

Regulatory Reform

Justice Groups Pulling the Plug on EPA's Common Sense Initiative

THE SURVIVAL OF THE CENTERPIECE OF EPA's regulatory reinvention efforts—the Common Sense Initiative (CSI)—was thrown into doubt last week by the withdrawal of environmental justice groups from the process. CSI brings together industry, labor, government, and environmental groups to find sector-specific solutions to environmental problems. Environmental groups say the departures will make their participation difficult, especially since labor is also underrepresented.

Some environmentalists say the problem was precipitated by EPA's decision last month to drop two CSI participants that the agency found "argumentative."

In a letter dated February 5, Deohn Ferris, executive director of the Washington Office on Environmental Justice, told EPA Administrator Carol Browner that four participants are withdrawing and that six additional invitees are declining to participate. Besides inadequate environmental justice representation, Ferris cites inadequate technical resources for those who do participate, resulting in industry domination of the forum.

"The process ... has developed in a manner that appears to maneuver discussions to center around end-of-pipe strategies versus source and use reduction and relief from regulatory standards as opposed to real discussion and strategies concerning pollution prevention and community impacts," Ferris says.

RUSH TO ELECTION? Environmental representatives share Ferris's concerns, especially about inadequate community participation. They say CSI presents local communities with pilot projects rather than involving them in the process of formulating those initiatives. Denny Larson, with Communities for a Better Environment (San Francisco), blames EPA for rushing to produce concrete results before the 1996 election.

Larson says withdrawal from CSI by environmental groups is unlikely but has not been ruled out. "There is a lot of analysis going on by all the participants, including industry, as to whether this is really going anywhere and whether it's worth the time and effort," he says.

—PETER FAIRLEY in Washington

Plastics

PVC off the Ropes?

POLYVINYL CHLORIDE (PVC) APPEARS TO be regaining its footing as producers gear up for what they hope will be a strong construction season.

U.S. contract prices are expected to show a 2-cts/lb gain in March, the first movement upward since PVC began its slide last May. A 4-cts/lb price increase, originally scheduled to take effect February 1, was modified into two 2-cts/lb increases in an attempt to make it more palatable. Meanwhile, OxyChem has announced a \$20/ton increase on precursor chlorine because of raising PVC demand.

Producers are implementing the first half of the increase now and will try for the second half in April. January pricing was 28 cts-29 cts/lb for extrusion-grade polymer, off 10 cts from last spring. Export pricing remains stalled at \$620/m.t. del.

"The first half of the increase looks to be pretty much successful," says Rob Harvan,

analyst with Bonner & Moore (Houston). "There is even a strong body of opinion that splitting the increase may not have been necessary."

Harvan says extrusion grade is performing extremely well, and the recent upswing in construction permits should bode well for the market. "The first and second quarter should be very good," he says. Harvan estimates that operating rates will average 95% for the year, since no new capacity is scheduled to go onstream until later in the year.

PENT-UP DEMAND. One producer says orders picked up steadily as January progressed. He is projecting a strong spring as downstream extruders replenish inventory. "Domestic volumes were actually down last year when compared with 1994," he says. "I expect volumes this spring to be greater or equal to what they were last spring. There is a lot of pent-up demand downstream that will need to be filled."

—ROBERT WESTERVELT

PARA-XYLENE

AMOCO TO FURTHER EXPAND U.S. CAPACITY

Amoco has approved a project to further expand its *para*-xylene capacity at Texas City, TX by 90,000 m.t./year in 1996. The project, to be implemented in the second half of the year, is in addition to the company's plan to start up a 260,000-m.t./year *p*-xylene unit in mid-1996 (CW, Aug. 10, 1994, p.10).

The latest expansion will bring Amoco's total *p*-xylene capacity to more than 1.7 million m.t./year. The company recently completed *p*-xylene expansions at its plants in Decatur, AL and Texas City. In addition, it is building a 350,000-m.t./year plant with Exxon and China American Petroleum in Singapore for startup in 1997.

Several U.S. companies have been expanding *p*-xylene capacity to meet increased demand for purified terephthalic acid used in the production of polyester and polyethylene terephthalate resin. Expansions are being planned by Chevron, Mobil, and, most recently, Koch (CW, Aug. 23, 1995, p. 17).

—ANDREW WOOD

FIBER INTERMEDIATES

EG EXPANSIONS NEEDED TO MEET PET DEMAND

Ethylene glycol (EG) supply is expected to be tight in 1997 as expansions in *para*-xylene, purified terephthalic acid, and polyester fiber start up. EG producers are studying plans to squeeze out additional capacity as other companies such as the Westlake Group (Houston) consider entering the business.

Huntsman is said to have debottlenecking studies in progress. Observers say it will take a new entrant into the U.S. EG market until at least 1998 to obtain operating permits.

"If Asian demand picks up as much as expected, prices will likely stay flat in the second quarter but increase in the third quarter," a producer says. "Prices will definitely strengthen this year and in 1997. The challenge to expand EG is real because the demand is there in the Far East."

—TIM CORNITIUS in Houston