D. L. PARKINSON

September 23, 1970

SUBJECT: BULLETIN NO. 11 - LEAD IN GASOLINE

TO: ALL MEMBERS OF THE LEAD INDUSTRIES ASSOCIATION INC.

1. The primary purpose of this Bulletin is to report to you on events relating to the Federal Administration's proposed tax of $4.25 per lb. on lead used for the production of gasoline additives.

House Ways and Means Committee hearings were held on this tax, excise taxes on automobiles and an estate tax proposal, between September 9 and 17. Four-plus days of testimony were devoted to the question of the tax on lead in gasoline. The writer attended all hearings on testimony concerning leaded gasoline except that presented by the labor unions on Monday, September 14.

The most specific statement seen on the chances for passage of the lead tax bill was that as appeared in the Journal of Commerce, Thursday, September 17 indicating that Committee Chairman Wilbur Mills of Arkansas was not impressed with the desirability of having the tax. He is quoted as saying "we are being asked to use a tax vehicle to accomplish that which is already being done...this may be a useless thing that we are being asked to do", and further, "I am encouraged by what these two industries are trying to do (automotive and refining) I don't want to put any stumbling blocks in their way."

The writer testified on Thursday, September 17. A copy of that testimony is attached. Other witnesses on the lead tax included several representatives of the Administration including the Treasury Department, the Chairman of the Commerce Panel, the National Air Pollution Control Administration, a number of small refiners whose continued existence is threatened, the American Petroleum Institute, and DuPont and Ethyl. Witnesses for large refineries and the automotive industry were conspicuous by their absence.

2. A strong indication of the extent to which the Government's campaign has been accepted is to be seen in the fact that 14 major refiners have already announced the availability of low-lead or no-lead gasoline. This list is to be seen in the 2nd attachment (from API testimony). A sharp increase in oil companies' New York advertising of low-lead or no-lead gasoline has been noted for the last several weeks.

3. The preparation of this Bulletin is undertaken at the same time that the sharpened Senate Muskie Bill (which we have not seen in final form) has passed 73 to 0. This bill states essentially that the Federal standards proposed for 1980 be put forward to 1975. The automotive industry must reduce emissions by 90% from those existing in 1970. One year's grace is to be granted if the Government is satisfied that an auto manufacturer is really trying. Next comes joint House and Senate debate on a compromise between Muskie' version and the House Bill HR 17255, previously passed. I have seen a photocopy of a lette from Mr. E.N. Cole of General Motors to Senator Muskie, under date of September 17, saying that it is not possible for GMC to reduce the emissions of 1975 model cars by 90% compared to 1970 levels. Cole continues his opinion "lead must go".

4. There is some indication of increased activity in Europe with particular reference to Germany. This country is reported to have made the decision to drop leaded gasoline to abo 1.6 grams of Pb maximum per gallon as of 1/1/72. This may, or may not, be a final decision

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but the note was offered to LIA as pretty certain. The British remain relatively undisturbe at this time.

5. The New York City Council is again active and is hearing witnesses on September 24 on a Bill which, if passed, would prohibit the sale in New York City of gasoline containing more than 2 grams of lead per gallon after 7/1/71; more than 1 gram per gallon after 1/1/72; 1/2 gram per gallon after 1/1/73; and no grams per gallon after 1/1/74. The writer is testifying on the 24th and will report subsequently.

Sincerely,

J.L. Kimberley

J.L. Kimberley
Executive Vice President

JLK/gt

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FROM GAMMELGARD TESTIMONY

TO

"WAYS & MEANS" 9/16/70

1.

COMPANY	LOW LEAD	UNLEADED	OCTANE NO. (Research Method)
American Oil Company		X	Premium
American Oil Company		X	91
Ashland Oil, Inc.	X		91
Atlantic Richfield Co		X	91
Gulf Oil Corporation	X		91
Humble Oil & Refining Co.	X		96
Mobil Oil Corporation	X		91
Murphy Oil Corporation		X	91
Phillips Petroleum Co.	X		93.5
Powerine Oil Company	X		91.5
Shell Oil Company		X	91
Standard Oil Co. of California	X		94
Standard Oil Co. of California		X	91
Sun Oil Company	X		91
Texaco Inc.		X	91
Union Oil Co. of California	X		93.5

This does not purport to be an all-inclusive list. There may well be other companies which have introduced low-lead or no-lead gasolines which have not come to our attention.

PNYC00001139

STATEMENT ON "CLEAN AIR TAX ACT OF 1970"

Presented by
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BEFORE

COMMITTEE ON WAYS AND MEANS
U. S. House of Representatives
Washington, D.C. 20515

ABSTRACT

This statement in opposition to the Clean Air Tax Act of 1970 states certain facts concerning:

1. The high and punitive nature of the proposed tax.
2. Refining industry conversion to "low" or "no-lead" gasoline without the pressure of any new tax.
3. Uncertainties surrounding the "promise" of catalytic control devices.
4. Progress made and indicated on controls to achieve the emission standards for 1975 and 1980 using leaded gasoline.
5. The likelihood of a new and aggravated threat if lead is removed.
6. Sources for claim that there is no threat to health at present or foreseen.
7. Final statement covering five conclusions and recommendations.

Introduction

My name is John L. Kimberley, executive vice president of the Lead Industries Association, Inc. I am presenting this statement in opposition to the Clean Air Tax Act of 1970 on behalf of the LIA's 60 member companies engaged in the mining, smelting and refining, manufacturing and fabricating of lead and lead products. (A full membership list is attached to all copies of this statement as Appendix A.)

It is perfectly obvious from the various statements to the Congress and to this Committee from the Administration that the tax proposal is not primarily or essentially a revenue measure. Its stated purpose is to tax out of existence the product on which the tax is imposed. Thus the more effective the tax, the quicker will that source of revenue diminish. I will leave to you gentlemen to decide whether such an approach to taxation makes sense from the money-raising point of view.

Impact of Tax

It would be interesting to explore how much presently existing revenue to the government from other sources would be lost through the economic disturbances that would inevitably result from this tax. Industries to be affected include those concerned with chlorine, bromine, asphalt and certainly the lead industry. We cannot analyze the detail of impact on the first three, but in 1969 the consumption of lead for gasoline additives took about 20 percent of the total.

Further, consider the punitive levels and probable effects of the proposed tax on a relatively small but important industry and on the gasoline consuming public.

1. A tax of $4.25 per lb. of lead consumed for the manufacture of additives is 29-1/3 times the present raw material price of 14-1/2 cents per lb. of pig lead.

2. The originally estimated $1.6 billion first 12 months revenue is 3.84 times the market value of all lead consumed in the U.S. during 1969 (2.78 billion pounds at 15 cents per lb. or $417 million -- tonnages U.S. Bureau of Mines.)

3. This $1.6 billion of estimated 12 month revenue is over 19 times the market value of lead consumed for additives in the U.S. during 1969 (540 million lbs. at 15 cents per lb. or $81 million -- tonnages U.S. Bureau of Mines). The U.S. metal normally used for the manufacture of lead additives is of primary origin -- that is, newly mined.

4. The $1.6 billion annual revenue is equivalent to 2.3 cents per gallon to the consumer at the pump. (This is a government estimate which checks well with data available to us.) Assuming an average present nationwide price of 37 cents per gallon for gasoline -- 2.3 cents is about a 6.2 percent increase in the cost of this important consumer item. And this would come at a time when we are all concerned with rising costs and inflation.

Obviously, our industry is concerned, for this is a tax on lead -- not on leaded gasoline -- and no matter how the gasoline companies might choose to pass on the cost of the tax, the major effect will be on us -- the lead industry.

But this is not the only basis for our opposition. As members of the House Ways and Means Committee you are being asked by the Administration to advance the resolution of an exceedingly complex environmental issue -- much more than a simple revenue raising matter.

We maintain that the rationale for the proposed tax is not well-founded. That rationale is set forth in the Secretary of the Treasury's letter of transmittal to the Speaker of the House and in Administration testimony of last week before this Committee. But the Administration's arguments do not stand up in light of the full facts.

Conversion Incentive Already Exists

> The Secretary says, "(The tax) will create an immediate, effective incentive for the rapid conversion to gasoline with a low and eventually lead-free content."

The fact is that no lead tax has been necessary to stimulate the oil companies to produce low or lead-free fuels. An Oil Daily survey of August 18, 1970, showed that 14 major oil companies have already added a line of a low-lead or no-lead gasoline since April 3, and more can be expected. According to the Lundberg Gallonage survey these companies cover 54 percent of the gasoline market. This is enough to show that there is a strong movement underway to insure the availability of "low" or "no-lead" gasoline without a new tax.

Uncertainties Surrounding Catalytic Controls

> The Secretary says, "This conversion (to low-lead and lead-free gasoline) is necessary to provide assurance now that the development of emission control systems for automobiles... may go forward without delay...
>
> Under present technology, the devices will not operate satisfactorily with gasoline containing lead..." The Secretary later makes clear he is referring to the catalytic reactor, only one approach to auto pollution control.

It is significant that no specific catalytic emission control system, using non-leaded gasoline, has yet been proven -- let alone adopted. In fact some automakers have testified at other hearings before this Congress that they do not have an economical and efficient emission control device, but they hope to in the future. This was the case six months ago. To our knowledge it still is.

This is typical of the hopes that the Administration's proposed lead tax is built on.

Controls with Leaded Gasoline

However, there are devices, including those developed by DuPont, Ethyl Corporation and Mobile Oil that will operate on leaded fuels and reduce automotive emissions significantly.

The California Air Resources Board recently tested a DuPont manifold reactor system on a car using leaded gasoline that meets nearly all of the 1980 proposed federal emission standards. And it already comes well within the California goals for 1975. Specifically -- as related to 1975 standards, the DuPont system was found more than 50 percent better than required for unburned hydrocarbons, 33 percent better with respect to carbon monoxide and more than 50 percent better than required for oxides of nitrogen.

Further, our industry and others are continuing to seek ways to control emissions of not just the smog forming gases, but also of the particulates, including lead, as exhausted from automobiles. DuPont and Ethyl have developed particulate traps which capture most of the solids before they are emitted. Just a few weeks ago Texaco announced the development of a lead filter involving alumina on stainless steel wire that would capture a substantial amount of the lead resulting from combustion of leaded gasoline. A major California company concerned with aircraft has also developed a promising trapping system for use on leaded fuels, involving chemical scrubbing from the gaseous state ahead of any catalytic reactor. These are important current developments indicating that much progress is being made in developing control systems that work effectively with leaded gasoline and that would also be capable of reducing lead and other particulate emissions.

The Administration's lead tax would certainly discourage further research and development of those systems which do operate on leaded fuels. The tax would result in narrowing research to unproven -- in some cases perhaps drawing board catalytic devices.

New Threat by Eliminating Lead

> But there is another basic consideration. The Secretary said, "If lead were removed, additional octane could be provided only by higher concentrations of more expensive blending compounds."

This is extremely important -- but the Secretary seems to have totally missed the point. If the lead tax is made law, there would be more stimulus for the public to purchase lead-free gasoline -- made, as the Secretary says, "with higher concentrations of more expensive blending components," a majority of these are being known as aromatics.

The public has been exposed to massive propaganda suggesting strongly that to "get the lead out" will cure everything wrong with the atmosphere. This is just not so. No responsible and technically qualified person has said lead directly contributes to smog formation. Smog is caused by a photochemical reaction between oxides of nitrogen and unburned hydrocarbons in the presence of sunlight. Contrary to Administration claims, lead compounds do not contribute to this reaction. Such photochemical reactivity is aggravated if the unburned hydrocarbons are "aromatic" in nature.

There will be no new systems on cars until 1974 or 1975 -- lead in gas or not. Smog will go on and may become worse particularly if aromatics increase. These "aromatics" are now the most readily available form of gasoline to improve octane if lead is removed.

The most telling commentary on this point comes from the U.S. Bureau of Mines' Report #7390, published in May 1970, on "Comparative Emissions from Some Leaded and Prototype and Lead-Free Automotive Fuels." The most pertinent comment from this report is the first paragraph of its summary:

> "The photochemical reactivity of automobile emissions was found to be increased as much as 25 percent when fuel was changed from typical U.S. leaded gasoline to prototype unleaded gasoline of comparable octane quality. The increase is attributed to characteristics of the blending components that were used to obtain the required octane quality without using lead."

To paraphrase this, the type of emission the report refers to is that which causes the Los Angeles-type, eye-irritating smog. And this tax bill would encourage the greater use of aromatic fuel components that produce these increased pollutants. (A copy of the complete Summary and Conclusions of this Bureau of Mines' report is attached as Appendix B.)

This means that if you recommend a tax designed to force a more rapid conversion from leaded to non-leaded fuels, something else will have to be added to gasolines to maintain octane levels for many millions of today's cars. We believe that this could result in a worsening rather than an improvement of the smog situation.

No Threat to Health

> The Secretary says, "We must act promptly to reduce, and eventually eliminate, the lead content of gasoline to deal with this danger to our national health levels."

Other Administration spokesmen expressed their concern about health aspects, but they overlook half the story. For instance, Under Secretary Veneman said that people living in urban areas have blood lead levels as "high as 30 micrograms of lead per 100 grams of blood." But he did not mention that New Guinea natives, with no real exposure to auto exhausts, were found to have higher lead levels than residents of New York City, according to the World Health Organization. He also made the sweeping and misleading statement that "human exposure to lead is hazardous to health." We admit this can be so -- but only under unusual and excessive exposures. Certain industrial workers are exposed to far higher levels of lead than are in city air and show no health impairment.

The fact is that there have been a number of studies on the health effects of lead in the atmosphere since the mid-1920's and none has shown a danger to national health from lead in the atmosphere -- no matter what its source. There are no studies known to us, or cited by the Administration witnesses, that would alter the conclusions of those reports.

These have included: U.S. Surgeon General (1926 and 1959); data without comment from the National Air Sampling Network (starting 1957); World Health Organization (1965); U.S. Public Health Service (1965); American Medical Association (1966), and the American Industrial Hygiene Association (1969).

The World Health Organization, U.S. Public Health Service and American Medical Association have come to the conclusion -- there is not now nor is there foreseen a threat to health from lead as from automotive emissions. The other studies to which I refer have indicated no health hazard existed.

Time does not permit a reading of the various conclusions stated in the reports from the organizations cited. (They are included in the brochure "Facts About Lead and the Atmosphere" attached hereto as Appendix C.)

All this notwithstanding, the lead industry and additive manufacturers are continuing their research and surveillance of lead in the atmosphere.

Auto Industry Uncertain About Fuels

Finally, despite the Administration's confidence in the auto industry's present conversion to engines which will operate on 91 octane fuels, the auto industry apparently has doubts about the efficiency of these new cars operating on unleaded fuels.

According to Newsweek and the Detroit Free Press, American Motors recommends drivers alternate between unleaded and leaded fuels, and Ford and General Motors are supplying a half tank of leaded fuel even before a car gets into a new owner's hands. Chrysler recommends the use of low lead -- not no lead.

(The Detroit Free Press article, which discusses the whole situation, is submitted as Appendix D.)

CONCLUSIONS

1. The tax would be punitive against a relatively small industry and would be a disappearing rather than continuing source of revenue.

2. The tax is not necessary to encourage low-lead or no-lead fuels, even if these are desirable. They are already available from companies covering over 50 percent of gasoline sales.

3. The tax would narrow rather than broaden efforts to develop more effective auto emission control systems, by focusing attention on unproven devices working with non-leaded fuel only. Systems have already been successfully demonstrated that work with leaded fuels.

4. The tax would encourage immediate wider use of gasolines having a higher aromatic content, which is known to be smog-causing.

5. Lead is only a fraction of 1 percent of total automobile emissions and in itself has not been shown to be a major factor in emissions and is not a factor in smog formation. There has nct been any factual demonstration of a health hazard to the general public as a result of lead emissions from automobiles. Systems to control lead emissions, however, as well as noxious gas emissions have been developed, tested and are being improved.

The Administration's rationale for the lead tax raises grave questions. Not only would the tax be self-defeating, as far as revenue is concerned, but more importantly, it could backfire and cause even more pollution. We urge its rejection.

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