AGENDA
CMA EXECUTIVE COMMITTEE MEETING
9:00 a.m., Tuesday, March 11, 1980
CMA Conference Room No. 407
Washington, D. C.

		TAB
9:00 a.m.	1. Call to Order -- H. Barclay Morley	
9:01-9:02	2. Minutes of Last Meeting -- B. M. Barackman	1
	a. New Member Applications	
9:02-9:05	3. Treasurer's Report -- Gary C. Herrman	2
9:05-10:35	4. Finance Committee Report -- J. Earl Burrell	
10:35-10:50	5. Chemical Industry's Communications Action Program (ChemCAP) -- James N. Sites	
10:50-11:30	6. Association Activities -- Robert A. Roland	
	a. ChemCAP Assessment Policy	
	b. Proposed "Guidance for Evaluation, Risk Assessment, and Control of Chemical Embryo-fetotoxins"	3
	c. Building Report	
	d. Labeling Report	4
	e. International Trade Group	5
	f. Hazardous Waste Technical Center Report -- J. Floyd Byrd	6
	g. Policy Statements:	
	(1) Regulatory Reform	7
	(2) OSHA Cancer Policy	8
	h. Superfund Policy Group Report -- Louis Fernandez	9
11:30-11:35	7. Report of Director of Government Relations -- William M. Stover	10
11:35-11:40	8. Report of General Counsel -- Edmund B. Frost	11
11:40-11:45	9. New Business	
11:45	10. Adjournment	

CMA 062680

MINUTES OF MEETING
CMA EXECUTIVE COMMITTEE
CMA Headquarters, Washington, D. C.
March 11, 1980

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

H. Barclay Morley, Chairman
Executive Committee
J. Earl Burrell, Chairman
Finance Committee
Louis Fernandez
John M. Henske
Richard J. Hughes
William C. Krumrei
Duncan J. MacLennan
L. John Polite, Jr.
Robert A. Roland
Raymond C. Tower

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

By Invitation:

Peter R. Agnew, CMA
Floyd Byrd, The Procter & Gamble Company
Geraldine V. Cox, CMA
John E. Dull, E. I. du Pont de Nemours & Company
John T. Estes, Allied Chemical Corporation
Richard F. Gold, Stauffer Chemical Company
Stephen L. Goldstein, Olin Corporation
Carl A. Gosline, CMA
Wayne H. Harrington, CMA
E. B. Pollak (SOCMA), Olin Corporation
David G. Sarvadi, CMA
Charles L. Sercu, Dow Chemical U.S.A.
James N. Sites, CMA
William M. Stover, CMA

2. Minutes of the Last Meeting The minutes of the February 12, 1980 meeting, as distributed, were approved.

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3. Membership Applications On the recommendation of the Membership Committee, Perstorp Inc. - Toledo Division, and Badische Corporation were elected to membership in the Association.

4. Treasurer's Report As shown in the preliminary budget we are currently projecting total revenue for fiscal 1979-80 of $10,504,600; expenses of $9,396,700; and an estimated contribution to reserves of about $1.1 million. This is better than the results originally phased into the budget primarily because of unexpectedly high interest returns on investments and a lawsuit settlement in the amount of $150,000.

5. Finance Committee Report Mr. Burrell advised that the Finance Committee met March 10, to review the projected results for the current fiscal year and the Preliminary Budget for FY 1980-81 which had been distributed in advance to the Finance Committee and the Executive Committee. The major focus of the Finance Committee was primarily on the budget for 1980-81 with a general overview of the projections for the ensuing four years.

Bob Roland commenced the meeting by reviewing the CMA program and budget development process. He discussed committee reports to the Board, noting good progress in defining committee programs and conveying them to the Board. During discussion it was suggested that there should be more involvement of committee chairmen in the Board Audit Committees activities. Bob Roland then reviewed the process which has been evolving in the development of the budget. He described the working relationship between the committees and staff -- a process which needs further development of the interface between committee chairmen and staff, particularly during the latter stages of the budget process. This will receive additional attention. He noted that some committees were not fully satisfied with the funds allotted to their activities, e.g. the EMC, but that available information to date indicates that the funds allocated are approximately what is necessary. Overall the Finance Committee felt very good progress has been made in developing the budget process and that the objectives and programs of the Association were being correlated in the budget reasonably well.

Mr. Burrell further reported that Bob Roland and Gary Herrman then made an in-depth review of the preliminary budget, following which the Finance Committee offered observations and comments, the most significant ones being summarized as follows:

Support Services for Professional Employees -- a pattern was noted of adding one support person for each professional. Staff commented that the support people not only were serving the professional people they were primarily associated with but also were servicing the demands of the committees concerned. There was discussion of taking full advantage of available new equipment such as word processors and other techniques when the Association moves into its new offices.

Outside Legal Services vs. Inside Legal Capability -- Higher costs of outside services and difficulties of realizing full effectiveness from these were recognized. It was pointed out that there are times when special expertise was needed, and a reasonable balance would be continually strived for between outside and inside legal service. It was noted that the selection of outside counsel and approval of rates was controlled by General Counsel.

Outside Technical Consulting Services -- It was pointed out that the description of these services was somewhat of a misnomer, that there was heavy involvement in regulatory work generating the need. This is a constantly changing area which makes the requirements very difficult to forecast. The budget presently expresses the best ability to judge what should be provided. This is one area where the EMC would like additional funds allocated. While there are times when there is a need for an independent third party, a reasonable balance should be maintained between technical services on staff, technical services of member companies, and consulting services.

Allocation of Cost to Various Cost Centers of the Budget -- Prior to June of 1979 the Association had a good record of total revenues and total expenses, but accuracy was lacking in the allocation of costs. In the development of the 1979-80 budget, several judgments had to be made in cost allocations. Experience in the past year shows that these allocations were quite reasonable. Some modifications were found to be necessary and are reflected in the 1980-81 budget. One particular area of costing, special projects, needs improvement. Further development work will be done in this area. Overall, costing techniques were considered reasonably satisfactory and the budget for last year, as well as next year's budget projections are a reasonable reflection of the distribution of the Association's costs.

Items Not Funded -- It was pointed out that the mere existence of such a list does not mean that the items included in the budget are automatically justified. The 1979 pilot test of the TSCA Economic Impact Study which collected data from 50 member companies was discussed. The point of view was expressed that this was a good data bank and the continuing accumulation of this data should be encouraged. Staff support should be provided to accomplish this if the

50 companies will continue to participate. Subject to future policy review by the Executive Committee, this could result in an addition to the budget. Several committees have requested that the Association become more involved in state legislative and regulatory activities. It was noted that this could grow into a very major expense. Before incorporation into the budget, this issue should receive a policy review by the Executive Committee.

Chemical Communication Action Program (ChemCAP) -- During discussion on ChemCAP the view was expressed that the budget does not show any significant spending in the four years beyond 1980-81 and that this might be construed by some members as a lack of commitment to the program on an ongoing basis. It was pointed out that the Executive Committee has not adequately deliberated what the commitment would be beyond the present program. While the exclusion from the budget review seemed appropriate, it was decided that some additional notation would be made in the budget to identify this as an issue for policy review. The Executive Committee should consider making a decision on this program by January 1981.

Overall Assessment -- The Finance Committee felt that the staff and the committee chairman have done a good job in the preparation of the budget. The level of the budget is probably at the order of magnitude required to maintain the programs of the Association.

In the discussion which followed Mr. Burrell's report of the Finance Committee's meeting on March 10, Mr. Morley noted that the Board Audit Committee reports which were considered during the budgetary process will be distributed with the budget document prepared for the Board meeting in April. He also observed that in addition to the dollar amounts represented in the budget there is a large amount of manpower donated by member companies and the balance between dollars and manpower contributed seems to be right, with no change contemplated.

Mr. Herrman, referring to the budget summary noted projected revenues for fiscal 1980-81 of $14,420,300; total expenses of $14,373,200 and a projected addition to CMA reserves of $47,100. The significant items in terms of revenue are projected membership dues of $8,677,300 based on chemical sales for 1979 representing a 19% increase over the prior year; and the utilization of the special assessment in support of the ChemCAP program with a projected expenditure level in fiscal 1980-81 of $4,491,800. Total expenses are projected to be $14,373,200. The last significant item is the change in the personnel complement relating to authorized positions in CMA staff which is projected for fiscal 1980-81 to be 135. The primary assumptions in projecting fiscal 1981-82 through fiscal 1984-85 are that there will be an escalation of membershipdues based on a 10% annual increase in chemical sales; and on the expense side, there will be a 9% annual increase in general operating expenses but that external legal and technical consulting fees will stabilize due to better utilization of staff capabilities and those of member companies. This all results in future projections of a build-up of reserves to the desired level of 50% of the operating expense level. Mr. Herrman noted that during fiscal 1980-81 CMA will shift, as recommended by the auditors, from a cash to an accrual basis of accounting.

Mr. Morely observed that the content of the budget and the programs covered appear to address the priorities as the Association understands them and that the expenditure level of approximately $14. 3 million is appropriate. In regard to personnel levels it appears that the approved programs are creating the staff, not vice versa. He also observed that the budget projections for future years should not be viewed as firm figures but as educated estimates providing useful guidelines for planning purposes which will be refined with further experience. Mr. Burrell, on behalf of the Finance Committee, then recommended that the preliminary budget of $14,373,200 be approved, that the budget be finalized for presentation to the Board in April, and that the level of fees be as set forth in the present fee schedule. The recommendation was approved.

Mr. Henske emphasized the importance of continuing member company involvement, noting that CMA's effectiveness depends on the professional quality of its committee members.

6. <u>Chemical Industry's Communications Action Program (ChemCAP)</u>
Mr. Sites reviewed the ChemCAP conference held in Washington, D. C., February 13 attended by member company public relations contacts. He then described the planned ad program; advised that a movie was being prepared for use by member companies, schools, and T. V. stations; discussed the ChemCAP Speakers Resource Manual; and distributed the Guide to Program Materials which describes the tools available for participation in ChemCAP. He announced that a slide presentation also was being prepared for the use of speakers. Distributed to those present was a press kit which had been prepared containing editorial material to help clarify the complex issues involved in "Superfund."

Mr. Sites presented a proposed list of members for the newly established Communications Committee and advised of the planned establishment of the following task groups: Long-Range Planning, Advertising, Films & Audio/Visuals, News/Television Programming, Publications, Company Involvement, Science/Education, Public Opinion Research, and Government Coordination. The slate of members for the Communications Committee, Exhibit A, was approved.

7. Association Activities

- ChemCAP Assessment Policy Mr. Roland advised that when a member company has questioned the assessment to support ChemCAP, the Association has contacted them in each instance to persuade them of the program's worth and urge their participation, usually successfully. A couple have declined for various reasons, but to date this constitutes no problem from the dollar impact point of view. Accordingly, the Association has elected to treat it as a voluntary matter. At the end of May, 1981 the results of the program will be reviewed. If the decision is made to proceed to phase 2, then we must concern ourselves with what happens if these same companies or others do not voluntarily support the program. At that point it is believed that the assessment to support the program must be treated as mandatory. The member company must participate in the program or relinquish membership in the Association. Mr. Roland said that the foregoing expressed his understanding of the policy concerning ChemCAP assessments. The Executive Committee affirmed this.

- Proposed "Guidance for Evaluation, Risk Assessment, and Control of Chemical Embryo-Fetotoxins" This document was prepared to provide guidance to management on chemical embryo-fetotoxins. During discussion, concern was expressed at the inclusion of the last two sections on control and legal issues at this time. It was questioned whether CMA should be establishing what could be interpreted as an industry standard. It was recommended that the OSH Committee consider publication as a scientific paper with deletion of the sections on control and legal issues. The matter of timing should be addressed in regard to comments CMA will be submitting on DOL/EEOC Proposed Guidelines on Reproductive Hazards in the Workplace. The control activities should be referred to relevant CMA committees for comments, such as CRAC and the General Counsel's Advisory Group, and returned to the OSH Committee for recommendations for consideration by the Executive Committee. Coordination with the American Industrial Health Council should take place in the process. If approved by the Executive Committee, it would then be submitted to the membership for a consensus before publication.

- Building Report Mr. Herrman reported that the basic space planning for the move to 2501 M Street, N. W., Washington, D. C. is completed. Occupancy of the new headquarters is expected in September 1980. The Association is leasing five floors, three of which it will occupy. Negotiations are in process for subleasing the remaining two at a rate which is expected to return a profit to CMA of about $2 per square foot on an annual basis for the 32,000 feet involved.

Simultaneously, negotiations are proceeding with GSA and other commercial tenants to take over the present headquarters space CMA will vacate. Indications for the long term are that this will be an excellent investment.

- Labeling Report Attached as Exhibit B is a status report from the Intercommittee Task Group on Hazard Communications.

- International Trade Group The list of proposed members of the International Trade Group, Exhibit C, was approved. Mr. F. Milton Hunt, The Dow Chemical Company, was designated chairman.

- Hazardous Waste Technical Center (HWTC) A report by Mr. J. Floyd Byrd, The Procter & Gamble Company, which was augmented by a Vu-Graph presentation, is attached as Exhibit D. The recommendation that the six-month pilot program, authorized to be conducted by HWTC, be continued through May 1981 was approved. It will be reviewed at that time for continuance.

- Policy Statements Policy statements on Regulatory Reform, Exhibit E; and OSHA Cancer Policy, Exhibit F, were approved.

- Recognition of CHEMTREC Mr. Roland announced that CMA, together with the Department of Transportation (DOT), will sign a document on March 13 stating that the Administrator, Research and Special Programs Administration (DOT) formally recognizes CHEMTREC as a source of case-by-case telephonically issued information and advice to public and private bodies and organizations and other persons confronted with chemical and other hazardous material emergency incidents. As a result, CHEMTREC will work with the National Response Center of the U.S. Coast Guard, which has been providing assistance to DOT, to collectively provide the system and data center which Federal law requires of DOT.

- Superfund Policy Group Report Dr. Fernandez advised that the Superfund Policy Group has met twice. He gave a comprehensive review of activities in regard to proposed Superfund legislation. Meetings with people on the Hill are friendly and in a cooperative vein. A unified industry position continues to be conveyed. All efforts are being coordinated to kill S. 1480 as being a bill which is totally unacceptable and unamendable. On the House side, while there are signs of flexibility in regard to scope and liability, CMA continues to express opposition to fees being imposed on industry. At such time as it may become necessary to alter our position in response to concessions offered regarding scope and liability, the Superfund Policy Group will be informed by the Government Relations Committee so that any proposed action can be communicated to the Executive Committee for approval before implementation. All member companies were urged to come to Washington and work against S. 1480.

During discussion it was suggested that other organizations such as the American Paper Institute, the American Petroleum Institute, and U.S. Chamber, and the Business Round Table should be encouraged to oppose S. 1480. A legislative status report on Superfund is attached as Exhibit G.

- State Activities In connection with industry problems at the state level, Mr. Henske suggested that it may be helpful to establish an ad hoc committee composed of representatives from member companies, who are now participating in Chemical Industry Councils, to study what their state associations are doing and how they and CMA could work together more effectively. The committee's recommendations would then be submitted for consideration by the Executive Committee. Following discussion it was agreed that a committee of not to exceed eight members be designated by Mr. Roland be established for the foregoing purpose. Mr. George F. Polzer, Executive Vice President, Witco Chemical Corporation, will be asked to serve as chairman.

- CMA Name Change The Executive Committee reviewed and approved, for transmittal to CSMA, a letter: reconfirming its decision not to entertain any change in the Association's name; concluding that suggested changes in the logo are not appropriate; and reiterating the steps to be taken by CMA to minimize possible confusion as discussed last November.

8. Report of Director of Government Relations Mr. Stover expanded on his report attached as Exhibit H by discussing the issue of government regulation of the export of hazardous substances, which began as a controversy over a year ago concerning the export of TRIS-treated children's sleepwear. Now there is an interagency working group drafting government policy on the export of hazardous substances. The question is what authority should the government have to regulate in the area of international trade regarding health and environmental matters. The sixth draft report is due soon. CMA will organize a task force under the new International Trade Group to deal with this issue and will work cooperatively with other interested trade associations.

9. <u>Report of General Counsel</u> Mr. Frost's report is attached as Exhibit I.

Bruce M. Barackman
Secretary

Certified correct:

H. Barclay Morley, Chairman
CMA Executive Committee

Exhibit A

MEMBER SUGGESTIONS FOR CMA COMMUNICATIONS COMMITTEE

Chairman: B. J. Burkett, Director of Public Affairs, Stauffer Chemical Company

Vice Chairman: (to be elected by Committee members)

COMMUNICATIONS MEMBERS:

Leslye A. Arsht, Manager of Communications, Cabot Corporation
M. C. Carpenter, Director of Communications, The Dow Chemical Company
H. A. Ericson, Director of Public Affairs, Planning and Research, Monsanto Company
David C. Green, Manager, Corporate Advertising and Design, PPG Industries, Inc.
Kenneth Jacobson, Public Affairs Manager - Washington, E. I. du Pont de Nemours & Company
Marshall C. Lewis, Director of Corporate Communications, Union Carbide Corporation
John McKeogh, Director of Communications, Rohm and Haas Company
Weldon Miller, Director of Public Affairs, Gulf Oil Chemicals Company
Richard L. Moore, Vice President, Public Affairs, W. R. Grace & Company
Paul Pavey, Coordinator - Public Affairs Operations, Amoco Chemicals Corporation
Rene D. Zentner, Manager, Corporate Studies, Shell Chemical Company

NON-COMMUNICATIONS MEMBERS:

Scientist:

Marketing: Richard C. Ashley, Group Vice President, Allied Chemical Corporation

Government Relations: Don A. Goodall, Director, Federal Government Relations, American Cyanamid Company

Exhibit B

STATUS REPORT
INTERCOMMITTEE TASK GROUP ON HAZARD COMMUNICATIONS

OSHA and EPA labeling efforts continue at a high level. They plan to:

- require disclosure of chemical identity (OSHA)
- incorporate the ANSI standard into a regulation (EPA)
- require labeling of carcinogens (EPA)
- require the maintenance of lists of chemicals (OSHA)
- require the labeling of containers including process vessels and transfer equipment (OSHA)

The current timetable is for an economic impact study in OSHA to be completed in March and for a rule to be proposed in late April. EPA is on a similar timetable at present.

Chairman Roger Batchelor has asked C. W. Smith of Shell to focus on EPA, and W. Bittenbender of Borden, Inc. to focus on OSHA. The charge to these gentlemen is to work at the regulation writer level with the Agencies in an effort to develop appropriate scope for the regulations, to identify issues of concern, and to develop alternatives as necessary. Legal positions have yet to be established. In our contacts with the Agencies, we are not indicating the support for the proposed regulations.

When and if appropriate, communications will shift to higher levels within the Agencies, the Office of Management and Budget or other government organizations. Mr. Batchelor will coordinate these higher level activities.

No efforts are now required on the part of member companies. Several task group members are investigating the impact of the proposed rules in a limited fashion, both in terms of cost and disclosure of confidential business information. If broader requests for such data are necessary, they will be coordinated with the ten other trade associations who are actively participating in this effort.

Action Required: None

CMA
EC 3/11/80

Exhibit C

INTERNATIONAL TRADE GROUP

On November 19, 1979, the Executive Committee approved formation of a new International Trade Group. It also stipulated that at the end of 1980, the Executive Committee will give this group full standing committee status, if warranted.

Executive Contacts of member companies were contacted for nominations and 37 nominees were named. The Group will have 15 members. They were chosen to achieve an appropriate blending of company size, geographical location, chemicals manufactured, and differences in the nature of operations. The 22 nominees not chosen in the first group will be involved in open meetings and task force assignments.

Following are those recommended for membership on the International Trade Group:

Mr. Bruce Ambler
Air Products and Chemicals, Inc.

Mr. Richard Brennan
Union Carbide Corporation

Mr. James Crawford, Jr.
Monsanto Company

Mr. Joseph Culver
Diamond Shamrock Corporation

Mr. Richard Dodge
Shell Chemical Company

Mr. Tom Hall
Phillips Chemical Company

Mr. F. Milton Hunt
The Dow Chemical Company

Mr. Theodore Killheffer, Jr.
E. I. du Pont de Nemours & Company

Ms. Hedi Kinnard
Great Lakes Chemical Corporation

Mr. Kent Lee
The BFGoodrich Company

Mr. R.E. Lory
Exxon Chemical Company

Mr. Paul Pendorf
Virginia Chemicals Inc.

Mr. Walter Terrill
Eastman Chemical Products

Mr. Max Turnipseed
Ethyl Corporation

Mr. W.H. Witzleben
Buffalo Color Corporation

Action Requested: Approval of the above recommended members to the Group.

HAZARDOUS WASTE TECHNICAL CENTER REPORT

Problem: Widespread notoriety about mismanaged, careless, and mistaken practices for disposal of hazardous (solid) waste has depicted the chemical industry as the principal culprit responsible for groundwater pollution, adverse health effects and poisoning the environment. Punitive legislation pends.

Objective: Bring industry knowledge and experience to bear on defining: (1) the scope of the problem; (2) what needs to be done; (3) the appropriate role of the industry in helping to solve problems from past misjudgements; and (4) fostering development of better practices and facilities for the future.

Background: The HWTC was authorized on September 5, 1979 to conduct a six month pilot program comprised of four major elements: seminars; siting a model regional facility; making an analysis of disposal technology; and providing Advisory Response Teams to aid EPA and state government units in evaluating orphan-failing disposal sites.

Recommendation: Continue the program through May, 1981; review it then for continuance.

Impact:

Money: Significantly fewer funds will be needed than was projected in September, 1979.

Company Personnel: The emphasis will shift, but no major change is expected overall.

Staff Personnel: One less professional staff is contemplated than was projected in September, 1979.

Action Required: Approval of Recommendation

HAZARDOUS WASTE TECHNICAL CENTER

Background

At the request of CMA's executive committee, the Environmental Management Committee and CMA staff began discussions about the hazardous solid waste disposal problem which was forcibly highlighted by Love Canal publicity. This program evolved as a product of a series of discussions, and a four phase program was funded on September 5, 1979 at a total of $242,800 for FY 1979-80. The Hazardous Waste Technical Center (HWTC) was established as a new and separate operating division within the Technical Department. Mr. C. A. Gosline was named Director of the Hazardous Waste Technical Center, reporting to Dr. G. V. Cox, Vice President. Technical oversight of the program was assigned to the Environmental Management Committee in a parallel manner to CHEMTREC and the Distribution Committee.

PROGRAM SUMMARIES

This new operating division was established to address problems caused by improper disposal of hazardous chemical wastes. Four programs were set in motion to assist in the solution of a serious problem -- the safe disposal of hazardous wastes:

1) Seminars
2) Hazardous Waste Response Center
3) Regional Model Waste Disposal Facilities
4) Solid Waste Disposal Technology Development

HAZARDOUS WASTE DISPOSAL SEMINARS

Between November 4, 1979, and March 7, 1980, two-day seminars were held in Newark, New Jersey; Chicago, Illinois; Atlanta, Ga.; San Francisco, Ca.; and Houston, Texas. The program was designed to discuss sound principles and proven operating practices for disposing of hazardous chemical wastes with solid waste generators. A direct mailing to over 30,000 individual plant managers, environmental consultants, professional engineers, member company personnel, other trade associations and regulatory officials at the state and federal level gave widespread publicity. A wide range of topics was presented--from incineration to landfarming--- with major emphasis on landfill practices.

Attendance totalled 650, a seemingly small number, but about the normal 2 percent response from direct mailings. Although half of the attendees were not CMA member employees, we feel that too small a proportion of attendees were from small chemical companies.

The seminar task group will "sunset" in March - April 1980. Before doing so, it will prepare a critique and recommendations for future consideration for additional seminars.

HAZARDOUS WASTE RESPONSE CENTER

CMA staffed a pilot Hazardous Waste Response Center to bring industry expertise to the aid of government units facing the problems of "failing-orphan" dump sites on an advisory basis. The program objectives are: to determine what assistance is needed; whether the industry can provide it; what the costs would be; and whether government units can, in fact, use the advisory expertise.

The service developed initially with the cooperation of the U.S. Environmental Protection Agency, but ultimately was made available to state and regional environmental authorities. CMA arranges for teams of industry experts to act as advisors to the requesting agencies without charge to them. CMA neither offers nor provides engineered solutions. It works only under clearly defined requests from duly constituted authorities, and does not enter into circumstances where litigation exists or is imminent. Rather, CMA's mission is to help establish the facts in order to define possible solutions for use of those charged with the public responsibility.

Initially, we anticipated prompt selection of sites such that the pilot program limit of three sites could be assessed by March, 1980. Due to lassitude within EPA, jurisdictional barriers and programmatic constraints among EPA groups, differences of opinion between EPA and states as to what sites should be chosen, and misunderstandings or bad communications, pilot site selection was delayed by nearly three months. Nevertheless, requests now exist. Table I gives the Site Study Status; we are in the process of selecting two additional sites from this list.

One site, the Lipari landfill near Pitman, New Jersey, has been evaluated. A report was issued to the U.S. EPA on February 26, 1980. The Advisory Response Team (ART) concept worked well. Twenty individuals took part in varying degrees under Mr. J. W. Call, Stauffer Chemical Company, who was the ART Captain. Between early December and late February, the ART inspected the Lipari site, collected available reports and information, digested the data and completed a comprehensive report describing alternative courses of action which also included order-of-magnitude cost ranges.

An analysis of the effort shows the following:

Total Hours of Effort (by ART & Task Group)	2400 hrs.
CMA Staff Time Additional	300 hrs.
Elapsed Time: December 1979 through February 1980	3 mos.
Number of Disciplines applied	9 mos.
Time-in-field	4 days
ART Captain Time	15% of at-home-time
Task Group Time	10% of at-home-time
Task Group Leader Time	35% of at-home-time
Report Preparation	7 weeks
Report Review and Approval	3 weeks
Presentation of Report	1 week

From this single experience we observe that the multi-company team concept is practical and can promptly address problem situations. The effort required was within the initially estimated range of 2000 to 2500 hours. The elapsed time likewise was about as expected for a site on which some effort had been expended. It also is clear that ART units can be formed with the numerous disciplines needed and trained with a minimum of difficulty in a short period of time. This is important because it portends a capability for a decentralized program while retaining CMA staff direction and coordination. It also is clear that we have the expertise needed.

Benefits of the ART cannot be assessed at this time because no time has elapsed for reaction by those involved in the federal, state and local government units. We do know that in three months, the ART produced a comprehensive analysis and summary that has not been forthcoming over the years from the others involved. That alone ought to be in the public interest.

We recommend continuing the program until three pilot sites are complete. Concurrently, assuming full program authorization, we will be exploring an additional group of six to eight to be undertaken during FY 80-81.

HAZARDOUS WASTE MANAGEMENT (SITING-MODEL EXEMPLARY REGIONAL WASTE DISPOSAL FACILITIES)

Knowing how to treat wastes properly is of no avail if sites cannot be found or public acceptance gained for properly designed, constructed, and operated regional waste disposal facilities. As the third activity, CMA established a Siting-Model Regional Plant Task Group to work with key states moving to meet the critical shortage of new disposal facilities. The program has two main elements. First, there is a need for a statement of basic principles to guide siting new facilities. In discussions with state representatives, we quickly learned that some states wanted the principles expressed as actual language in a model bill.

Work on the statement of principles and the model bill was completed in late February; both are undergoing the review and approval process. When complete, the package will be delivered to at least 15 key states through a combine HWM Task Group--Government Relations Team. Figure 1 depicts the relationships among the various governments, member companies, and CMA units involved. The key states are chosen based on member company operating presence or the proclivity of the state to have precedent setting influence; The chosen states are Texas, Louisiana, New Jersey, New York, California, Michigan, Ohio, Illinois, Pennsylvania, Tennessee, West Virginia, Florida, Alabama, Kentucky, Missouri.

States are moving ahead on the siting problem. In October 1980, the State of Louisiana announced an $84 million complex to treat 80 million gallons per year of chemical wastes arising in the Geismar region. Ascension Parish issued a permit in mid-February, but this has yet to receive final state approval. The plant will be built by IT Corporation, a Martinez, California based firm. Operation is to commence in late 1981. Chemical industry advice and technical expertise was informally requested by the contractor and by the Louisiana Department of Natural Resources. CMA efforts are being coordinated with the Louisiana Chemical Association.

Other states, notably New York, Maryland, New Jersey, and the Gulf Coast Waste Disposal Authority, have made similar requests. As shown in Table II, the combination of HWTC programs has led to multiple involvements at different levels and among different operating entities within states. Consequently, the HWM Task Group has reoriented its original outlook to reflect those realities. That re-orientation has proven beneficial already, as evident from the successful work to ascertain the state inventory and orphan failing site conditions needed for the Superfund battle.

The immediate work efforts will be directed to:

- o prompt completion and distribution of the the package covering "Principles" and the the model state bill for siting hazardous (non-nuclear) waste disposal facilities.
- o assignment of technical liaison for fifteen key states to work with actual member company state government relation forces. A CMA government relations task force has been named to help tie the groups together.
- o establishing intra-state technical experts to support the need for quick intra-state response and coordination with the overall program.

SOLID WASTE DISPOSAL TECHNOLOGY DEVELOPMENT

The state of the art for solid waste disposal was examined to determine if there were major "gaps" that needed industry attention. A matrix for comparing unit operations such as fixation, incineration, landfilling, etc, with waste categories, such as halogenated hydrocarbons, metal bearing organics, etc. is nearing completion. Although more attention may be needed to such classes of compounds as biocides, no major technology gaps have been uncovered. In fact, a considerable body of knowledge is available in textbooks, handbooks, and monographs published since 1975. Innovative techniques are appearing from various sources; some deserve notice and a few appear to deserve cooperative support. For example, there is an incineration process operable at low BTU values in the waste stream for recovery of stoichiometrically equivalent hydrochloric acid values from chlorinated hydrocarbon wastes.

A decision as to program continuity or change will be made by the Environmental Management Committee in April-May.

BUDGET AND ORGANIZATION

The program has not unfolded on the timetable as originally contemplated. It has cost less than forecast and is projected to cost less in FY '80-'81 than projected in September, 1979. These differences are summarized below:

	Authorized 9/6/79 for FY 79-80	Actual thru Jan.'80	Projected thru May, 1980	Budget Request FY 80-81
TOTAL COST	$242,800	$72,900	$181,200	$263,800
PERSONNEL-HWTC	5	4	4	4
PERSONNEL-LEGAL DEPARTMENT	0.5	0.5	0.5	0.5
PERSONNEL COMPLEMENT	5.5	4.5	4.5	4.5

The FY 1980-81 budget reflects a constrained program and does not reflect contingencies or upsets if RCRA requirements or new Superfund issues erupt.

ORGANIZATION

G. V. Cox, Vice President

- C. A. Gosline, Director - Hazardous Waste Technical Center
  - P. A. Sebreny, Secretary
  - W. H. Harrington, Manager, Hazardous Waste Response Center
    - A. M. Kolaitas, Secretary

Environmental Management Committee

(J.F. Byrd: HWTC Sponsor)

Task Group Staff Assignments

Seminars on Disposal of Hazardous Waste	C. A. Gosline
Hazardous Waste Management (Siting-Model Regional Plant)	C. A. Gosline
Hazardous Waste Response Center (ART)	W. H. Harrington
Solid Waste Disposal Technology Development	W. H. Harrington

Task group membership is shown in Table III.

CMA 062699

Table I. HAZARDOUS WASTE RESPONSE CENTER

SITE STUDY STATUS: FEB. 27, 1980

SITE	Request From	Evaluation of Request	Site Inspection	ART Activation	Info Collection	Analysis Report Preparation	Report Issuance
Lipari Landfill, N.J.	EPA	Nov.	Dec.	Dec.	Dec.-Jan.	Jan.-Feb.	March
Md. Gravel & Stone Co.	Md.	Jan.	March	TBD	TBD		
Tates Cove, La.	EPA	March	March				
Cleve Reber La.	EPA	March	March				
Bayou Sorel La.	EPA	March	March				
Motoo Site Texas City, Wye.	EPA	March	March				
French Limited Crosby, Tx.	EPA	March	March				
Several	NY	March	TBD				
4 Midwest	EPA (forthcoming)	TBD					

CMA 062700

Note: Two sites to be chosen

Table II. HAZARDOUS WASTE TECHNICAL CENTER
PROGRAM INVOLVEMENTS

PROGRAM AREA

	Advisory Response Team	Siting Model Reg'l Plt.	Disposal Techn. Develop.	Seminars	Gen'l
U.S.EPA					
Region II	Lipari (N.J.)				
Region VI-Tx.	2				
Region VI-La.	3				
New Jersey		Gov. Hzd. Waste Comm.	Dep't Env.Prot.	Newark	CIC-Eliz.
Texas	-		Gulf Coast Waste Disposal	Houston	
La.	-	IT Corp. Dept. Nat. Res.	IT Corp. Dept. Nat.Res.		
Md.	Elkton Site	Dept. Nat. Res.	Dept. Nat. Res.		
N.Y.	Screen 10-15 Dep.of Health	Env. Facilities Dep.Env. Conserv.	EFC DEC		Assoc. Industries
Ky.	-	Dep. Energy & Nat. Res.			Louisville C of C
Ca.	-	Spl.Asst.to Gov. Brown	Spl.Asst. to Gov.Brown	SF	CIC Ca.
Pa.	Dep.Env.Cons.				
Nat'l Council State Legislation					Liaison
National Gov. Assn.					"
Council State Gov't.					"

CMA 062701

TABLE III TASK GROUP MEMBERSHIP

Seminar Program

*J. D. Underwood - Celanese Corporation
C. A. Barton - The Proctor & Gamble Co.
R. E. Decker - E. I du Pont de Nemours & Co.
W. C. Jaeschke - Stauffer Chemical Co.
G. L. Jessee - Monsanto Co.
J. B. Martin - Dow Chemical USA
D. McGrade - Stauffer Chemical Co.
R. Parlante - American Cyanamid Co.
R. Sobel - Allied Chemical Corp.

Hazardous Waste Management

*J. M. Wesley - E. I. du Pont de Nemours & Co.
B. H. Brubaker - Diamond Shamrock Corp.
E. S. Friedell - Rohm & Haas Co.
N. Kaye - American Cyanamid Co.
C. D. Malloch - Monsanto Co.
D. Muroaka - Stauffer Chemical Co.
T. E. Roberts - Celanese Polymer Specialties
J. D. Robertson - Exxon Chemical Co.

*Task Group Leader

Hazardous Waste Response Center

*J. R. Gledhill - Dow Chemical USA
G. E. Brown - Malinckrodt Inc.
A. Katona - Hooker Chemical Co.
R. Liss - Monsanto Co.
R. Parlante - American Cyanamid

Advisory Response Team Captains

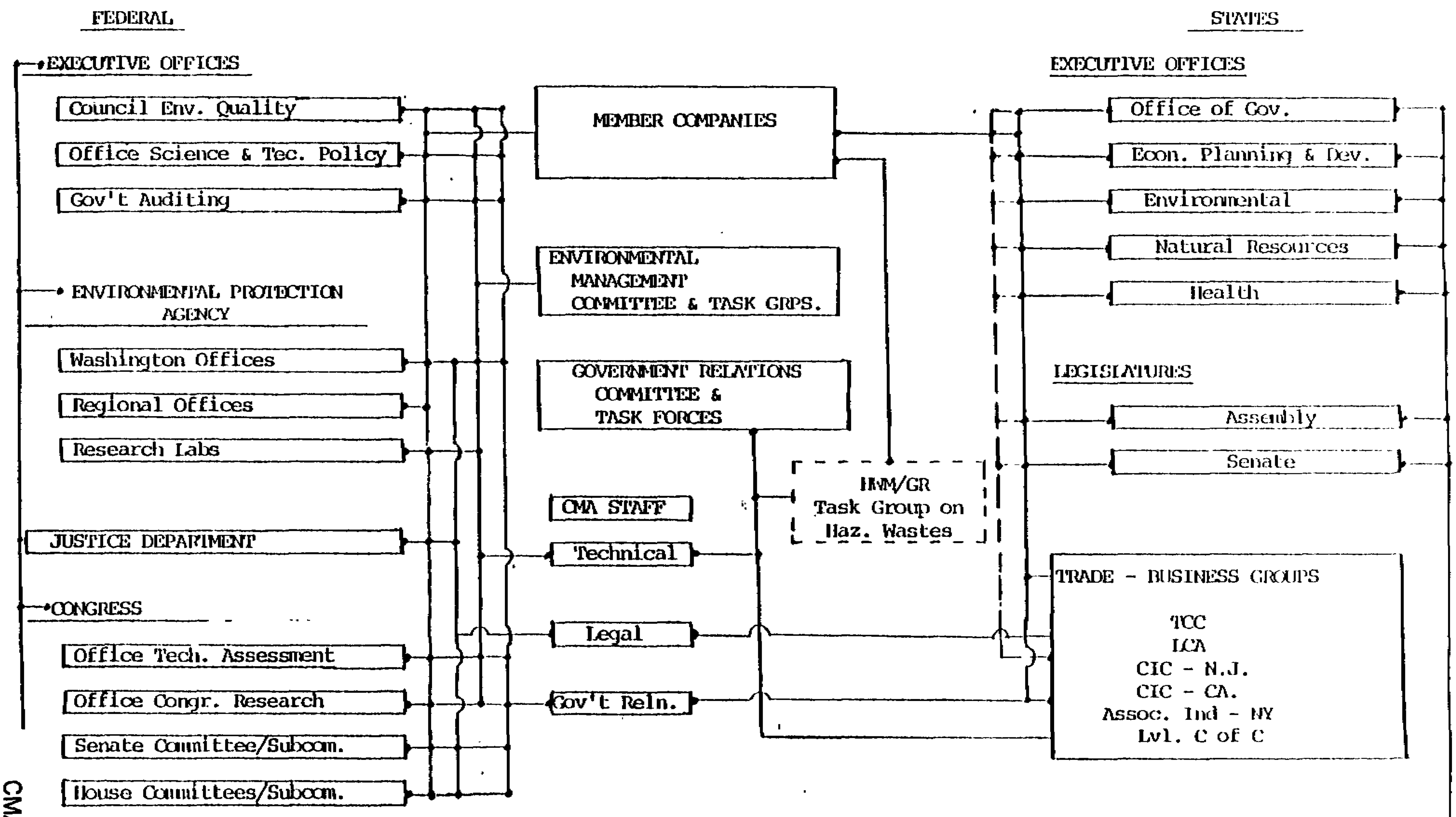
J. R. Anderson - Olin Chemicals
J. W. Call - Stauffer Chemical Co.
J. A. Hanlon - PPG Industries Inc.
P. C. Holladay - Shell Chemical Co.
B. H. Kirk - E. I du Pont de Nemours & Co.
H. M. Parker - Union Carbide Corporation
J. K. Peterson - U. S. Steel Chemical Div.
W. F. Potter - Allied Chemical Co.
G. A. Schnabel - Rohm & Haas Co.

Solid Waste Disposal Technology Development

*W. Askins - American Cyamanid Co.
B. A. Dickson - Tennessee Eastman Co.
M. D. Henke - Gulf Oil Chemicals Co.
G. A. Johnson - 3M Company
K. S. Komoroski - PPG Industries
J. H. Mahon - Calgon Corp.
J. N. McGuire - Monsanto Co.
R. L. Pellisier - FMC Corp.
J. K. Petros - Union Carbide Corp.

Table III

FIGURE 1 HWTC-GR RELATIONSHIPS RE PROGRAM ON SITING REGIONAL HAZARDOUS WASTE DISPOSAL FACILITIES



NOTE: Solid Lines are existing major communication responsibility and pathways. Dashed lines are newly formed Hazardous Waste Management - Gov't Relations task group. This is basically to depict the ties with the new HWM/GR task group.

CMA 062703

Exhibit E

PROPOSED CMA POLICY

ON

REGULATORY REFORM LEGISLATION

Excessive government regulation is becoming an increasing burden on the American economy. It is costly, debilitating, and impacts adversely on every aspect of business operations.

The Administration has submitted to Congress its own regulatory reform bill (S. 755) and at least six other regulatory reform proposals are under active consideration before Congressional committees at this time.

The U. S. Chamber of Commerce, the National Association of Manufacturers and the Business Roundtable have coordinated the legislative activities of the business community on the major issue areas. The Business Roundtable has recently issued a paper containing its recommendations on regulatory reform legislation and is working to establish a coalition among professional and trade associations in favor of regulatory reform legislation. CMA has been requested to support the recommendations of the Roundtable and to assist the coalition in a lobbying effort at critical times.

CMA support of a business/industry coalition effort to enact effective regulatory reform legislation appears to be entirely appropriate and desirable.

Association policy on regulatory reform legislation should incorporate the following concepts:

- Federal agencies should be required to prepare regulatory analyses of proposed rules, including costs and benefits and practical alternatives. Regulatory analyses should be judicially reviewable as part of the final rulemaking record.

- An agency should be required to select the "least costly alternative" developed in a regulatory analysis or explain its failure to do so.

- The term "major rule," for which the preparation of a regulatory analysis will be required, should be those proposed rules or series of closely related rules which are likely to have an impact on the economy of $100 million or more, or have a substantial impact, either on its own or as a precedent, on particular population groups, regions or levels of government.

- Judicial review provisions should:

  - establish a rule requiring courts to construe statutory delegations to regulatory agencies narrowly if there is not a clear statement of the authority intended to be conferred;

  - provide that agency decisions as to the interpretation or application of delegated authority will not be entitled to any presumption of validity;

  - provide a "substantial evidence" standard of appellate review of agency factual determinations (including inferences and projections) in rulemaking; and

  - confirm the right of private persons to rely on agency action.

- Any subpoena provisions to be incorporated in the bill should:

  - limit agency abuse of investigatory authority;

  - require protective procedures with respect to trade secrets and confidential or proprietary information; and

  - provide for enforcement only through action in a federal court at the respondent's principal place of business.

- Congress should make it clear in regulatory reform legislation that it has no intention of usurping the president's constitutional authority to supervise the Executive Branch.

The Association supports generally the views and recommendations of the Business Roundtable, the Chamber of Commerce and NAM on intervenor funding and periodic congressional review of regulatory statutes.

Exhibit F

RECOMMENDED CMA POSITION REGARDING OSHA REGULATION ON CANCER POLICY

Background

On January 22, 1980, OSHA issued its final Policy on the Identification, Classification, and Regulation of Potential Occupational Carcinogens. The regulation sets out the policy framework under which chemicals will be evaluated for carcinogenic potential in the context of workplace exposure. It describes the procedures which OSHA must follow in regulating such chemicals. It resolves for regulatory purposes some of the scientific issues which are uncertain presently, and provides for periodic review and updating in light of "substantive" new information. A science panel can be convened by the Secretary at his discretion under the auspices of the National Cancer Institute, the National Institute for Environmental Health Sciences, and the National Institute for Occupational Safety and Health. It defines criteria which must be met by negative studies before they may be considered. And finally, it provides that OSHA publish a candidate list and two "priority lists" to allow the public to become involved in the process at the earliest possible stage.

AIHC's objections to the policy are both procedural and scientific. They question the independence of the science panel and the discretion of the Secretary to ignore the recommendations of the panel, or not to call the panel. The criteria for considering negative studies create very high barriers. There are a number of other objections which are more legal than scientific issues.

Recommended CMA Position

CMA agrees with the American Industrial Health Council's analysis of the regulation as outlined in Mr. Barnard's memorandum of January 17, 1980. We should oppose the policy as arbitrary, capricious and not in accordance with the law. We should promote a sound national policy on the regulation of carcinogens, based on a realistic perspective on the causes of cancer and careful analysis of the risks and benefits in regulation. We should pursue a course designed to influence the implementation of the final OSHA regulation on cancer policy to protect the interests of the chemical industry and put CMA in a position of recognized expertise and interest. This can lead to a more productive relationship with OSHA. The following actions are necessary to accomplish this objective:

- We should document, in each applicable instance, failures to consider risk-benefits, excesses, arbitrary decisions, and problems resulting from inappropriate applications of the rule.

- We should encourage a clear distinction between scientific evaluations and regulatory judgment.
- We should participate in OSHA rulemaking that sets precedents and ensure that regulations are based on the best scientific judgments and advice available.
- We should interact in every way with OSHA staff in discussing the policy and its application.
- We should publicize any of OSHA's conclusions that are weakly supported that lead to extremes.

Action Required

Approval of above.

CMA

EC 3/11/80

Exhibit G

SUPERFUND LEGISLATIVE STATUS

The Administration:

The Environmental Protection Agency (EPA) has made the enactment of a comprehensive Superfund program its number one legislative priority in 1980. The Superfund approach includes a comprehensive liability and compensation scheme for oil spills, hazardous substances spills and abandoned and inactive disposal sites. Funding for this program would come primarily from fees on the chemical and oil industries and some general revenue financing. EPA has set as its goal the prosecution of 50 cases against illegal dumpers in 1980.

The Senate:

In an election year, issues like Superfund must receive early attention if final passage is to be a possibility.

The Senate Environment and Public Works Subcommittees on Environmental Pollution (Muskie, D.-Me.) and Resource Protection (Culver, D.-Iowa) have moved early on Superfund by presenting a "Staff Working Paper" modification to S. 1480 on January 31, 1980. For the most part, the staff revisions would not alter the essential nature and scope of S. 1480, including the extremely burdensome liability scheme, the massive Federal Superfund created from prohibitive fees on the chemical industries, and the new bureaucracy for administering the bill and regulating any release of a hazardous substance into the environment.

The Senate Subcommittees have embarked on an aggressive markup schedule with sessions held February 5, 6, 7, 8, 19 and 25. Numerous other sessions have been cancelled. Major portions of the markup sessions were devoted to in-depth explanations by staff of the "Staff Working Paper". At the beginning of markup on February 5, 1980, Senators Culver and Muskie made it clear that the "Staff Working Paper" was not final and may need further revisions. At the subsequent sessions, a few minor changes have been adopted, but the major areas of controversy, such as liability, the release concept, and funding have not been resolved to industry satisfaction.

The Subcommittees have scheduled additional markups for March 4 and 6, 1980. The Senate staff would like to have S. 1480 before the full Environment and Public Works Committee by mid-April.

CMA has initiated through the Government Relations Committee a campaign that will bring a number of chemical companies' top executives into meetings with Senators on the Environment and Public Works Committee. The purpose is to foster a complete discussion of the issues at the highest level and to forcefully demonstrate to Senators the high priority importance of Superfund.

The Senate Committee on Commerce, Science and Transportation has jurisdiction over at least the elements of ocean oil spills and transportation of hazardous materials. Chairman Howard W. Cannon (D-NV) who has thus far taken little interest in Superfund, might develop more concern over new provisions in the "Staff Working Paper" that address changes in the status of common carriers.

The House:

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

The Oversight and Investigations Subcommittee (Eckhardt, D-TX) will continue its investigations into hazardous substances and waste incidents with possible hearings on ground water contamination. Chairman Eckhardt has released the third draft of his Superfund proposals. CMA is in the process of developing comments on the draft and will continue to work with staff in an effort to improve the final product.

The Subcommittee on Transportation and Commerce (Florio, D-NJ) has not yet established an agenda for Superfund markup, but it continues to be a top priority issue. Chairman Florio is in the process of revising his original bill (H.R. 5790) before he convenes the sessions.

Chemical company representatives and CMA staff continue to work with Representative Florio and his staff on specific issues. Also, CMA has activated a direct communications program with the Members of these two Subcommittees.

The Public Works and Transportation Committee, Subcommittee on Water Resources (Roberts, D-TX) has jurisdiction over the Clean Water Act which includes coverage of spills of oil and hazardous substances. The Subcommittee presently has pending the oil spills legislation (H.R. 85). Also, the Administration comprehensive Superfund proposal has been jointly referred to this Subcommittee.

The Subcommittee is unsure at this time about considering the comprehensive Superfund approach or proceeding with an oil-spills-only approach.

Merchant Marine and Fisheries, Subcommittee on Coast Guard and Navigation (Biaggi, D-NY) has passed the oil spill Superfund (H.R. 85). Chairman Biaggi continues to insist that H.R. 85 be maintained as separate from the comprehensive Superfund approach. He reasons that oil spills Superfund legislation has been considered and thoroughly studied for the past six years, while the other elements of Superfund are new, controversial and less fully understood.

Other Associations and Industries:

The CMA effort to maintain close communications with other trade groups and industries is paying off. The business community in general has become convinced of the far-reaching implications of Superfund, especially the Senate onerous approach in S. 1480. There is growing evidence of a unified effort to oppose enactment of objectionable or unnecessary provisions.

Action Required: None. For information only.

Exhibit H

REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

MARCH 11, 1980

EEC COMPLAINTS AGAINST U. S. EXPORTS

The European Economic Community (EEC) continues to press a complaint against U. S. exports of manmade fibers and petrochemicals, but 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 one acrylic fiber dumping case has been successfully processed against a U. S. company. An assertion has been made by the EEC 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 amounts to a subsidy.

The EEC team has met five times with U. S. Government representatives, presenting extensive data on the effect of U. S. price controls. Emphasis was always placed on the advantage accorded U. S. products by the price control system. Attention centered on manmade fibers but some references were made to petrochemicals.

The European manmade fibers and petrochemical industries 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 naphtha 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 on natural gas in 1985. However, this solution is too long range.

Total U. S. chemical exports of $17.3 billion in 1979 are nearly 50 percent above last year's record creating a surplus of $9.8 billion. 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 CITA Myron T. 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 (the U. S. 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 U. S. price controls will eliminate even this advantage. It is the industry's hope that no overt action by the EEC will occur that would bring other unfortunate trade actions.

On February 18, the EEC authorized the U. K. to impose quotas on polyester filament yarn and nylon carpet yarn. Details about application of the quotas are not yet determined. The U. S. has protested the action because it is applied selectively against the U. S. The U. S. Trade Representative has asked for consultations under GATT Article XIX and may ask compensation in the form of concessions benefiting U. S. exports. Although U. S. ammonia exports have also brought complaints from the EEC, there is apparently no imminent action against that product or other petrochemicals.

GOVERNMENT REORGANIZATION OF THE TRADE FUNCTION

There are four agencies (U. S. Trade Representative, U. S. Departments of Commerce and State, and U. S. International Trade Commission) which have major responsibilities for trade matters.

They include such diverse activities as import relief for domestic industries, export promotion, bargaining on trade matters with other countries and promotion of exports by commercial attaches posted in foreign embassies. There has been growing dissatisfaction and complaints in the rank of business, labor and government itself with how the system worked or did not work. It was generally agreed that a reorganization of these functions was essential. The best time to accomplish this was at the same time the results of the Multilateral Trade Negotiations were implemented in U. S. law.

President Carter therefore proposed a reorganization plan on September 25 that would be effective within 60 legislative days if the Congress did not disapprove. Many Administration efforts were necessary to reach a consensus with the Congress. It was accomplished and on January 2, 1980, the President signed an Executive Order, putting the plan into effect.

Under the plan, the Special Trade Representative is re-named U. S. Trade Representative, chairs an interagency Trade Policy Committee, assumes the functions of industrial and agricultural trade policy leadership, and responsibility for trade negotiations. He becomes the Vice-Chairman of the Board of Overseas Private Investment Corporation, a non-voting member of the U. S. Export-Import Bank, and a member of the National Advisory Committee on international monetary policies, which gives guidance to the Exim Bank. Under the Trade Representative, there will be two Deputies, both Ambassadors, one responsible for Geneva operations and the other in charge of U. S. operations. The staff will grow from 59 to 116 persons.

The Commerce Department assumes new and larger responsibilities. Almost all non-agricultural trade policy implementation is included. New posts of Deputy Secretary of Commerce and Under Secretary for International Trade are established, responsibility for commercial attaches in most major countries is shifted from the Treasury Department to Commerce, and the Commerce Secretary becomes an ex-officio non-voting member of the Exim Bank. The Commerce Department's sectoral analysis capability is upgraded and the Department is assigned import relief responsibilities now held by the Treasury Department.

The shifting of commercial attaches from the State Department to Commerce involves 162 full-time personnel in 65 countries. The 80 attaches devoting only part of their time to commercial work will stay under the State Department.

The reorganization becomes effective with the signing of the Executive Order. The switch of the commercial attaches will probably not occur before April 1, 1980. The prospect is that the entire reorganizational plan will be effective long before the required October 2, 1980.

The chemical industry will be very much affected by how the reorganization works. Many trade problems, including dumping cases and import problems from Government-produced chemicals, will grow in number and intensity. How they are resolved will depend greatly on the organization and philosophy guiding the application of existing U. S. laws. A number of negotiating issues, such as the EEC complaint against U. S. exports in manmade fibers and petrochemicals, must be dealt with in 1980 and beyond.

CMA is generally pleased by the reorganization and will make every effort to establish chemical industry needs and recommendations with the people assuming the important new posts created by the reorganization.

INTERNATIONAL TRADE GROUP

On November 19, 1979, the Executive Committee approved formation of a new International Trade Group. It also stipulated that at the end of 1980, the Executive Committee will give this group full standing committee status if warranted.

Executive Contacts of member companies were contacted for appropriate nominations and 38 names were submitted. Selection of the committee and a chairman are imminent. The group will have 15 members, with five rotating off and being replaced each year. The 23 nominees who could not be accommodated on the committee itself will be involved in open meetings and task force assignments. The ITG will participate along with the standing committees in the October, 1980, open meetings in Houston.

CRUDE OIL WINDFALL PROFIT TAX ACT (H.R. 3919)

The conferees on the Windfall Profit Tax Act have resolved most issues in the differing House and Senate versions of this legislation, but a few items remain to be settled.

The language agreed to by the conferees, with different tax rates for various categories of oil, would become effective March 1, 1980, and would be phased out after net revenues from the tax reach $227 billion, but no later than the end of 1990.

The projected $227 billion in revenues is to be allocated:

60% ($136 billion) for income tax reductions;

25% ($57 billion) for energy assistance to low-income families;

15% ($34 billion) for energy and transportation programs.

The income tax cuts and the energy and transportation programs would have to be approved in separate legislation.

The conference agreement contains about $9 billion in residential and business energy tax incentives for conservation and conversion to the use of fuels other than oil and natural gas. This is about a third of the value of credits contained in the Senate version.

Among the approved business tax credits are a number of interest to chemical companies:

- Affirmative Commitments

Investments in qualifying energy conservation property and alternative energy property for which affirmative commitments are made before the present expiration date for the credit -- December 31, 1982 -- will be entitled to the 10% energy credit for expenditures made through the end of 1990.

- Alternative Energy Tax Credits

An increase from 10% to 15% in the energy tax credit for solar, wind and geothermal equipment will be effective through 1985.

- Conservation Energy Tax Credits

Additional items eligible to receive the 10% energy tax credit through 1982 are:

- alumina electrolytic cells;
- equipment to produce coke or coke gas from coal;
- cogeneration equipment that uses no more than 20% oil or natural gas for specified purposes.

- Energy Production Credits

A tax credit of $3.00 per barrel of oil equivalent would be allowed through the year 2000 for production of certain unconventional energy fuels, but the credit would be phased out as uncontrolled oil prices rise from $23.50 to $29.50 per barrel.

- Secretary of the Treasury's Authority to Add Items Eligible for Tax Credit

The Secretary's authority to designated other items of property to be eligible for the energy tax credit is retained, but standards were added for evaluating potential energy savings, which are likely to make it difficult to qualify property under this provision.

The conferees are expected to resolve the remaining differences between the two versions of this legislation by the end of February. Allowing a week to ten days for preparation of the conference managers report, the bill could reach the floor of the House by mid-March, and the President by the end of the month.

VALUE ADDED TAX LEGISLATION

The House Ways and Means Committee conducted three days of hearings on the value added tax (VAT) bill (H.R. 5665) in mid-November, 1979, then postponed further action on this measure pending disposition of the Windfall Profit Tax Act.

Rep. Al Ullman (D.-Ore.), Chairman of the House Ways and Means Committee and sponsor of H.R. 5665, is expected to introduce a revised version of this time sometime in March. Hearings on this legislation are not likely to be resumed before the latter part of April.

The CMA Tax Policy Committee is studying industry policy alternatives.

ENERGY EFFICIENCY STANDARDS FOR PUMPS AND MOTORS

In September, 1979, the Senate passed a bill (S. 1398), sponsored by Senator Howard M. Metzenbaum (D.-Ohio), to require an increase in sales of energy-efficient motors. The Industrial Equipment Efficiency Act of 1979 would establish standby energy efficiency standards for industrial motors and pumps. The bill passed in the Senate by four votes and is opposed by many in the business community because it prompts needless Federal Government intervention in the marketplace.

CMA sent a letter opposing the measure to Chairman John D. Dingell (D.-Mich.-16), Subcommittee on Energy and Power of the House Interstate and Foreign Commerce Committee. We expressed concern that the House might act before the Department of Energy (DOE) completes a study mandated under the National Energy Conservation Policy Act of 1978. The report to Congress is due by May. CMA also pointed out that improved energy efficiency is an important objective of a voluntary program for standardization of chemical pumps. We have offered to meet with the Subcommittee staff to discuss the specifics of the proposed legislation. The DOE feasibility report on efficiency standards appears likely to recommend issuance of efficiency standards for at least some types of motors, but not for pumps. CMA will register further comments in the event Chairman Dingell announces hearings.

ENERGY MOBILIZATION BOARD

Conferees continue their efforts to resolve differences between the House and Senate versions of Energy Mobilization Board legislation. The EMB would be designed to reduce red tape and delays in licensing, siting and constructing "critical energy facilities". The question of granting power to recommend waivers of selected Federal laws and regulations appears to be the last major barrier to its creation. The House bill would authorize the Board to recommend to the President waivers of specific Federal law. The President would then make a recommendation to Congress which both Houses would have to approve. The Senate version permits only waiver of procedural rules. The conferees have agreed that the Board will consist of three members appointed by the President and approved by the Senate. Agreement has also been reached to remove the President from the decision-making process to ensure that the Board would be free from political influence.

SYNTHETIC FUEL DEVELOPMENT: ENERGY SECURITY CORPORATION

The timing for continued conference on the Energy Security Corporation (ESC) appears contingent on completion of the windfall profits tax conference, and perhaps the conference on the Energy Mobilization Board as well. Major disagreement exists among the conferees on how to get the synfuels corporation going. The House conferees want to use the approach of the Defense Production Act. This would limit the broad national defense authority over energy matters given the President in the Act to instances where emergency Presidential action is invoked. Senate conferees appear to feel that the House bill gives the President too much authority.

PROPOSAL TO CREATE A SINGLE ENERGY COMMITTEE IN THE HOUSE

The energy jurisdiction bill that emerged last Session from the House Select Committee on Committees would create a single House Energy Committee. The concept calls for a standing energy panel that would absorb Commerce's Energy and Power Subcommittee and assume jurisdiction over all energy legislation, except nuclear regulation and energy research. The Interior Committee would pick up environmental review of new energy matters, and the Science Committee would retain energy R&D, including demonstrations.

While the House Democratic leadership generally supports the proposal, significant opposition is present.

RAILROAD DEREGULATION BILLS UNDER CONSIDERATION

The question of Senate action on a railroad regulatory reform bill lingers. The Senate Commerce, Science and Transportation Committee's clean bill, S. 1946, with Senator Russell B. Long's (D.-La.) amendment, could reach the floor in early March. The main point of controversy remains the Long amendment pertaining to coal rates. Four CMA member companies testified on February 18 in Baton Rouge, Louisiana, and CMA testified in Washington on February 22 regarding protection for captive shippers and maximum rate provisions.

On February 13, Chairman James J. Florio (D.-N.J.-1), Subcommittee on Transportation and Commerce of the House Interstate and Foreign Commerce Committee, placed in the Congressional Record a preliminary draft of legislation to reform the regulatory structure governing the railroad industry. Hearings will be announced soon and CMA plans to present views.

TRUCKING DEREGULATION ACTIVITY IS GROWING

The Motor Carrier Reform Act of 1980, S. 2245, was introduced February 1 by Senators Howard W. Cannon (D.-Nev.) and Bob Packwood (R.-Ore.). The proposal aims at reducing unnecessary regulation, increased reliance on competitive forces, establishment of fair prices and improved services. CMA testified before the Senate Committee on Commerce, Science and Transportation on February 27 in general support of the bill. Our witnesses were Stephen F. Burke, Manager of Distribution, Chemicals Group, Air Products and Chemicals, Inc., and Walter E. Morgan, Manager of Transportation Policy, Union Carbide Corporation.

On February 5, the Motor Carrier Act of 1980, H.R. 6418, was referred to the House Committee on Public Works and Transportation. The bill, introduced by Chairman James J. Howard (D.-N.J.-3), differs from the Senate version. CMA has submitted written comments for the record.

"GOOD SAMARITAN" PROTECTION

A CMA proposal has been prepared addressing "Good Samaritan" protection with respect to corporate emergency response activities. The proposal with accompanying letter has been sent to the President, agencies and various trade organizations. CMA has also met with Congressional and White House staff to discuss possibilities for legislation.

TSCA REAUTHORIZATION AND OVERSIGHT

Our Chemical Regulations Advisory Committee Task Group on TSCA Oversight has been preparing for legislative and oversight activities in Congress this year. Staff presented a detailed projected timetable for the FY 1981 TSCA reauthorization and EPA budget hearings and markups in the House and Senate beginning in March and carrying through August.

The Senate last year reauthorized TSCA for three years: FY 1980, 1981 and 1982. The House did not act on the one-year reauthorization bill for FY 1980 reported by its Interstate and Foreign Commerce Committee. Instead, it chose to rely on enactment of the HUD/Independent Agencies Appropriations bill to fund EPA's budget for FY 1980, which was signed into law in November, 1979. As a result, the Senate committee will hold no TSCA reauthorization hearings this year, but is expected to conduct oversight hearings in May or June, focused on implementation of the Act to date. The House committee will hold reauthorization hearings in March and will engage in limited oversight at that time.

CRAC and its Oversight Task Group have determined that it would be premature for industry to seek amendment of TSCA at this time, believing that we need more actual experience with EPA's implementation of the Act in order to properly evaluate and document the impacts thereof. However, in preparation for the reauthorization and oversight hearings mentioned above, the Task Group has been developing background materials and draft positions on issues which might be raised. An example is the Senate Committee's concern about adequacy of the premanufacture notifications submitted under Section 5 of the Act.

The Task Group has also completed a preliminary draft paper on risk assessment/cost benefit analysis and circulated it for comment to the CMA Chemical Regulations Advisory Committee, Environmental Management Committee, Occupational Safety and Health Committee, Government Relations Committee, and to representatives of the American Industrial Health Council. Two House Commerce subcommittees are expected to resume joint hearings on the use of cost benefit analysis as a tool for more effective regulatory decision-making, and we are preparing for possible submission of a statement.

OCCUPATIONAL SAFETY AND HEALTH LEGISLATION AND RELATED MATTERS

Late last year Senator Richard Schweiker (D.-Pa.) introduced OSHA reform legislation (S. 2153) which would exempt from routine safety inspections those firms with good safety records, and would require the agency to give firms an opportunity to correct alleged violations before it acted. Staff has completed a detailed analysis of the bill, anticipated hearings, and prospects in the Senate and House. The Occupational Safety and Health Committee is in the process of determining whether and how much support to give this bill.

Although S. 2153 does not go far enough, it could be a first step toward providing alternative tools which could impel OSHA to become a more cooperative and consultative agency, and reducing the adversarial/enforcement attitude for which it has long been notorious. We will undoubtedly endorse the general concepts of the bill and support efforts to achieve enactment which are being led by the U. S. Chamber of Commerce and NAM.

Representative Edward Beard (D.-R.I.), Chairman of the House Subcommittee on Labor Standards, has introduced his long-awaited House version of the Williams/Javits Senate bill, which would establish mandatory Federal standards for compensating victims of occupational disease. Chairman Beard has announced hearings on H.R. 5482 in March and April. Our Occupational Safety and Health Committee, in conjunction with our Insurance Committee, will be developing a position for possible testimony.

Another issue wherein Chairman Beard and other House subcommittees may show an interest is labeling requirements to inform workers of the hazards of materials handled in the course of employment. Our Inter-Committee Task Group on Hazard Communication is working this issue with EPA and OSHA. We continue to monitor developments closely and work with House Subcommittee Members and staff as needed.

The House Subcommittee on Crime has held initial hearings on Rep. Miller's (D.-Calif.) bill to impose criminal penalties for knowingly concealing product hazards (H.R. 4973). The Subcommittee plans additional hearings in March and April. We are tracking developments, and expect to follow the lead of the U. S. Chamber of Commerce.

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CMA
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Exhibit 1

GENERAL COUNSEL'S REPORT

1. Ozone Litigation. CMA assisted in the preparation of industry's oral arguments which were held on February 26, 1980. Of special concern to CMA is the issue of ex parte communications.

2. Clean Air Act Revisions Task Group. An initial set of CMA position papers have been prepared (see Tab 5). The task group has commenced work on a second set of CMA position papers (e.g., section 112 issues, economic incentive issues, technical amendments to remedy unsatisfactorily PSD decision issues).

3. PSD/Nonattainment/SIP Task Group. EPA has reopened the comment period on the September 5, 1979, proposed PSD regulations revisions for 30 days. Comments must be submitted to EPA by February 29, 1980.

On January 30, 1980, the Administrator signed an administrative stay of the existing PSD regulations as to any source or modification which either (1) would not be major under the Agency's September 5, 1979, proposed revision, or (2) would be located in a nonattainment area. This stay was in conjunction with a request to the court of appeals for a further stay of the mandate until June 1980, when the Agency anticipates issuance of its final regulations. In an apparent exhibition of bad faith, one of the environmental petitioners has now decided, after indications to the contrary, to oppose the requested stay. As of this date, no resolution of this matter by the court has occurred, and the Agency's administrative stay is in effect.

4. Process Emission Regulations Task Group. CMA's comments on EPA's advance notice of proposed generic standards regulations have been finalized. The comments were submitted to EPA the week of February 11, 1980. In addition, a copy of air comments will be forwarded to the Council on Wage and Price stability's Regulatory Analysis Review Group, U.S. Department of Commerce, and the Office of Management and Budget.

Efforts are underway to coordinate the PER Task Group's efforts on the proposed maleic anhydride Section 112 regulations with the benzene panel. The PER Task Group will concentrate on the regulatory impact (legal and technical aspects) of the regulation, while the benzene panel will center its efforts on the health effects of benzene.

5. Air Pollution Effects Task Group. CMA's comments on EPA's proposed airborne carcinogen policy have been finalized. The comments were submitted to EPA early the week of February 11, 1980. In addition, a copy of our comments will be forwarded to the Council on Wage and Price Stability's Regulatory Analysis Review Group, U.S. Department of Commerce, and the Office of Management and Budget.

6. RCRA §§ 4002 and 4004 Litigation. The initial negotiating session with EPA on the subject litigation was held on February 21, 1980. The initial session concentrated on the §4002 issues with §4004 issues to be discussed at later sessions. The meeting was productive in that the issues and positions were clarified between the parties. It was agreed that there appeared to be some grounds for further discussions and potential resolution of several of the §4002 issues.

7. RCRA Task Group. EPA will be issuing interim-final §§3002, 3003, and 3010 implementing regulations on February 26, 1980. A press conference and briefing sessions will be conducted. The final §§ 3001 and 3004 "core" and § 3005 implementing regulations will be issued no later than April 30, 1980. The task group will be meeting in mid-March to determine what if any judicial action appears appropriate.

8. BCT Litigation. The initial industry brief was filed with the Fourth Circuit on February 19, 1980. CMA counsel prepared two of the seven industry arguments advanced in industry's brief.

9. Effluent Guidelines Task Group. On February 14, 1980, the task group reviewed the latest draft of a "white paper" on the development of effluent guidelines for the synthetic organic chemical industry. In light of some recent conversations between EPA and CMA staff, additional modifications to CMA's alternative regulatory proposal will be made. In light of these recent developments, there is some optimism that EPA may adopt the CMA effluent guidelines regulatory approach for the synthetic orgenic chemical industry.

EPA has extended the comment period 60 days on whether ammonia should be added to the list of (Clean Water Act) toxic pollutants. CMA comments, now to be submitted by May 2, 1980, are being coordinated with associated trade associations.

10. NPDES Litigation. The negotiations with EPA have slowed again until after the consolidated permit regulations are issued in April. The Agency has indicated that many of our concerns which have been discussed and a resolution agreed to should be addressed in the final consolidated permits. The Agency has indicated that it wants to address any outstanding or new issues after the consolidated permits are promulgated. Since the consolidated permit regulations will essentially supercede the existing NPDES regulations it will necessitate our filing a new series of court challenges in order to maintain our ability to resolve outstanding and new NPDES issues as part of litigation settlement discussions.

11. Pretreatment Task Group. On January 31, 1980, task group representatives met with EPA to discuss CMA's comments on the Agency's proposed revisions to the pretreatment regulations. The meeting discussions concentrated on the Part B proposals which were developed sua sponte by EPA outside the CMA-EPA settlement. The session was quite productive, in that EPA understood and will

seriously consider our comments. Although the Agency cannot commit to incorporating all our comments, we are optimistic that all our concerns will be adquately addressed.

12. Water Quality Criteria - Standards Task Group. The task group is developing a "white paper" concerning the issue of state development of water quality standards. A significant portion of the paper will concentrate on the issue of state versus EPA use designations and the presumptive applicability of EPA water quality criteria.

13. Ad Hoc Clean Water Act Revisions Group. The EMC has established an ad hoc group to develop CMA positions on appropriate revisions of the Clean Water Act. The initial meeting of the ad hoc task group was held on February 7, 1980. The ad hoc group discussed and prioritized issues for the development of CMA position papers. The first set of papers will be primarily on procedural/technical changes to the Clean Water Act that would be less controversial in nature. These proposed changes could be raised as part of CMA testimony at Clean Water Act reauthorization hearings tentatively scheduled for March 1980. The more substantive and controversial issues will be a longer term objective of this group.

14. February 19, 1980, Clean Air Act Issues Meeting. Approximately 18 company counsel attended the EMC legal issues meeting. The session concentrated on CMA's Clean Air Act position paper, the nonattainment and PSD litigations, EPA's airborne carcinogen policy, and generic standards under section 111 and 112. We are presently evaluating whether to hold a similar session on water issues in April. In addition, we will be adding the environmental legal contact to the mailing list for the EMC newsletter in order to keep the company counsel better appraised of EMC and task group activities.

15. U.S. Department of Justice. Attached is an article from the National Journal regarding key personnel within the Department of Justice's Land and Natural Resources Division. This division is primarily responsible for prosecuting enforcement cases under the Clean Water Act, Clean Air Act, and RCRA.

16. Transportation Deregulation: Rail. Senator Russell B. Long proposed an amendment to S.1946, the Railroad Transportation Act of 1979. The Legal Department participated in negotiations conducted by Janice Rosenak of the Senate Commerce Committee Staff, in an attempt to reconcile the different views held by the utilities, railroads, and other interested parties on the amendment. The Legal Department also prepared, and the General Counsel presented, testimony in support of the Long Amendment at the February 22, 1980 hearings on the Long Amendment. We are now reviewing the rail deregulation bill presented by Congressman Florio to the House on February 13, 1980.

Transportation Deregulation: Truck. The Legal Department attended CMA meetings concerning truck deregulation and reviewed the testimony presented by CMA on February 27, 1980.

17. AAR Interchange Rules. The American Association of Railroads Committee on Interchange Rules has adopted a rule which denies chemical company tank car owners fair compensation for damage done to their tank cars. Additionally, the AAR Tank Car Committee has ordered the retrofitting of bottom outlets of tank cars in accordance with a schedule which CMA member companies have found impossible to comply with. The Legal Department has worked closely with the Distribution Committee and attorneys from Wilmer & Pickering in preparing for and attending meetings with AAR, with the hope of airing grievances and amicably resolving the differences between CMA member companies and the AAR on these matters. (See attached memorandum.) Should these negotiations not prove efficacious, we are considering the possibilities of litigation on the basis of violations of antitrust laws.

18. Good Samaritan Statute. CMA is pushing for enactment of its proposed Good Samaritan Statute. A letter has been sent to President Carter urging his support of such legislation. In addition, contacts are being made in the Administration and on Capitol Hill to promote the model statute.

19. Toxic Substances Control Act. In addition to matters relating to labeling convered elsewhere in this report, the following TSCA developments may be of interest:

(a) Section 4(c) - Reimbursement. CMA submitted 166 pages of comments on EPA's ANPR concerning the reimbursement of testing costs under Section 4 (and 5) of TSCA after canvassing the views of other industries and, where possible, incorporating a consensus industry position.

(b) Section 4(e) - NRDC v. Costle, 79 Civ. 2411 (S.D.N.Y., February 4, 1980). Judge Pierce of the Southern District of New York has found EPA in violation of Section 4(e) of TSCA for having failed to provide adequate reasons for not complying with the statutorily required 12 month deadline for responding to Interagency Testing Committee recommendations. By February 29, 1980 the Agency must submit a report of its proposed compliance plans. Industry is requesting an opportunity to submit comments on EPA's plans to the court.

(c) Section 5 - Premanufacture Notification. Senator Muskie has requested PMN data from EPA by a letter to the Agency of January 16, 1980. Recent information relating to this request will be shared at the General Counsel' Group meeting.

CMA is monitoring industry PMN submissions to determine their apparent consistency with TSCA requirements and whether information submitted would be required under the 6th Amendment to the European Economic Community's Council Directive.

(d) Section 6 - ANPR for the Regulation of Asbestos Fibers. Because the Agency's ANPR included important and perhaps precedential issues for EPA regulatory activities under Section 6 as well as Sections 5 and 8, CMA submitted its comments on the ANPR on February 18, 1980.

(e) Section 8(a). EPA is expected to publish at any time a proposed rule for the submission of information on the production, use and exposure of some 2,300 chemicals. CMA is already planning its comments on this proposal by using recent drafts obtained from the Agency. Major problem areas appear to be the following: absence of any Agency rationale for the selection of the targeted chemicals; unauthorized requirements for customer reporting; prior substantiation of confidentiality claims; absence of a clear definition of "processor."

(f) Section 8(d). CMA has submitted extensive comments on the Agency's revised rule for the submission of health and safety studies.

20. Labeling Litigation. The plaintiffs' complaint was dismissed in Public Citizen Health Research Group et al. v. Marshall. The Court held there is no statutory provision compelling the Secretary of Labor to issue a generic labeling standard.

21. Labeling Rulemaking. Outlines of labeling proposals (from E.P.A. and O.S.H.A.) are under review by CMA in preparation for adequately presenting industry views when official rules are finally published.

22. Product Liability. On Tuesday, February 26, the House Committee on Interstate and Foreign Commerce held a final mark-up on the Risk Retention Act (H.R. 6152). Making only two technical changes in the subcommittee bill, the Committee will send the bill to the full House for a vote. Although the Senate has yet to set hearings on the bill, chances are good that H.R. 6152 will pass both houses this year. The Subcommittee on Consumer Protection and Finance in addition to working on this legislation, announced that they have plans to take up further tort law reform proposals.