AGENDA
CMA EXECUTIVE COMMITTEE MEETING
9:00 a.m., Tuesday, March 10, 1981
CMA Headquarters, Washington, D. C.

			TAB
9:00 a.m.	1.	Call to Order -- Acting Chairman Simeral	
9:01-9:02	2.	Approval of Minutes of Meeting, January 5, 1981 -- B. M. Barackman	1
9:02-9:05	3.	Treasurer's Report -- Gary C. Herrman	2
9:05-9:35	4.	Finance Committee Report -- J. Earl Burrell	
9:35-9:55	5.	Donations for Science Exhibit Display at ACS Building -- Dr. Raymond P. Mariella, Executive Director, ACS	
9:55-10:00	6.	Report of Nominating Committee -- William G. Simeral	
	7.	Association Activities:	
10:00-10:30		a. ChemCAP Status Report -- James N. Sites	3
10:30-11:00		b. Report of Superfund Implementation Steering Group -- Charles L. Sercu	
11:00-11:10		c. State Legislative/Regulatory Activities Program -- William M. Stover	4
11:10-11:20		d. U.S. Government/European Commission Ad Hoc Study Group -- Leo H. Johnstone	5
11:20-11:25		e. Report of Hazards Communications Special Committee -- W. C. Krumrei	6
11:25-11:30		f. Status Report on PCB's -- Edmund B. Frost	
11:30-11:31		g. Technical Committee Nominations -- Bruce M. Barackman	7
11:31-11:36	8.	Report of Director of Government Relations -- William M. Stover	8
11:36-11:41	9.	Report of General Counsel -- Edmund B. Frost	9
11:41-11:45	10.	New Business	
11:45	11.	Adjournment	

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MINUTES OF MEETING
CMA EXECUTIVE COMMITTEE
9:00 a.m., Tuesday, March 10, 1981
CMA Headquarters
2501 M Street, N.W., Washington, DC

1. The meeting was called to order by acting chairman William G. Simeral. There were present:

William G. Simeral, Acting Chairman

Harry W. Buchanan	Richard J. Hughes
J. Earl Burrell	Robert A. Roland
Louis Fernandez	Raymond F. Tower
James B. Henderson	Konrad M. Weis

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

By Invitation:
*Peter R. Agnew, CMA
Richard C. Ashley, Allied Chemical Corporation
*B. J. Burkett, Stauffer Chemical Company
*Myron T. Foveaux, CMA
Richard F. Gold, Stauffer Chemical Company
Leo H. Johnstone, Phillips Petroleum Company
William C. Krumrei, The Procter & Gamble Company
*Raymond C. Mariella, American Chemical Society
Keith R. McKennon, The Dow Chemical Company
Victor H. Peterson, CMA
Ernest S. Robson (SOCMA), Monsanto Company
*Charles L. Sercu, The Dow Chemical Company
James N. Sites, CMA
William M. Stover, CMA
*Vincent Tocci, American Chemical Society
*Rene Zentner, Shell Chemical Company

*part time

2. Minutes of the January 5, 1981 Meeting The minutes of the January 5, 1981 meeting of the Executive Committee, as distributed, were approved.

3. Treasurer's Report Mr. Herrman's report is attached as Exhibit A. Additionally, he advised:

- Projections through the end of the current fiscal year, as contained in the preliminary budget for fiscal year 1981-82, indicate that we should finish the year with an excess of revenue over expenses of approximately $700,000. This favorable projection results from greater yield from investments, expenditures at less than budget for consulting, rent and occupancy at less than budget, and a slower build up in staff than budgeted.

- On the negative side, legal fees will run over budget. The savings on rent and occupancy, as mentioned above, were used to cover the added cost of completing the building -- primarily meeting rooms.

4. ChemCAP Status Report Mr. Sites presented an update on the progress of the ChemCAP public support program, Exhibit B. This was followed by an analysis by Mr. Zentner of the latest indicators of public attitudes toward the chemical industry, and by a presentation by Mr. Burkett of new advertising approaches. This three-part presentation responded to instructions arising from the Board's January meeting directing further examination of the advertising portion of the ChemCAP program. As a result, the CMA staff expedited its ad development work with the industry's Communications Committee and the advertising agency (J. Walter Thompson), and developed several new advertising concepts to replace the present program. These were thoroughly tested and the final conclusions presented and discussed, first, at a breakfast meeting March 10 of the Board's Communications Policy Review Group and, subsequently, before the Executive Committee

This research revealed clear preference for a new advertising format emphasizing the role being played by industry scientists and other employees in protecting the public and the environment from the risks associated with industry products and operations. Significantly, the current ChemCAP advertising approach placed second in effectiveness out of four concepts tested.

Following a recommendation from Mr. Henderson, reporting for the Board's Review Group, the Executive Committee approved, for inclusion in the proposed fiscal year 1981-82 budget, the extension and funding of the ChemCAP program incorporating the new advertising approach for another year beyond June 1, 1981. The overall ChemCAP budget for fiscal 1981-82 has been set at $3,960,000, compared with projected spending in the current fiscal year of $4,136,500.

5. Finance Committee Report Mr. Burrell described the meeting of the Finance Committee the preceding day during which Mr. Roland reviewed the development process for CMA's various programs and the development of the budget process over the past three years.

The Committee felt that the definition of programs has been sharpened. Staff has addressed the question of growth guidelines, as requested by a Board review committee, but found this very difficult because of the continual change in program content. From this, however, was developed the principle of keeping the budget within the revenues that can be derived from the current fee schedule. The programs to be implemented for the next two to three years would be those that can be supported by the revenues generated. The preliminary budget proposed for fiscal 1981-82 falls within that guideline.

The projected results of fiscal 1980-81 were then reviewed as presented by Mr. Herrman. It was noted that the revenues from dues and the ChemCAP assessment were very close to the budget established for the present year. The indication is that total spending will be under the budget by about 7%. Good budget control is evident.

The proposed budget for fiscal year 1981-82 was reviewed. This budget is based on the current dues schedule plus a 40% assessment for the ChemCAP program which would provide estimated total revenues of $14,492,000 with total projected expenses limited to stay within revenues, producing a balanced budget. Authorized General Operations personnel have been increased from 129 to 147 plus the special programs staff. Each section of the budget was reviewed with the respective staff department director. The following areas of concern arose from the discussions:

- Adequacy of funding for outside legal service due to anticipated demands. Spending will be difficult to control.

- Adequacy of staffing for the state activities program -- whether the level of staffing might cause a potential dilution of the federal program. Due to the program's limited role, it was felt there would be no undue impact on the federal programs.

- Following a presentation of the communications program it was the consensus that there was a real need for the program and that it should be supported at approximately its present level.

- The technical programs were discussed extensively in regard to their funding, particularly the use of outside consultants. Committee requests for $2.4 million have been scaled down to $1.2 million. As in the past, the Association may be confronted with supplemental requests in this area.

- A concern was expressed regarding maintenance of the data base for TSCA. Staff was asked to consider this further.

- A Board review committee recommendation to add a regulatory economist to staff was considered. In view of present priorities, this was not believed to be appropriate at this time. Needs would be met by use of outside consultants.

Overall the budget review was good. The staff department heads were informative and constructive in their reports. Additional concerns arising as a result of a general discussion of the budget were as follows:

- The level of reserves in fiscal 1981-82 will be at about 25%. The adequacy of this was questioned. This will be addressed at a future Finance Committee meeting.

- Future years expenses have been estimated to increase at the same percentage rate as sales. It was recommended that expenses be escalated at a somewhat lower rate than the sales increase to provide for addition to reserves.

- Expenditures on special programs are approaching $1 million. Revenues are set at a level to fully recover their costs in accordance with previously approved policy.

Mr. Burrell, on behalf of the Finance Committee, recommended approval of:

- A fiscal year 1981-82 budget of $14,492,000.

- Funding by the current dues schedule.

- ChemCAP assessment of 40% of dues .

Following discussion, the foregoing was approved for recommendation to the Board.

Mr. Burrell then reported that the Finance Committee met with the auditors and reviewed last year's audit report. The auditors were most complimentary regarding the financial management of the Association. The Finance Committee approved them (Alexander Grant & Company) as auditors for fiscal year 1980-81 at a fee of approximately $8,000 - $8,500. Mr. Burrel recommended that, since the Association has no audit committee, the scope of the Finance Committee be expanded to include overview of the audit function. This was approved.

Turning to the matter of the Association's investment guidelines, he proposed that the restriction limiting investment in U.S. Government securitie to no more than 30% of available funds be removed, that future long-term investments be limited to three-year maturities, and that the use of bank repurchase agreements in managing short term funds be permitted. These proposals were approved.

A manual has been drafted which incorporates from all sources the guidelines relating to CMA's financial policies. Copies have been distributed to the Finance Committee for review and comment, after which it will be put in final form.

In concluding his report, Mr. Burrell acknowledged the fine work of the staff and committee chairmen in putting the budget together and noted the steady progress achieved during the past three years in defining costing, and integrating the programs in the budget.

6. Donations for Science Exhibit Display at ACS Building
Dr. Raymond Mariella, Executive Director, ACS, made a presentation, illustrated by slides, proposing a joint venture between ACS and the chemical industry to establish, at ACS headquarters, an exhibit center devoted to chemistry. The estimated establishment cost was $1 million, with annual operating costs also estimated at $1 million -- all to be supplied by the chemical industry.

Following discussion it was agreed that it would not be appropriate for CMA, as an association, to become involved.

7. Report of Nominating Committee Mr. Simeral, on behalf of the Nominating Committee advised that a slate is in the process of preparation and a full report will follow.

8. Association Activities

(a) Report of Superfund Implementation Steering Group
Mr. Sercu reviewed the activities of the steering group, its organizational structure, and the functions of its various task groups.

While it is difficult at this time to determine whether implementation should be at the state level, the federal level, or a combination of both, an action plan is being formulated. It is hoped that the plan will be ready for presentation at the April meeting although flexibility beyond that time may be required due to the slow pace of government implementation.

(b) State Legislative/Regulatory Activities Program
Mr. Stover's report is attached as Exhibit C. During discussion concern was expressed that a CMA state activities program not come between a plant manager and his constituency. Mr. Roland advised that CMA is sensitive to this. The program would be keyed to the companies and plants in the local areas and the primary thrust will be to provide a useful degree of coordination and information.

(c) U.S. Government/European Commission Ad Hoc Study Group
Mr. Johnstone's report is attached as Exhibit D. He reviewed events since his last report in January, noting that the main item of importance presently, is the controversy with the EEC regarding the export of U.S. petrochemicals to Europe. The Europeans contend that the U.S. chemical industry has an unnatural advantage because of controls on oil and gas.

In planning for the Brussels meeting March 18-19 the position will be that with the January 28 decontrol of oil we expect essential parity on feedstock costs; the remaining gas controls will be a small influence; an important factor has been the strengthening of the dollar with some barriers creeping up with the movement of the dollar that has already taken place; and finally, the problems remaining for the EEC may be of their own making.

There is still some question about the position and strength of the Office of Trade Representative (OTR). While there has been much speculation, it is not yet clear what the end result will be under the new Administration.

The OTR continues to be supportive of, and cooperative with, industry. The OTR argued against the restrictions on exports of "hazardous substances" and President Reagan's revocation of Executive Order 12264 resulted.

(d) Report of Hazards Communications Special Committee
Mr. Krumrei expanded on his report, Exhibit E, by advising that it is hoped that the CMA proposal for a hazards communications program will be available for consideration by the Executive Committee in April, but certainly by May. When approved, this will be used in working with OSHA on developing a workable cost-effective regulation and also at the state level, where activities are being tracked, to try to insure uniform policy.

(e) Status Report on PCB's Mr. Frost reported that the EPA regulations permitting PCB's in closed systems, or at 50 ppm in manufacturing and processing operations, has been set aside by court decision which would leave in effect a sweeping TSCA provision banning PCB's with some narrow exceptions. Parties to the suit, including EPA, agreed to request a stay of the court decision pending development by EPA of new regulations. This was in reliance on a promise by CMA and certain other associations to help EPA by requesting information from their members.

CMA has retained a consultant to help prepare a survey questionnaire which, while not burdensome, will require the attention of skilled company personnel. This data-gathering effort has been structured to provide an excellent opportunity to convince EPA to propose helpful exclusions from its new PCB regulations and to proposed meaningful regulations as opposed to onerous dragnet requirements.

Because PCB's are ubiquitous, and because of the CMA commitment to EPA and the Court, all companies were urged to cooperate in processing the survey questionnaire.

(f) Technical and Functional Committee Nominations The following appointments were made: Environmental Management Committee, A. G. Smith, Shell Oil Company (term ending May 31, 1983) to fill the unexpired term of Water E. Jackson, United States Steel Corporation; Chemical Regulations Advisory Committee, Robert Polack, Reilly Tar and Chemical Corporation (term ending May 31, 1982) to fill the unexpired term of E. A. Agostini, Pfizer, Inc.; Communications Committee, Kenneth L. Spalding, Shell Chemical Company (term ending May 31, 1983) to fill the unexpired term of Rene Zentner, Shell Chemical Company.

9. Report of Director of Government Relations Mr. Stover's report is attached as Exhibit F.

10. Report of General Counsel Mr. Frost's report is attached as Exhibit G. Two additional matters discussed were regulatory reform and a settlement offer in the Acevedo case.

(a) Regulatory Reform A copy of Executive Order 12291 was distributed to those present. This extends the freeze on major new regulations pending a comprehensive review based on various analyses including risk/benefit. While giving great procedural power to the Director of OMB, management of the regulatory reform effort rests with the Presidential Task Force on Regulatory Relief chaired by Vice President George Bush. CMA is gearing up to coordinate a constructive and reasonable presentation of chemical industry views for consideration by the task force.

During discussion, concern was expressed that advocacy of cost/benefit analysis could lead to inappropriate quantification of intangible values and that use of a mechanistic cost/benefit ratio would be unwise. Rather, it was suggested that risk analysis, cost effectiveness, and a reasonable relationship between costs and benefits, without complete quantification, should be the CMA approach.

(b) Acevedo vs. Am. Smelting & Refining Co. & CMA The appellate court has upheld a dismissal of this case in which CMA was one of several defendants. The total cost to CMA for the defense of the suit will approach $30,000. American Home Assurance Co., CMA's insurer, has offered to settle for $20,000. In view of some difficult questions concerning the extent of insurer's liability, counsel has recommended that CMA accept the $20,000 settlement offer rather than engage in a protracted and very uncertain litigation.

It was resolved to accept this recommendation. CMA's President and Secretary will execute the necessary legal documents as appropriate to effect the Executive Committee's action.

Bruce M. Barackman

Bruce M. Barackman
Secretary

Certified correct:

William G. Simeral

William G. Simeral
Acting Chairman
CMA Executive Committee

TREASURER'S REPORT

Nine Months Ending February 28, 1981

This report will be prepared and distributed following the end of the month.

For your reference, the following is provided:

- The 1980-81 annual budget as originally approved.
- Budget amendments which include reclassification of expenses to provide for the hiring of a technical writer and secretary to offset outside technical consulting and the reclassifications of CHEMCAP revenue and expenses.
- The 1980-81 annual budget as amended.

CMA
EC - 3/10/81

CHEMICAL MANUFACTURERS ASSOCIATION
Budget for Fiscal Year 1980-81
(As amended through February 28, 1981)

REVENUE:	1980-81 Annual Budget	Approved Amendments	1980-81 Budget as Amended
Membership Dues & Entrance Fees	$ 8,677,300	$ -	$ 8,677,300
CHEMCAP Special Assessment Jan. 1980	891,800	63,200	955,000
CHEMCAP Special Assessment Jan. 1981	3,600,000	-	3,600,000
Investment Income	700,000	-	700,000
General Meeting Income (Net of Exp.)	129,200	-	129,200
Publications Sales	22,000	-	22,000
Overhead Reimbursement - Special Projects	400,000	-	400,000
TOTAL	$14,420,300	$ 63,200	$14,483,500
GENERAL OPERATING EXPENSES:			
General Counsel	$ 638,700	$ -	$ 638,700
Government Relations & Econ. Affairs	860,700	-	860,700
Communications & Public Relations	965,300	-	965,300
CHEMCAP	4,491,800	63,200	4,555,000
Technical Administration	187,700	-	187,700
Health, Safety & Chemical Regs.	521,600	79,700	601,300
Distribution, Energy, Engineering	367,400	-	367,400
Environment & Haz. Waste Center	743,900	-	743,900
CHEMTREC	503,300	-	503,300
Special Research Projects	453,800	-	453,800
Executive Department	891,000	-	891,000
Finance, Accounting & Business	665,300	-	665,300
Printing & Distribution	289,700	-	289,700
TOTAL OPERATING EXPENSES	$11,580,200	$142,900	$11,723,100
LEGAL & RESEARCH			
Legal Fees & Expenses	$ 1,420,000	$ -	$ 1,420,000
Research & Consulting	1,373,000	(79,700)	1,293,300
TOTAL	$ 2,793,000	$(79,700)	$ 2,713,300
TOTAL EXPENSES	$14,373,200	$ 63,200	$14,436,400
Contribution to Reserves	$ 47,100	$ -	$ 47,100

Exhibit B

CHEMCAP REVIEW

Since the Executive Committee and Board meetings of January 5-6, the CMA staff has been working closely with the industry's Communications Committee and the advertising agency (J. Walter Thompson) to carry out instructions of the Executive Committee and Board "to further examine ways to improve the effectiveness of the ad campaign." An all-day meeting was held on January 14 in Washington as part of this examination. Attending were representatives of the ad agency, CMA staff and the Advertising Task Group, as well as others in the industry who have expressed views on the campaign.

Out of the meeting came a number of specific ideas that the agency has been converting into ad concepts. The two that received the most favorable response from the Communications Committee and the Advertising Task Group are being presented at this meeting to both the Board's Communications Policy Review Group and the Executive Committee. These two new concepts have been put through intensive testing with "focus groups" across the country to determine their relative impact on readers, as compared with our current advertising.

Meanwhile, opinion polling has been underway with Cambridge Associates under the guidance of the Public Opinion Research Task Group of the Communications Committee. Preliminary results of this second wave of polling, especially as contrasted with the "benchmark" study of a year ago, are being presented at this meeting.

Other current and prospective actions being pursued to carry out the industry's ChemCAP public support effort are highlighted on the next pages.

ACTION REQUIRED: For information and discussion only.

CMA
EC-3/10/81

CURRENT CHEMCAP PROGRAMMING HIGHLIGHTS

- CMA is making arrangements to make a special representative available to visit each member company over the next few months to discuss more active involvement in ChemCAP programming. H. G. (Red) Brown, who has just retired from Du Pont, will join CMA's staff on a consulting basis for six months. Mr. Brown has had extensive experience in handling corporate communications problems.

- Intensive preparations have been made for a March 19 industrywide communications conference, which will also highlight company involvement. Detailed examples will be given of effective programming at the national and local levels and for all sizes of companies.

- A special meeting is being scheduled for March 18 for key personnel from throughout the country involved in setting up ChemCAP Community Committees. Invitations have also been extended to Chemical Industry Councils to join in this session, which will be devoted specifically to exchanging ideas on how to organize and implement the ChemCAP effort at the local level.

- Two unique offshoots of our ad campaign have been developed by CMA with the National Journal and Time Magazine. The National Journal reprinted the six "Policy Forum" articles that were placed in this prestigious publication over the past year. Written by members of the Executive Committee, the "Forums" are detailed expositions of the industry's position on health and safety subjects. The reprints are being mailed to key lists, including more than 3,000 news media leaders. Time has also produced a laudatory report--"Public Issues Advertising and Public Actives: A Chemical Reaction"--that reprints all ChemCAP advertisements and provides detailed background information on the reasons for the campaign.

- A "key issue" booklet on managing chemical wastes is now in preparation. A brainstorming session was held in January to get input from ChemCAP's Science Advisory Group and CMA's Environmental Management Committee. Member companies were also circularized for specific examples of waste technology. Publication target is mid spring.

- Seven pocket-size brochures on the five concern areas are being distilled from the "key issues" booklets and from the ads. These will fit a standard business envelope and should receive wide mail distribution, as well as serve as "leave-behinds" for speakers.

- The Speakers Resource Manual is being revised for distribution in March, and the industry has been canvassed for suggestions on making it the most effective reference work on ChemCAP objectives.

- The slide presentation, "Meeting the Challenge of Change", and the film, "Doing Something", both 21-minute and 13½-minute versions, have recently been converted to videotape, making it easier for companies with video facilities to show these programs.

- CMA is preparing a four-page tabloid supplement to Publishers Auxiliary, publication of the National Newspaper Association. It is being designed to reach 10,000 newspaper editors, as well as for widespread member company reproduction and local press placement. Articles and art will be camera ready and cover chemical industry contributions and benefits, plus action on the major health and safety issues that concern the industry today, especially groundwater and hazardous waste disposal.

- Also in the development stage are major news materials marking CHEMTREC's 10th anniversary and our position on efforts to amend the Clean Air Act.

- Responding to an article in the Family Weekly by Michael Brown, author of Laying Waste, CMA's News Bureau sent a mailing to all 400 dailies that subscribe to the Sunday supplement. Included were a letter from CMA President Roland, a copy of a recent Reason magazine article exposing distortions on Love Canal and other appropriate materials.

- The CMA Communications Department has been reorganized to better carry out ChemCAP. Richard L. Wilson has been appointed director of public relations and advertising, and Jeffrey Colin Van director of CMA's national news service--with both reporting directly to James N. Sites, vice president of communications.

Nanda W. Haynes has joined the CMA communications staff as manager of public information and is responsible for programs concerning consumer information, education, speaking efforts and organization liaison. Gary Sukow has been named radio-TV manager and will be responsible for developing CMA's nationwide broadcast programming. Priscilla J. Perkins is now program coordinator and Patricia A. Sokoloff is coordinator of consumer information.

Victor H. Peterson, recently named vice president of CMA's newly created Member Services Department, will continue to help establish the ChemCAP Community Committees.

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Exhibit C

PLANNING FOR

CMA STATE LEGISLATIVE/REGULATORY NETWORK

Planning is continuing actively in preparation for a new CMA activity in state legislation and regulations. Approval-in-concept of CMA entry into this area was indicated by the Board of Directors at the October 1980 meeting in Houston.

The initial organizational concept is consistent with recommendations of the Board study committee headed by Mr. George Polzer, which envisioned:

- staffing/mission approach which places maximum emphasis on improved communications/monitoring with respect to state legislative and regulatory activity;
- maximum use of existing groups, such as chemical industry councils, and other, and the strengthening of such groups where necessary;
- reliance chiefly on member companies and other existing entities for on-the-scene action in the various states/regions;
- concept/budget to be refined and brought forward for Board consideration in the context of the CMA budget package for fiscal 1981-82 (June 1, 1981 - May 31, 1982).

A more detailed conceptual outline follows.

I. Internal. Creation of a state activities section comprised of a manager, professional staff member, and supporting staff member; the section will report through the vice president, Government Relations Department. To the extent that development of new Association policy is required, existing clearance and approval procedures will apply. Initial budget appears likely to be about $200,000 for the first year.

II. Information Gathering. Under active staff management, a comprehensive states legislative and regulatory information gathering network is envisioned, to include:

- purchase of commercial services and on-line computer tracking capability covering key chemical industry issues in every state; augmenting this information through a variety of other liaison mechanisms.
- formation of a core group of company professionals expert in state relations activities to advise and collaborate in the program.
- formal designation of a contact in each member company to serve as a communications link with CMA.
- regular contact between staff and local/regional groups (state chemical councils, and others as appropriate); regional meetings, seminars, etc., as needed.

III. Issue Analysis and Policy Development.

- careful attention to priorities with respect to overall industry impact, timetables and best utilization of available resources;
- reliance on existing CMA committee structure to accomplish required issue analysis utilizing a task group approach;
- continuing technical support in the form of data, background materials, studies, etc., on an as-needed basis consistent with priorities and available resources;
- direct participation by states relations professionals; attention to proactive as well as reactive considerations;
- formal clearance and approval where new or altered policy is contemplated.

IV. Delivery/coordination.

- maximum feasible reliance on existing resources of member companies, chemical industry councils, etc., to deliver the industry message at the local level;
- seek to strengthen and augment local groups where desirable;
- develop communications network which will facilitate local response on key issues;
- keep all member companies abreast of state legislative/regulatory developments and programs underway;
- careful attention to federal/state relationships and precedents; continuing attention to implications of industry legislative and regulatory programs in Washington, D.C.

Action requested - none. Information only.

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Exhibit D

U.S. GOVERNMENT/EUROPEAN ECONOMIC
COMMISION AD HOC STUDY GROUP

U.S. exports of man-made fibers and petrochemicals continue to cause difficulties in the European Common Market. The EEC Government requested of the U.S. Government that consultations and fact finding take place on this issue between the two governments, with industry advisors participating. The United States agreed to the proposal with conditions formulated jointly with the U.S. chemical industry. The resulting effort is called the U.S. Government/European Commission Ad Hoc Study Group on Petrochemicals. On January 5, 1981, the CMA Executive Committee approved participation in these talks and selection of advisors to work with the U.S. Government.

The first meeting of the Ad Hoc Study Group was held in Washington, D.C. on December 10 and 11. Five industry representatives from the industry's Sector Advisory Committee and Mr. Leo Johnstone, Phillips Petroleum Company and member of the Industry Policy Advisory Committee, were observers to the discussion. The focal point of the EEC argument was that U.S. price controls on crude oil and natural gas are an "unnatural" advantage to the U.S. petrochemical producers that must be corrected.

In preparation for future U.S. EEC talks, the chemical industry has formed a group of petrochemical experts as advisors to the government. They are currently working on material presented to them in a meeting on February 12. Some of these experts will be chosen as advisors to the government in the next meeting of the Ad Hoc Study Group on March 18-19, in Brussels, Belgium.

New anti-dumping charges are announced periodically by the EEC against chemical imports form the U.S. A dumping duty of 4% on U.S. styrene has been approved by the EEC. Dumping cases on other U.S. petrochemical exports are likely to be filed by the EEC in the near future.

CMA
EC - 3/10/81

Exhibit E

REPORT OF THE CHAIRMAN OF THE HCSC

William C. Krumrei

BACKGROUND

Over the past several months, members of the HCSC have been working with OSHA representatives to aid in the development of a workable, cost effective hazards communications rule. On January 16, 1981, OSHA published its "Hazards Identification" proposal which incorporated few, if any, of CMA's recommendations, or even the agreed upon changes.

A letter was developed and sent to Secretary of Labor Raymond J. Donovan to express CMA's concern with this proposed regulation. The letter stated that while CMA supports a performance-based, scientifically appropriate, and cost-effective regulation, the OSHA proposal had none of the characteristics essential to sound regulation. The letter went on to identify the key areas of concern:

- Specific extensive literature searches and record-keeping requirements for hazard identification.

- Massive revision of existing hazards communication programs.

- Lack of protection for trade secrets.

- Labeling of chronic hazards far beyond the current state of science.

- The imposition of enormous and unnecessary costs for compliance.

In addition to the letter, contacts were made with members of the Administration requesting withdrawal of the proposal.

On February 12, 1981, a notice was published in the Federal Register withdrawing the proposed rule. The notice cited the need "to consider regulatory alternatives that had not been fully considered and then, if appropriate, to repropose the regulation."

Activities of the committee will now concentrate on the development of CMA's proposal for a hazards communication program. This will be used when approved, with OSHA and as a basis for dealing with the issue at the state and local level.

ACTION REQUIRED

None. Information only.

CMA
EC-3/10/81

FORMATION OF TASK GROUP ON STATES' ACTIVITIES

HAZARDS COMMUNICATIONS SPECIAL COMMITTEE

BACKGROUND

As a result of the recent and anticipated activities at the State and local levels in the "Worker Right-to-Know"/ Labeling area, a task group has been formed to address such activities. This task will focus on advocacy at the local level.

The State Activities' Task Group is responsible for implementing CMA policy to achieve consistency among the states and ultimately with federal requirements. The Task Group will monitor legislative and regulatory initiatives, analyze the impact of, and develop responses to such initiatives, provide technical resources, and cooperate with local organizations which will ultimately conduct the state-level advocacy program.

A copy of the Task Group charter is attached.

ACTION REQUIRED

None. Information only.

FORMATION OF TASK GROUP ON STATES' ACTIVITIES

HAZARDS COMMUNICATIONS SPECIAL COMMITTEE

BACKGROUND

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A copy of the Task Group charter is attached.

ACTION REQUIRED

None. Information only.

Hazards Communication Special Committee
State and Local Activities Task Group
February 10, 1981

Charter

Monitor activities of state and local governing bodies to identify pending legislation and regulation in the hazards communication area. Analyze this information to determine priority items, key issues and recommend alternative language to the HCSC.

Interact with state and municipal governments through established Chemical Industry Councils (CIC's), business groups, CMA member companies and other interested parties. The focus will be advocacy at the local level. The task group will act to increase awareness nationally and provide the necessary technical resources locally.

Exhibit F

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

February 24, 1981

NEW EPA ADMINISTRATOR NOMINATED

President Ronald Reagan ended weeks of speculation about the new Administrator of the Environmental Protection Agency by nominating Anne M. Gorsuch, 38, a Denver attorney and former state legislator. Gorsuch emerged as the compromise nominee after consideration of several other candidates.

Gorsuch has been a corporate attorney for the Mountain Bell Telephone Company since 1975. She served in the Colorado State House of Representatives from 1976 to 1980, declining to seek re-election last year. She was voted the outstanding freshman in 1976 by legislators and reporters.

From 1978 to 1980, Gorsuch chaired the powerful House State Affairs Committee, which became known as the "speaker's committee". (State Rep. Bob Burford (R), Speaker of the House, sent much key legislation to that committee.) The Gorsuch committee last year considered a measure to control toxic wastes. She killed the proposal because she feared federal intervention in the state budget.

In a recent interview, Gorsuch said she "supports the Superfund concept for federal funding of abandoned toxic dump and spill cleanup" and is "concerned only with strengthening technical bases for action".

She is reported to believe that EPA is one agency where real changes can be made in the way we conduct business without sacrificing clean air and water goals. The Clean Air Act Reauthorization will occupy her early attention and she will push hard to apply cost-benefit analysis to standards for pollution emissions. Gorsuch feels the acid rain issue is largely speculative now and cannot be linked with certainty to power-plant emissions. While in the legislature, Gorsuch worked actively on the industrial air pollution law and the automobile emissions inspection act.

Gorsuch was the Chairman of the House-Senate Legal Services Committee in 1980. She also served on the Judiciary, Finance and Appropriations Committees. She is regarded as an astute lawyer with an expert command of rules, regulations and state laws.

The Reagan Administration's top two environmental jobs now belong to conservative Colorado lawyers, the other being Secretary of Interior James Watt.

John Hernandez, 51, professor of civil engineering at New Mexico State University and a wastewater expert, will be nominated to be deputy administrator of EPA. Hernandez had been considered for the Administrator's job.

AMENDMENTS TO CLEAN AIR ACT

The amendments process for the Clean Air Act is, in effect, being launched by a Senate hearing in early March to receive the final report and recommendations of the National Commission on Air Quality (NCAQ). The chairmen of both the Senate Environment and Public Works Committee and the House Energy and Commerce Committee are members of the Commission, and have indicated the necessity of having the report as initial guidance. The Congressional study commission which includes nine public members, was created under the Clean Air Act Amendments of 1977 to indicate to Congress any improvements needed in the Act.

The Commission has been chaired by Senator Gary Hart of Colorado. The other three Congressional members on the Commission are: Senator Robert T. Stafford of Vermont, who chairs the Senate Committee on Environment and Public Works, but has not participated actively in the Commission's work; Congressman John D. Dingell (R-Mich) who chairs the House Commerce Committee; and Congressman James T. Broyhill (R-NC). Dingell and Broyhill were seated on the Commission the beginning of this year (replacing David Stockman and Harley Staggers) and have thus had limited opportunity to shape the outcome of the Commission's report.

CMA's EMC task group on the Clean Air Act provided comment to NCAQ throughout its studies. The Commission's report contains some of our recommended changes, but also includes other recommendations that we believe ill-founded. For example, there is a recommendation to expedite the listing and regulation of substances as hazardous air pollutants without steps that CMA considers essential.

Following the Senate hearing on the Commission's findings, public hearings are expected to begin in late March before the House Subcommittee on Health and the Environment as well as the Senate Public Works and Environment Committee (full committee retaining jurisdiction over Clean Air Act amendments in the Senate). Additionally, Senator Stafford has announced tentative plans for field hearings in late spring, to focus on the implications of the Act with respect to: development of synthetic fuels; long-range transport; the auto industry; and the steel industry - and possibly others.

In the meantime, bills authorizing the Clean Air Act for funding beyond its FY 1981 expiration must be ready for floor action in the Senate and House by May 15. To date, the new Administration has not produced a bill or announced its direction for revision of the Act, and only bills addressing limited interests have been introduced (i.e., the Steel Industry Compliance Extension Bill - S. 63).

Our CMA program is already well underway. Washington representatives and CMA personnel have visited committee staff and staff of each member of key congressional committees, delivering the new CMA non-technical background paper on our position, "A Clean Air Act for the '80s".

In the days ahead, we will conduct more briefings on the Hill and continue to prepare for hearings. We are also engaged in close day-to-day cooperation with a variety of other business groups and industries which are seeking constructive change in the Clean Air Act.

SUPERFUND OVERSIGHT AND IMPLEMENTATION

The hurried Congressional consideration and passage of Superfund late last year produced a new law (P.L. 96-510) which is already being criticized for its drafting errors and inconsistencies. A number of statements have been made by Members of Congress about possible hearings and technical amendments.

The Senate committee with primary legislative jurisdiction over the new law is Environment and Public Works. Both the new Chairman, Senator Robert Stafford (R-VT), and the Chairman of the Environmental Pollution Subcommittee, Senator John Chafee (R-RI), have raised the possibility of "technical corrections" and both are committed to introducing legislation this year that would establish a Superfund for oil spills. Representative Mario Biaggi (D-NY) has already introduced an oil spill Superfund bill, (H.R. 85, the same bill number as in the last Congress), and will press for early passage.

Senator George Mitchell (D-Maine) was dissatisfied because the new Superfund law did not provide for compensation of people exposed to releases of hazardous substances. Senator Mitchell has promised to introduce amending legislation this year to provide compensation to victims.

On the House side, Representative James Florio (D-NJ) held a day of hearings to review the post-closure provisions of the Superfund law on February 19, 1981. Florio asserted that the House had accepted the Senate provisions last December with the understanding they would be reviewed early this year. Florio has also indicated some "technical improvements" may be necessary. He set February 26 for another oversight hearing on the implementation of Superfund, aimed primarily at the current financial status of the trust fund established in Title II. Also he is reportedly seeking an accounting of the Section 311 spills fund of the Clean Water Act and how those monies have been allocated.

CMA is committed to working with the Environmental Protection Agency (EPA) and other appropriate Federal agencies in the process of implementing the Superfund law. This effort is aimed at building a workable, cost-effective program that will clean-up or contain hazardous waste dumpsites and releases of hazardous substances.

CMA's Environmental Management Committee has formed a Superfund Implementation Steering Group to study and comment on the pertinent aspects of P.L. 96-510. Task groups have been formed on specific sections in the law, together with an oversight task group which will review issues that may require or give rise to legislative amendments.

GROUNDWATER

Representative Toby Moffett (D-CT) last year focused the attention of Congress on the issue of possible widespread groundwater contamination. Then Chairman of the Subcommittee on Environment, Energy and Natural Resources, Government Operations Committee, Moffett conducted oversight hearings on groundwater and had drafted an industry questionnaire on surface impoundments, dumpsites and groundwater contamination. He has since dropped the groundwater questionnaire from his list of priorities, but is expected to make an effort to extract data and information on groundwater contamination from current RCRA reports.

The forum for Congressional review of groundwater contamination will be the Subcommittee on Health and Environment, Energy and Commerce Committee, chaired by Representative Henry Waxman (D-CA). The Subcommittee is likely to address the groundwater issue during oversight hearings for the re-authorization of the Safe Drinking Water Act.

RE-AUTHORIZATION OF THE CLEAN WATER ACT

The House Public Works and Transportation Subcommittee on Oversight and Review will be issuing a report that will call for major revisions to the Clean Water Act. Key among the recommendations are extending the NPDES permit life from 5 years to 8-10 years, trimming by 50% the time for completing construction grant projects, abandoning national pre-treatment standards (to allow for more local control) and placing a temporary moratorium on funding projects that meet EPA's definition of advanced waste treatment, as opposed to advanced secondary treatment. The subcommittee will also recommend that EPA initiate a major compliance evaluation on minor and major discharges and report to Congress by mid-1981.

The Subcommittee on Water Resources which has jurisdiction over the Clean Water Act is chaired by Representative Robert Roe (D-NJ). The Subcommittee is expected to begin hearings on the re-authorization of the Act in April. Initially, the hearings will focus on the construction grant program (which expires at the end of FY 1981) and industrial cost recovery. The balance of the Clean Water Act must be re-authorized by the end of FY 1982. While attention is drawn to these issues, interest could also be generated in a more comprehensive re-writing of the Clean Water Act, including Title III on toxics.

In the Senate, John Chafee (R-RI), Chairman of the Environmental Pollution Subcommittee, Senate Environment and Public Works Committee, will have the jurisdictional lead in re-authorizing the Clean Water Act. Chafee will also focus on the construction grants program and other changes that are recommended to the Clean Water Act. No time schedule has been established.

CMA's Water Policy Task Group is nearing completion of a CMA Clean Water Act policy paper and recommended changes to the Act.

POLICY ON EXPORT OF HAZARDOUS SUBSTANCES

On January 15, 1981, President Carter signed Executive Order 12264, "Federal Policy Regarding the Export of Banned or Significantly Restricted Substances". The Order was issued despite advice to the contrary from the U.S. Trade Representative's office, from several government agencies and from within the White House itself. Also, key members of Congress requested that President Carter not issue the Order.

On February 17, 1981, President Reagan signed an Executive Order which revoked Executive Order 12264. He also directed in a letter to the Secretaries of Commerce and State, that they review the hazardous substances export policy and make it more consistent and cost-effective.

CMA opposed Executive Order 12264 and favored the revoking order.

The CMA Export of Hazardous Substances Task Group under the Chairmanship of Mr. Ken Davis, Rohm and Haas, will monitor developments in the Departments of Commerce and State and recommend or take action as appropriate.

Representative Michael Barnes (D-MD) has announced his intention to re-introduce legislation to control the export of "products we have banned at home." A hearing will be held on Thursday, March 12, before the House Foreign Affairs Subcommittee on International Economic Policy and Trade concerning President Reagan's rescinding of Executive Order 12264.

NORTH AMERICAN ECONOMIC INTERDEPENDENCE

The Trade Act of 1979 directed the President to make a report on the possibility of a trade alliance of the North American countries. A number of government agencies have been working on the President's report which will be submitted in the summer of 1981. Legislation has already been proposed for consideration by the Congress.

The chemical industry will be affected by any such arrangement perhaps more than any other industrial sector. It will be necessary to prepare written reports and appear at hearings to promote chemical industry views about the government's future course of action. Two things are being done by a CMA Task Group to obtain information and perhaps to arrive at a consensus position on the issue. The first is a questionnaire already sent to all member companies. The second is a seminar to be held in early April.

ENERGY: NATURAL GAS

Senator Richard Lugar (R-IN) has introduced a measure to repeal the incremental pricing provisions of Title II of the Natural Gas Policy Act (NGPA). No hearings have been scheduled before the Senate Energy and Natural Resources Committee and no comparable House version has been introduced.

A legislative proposal may, however, soon be introduced in the House Energy and Commerce Committee by Representative Phil Gramm (D-TX-6) with the intent to remove impediments on the use of natural gas for boiler fuel and to provide incentives for increased production. The draft proposal would modify the Fuel Use Act by an "off-gas" provision and repeal incremental pricing (Title II of the NGPA). A second portion of the draft would amend and modify the NGPA, primarily by de-regulating natural gas from wells drilled on or after January 1, 1981, and by tying the ceiling price of higher production incentive gas to the current wellhead price of crude oil. CMA continues to monitor and participate in discussions regarding this prospective piece of legislation.

ENERGY: EMERGENCY PREPAREDNESS

CMA is an active participant in deliberations of the National Petroleum Council (NPC) on means to handle a major petroleum shortfall. Written submissions to NPC have included specific comments and recommendations. With the prospect of legislative activity to develop plans for dealing with an energy emergency, the CMA position will be carried to key Congressional members and staff. A bill to provide specific standby authority to deal with petroleum supply interruptions has already been introduced in the Senate Energy and Natural Resources Committee by Senator J. Bennett Johnston (D-LA). It is expected that additional legislative proposals will surface prior to the September 30, 1981, expiration date of the Emergency Petroleum Allocation Act of 1973 (EPAA), and that hearings will soon be announced to review oil shortage standby plans.

ENERGY: CONSERVATION

The Administration has proposed an 80% budget cut in energy conservation support to DOE. Expectation is that de-control of oil prices will boost conservation automatically. CMA continues to communicate the chemical industry's favorable energy conservation results and the successes of a voluntary conservation program.

With respect to an emergency energy conservation plan, DOE has eliminated most of the standby plan that former President Carter had put in place. The federal plan would have been imposed on states that did not meet target conservation levels during any future fuel emergency.

ENERGY: EFFICIENCY STANDARDS

The Administration's budget proposal together with DOE proposals indicate an end to any prospect for issuance of energy efficiency standards. Affected would be standards pertaining to appliances, buildings and electric pumps and motors. A revival of any Congressional support for mandatory or standby energy efficiency standards does not appear imminent.

REAGAN ADMINISTRATION DEVELOPS TAX REDUCTION PLAN

President Reagan's plan for reducing taxes proposes cuts for both individuals and business. The proposal reduces individual tax rates by 10% a year for 3 years, and increases the incentive for productive investments by business and industry in new plant and equipment by allowing more rapid write-off of investments.

In order to encourage productive investments by business, the so-called Accelerated Cost Recovery System would establish new treatment of investments by business and industry. The system will determine the periods of time over which the costs of investments can be "recovered" or "written off" when calculating taxes. It will result in fixed periods, known in advance, over which the cost of investments in particular plant and equipment can be charged off as expenses of doing business and thus deducted from gross income before calculating taxes.

Most business property will, for purposes of calculating taxes, fall into one of three write-off periods. An accelerated costs recovery schedule is provided for each.

- 3 years: for autos and light trucks and machinery and equipment used for research and development, expenditures can be written off in 3 years. An investment credit of 6% will also apply to this class, up 2-2/3 percentage points from present law for property written off in 3 years.

- 5 years: This class consists of other machinery and equipment, except for certain long-lived public utility property. After a phase-in period, the original cost of additions can be written off according to an accelerated 5-year schedule.

- 10 years: This class consists of factory buildings, retail stores, and warehouses used by their owners; and public utility property for which present guidelines exceed 18 years. As in present law, the 10% investment credit applies to public utility property in this class, but is not generally available for real property.

The new system would be effective for property acquired or placed in service after December 31, 1980. A 5-year phase-in period would provide progressively shorter recovery periods for long-lived machinery and buildings acquired before 1985.

The proposed new capital recovery system improves upon the current system in several ways. Specifically, it would:

- Substantially increase the incentive for business investments for increased productivity, higher real wages, and sustained economic growth.

- Provide the basis for creating new jobs.

- Improve U.S. competitive position in world markets.

- Reduce the accounting and tax planning burden for taxpayers, by replacing the current, complex concepts such as "useful life" and "facts and circumstances of the anticipated use" which require estimates by taxpayers and later audit by IRS agents and which result in years of dispute and litigation.

- Reduce the auditing burden on the Internal Revenue Service.

TOXIC SUBSTANCES CONTROL ACT: COMMITTEES ORGANIZING

John Dingell (D-Mich) won his first skirmish as Chairman of the House Energy and Commerce Committee when the Subcommittee on Consumer Protection and Finance was abolished in organizational meetings last month. This had become a personal test between Mr. Dingell and James Scheuer (D-NY), who is the number two Democrat on the full Committee and had been Chairman of the Consumer Subcommittee which had responsibility for the Toxic Substances Control Act.

The TSCA jurisdiction now has been transferred to the Subcommittee on Commerce, Transportation and Tourism chaired by James Florio (D-NJ). In addition to TSCA, the Subcommittee has before it such matters as ocean incineration of hazardous wastes, post-closure liability for hazardous waste sites, implementation of Superfund and RCRA, groundwater contamination by hazardous wastes, siting of hazardous waste sites, Hazardous Materials Transportation Act re-authorization, Rail Act and transportation issues. Although plans are not certain, staff indicate they could hold TSCA re-authorization and oversight hearings sometime this spring.

The Senate Environment and Public Works Committee, now chaired by Robert Stafford (R-VT), remains essentially in control of liberal/moderates. Subcommittee jurisdictions have been significantly altered. Responsibilities previously aggregated in former Senator Muskie's Subcommittee have been divided more evenly among all the Subcommittees. TSCA jurisdiction now rests in a newly-created Subcommittee on Toxic Substances and Environmental Oversight chaired by a moderate freshman Republican from Washington state, Slade Gorton. The Toxics Subcommittee will also have jurisdiction over the National Environmental Policy Act, environmental research and development, noise pollution, and the Safe Drinking Water Act. Currently, the organizational process is still underway and it has not yet been determined whether or when TSCA hearings will be held.

OCCUPATIONAL SAFETY AND HEALTH: CHANGES IN LEADERSHIP

The dramatic change resulting from Senator Orrin Hatch's (R-Utah) assumption of the Labor and Human Resources chair from "Pete" Williams (D-NJ) must be kept in perspective. Though the Committee make-up clearly moves away from the previous Williams/Javits pro-labor dominance, Chairman Hatch's forces will be outnumbered by a solid core of 7 liberal Democrats and liberal/moderate Republicans Robert Stafford (R-VT) and Lowell Weicker (R-Conn).

The climate for OSHA reform has improved significantly, but Chairman Hatch is moving carefully in getting his Committee organized. Nearly all his Subcommittee Chairmen are freshman members of the Senate, and it has not been decided which Subcommittee will have the OSHA jurisdiction. Senator Don Nickles (R-Okla), Chairman of the reconstituted Subcommittee on Labor, and Senator Paula Hawkins (R-Fla), Chairman of the newly-created Subcommittee on Investigations and General Oversight, have both asked for the OSHA responsibility. Hearings on OSHA reform have not been scheduled, and await organizational determinations. Chairman Hatch has stated that improving OSHA is one of his highest priorities, and that workers' compensation/occupational disease (the Williams-Javits bill) and plant closings legislation will receive a lower priority.

In the House, the Education and Labor Committee underwent significant changes in its top leadership. Extreme liberal/pro-labor Democrats moved up to several Subcommittee chairs. Phil Burton (D-Cal) became Chairman of the Subcommittee on Labor-Management Relations, which handles important industrial relations issues such as Labor Law Reform and Common Situs Picketing. George Miller (D-Cal), an advocate of criminal penalties for hazards concealment by corporate officials, replaced Ed Beard (D-RI) as Chairman of the Labor Standards Subcommittee which has jurisdiction over workers' compensation/occupational disease legislation. Joseph Gaydos (D-PA), staunch defender of OSHA, remains Chairman of the Subcommittee on Health and Safety with jurisdiction over that agency.

CMA is working with the Chamber of Commerce and National Association of Manufacturers in developing constructive recommendations for OSHA reform. Our Occupational Safety and Health Committee is also preparing to work closely with the new Administrator of the agency to achieve more reasonable implementation of the law.

TRANSPORTATION: RAILROADS FACE FEDERAL SPENDING CUTS

President Reagan has called for cuts in federal spending on railroads by $5.3 billion over the next five years. The Administration proposal for getting the government out of the railroad business would, among other things, end all aid to Conrail and rural freight lines. Congress has repeatedly voted federal aid to help build and operate railroads but there is speculation that the mood might shift toward cuts in federal subsidies and curtailed construction plans. Oversight hearings on the recently enacted rail reform legislation will also soon be announced.

CMA
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Exhibit G

GENERAL COUNSEL'S REPORT

1. Clean Air Act Revisions Task Group. The task group has reviewed the National Commission on Air Quality's staff recommendations and findings and has submitted comments. There are some significant concerns with the staff's findings and potential recommendations for expediting regulation of hazardous air pollutants. In this regard, we briefed Congressman Broyhill's Staff on CMA's Section 112 recommendations in an attempt to get a more reasoned final recommendation from the NCAQ. In this regard, it now looks like the NCAQ final report will be finalized by March 1, 1981, as required by Congress. After the task group has reviewed the final commission report, CMA will submit appropriate comments to Congress.

At this time, it now looks like hearings on possible revisions to the Clean Air Act will be scheduled for late March and/or early April. As part of CMA's preparation for the hearings, we will be finalizing CMA's case studies report for submittal to Congress on the impact of existing air regulatory programs on the chemical industry.

2. Nonattainment/PSD/SIP Task Group. All briefing papers on the New Jersey SIP have been submitted to the Court. Although we have requested an expedited oral argument, the Court has not scheduled a date for the arguments.

In a related matter, the task group will be developing an indepth paper setting forth CMA's positions on various bubbling issues. The paper should be available in time for submittal to the new EPA administration in approximately two months.

3. Process Emission Regulations Task Group. On behalf of the Fugitive Loss Work Group, I am drafting comments on proposed new source performance standards for chemical industry fugitive emissions. We are also considering the substance of oral comments for presentation at EPA's March public hearings.

The flares and boilers work group has submitted comments to EPA concerning a proposed flare research program. The goal of the work group is to convince EPA that existing flare efficiency is in the 90 to 99+ percent range rather than 60 percent.

The ethylbenzene/styrene (EB/S) work group is now formally a task group of the styrene special program. All producers of EB/S are participating in the special program.

Pursuant to the EMC's request, the task group will consider whether the non-metallic minerals regulatory matter should be a general CMA/EMC matter or should remain a special program. The task group will be meeting on February 12, 1981.

4. RCRA Regulations Task Group. The initial meetings with EPA and industry petitioners to negotiate settlement of various issues in the Subtitle C litigation. It appears that the negotiations will take several months before any tangible results will be realized. It now appears that some further relief from some of the requirements will result. The issues that ultimately will have to be litigated are still on hold until a final decision on what issues cannot be resolved and an appropriate briefing schedule is finalized. This aspect may take another few months before any significant litigation activities commence.

EPA issued on January 23, 1981, interim final regulations for incinerators. The task group will submit comments on these regulations. Since this interim final regulation imposes some very stringent requirements, it will remain a litigation issue. In another RCRA regulatory matter, EPA's reproposed landfill facility standards and interim permitting regulations may not have been finalized and signed before President Reagan took office. Accordingly, we are unsure when these regulations will ultimately be proposed. This proposal is very critical for the interim permitting of chemical industry landfills for the period of time it will take EPA to develop final regulations and to process and issue final permits.

5. Effluent Guidelines Task Group. The pretreatment work group has reviewed the final general pretreatment regulations issued on January 28, 1981, and has identified several issues of concern. Members of the task group will be meeting AMSA to discuss any common concerns with the final general pretreatment regulations, potential litigation initiatives, and/or common strategies for further modifying the pretreatment regulatroy program. It now appears very likely that we will have to resume our litigation since several elements of our settlement agreement were not totally honored. In addition, we shoul consider assisting AMSA in obtaining appropriate statutory revisions in which the program would be primarily a POTW run program.

6. Water Permits Task Group. An ad hoc group developed comments for CMA on EPA's proposed revised pH (Section 402) permittings requirements. The comments, submitted on February 9, 1981, generally support the "industry petitioner's" position.

At this time, we still do not have a decision from the U.S. Court of Appeals for the Fourth Circuit on whether or not they will transfer the NPDES portion of the consolidated permit regulations to the U.S. Court of Appeals for the District of Columbia Circuit. The D.C. Circuit still has not finalized a briefing schedule for the consolidated permit regulations.

The ad hoc treatability group had an organizational meeting on January 30, 1981. The ad hoc group set out plans for preparing general comments and the development of specific examples of errors/misstatements in the treatability manual to support CMA's general concerns.

7. Water Policy Task Group. The task group reviewed on February 9, 1981, a revised version of a position paper on possible amendments to the Clean Water Act. A further revision of the position paper will be mailed out to the EMC for its review in the near future. The task group is expediting the development of the position paper in order to be prepared for the anticipated hearings Senator Chafee is planning to hold later this spring. It is our hope to have a final position paper ready for EMC approval by the March EMC meeting.

8. Water Quality Criteria Task Group. The task group has completed a first draft of a water quality criteria position paper and is presently undergoing task group review. The Task Group has identified several areas in which supplemental technical data needs to be developed. The position paper which primarily advocates good science and points out the deficiencies in EPA's criteria development process should be available in time for submittal to the new EPA administration early to mid-March.

9. Environmental Issues Task Group. As you are all probably well aware, the environmental auditing survey has been mailed out with an early March date targeted for receiving the company data. Some initial returns have already been mailed and received by me. It is my present intention to tabulate the data and present the generic data to either the task group and/or a new ad hoc group established by the EMC. Based upon a review of this survey data, we will make a recommendation to the EMC on proposed further activities for future CMA activities. I hope to have this data tabulated by early April and a recommendation for EMC action by May.

10. Environmental Monitoring Task Group. The task group has submitted extensive comments on further revisions to the testing protocols the Agency is proposing to require for the NPDES permitting process. The subject revisions have continued to raise some serious technical concerns identified by the task group. In addition, the Agency still has not made the twenty round robin verification data available for CMA's review. Informal indications from EPA indicate that the test data will establish that the tests are not reproducable with any degree of accuracy. We have severe reservations about using such unscientific protocols for purposes of the second round NPDES permitting.

11. Rail Deregulation. As a result of the Staggers Rail Act of 1980, which became law on October 14, 1980, the Interstate Commerce Commission must revamp its procedures in many crucial areas. The ICC has thus far issued 24 Notices of Proposed Rulemaking in strategic matters such as Market Dominance, Quarterly Inflation Index, Surcharges, Minimum Rate Regulation, Special Intermodal Authority, Rates on Recyclables, and Standards for Railroad Revenue Adequacy (see attached chart). Borrowing mainly on assistance from CMA's inhouse legal staff, CMA has commented on every major proceeding. Inhouse counsel from member companies are also being relied upon. In three matters, the Standards for Railroad Revenue Adequacy, Market Dominance and the Definition of "Reasonably Expected Business Costs," services of outside counsel, accountants and economists were employed. A chart explaining these issues which the ICC is considering is attached.

12. Proposed Amendment to Classification Rules. The Uniform Classification Committee, which is a subsidiary of the Western Railroad Traffic Association, recently proposed an amendment to Rule 9, which requires shippers to take steps to assure that all tank cars which are tendered to railroads have tightly secured valves and bottom outlets. The UCC proposed an amendment to Rule 9, attempting to make shippers indemnify and hold harmless rail carriers for all incidents, such as spills or discharges from tank cars, resulting from the failure of shippers to assure that the bottom outlets and valves were tightly closed. CMA filed with the UCC, at its hearing on February 10, 1981, a detailed brief explaining that the UCC's proposal violated the Interstate Commerce Act and the new Superfund law, as well as being contrary to state common and statutory law governing tort and contract theories. This brief was prepared by CMA's inhouse counsel in conjunction with a task group working on this matter. The UCC rejected its own proposal after more than ten participants at the UCC's hearing adopted CMA's brief.

13. Labeling Developments. On February 12, 1981 OSHA withdrew its Notice of Proposed Rulemaking published January 16, 1981. The new Administration indicated that the withdrawal would allow time for reconsideration of the proposal. CMA welcomed the withdrawal but continues its efforts to prepare a reasonable labeling standard for publication by OSHA.

14. OSHA's Access Rule for Employee Exposure and Medical Records. The D.C. Circuit denied industry petitioners' and intervenors' Motion to Transfer review of this rule to the 5th Circuit. Industry parties have submitted a proposed briefing schedule. On January 16, 1981 flavor and extract manufacturers were granted a temporary exemption from compliance with the rule after a finding that irreparable harm would occur due to loss of trade secrets.

15. Patent & Trademark Group Activities. CMA has urged the new Secretary of Commerce to upgrade the stature of the PTO, or in the alternative, elevate the PTO Commissioner to the rank of Assistant Secretary. Past and present members of CMA's Patent Group are being considered for appointment to the post of PTO Commissioner. The Group is monitoring legislation to establish a single Court of Patent Appeals (S.21) and to restore the term of a patent during which commercialization was delayed due to regulatory review (S.255).

16. Walkaround Pay. Staff counsel prepared comments urging the withdrawal of OSHA's final rule mandating walkaround compensation on the basis of lack of need and arguably for a lack of statutory authority (45 Fed. Reg. 75232). The walkaround rule is subject to Mr. Reagan's freeze on final rules.

17. TSCA Section 13. Staff counsel prepared comments on EPA's proposed policy on chemical imports and Department of Treasury's proposed rule requiring an importer's certification that each shipment complies with TSCA. The thrust of CMA's comments was directed at encouraging the least possible administrative delay at the port of entry.

18. TSCA Section 12(b). EPA's final rule on notification of export chemicals was issued December 16, 1980 (45 Fed. Reg. 82844). The Association shared some of the concern over the treatment of impurities, confidentiality and R&D with respect to the requirement for export notification to foreign countries of Section 4, 5, and 6 controlled substances. However, CMA counsel recommended against the initiation of a circuit court challenge. Instead, CMA will seek administrative adjustment to the terms of the final rule.

19. Section 120 of the Clean Air Act. CMA's Petition for Review of EPA's regulations has been consolidated with a great many other petitions. Briefs are not due until approximately May 2, 1981.

20. Economic Impact of EPA's Premanufacture Notification Program. CMA has obtained a thirty day of extension of time to March 13, 1981, by which to submit its comments on the economic and regulatory analyses of EPA's PMN program, prepared for the Agency by ICF, Inc. CMA has retained the Regulatory Research Service (RRS), a division of the Kirschner Organization, to analyze ICF Inc.'s study and PMN data obtained from our members.

21. CMA's PCB Project. CMA has completed its negotiations with EPA and EDF on the Association's information gathering project and on the Agency's rulemaking schedule necessitated by the decision in Environmental Defense Fund v. Environmental Protection Agency, No. 79-1580 (D.C. Cir., October 30, 1980)

EDA and EDF have filed two Joint Motions seeking a stay of the court's mandate, one motion each on the two issues facing the Agency in the aftermath of the Court's decision. The effect of a favorable ruling would be to stay the court's opinion setting aside the Agency's determination to exclude from TSCH's PCB ban:

(1) materials containing PCB's in concentrations below 50 ppm.
(2) certain "totally enclosed" uses defined as "intact and non-leaking" (including electrical transformers, capacitors and electromagnets)

In exchange for the approximately 18 month stay the Agency has agreed to a rulemaking schedule on the "totally enclosed" issue, and the Edison Electric Institute has agreed to conduct a survey of its members on various matters related to that issue. An interim equipment inspection and maintenance plan was imposed on industry members as a condition to obtaining the benefits of the stay. On the "50 ppm" issue the Agency has agreed to collect preliminary information which will enable it to subsequently develop its rulemaking plans. CMA and the Dry Color Manufacturers Association (DCMA) have agreed to collect data on this issue. CMA, on its own, will also collect information relating to the "totally enclosed" issue.

On February 12, 1981, the Court granted the requested Stay as to the totally enclosed issue. The Joint Motion filed with the Court on February 20, 1981, relating to the "50 ppm" issue is enclosed in this report.

22. NRDC v. Costle. CMA has urged the Department of Justice and EPA to consider filing an appeal of the decision of the District Court for the Southern District of New York upholding NRDC's contention that EPA had not responded in a timely fashion to testing recommendations of the Interagency Testing Committee issued under Section 4(e) of TSCA. The February 3, 1981 letter urged the Administration to consider not only the impact of the decision but of the timetable which NRDC and the previous EPA administration agreed to for development of testing rules on 39 chemicals and chemical classes.

CMA has also asked our outside counsel, Covington & Burling for a discussion of the litigation and other options CMA should consider. Any petition for judicial review to the Second Circuit Court of Appeals must be filed by March 12, 1981.

23. EPA Proposed Environmental Effects Test Standards and Good Laboratory Practices. CMA's comments on these proposed rules are being prepared by CMA Environmental Effects Task Group and Covington & Burling. They are to be submitted to EPA on approximately March 15, 1981.

24. Superfund. A major effort is now underway to have CMA play an effective role in the important rulemakings that will occur under Superfund. CMA task groups are meeting with EPA personnel on a frequent basis. Written comments are being submitted with regard to key concerns. In addition, legal memoranda are being prepared by outside counsel to assist the task groups on issues such as the notification requirements, the national contingency plan and preemption of state funds.

25. Ground Water. CMA testified at a January hearing on EPA's proposed National Ground Water Protection Strategy. In addition, CMA submitted extensive written comments on the EPA proposal. The testimony included legal memoranda prepared by outside counsel which detailed the potential impacts of the Agency plan upon state water rights and water rights laws.