation of the manufacturing process.

3. MCA feels the increasing difficulty of finding suitable storage for wastes can be eased by ocean dumping.

4. MCA feels that the prescribed specifications in "Guidelines for Ocean Disposal Site Baseline and Trend Assessment Surveys" go beyond reasonable requirements and thus discourage technological advance.

* * *

In its long-awaited report on the effects of chlorofluorocarbons on stratospheric ozone, the National Academy of Sciences says the chemicals should not be regulated at this time, because there are still too many gaps in scientific knowledge about their impact on the ozone layer and their threat to man and environment. The academy suggests waiting as much as two years to finish atmospheric measurement programs and laboratory studies that promise to reduce uncertainties considerably. These recommendations reinforce the importance of the research program administered by MCA, and the program appears to mesh well with priorities outlined in the report.

* * *

The Interstate Commerce Commission wants tank car owners and railroads to develop a tank car compensation system that would grant adequate compensation to the private owners. The ICC ordered on September 16 that a committee composed of representatives of the railroads, tank car leasing interests and shipper interests study the issues and submit a proposed solution to the commission for approval.

* * *

The Environmental Protection Agency will issue soon a questionnaire designed to gather data from industry that will help in developing effluent guideline regulations for organic chemicals, plastics and synthetic materials, inorganic chemicals and phosphorus-derived (non-fertilizer) chemicals. MCA reviewed drafts of the questionnaire and voiced particular objections to the need for information on minor products--those produced by less than one percent of plant capacity--and to questions on the 65 "toxic" pollutants named by the National Resources Defense Council.

* * *

MCA has asked the Environmental Protection Agency for guidance on various aspects of the National Pollutant Discharge Elimination System's permit program for stormwater runoff from industrial facilities. Guidance is necessary, MCA feels, because wide differences have arisen among regions in the criteria for and in the handling of the permits.

* * *

"The Approaching Toxics Era" will be the subject matter of a symposium presented by MCA in Houston in November, Washington in December and Los Angeles in January. The program is designed for those who must work within the requirements of existing and new regulations and legislation related to water pollution prevention, abatement and control and how these affect plant design and operations.

* * *

Dr. Kenneth D. Johnson retired after nine years with MCA, primarily as secretary of the Air Quality Committee.

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