

AGENDA
CMA EXECUTIVE COMMITTEE MEETING
9:00 a.m., Monday, November 19, 1979
New York Hilton (Room 524), New York City

TAB

9:00 a.m.	1. Call to Order -- Chairman Trowbridge	
9:00-9:05	2. Minutes of Last Meeting -- B. M. Barackman	1
9:05-9:10	3. Treasurers Report -- G. C. Herrman a. EMC Manpower Request	2
9:10-9:25	4. Association Activities: a. Report of the President -- R. A. Roland i. Formation of Epidemiology Task Group of the Benzene Project Panel	3
	b. Technical and Functional Committee Nominations -- B. M. Barackman	4
	c. Pension Plan Amendments -- R. W. Gerwig	
9:25-9:50	5. Status Report - Superfund Legislation -- W. M. Stover	5
9:50-10:15	6. Report of Housing Committee -- Edward Donley, Air Products and Chemicals, Inc.	
10:15-10:45	7. Report of International Affairs Group -- G. S. Dominguez, CIBA-GEIGY Corporation	6
10:45-11:50	8. Chemical Industry Communications/Public Support Program -- R. A. Roland, J. N. Sites	7
11:50-12:00	9. New Business	
12:00 Noon	10. Adjournment	

CMA 062591

MINUTES OF MEETING
CMA EXECUTIVE COMMITTEE
New York Hilton, New York, NY
November 19, 1979

1. The meeting was called to order at 9:00 a.m. by the chairman.
There were present:

A. B. Trowbridge, Chairman	
J. Earl Burrell	William C. Krumrei
Louis Fernandez	H. Barclay Morley
Vincent L. Gregory, Jr.	*Paul F. Oreffice
John M. Henske	Robert A. Roland
Richard J. Hughes	

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

By Invitation:

*Peter R. Agnew, CMA
*E. H. Blair, The Dow Chemical Company
*B. J. Burkett, Stauffer Chemical Company
*T. F. Burns, CMA
*M. C. Carpenter, The Dow Chemical Company
Geraldine V. Cox, CMA
*George Dominguez, CIBA-GEIGY Corporation
Edward Donley, Air Products and Chemicals, Inc.
John Dull, E. I. du Pont de Nemours & Company
*H. A. Ericson, Monsanto Company
*John T. Estes, Allied Chemical Corporation
*Myron T. Foveaux, CMA
Robert W. Gerwig, Conoco Inc.
Richard F. Gold, Stauffer Chemical Company
Stephen L. Goldstein, Olin Corporation
*George W. Ingle, CMA
*K. James O'Connor, Jr., CMA
Victor H. Peterson, CMA
Edward B. Pollak (SOCMA), Olin Corporation
James N. Sites, CMA
*John E. Slavick, CMA
*Roy M. Sloan, Shell Oil Company
William M. Stover, CMA
*René D. Zentner, Shell Oil Company
*James J. Connor, Air Products and Chemicals, Inc.

*part time

2. Minutes of the Last Meeting The minutes of the September 5, 1979, meeting of the Executive Committee, as distributed, were approved.

3. Financial Report Mr. Herrman presented a recommendation, Exhibit A, from the Environmental Management Committee, concurred in by staff, that a Manager of Air Programs and a secretary be added to CMA staff at an estimated cost of \$52,600, for the current fiscal year, to provide adequate guidance and support for all aspects of the EMC/CMA Air Program. Costs in future years would be approximately \$100,000 annually.

The recommendation was approved.

4. Association Activities

(a) President's Report Mr. Roland presented the following items:

- An Epidemiology Task Group (ETG) of the Benzene Project Panel has been established. The ETG will represent the Panel in the resolution of technical questions concerning the study under contract with Tabershaw Occupational Medicine Associates, P.A. (TOMA) and will seek Benzene Project Panel responses to alternatives recommended by the TOMA. The ETG will provide stimulus to TOMA to expedite its obligations and stimulus to the members of the Panel whose companies are participants in the epidemiology study to expedite their obligations to complete this study appropriately and in a timely manner. The chairman of the Task Group, or his designee, will be the contact person for TOMA regarding the technical aspects of this epidemiology study. All contractual matters will be handled directly by CMA staff. The Task Group will cease to exist when TOMA has properly completed all obligations in its contract with the CMA for this study, or at the discretion of the members of the Panel.
- A Superfund Steering Task Group of the Government Relations Committee has been established to monitor and evaluate the various facets of the Superfund issue and the overall implications thereof; determine what resources are required to support the Superfund legislative communications program; and to insure those resources are provided in timely fashion.

(b) Technical and Functional Committee Nominations David R. Canterbury, Sherex Chemical Company, was appointed to the

Engineering Advisory Committee for the term ending May 31, 1982; and L. E. Anderson, Amoco Chemicals Corporation, was appointed Chairman, Distribution Committee.

- (c) Pension Plan Amendment Dr. Gerwig, on behalf of the Pension Committee, presented an amendment, Exhibit B, to CMA's pension plan. This was approved for Board action.

5. Status Report - Superfund Legislation Mr. Stover expanded on his report which is attached as Exhibit C. He discussed various fee concepts and the objections to them, their coverage, the release concept, the liability issue, and the matter of alternative positions. He described the activities of the new Superfund Steering Task Group of the Government Relations Committee consisting of technical, legal, public relations, and economic experts who would coordinate CMA Superfund efforts.

Mr. Estes then reviewed the strategy being followed with salutary results to date, and identified scope, funding, and liability as issues being addressed with Hill staff. He stressed the importance of a unified approach.

During discussion the consensus emerged that CMA's position should be: the Association opposes the imposition of fees of any kind on industry; the problem of orphan disposal sites should be addressed through a fund financed by Federal and state money; and state tort law is adequate to address the personal injury problem. The priorities should be scope, liability, and funding in that order.

Emphasis was placed on the necessity on the part of member companies to respond to CMA requests for data and resources, and the importance of maintaining a unified posture in ongoing discussions with congressional committees and executive agencies.

Staff was requested to: work toward a presentation at the January 1980 meeting which would address our policy position in terms of treating the scope of Superfund as four separate issues -- oilspills, chemical spills, retrospective disposal problems; and prospective disposal problems; and also present alternative positions. In regard to the latter, concern was expressed that this not be allowed to affect a unified position and that no such positions would be advocated without previous full internal debate, preferably in the light of specific proposals.

Mr. Trowbridge, in summary, expressed the view that all Executive Contacts should: concern themselves with this issue and make known their positions; handle disposal sites on their own property as a matter of high priority; respond to CMA's requests for data; work with other organizations such as the NAM and the U.S. Chamber of Commerce; and maintain a unified position in support of policies adopted by CMA.

6. Report of Housing Committee Mr. Donley, Chairman of the Housing Committee, called upon Mr. Herrman to present the report of the committee.

Mr. Herrman distributed, for the information of those present, a rental analysis attached as Exhibit D. He then described the basic housing inadequacies of CMA which pre-dated the reorganization and which were further aggravated by it, necessitating the search for new facilities to answer the need. Twenty-seven possible alternatives were studied. The Housing Committee proposal is to lease space at 2501 M Street, N. W., in the District, as an excellent answer to CMA's present and future housing needs.

The building is nine stories with six floors of office space and three floors of luxury condominiums on top. Presently under construction, it should be completed by the summer of 1980. Under the terms of the proposal, CMA would lease five of the six floors for 15 years with an option on the sixth floor and an additional option to purchase 100% of the land and 50% of the building at the end of the 15 year lease. The building would be named the Chemical Manufacturers Association Building. As CMA currently requires 40,000 square feet, we would occupy only floors one through three, subleasing floors four and five which would then be available in case of future expansion requirements.

The financial terms of the agreement are as follows: CMA would lease space at \$14.25 per sq. ft. plus electric, for 15 years. Escalation includes a pass through of increases in occupancy costs above base plus an escalation using 25% of the annual change in the CPI. The developer will allow CMA cash and construction allowances of \$803,700 which CMA's space planner believes is adequate.

It should be pointed out that CMA's existing leases expire 11/30/81, and that for the 14 months period prior to renegotiation, the cost differential between the new facility versus existing space would approximate \$300,000. However, the longer term possibilities of the 2501 M Street facility, plus the extremely high allowances of the developer more than offset this initial cost differential.

The 2501 M Street property has been taken off the market by the developer, but CMA must proceed with the development of a lease and final clearance on several negotiating details by the first part of December at which time, with the concurrence of the Executive Committee and Board, the Association will proceed to execute the lease.

Following discussion the proposal of the Housing Committee was approved for action by the Board.

CMA 062595

7. Report of International Affairs Group
is attached as Exhibit E.

Mr. Dominguez's report

The Action Plan and Policy Statement recommended for adoption were approved.

Mr. Foveaux then was called upon to report on the matter of international trade and the Office of Chemical Industry Trade Advisor. His report is attached as Exhibit F.

The organizational proposal contained in the report was approved with the understanding that in regard to item four of the proposal, the expenses to be assumed by CMA are those not otherwise covered.

In the course of his remarks Mr. Foveaux also discussed the international trade issue concerning an EEC complaint relating to U.S. exports of manmade fibers and petrochemicals to the EEC which is attached as Exhibit G.

8. Chemical Industry Communications/Public Support Program
Following introductory remarks by Mr. Roland, Mr. Zentner gave a slide presentation on the public attitude problem facing the chemical industry. Mr. Sites then described in detail, illustrating with slides, the overall communications program. The Executive Summary attached as Exhibit H directly reflects his presentation. Dr. Blair then described the Scientific Advisory Group he has put together from the various appropriate scientific disciplines to support the Association's program. They would work with CMA to insure the scientific accuracy of material published and provide immediate experts to be available whenever the occasion demands.

Following discussion it was agreed to recommend that the Board of Directors approve, in principle, the two-year Chemical Industry Communications/Public Support Program as outlined today by the special Task Force with expenditures of \$2.5 million for fiscal year 1980 and \$3.6 million for fiscal year 1981, to be funded by a special assessment. The Board will be asked to approve the final implementation of the program at the January 1980 meeting and in the intervening time CMA staff will undertake another special effort to acquaint all CMA members with the program objectives and content in order to solicit their recommendations and comments.

9. New Business Mr. Henske advised that following the Association's name change to Chemical Manufacturers Association he had received a communication from the Chemical Specialties Manufacturers Association that the name change was causing difficulties for CSMA. Subsequently representatives

from the two Associations met, at which time CMA learned directly from CSMA the problems it has encountered.

Following discussion, CMA's President was requested to do everything possible to minimize potential confusion. This would include overprinting the Association's letterhead with suitable words to clearly convey that the Chemical Manufacturers Association was formerly the Manufacturing Chemists Association. This information will also appear on the Association's periodical publications and similar identification will appear in any papers and testimony submitted to governmental entities. In addition, the Executive Contacts of all member companies will be contacted to enlist their aid in avoiding any possible confusion between the two organizations. Further, it was proposed that CMA and CSMA officers make arrangements to meet periodically to track this problem and to discuss the resolution of any new difficulties that may arise.

Confidence was expressed that these steps, and the passage of time, would reduce these problems to an acceptable level.

In view of the foregoing, it was agreed that CMA's name remain the same.



Bruce M. Barackman
Secretary

Certified Correct:



A. B. Trowbridge, Chairman
CMA Executive Committee

REQUEST FOR BUDGET AMENDMENT
ENVIRONMENTAL MANAGEMENT COMMITTEE
AIR PROGRAMS MANAGER

PROBLEM

Improve Management and Effectiveness of the EMC's Air Program.

OBJECTIVE

Provide adequate guidance and support for all aspects of the EMC/CMA Air Program.

BACKGROUND

The EMC Air Program has necessarily been expanded to meet the challenge of proposed and emerging air legislation and regulations. This effort involves 5 air task groups and 4 general task groups dealing with air issues. The implementations of the current program dictate effective guidance and support of these task groups as well as continual efforts involving the National Commission on Air Quality (NCAQ), major trade associations, EPA, and other CMA functions and committees.

RECOMMENDATION

A Manager of Air Programs and Secretary should be added immediately. These recommended personnel additions are consistent with the EMC's report to the Board of Directors, 9/5/79.

ACTION REQUIRED

Approval of recommendation. Costs are estimated at \$52,600 during the current fiscal year.

CMA

EC - November 19, 1979

AMENDMENT TO THE
PENSION PLAN
OF
CHEMICAL MANUFACTURERS ASSOCIATION

Background Information:

The final interpretation of the "Age Discrimination in Employment Act" and the Internal Revenue Service Regulations require that we make several changes to CMA's existing Pension Plan. In order to meet the compliance deadline of June 30, 1979, a proposed amendment was drafted and submitted to the IRS with the caveat that the amendment was subject to Board approval.

The proposed amendment was then mailed for simultaneous review of the Pension Committee and Board prior to the regularly scheduled Board meeting on September 6. As a result of this pre-review, several objections were raised to that portion of the amendment which would have permitted an employee to begin receiving retirement payments at age 65 while still continuing employment. Based on this objection and after consultation with the Chairman of the Pension Committee, the amendment was withdrawn pending revision of the late retirement section and review of the Pension Committee.

CMA's pension counsel redrafted the amendment to reflect commencement of retirement payments on the actual retirement date which would coincide with termination of employment. The amendment was submitted to the Pension Committee and reviewed with counsel at the November 14 meeting of the committee. The Pension Committee recommends approval of the amendment.

The attached documentation includes:

- An analysis and discussion of the intent of the proposed amendment.
- The actual text of the proposed sixth amendment as recommended by counsel and staff.

Action Required: Approval of the proposed sixth amendment to the CMA pension plan.

CMA
EC-11/19/79
BD-11/19/79

CMA 062599

CHEMICAL MANUFACTURERS ASSOCIATION
ANALYSIS AND DISCUSSION OF THE INTENT
OF PROPOSED AMENDMENT

In order to assist the Pension Committee in review of the proposed amendment, the following analysis is presented. The analysis cross references to the language of the proposed amendment.

<u>Plan Section</u>	<u>Discussion and Intent</u>
Section 4(a), (b) and Section 5(a)	The "Age Discrimination in Employment Act" prohibits an organization from mandating retirement at age 65. The proposed change will permit an employee to work beyond age 65 without Board Consent. Retirement payments would not commence until employment terminates and actual retirement begins. Benefits would not increase due to continued employment after age 65. Employment beyond age 70 would require Board Consent.
Section 5(c)	Corrects a badly worded section of the original plan. The intent of this section is to provide that on actual retirement date, the joint and survivor annuity will be standard for individuals married at least one year unless they elect another option.
Section 5(1), (1)-(6) and Section 12	The Internal Revenue Service Regulations specify certain notification periods regarding the joint and survivor provisions of a Pension Plan. The CMA plan did not specify any particular time frames for notification. The proposed amendment specifies timing as to notifications as provided in the regulations.
General Comment	The plan as written implies a clear distinction between a participant (which is an employee) and a vested former participant (which is an individual with vested rights who is no longer an employee). The term "vested former participant" where inserted by the proposed amendment is intended to insure consistency within the areas currently being amended. It should be pointed out that the proposed amendment does not represent a full review of the entire plan. The proposed amendment has the limited purpose of bringing the CMA plan into compliance with regulations as rapidly as possible.

Sixth Amendment to

PENSION PLAN OF

CHEMICAL MANUFACTURERS ASSOCIATION, INC.

As Amended and Restated Effective December 1, 1974

Effective December 1, 1974, the Pension Plan of Chemical Manufacturers Association, Inc. (As Amended and Restated Effective December 1, 1974) is amended as follows (added language is shown underlined; deleted language is indicated by notation or shown by strikeouts):

Section 4. RETIREMENT

(a) Normal Retirement

~~Except with the consent of the Board of Directors of the Association (the Board), every Participant shall retire on his Normal Retirement Date.~~ A Participant or vested former Participant who retires on his Normal Retirement Date shall receive retirement benefits in accordance with the provisions of Section 5 hereof.

(b) Late Retirement

~~With the Board's consent, a~~ Subject to the last sentence of this paragraph, a Participant may elect to continue his employment after Normal Retirement Date. Such a Participant shall receive retirement benefits in accordance with the provisions of Section 5 commencing on the first day of the month following his normal actual retirement date; provided, however, that the Association shall cease to make contributions under the Plan on behalf of such Participant after his Normal Retirement Date, and the benefits of such Participant under the Plan shall not otherwise be increased by virtue of his employment after his Normal Retirement Date. However, benefit improvements generally available for all retirees shall be made available, upon termination of employment, to a Participant who elects to continue his employment after his Normal Retirement Date. Except with the consent of the Board every Participant shall retire no later than the first day of the month following his seventieth birthday.

SECTION 5. RETIREMENT BENEFITS

Subject to the provisions of Section 6 (Vesting) --

(a) Normal Retirement Benefits

A Participant or vested former Participant who retires on or after his Normal Retirement Date shall receive monthly benefit payments commencing on the first day of the month following his actual retirement date ~~shall receive monthly benefit payments commencing on his Normal Retirement Date~~ and continuing until his death in an amount equal to the product of ...

(c) Joint and Survivor Annuity

A Participant or vested former Participant who has been married to his spouse throughout the one-year period ending on the ~~date of his death~~ his annuity starting date shall be deemed to have elected the following form of annuity unless he elects to receive payment in one of the alternate forms described in Subsection (d) of this section: the monthly benefit described in Subsection (a) of this section shall be paid in a reduced amount commencing on such Participant's ~~Normal Retirement Date~~ actual retirement date and continuing until his death; thereafter an amount equal to 50% of such reduced amount shall be paid to his surviving spouse until the date of death of such spouse. The total of the amounts payable to the Participant and his surviving spouse shall be the actuarial equivalent of the amount payable under Subsection (d) (1) (A) of this section

(The following new subsection is added to Section 5.)

(i) Notice and Elections

CMA 062602

(1) The Association shall furnish to each married Participant and each married vested former Participant a written notification, in nontechnical terms, of the Joint and Survivor Annuity and the relative effect upon the Participant's or vested former Participant's annuity (in terms of dollars per annuity payment) of an election under Subsection (c) or (d) not later than nine months before the Participant or vested former Participant has reached the Early Retirement Date. If the Participant begins participation in the Plan fewer than 120 months prior to his Normal Retirement Date, such information shall be provided on or about the date his participation begins.

(2) A Participant or vested former participant shall have a period in which to make an election under Subsection (c) or

(d), and such period shall begin on the date the information provided pursuant to paragraph (1) is received and shall end on the actual retirement date of the Participant or vested former Participant.

(3) The Participant or vested former Participant will have 60 days from the date of delivery of the written explanation, described in paragraph (1) of this subsection, to request, in writing, additional information concerning the specific financial effect of electing the 50% survivor annuity described in subsection (c), or any alternate forms of annuities described in subsection (d). The Association will honor one such request from each Participant or vested former Participant and will furnish the requested information within 30 days of the receipt of the Participant's or vested former Participant's written request.

(4) If a request for additional information is received by the Association, the election period described above will be extended to the extent necessary to include at least the 60 calendar days following the day the requested information is personally delivered or mailed to the Participant or vested former Participant.

(5) A Participant or vested former Participant may revoke, in writing, any election made under this subsection at any time prior to his annuity commencement date and may make another election, in writing, at any time before his annuity commencement date.

(6) Unless a Participant has elected not to receive a qualified joint and survivor annuity, retirement benefits shall be paid in a form having the effect of a qualified joint and survivor annuity in the case of a Participant who is separated from employment on or after the Normal Retirement Date (or the Early Retirement Date) is attained, and after satisfaction of eligibility requirements for the payment of benefits under the Plan, and thereafter dies before beginning to receive such benefits.

SECTION 12. CLAIMS

(a) Any denial of a claim for benefits under the Plan shall be stated in writing and delivered or mailed to the claimant within a-reasonable-period-of-time 90 days after such denial.....

IN WITNESS WHEREOF, the Association has caused these presents to be signed by its President and Secretary and its seal to be affixed hereunto, all as of the 19th day of November, 1979.

CHEMICAL MANUFACTURERS ASSOCIATION, INC.

By _____
President

Secretary

Attest: _____
General Counsel

STATUS REPORT -- SUPERFUND LEGISLATION

WILLIAM M. STOVER

NOVEMBER 19, 1979

SUPERFUND LEGISLATIVE STATUS AND THE CMA PROGRAM

1. THE ADMINISTRATION

The Environmental Protection Agency has assumed the lead role within the Administration in pressing for enactment of Superfund. Administrator Douglas Costle, the former Assistant Administrator Tom Jorling, and his replacement, Chris Beck, have been consistently advocating the original Administration concept contained in S. 1341 and H.R. 4566 and 4571. Other Administration elements such as the Office of Management and Budget, Department of Commerce, Department of Transportation, and the White House domestic policy staff have remained in the background. With much attention being given to energy, the economy, SALT, and President Carter's political future, it appears likely that EPA will continue to act as the primary agency for advocacy.

CMA endeavors to monitor and maintain ongoing communications with the various governmental agencies with an interest in Superfund. The EPA influence is clearly the strongest, and there is no evidence of a desire on their part to move toward a more reasonable approach at this time.

2. THE SENATE

The conduct of Senate business, both on the floor and in committee, is being determined by issues and factors other than Superfund. Among these are SALT, appropriations bills, and energy bills. Informed sources now speculate that the Senate is likely to remain in session until shortly before Christmas.

Two subcommittees of the Senate Committee on Environment and Public Works have thus far shared hearings and markup responsibilities for Superfund: the Subcommittee on Environmental Pollution (Muskie, D.-Me.) and the Subcommittee on Resource Protection (Culver, D.-Ia.).

It is here that industry faces its most formidable challenge: the opposition is astute, influential, ably staffed and committed to viewpoints which are deeply troubling. Their record of success in enacting sweeping environmental bills is well known.

CMA has presented testimony in joint hearings before these two Subcommittees on two recent occasions: on July 19, 1979, when we expressed our views with respect to the Administration's Superfund bill, S. 1341; and on September 7, 1979, when we addressed ourselves to the Culver-Muskie bill, S. 1480, and its "release into the environment" concept.

Subsequently, we have mounted a communications effort directed by the CMA Government Relations Committee aimed at every Member of the full Committee and their staff.

We now believe that efforts to rush Superfund through this Committee have been turned aside for the present. Repeated efforts by proponents to schedule markup sessions have produced very little progress. This is a major development, and one which can be attributed to three factors: the complexity of the issues, the pressure of other Senate priorities, and the intensity of industry's educational efforts with Members.

The Senate Committee on Commerce, Science and Transportation has exhibited little active interest in Superfund despite its jurisdictional authorities over at least the elements of ocean oil spills and transportation of hazardous materials. Chairman Howard W. Cannon (D.-Nev.) has asked CMA for information on the insurance aspects of legislative initiatives pertaining to liability and compensation for oil spills and hazardous substance releases into the environment and the possible impact on competitiveness of various transportation modes. We are presently drafting comments in response that will indicate that proposed Superfund measures would impose joint, several and strict liability, and would establish liability risks that are uninsurable.

The Senate Finance Committee (Long, D.-La.) is thought by some to have grounds for jurisdiction over elements of Superfund: "fees" on industry could be construed as "taxes"; and a bill which envisions a \$1.16 billion fund could be considered "a revenue raising measure".

To date the attention of Finance Committee Members has been devoted to energy tax matters, among others, and there is no indication of a desire to attempt to assert jurisdiction over Superfund at the present time. This avenue will be explored further when and if it becomes feasible to do so.

3. THE HOUSE

The Merchant Marine and Fisheries Committee, in its Subcommittee on Coast Guard and Navigation (Biaggi, D.-N.Y.), has completed its work on H.R. 85, a bill which creates a Superfund to clean up ocean oil spills by placing a 3-cents-per-barrel fee on oil shipments. This narrow focus is attributable to (1) its jurisdiction limited to ocean or off-shore matters, and (2) affirmative pressure in the past from the oil industry for enactment of oil spill cleanup legislation which would offer liability limits and pre-emption of overlapping state laws. The bill has, at various times, had the active support of the American Petroleum Institute although some individual oil companies have reservations about some provisions. H.R. 85 does not address spills of "hazardous substances", that is, chemicals.

Subcommittee Chairman Biaggi is on record in favor of separate legislative treatment of oil and chemical spills. CMA testified before his Subcommittee on July 31, 1979, in support of such a separation, and would not object to the enactment of H.R. 85 as long as its scope is limited to oil spills and its provisions are not extended to hazardous substances.

The Public Works and Transportation Committee, Subcommittee on Water Resources (Roberts, D.-Tx.), has jurisdiction over spills of hazardous substances and oil into the navigable waters of the U. S. The Subcommittee appears willing to attempt to exercise considerable jurisdiction over Superfund, but will be most instrumental in the "spills" area since it retains responsibility for the Clean Water Act. The Subcommittee sought and received the right to review H.R. 85, and will also consider provisions dealing with spills of hazardous substances. A disposal bill recently introduced by Rep. Florio has also been jointly referred here for consideration.

Hearings have been held, with CMA testimony offered on September 26, 1979. Markup is the next step, with no firm dates set. It is presently unclear whether the Subcommittee will choose

to modify H.R. 85, to supplement H.R. 85 with a separate but complementary hazardous substances spills-navigable waters bill, or to attempt to write an even more broadly defined bill encompassing aspects of the disposal problem.

CMA contacts with this Subcommittee to date have revealed generally reasonable attitudes and a willingness to listen, but considerable sentiment for some type of industry fee to establish a cleanup fund or funds. Direct contacts with this Committee are being stepped up.

The Interstate and Foreign Commerce Committee has two subcommittees with key roles in Superfund.

The Oversight and Investigations Subcommittee (Eckhardt, D.-Tx.) has completed a Subcommittee report on Hazardous Waste Disposal (Committee print 96-IFC 31, September, 1979) which outlines results and makes recommendations based on 13 days of investigative hearings. While the report contains some inflammatory phraseology and suggests some unwise remedies, it is by-and-large a positive document. It helps to illustrate a number of key points made in the past by CMA. On the other hand, it raises some serious liability questions and leaves open the option of industry-based fees as the primary source of cleanup funds.

An important element in the Subcommittee's report is the survey made of the 53 largest chemical manufacturers. There will be an additional report on the survey which will likely be released about the first of November.

Subcommittee Chairman Eckhardt is drafting his own waste disposal-oriented Superfund bill but has not yet introduced it. CMA is attempting to work constructively with his staff in an effort to improve the final product. It is also possible that the Eckhardt bill could be melded with others before introduction.

The Subcommittee on Transportation and Commerce (Florio, D.-N.J.) has legislative jurisdiction over the Resource Conservation and Recovery Act. Hearings have begun, CMA testified on October 10, 1979. Subcommittee Chairman Florio introduced his own hazardous waste disposal site cleanup bill (H.R. 5749) on October 31, 1979.

CMA is endeavoring to work with Mr. Florio's staff on specific issues. In addition, direct communications efforts are being stepped up with all Members of the Interstate and Foreign Commerce Committee, with emphasis on the two aforementioned subcommittees.

The Committee on Ways and Means has tax and revenue-raising jurisdictions generally similar to the Senate Finance Committee. It is also similarly preoccupied at the moment, but both its jurisdiction and interest will be explored as appropriate in the future.

4. OTHER ASSOCIATIONS AND INDUSTRIES

From the genesis of Superfund legislation CMA has endeavored to:

- a. maintain close two-way communication with other trade groups and industries likely to be involved;
- b. provide a rallying point for the "family" of associations representing elements of the chemical industry;
- c. coordinate action programs with others insofar as practicable;
- d. convince other groups of the far-reaching implications of Superfund.

We have drawn heavily on the services of our CMA staff Director of Liaison. Additionally, the CMA Government Relations Committee has named one of its members to lead efforts to coordinate and make complementary the lobbying programs of related groups. We have conducted briefing sessions, strategy exchanges, shared written materials and visited Members of Congress jointly.

This is an area which deserves the attention of every CMA member company, and must remain as a high priority in our ongoing program on Superfund.

Action Required: None. For information only.

CMA
EC 11/19/79
BD 11/19/79

CMA 062609

CHEMICAL MANUFACTURERS ASSOCIATION

Exhibit D

RENTAL ANALYSIS
Move Versus Stay-Put

	2501 M Street, NW	1825 Connecticut Ave., NW
Space Required by CMA	40,000 sq. ft.	40,000 sq. ft.
Net Rental to CMA ^{2/}	\$648,900	\$520,000
Escalation	Same in both buildings	Same in both buildings

1/ Space Required by CMA: CMA currently leases approximately 30,000 square feet. All indications are that additional space, i.e., to 40,000 square feet, is not available at 1825 Connecticut Avenue and would have to be obtained at another location.

2/ In accord with the owner's proposal, CMA would lease 75,119 sq. ft. at the 2501 location at a \$14.25 per sq. ft. rate and would receive cash allowances of \$803,700. These cash allowances are above the building standard allowances. Our space planner indicates that the offered building standard is adequate to construct basic space of a higher quality than we have in our existing facility.

Space leased
by CMA at 2501 M 75,119 sq. ft.
Rental Per Annum ^{3/} \$1,164,300
Sublease Space
Income ^{4/} \$515,400
Net Rental to CMA \$648,900

3/ Rental Per Annum: In 2501 M Street the rental rate is \$14.25 per square foot plus electricity. Electricity cost in comparable buildings is currently \$1.09 per square foot. To be conservative, our budget projections assume electricity costs of \$1.25 per sq. ft. In 1825 Connecticut Avenue, we assume the rental rate will be approximately \$13.00 per sq. ft., full service.

4/ Sublease Space Income: Assume in 2501 M Street, NW, CMA will sublease approximately 35,000 sq. ft. at a rental of \$14.25 per sq. ft. plus electricity (\$1.25/sq. ft.) = \$15.50 per sq. ft. for an average lease term of 5 years with 5% vacancy factor:

35,000 square feet x \$15.50 =	\$542,500
5% vacancy (standard factor	(27,100)
used by all leading lending	<u>\$515,400</u>
institutions in Washington,	
DC, -- developers use 3%)	

Report of International Affairs Group
Recommendation for Adoption of Policy Statement and Action Plan
(Presented by George S. Dominguez, Chairman)

Problem

Proliferating and disparate national and supranational laws and regulations to identify and control chemical risks.

Objective

Achieve optimal identification and reduction of risks world-wide, in the least disruptive, most cost-effective and socially responsible manner.

Background

Canada's "Environmental Contaminants Act of 1974", related laws in Federal Republic of Germany (pending), France '77, Japan '73, Sweden '73, Switzerland '72, and those in USA (CWA, CAA, TSCA, '70-'76), and now in EEC '79, are being implemented by various procedures. CMA/SOCMA's International Affairs Group in February and October 1979 has developed Policy Statement and an Action Plan to coordinate the chemical industry's response.

Recommendations

Adoption of Policy Statement and Action Plan.

Impact

Money: (50/50 CMA/SOCMA) '79: \$6K; '80: \$10K; '81-'83: \$25K

Company

Personnel: '79: 12 plus ad hoc task group members; '80-'83: 15

Staff Personnel:	<u>'79</u>	<u>'80</u>	<u>'81-'83</u>
Staff Executive	0.2	0.5	0.5
Administrative Asst.	0.25	0.5	0.5
Secretary	---	0.5	0.5
Technical Asst.	---	---	0.5

Action Required

Approval of recommendation.

CMA

EC - 11/19/79

CMA 062611

Proposed Action Plan. to Supplement
8/16/79 Policy Statement for International Affairs Group

PRO
JEC

STRATEGY

A program of detailed international coordination and cooperation requires a priori a fundamental foundation of mutual trust and need. To do this, a long-term program must be developed which establishes continuity and validates a continued commitment.

A five-year program is proposed in two phases:

Phase 1 Generalized discussions which were intentionally of a broad-based "universal interest" nature to establish mutual trust and recognition of need and, beginning with the October '79 IAG/CEFIC meeting, have initiated designated activities which will extend through 1980.

Phase 2 Continue generalized discussions as required, and in 1980-84, provide for more specific discussions, and program development and implementation as outlined below, allowing future desired or required changes:

1. Plan response to legislation and rule making -- national and supranational.
2. Propose selected testing programs -- health, environment.
3. Develop capability to generate joint statements on issues of international health and environmental concerns.
4. Identify or establish capability for authoritative review and analysis of relevant issues, including joint economic- and trade-effect studies and strategies, risk/benefit, cost/benefit, comparative risk and other analytical methodologies.
5. Develop resource information -- R&D projects, testing facilities, key personnel, etc.
6. Create an early warning system to detect significant events requiring consideration of response.
7. Establish an international speaker bureau to utilize international speaking opportunities.

CMA 062612

1979 ACTION PLAN

PRO- JECT	ACTIVITY	OBJECTIVES	TIME/C
1.	Form Joint CMA/SOCMA International Affairs Group (IAG)	Provide foundation for continued international program	completed
2.	Exchange relevant documents, e.g., laws, rules, regulations, positions	Establish basis for industry coordination	continuing
3.	Initiate and maintain foreign trade association contacts -- European -- Other foreign trade association contacts, including Japan	Establish basis for ongoing relationships " " " " "	continuing Initiated
5.	Explore and select relevant activities in UNEP, WHO, OECD, etc.	Expand basis for European, international activities	Initiated
6.	Initiate and maintain foreign embassy contacts	Expand basis for European, international activities	continuing
7.	Decide membership in ICIE	Expand supranational contacts	winter '79
8.	Form IAG/CEFIC Task Groups	Identify options in resolving issues in testing, notification of new substances, confidentiality, trade implications of control of toxic substances	continuing late '79-'80; prog- reports in March 30
PERSONNEL	IAG:	11 (including A. W. Sheldon, representing CMA OSH Committee) + (Others to represent CMA EM Committee) + (Task Groups, as required)	
	STAFF:	0.2 Executive 0.25 Secretary-Administrative Asst.	
BUDGET	\$6,000 Discretionary	(\$3,000 SOCMA) (\$3,000 CMA)	For IAG/CEFIC Meeting, excluding IAG, Staff Executive, secretarial costs

1980 ACTION PLAN

<u>PRO- JECT</u>	<u>ACTIVITY</u>	<u>OBJECTIVE</u>	<u>TIMING</u>
2.	-----continuing-----	-----	continuing
3.	-----continuing-----	-----	continuing
4.	-----continuing-----	-----	continuing
5.	-----continuing-----	Expand established contacts	continuing
6.	-----continuing-----	-----	continuing
8.	-----continuing-----	Planning Session to review product of Task Groups	early 1 Q '80
9.	Extend program to appropriate world chemical industry trade associations, e.g., Brazil, Israel, etc.	Expand industry participative base	continuing
10.	Initiate & maintain contacts w. US Govt. beyond EPA, OSTR, DOS, DOC	Complete linkage with Federal interests and activities	continuing
11.	LAG/CEFIC Meeting -- Europe	Select & implement options in testing, other issues identified by Task Groups	1 Q '80
12.	Expand LAG to include representation of other relevant CMA/SOCMA committees; explore formation of permanent International Health & Environmental Affairs Comm.	Give broader attention to health & environmental issues affecting chemical industry	1 Q '80
13.	First International Chemical Industry/Government Workshop (LAG/EPA/CEFIC/EEC)	Establish better international government-industry relationships and development of legislation and regulation	2 Q '80
14.	Establish early warning network	Provide basis for formal industry "alerting" on validated problems	2 Q '80
15.	Establish international strategy study group	Provide basis for chemical industry international strategy study	3 Q '80

PERSONNEL:

LAG
STAFF

12-15 (plus task groups as required)
0.5 Executive
0.5 Administrative Asst.
0.5 Secretary

BUDGET:

\$3,000
1,500 -
4,000
3,000
\$10,000

Staff Travel
ICIE Membership

Contingency
[CMA/SOCMA 50/50]

1981 ACTION PLAN

PROJECT	ACTIVITY	OBJECTIVE	TIMING
2.	-----continuing-----	-----	continuing
3.	-----continuing-----	-----	continuing
4.	-----continuing-----	-----	continuing
5.	-----continuing-----	-----	continuing
6.	-----continuing-----	-----	continuing
9.	-----continuing-----	-----	continuing
10.	-----continuing-----	-----	continuing
16.	Explore possible foreign govt. contacts jointly with local and industry representatives	Extend activities into direct governmental contacts	1 Q '81
17.	Explore possibilities for joint toxicology & related studies	Extend international and economic testing base	1 Q '81
18.	Develop international resources -- experts, laboratories, consultants	Establish greater knowledge resource base	1 Q '81
19.	Develop joint risk/benefit, cost/benefit and related methodologies	Provide basis for independent international studies	2 Q '81
20.	Visit Japanese chemical societies & establish program	Establish basis for expanded international activities	2 Q '81
21.	LAG/CEPIC Conference--USA	Establish more specific programs	3 Q '81
22.	Explore possibilities for joint economic and trade studies	Expand economic/trade analytical determination base	
23.	Establish international speaker bureau	Provide basis for industry participation internationally	4 Q '81
24.	Critical review of international status, especially third world developments	Further understanding of global concerns and potential legislation and regulatory developments	4 Q '81

PERSONNEL: LAG 15 (plus Task Groups as needed)
 STAFF 0.5 Executive
 0.5 Administrative Asst.
 0.5 Technical Asst.
 0.5 Secy.

BUDGET; \$ 4,000 Staff Travel
 3,000 Host Meeting
 \$1,500-4,000 ICIE Membership
\$14,000-16,500 Contracted Studies
 \$ 25,000 (CMA/ SOCMA 50/50)

1982 ACTION PLAN

PRO- JECT	ACTIVITY	OBJECTIVE	TIMING
2 thru)			
6, 9,)	-----continuing-----	-----	continuing
10.)			
23.	-----continuing-----	-----	continuing
25.	Establish data network	Utilize information and data exchange in further activity response and program development	Jan. '82 continuing
26.	Propose and implement first joint economic/trade study	Provide basis for independent international activities	as required
27.	Propose and implement joint testing programs	Build upon established contacts	1982 continuous
28.	Develop or encourage creation of joint industry publication and international newsletter	Provide a forum for development and position presentation	1 Q '82
29.	4th international conference to include Japan -- in Canada/Mexico/Brazil	Establish more specific programs	3 Q '82
30.	Participate in foreign legislative and regulatory developments	Utilize experience for discussion on legislative and regulatory proposals	as required

PERSONNEL IAG As in '81

BUDGET \$25,000 plus additional contracted studies not now estimated

1983 ACTION PLAN

PRO- JECT	ACTIVITY	OBJECTIVE	TIMING
2 thru 6) ----- continuing ----- 9, 10, 23) 25			continuing
25.	Data Network	Utilize data for program development and anticipated positions if needed	continuing
28 & 30 ----- continuing -----			continuing
31.	Propose and implement joint studies: a) Toxicological b) Environmental c) Economic d) Risk/benefit	Utilize developed expertise and resources	continuing as required
32.	Develop planning base for cooperative industry/ government programs	Utilize relationships for development of more rational legislation and regulations	2 Q '83
33.	Fifth international meeting -- global, to include 3rd world nations	Utilize existing base to expand contacts and activities	3 Q '83
34.	Publish results of international study group and establish base for further studies	Disseminate study results and determine other areas of strategic concern	4 Q '83

PERSONNEL As in '82

BUDGET \$25,000 fixed-basis cost
exclusive of variable costs
(contracted studies, reports,
etc.)

CMA 062617

INTERNATIONAL AFFAIRS GROUP

POLICY STATEMENT

Policy and Scope

The U. S. chemical industry's trade associations and their member companies have actively supported a constructive policy on the identification and control of chemical risks. It is apparent that such objectives are not limited to the U. S., and that in fact there is growing international activity in this area.

To achieve optimum identification and risk reduction in the least disruptive, most cost-effective and socially responsible manner on a worldwide basis, requires open communication with the worldwide chemical industry. Accordingly, the U. S. chemical industry, through several of its trade associations, has created a joint task force designed to foster examination and understanding of common issues relating to chemical health and environmental concerns among national, supranational and international associations of the major chemical producing countries.

Initial concerns with identification and control of chemical risks to health and environment include: generic aspects such as Good Laboratory Practices, confidentiality, international acceptance of test data, development of test protocols, and determination of economic impacts. Extension to questions of tariff policy is not envisioned at this time.

Specific Objectives

To reach this general goal, activities will be directed toward these objectives:

1. Establish communications among associations and member contacts and other related organizations worldwide.
2. Develop and present respective technical concerns and consensus positions at national and supranational forums in present and emerging chemical producing areas.
3. Provide the basis for international symposia.
4. Analyze respective national, supranational and international health and environmental concerns and legislative and regulatory requirements for toxic substances on a worldwide basis.
5. Evaluate economic impacts on health and environmental laws and regulations including such factors as investment, innovation, impact on R & D, plant siting, production, test marketing and trade.
6. Establish international cooperative projects such as toxicological or enviro-toxicological testing, economic analyses, export/import studies.

CMA

EC - 9/5/79

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CMA 062618

INTERNATIONAL TRADE
AND
THE OFFICE OF THE CHEMICAL INDUSTRY TRADE ADVISOR

The Office of the Chemical Industry Trade Advisor (OCITA) was created in 1973. Its purpose was to act and speak for the chemical industry and its trade associations during the Multilateral Trade Negotiations (MTN). The Trade Advisor role was filled first by David Dawson, E. I. du Pont de Nemours & Company, and now by William Sneath, Union Carbide Corporation. Support for the Trade Advisor was Deputy Trade Advisor, Myron Foveaux.

The MTN is completed and reassessment of OCITA is in order. There is a consensus with those who are active in the trade area that there are a number of new problems that must be dealt with in a unified way by the industry and its associations. The most important of these are:

1. North American Trade Alliance proposed by the Congress. For the chemical industry, this portends free trade in chemicals between Canada, Mexico and the U. S.
2. The EEC has lodged a complaint that U. S. price controls on hydrocarbons are a subsidy to U. S. exports of manmade fibers and petrochemicals to the EEC. Threats have been made of unilateral action.
3. Monitoring of implementation of the MTN is essential to obtaining the benefits for the chemical industry which have been paid for with U. S. concessions.
4. Government owned production abroad and other subsidization practices are a growing problem that must be dealt with through the U. S. government.

Opinions about the future of OCITA have been offered from a number of persons. One of these is in the attached letter from Trade Advisor William Sneath. There is agreement that OCITA has been an excellent spokesman for the industry. A high level of credibility has been set, not only within the industry, but with government. There is a concurrent need also to establish a CMA organization to deal with trade matters like those previously detailed. This need has been emphasized by member companies as a necessity to obtaining consensus on trade issues.

Accordingly, the following is an organizational proposal that best deals with these needs.

1. CMA will form a 15 member International Trade Group that will become a standing committee after one year if a reappraisal deems it worthwhile. Myron Foveaux will be Staff Executive.
2. The OCITA will continue without an appointed Trade Advisor. However, a member of the Executive Committee will be named as liaison to the Executive Committee.
3. OCITA will have, as now, an advisory Committee comprised of both trade association personnel and representatives of member companies.
4. CMA will assume all expenses of the OCITA operation which are minimal.
5. Myron Foveaux would continue to provide staff leadership for the OCITA effort and to be responsible for its coordination function with other trade associations.

Action Required:
Approval Requested.

Attachment

CMA
EC 11/19/79

CMA 062620

— EEC COMPLAINTS AGAINST U.S. EXPORTS

The European Economic Community (EEC) has lodged a complaint against U.S. exports of manmade fibers and petrochemicals to the EEC. EEC officials have had difficulty determining which international trading rule or agreement is being violated and what the remedy should be. The problem is not one of dumping (sales in Europe at below U.S. prices) although several dumping cases are being processed against U.S. companies. A strong case has been made that U.S. price controls on crude oil and natural gas have afforded up to a 35-40 percent cost advantage to U.S. producers, and is therefore a subsidy.

The EEC team met with U.S. government representatives on October 2, in Washington, D.C. They presented extensive cost data on the effect of U.S. price controls. The same group met with United States representatives for the second time on November 14, in Washington, D.C. The emphasis was placed, as before, on the advantage accorded U.S. producers by the price control system. Again, attention centered on manmade fibers. There was no indication of EEC action against U.S. exports.

The European manmade fibers and petrochemical industries do have severe problems in their home and export markets. Chemical imports from the USSR on a compensation or buyback basis have caused disruptions for several years. National growth rates and the growth rates of the European chemical industry have been very low. The dollar devaluation, and the great increase in naptha prices have worked to their disadvantage. Surplus capacity from expansion based on higher expected growth rates have seriously eroded utilized capacity and earnings. On top of that has come the increase of "low-priced" imports from the U.S.

The Europeans understand that U.S. price controls will phase out on crude oil in 1981 and natural gas in 1985. However, this solution is too long range.

Total U.S. chemicals exports of nearly \$18 billion in 1979 are nearly 50 percent over last year's record; a surplus of \$11 billion is likely. The U.S. government will continue to encourage this level of export activity.

Action by the Chemical Industry: On July 18, a representative from the Office of the Special Trade Representative informed Deputy OCITA Myron Foveaux of the EEC complaint. Individual discussions were held immediately with representatives from the OSTR, the U.S. Department of Commerce, and the International Trade Commission. A task group was formed in response to the government's request that we jointly prepare a defense against the EEC charges. On August 28, William S. Sneath, Chemical Industry Trade Advisor, wrote Ambassador and Special Trade Representative Alonzo L. McDonald, assuring him of chemical industry support in this matter. The task group has met a number of times on the problem, frequently

including representatives from five government agencies (Office of the Special Trade Representative, U.S. Departments of Commerce, Energy, and State, and the International Trade Commission).

The chemical industry believes that U.S. hydrocarbon price controls are only a small part of the competitive problem. The phase out of the controls will eliminate even this advantage. There is no appropriate nor legal redress or remedy for this situation. It is the industry's hope that no overt action by the EEC will occur that would bring another unfortunate trade actions.

CMA
EC - 11/19/79
BD - 11/19/79

CMA 062622

COMMUNICATIONS/PUBLIC SUPPORT PLAN

EXECUTIVE SUMMARY

1. It is evident that public concern is growing about the dangers of chemicals in products, the environment and the workplace and a perceived failure of industry to do enough to manage these risks.

Surveys show that the chemical industry rates very low in public favorability. Other surveys rate the industry as doing the "poorest job" in complying with air and water pollution laws, and as not doing enough to reduce risks.

These negative attitudes are bolstered by increased news media coverage of environmental attitudes and by the activities of environmentalists. These attitudes appear to be even more negative among government officials, with irrational and poorly conceived legislation and regulation often the result.

2. The implications to the industry of such attitudes are massive in terms of compliance costs and impaired business. Innovation and product development suffer, plant construction lags because of community resistance and the investment community puts its funds elsewhere.
3. A major, long-term effort is needed to communicate industry's efforts and to build a more balanced perspective in the public's mind about chemicals and the chemical industry. The most logical means of mounting such an extensive, lengthy program is through a joint effort by all CMA members that would lessen the burden on any one company.
4. Primary message objective: To increase recognition that the chemical industry is committed to doing a responsible job to protect the public from the health and safety risks of chemicals -- specifically in the major concern areas of air and water pollution, product safety, transportation safety, worker safety and hazardous waste disposal. The story of industry essentiality and benefits would be incorporated as a basic part of this objective.

The audience objective: The first stage includes political actives, government officials, communicators, academics and the public in areas of major plant concentrations. The second stage would expand the audience to include more of the general public, assuming that testing and research determines such an expansion to be desirable.

5. All appropriate communications tools will be used, including a full range of news media activity and establishment of an Information Monitoring and Response System to spot and refute inaccurate statements. A Science Advisory Group will provide authoritative voices where appropriate, and a speakers program will extend impact on both the national and community levels. Publications and films will be used, while advertising will be used to provide control over content and timing of the program's message and to target this through key publications.
6. A key aspect of the program will be encouragement of individual company use of materials at the local and company level. Such grassroots activity is essential to effecting changes in public opinion or in public policy.

Companies will be kept fully informed on the progress of the program by timely reports that will include results of continual research on effectiveness.

7. Funding of the program will be by a special assessment based on the traditional formula followed to establish member's dues.
8. Timing of the program: This includes an expanded public relations effort that has already begun, with production of booklets and Speakers Kit, News Media Tours and other projects accelerating in January. The advertising program is scheduled to begin in early 1980.

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CMA 062624