EXHIBIT J

PROPOSED PROGRAM ON OCTYLPHENOL

Problem/Background: On November 3, 1982, the Interagency Testing Committee (ITC) recommended that 4-(1,1,3,3-tetramethylbutyl)phenol (octylphenol) be considered for testing for its toxic effects on human health and the environment. The ITC recommended the following studies: mutagenicity, environmental effects and chemical fate. In response to the recommendation, octylphenol manufacturers asked CMA to set up a program on this chemical. Accordingly, the Special Programs Division convened an exploratory meeting where a tentative budget to cover the initiation phase of the program was approved.

Objectives: The Program Panel will work with EPA to develop a reasonable and sufficient testing program. The Panel intends to evaluate the Agency's preliminary testing recommendation in conjunction with additional data in order to develop a testing proposal.

Recommendation: It is proposed that the Executive Committee accept SPAC's recommendation for approval for this program.

Impact:

Money - Participating companies will support program activities and necessary overhead.

Company Personnel - One representative from each participating company.

CMA Personnel - No additional staff required.

Action Required: Approval of recommendation.

CMA

BD-9/13/83

PROPOSED PROGRAM ON TRIMELLITATES

Problem/Background:

On November 8, 1982, the Interagency Testing Committee (ITC) recommended that tris (2-ethylhexyl) trimellitate (TOTM) be considered for health effects and environmental effects testing under Section 4 of the Toxic Substances Control Act (TSCA). The ITC recommended the following studies: metabolism, acute and chronic toxicity to fish and aquatic invertebrates, toxicity to plants, bioconcentration and chemical fate. The ITC further recommended that if metabolism studies indicated absorption and/or metabolism of TOTM, additional studies should be undertaken to "ascertain its potential for reproductive and subchronic effects including hepatic peroxisomal proliferation and hypolipidemia". These recommendations were based upon structural analogy to di-2-ethylhexyl phthalate (DEHP). The agency activated its 52-week schedule for test rule development with the rule scheduled to be published by November 3, 1983. Since the ITC concerns over TOTM were related to effects of DEHP and since most of the TOTM manufacturers were members of the Phthalate Esters Program Panel, the Panel, at its December 4 meeting, set up a task group to interact with the Agency on TOTM. The task group held an organizational meeting on January 17, 1983, and decided to expand its membership to include all manufacturers of TOTM, if possible. On February 3, 1983, the task group voted to form a separate panel on trimellitates and developed a tentative budget. The decision was based upon the fact that companies manufacturing trimellitates who were not members of the Phthalate Panel, could then participate, and on concerns over potential advocacy issues that may be of concern to trimellitate producers but not phthalate producers. The task group received approval of the Phthalates Panel to form a separate group on February 15, 1983. The Trimellitates Panel approved their charter on March 29, 1983.

Objective:	The Panel will compile toxicity data and use and exposure data for submission to EPA. The Panel will propose a Voluntary Testing Program to the Agency which takes into account studies already performed and results of the Phthalate Esters Panel's studies on DEHP.
Impact:	
Money	- Participating companies will support program activities and necessary overhead charges.
Company Personnel	- One representative from each participating company.
CMA Personnel	- No additional staff required.
Action Required:	Approval of Recommendation.

CMA

BD-9/13/83

EXHIBIT L

REPORT OF THE TECHNICAL DIRECTOR

The Technical Director's report highlights CMA accomplishments and activities in its advocacy of prime issues.

COMMERCIAL PRODUCTION OF CHEMICALS

On August 1, CMA testified before Senator Durenberger's Subcommittee on Toxic Substances and Environmental Oversight. Dr. Jerry Smith, Director of Toxicology for Rohm and Haas, testified on behalf of CMA. CMA believes TSCA does not require legislative amendments. The Chemical Regulations Advisory Committee (CRAC) prepared and submitted responses to questions asked by the Senator.

At the request of Congress, the General Accounting Office (GAO) is conducting two studies of TSCA. One study focuses on review of new chemicals and premanufacture notification (PMN). GAO is comparing the European method for reviewing new chemicals to the U.S. system. The other study focuses on EPA's implementation of the Existing Chemicals Program and its use of control measures under TSCA. CRAC is preparing a written response to GAO questions. We expect that final reports on both studies will be ready by January 1984. These reports could play a major role in TSCA oversight activities.

In July 1983, the Office of Toxic Substances, EPA, published its second "TSCA Priorities and Progress" report. The report provides status of EPA's programs for implementing TSCA and also outlines its priorities for future activities. CMA will comment to EPA on the goals outlined in the report.

CRAC has planned a TSCA Informational Meeting on October 12 in New Orleans, LA. The agenda will focus on EPA's implementation of the New and Existing Chemicals Programs, CMA's State Affairs Activities, and EPA's Enforcement Inspection Program in Region 6. CRAC is also sponsoring a Risk Management of Existing Chemicals Seminar in December 1983. This day and a half program will focus on what industry should know about EPA's data needs for conducting risk assessment and deciding appropriate risk management control options for existing chemicals under TSCA.

On June 17, CMA petitioned the EPA to stay for 90 days the effective date of the final rule for premanufacture notification (PMN). The final PMN rule implements Section 5 of the Toxic Substances Control Act (TSCA), and supercedes an interim policy that has guided the PMN program since its beginning in 1979. CRAC petitioned EPA because several provisions of the rule are either ambiguous or substantially different from the interim policy that has been governing the program.

On July 8, the EPA Administrator granted a 60-day stay of the effective date of the PMN rule, extending the effective date from July 12 to September 10. EPA stated that the postponement was necessary to clarify the ambiguous provisions of the rule and to consider the need to revise certain provisions of the rule. CRAC commented on the ambiguous parts of the rule and asked that EPA further stay those parts of the rule that cannot be corrected without amendment. EPA will consider the CMA petition and letters as it reviews the final PMN rule. The Agency plans to publish a Federal Register notice in early September that will provide interpretation of the rule and that will further stay those parts of the rule to be amended.

On August 11, the EPA Administrator signed the final rule that implements Section 8(c) of TSCA. The rule requires manufacturers and processors of chemical substances and mixtures to keep records of significant adverse reactions alleged to have been caused by the substance or mixture. CRAC is reviewing the rule and will present questions to EPA so that the Agency can prepare a question and answer supplement to the rule. In addition, we will work with the Agency as they prepare for a public meeting on the Section 8(c) recordkeeping rule.

Biomedical and Environmental Special Programs

Benzene

OSHA denied a petition for an emergency temporary standard (ETS) for benzene and has started a regulatory analysis of the technical and economic feasibility of a new standard. In a July 8, 1983, Federal Register notice, OSHA stated its intent to undertake accelerated rulemaking on benzene. As a first step, the Agency asked for information on new toxicologic and epidemiologic studies completed since 1977 and data related to current work practices and performance criteria. CMA's Benzene Panel is gathering information to respond to this request.

OSHA intends to issue a proposed rule in November 1983, hold hearings in February 1984 and have a final rule in place next June.

Ethylene Oxide

The Ethylene Oxide Industry Council (EOIC) testified at recent OSHA hearings on a new workplace standard for ethylene oxide (EO). The Council supported improvements in the current OSHA standard and the proposed permissible exposure level (PEL) of one part per million (ppm) time weighted average. However, the EOIC advocated a more performance-oriented standard. Performance standards provide equivalent employee protection and are more efficient and cost-effective than specification standards.

The EOIC based support for the one ppm PEL on a hazard assessment by Dr. Leon Golberg, which concluded that exposures at or below one ppm were insignificant in terms of hazards posed to employees. The one ppm PEL is, therefore, very conservative and will guard workers from significant risk.

On other issues, the EOIC supported the concept of an "action level" for ethylene oxide to provide an incentive for employers to reduce exposure even after the PEL is met. However, the Council strongly opposed medical removal and rate retention provisions, the requirement that ethylene oxide be labeled as a reproductive hazard and the suggestion for cytogenetic testing as part of routine medical surveillance. The imposition of a short-term or ceiling-exposure limit was opposed on the belief that available scientific evidence does not justify a short-term limit below that implicitly required by the PEL.

Fluorocarbons

Progress has been made on the Balloon Intercomparison Campaign (BIC), designed to validate measurement techniques currently used to understand the chemistry of the upper atmosphere. This experiment, involving scientists from industry, government and academia in seven countries, has provided the most comprehensive data base ever assembled to help in understanding how releases of natural and man-made gases interact with the earth's protective ozone layer.

The first phase of the Campaign occurred last September when four large balloons were launched on the same day from the National Scientific Balloon Facility (NSBF) at Palestine, Texas. A detailed analysis of the observations from that first phase is now in progress and results are expected to be available next year.

The plan for the second phase was to launch in April, four gondolas carrying 17 instruments. On June 17, two balloons had successful flights. Unfortunately, two larger gondolas could not be launched that day, due to bad weather but were successfully launched three days later, on June 20. All four gondolas attained float altitude, and all but two of the seventeen instruments aboard functioned well. Their observations were radio-telemetered to ground stations, and are currently being analyzed.

The first two gondolas (launched on June 17) were recovered safely the day after launch. However, during the descent of the second wave, on June 21, one gondola was totally destroyed and the other severely damaged. Several instruments will require extensive repairs before they can be used again. Despite these difficulties, the 75 scientists involved still concurred that the information gained from these balloon flights, which cannot be obtained from satellite observations, made the Campaign extremely worthwhile. All agreed on the need to conduct similar intercomparisons, where emphasis will be on obtaining comprehensive data sets.

On another front, the 1982 production report on two chlorofluorocarbons, CFC-11 and CFC-12, is now available. It has been compiled for the 19 companies supporting the CMA Fluorocarbon Program by Alexander Grant & Company. Annual production continued to decrease with total production for 1982 reported at 1,346 million pounds, considerably below the peak of 1,791 million pounds in 1974.

The Alexander Grant & Company compilation also includes estimates of production in non-reporting countries. These estimates, combined with the reported data, indicate a slight decrease in calculated total world production of CFC-11 and CFC-12 from 1981 to 1982.

Calculated annual releases for 1982 are also available in a companion report published by CMA.

Methylenedianiline

The Methylenedianiline (MDA) Panel submitted extensive information to EPA for its review of 4,4'-MDA under Section 4(f) of TSCA. EPA was informed that workplace exposure to MDA is confined to a small population and is stringently controlled at low concentrations. The Panel urged EPA to rely on the information submitted and to conclude that MDA does not present an "unreasonable risk of injury" and, therefore, does not warrant further regulatory action. The Panel further stressed that if EPA disagrees with this conclusion and decides that more stringent workplace controls are needed, "the proper regulatory approach would be to refer MDA to OSHA for development of an occupational safety and health standard."

Octylphenol

The Octylphenol Panel is continuing to discuss its voluntary testing program with EPA's Test Rules Development Branch. Agreement is anticipated shortly.

Ongoing research activities sponsored by the panel were also discussed.

EFFECTIVE WASTE HANDLING AND DISPOSAL

Superfund

On July 25, CMA submitted comments to EPA on the Agency's proposal to adjust reportable quantities of waste products now designated as hazardous under CERCLA. CMA also commented on the advance notice of proposed rulemaking on approaches for determining what additional substances should be designated as hazardous under CERCLA.

RCRA

On June 9, Morton L. Mullins, Monsanto Company, testified for CMA before the Senate Subcommittee on Environmental Pollution on the reauthorization of the Resource Conservation and Recovery Act (RCRA).

CMA also submitted three sets of comments to EPA on the Agency's proposal under RCRA. Our comments addressed:

- transfer of permits;
- financial responsibility requirements for facilities handling hazardous substances (July 12); and
- redefinition of solid waste (Aug. 2).

Solid Waste

Two CMA studies on solid waste were completed and are available to member companies:

- an evaluation of EPA SW-846 "Test Methods for Evaluating Solid Waste, Physical/Chemical Methods" for Appendix VIII parameters, conducted by Environmental Testing and Certification Corporation, and
- a study performed by Acurex Corporation entitled "Pilot-Scale Investigation of Surrogate Means of Determining POHC Destruction."

INCIDENTAL CHEMICAL EXPOSURES AND PUBLIC HEALTH

CMA reviewed the analyses that EPA used to support its proposed BAT guidelines for the organic chemicals, plastics and synthetic fibers industries. EPA used questionable assumptions and data in their analyses, and the Agency failed to consider much progress that has already been made in effluent reduction.

Universities Associated for Research and Education in Pathology (UAREP) completed a feasibility study to see if existing data could be assembled to indicate the nature and scope of health effects from waste sites. UAREP concluded that a full study could be completed in ten months for about $1 million. CMA will help fund the study and is seeking additional sponsors. UAREP will begin the full study early in September.

ENERGY AND FEEDSTOCK SUPPLIES

CMA made significant progress by encouraging Congress to deal comprehensively with the complex issue of natural gas policy. On July 29, the Senate Committee on Energy and Natural Resources voted out S. 1715, "Natural Gas Policy Act Amendments of 1983". While the bill is imperfect, CMA urges strong member support to encourage the Senate to pass S. 1715 because it contains the essential provisions for phased total deregulation of all wellhead ceiling prices by a date certain, and the coordinated removal of gas market restrictions such as: incremental pricing, Fuel Use Act prohibitions on the use of gas, and intrastate consumers' access to gas from the outer continental shelf.

In July, the House Fossil and Synthetic Fuels Subcommittee voted out a compromise amendment offered by Congressmen Shelby and Corcoran. This bill differs substantially from the Senate proposal. CMA will continue work to have old gas deregulation included in legislation so that supplies from the lowest cost reserves are developed fully.

Another gas issue has surfaced as a result of the Supreme Court's decision on the legislative veto. Incremental pricing rules could be applied to feedstocks and process use gas, and there is danger of retroactive liability for CMA members. This issue will also carry a high CMA priority to obtain either a favorable ruling from the Federal Energy Regulatory Commission (FERC), or a legislative remedy from Congress. CMA joined with the Petrochemical Energy Group, Process Gas Consumers Group, and others to petition the Federal Energy Regulatory Commission to stay the effective date of the earlier rulemaking, and to reopen the issue in order to amend the rule.

Petroleum Issues

CMA submitted comments to the Department of Energy on Standards Sales Revisions for sale of petroleum from the Strategic Petroleum Reserve (SPR) during a declared emergency. CMA recommended that:

- The appropriate minimum quantity offered for sale should permit multiple barge movement of 40,000 barrels.
- The government should provide an exemption from the Jones Act to facilitate movement of SPR Petroleum.
- DOE should reduce proposed penalties for failure to lower SPR contracts, and DOE should permit transportation plan revisions for changing circumstances, and . . .
- DOE should assume their ship and dock demurrage responsibilities.

DOE Liaison on Conservation Research, Development, and Demonstration Programs

CMA participated in a DOE meeting with chemical and petroleum industry representatives to discuss DOE conservation research, development, and demonstration programs. CMA recommends that federal programs, or basic research should be directed toward high-risk, long-term research, and that technology development should be restricted to situations where such factors as long lead time in synthetic fuel development create a need for federal assistance to accomplish a national goal such as reduced dependence on foreign energy supplies. Government involvement should be limited to supporting private industry in developing first-of-a-kind technologies.

SAFE AND COST EFFECTIVE CHEMICAL PRODUCT DISTRIBUTION

CHEMTREC continues to interest both government and private groups. A member of Senator Danforth's staff and representatives from South Africa and France recently toured the Chemtrec command center. Additionally, the Emergency Response Team Workshop in Louisville was well attended.

Negotiations between chemical industry tank car providers, railroads and the car leasers have reached a milestone. The CMA Car Compensation Subgroup proposed, and the railroads accepted, an interim solution which included freezing tank car compensation payments, approximately at the current level (about 400 million a year), while continuing negotiations to develop a long-term equitable method of determining tank car compensation levels. This proposal will be put to the CMA car subscribers for their approval in early September. The Car Compensation Subgroup also agreed to recommend to the Distribution Committee that subscribers be assessed $2 per car to pay for additional consultant and legal services.

In its testimony at the Staggers Rail Act Oversight hearing, CMA objected to the ICC's failure to promote rail-to-rail competition and to halt anti-competitive actions by various railroads.

Shipping Act

CMA gained approximately 35 amendments to pending shipping act legislation. As a result, Senate Bill S. 47 and House Bill H.R. 1878 are much more favorable to shippers than were the original versions. Final legislative action still must be taken on these bills.

CMA also testified before the National Transportation Safety Board in support of Good Samaritan legislation and before the Federal Railroad Administration regarding drug and alcohol use by railroad employees.

CMA is also supporting "freedom of the seas" by opposing laws and regulations that reserve cargo to the high-priced or inefficient vessels of one of the trading partners.

Distribution

A committee work group developed cargo restraint methods that reduce costs and hazardous material incidents during transportation. We are actively promoting publication of these methods by the Department of Transportation.

OCCUPATIONAL SAFETY AND HEALTH

Dr. Charles Ryan of Sun Company testified for CMA on July 27, 1983, before the Subcommittee on Labor Standards on the Miller Bill (H.R. 3175). The Bill is chiefly concerned with victims of occupational exposure to asbestos and would set up a fund to compensate them. It also contains a trigger mechanism to include other occupational diseases and toxic substances. CMA believes the trigger mechanism is unnecessary since most state compensation systems work well.

A 1980 interim report to Congress on occupational disease by the Department of Labor's Assistant Secretary for Policy, Evaluation and Research (ASPER) has some poor conclusions based on incomplete data and weak assumptions. The report is often cited to justify proposed legislation or regulation. The OSH Committee is preparing a critique of the ASPER report with the assistance of some of the authors who originally contributed to the report.

The OSH Committee set up a work group to deal with right to know (RTK) issues on the community level. The new group will work with fire chiefs and others to head off ill-conceived and burdensome local RTK laws. They will also help organize community preparedness efforts to deal with chemical emergencies.

In a final rule on Marine Terminals (48 Fed. Reg. July 5, 1982), OSHA excluded, as CMA requested, marine facilities at production sites as well as the handling of bulk flammable liquids.

CLEAN WATER

On June 2, James E. Norris, CIBA-GEIGY Corporation, testified on environmental monitoring for CMA before the Subcommittee on Natural Resources, Agriculture Research, and Environment of the House Committee on Science and Technology. Later, on August 17, CMA submitted a voluminous set of comments to EPA on the "Organic Chemicals and Plastics and Synthetic Fibers Category Effluent Limitations Guidelines, Pretreatment Standards, and New Source Performance Standards."

EXHIBIT M

REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

NATIONAL ECONOMIC POLICY: REORGANIZATION OF THE U.S. GOVERNMENT'S TRADE FUNCTIONS

Criticism of the Federal agencies in their fragmented handling of international trade matters has created increasing concern, both in the Administration and in Congress. Senator Roth (R-DE) in the 97th Congress introduced a bill to reorganize the trade function, but it got little attention or support. The reorganization concept was considerably strengthened in June of 1983 when the Administration announced its proposed reorganization. It includes merging the Department of Commerce and the Trade Representative's office into a new Department of International Trade and Industry (DITI).

The Administration proposal has had a mixed reception. Some business groups, such as the Business Roundtable, have withheld support. There is evidence that the Senate will approve the Administration bill on a party line vote, but there is considerable opposition in the House. The time for action on the proposal in committees is uncertain.

CMA refrained from taking a position on the original Roth bill because it felt that the present system was satisfactory at that time and that not enough cause had been shown to require a change. There was concern that excellent relationships in the Trade Representative's office would be lost. The push by the Administration in June has caused the CMA International Trade Committee (ITC) to reevaluate the proposal. The Department of Commerce requested CMA support and provided an Assistant Secretary to explain the proposal. Our committee is currently considering support of the Administration plan.

NATIONAL ECONOMIC POLICIES: REVISION OF EXISTING TRADE REMEDY LAWS

There is widespread belief in the Congress and business community that rapidly changing world economic situations dictate the need for further revisions to U.S. laws dealing with import injury. The recent failure of U.S. ammonia producers to receive relief in their countervailing duty case against imports of Mexican ammonia is just one instance which has caused dissatisfaction with current trade remedy laws.

Overtures have been made to CMA by members of both houses of Congress, asking us to offer suggestions for appropriate revisions to the trade remedy laws. The chemical industry will be expected to testify on legislation proposals in the fall. In response, the CMA International Trade Committee has prepared draft language which includes the following:

- amend the definition of a subsidy under the countervailing duty law;
- deny the injury test to non-market economies under the antidumping laws;
- include the violation of intellectual property rights as an action for retaliation by the President; and
- revise escape clause provisions to include imports which are merely "increasing" as opposed to "rapidly increasing."

Representative Gillis Long (D-8-LA) has introduced legislation (H.R. 3801) which provides for dealing with subsidized injurious imports. CMA has prepared a point-by-point analysis. Our International Trade Committee, in its consideration of the issue, will examine the Long bill and our draft, as well as other options before deciding upon a position.

Mr. Leo Johnstone, Chemical Industry Trade Advisor, will provide a status report to the CMA Executive Committee at its September 12 meeting.

NATIONAL ECONOMIC POLICIES: RENEWAL OF THE GENERALIZED SYSTEM OF PREFERENCES

The Generalized System of Preferences (GSP) was created by the Tariff Act of 1974, and is due to expire January 3, 1985. The Program's intent is to encourage industrial development in developing nations by allowing the duty-free importation from those countries into the United States of a wide variety of products, including certain chemicals.

On July 22, the Office of the U.S. Trade Representative sent to the Congress the Administration's proposal for the renewal of GSP. Congressman Gibbons (D-7-FL) is reportedly opposed to the Administration's renewal proposal. Neither he nor any other Congressman has yet introduced a bill in the House of Representatives. Senator Danforth (R-MO), who reportedly also disagrees with the Administration proposal, has nevertheless introduced it by request as S. 1718.

On August 3 and 4, hearings were held on the renewal of GSP in the House and Senate, respectively. The Senate Committee heard testimony only from Ambassador Brock, the U.S. Trade Representative. Congressman Gibbons, Chairman of the Trade Subcommittee of the House Ways and Means Committee, accepted testimony from both government and industry. Myron Foveaux, CMA Assistant Director of Government Relations, testified in his capacity as Deputy Advisor, Office of the Chemical Industry Trade Advisor. He spoke on behalf of both CMA and the Synthetic Organic Chemical Manufacturers Association. CMA also filed a detailed written statement which was included as part of the record.

CMA is of the opinion that too much discretion is afforded the Administration in implementing the current program. Further, the Administration has prepared a proposal for GSP reauthorization which gives even greater discretion once the program is reauthorized.

CMA believes the following to be the major problem areas in the current program:

- no provisions exist to permanently remove (graduate) articles or entire product sectors from GSP benefits;
- the dollar value limit of $53 million necessary to trigger temporary suspension of benefits (competitive need limits) have become excessive; additionally, there are no requirements which prevent an article from repeatedly being reinstated, only to repeatedly exceed the competitive need limits every other year; and

o the extension of GSP benefits to multiple article classifications of the Tariff Schedules ("baskets") has provided GSP benefits to certain articles which should not receive such benefits.

The Administration proposal fails to address any of these concerns.

NATIONAL ECONOMIC POLICY: EXPORT OF HAZARDOUS SUBSTANCES

Some in the U.S. Congress, and environmental activists, continue to express concern over the export of U.S. products, including chemicals, that they consider to be hazardous. President Carter issued an Executive Order in January 1981 placing stricter controls and a notification system on the export of such products. President Reagan revoked Mr. Carter's Executive Order and directed the Departments of Commerce and State to propose a better federal policy on the export of hazardous substances.

A reasonable policy on the issue has been subjected to full interagency review and is now in OMB. It is dormant there because of the complex series of major law revisions and regulations changes which would be necessary to implement it. If the present form of the Administration's proposal were put into effect, the chemical industry would find it acceptable except for one potential problem: the opening up of section 12b of the Toxic Substances Control Act and other parts of that Act to undesirable changes, a move CMA opposes.

Congressman Michael Barnes (D-8-MD) has continued his strong efforts to legislate stringently. He successfully appended a federal policy statement to the House version of the Export Administration Act reauthorization legislation (H.R. 3646). The Senate version (S. 979) does not include the Barnes amendment. Neither of these bills has been approved on the floor. It is not known if the Barnes amendment will be attached to the Senate bill on the floor or whether the conferees will accept it in joint conference.

CMA believes that the Barnes amendment in the House bill will not be a great problem if it remains. The language in the report on the bill is reasonable. The industry will oppose the Barnes amendment in the Senate, however, and in conference if necessary. The CMA position stresses that there is no rationale for a control system or for a requirement for notification of each shipment of a product restricted or banned for use in the United States.

NATIONAL ECONOMIC POLICIES: BUDGET AND TAX LEGISLATION

In its revised report on the budget and the economy, the Congressional Budget Office warned that even if the Congress adopts the spending reductions and tax increases called for in the Joint Congressional Budget Resolution, the Federal deficit over the next few years will continue at historically high levels.

The Budget Office projects deficits of $200.6 billion in Fiscal 1983; $182.9 billion in Fiscal 1984; and $176.1 billion in Fiscal 1985. Although the estimates assume the passage of over $73 billion in new taxes and $40 billion in reduced spending over this period, the Budget Office warned there is a strong possibility that Congress may not enact these changes.

President Reagan has stated that he will veto legislation which increases taxes in this Congress. Since the 10 percent reduction in individual tax rates went into effect in July, few Congressional leaders -- Democrat or Republican -- have championed major tax increase proposals. However, Washington observers caution that if interest rates increase quickly, Congressional viewpoints could shift dramatically.

In April, the CMA Board of Directors adopted a position on the Administration's Fiscal 1984 budget which stresses the need to balance the Federal budget through reductions in government spending. It opposes new taxes on energy, but recognizes that it may be necessary to adopt selected tax increases to obtain a balanced budget. This should be accomplished by deferring previously enacted tax reductions other than the 10 percent individual income tax rates. This position provides guidelines for CMA's budget and tax efforts with the Congress and in Washington business coalitions.

NATIONAL ECONOMIC POLICIES: DOMESTIC INTERNATIONAL SALES CORPORATIONS (DISC)

The Administration's alternative to the DISC provisions of the Internal Revenue Code was introduced in bill form immediately prior to the August Congressional recess. The Administration proposal was introduced in the House as H.R. 3810 by House Ways and Means Committee Chairman Dan Rostenkowski (D-IL) and ranking minority member Barber B. Conable, Jr. (R-NY). In the Senate, the proposal was introduced as S. 1804 by Senate Finance Committee Chairman Robert Dole (R-KS).

In general, the Administration bill would adopt a territorial tax system to replace DISC. Under the bill, the new sales entity would be based abroad and would not be subject to current U.S. income taxes. Favorable pricing rules, similar to those developed under DISC, would apply to sales between the manufacturing parent and the foreign sales entity. Several options for handling DISC deferrals are being studies, including re-investment on a tax-free basis in the new export sales entity.

Initial business response to this legislation is favorable. Despite the fact that Chairman Rostenkowski and Congressman Conable introduced the legislation at the request of the Administration, both have expressed reservations about the specific language. Prospects are favorable, however, for early fall hearings.

The Congressional Joint Committee on Taxation has estimated that the chemical industry annual deferred taxes under DISC are about $300 million. Cumulative deferred taxes for the industry are estimated to exceed $2 billion.

CMA is closely monitoring all developments with respect to DISC and is coordinating its efforts with allied trade associations and related groups.

NATIONAL ECONOMIC POLICIES: PRODUCT LIABILITY LEGISLATION

The Consumer Subcommittee of the Senate Commerce Committee continues to review S. 44, the Product Liability Risk Retention Act. The bill (S. 44) introduced by Subcommittee Chairman Robert W. Kasten, Jr. (R-WI), is identical to the one reported by the Commerce Committee in the 97th Congress.

The Subcommittee held its initial hearings on S. 44 in April. Additional hearings are anticipated in late September or October.

In the House, Congressman Norman D. Shumway (R-CA) has introduced H.R. 2729, which is similar to S. 44. Congressman Henry A. Waxman (D-CA), Chairman of the House Energy and Commerce Subcommittee on Health and the Environment, has stated that the subcommittee will not address product liability legislation until after the Senate acts.

Although the business community actively supports S. 44 and H.R. 2729, the American Trial Lawyers Association (ATLA) strongly opposes this legislation. The probability of early passage is not high.

CMA is monitoring developments on this legislation and coordinating its activities with allied trade associations and groups.

NATIONAL ECONOMIC POLICIES: REGULATORY REFORM LEGISLATION

The Supreme Court's recent decision in the Chadha case that the legislative veto is unconstitutional has stalled efforts to enact omnibus regulatory reform legislation. Several bills have been introduced that would resolve the problems created by the Court's decision. None, however, appears to have widespread acceptance in the Congress. CMA is closely monitoring developments, and is coordinating its efforts with other trade associations.

NATIONAL ECONOMIC POLICIES: PATENT TERM RESTORATION

CMA continues to support early passage of the Patent Term Restoration Act. This legislation, which was introduced in the Senate as S. 1306 (Mathias, R-MD) and in the House as H.R. 3502 (Synar, D-MD), would add up to 7 years of patent life lost due to delays caused by government-mandated testing and reviews. It is anticipated that the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice will hold hearings early this fall on this important legislation. CMA is working to secure additional co-sponsors of this bill and is coordinating its efforts with allied trade associations.

ENERGY AND FEEDSTOCK SUPPLIES: NATURAL GAS LEGISLATION REPORTED

On July 26, after 31 days of markup, the Senate Energy and Natural Resources Committee completed action on a controversial bill that would phase out federal price controls on all natural gas and achieve decontrol 44 months after enactment. By a vote of 11-9, the Committee reported without recommendation S. 1715, a compromise between the original Administration proposal and numerous alternatives. The markup vehicle used for consideration was developed primarily through the efforts of Chairman James A. McClure (R-ID) and Senators J. Bennett Johnston (D-LA) and Wendell H. Ford (D-KY).

The bill reported includes a mechanism to permit high cost gas contracts to be phased down over 12 months and low cost gas contracts to be phased up over 36 months in order to bring gas prices to a market level. The legislation would immediately deregulate gas sold under contracts expiring, renegotiated or entered into after the date of enactment. The measure further reduces the amount of contracted gas for which a purchaser is required to pay when there is no need for use (i.e.: take-or-pay clauses are reduced for 3 years after enactment 50%, 60% and 70%, respectively). Provisions of existing law are also repealed that permit reimposition of controls, incremental pricing and fuel use restrictions.

CMA, with an industry coalition, is supporting the compromise package and actively working for its passage. Senate floor consideration is being sought after Congress returns from the August recess, but there is a crowded floor agenda. Considerable debate and an effort to filibuster are expected.

In the House, the Fossil and Synthetic Fuels Subcommittee of the House Energy and Commerce Committee July 29 approved an unnumbered draft bill. A compromise amendment offered by Congressmen Tom Corcoran (R-IL-14) and Richard C. Shelby (D-AL-7) was reported by a 10-9 vote. The measure sent to the full Committee would retain controls on old gas (pre-1977), except for gas produced from older fields under enhanced recovery methods approved by the Federal Energy Regulatory Commission and sold at market prices. Gas scheduled to be deregulated under the present National Gas Policy Act by January 1, 1985, would not be affected, whereas gas drilled after the date of enactment would be deregulated immediately. Take-or-pay contract requirements would be set at 50%, and both incremental pricing provisions and fuel use restrictions of existing law would be repealed.

To offset problems associated with contracts and beneficial relief for pipeline companies, the Subcommittee version calls for pipeline accountability and mandatory contract carriage requiring pipelines to transport gas to local distribution companies and industrial users if excess capacity exists. These provisions, in addition to some form of wellhead decontrol, may be the focus of the debate in the full Committee.

The debate in the House may shift somewhat from those proposals that would reimpose controls or freeze prices, but a less-than-comprehensive solution, or a reaction to the impact of a difficult heating season is always possible. Senate action could provide a signal for the House debate on the issue. Upcoming elections undoubtedly will influence the timing and course of any natural gas legislation.

PRODUCT DISTRIBUTION: MARITIME REFORM

A maritime regulatory reform bill is expected to be scheduled for House floor action soon after Congress returns from the August recess. The legislation attempts to enhance the U.S. merchant fleet and insure a competitive ocean transportation system that facilities U.S. exporting and importing. Carriers are provided authority for intermodal ratemaking for service to inland points.

The House Judiciary Committee reported version amends H.R. 1878, earlier reported by the House Merchant Marine and Fisheries Committee. Discussions between the staffs of both Committees are underway and the Rules Committee is expected to begin review. The Senate has already passed an international shipping reform bill, and it is still possible that legislation could be sent to the President for signature this year.

The CMA position calling for pro-competitive language to offset greater carrier anti-trust immunity has been presented in testimony, and coalition efforts have been effective. Many of the chemical industry proposed amendments have been incorporated. The House Judiciary reported version, in the CMA view, contains more pro-competitive language to offset greater carrier antitrust immunity. CMA efforts are directed at obtaining support of the House Judiciary Committee version as the vehicle for floor debate.

PRODUCT DISTRIBUTION: RAILROAD DEREGULATION OVERSIGHT

Senate and House oversight hearings were held in July on whether the Staggers Rail Act of 1980 is working. CMA comments were provided to the Surface Transportation Subcommittee of the Senate Commerce, Science and Transportation Committee and the House Energy and Commerce Committee, Transportation and Tourism Subcommittee.

The CMA statement criticized the failure of the Interstate Commerce Commission (ICC) to comply with Congressional intent and stressed the need for clarifying language. We reiterated support for the basic philosophy of the Staggers Act that rail-to-rail competition should reduce regulation. However, we provided examples wherein the ICC has not only failed to encourage competition, but has permitted large railroads to erect anti-competitive barriers and limit access to shippers' traffic. Language proposed by CMA would prohibit anti-competitive cancellations of through routes, joint rates and reciprocal switching, and promote competitive interchange by requiring publication of proportional rates.

PRODUCT DISTRIBUTION: CARGO PREFERENCE

The House Merchant Marine and Fisheries Subcommittee has reported the Competitive Shipping and Shipbuilding Act of 1983 (H.R. 1242) that would require a certain percentage of bulk shipments be transported in U.S. flag vessels. The full committee is expected to consider the bill after the August recess. Markup may be completed and a bill readied for House floor action yet this year. A similar proposal, introduced on the Senate side (S. 1000), is still in the hearing process.

For the most part, endorsements for the legislation have come from shipbuilders and maritime labor unions. The 85 sponsors of the bill view the proposal as a job creation measure and one that would bolster national security. Debate centers on free trade versus the cargo preference, construction and manning provisions of the bill.

CMA believes such legislation would make U.S. exporters of chemicals and other products less competitive in world markets and has testified in opposition. The potential negative impact on trade and manufacturing jobs has been emphasized by a coalition of bulk shippers of chemicals, petroleum, farm products and coal. A concurrent Congressional Resolution in opposition to cargo preference policies has attracted nearly 80 cosponsors.

PRODUCT DISTRIBUTION: PORT DEVELOPMENT USER FEES

A series of hearings have been held on various proposals for port development, including imposition of user fees, in the Water Resources Subcommittee of the Senate Environment and Public Works Committee. CMA testimony was presented by Keith Bunting Manager of Government and Public Affairs of Distribution of the Dow Chemical Company. His testimony pointed out that the chemical industry's ability to compete with foreign manufacturers for world trade often hinges on slight variation in transportation costs, and therefore, user fees must be fully justified.

Activity is also underway on the House side on an omnibus port and inland waterway development bill. Hearings have been conducted in the House Public Works and Transportation Subcommittee on Water Resources. Users fees are not included in the House version, but the Ways amd Means Committee is expected to consider the funding aspects.

The CMA position is that any legislative proposal should consider the following:

- all users of a channel and harbor should pay their fair share;
- user fees for capital improvements should be spent only on the port from which they are collected;
- the amount of user fees should be based on the tonnage of cargo, not its value;
- the local port authority and those required to pay user fees should have major voice in deciding whether capital improvements are necessary, the type of improvements that should be made, the contracting involved and user fee levels;
- all presently authorized capital improvement projects, whether partially or fully funded or under construction, should be completed without a user fee assessment; and,
- monies collected from user fees should be placed in a trust fund rather than into a general revenue pool where they could be diverted for other uses.

ESTABLISH AND MAINTAIN SAFE DISPOSAL FACILITIES AND PRACTICES: RCRA REAUTHORIZATION

The House and Senate are moving toward completion of pending RCRA reauthorization legislation. Since the two proposals will not be appreciably different, final enactment into law will likely occur this fall.

The House began consideration of Representative James Florio's (D-NJ) proposal, H.R. 2867, on August 4. So far, amendments have been approved to bring small generators (those generating between 100 to 1,000 kilograms of hazardous waste a month) under the RCRA regulatory program within 30 months. Generators of more than 25 kilograms a month would be required to fill out a manifest for hazardous waste shipped off-site for disposal.

When the House again takes up the RCRA amendment, there will remain over twenty amendments to consider. The two most controversial amendments remaining for the chemical industry are those by Representative John Breaux (D-LA) and by Representative Ed Markey (D-MASS).

Representative Breaux's amendment would substantially alter the land disposal section of H.R. 2867. One effect would be to prohibit, or severely limit, the disposal of hazardous wastes in salt dome formations, underground mines or caves. Similar restrictions of disposal in deep wells, contained in early drafts, have been deleted; therefore, no prohibitions on deep well injection would be imposed by this latest version. The major impact, however, of the Breaux amendment would be a requirement that all surface impoundments which receive hazardous wastes be retrofitted to meet the requirements for new impoundments under RCRA regulations. In effect, this would require the rebuilding or replacement of many surface impoundments built by industry to meet the requirements of the Clean Water Act. Many of these, which are either unlined or single-lined, cover scores or even hundreds of acres, and retrofitting is likely to be impractical. CMA and the American Petroleum Institute have proposed that surface impoundments which are either part of an active wastewater treatment facility, or are lined, be exempted from the prohibition.

The Markey amendment is a limited approach to public compensation, and is greatly pared-down from an earlier version. The second bill drops all provisions for taxes, funding, and an administrative scheme, and retains only the direct cause of action in federal court.

Main points of second Markey bill:

- amends RCRA;

- relates only to hazardous waste exposure, and not to other environmental or workplace exposures;

- allows direct personal injury causes of action in federal courts against the same types of parties already specified as liable for clean-up under CERCLA (generators, transporters, owner/operators) with this significant limitation: generators and transporters are only liable for exposures from releases over which they had control (not for "off-site" events);

- no presumptions or burden-shifting;

- provides compensation for virtually all types of personal injuries but not for property damages or other business losses;

- provides for strict liability, but federally-permitted releases are subject to negligence standard;

- provides for joint and several liability with a right of contribution;

- o compensation allowed only to extent not otherwise provided by existing private and/or public insurance;
- o no retroactive liability;
- o EPA is to issue "health effects documents" on hazardous waste which can be (but are not required to be) admitted in evidence; and
- o contains no limitations on state tort claims.

Since the second Markey proposal is so limited in scope, legislative options and opportunities should be fully explored.

In the Senate, CMA testified at Environment and Public Works Committee hearings in June, basically supporting S. 757 as it was currently drafted. A fairly straight-forward proposal when introduced by Senator John Chafee (R-RI), the bill now contains complex regulatory schemes and imposes thirty-two new deadlines on EPA. An example of the complexity is the section on land disposal restrictions. As reported by the committee, it contains three lists of substances. EPA must, by a specific date, make final regulations which prohibiting or allowing the continued land disposal of each of these materials. Even with this approach, it remains preferable to the House bill with its absolute 'hammers'. The 'hammers' stipulate that if EPA does not meet the deadline, the prohibition on land disposal takes effect.

Our RCRA Task Group of the Government Relations Committee continues to work to improve the land disposal restrictions and ban provisions, and to modify the Breaux amendment. The task is made more difficult since Congress does not trust EPA to implement and enforce hazardous waste laws.

REASONABLE WATER USE PERMITS: CLEAN WATER ACT AMENDMENTS

As reported last month, the Senate Environment and Public Works Committee has completed consideration of Clean Water Act amendments and has approved Senator John Chafee's bill, S. 431. When the Senate considers S. 431, Senator Steve Symms (R-ID) plans to offer a floor amendment on pretreatment that would allow some cities to operate their own pretreatment programs and to opt out of EPA's national program.

On the House side, Representative James Howard (D-NJ), Chairman of the House Public Works and Transportation Committee, has introduced H.R. 3288 which contains major amendments to the Clean Water Act. This legislation is supported by twelve environmental groups. The Howard bill is distinguished by what it does not include of importance to the chemical industry; pretreatment or BAT modification. Representative Robert Roe (D-NJ), Chairman of the Water Resources Subcommittee, held one day of hearings before Congress adjourned for the August recess. He plans to hold hearings in late September and CMA is preparing to testify.

CMA contacts are being made with members of the House Public Works and Transportation Committee.

INCIDENTAL CHEMICAL EXPOSURES AND PUBLIC HEALTH: PUBLIC COMPENSATION

Representative Markey's (D-MASS) second amendment on public compensation was discussed in this report under the section on RCRA. The Public Compensation Task Group of the Government Relations Committee has underway a program of meetings by CEOs and Washington Representatives with key Members of Congress. These meetings are designed to inform them of the positive steps the chemical industry is taking to address the public compensation issues and to alert them to the complexities inherent in framing new public policy.

CMA has mailed to every Member of Congress three excellent pamphlets on the public compensation issue. The pamphlets contain excerpts from a speech by Jackson Browning, Union Carbide Corporation; excerpts from the testimony of Dr. Bruce Karrh, E.I. du Pont de Nemours and Company, and a summary of the UAREP study effort.

In addition to hearings by Representative Scheuer, Representatives Florio and Levitas have held oversight hearings on various aspects of the public compensation issue. Dr. Bruce Karrh testified on behalf of CMA at both, emphasizing the need for data, and explaining the CMA UAREP study.

The Reagan Administration is stepping up its efforts. The Cabinet Council on Legal Policy and an interagency OMB work group on Toxic Torts/Compensation recently decided to explore the issue. They will develop policy options that respond to legislative proposals, as well as explore the possibility of drafting an Administration bill.

CLEAN UP OR CONTAIN OLD PROBLEM WASTE SITES: CERCLA

Representative James Florio (D-NJ) is beginning to explore the possibility of his taking the lead in 1984 to push for an extension of Superfund beyond 1985 and to make substantial changes to the law. He has not publicly addressed specific issues except the possibility of replacing the current feedstock tax with a waste-based tax.

REASONABLE CLEAN AIR PERMITS: CLEAN AIR ACT AMENDMENTS

Interest in amending the Clean Air Act has escalated because of continued reports of alleged acid rain damage and the growing pressure in the public and political arenas to do something. Recent scientific reports have concluded there is a need to institute reduction of emissions in order to curb acid rain.

Representatives Waxman (D-CA) and Sikorski (D-MN) have introduced legislation that would require the 48 contiguous states to enter into a cost-sharing arrangement to finance acid rain controls and cleanup. Nearly a dozen bills have been introduced ranging from an accelerated study of acid rain to those requiring major reductions of SO_2 and NO_x emissions. Several Congressional hearings may be held on acid rain this fall. It is also anticipated that the Reagan Administration will be going public soon with a further position on acid rain. CMA is in the process of studying the impact of the major acid rain proposals.

The Congressional attention to the acid rain issue could provide new momentum for a package of comprehensive clean air act amendments. CMA's Clean Air Act Task Group is preparing for possible renewal of Congressional action and is giving particular attention to Section 112.

COMMERCIAL PRODUCTION OF CHEMICALS: TSCA REAUTHORIZATION

Congressman Florio's (D-NJ) Subcommittee on Commerce and Transportation completed hearings on TSCA in the spring and his staff is now working on amendments which would give EPA more authority to require testing for new chemicals. The amendments have not yet surfaced but we are working to identify the concepts and specific changes. A Government Relations Committee Task Group is making contacts with key Congressmen and staff to express CMA views and to explain how the act is working.

In the meantime, Representative James Broyhill (R-NC) introduced legislation that would simply reauthorize TSCA. CMA issued an Action Advisory on June 30 urging member companies to contact Congressmen on the House Energy and Commerce Committee to support Mr. Broyhill.

Representative Broyhill believes there should be no substantive amendments to TSCA at this time. EPA has implemented virtually every section of the Act, including an effective premanufacture review process for new chemicals. Legislative changes now would upset and delay EPA's program, which is now at the critical stage where results are being accomplished. Amendments contemplated by Florio could change the basic structure of TSCA, particularly section 5.

In the Senate, Senator David Durenberger (R-MINN), Chairman of the Subcommittee on Toxic Substances and Environmental Oversight, held 3 days of oversight hearings on TSCA in July and August. Dr. Jerry Smith, Director of Toxicology for the Rohm and Haas Company, testified for CMA, and supported the Act as presently written. Monsanto's Ron Condray and Union Carbide's Jerry Kenney also testified in support of the law and against any amendments. Environmental activist witnesses claimed TSCA is not working, particularly in the areas of premanufacture testing, follow up reporting, control of existing chemicals and excessive and unjustified confidentiality claims. Academic/scientific witnesses basically said the Act, although not perfect, is basically sound and is not in need of major amendments.

Durenberger is new to this area of environmental law and is weighing the conflicting positions. Staff indicates that a simple reauthorization may be in order for this year, with more hearings possible in the Spring or Fall of 1984.

OCCUPATIONAL SAFETY AND HEALTH: MILLER BILL ON OCCUPATIONAL DISEASE COMPENSATION

Chairman George Miller's (D-CA) House Subcommittee on Labor Standards held hearings in June and July, on H.R. 3175 to establish a federal compensation system for asbestos victims. His bill calls for a "trigger mechanism" to add additional substances when a disease incidence is 30% above expected levels. CMA, working with a business community coalition, was instrumental in achieving the additional hearing in July at which testimony was presented by CMA, NAM, the Chamber of Commerce and the firm of Crum and Forster.

Dr. Charles Ryan, Corporate Director of Health, Safety and Security for the Sun Company, testified for CMA on July 27. CMA's position is that there is no demonstrated need to create a new compensation system from occupational diseases, with possible exception for asbestos-only diseases. Dr. Ryan's testimony concentrated on areas of primary concern to the chemical industry: the "trigger mechanism," presumptions/medical criteria, scientific advisory panel, and the exclusive remedy provisions.

Chairman Miller has completed his hearings, and expects to consider H.R. 3175 in the Subcommittee in September. The fact that none of the main witnesses who testified were satisfied with the bill in its present form means Representative Miller still has some work to do to gain the support he needs to assure passage. A CMA Government Relations Committee Task Group is monitoring developments closely and member companies are working to improve the language within specific areas.

* * • * *

STATE LEVEL COMMUNICATION AND COORDINATION

The majority of states have adjourned for the year, however key states will return to session in the fall: i.e.; Pennsylvania, New York, Michigan, New Jersey, California, Massachusetts, Ohio and Wisconsin. As the sessions concluded in the early summer, the major item of interest for the governors and legislatures to deal with continued to be budgetary matters.

At the National Governors' Association annual meeting in August, the governors adopted a position on the reauthorization of the Clean Air Act to preserve the national commitment to the act's existing goals and objectives. They also supported a position on the uniformity of law and regulations relative to the transportation of hazardous materials, and called for better coordination among federal, state and local governments in hazardous materials transportation policy.

The National Conference of State Legislatures, the association for the nation's 7,500 state legislators, also held their annual meeting in August. Although few policy measures were adopted that were diametrically opposed to the views taken by our industry, the subjects of discussion were of interest to us. The agenda included acid rain, groundwater, public compensation, natural gas, hazardous materials transportation, siting and user fees.

There is evidence that the initiative process will have an impact on this industry in the near future with the filing of two proposals in Massachusetts and in Florida this fall, both on the right to know issue. It is also felt that environmental issues will start to creep into this process by next year. Fighting these proposals is extremely expensive and could thrust this industry into a new arena of public policy development.

CMA STATE AFFAIRS SPECIAL COMMITTEE: TASK GROUP ACTIVITY

The Hazardous Waste Disposal Task Group is beginning preparations for the 1984 sessions by reviewing prospects for activity on key issues such as public compensation, superfund, hazardous waste disposal restrictions, siting and related state RCRA issues. The group will also be working very closely with EMC task groups on developing and assembling needed position papers and support material

The Hazards Communication Task Group will be reviewing its strategy and resource materials in preparation for the sessions this fall and in 1984 on right to know. Of particular importance will be the proper utilization of the OSHA hazards communication standard expected in September or October; new CMA activity on community right to know and emergency response; and the close coordination of the CMA communications effort with the state affairs program. Work on developing testimony modules for use in the states will also be concluded.

The Electronic Services Task Group will be interviewing vendors for the state legislative and regulatory monitoring service in mid September.

The Environmental Task Group with the help of the EMC air technical task groups has recently finalized issue papers on hazardous air pollutants. These address the major issues in toxic air policy including design controls and emission standards, ambient standards and screening techniques. The Connecticut Business and Industry Association recently utilized the CMA documents in a letter to the Commissioner of the Department of Environmental Protection. In September of 1983, ETG members will participate in a national conference on toxic air pollutants sponsored by the State and Territorial Air Pollution Program Administrators. The toxic air issue papers which were approved by the EMC will be available in booklet form for distribution.

Environmental Task Group members are continuing to utilize the state industry communications network to effectively address state groundwater management policies. The EMC Groundwater Task Group and the ETG are working together to coordinate an on-going dialogue with other organizations and trade associations involved in groundwater issues. In July, ETG members participated in an NCSL groundwater management conference in Chicago which highlighted state approaches to allocating and protecting groundwater and the goals of a comprehensive groundwater management strategy for the mid-western region.

William Niggel, Chairman of the Hazardous Materials Transportation Task Group recently testified at the National Transportation Safety Board hearings on rail-yard safety and urged the Board to support state Good Samaritan legislation for hazardous materials emergencies. Members of the task group will participate in four NCSL regional workshops which will focus on techniques for improving the management of hazardous materials in transportation. These meetings are being cosponsored by CMA as well as other national associations. The HMTTG has recently finalized issue papers on transportation restrictions including routing, curfews and prenotification.

KEY ISSUE: RIGHT TO KNOW

Legislative activity on right to know has now reached more than 30 states since the beginning of 1983. Our position has been and continues to be to oppose these bills in deference to a comprehensive federal standard. However, that position has been seriously undercut by the delays in the final issuance of the OSHA hazard communication standard. Originally scheduled for June, the issuance date has slipped to late September at the earliest. This slippage has been exploited by the labor/environment activist coalition in a number of states during June, July and August and may have been a significant factor in the final enactment of several proposals. Since June, six additional states have adopted new right to know laws: New Jersey, Alaska, Minnesota, Rhode Island, Illinois and New Hampshire. Key developments in individual states follow.

New Jersey. As noted above, New Jersey now has a right to know law which cluminated a bitter two year struggle. After both houses of the legislature passed the bill, Governor Kean was lobbied intensively by both sides concerning a veto. Despite visits by member company CEOs and other pressures the Governor will sign the bill as submitted to him. The law will be the most stringent in the country and is the first to include combined worker and public right to know at the state level.

Massachusetts. Two competing right to know bills are still before the legislature. One is sponsored by the labor/environmental "Solidarity Coalition" and the other is an alternative proposed by the business community. It now appears likely that the two proposals may be the subject of a statewide initiative if legislative action is not taken this fall.

Michigan. Hearings are scheduled to begin on September 1 on a bill sponsored by Senator DeMaso. Serious consideration is expected this fall. The Michigan Chemical Council and the Chamber of Commerce are working closely on this issue.

Ohio. An extremely onerous bill is expected to be introduced in Ohio in early September. The political climate in the state is very much antibusiness and pro-labor and a difficult debate over the bill anticipated.

Pennsylvania. Hearings were held in late August on the House version. Committee and floor action appear likely this fall. Industry efforts are being coordinated through the Pennsylvania Chemical Industry Council and the State Chamber.

KEY ISSUE: HAZARDOUS WASTE

The hazardous waste issues was reasonably quiet during this summer, with several notable exceptions.

After intense activity over a number of months, the Florida legislature enacted legislation to address hazardous waste site clean-up and other groundwater concerns. As part of the final agreement, an excise tax on chemical product sales was deleted and funds were raised through transfers from an existing coastal protection fund financed by the petroleum industry.

A bill that would have dramatically increased hazardous waste disposal taxes was defeated in New York. This legislation was an attempt to make up the dramatic shortfall in revenues for the state superfund.

There was considerable activity in Louisiana on hazardous waste related subjects as the state moved to modify its site clean-up program, raise revenues from hazardous waste disposal taxes, ban the importation of hazardous waste, and severely limit the deepwell disposal of wastes. The changes in the site clean-up program were approved but the other proposals were defeated, largely as a result of the efforts of the Louisiana Chemical Council and its member companies. However, most of this legislation is expected to be reintroduced in 1984.

The California State Hazardous Waste Management Council is reviewing a report by outside counsel on the status of existing law to compensate for personal injury and property damage from hazardous waste releases. CMA has provided input to the California CIC so that industry comments can be submitted. It is expected that the report and the Council's activities may begin the renewed debate in California on public compensation.

In Illinois, a series of bills have been sent to the governor revising hazardous waste related laws and fees.

KEY ISSUE: ENVIRONMENT REGULATIONS/AIR

States, and even some local jurisdictions, are continuing to develop toxic air control programs to address hazardous air pollutants. These include Connecticut, Massachusetts, Texas, New York, New Jersey and the City of Philadelphia. States perceive the need for a consistent approach in issuing permits to new sources as well as evaluating whether emissions from existing sources are creating an unreasonable risk of adverse health effects. The most prolific state in this area has been California, with activity at both the legislative and regulatory level. Assemblywoman Sally Tanner agreed to accept amendments to her toxic air bill which were advocated by industry, including one clarifying jurisdiction over pesticides which are found to be toxic air contaminants. The bill must still clear Senate Finance, the Senate floor and achieve concurrence in the Assembly. However, many view this bill as the model of an ideal regulatory process for toxic air contaminants which may be adopted by other industrialized states.

Amendments to the California Air Resources Board toxic air contaminants regulations will be considered at a public hearing in August. The California CIC is urging that these regulations conform to the provisions of Tanner's bill and the draft Department of Health Services Cancer policy. So far CARB has not been willing to hold off on its regulations until the fate of Tanner's bill is determined.

KEY ISSUE: ENVIRONMENT REGULATIONS/WATER

Several states introduced groundwater legislation this session. Provisions of these bills included requirements for groundwater monitoring by state and local governments, development of specific state groundwater standards for both perticides and other chemicals, and new liability standards for groundwater contamination.

Wisconsin will propose groundwater legislation in the fall that calls for new liability standards and a fee on industry to pay for monitoring and cleanup of groundwater. The bill, as it will be introduced, relies on general revenue but also provides for a categorization and ranking of pollutants, potential pollutants and enforcement limits.

It is likely that additional groundwater legislation will appear in upcoming legislative sessions particularly in California, Florida, Louisiana, Massachusetts, New Jersey, and New York. These bills may focus on new liability standards for groundwater contamination, restrictions or bans of underground injection wells and underground storage.

KEY ISSUE: TRANSPORTATION OF HAZARDOUS MATERIALS

Twenty one states currently have passed some form of Good Samaritan legislation. Good Samaritan statutes have been enacted in eleven states in 1983. These include: Arkansas, Colorado, Connecticut, Delaware, Florida, Indiana, Maine, Massachusetts, New Jersey, North Dakota, and Oklahoma. Because legal actions resulting from hazardous materials incidents are governed by common law principles of tort liability, a federal statute is of little or no assistance in this area. Only adoption of Good Samaritan laws by state legislatures everywhere can ensure complete coverage. CMA and other allied groups will continue to vigorously push this legislation in 1983.

States are also starting to address the issue of emergency response. Funds to train enforcement personnel and administer a comprehensive hazardous materials transportation program are inadequate. Local governments also lack training and resources. Federal assistance has been provided to sixteen states to develop programs. This lack of resources has resulted in many of the activities industry views as problems, primarily state and local restrictions and bans on hazardous materials shipments. The National Governors' Association, at their annual meeting in July, called for the development of a comprehensive national hazardous materials transportation policy which would address the need for federal funding to develop and foster compliance program in appropriate state and local government agencies.

CMA continues to be an active participant in a coalition of state/local/ and industry representatives who are recommending changes in the Hazardous Materials Transportation Act. These recommendations address enforcement, financing, emergency response, regional training centers and uniform regulations.

KEY ISSUE: CHRONIC HEALTH

Legislative and regulatory activities involving chronic health issues have been increasing in a number of states. Both California and Maine have issued a draft document outlining their policy on carcinogens which establishes guidelines in four major areas:

- identification of carcinogens based on scientific principles;
- regulatory action once a chemical is defined as a carcinogen;
- ranking system for carcinogens based on their potential human health hazard; and

- public input into the question of acceptable risks.

Several other states are developing mechanisms for the review of major epidemiological studies concerning environmental health issues. Activities in California are of particular concern to the chemical industry because the state is often considered to be an environmental trendsetter for other state regulatory agencies.

Concerns about cancer and other chronic diseases are likely to continue as a major public concern. As a result, it is likely that there will be a growing body of state legislation and regulations attempting to address this issue.

CMA
BD-9/13/83