AGENDA

MEETING OF THE CMA BOARD OF DIRECTORS
Tuesday, April 5, 1983
10:30 a.m. to 12 Noon
2:00 p.m. to 4:00 p.m.
CMA Board Conference Room
Washington, D. C.

		TAB
1.	Call to Order and Approval of Minutes of January 10-11, 1983, Meeting -- Chairman Simeral	
2.	Treasurer's Report -- G. C. Herrman	1
3.	Report of Nominating Committee -- Chairman Simeral	
4.	Review of Actions Taken by Executive Committee -- Chairman Fernandez	
5.	Presentation of Fiscal 1983-84 Budget -- G. J. Sella, Jr.	
6.	Report of Membership Committee -- C. G. Caldwell Novacor Chemicals Ltd. Sodyeco Division, Martin Marietta Chemicals	
7.	Committee Nominations -- B. M. Barackman	
8.	Report of the President -- R. A. Roland	
9.	Hazardous Waste Management -- Will D. Carpenter, Monsanto Company	2
10.	Public Compensation -- Jackson B. Browning, Union Carbide Corporation	3
11.	Industry Grass-roots Network -- D. L. Rooke	4
12.	CMA Position re Administration's Budget for Fiscal 1984 -- Glenn W. White, The Dow Chemical Company	5
13.	CMA Position on the Generalized System of Preferences -- M. T. Foveaux	6
14.	Report of Technical Director -- G. V. Cox	7
15.	Report of Director of Communications -- J. C. Holtzman	8
16.	Report of Director of Government Relations -- W. M. Stover	9
17.	Report of General Counsel -- D. F. Zoll	10
18.	New Business	
19.	Adjournment	

Next Meeting of the Board of Directors: Wednesday, June 8, 1983, at 6:00 p.m., in the Eisenhower C Room, The Greenbrier, White Sulphur Springs, West Virginia, followed by cocktails at 7:00 p.m. in the Eisenhower Reception Area and Dinner at 8:00 p.m. in the Eisenhower A Room.

MINUTES of the two-hundred ninety-second meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at CMA Headquarters, Washington, D. C., on Tuesday, April 5, 1983 at 10:30 a.m.

Directors:
William G. Simeral, Chairman
Edwin C. Holmer, Vice Chairman
Richard G. Askew
Dexter F. Baker
Charles E. Brookes
Harry W. Buchanan
A. A. Burris, Jr.
W. H. Clark
Lester E. Coleman
Harry Corless
Louis Fernandez
John T. Files
Alec Flamm
Joseph P. Flannery
Alexander F. Giacco
Arthur L. Goeschel
F. D. Gottwald, Jr.
Vincent L. Gregory, Jr.
Robert W. Gutheil
Ben C. Hayton
James B. Henderson
Paul F. Hoffman
A. Clark Johnson
John S. Ludington
Dwight C. Minton
Fred W. Montanari
John D. Ong
Toy F. Reid
Robert A. Roland
David L. Rooke
M. Whitson Sadler
Vincent A. Sarni
George J. Sella, Jr.
Harold A. Sorgenti
William G. West

Secretary: Bruce M. Barackman
Treasurer: Gary C. Herrman
General Counsel: David F. Zoll

By Invitation:
Peter R. Agnew, CMA
Stuart T. Allen, SOCMA, E. I. du Pont de Nemours & Company
David L. Baird, Jr., Exxon Chemical Company
*Jackson B. Browning, Union Carbide Corporation
*David W. Carroll, CMA
*Will D. Carpenter, Monsanto company
Geraldine V. Cox, CMA
John E. Dull, E. I. du Pont de Nemours & Company
Carl R. Eckhardt, GAF Corporation
Robert C. Forney, E. I. du Pont de Nemours & Company
*Myron T. Foveaux, CMA
*Robert E. Hampton, ICI Americas Inc.
Jon C. Holtzman, CMA
*Timothy F. O'Leary, CMA
Victor H. Peterson, CMA
James B. Senger, Monsanto Company
William M. Stover, CMA
*Glenn W. White, The Dow Chemical Company
Robert W. Dupree, The Dow Chemical Company

*part time

1. The meeting was called to order by Chairman Simeral.

2. MINUTES OF THE LAST MEETING

The minutes of the January 10-11, 1983 meeting were approved as distributed.

3. TREASURER'S REPORT

Expanding on his report, attached as Exhibit A, Mr. Herrman advised that current fiscal year revenue and expenses continue to track closely to the amounts as projected in the proposed budget. With an anticipated positive contribution to reserves of somewhat over $1 million, it appears we will meet the assigned goal of accumulating reserve additions during the current year to offset the deficits anticipated over the next several years.

4. REPORT OF NOMINATING COMMITTEE

Reporting as Chairman of the Nominating Committee, on which Messrs. Fernandez and Holmer also served, Mr. Simeral announced the resignation of Mr. L. G. Zachary, Director of the Association, effective December 6, 1982.

> ON MOTION: duly made and sconded, it was
>
> VOTED: That Carl R. Eckardt, Senior Vice President, GAF Corporation, be elected a Director to fill the vacancy through May 31, 1983.

Chairman Simeral, continuing with his report, presented the slate of new Directors, Exhibit B, which was approved. The nominees will stand for election by the membership at the Annual Meeting. As a matter of information, Mr. Simeral also named the officers and chairmen of the Board committees and reviewed the composition of the Executive Committee and Finance Committee, Exhibit C, which will be presented to the new Board for approval at its organizational meeting.

5. REPORT OF EXECUTIVE COMMITTEE

Chairman Fernandez reported the following actions taken by the Executive Committee earlier in the day:

- Discussed further the matter of hazardous waste management, concluding that before much can be done by way of initiatives in cleaning up hazardous waste sites, an understanding must be reached with the new EPA. The best way to approach this is being considered. Beyond that, each company is encouraged to continue to take initiatives, where appropriate, to clean up those sites which might be in the vicinity of its facilities. Meanwhile the effort continues to determine whether there is a unique or innovative way the Association can do something collectively to facilitate the cleanup process.

- Disbanded the Strategic Options Work Group, having received from them the analysis requested concerning the public compensation issue. The officers of the Association will make specific recommendations for consideration by the Executive Committee and the Board.

- Approved CMA's amicus participation in the Waste Industries Case to preserve the favorable district court decision, the effect of which is to further limit the government's ability to compel non-negligent off-site generators to perform remedial actions at inactive sites.

Dr. Fernandez advised that other actions taken related to items listed on the Board agenda and would be covered when those items were considered.

6. INDUSTRY GRASSROOTS NETWORK

Mr. Dupree, expanding on the status report, Exhibit D, advised that the ad hoc committee formed to complete the implementation of the grassroots program will meet again this afternoon to lay out a plan for the future which will include:

- Contacting member companies not yet committed to the program. Any questions those companies may have will be answered.

- Working with companies that want to participate but need some help in the use of computer systems to make district by district or state by state communications with employees practical. Help will be extended to member companies to find the system that suits their needs best.

- Identifying one company in each congressional district and state which not only has a significant number of employees in that district or state but also will commit to having an individual serve as a congressional liaison representative for that area. Such a person would be charged with devoting 15-30 percent of his time to developing a broad alliance of voters.

7. CONSIDERATION OF FISCAL 1983-84 BUDGET

Finance Committee Chairman Sella put the proposed fiscal 1983-84 budget in perspective by discussing the actions taken in regard to the fiscal 1982-83 budget in responding to the shortfall in revenue expected in that fiscal period and following. A contribution to reserves in excess of $1,000,000 will be provided in fiscal 1982-83, bringing the reserve ratio to over 40%. This contribution to reserves provides a cushion for projected deficits in fiscal 1983-84 and future years.

On March 7 the Finance Committee reviewed with staff a preliminary fiscal 1983-84 budget in detail. The proposed budget, as distributed, has followed the directives given by the Executive Committee and Board. It projects a contemplated deficit of $465,900. Staffing levels are held constant.

Much progress has been made by staff in putting in place a planned sys[tem] to establish priorities in the various departments and programs which should b[e] helpful longer range.

Mr. Sella, on behalf of the Finance Committee, then submitted the follo[w]ing recommendations previously approved by the Executive Committee, Exhibit E:

- A fiscal year 1983-84 budget of $12,535,200 per Exhibits F and G.
- Funding by the current fee schedule as adjusted upward by 26% to reflect funding of the communications program within the regular fee schedule, Exhibit H.
- Use of reserves to the extent of $465,900.

ON MOTION, duly made and seconded, it was

VOTED: To approve the recommendations as presented by the Finance Committee.

8. REPORT OF MEMBERSHIP COMMITTEE

In the absence of Chairman Caldwell, Mr. Barackman advised that the Membership Committee had examined the qualifications of the companies listed below and recommended their election.

ON MOTION, duly made and seconded, it was

VOTED: That Novacor Chemicals Ltd.; Sodyeco Division, Martin Marietta Chemicals; and Nuodex Inc. be elected to membership in the Association.

9. COMMITTEE NOMINATIONS

As a matter of information Exhibit I, listing the nominations approved by the Executive Committee earlier in the day, was distributed to those present.

10. REPORT OF THE PRESIDENT

Mr. Roland reviewed the activities of the Association during the past quarter with special reference to three issues --- hazardous waste management, public compensation, and reorganization of the EPA.

Chairman Simeral then referred to a recent letter sent by CMA to the White House setting forth the Association's broad general position on the disposal of toxic chemicals, Exhibit J, copies of which were distributed to those present.

11. CMA POSITION RE ADMINISTRATION'S BUDGET FOR FISCAL YEAR 1984

Mr. White advised that the proposed Association position on President Reagan's budget for fiscal year 1984 was prepared in response to a request from the White House for support. The position would not be for publication, but rather for guidance of staff in responding to inquiries.

ON MOTION, duly made and sconded, it was

VOTED: To approve the position on the Administration's budget as set forth in Exhibit K. Messrs. Henderson and Hayton were recorded as opposed.

12. CMA POSITION ON THE GENERALIZED SYSTEM OF PREFERENCES

Mr. Foveaux presented a proposed CMA policy on the Generalized System of Preferences.

ON MOTION, duly made and seconded, it was

VOTED: To approve the policy on the Generalized System of Preferences as set forth in Exhibit L.

13. REPORT OF TECHNICAL DIRECTOR

Dr. Cox's report is attached as Exhibit M. Additionally she advised that:

- The E-34 Committee of the American Society for Testing and Materials plans to develop a consensus standard for the preparation of Material Safety Data Sheets and also revise old workplace standards or develop new ones on a list of chemicals --- a type of activity believed properly belonging in OSHA. Member companies were urged to contact ASTM and voice their concerns.

- It has been reported that OSHA is coming out with a new benzene standard. The agency has completed its risk analysis and has found that at 10 ppm, three out of 10,000 workers may develop leukemia. CMA feels that the scientific data available does not support this finding.

14. REPORT OF DIRECTOR OF COMMUNICATIONS

Mr. Holtzman expanded on his report, Exhibit N, by describing how CMA is proceeding to deal with certain sets of messages such as waste management and public compensation which the Association feels it is important to address now to protect the chemical industry against punitive public policy in the form of legislation or regulatory actions.

15. REPORT OF GENERAL COUNSEL

Mr. Zoll's report is attached as Exhibit O.

* * * * *

The Board adjourned until 2:00 p.m.
the same day at which time it reconvened.

* * * * *

16. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit P.

17. HAZARDOUS WASTE MANAGEMENT

Mr. Carpenter reviewed in detail the waste management plan and its ten proposed programs, Exhibit Q. During discussion it was suggested that the final hazardous waste survey include a provision enabling companies to share information they may have resulting from experiences in cleaning up waste sites not their own.

18. PUBLIC COMPENSATION

Expanding on the attached report, Exhibit R, Mr. Browning summarized the activities of the Strategic Options Work Group resulting in the development of concepts and principles for consideration by the Executive Committee in dealing with the public compensation issue. He also described his participation, on behalf of CMA, in the Seminar on Public Compensation sponsored by INSIDE EPA WEEKLY REPORT earlier in the day.

During discussion, the substance of the position contained in the statement distributed at the January meeting of the Board was reaffirmed, namely: that no legislation should be enacted until there is a sufficient data base to justify that legislation; we have taken positive action through litigation and through research to achieve that data base.

19. NEW BUSINESS

Mr. Sella, who agreed at the last Board meeting to take on the special project of encouraging member company decision makers to undertake stockholder mailings on selected issues, announced that a CMA mailing has been developed in cooperation with AIHC that addresses the public's misconceptions as to the causes of cancer. This will be sent to members of the Board under a letter from Mr. Sella urging use of the leaflet.

Bruce M. Barackman
Bruce M. Barackman
Vice President-Secretary

Certified correct:
William G. Simeral
William G. Simeral
Chairman of the Board

EXHIBIT A

TREASURER'S REPORT

Ten Months Ending March 31, 1983

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

For your reference, the following is provided:

- The originally approved and amended budget and funding for the fiscal year beginning June 1, 1982 and ending May 31, 1983.
- The approved budget for the separately funded Biomedical and Environmental Special Program area as amended.

Additionally, the proposed budget for fiscal year 1983/84 has been mailed under separate cover. This document presents the most recent projection of actual expenses against budget for the current fiscal year along with the proposed budget for the next fiscal year.

CMA
EC - 04/05/83
BD - 04/05/83

CHEMICAL MANUFACTURERS ASSOCIATION
ORIGINALLY APPROVED AND AMENDED BUDGET AND FUNDING FOR THE Fiscal Year Beginning June 1, 1982 and ending May 31, 1983

	Original 1982-83 Annual Budget	Amended 1982-83 Annual Budget
REVENUE:		
Membership Dues	$ 9,860,600	$ 9,525,000
Investment Revenue	1,050,000	1,250,000
Revenue from (or Dues Support to) Special Program Areas	(77,500)	(77,500)
Communications Program Assessment (reduced 40% to 20%)	3,746,600	1,886,100
Full Use of Previously Accumulated Communication Program Funds	20,600	581,100
Meetings (net of expenses)	209,000	147,800
TOTAL REVENUE	$14,809,300	$13,312,500
DIRECT PROGRAM ACTIVITIES:		
General Counsel	$ 971,700	$ 884,400
Government Relations	800,700	755,500
International Trade Activities	246,100	231,100
State Activities Program	251,200	333,500
Chemical Industry's Communications Program	4,963,900	3,565,900
Technical Administration	273,600	266,300
Health, Safety & Chemical Regulations	780,400	711,100
Environmental Activities	737,600	699,900
Distribution, Energy, Engineering	450,100	400,900
Chemtrec	642,500	618,000
Outside Legal Fees	1,600,000	1,600,000
Outside Consulting	795,000	795,000
TOTAL	$12,512,800	$10,861,600
UNALLOCATED MANAGEMENT AND GENERAL SUPPORT ACTIVITIES:		
Executive Department	$ 1,291,200	$ 1,254,500
Accounting & Business Services	513,100	499,300
Printing, Distribution, Computer & Information Services	492,200	452,200
TOTAL	$ 2,296,500	$ 2,206,000
TOTAL EXPENSES	$14,809,300	$13,067,600
Contribution to (Use of) Reserves	$ --	$ 244,9[illegible]
AUTHORIZED PERSONNEL	147	146

Note: The above budget and funding does not include the activities and 16 staff of the separately funded Biomedical and Environmental Special Programs area.

CHEMICAL MANUFACTURERS ASSOCIATION
APPROVED BUDGET AND FUNDING FOR
BIOMEDICAL AND ENVIRONMENTAL SPECIAL PROGRAMS
Fiscal Year Beginning June 1, 1982 and ending May 31, 1983

	1982-83 Amended Annual Budget*
REVENUE:	
Overhead Reimbursement	$ 676,500
Investment Revenue	225,000
Publication Sales	1,000
TOTAL REVENUE	$ 902,500
EXPENSES:	
Salaries & Related Expense	$ 451,700
Employee Benefits	85,800
Travel & Staff Training	11,100
Dues, Subscriptions & Publications	1,700
Outside Printing & Graphics	700
Meetings & Workshops	1,100
Direct Postage, Freight & Delivery	23,500
Direct Supplies & General Office	26,200
Taxes & Insurance	80,900
Rent & Occupancy	48,100
Common Cost Expenses	74,500
Administrative Support:	
Technical Administration	32,300
Accounting	27,300
Office of General Counsel	75,000
Printing & Distribution	40,100
TOTAL	$ 980,000
EXCESS REVENUE (EXPENSES)	$ (77,500)

*At its September meeting, the Executive Committee approved an increase in authorized personnel to 16 principally because of the recently added Methylenedianiline program, the cost of which will be recovered from per hour program charges.

AUTHORIZED PERSONNEL	16

EXHIBIT B

NEW DIRECTORS

Term ending May 31, 1986

Max S. Bass, President and Chief Executive Officer, M&T Chemicals Inc.
Drummond C. Bell, Chairman of the Board and Chief Executive Officer, National Distillers and Chemical Corporation
Kenneth E. Davis, President and Chief Operating Officer, Stauffer Chemical Company
Carl R. Eckardt, Senior Vice President, GAF Corporation
Robert C. Forney, Executive Vice President, E. I. du Pont de Nemours & Company
A. Clark Johnson, President, Allied Chemical Company
Sidney M. Leahy, Group Vice President, Minnesota Mining and Manufacturing Company
Richard H. Leet, President, Amoco Chemicals Corporation
Charles S. Locke, Chairman of the Board, President and Chief Executive Officer, Morton Thiokol, Inc.
John D. Macomber, Chairman of the Board and Chief Executive Officer, Celanese Corporation
Robert H. Malott, Chairman of the Board and Chief Executive Officer, FMC Corporation
C. Robert Powell, Chairman of the Board and Chief Executive Officer, Reichhold Chemicals, Inc.
Thomas E. Reilly, Jr., President, Reilly Tar & Chemical Corporation
J. R. Street, Executive Vice President, Shell Chemical Company, A Division of Shell Oil Company
Fred M. Wells, Vice President, The Procter & Gamble Company

Term ending May 31, 1984

W. H. Clark, President and Chief Executive Officer, Nalco Chemical Company

CMA
EC-4/5/83
BD-4/5/83

EXHIBIT C

OFFICERS

Chairman of the Board	- Louis Fernandez, Monsanto
Vice Chairman of the Board	- George J. Sella, Jr., American Cyanamid
Chairman of the Executive Committee	- Edwin C. Holmer, Exxon Chemical
President	- Robert A. Roland, CMA

BOARD COMMITTEE CHAIRMEN

Finance Committee	- Harold A. Sorgenti, ARCO Chemicals
Program Committee	- Fred W. Montanari, NL Industries
Membership Committee	- Raymond F. Bentele, Mallinckrodt
Employee Benefits Committee	- Vincent A. Sarni, PPG Industries

EXECUTIVE COMMITTEE

Edwin C. Holmer, Chairman - Exxon Chemical Company
Louis Fernandez - Monsanto Company
Alec Flamm - Union Carbide Corporation
Robert C. Forney - E. I. du Pont de Nemours & Company
Ray R. Irani - Olin Corporation
A. Clark Johnson - Allied Chemical Company
John D. Macomber - Celanese Corporation
Robert H. Malott - FMC Corporation
Robert A. Roland - CMA
David L. Rooke - The Dow Chemical Company
George J. Sella, Jr. - American Cyanamid Company
Harold A. Sorgenti - ARCO Chemical Company, Division of Atlantic Richfield Company
J. R. Street - Shell Chemical Company, A Division of Shell Oil Company

FINANCE COMMITTEE

Harold A. Sorgenti, Chairman - ARCO Chemical Company, Division of Atlantic Richfield Company
W. H. Clark - Nalco Chemical Company
Kenneth E. Davis - Stauffer Chemical Company
Joseph P. Flannery - UNIROYAL, Inc.
Vincent L. Gregory, Jr. - Rohm and Haas Company
Richard H. Leet - Amoco Chemicals Corporation
John S. Ludington - Dow Corning Corporation
Raymond H. Marks - Tenneco Inc.
C. Robert Powell - Reichhold Chemicals, Inc.
Allan J. Tomlinson - Diamond Shamrock Corporation
Fred M. Wells - The Procter & Gamble Company

CMA
BD-4/5/83

EXHIBIT D

STATUS REPORT:

DEVELOPMENT OF CMA GRASSROOTS PROGRAM

At its January 11 meeting, the Executive Committee asked Mr. David Rooke of Dow to act as "a committee of one" to develop, in cooperation with the Government Relations Committee and staff, a coordinated grassroots federal legislative communications system for CMA.

On January 17 and 18, Mr. Rooke and Mr. Robert Dupree (also of Dow) met with CMA staff and selected representatives from member companies to evaluate objectives and begin the planning/coordination process.

In subsequent weeks the following steps have been taken:

- CMA Board Chairman Simeral sent a mailgram to all CMA Executive Contacts asking for participation in the CMA grassroots program and alerting them to Mr. Rooke's assignment;
- Mr. Rooke sent each company a packet of information and requested the appointment of a "grassroots manager" by each. To date, 65 companies have named grassroots managers;
- designated grassroots managers were asked to forward to CMA the information requested in the packet. To date 50 grassroots managers have returned the information requested. We have reminded member companies that they will maintain control of their data and its use;
- CMA staff have collated and organized the company information submitted so far;
- a detailed briefing has been presented before the Government Relations Committee and its keymen/task group chairmen; follow-up meetings have been held;
- an ad hoc advisory group of government relations and public affairs professionals has been formed to guide, advise and expedite the program. The group met on April 4 to discuss the development and operation of the grassroots system;
- staff have begun evaluation of probable resource requirements;
- expectations for the near future include a continued program of limited "field-testing" and a training-information exchange seminar for designated grassroots contacts.

ACTION NEEDED: None - Information Only

CMA
BD - 4/5/83

EXHIBIT E

CHEMICAL MANUFACTURERS ASSOCIATION
EXECUTIVE SUMMARY AND RECOMMENDATIONS ON FUNDING
PROPOSED BUDGET FOR THE
Fiscal Year Beginning June 1, 1983 and Ending May 31, 1984

I. The proposed FY 83/84 budget anticipates a deficit and use of reserves to the extent of $465,900. Total expenses are reduced to $12,535,200. Total revenues of $12,069,300 are anticipated and include a 26% upward adjustment to the fee schedule which represents the incorporation of the former 40% ChemCAP assessment to the dues structure. Authorized personnel remains unchanged at the amended 146 positions. Summaries of programs as recommended for funding are per tabs #2 and #3 of this document. The specific budget recommendation is:

1. Approval of a fiscal year 1983/84 budget of $12,535,200 as indicated in the budget documentation which will require the use of reserves to the extent of $465,900.

II. Funding to support the FY 83/84 budget of $12,535,200 assumes approval of the schedule of fees on page 3 of this tab (including the 26% adjustment). The specific funding recommendation is:

1. Approve the schedule of fees (as adjusted) per page 3 of this tab.

If approved, then CMA reserves as adjusted for capital acquisitions and depreciation are projected to be:

	Estimated Current Contribution To Reserves	Investment In Fixed Assets	Current Year Depreciation	Approximate Cash Reserves	Reserve %
Actual Reserves June 1, 1982	$ N/A	$ N/A	$ N/A	$ 4,124,900	31.6
FY 1982/83 Projected	1,346,200	(151,100)	124,000	5,444,000	43.4
FY 1983/84 Estimated	(465,900)	(152,300)	137,600	4,963,400	37.3
FY 1984/85 Estimated	(281,200)	(135,000)	135,000	4,682,200	33.2
FY 1985/86 Estimated	(128,100)	(135,000)	135,000	4,554,100	30.5
FY 1986/87 Estimated	53,300	(135,000)	135,000	4,607,400	29.1
FY 1987/88 Estimated	266,100	(135,000)	135,000	4,873,500	29.1
FY 1988/89 Estimated	513,800	(135,000)	135,000	5,387,300	30.3

CMA policy is that reserves should remain in the range of 25% to 50% of general operating expenses. As is detailed under Tab #2 for future years' estimates, the deficit projected for FY 1983/84 decreases in the subsequent two years and then becomes a contribution to reserves which will maintain this minimum percentage.

III. As directed by the Finance and Executive Committees, the expenses, revenue and personnel of the separately funded Special Programs area have been costed and presented as a separate operating activity. Actual staffing and expenses in this area will be dependent on the number and level of special programs undertaken and supported by specific product manufacturer and user groups. Details are per tab #20 of this document.

IV. In conforming to previous guidelines as set forth in the October 1982 amended budget and contingency plan, the use of reserves has been held below $500,000. In achieving these guidelines, certain items remain unfunded. These items are principally: unfunded outside research and consulting of $634,000 at page 40; unfunded local legislative support of $200,000 in Communications at page 23; and unfunded outside legal fees of $900,000 at page 69.

CMA
BD-4/5/83

EXHIBIT F

CHEMICAL MANUFACTURERS ASSOCIATION
SUMMARY OF REVENUE, DIRECT PROGRAM AND MANAGEMENT
AND SUPPORT ACTIVITIES
FY 81/82 Actual, Current Year Budget & Projection,
Proposed FY 83/84 Budget, Estimated Future Years

	FY 81/82 Audited Results	Amended FY 82/83 Budget	Projected FY 82/83 Actual Results	Proposed FY 83/84 Budget	ESTIMATED FUTURE YEARS FY 84/85 Estimated	FY 85/86 Estimated	FY 86/87 Estimated	FY 87/88 Estimated
REVENUE:								
Membership Dues & Assessments	$ 12,827,200	$ 11,411,100	$ 11,491,400	$ 11,000,000	$11,880,000	$12,830,400	$13,856,800	$14,965,400
Use of Previously Accumulated Communications Reserve	183,000	581,100	581,100	--	--	--	--	--
Investment Revenue	1,795,000	1,250,000	1,291,700	900,000	900,000	900,000	900,000	900,000
Gain on Sale - Long Term Investment	--	--	118,300	--	--	--	--	--
Meetings (Net of Expenses)	152,500	147,800	206,400	155,600	212,400	212,400	212,400	212,400
Revenue from or (Dues Support to) Special Program Area	27,900	(77,500)	--	--	--	--	--	--
All Other	20,500	--	12,500	13,700	13,700	13,700	13,700	13,700
TOTAL REVENUE	$15,006,100	$13,312,500	$13,701,400	$12,069,300	$13,006,100	$13,956,500	$14,982,900	$16,091,500
DIRECT PROGRAM ACTIVITIES:								
Government Relations	$ 651,900	$ 681,600	$ 667,800	$ 796,900	$ 844,700	$ 895,400	$ 949,100	$ 1,006,100
Taxation and International Trade	291,200	305,000	307,200	325,300	344,800	365,500	387,400	410,700
State Activities Program	209,400	333,500	308,200	441,700	468,200	496,300	526,100	557,600
Chemical Industry Communication Program	4,700,600	3,565,900	3,006,300	2,561,900	2,715,600	2,878,500	3,051,200	3,234,300
Technical Administration	203,100	266,300	259,800	275,600	292,100	309,700	328,300	347,900
Health, Safety and Chemical Regulations	703,500	711,100	684,200	691,400	732,900	776,900	823,500	872,900
Environmental Activities	653,700	699,900	669,800	687,300	729,100	772,800	819,200	868,300
Energy and Engineering	194,300	208,300	200,700	212,300	225,000	238,500	252,800	268,000
Distribution - Including the Chemical Transportation Emergency Center (CHEMTREC)	787,800	810,600	765,200	768,700	814,800	863,700	915,500	970,500
General Counsel	857,200	884,400	908,700	1,009,700	1,070,300	1,134,500	1,202,600	1,274,700
Outside Legal Fees	1,744,700	1,600,000	1,612,000	1,600,000	1,696,000	1,797,800	1,905,600	2,020,000
Outside Consulting	739,300	795,000	784,500	961,000	1,018,700	1,079,800	1,144,600	1,213,300
TOTAL	$11,736,700	$10,861,600	$10,174,400	$10,332,300	$10,952,200	$11,609,400	$12,305,900	$13,044,300
UNALLOCATED MANAGEMENT AND GENERAL SUPPORT ACTIVITIES:								
Executive Department	$ 916,500	$ 961,100	$ 986,100	$ 970,500	$ 1,028,700	$ 1,090,400	$ 1,155,800	$ 1,225,200
Association Liaison & Member Services	274,800	293,400	287,000	309,700	328,300	348,000	368,900	391,000
Accounting and Business Services	442,300	499,300	488,100	517,600	548,700	581,600	616,500	653,500
Printing, Distribution, Computer and Information Services	410,500	452,200	419,600	405,100	429,400	455,200	482,500	511,400
TOTAL	$ 2,044,100	$ 2,206,000	$ 2,180,800	$ 2,202,900	$ 2,335,100	$ 2,475,200	$ 2,623,700	$ 2,781,100
TOTAL EXPENSES	$13,780,800	$13,067,600	$12,355,200	$12,535,200	$13,287,300	$14,084,600	$14,929,600	$15,825,400
Contribution to (Use of) Reserves	$ 1,225,300	$ 244,900	$ 1,346,200	$ (465,900)	$ (281,200)	$ (128,100)	$ 53,300	$ 266,100
AUTHORIZED PERSONNEL	147	146	146	146	146	146	146	146

ACTIVITIES NOT FUNDED BY FULL MEMBERSHIP AND NOT INCLUDED ABOVE - See Tab # 20

SPECIAL PROGRAM STAFF	14	16	16	16	16	16	16	16
SPECIAL PROGRAM REVENUE LESS EXPENSES	$ 27,900	$ (77,500)	--	--	--	--	--	--

CMA
BD-4/5/83

CMA 074022

CHEMICAL MANUFACTURERS ASSOCIATION
SUMMARY TOTAL OF REVENUE AND EXPENSES
BY NATURAL EXPENSE CLASSIFICATION
FY 81/82 Actual, Current Year Budget & Projection,
Proposed FY 83/84 Budget, Estimated Future Years

EXHIBIT G

	FY 81/82 Audited Results	Amended FY 82/83 Budget	Projected FY 82/83 Actual Results	Proposed FY 83/84 Budget	ESTIMATED FUTURE YEARS FY 84/85 Estimated	FY 85/86 Estimated	FY 86/87 Estimated	FY 87/88 Estimated
REVENUE:								
Membership Dues	$ 9,323,300	$ 9,525,000	$ 9,654,400	$11,000,000	$11,880,000	$12,830,400	$13,856,800	$14,965,400
Communications Program Assessment	3,503,900	1,886,100	1,837,000	--	--	--	--	--
Use of Previously Accumulated Communications Reserve	183,000	581,100	581,100	--	--	--	--	--
Investment Revenue	1,795,000	1,250,000	1,291,700	900,000	900,000	900,000	900,000	900,000
Gain on Sale - Long Term Investment	--	--	118,300	--	--	--	--	--
Meetings (Net of Expenses)	152,500	147,800	206,400	155,600	212,400	212,400	212,400	212,400
Revenue from or (Dues Support to) Special Programs Area	27,900	(77,500)	--	--	--	--	--	--
All Other	20,500	--	12,500	13,700	13,700	13,700	13,700	13,700
TOTAL REVENUE	$15,006,100	$13,312,500	$13,701,400	$12,069,300	$13,006,100	$13,956,500	$14,982,900	$16,091,500
GENERAL EXPENSE:								
Salaries & Related Expenses	$ 4,145,000	$ 4,490,800	$ 4,393,000	$ 4,768,100	$ 5,054,100	$ 5,357,400	$ 5,678,700	$ 6,019,500
Employee Benefits	779,600	967,400	941,500	1,020,500	1,081,700	1,146,600	1,215,400	1,288,300
Travel & Staff Training	336,400	344,900	316,700	368,300	390,400	413,800	438,700	465,000
Dues, Subscriptions & Publications	75,500	71,400	73,800	75,200	79,700	84,500	89,600	95,000
Computer & Audit Services	50,000	82,200	82,200	99,800	105,800	112,100	118,800	126,000
Meetings & Workshops	82,100	57,800	62,800	86,900	92,100	97,600	103,500	109,700
Outside Media & Public Relations	124,300	143,400	143,900	133,600	141,600	150,100	159,100	168,700
Media Tours	164,800	275,000	261,000	345,000	365,700	387,600	410,900	435,600
Legislative Communications Support	--	--	330,000	100,000	106,000	112,400	119,100	126,200
Regional Communications Program	--	100,000	50,000	100,000	106,000	112,400	119,100	126,200
Public Opinion Poll	83,000	90,000	--	10,000	10,600	11,200	11,900	12,600
Outside Printing, Artwork & Graphics	577,100	538,000	336,300	325,200	344,700	365,400	387,300	410,500
Sales of Materials	(89,400)	(30,000)	(3,000)	(500)	(500)	(600)	(600)	(600)
Audio Visual & PSA's	306,000	427,000	407,800	412,500	437,300	463,500	491,300	520,800
Sales of Materials	(8,700)	(9,000)	(10,500)	(1,000)	(1,100)	(1,100)	(1,200)	(1,300)
Direct Postage, Freight & Delivery	232,200	261,300	221,500	235,100	249,200	264,200	280,100	296,900
Direct Supplies & General Office	53,800	57,500	40,000	49,100	52,100	55,200	58,500	62,000
Taxes & Insurance	454,200	471,800	420,800	446,700	473,500	501,900	532,000	563,900
Chemtrec Telephone	62,700	73,000	65,000	72,500	76,900	81,500	86,400	91,600
Rent & Occupancy	714,700	753,000	710,100	780,500	827,300	876,900	929,500	985,300
Common Costs	751,300	781,800	770,800	810,400	859,000	910,600	965,200	1,023,100
Less: Support to Special Programs	(115,300)	(174,700)	(155,000)	(363,700)	(385,500)	(408,600)	(433,100)	(459,100)
TOTAL	$ 8,779,300	$ 9,772,600	$ 9,458,700	$ 9,874,200	$10,466,600	$11,094,600	$11,760,200	$12,465,900
MAJOR OUTSIDE EXPENSES:								
Outside Legal Fees	$ 1,744,700	$ 1,600,000	$ 1,612,000	$ 1,600,000	$ 1,696,000	$ 1,797,800	$ 1,905,700	$ 2,020,000
Outside Consulting	739,300	795,000	784,500	961,000	1,018,700	1,079,800	1,144,600	1,213,300
Advertising	2,517,500	900,000	500,000	100,000	106,000	112,400	119,100	126,200
TOTAL	$ 5,001,500	$ 3,295,000	$ 2,896,500	$ 2,661,000	$ 2,820,700	$ 2,990,000	$ 3,169,400	$ 3,359,500
TOTAL EXPENSES	$13,780,800	$13,067,600	$12,355,200	$12,535,200	$13,287,300	$14,084,600	$14,929,600	$15,825,400
Contribution to (Use of) Reserves	$ 1,225,300	$ 244,900	$ 1,346,200	$ (465,900)	$ (281,200)	$ (128,100)	$ 53,300	$ 266,100
AUTHORIZED PERSONNEL	147	146	146	146	146	146	146	146

CMA
BD-4/5/83

CHEMICAL MANUFACTURERS ASSOCIATION **EXHIBIT H**

PROPOSED BUDGET SUMMARY

FY 81/82 Actual, Current Year Budget & Projection, Proposed FY 83/84 Budget, Estimated Future Years

MEMBERSHIP FEE CLASSIFICATION:	ACTUAL FY 81/82 RESULTS	AMENDED FY 82/83 BUDGET	PROJECTED FY 82/83 ACTUAL RESULTS	PROPOSED FY 83/84 BUDGET	ESTIMATED FUTURE YEARS FY 84/85 ESTIMATED	FY 85/86 ESTIMATED	FY 86/87 ESTIMATED	FY 87/88 ESTIMATED
Under $1.0 million	$ 2,200	$ 4,500	$ 4,500	$ 3,800	$	$	$	$
1.0 - 2.5	26,700	25,400	25,400	30,200				
2.5 - 5.0	15,000	11,800	11,800	16,200				
5.0 - 7.5	16,000	11,500	15,800	17,800				
7.5 - 10.0	43,600	39,300	39,300	48,400				
10.0 - 15.0	58,500	55,500	55,500	57,500				
15.0 - 25.0	92,900	111,200	111,200	146,100				
25.0 - 50.0	151,200	112,800	112,800	115,000				
50.0 - 100.0	477,300	464,100	464,100	480,000				
100.0 - 400.0	1,986,600	2,209,400	2,286,000	2,603,000				
Over - $400.0	6,453,300	6,479,500	6,528,000	7,482,000				
	$ 9,323,300	$ 9,525,000	$ 9,654,400	$11,000,000	$11,880,000	$12,830,400	$13,856,800	$14,965,400

THE ABOVE PROPOSED BUDGET ASSUMES APPROVAL
OF A 26% INCREASE IN THE SCHEDULE OF FEES
FOR FISCAL YEAR 1983/84

CHEMICAL SALES CALENDAR YEAR 19XX $ MILLION	CURRENT FY 82/83 MEMBERSHIP FEE	PROPOSED FY 83/84 MEMBERSHIP FEE
Under - 1.0	$ 745	$ 940
1.0 - 2.5	1,495	1,885
2.5 - 5.0	2,565	3,230
5.0 - 7.5	3,630	4,575
7.5 - 10.0	4,275	5,390
10.0 - 15.0	5,340	6,730
15.0 - 25.0	6,410	8,080
25.0 - 50.0	0.0257%*	0.0324%*
50.0 - 100.0	0.0235%*	0.0296%*
100.0 - 400.0	0.0214%*	0.0270%*
Over - 400.0	0.0192%**	0.0242%**

* Up to but not more than the membership fee which would be obtained by multiplying the minimum amount of the next higher chemical sales bracket by the percentage factor applicable to the higher bracket.

** Maximum Fee $305,000 FY 82/83
$384,500 FY 83/84

Canadian Members $ 1,495 (Flat fee) FY 82/83
$ 1,885 (Flat fee) FY 83/84

CMA
BD-4/5/83

EXHIBIT I

COMMITTEE NOMINEES

A. Effective June 1, 1983

1. Chemical Regulations Advisory Committee
Chairman: J. Ronald Condray, Monsanto Company
Vice Chairman: Anthony Di Battista, CIBA-GEIGY Corporation

Term ending May 31, 1986:
Georjean L. Adams, Minnesota Mining and Manufacturing Company
Donald L. Heywood, Union Carbide Corporation
Raymond W. Hussey, The Lubrizol Corporation
Carl W. Umland, Exxon Chemical Americas
A. S. West, Rohm and Haas Company

2. Communications Committee
Chairman: John F. Hussey, Monsanto Company
Vice Chairman: Richard F. Blewitt, Velsicol Chemical Corporation

Term ending May 31, 1986:
Lawrence W. Burke, Georgia-Pacific Corporation
Joy L. Chambers, Vulcan Materials Company, Chemicals Division
Gerald J. Hickman, Gulf Oil Chemicals Company
Richard K. Long, Dow Chemical U.S.A.
Michael E. Thompson, Standard Oil Company (Indiana)

3. Distribution Committee
Chairman: Harry Shrank, FMC Corporation
Vice Chairman: D. G. Griffin, PPG Industries, Inc.

Term ending May 31, 1986:
Lowell E. Anderson, Amoco Chemicals Corporation
M. A. Crane, Ethyl Corporation
Roland H. Dunlop, Monsanto Company
John G. Wainwright, Exxon Chemical Americas
O. Max Watson, Olin Corporation

4. Energy Committee
Chairman: Thomas A. Gamble, Hercules Incorporated
Vice Chairman: Lawrence L. Saphier, Dow Chemical U.S.A.

Term ending May 31, 1986:
R. David Damron, Celanese Chemical Company, Inc.
Gary S. Furman, American Cyanamid Company
Thomas J. Novack, ARCO Chemical Company
George E. Knowles, Diamond Shamrock Corporation
Walter F. Allaire, Allied Corporation

5. <u>Engineering Advisory Committee</u>
Chairman: Jack S. Bardin, Allied Chemical Company
Vice Chairman: George E. Murray, Dow Chemical U.S.A.

Term ending May 31, 1986:
William W. Crehore, Mobil Research and Development Corporation
Walter W. Young, ICI Americas Inc.
Donald J. Kirchberger, Occidental Chemical Corporation
Roger L. Sandstedt, Monsanto Company
William K. Wakefield, FMC Corporation

6. <u>Environmental Management Committee</u>
Chairman: Will D. Carpenter, Monsanto Company
Vice Chairman: Lynn D. Johnson, Rohm and Haas Company

Term ending May 31, 1986:
Paul M. King, PPG Industries, Inc.
John M. Rademacher, Velsicol Chemical Corporation
Joseph F. Terenzi, American Cyanamid Company
Anthony J. Diglio, Air Products and Chemicals, Inc.
John H. Mahon, Calgon Corporation

7. <u>Government Relations Committee</u>
Chairman: Charles T. Marck, Dow Chemical U.S.A.
Vice Chairman: (to be named)

Term ending May 31, 1986:
Robert L. Healy, Atlantic Richfield Company
Charles T. Marck, Dow Chemical U.S.A.
Harris C. Miller, Occidental Chemical Corporation
Kenneth Y. Millian, W. R. Grace & Co.
St. Clair J. Tweedie, American Cyanamid Company

8. <u>International Trade Committee</u>
Chairman: Robert E. Lory, Exxon Chemical Company
Vice Chairman: (to be named)

Term ending May 31, 1986:
Thomas W. Hall, Phillips Chemical Company
William J. Hargreaves, Dow Corning Corporation
Hedi Kinnard, Great Lakes Chemical Corporation
George W. Phillips, Union Carbide Corporation
Edward Pollak, Olin Corporation

9. <u>Occupational Safety and Health Committee</u>
Chairman: Charles L. Richards, Gulf Oil Chemicals Company
Vice Chairman: Harry A. Eschenbach, W. R. Grace & Co.

Term ending May 31, 1986:
Harry A. Eschenbach, W. R. Grace & Co.
Thomas F. Evans, Monsanto Company
James Filan, M.D., The Procter & Gamble Company
Gary A. Sunshine, ICI Americas Inc.
Brad T. Garber, Olin Corporation

10. <u>Patent and Trademark Committee</u>
Chairman: Richard C. Witte, The Procter & Gamble Company
Vice Chairman: John E. Maurer, Monsanto Company

Term ending May 31, 1986:
Jordan J. Driks, Rohm and Haas Company
Louis N. French, Phillips Petroleum Company
Gene Harsh, Mobay Chemical Corporation
Thomas I. O'Brien, Union Carbide Corporation
Frank A. Sinnock, Exxon Chemical Company

11. <u>Tax Policy Committee</u>
Chairman: Glenn M. White, The Dow Chemical Company
Vice Chairman: William M. Bellamy, Jr., Union Carbide Corporation

Term ending May 31, 1986:
William M. Bellamy, Jr., Union Carbide Corporation
Richard W. Brust, Minnesota Mining and Manufacturing Company
Robert J. Moody, FMC Corporation
Richard A. Overton, Monsanto Company
Richard S. Payne, Celanese Corporation
John W. Rakow, Stauffer Chemical Company
Paul E. Sullivan, Exxon Chemical Company

12. <u>Special Programs Advisory Committee</u>
Chairman: Gary A. Sunshine, ICI Americas Inc.
Frank A. Bower, E. I. du Pont de Nemours & Company
Harry Hunter, Jr., Exxon Chemical Americas
Charles L. Sercu, Dow Chemical U.S.A.

13. <u>State Affairs Special Committee</u>
Chairman: James V. Murray, Union Carbide Corporation

B. Effective April 5, 1983

1. Chemical Regulations Advisory Committee
   Ellen W. Spitz, Mallinckrodt, Inc. -- Term ending May 31, 1984
   (replacing Hal K. Latourette, FMC Corporation)

2. International Trade Committee
   G. Montgomery Spindler, UNIROYAL, Inc. -- Term ending May 31, 1984
   (replacing Edward H. Boll, Carus Corporation)

3. Patent and Trademark Committee
   Robert Sullivan, Stauffer Chemical Company -- Term ending May 31, 1984
   (replacing Lloyd L. Mahone, same company)
   Michael J. McGreal, W. R. Grace & Co. -- Term ending May 31, 1985
   (filling vacancy in Class of 1985)

4. State Affairs Special Committee
   George A. Rodenhausen, Celanese Corporation

5. Tax Policy Committee
   James D. Knox, Hercules Incorporated -- Term ending May 31, 1983
   (replacing Eldin H. Glanz, same company)

CMA
EC-4/5/83
BD-4/5/83

EXHIBIT J

INFORMATION COPY

CMA

CHEMICAL MANUFACTURERS ASSOCIATION

March 17, 1983

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

This letter is to express our support for your efforts to solve the controversies between certain committees of the Congress and the Environmental Protection Agency, and to clearly set forth the Chemical Industry position on the disposal of toxic chemicals.

The Chemical Industry is dedicated to continued improvement in the quality of our country's environment and the protection of the health of our workers, our customers and the general public. We recognize that the public demands such stewardship, and we are working hard at substantial cost to provide it. We are not "dragging our feet".

A strong, well-run EPA that has the confidence of the general public is a critical necessity if environmental laws are to be enforced expeditiously and fairly. The most important step needed now is for early success in your efforts to locate a fully qualified leader for the EPA who will have the necessary administrative, scientific and political skills as well as broad support in our society. It is a most difficult managerial task. Whoever that person may be, the Chemical Industry is prepared to work constructively with the new Administrator.

We are concerned about a crisis atmosphere surrounding environmental matters. The public wants a clean, healthful country -- all of us do. Yet, the public should be allowed to view this problem in perspective and the hard work and painstaking effort of the EPA and industry should be acknowledged.

We recognize that in the past hazardous wastes were not always properly handled. Today, however, the major manufacturers, accounting for up to 80 percent of U.S. chemical production, have developed and are using techniques to completely treat 95 percent of their wastes, and these never leave the plant site. The remaining five percent of wastes shipped off site are covered by laws already on the books.

CMA 074029

Formerly Manufacturing Chemists Association—Serving the Chemical Industry Since 1872.
2501 M Street, NW • Washington, DC 20037 • Telephone 202/887-1100 • Telex 89617 (CMA WSH)

It is true that over the years when it was not recognized that wastes would add up to such a potential problem, there were places where toxic materials were disposed of along with garbage and other rubbish. Today some of those places have no responsible owner. However, the Superfund Law provides an adequate framework for correcting that problem. There is $1.6 billion for cleanup and most of this money comes from a tax on industry. We endorse its use and think the problem is manageable.

We are prepared to redouble our efforts to help clean up the problems of the past. We are committed to assuring that our operations are fully compatible with the public interest.

Sincerely,

William G. Simeral

William G. Simeral
Chairman of the Board
Chemical Manufacturers Association

CMA
BD-4/5/83

PROPOSAL FOR A CMA POSITION ON PRESIDENT REAGAN'S BUDGET FOR THE FISCAL YEAR 1984

BACKGROUND:

The Reagan Administration's Budget projects large Federal deficits over the next three years -- $207.7 billion in 1983; $188.8 billion in 1984; and $194.2 billion in 1985. The Budget would impose two new contingent tax increases to keep the projected deficits within these limits: a new standby tax on domestically produced and imported oil of $5 per barrel and a surcharge on individuals and corporations equal to approximately 1 percent of taxable income.

At the March 8 meeting of the Executive Committee, Tax Policy Committee Chairman Glenn W. White presented the Committee's proposal for a CMA position on President Reagan's Budget for the Fiscal Year 1984. After Mr. White's presentation and a general discussion, the Executive Committee remanded this matter with instructions to:

1. separately and strongly state our opposition to energy taxes;

2. show more certainty in the view that tax increases will be needed.

The revised position of the Tax Policy Committee is summarized below:

POSITION:

1. CMA agrees with the underlying assumption of the Budget that there is a compelling need to balance Federal spending and revenue policies. In the first instance, this should be accomplished by reducing Federal expenditures in accordance with the first concurrent resolutions on the Budget for Fiscal Years 1982 and 1983. We note that in these Budget Resolutions, Congress made a commitment to reduce outlays by $53.55 billion in Fiscal 1983, and by $65.07 billion in Fiscal 1984. In contrast, the Congressional Budget Office estimates that the savings in spending outlays realized from Congressional action through February 3, 1983, will fall approximately $16 billion short of the promised reductions.

2. We do not support the adoption of a standby or contingent tax increase on incomes. A contingent tax increase makes sound investment planning difficult and may impede early economic recovery.

3. We strongly oppose the concept of an energy tax. Energy taxes present serious problems with respect to foreign competition for U.S. industry, and particularly the chemical industry. Increased energy taxes would make it difficult for U.S. industry to compete

against foreign producers both in the domestic and export markets. The chemical industry would be particularly injured by increased energy taxes due to its heavy dependence on oil and gas for both feedstock and fuel purposes.

4. A major tax increase was enacted in 1982. Even if the spending cuts promised in the 1982 and 1983 Budget Resolutions are adopted, further revenues will be needed. We believe that further spending reductions should be adopted to help meet the revenue shortfall. After these reductions are appropriately identified and committed to, tax increases should then be considered. We recommend that the initial steps of those increases be effected through deferral of tax cuts already scheduled for the future. However, these deferrals should not include deferral of the tax rate cut for individuals scheduled to take effect in 1983. If additional revenues are needed, they should be raised through a broad-based consumption tax.

5. We believe that the long-term growth and recovery of the economy are dependent upon the continued willingness of the Federal Government to eliminate waste and unnecessary spending.

ACTION REQUIRED: Approval

CMA
BD 4/5/83

EXHIBIT L

GENERALIZED SYSTEM OF PREFERENCES

The Generalized System of Preferences (GSP) provides duty-free treatment for imports into the United States of a wide variety of products, including chemicals, from some 140 of the world's developing countries. The program has been in effect since 1976 and is scheduled to expire on January 3, 1985. Legislation to reauthorize the program is likely to be introduced very soon. In order to draft a bill which will have broad support of the business community, the Office of the U.S. Trade Representative will hold public hearings on GSP during the month of April in Washington, DC, New York, NY, and San Francisco, CA.

The following proposal for a CMA policy on GSP was developed jointly by CMA, the Synthetic Organic Chemicals Manufacturers Association, and the Society of the Plastics Industries. If approved by the three organizations, it will be a policy of the Office of the Chemical Industry Trade Advisory (OCITA), a coalition of the three trade associations staffed and managed by CMA.

The chemical industry favors the reauthorization of the Generalized System of Preferences (GSP), but feels some revisions are needed to correct flaws in the program. The attached position statement outlines these specific problem areas and offers appropriate remedial actions. These recommendations include the following:

- devise a graduation procedure which is automatic rather than allowing administrative discretion;
- lower the requirements necessary to satisfy the competitive need limit (the competitive need limit automatically provides a one-year suspension of duty-free treatment for products which exceed specified levels of importation);
- institute new requirements for identifying individual compounds classified in so-called "basket" categories;
- provide for more timely review of GSP imports to insure that harm is not occurring to domestic industry;
- deny GSP benefits to countries who violate intellectual property rights or engage in fraud or trade in counterfeit goods.

The CMA International Trade Committee has approved the policy and recommends it for approval by the Executive Committee.

The proposal follows.

ACTION REQUIRED: Approval

CMA
EC 4/5/83
BD 4/5/83

DRAFT -- March 17, 1983

GENERALIZED SYSTEM OF PREFERENCES

BACKGROUND

The Generalized System of Preferences (GSP) was created by the Trade Act of 1974[1] (the Trade Act). It provides duty-free treatment to a large number of imported articles from specifically designated countries.[2] The program is due to expire on January 3, 1985, unless reauthorized by Congress.

The GSP grew out of a recognition by industrialized countries of an imbalance in the relative wealth of the countries of the world, many of which had gained independence for the first time in the wake of World War II. This imbalance threatened to worsen unless the industrially developed countries adopted certain programs which would enable their less fortunate neighbors to raise their level of economic activity and enter the world markets with a growing variety of manufactured goods. The proceeds from such accelerated trade could lessen the need for external assistance, raise the developing countries' internal standards of living, and create a better economic balance among developed and developing countries.

It is for this reason that the United States and several other industrialized countries adopted a preferential tariff system vis-a-vis imports from designated developing countries. In the United States, this system took the form of the GSP program. It was the intent of this program from the beginning, however, that economic advantages would not be offered to developing countries at the expense of established U.S. industry.[3]

In 1980, there was a mid-term assessment of the efficacy of the GSP program, resulting in a report from the President to the Congress[4] and changes in the administration of the GSP program. However, CMA believes that problems have arisen in the administration of the GSP program. Furthermore, we believe that the program is not fulfilling its intended goal of integrating

---

1/ 19 U.S.C. § 2101, *et seq*.

2/ 19 U.S.C. § 2461.

3/ 19 U.S.C. § 2102(4); 15 C.F.R. § 2007.1(a)(5)(viii) and § 2007.2(e); S. REP. 93-1298, 93d Cong., 2d Sess., *reprinted in* [1974] U.S. CODE CONG. & AD. NEWS 7353; and PRESIDENT'S REPORT TO THE CONGRESS ON THE FIRST FIVE YEARS' OPERATION OF THE U.S. GENERALIZED SYSTEM OF PREFERENCES (GSP), 96th Cong., 2d Sess. (W.M.C.P.: 96-58, 1980) [hereinafter Five Year Report], at 64.

4/ Five Year Report.

the economies of developing countries into the global trading system without significant impact on the economy of the United States. In this regard, CMA makes the following recommendations which we believe would alleviate existing problems.

I. GRADUATION AND ELIGIBILITY

A. Problem

The GSP, as administered, does indeed provide significant benefits to some of the roughly 140 designated beneficiary countries and territories. Nevertheless, the distribution of these benefits has been highly uneven, with seven of the more advanced developing countries accounting for at least three quarters of all GSP imports.

The unevenly distributed benefits under the program gave rise to considerable criticism in industry and the Congress. There inequities also caused the Administration, as a result of the Five Year Report, to initiate a graduation program designed to remove beneficiaries which have reached a level of economic growth and industrial diversification sufficient to render them competitive in the international trading system.

Since 1981, graduation has become part of the Administration's annual review process. However, CMA believes that the graduation measures have been inadequate and far too slow to bring about the desired redistribution from the more advanced developing countries to the less advanced ones. Furthermore, CMA believes that new GSP eligibility should not be extended to countries exhibiting a recent high level of economic growth which has given them the potential to shortly achieve a highly competitive capacity within a given product sector (as defined by the 2-digit SIC "major group" code).

B. Recommendations

The graduation process should be made subject to specified standards that involve less administrative discretion. Those standards should provide generally that an article[5/] from a GSP beneficiary country would, upon petition by a U.S. company or

---

[5/] "Articles" (or "products") by the practices of the Office of the U.S. Trade Representative (USTR), have been items as defined by a 5-digit classification number listed in the Tariff Schedules of the United States (Annotated) (TSUSA). This 5-digit TSUSA item could be either a single unique article or could be a "basket" category (see definition in footnote 11) containing numerous items which are similar in nature. For the purpose of discussion in this paper, "article" is defined to be a single chemical, individually and specifically provided for by a 7-digit TSUSA number.

industry producing such article, be graduated from GSP treatment when preferential access is no longer needed. More specifically, the standards should provide that a prima facie case for graduation is made in any of the three situations described below, whichever occurs first in a given calendar year. Furthermore, the standards should not require the U.S. industry to show that it has suffered injury. (The withdrawal of GSP benefits should also be available in other situations, of course, upon a showing of import sensitivity. [see p.6])

1. Graduation on a sectoral basis. When, in any one calendar year, imports of articles in a "product sector" (as defined by the 2-digit SIC "major group" code) from a country exceed a set percentage of total value of imports of articles in that product sector from all countries, or exceed a set dollar amount (indexed to the U.S. GNP), imports of all articles in that product sector from that country should be graduated from GSP treatment.

2. Graduation on a product basis.

(a) When, in any one calendar year, a beneficiary country exports to the United States a quantity of any article that exceeds a specified amount[6] adjustable to the U.S. GNP, it should be removed from the group of eligible countries with respect to that article; or

(b) When, in any one calendar year, a beneficiary country imports into the United States quantities of a GSP-designated article sufficient to cause the import penetration ratio[7] of such article from that country to increase by 5 percentage points or more over the import penetration ratio for either of the two preceding years, that country should be graduated from GSP treatment with respect to that article.

Moreover, if all GSP beneficiary countries export to the United States during one calendar year a quantity of any article sufficient to cause the import penetration ratio of such article from all GSP beneficiary countries to increase by 10 percentage points or more over that import penetration ratio in either of the two preceding years, all GSP beneficiary countries should be graduated from GSP treatment with respect to that article.

3. Eligibility. CMA believes that to extend beneficiary treatment to countries rich in hydrocarbons or other significant sources of raw materials used in the manufacture of chemicals would be to ignore the intent of Congress in the establishment of a GSP. Accordingly, we would recommend against extending eligibility to such countries for the chemical industry product sector as defined by SIC Code 28.

---

[6] This amount should be in excess of the amount specified in Recommendation 2 under competitive need on page 4.

[7] Import penetration ratio is defined as the dollar value of imports of an article as a percentage of the value of domestic production of the article.

II. COMPETITIVE NEED

A. Problem

The so-called "competitive need"[8] limits were included in the program from its inception due to an awareness that the GSP was not intended to aid imports that encountered essentially no threat from other more developed producing countries. The limits were also intended to deny GSP benefits to any article which entered the U.S. market in such large volume as to indicate by its sheer size alone that the exporting country had reached a stage of industrial development which required no further assistance through GSP.

As to the mandatory exclusion of those imports that have, within one year, exceeded the indexed upper value limit, there is a strong belief that this upper limit has risen to an excessive level. Furthermore, it seems inappropriate to apply one uniform upper value limit to all product sectors (as defined by the two-digit SIC "major group" code).

B. Recommendations

1. The "competitive need" provisions should be applied on the basis of 7-digit TSUSA items, so that when, in any one year, imports of a 7-digit item from a country exceed a set amount (indexed to the U.S. GNP) or exceed 50 percent of all imports of that 7-digit item, GSP benefits should be suspended with regard to imports of that article from that country.

---

[8] The GSP statute stipulates that the competitive need limit on any imported item is exceeded when either of two conditions occur during a calendar year. The first condition is met any time the dollar amount of any given 5-digit TSUSA item exceeds a value which bears the same relation to $25 million as the GNP of the United States for the preceding calendar year bears to the GNP of the United States for the calendar year 1974. This value for 1983 is $53.65 million. The second, and more commonly used, condition is met when any one country accounts for more than 50 percent of the dollar value of the imports of any given 5-digit TSUSA item. If either condition occurs, GSP benefits are suspended on all imports from the given country for the specific 5-digit TSUSA item for the following calendar year. During the one-year suspension, if the competitive need limit is not exceeded, GSP benefits can be reinstated. Permanent graduation occurs only at the discretion of the USTR. While some items have been graduated since 1981, the vast majority continue to be reinstated. As stated herein, CMA favors the removal of discretionary authority toward graduation.

2. In addition, the current dollar amounts applicable under both the $25 million "cap" (indexed to the U.S. GNP)[9] and the $1 million "de minimis" exception (also indexed to the U.S. GNP)[10] included in the GSP "competitive need" limitation provisions should be revised downward to reflect the change from 5-digit to 7-digit analysis.

3. Moreover, the reinstatement procedures applicable after suspension under the competitive need limitations should be modified so that a country can be reinstated to GSP treatment only at an intermediate tariff level (for example, one-half of most-favored nation (MFN) rate). If a country does exceed the limitation for a second year (consecutively or not), that country should permanently be graduated from GSP treatment with respect to that article. All of the above criteria for activating the competitive need provisions are to be superseded by any applicable graduation provisions.

III. BASKET CATEGORIES

A. Problem

The competitive need limits frequently fail to function. The major reason is the existence within the TSUSA of "basket"[11] categories which usually contain a large number of different articles. Many of these articles account for a significant amount of trade and would, if separately classified, likely trigger the 50 percent competitive need limit, thereby removing that article from the list of eligible articles for at least one year. Because there exists no mechanisms to easily remove articles from basket categories, the competitive need limits are effectively bypassed. Moreover, it is difficult for the domestic industry to petition for graduation of an article in a basket because of the lack of data on imports. Accordingly, some method of breaking out significant products from baskets should be included in renewal legislation.

9/ 19 U.S.C. § 2464(c)(1)(A).

10/ 19 U.S.C. § 2462(d).

11/ "Basket" categories are those classifications within the TSUSA in which multiple items which have similar chemical characteristics are listed. In general, there is insufficient trade in any one item to warrant its being specifically provided for. An example is a class of organic compounds called ketones. The TSUSA provides specifically for four ketones: acetone (#427.6000), ethyl methyl ketone (#427.6200), isopherone (#427.6410) and methyl isobutyl ketone (#427.6420). All other ketones are classified in the "basket" of TSUSA #427.6430.

B. Recommendation

Upon the request of a representative of an interested domestic industry, the U.S. Government should break out of a basket category and give a separate 7-digit TSUSA numerical designation to any article in that basket category.

IV. TIMELINESS OF RESPONSE TO INTERESTS AND CONCERNS OF U.S. INDUSTRY

A. Problem

There is a need for greater and more timely responsiveness to the interests of domestic producers. Although the GSP program was designed to ensure that granting of GSP duty-free status to articles would have no adverse effect on U.S. producers of competitive items, there are at present no sufficiently explicit criteria to safeguard those interests.

B. Recommendations

(1) The Administration should be obliged to judge import sensitivity by specific criteria. Administrative discretion should be reduced in the review procedure. Instead, the Administration should have clearly defined, specific criteria to judge import sensitivity (e.g. an increase in the import penetration ratio measured by the relationship of imports to domestic production, the decline of employment in the United States, and other equally relevant criteria).

(2) The GSP procedures should provide for emergency-basis consideration by the USTR of petitions to suspend or eliminate GSP benefits. In this regard, a provision should be included in the GSP rules under which a petition by a representative of a domestic industry seeking to have GSP treatment withdrawn from an article will be given immediate "fast- track" consideration by the USTR upon a showing that conditions exist that warrant such treatement.

RELATED ISSUES

V. UNFAIR TRADE PRACTICES

A. Problem

There is growing concern within the chemical industry and in other industries that duty-free access to the U.S. market benefits countries which do not adhere to the internationally recognized trading rules set forth by the General Agreement on Tariffs and Trade (GATT).

B. Recommendation

Any beneficiary country which violates internationally recognized intellectual or industrial property rights, commits fraud (or sanctions fraud by its resident companies) in the conduct of its trade relations with the United States, or trades in counterfeit goods (or sanctions such trade by its resident companies) should be denied GSP benefits for all articles imported from that country into the United States.

VI. RECIPROCITY

A. Problem

A question has arisen as to whether the Administration should be granted authority to negotiate bilateral reciprocity agreements with developing countries by which the United States would refrain from graduating a developing country for GSP benefits if that country lifted barriers to U.S. exports.

B. Recommendation

The basic concept of GSP should be to encourage developing countries to industrialize by giving them preferential access to the U.S. market. The Administration should not be given authority to negotiate reciprocity agreements pursuant to which the United States would refrain from graduating a country found no longer to need preferential access to the U.S. market in exchange for certain other concessions.

CMA
EC-4/5/83
BD-4/5/83

REPORT OF THE TECHNICAL DIRECTOR

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

1.0 COMMERCIAL PRODUCTION OF CHEMICALS

1.1 The Chemical Regulations Advisory Committee (CRAC) has formed an ad hoc Oversight Work Group to develop testimony for the Toxic Substances Control Act (TSCA) reauthorization hearings. CMA's position is that TSCA is being implemented and administered effectively and that the Act does not require legislative amendments at this time. CRAC and its ad hoc work group also have prepared an overview document that assesses EPA's progress in achieving the intent of TSCA. The document points out that TSCA's objectives are being achieved. Moreover, because TSCA is an intricate law with many interlocking provisions, attempts to alter one part of the Act could seriously distort the integrated approach that Congress sought to achieve. A CMA Government Relations Committee task group is delivering this message to selected members of Congress and staff. CRAC members are conveying CMA's position to other trade associations, interest groups, and the press.

On February 7, 1983, CRAC submitted comments to EPA regarding the Agency's Existing Chemicals Program document. The comments stressed that the development of the Existing Chemicals Program is an important aspect of the implementation of TSCA. The Agency document helps to clarify the emphasis EPA will place on the evaluation of chemicals for possible unreasonable risk determinations. The review process outlined by EPA seems conceptually sound. For the process to work effectively, CRAC believes the following concerns must be addressed:

- There is a need for factual and scientific input at key stages in the program;
- There is a need to evaluate the quality and accuracy of the data base emerging from the review process; and
- There is a need to clarify, perhaps by example, the types of risk management advisories (RMAs) that might be used, and the importance of consensus among the companies affected.

CRAC, on behalf of CMA, will continue to follow closely EPA's implementation of its Existing Chemicals Program.

The CRAC Testing Task Group is developing comments on a number of draft OECD Guidelines for Testing of Chemicals. Comments will be sent to EPA for preparation of U.S. comments, which will be presented to the OECD in late March. The CMA review is performed to ensure that the guidelines are scientifically sound and consistent with the procedures of U.S. laboratories. In this manner, tests for health and environmental effects of chemicals sponsored by U.S. companies will be accepted among OECD member countries. The review of these guidelines is important for reduction of nontariff trade barriers, which is OECD's in harmonizing international chemical regulations.

The New Chemicals Task Group of CRAC is reviewing the EPA form for premanufacture notification (PMN). These forms are now under review at the Office of Management and Budget, submitted by EPA in compliance with the Paperwork Reduction Act. When the PMN rules become final, manufacturers of new chemicals will be required to use this form when submitting PMNs to EPA. CMA is reviewing the form to determine if the information required is consistent with the statutory authority of Section 5.

CRAC's New Chemicals Task Group is also reviewing a significant new use rule (SNUR) proposed by EPA in the Federal Register, on February 17, 1983. SNURs are part of an EPA program for new chemicals follow-up, and are intended to prevent new chemicals from being used in a manner that will endanger human health or the environment. Manufacturers that intend to produce a chemical for a significant new use will be required to notify EPA of their intent to manufacture or process the substance for a significant new use. The task group is reviewing the proposed SNUR to determine if it is consistent with TSCA Section 5(a)(2). In addition, the task group is determining EPA's policy for enforcement of the rule, particularly whether or not EPA plans to hold a manufacturer or processor responsible for customers who violate the rule by processing a substance for a significant new use without submitting a SNUR notice.

The CRAC Reporting Task Group is assessing the TSCA Section 8 rules which were implemented last year to determine those parts that were most difficult for companies to comply with, and which, therefore, had an economic impact greater than EPA had estimated. The purpose of this assessment is to develop recommendations to EPA for improvements to the rule so that future Section 8 rules will be easier to interpret, less costly to comply with, and will provide EPA the necessary information.

1.2 Arsenic

CMA signed a contract with the University of Michigan to conduct an epidemiology study of the Anaconda cohort that was exposed to arsenic in smelting operations. Based on an analysis of 20 percent of the available cohort, CMA has concluded the existence of a no-effect level for carcinogenic response to arsenic. Investigations at the University of Michigan will analyze the data on the remainder of the cohort. The study is expected to be completed in early 1984.

The Panel met with scientists from the National Cancer Institute to present CMA's current findings of a no-effect level for carcinogenic response to arsenic.

Butylated Hydroxytoleune (BHT)

The BHT Panel undertook an evaluation of reproductive and behavioral teratology data to provide the additional information requested by the World Health Organization (WHO). WHO granted a temporary acceptable daily intake (ADI) level of 0-0.5 mg/kg body weight. The monograph indicated a need for additional information on rat pup survival and newborn rat behavior before its Joint Expert Committee on Food Additives (JECFA) would consider granting a permanent ADI level for BHT. CMA's evaluation of data was submitted to WHO in a report entitled, "Comments of the Chemical Manufacturers Association-BHT Panel on Need of Additional Information on BHT in Reproduction and Teratogenicity Areas." The report concludes that the existing data bases in the areas of reproduction and teratogenicity adequately answer the two questions raised by the monograph and that FAO/WHO should consider granting a permanent ADI of 0-0.5 mg/kg body weight for BHT. JECFA will review the CMA report at its April 1983 meeting.

Chlorobenzenes

CMA staff represented the Panel at an external peer review of the draft report from a monochlorobenzene chronic study. The study was conducted as part of the NTP bioassay program. The only significant effect of this study was the appearance of neoplastic nodules in the livers of high-dose male rats. It was concluded that the data provided some, but not clear, evidence of carcinogenic activity. No carcinogenic effects were observed in female rats or in male or female mice.

Epoxy Resins

The Epoxy Resins Panel is developing a survey to obtain use and exposure information on chemicals most widely used as adjuncts to epoxy resins. The Panel is also reviewing health effects information in a continuing effort to work with EPA in developing a reasonable regulatory response to the ITC recommendations on the category "glycidol and its derivatives."

Ethylene Oxide

The EOIC is awaiting a decision by the U.S. Court of Appeals following a February 16 hearing on the merits of the issues in an OSHA/PCHRG lawsuit. The two major issues in the case are: 1) the need for an emergency temporary standard; and 2) OSHA/EPA jurisdiction over workers in the sterilant device industry.

Glycol Ethers

The Panel submitted comments to EPA on the Priority Review Level-One documents on ethylene glycol monomethyl ether and ethylene glycol monoethyl ether.

Phthalate Esters

The Panel submitted a status report to EPA on the Voluntary Testing Program. Phase I of the Health Effects Program is completed. The Panel has made a second proposal to EPA for the Phase II Program. This proposal answers the questions raised by EPA on the original Phase II proposal.

Polychlorinated Biphenyls

CMA filed a petition to review EPA's "closed and controlled waste" manufacturing PCB rule. CMA also requested that the Court stay the deadlines within which the record and briefs were to be filed in this action. A stay was sought because the closed and controlled rule will be inextricably intertwined with the third rule, also on regulation of inadvertent generation of PCBs, that EPA is currently formulating. The motion to stay the deadlines was granted.

On February 17, 1983, CMA's PCB Program Panel sponsored an "Open Discussion with EPA" on the PCB third rule. This information exchange was to ensure that every company had the opportunity to discuss with EPA: 1) the Agency's approach to writing the third rule; (2) the data EPA needs to develop exclusions in the third rule; and 3) the format for responding to EPA's information needs. Ninety-one company representatives, EPA spokespersons and independent consultants were present at the discussion.

Representatives of the Environmental Defense Fund (EDF), the Natural Resources Defense Council (NRDC), CMA's PCB Program Panel, and other industry groups began meeting last summer to determine whether a rule on inadvertent generation of PCBs, acceptable to all parties, could be negotiated. The effort to achieve a consensus proposal was initiated by environmental groups and industry in light of the shared perception that their disagreements on numerous issues, relevant to inadvertently-generated PCBs, should not preclude development of a reasonable rule. The consensus proposal should be submitted to EPA in April.

Trimellitates

CMA has been asked to establish a new program on tris(2-ethylhexyl) trimellitate which was designated by the Interagency Testing Committee for priority consideration in the promulgation of test rules under Section 4 of TSCA. While operating within the Phthalate Esters program, the Trimellitates Panel has proposed a voluntary test program to EPA. EPA has requested additional testing and the Panel is trying to develop a second proposal.

Zinc Dialkyl Dithiophosphates

CMA representatives will hold an information exchange meeting with EPA representatives this month. CMA will discuss the history and accomplishments of the ZDDP Panel to date. EPA representatives will be asked to better define interest within the Agency on this class of compounds. Division/branch/personnel involvement, plans, decision points, timetables, etc., will be of interest to the Panel.

3.0 EFFECTIVE WASTE HANDLING AND DISPOSAL

A pilot of a hazardous waste survey has been voluntarily completed by ten companies. The responses are being evaluated and necessary modifications to the survey will be made in April. The revised survey will be presented to the Executive Committee for approval at its May meeting.

The Groundwater Management Task Group met with the National Agricultural Chemicals Association to present CMA's groundwater multiple use policy and discuss issues where differences presently exist.

CMA participated in the semiannual meeting of ASTM's D-34 Committee on Hazardous Waste Management.

4.0 INCIDENTAL CHEMICAL EXPOSURES AND PUBLIC HEALTH

The survey of chemical company activities to reduce unreasonable risk was developed in early February. Copies were distributed to participants, government agencies and the media. The response has been very favorable and requests for additional copies of the survey results are still being received.

The Strategic Options Work Group continues to examine issues on public compensation. The Data Development Work Group has developed a work plan and on March 14 signed a contract to begin a feasibility study of whether existing data could indicate the scope of chronic illness resulting from chemical exposure.

5.0 ENERGY AND FEEDSTOCK SUPPLIES

CMA has distributed a Natural Gas Communications Packet to members for their use in improving public understanding of the benefits of natural gas deregulation. The Energy Committee is engaged in follow-up activities to encourage use of these materials.

Four TV news feeds and several radio feeds have been produced and distributed to complement other CMA natural gas deregulation advocacy efforts.

On March 2, Ronald Wishart, Union Carbide Corporation, testified on behalf of CMA before the Department of Energy, on National Energy Policy Plan IV. This event was used as a forum for CMA advocacy for natural gas deregulation, maximum reliance on market forces to distribute petroleum supplies in the event of an emergency, and to restate CMA opposition to new energy taxes.

On March 10, James Beatty (Procter & Gamble Company) testified on behalf of CMA before the Senate Committee on Energy and Natural Resources. CMA urged legislative action on natural gas to assure adequate supplies at competitive prices. New legislation has been introduced by Senator McClure on behalf of the Administration, S. 615, "Natural Gas Consumer Regulatory Reform Amendments of 1983."

CMA wrote the American Society of Heating, Refrigerating and Air Conditioning Engineers urging that their proposed energy conservation standard for existing industrial buildings be published as a technical guide for voluntary use. We also urge that this highly controversial document receive another public review.

6.0 SAFE AND COST-EFFECTIVE CHEMICAL PRODUCT DISTRIBUTION

S. 47 -- the Maritime Reform Bill of 1983 passed the Senate by a 64-33 margin. Sixteen out of 18 amendments proposed by CMA were incorporated in the final version of this bill.

CMA has been invited to testify before the House on their version of maritime reform legislation.

The Interstate Commerce Commission (ICC) granted CMA subscribers antitrust immunity for the purpose of negotiating a new tank car compensation agreement with the railroads. Subscribers have agreed to an assessment of $1.00 per tank for costs in negotiating. The initial meeting of the car subscribers group was held March 10-11, 1983. Representatives from CMA and the railroad met on March 18.

The coalition on hazardous material transportation has developed proposed positions on emergency response, uniformity, training and enforcement. These positions which represent compromises among state and local groups, carriers and shippers will serve as a basis for proposed federal legislation. Positions have been presented to CMA's safety task group for review.

CMA's Distribution Contacts have strongly supported continued federal safety regulations in their responses to a deregulation survey.

We are continuing to work with CHEMTREC and the computer consultant to develop a computer system to update and verify the CHEMTREC files.

The compromise statement for the reporting of rail incidents, developed by the Bureau of Explosives'

(BOE) Steering Committee and the CHEMTREC Advisors, was voted down by the BOE Executive Committee. This item has been forwarded to W. Johnston, Association of American Railroads, for resolution.

In response to a request from ICC, we are developing specific information on anticompetitive actions taken by the railroads.

The Director of CHEMTREC participated in an EPA/ Coast Guard training session in Cherry Hill, NJ.

The CHEMTREC Emergency Response Team Workshop was held in Los Angeles with approximately 75 people attending.

7.0 OCCUPATIONAL SAFETY AND HEALTH

OSHA's Hearing Conservation Amendment [48 FR 9738 3/8/83] is reasonable and includes many improvements CMA suggested. It contains few technical inaccuracies and undesirable features. This rule will extend coverage of hearing conservation programs to many people who do not have it now. In turn, this added worker protection will provide a sound basis for changing the Agency's earlier primary reliance on engineering controls.

The OSH Committee is sponsoring a Symposium on Managing Reproductive Risks in the Workplace, May 11-12, at Stouffer's National Center Hotel in Arlington, VA. It will cover scientific, legal and regulatory aspects as well as case studies and a discussion of what role CMA might play in this area.

What role should be played by engineering controls and other techniques in reducing worker exposure is questioned in OSHA's advance notice of proposed rulemaking "Health Standards; Methods of Compliance" [48 FR 7473, 2/22/83]. It deals in a large measure with respirators. The OSH Committee is preparing comments on it.

9.0 CLEAN AIR

A CMA representative made a presentation on the chemical industry's position on hazardous air pollutants at the APCA International Conference on Toxic Air Pollutants in Chicago, IL.

The State Affairs Environmental Task Group and members of EMC's air task groups are developing a hazardous air pollutant position for use in the states.

The Process Emission Regulations Task Group submitted comments on a proposed new source performance standard for synthetic fiber production facilities, and on the flares aspects of a new source performance standard for fugitive emissions for the refining industry.

The Air Regulations Task Group submitted comments on EPA's proposed policy for applying sanctions for states not meeting the national ambient air quality standards.

10.0 CLEAN WATER

The Regulatory Impact Special Committee has begun a joint project with the Environmental Management Committee to review the economic and regulatory impact analyses supporting EPA's proposed BAT Guidelines for the organic chemicals and plastics industry. The analyses will be reviewed for use of data and methodologies as well as the conclusions drawn. Findings will be submitted to EPA as part of CMA's comments on the guidelines.

CMA has issued a contract to Engineering-Science and to Peat, Marwick and Mitchell to address the technical and costs issues, respectively, of EPA's recently proposed effluent guidelines for the organic chemicals, plastics, and synthetic fibers industries.

CMA continues a dialogue with EPA's effluent guidelines staff over our technical concerns with the BPT/BAT guidelines for the organic chemicals, plastics, and synthetic fibers industries. The public comment period for this proposal closes in mid-June.

The Effluent Guidelines Task Group is conducting a meeting on the proposed effluent guidelines for the organic chemcals, plastics, synthetic fibers industries. The session will be held on April 7, 1983, in Washington, DC, for CMA and SOCMA member companies.

The Water Policy Task Group has prepared oral and written testimony to be presented before the Senate Environment and Public Works Subcomittee on Environmental Pollution. The testimony originally scheduled for March has been postponed until after Easter.

CMA participated in EPA's Sixth Annual Priority Pollutant Symposium in Norfolk, VA.

12.0 EFFECTIVE PHYSICAL PLANT MANAGEMENT AND DESIGN

CMA:

- Approved the following as American National Standard:
  - API 610 (Centrifugal Pumps);
  - NEMA TC3 (PVC Fittings);
  - UL 62 (Flexible Cord and Fixture Wire); and
  - UL 252 (Compressed Gas Regulators), and
- Voted on 585 proposals for the 1984 National Electrical Code involving four code panels on which CMA is represented.

CMA also requested voting privileges for National Electrical Code Articles 610 (Cranes and Hoists), 620 (Elevators, etc.), 630 (Electric Welders), and 645 (Data Processing Systems).

The American Society of Mechanical Engineers was asked to be the Secretariat of the American National Standards Committee B96 (Aluminum Storage Tanks). An updated status report on B96 was mailed to the American National Standards Institute.

CMA

BD - 4/5/83

EXHIBIT N

REPORT OF THE DIRECTOR OF COMMUNICATIONS

JON C. HOLTZMAN

In recent months, media attention on the chemical industry, its relationship with EPA and the realm of specific issues associated with hazardous waste disposal have necessitated expanded Association communication activities. In an effort to calm the issue, the combined efforts of the Association and its members made the industry visible and accessible to the press. However, CMA's communication program is not merely a response mechanism for emerging issues. The ongoing advocacy effort enables the industry to maintain communications channels with government, media and other organizations, thereby giving CMA the opportunity to help define issues before they become agenda items in Congress.

The CMA News Bureau has redoubled its efforts to develop media contacts by setting up television and print interviews for CMA vice presidents and staff. One-on-one hazardous waste issue briefings were conducted with reporters, columnists and editorial staffs of the New York Times, Wall Street Journal, Chemical Week, NBC and others. These personal contacts encourage news people to approach CMA for chemical industry information.

During the first three months of 1983, CMA's media tour program visited 11 cities for a total of 63 interviews. The majority of these were done for radio and focused on waste disposal. Media tours slowed down in the first quarter because of serious member company budgetary and time constraints. THE REPORT, CMA's biweekly radio news program that is distributed to a 1,500-station network, has recently addressed natural gas deregulation, clean water and "Reagonomics: Profit or Loss for Industry." A spin-off from THE REPORT, entitled "Lifestyles," was developed as a softer industry sell and is directed at consumer "Chemophobia" about chemicals.

Three recent radio newsfeeds on natural gas deregulation were sent to approximately 1,500 stations, with a 44 percent pickup in two weeks. This information supported a CMA-produced television news conference on gas deregulation that was fed via satellite from the Chamber of Commerce of the U.S. The program was coordinated by the Natural Gas Consumer Information Center, which includes the National Association of Manufacturers, Chamber of Commerce of the U.S., Business Roundtable and CMA. More than 250 commercial television stations, 170 Public Broadcasting System stations and 20 cable TV systems were invited to call in questions using a toll-free 800 number. Possible followup to this will include screenings for local press and community leaders in target markets and screenings for Chemical

Industry Councils.

Another major program element of the communication operation is the Targeted Regional Communication Program. This program is operating in nine states: West Virginia, New York State, Kentucky, California, Rhode Island, Minnesota, Wisconsin, Pennsylvania and Georgia, developing coalition support for CMA's position on clean water. Three additional states are being considered.

The Louisiana Chemical Association's (LCA) targeted communication program is just beginning. The program has been targeted at media, addressing the issues of air, water, waste disposal and cancer. In February, the LCA distributed a media survey questionnaire designed to help LCA shape its media relations effort. Its first major program involved participation in an international symposium on cancer. The LCA worked to get independent scientists interviewed on television and sent press releases announcing the symposium, resulting in significant media coverage.

The Association's consumer information program is responding to the CMA Board's request to become issue-focused. Through liaison with the National Association of Farm Broadcasters, CMA has opened the way for farm broadcasters to participate in natural gas issue interviews by phone for radio, as well as some television coverage. The program is being run in cooperation with the CMA Energy Committee.

The Catalyst Award Program recently announced the six winners for 1983. Previous winners are being utilized in other CMA activities, including two who are participating in CMA's radio programming -- covering such topics as science and the difficulty of developing quality science teachers and students. CMA is also accepting articles from former Catalyst winners that will be placed with trade and other publications.

In an effort to upgrade ChemEcology and CMA News, both newsletters were critiqued by the American Society of Association Executives. Minor changes will improve both substance and appearance. Both publications are doing readership surveys which will provide further fine-tuning.

CMA's Science News Service provides special reports on industry issues to 850 science and environment writers -- most of them freelancers. Through this service, CMA is working with the American Association of Railroads and the Railway Progress Institute to tell the story of what these industries are doing to transport hazardous materials safely. A press kit on CHEMTREC activities is being developed that will be used with the CHEMTREC newsfeature and newsfeeds when there is a transportation emergency.

One of CMA's most critical issues is public compensation. A Public Compensation Communication Work Group comprised of industry communication experts has developed a preliminary communication plan to address this issue. Three industry spokesmen have been identified to respond to inquiries on the subject. Other elements of the plan include: development of a comprehensive speech on the hazardous waste issue (and identifying a Washington platform for it), conducting a qualitative public opinion survey on the compensation issue to refine messages and strategy, developing a media backgrounder and fact bank, and attempting to get the CMA base position endorsed by other organizations, i.e. health-related organizations, the insurance industry, the Securities and Exchange Commission, the U.S. Department of Commerce.

CMA is delivering print and audio-visual materials to multiplier groups. Two feature films, "The Need to Know" and "Doing Something," have reached 725,000 viewers through community audiences and 20 million viewers through television. Four new public service announcements designed to create a positive feeling about the industry will be sent to 200 major markets around the country.

George Sella, chairman of the CMA Finance Committee, is working closely with CMA staff in developing a stockholder communication program. A condensed version of the American Industrial Health Council's "Cancer in the Workplace" booklet will be sent by Mr. Sella to all CMA Board members with an urgent request that they incorporate the booklet into at least one stockholder mailing. A subsequent request may be directed at all CMA chief executive officers.

CMA
BD-4/5/83

GENERAL COUNSEL'S REPORT

CLEAN WATER ACT

1. Clean Water Act Amendments. Senate hearings on the Clean Water Act and the Chafee-Randolph bill of amendments (S.431) were postponed from early March to some time after the Easter recess. The legal department, with the assistance of our outside counsel, Covington & Burling, is preparing CMA's written statement to be submitted at the time of the hearings. Although political support for the concept of modifications of BAT standards is fading, CMA has decided to maintain that issue as our top priority in order to keep the pressure on Congress and EPA to build more flexibility into the Act and the BAT regulations. The government relations community is trying to arrange for company executives to discuss this issue with cabinet secretaries and top White House aides.

An Administration draft of a Clean Water bill became available in mid-February, but an official version has yet to appear. The draft basically copies last year's Administration bill, including provisions on criminal sanctions and administrative civil penalities that CMA strongly opposes because of their sweeping effect and the potential they create for harassment of industrial permittees.

2. National Association of Metal Finishers v. EPA (General Pretreatment Litigation). Industry filed its reply briefs with the Third Circuit on March 14, 1983. The environmental intervenors have an opportunity to file a separate reply by the end of March. We expect oral argument to be scheduled for May. The outcome of this litigation, especially on the issue of removal credits (credits against industrial pretreatment requirements to reflect the degree of pollutant removal at the municipal plant) could have major implications for CMA's strategy on the Clean Water Act pretreatment provisions and on the pretreatment categorical standards in the effluent guidelines. Covington & Burling is representing CMA in this litigation.

CLEAN AIR ACT

1. EPA's Nonattainment Sanctions Policy. The legal department is preparing in-house CMA's comments on EPA's February 3 notice of proposed rulemaking, with assistance from the air regulations task group, which will be submitted on March 21. EPA has proposed a very strict interpretation of the Act and immediate imposition of the construction moratorium in many areas of the country. CMA will advocate a more moderate approach that will allow states to plan new strategies to achieve attainment without immediate sanctions.

2. NRDC v. Gorsuch (Dual definition). The Government has declared its intention to file a petition for certiorari in this case. The petition is due in late March. The Government's decision enhances the chance that the Supreme Court will agree to hear this case and use the opportunity to restrain the D.C. Circuit's activist impulses.

SUPERFUND

1. Intervention in EDF Suit on CERCLA Health Studies. CERCLA Section 104(i) requires several federal agencies to perform various functions, all relating to assessing the health effects of exposures to hazardous substances. For instance, there is to be a "national registry" of persons exposed (Section 104(i)(1)), an "inventory" of literature and studies (Section 104(i)(2)), and there are to be "periodic survey and screening programs to determine relationships between exposure to toxic substances and illnesses" (Section 104(i)(5)).

So far, very little has been done in this area. In fact, one of CMA's main criticisms of the CERCLA Section 301(e) study is that a group of lawyers reached legal conclusions without the scientific information called for in Section 104(i). On December 10, 1982, the Environmental Defense Fund (EDF) filed suit in the District of Columbia District Court, seeking to compel the government to implement the Section 104(i) authorities.

Based upon discussions and consultations with the General Counsels' Group, CMA officers and the Strategic Options Work Group on Public Compensation, we determined that CMA should intervene. On February 7, 1983, CMA in-house counsel filed the appropriate pleadings. EDF consented to our intervention in advance, and the government did not oppose our pleadings. We have not yet received an order allowing our intervention from the Court.

The Government's initial approach will be to attempt to settle the case through negotiations rather than fight on jurisdictional and/or standing grounds. There will be a status call in Judge Johnson's chambers on March 18. A meeting between our scientific experts and governmental scientific personnel, accompanied by CMA Office of General Counsel Staff members, has been scheduled for March 23.

2. Ad Hoc Superfund Litigation Group.

(a) Bluff Road, South Carolina. As reported at an earlier General Counsels' Group meeting, we have decided to submit arguments to the court, either by way of an amicus curiae brief or through existing defendants, relating to apportionment of liability; the standard of liability; the causation requirement; substantive standards under section 106 of Superfund; the liability provisions of section 107 and the potential for Constitutional challenge to Superfund provisions having retroactive effect. CMA will not participate in arguments on facts relating to particular defendants -- those will be handled by the defendants' own counsel.

The legal department is now supervising Kirkland & Ellis' efforts leading towards developing a motion for summary judgment. The parties are now independently developing facts and affidavits and engaging in discovery. Kirkland & Ellis currently plans to complete preparation of a draft motion and memorandum for circulation to the steering committee of the Ad Hoc Group by the middle of March.

In addition, Kirkland & Ellis is preparing, for review by the Ad Hoc Delegation Steering Committee which has been advising the legal department on superfund litigation, a draft of an argument that the government's allegations of strict, joint and several retroactive liability in the context of the facts at hand would be constitutionally impermissible. The intent of such an argument would be to produce a more reasonable judicial interpretation of the retroactive provisions in order to avoid the constitutional questions.

(b) Wade. On February 28, CMA filed an amicus brief, prepared by Kirkland & Ellis, with drafting assistance of CMA staff and in-house counsel in the government's appeal to the Third Circuit of the Wade decision. United States v. Wade, 546 F. Supp. 785 (E.D. PA. 1982).

In the district court opinion which the government is appealing, the judge interpreted CERCLA in a way which is highly favorable to off-site, non-negligent generators at waste sites. He ruled that the government could not force -- through administrative order or litigation -- such off-site generators to perform remedial action or to fund remedial action. He ruled instead that the government may seek to force such performance or funding from site owner/operators, and to the extent such funding is unavailable or inadequate, the government's remedy is to perform the remedial work itself using Superfund resources. Once such work is performed, it could then seek reimbursement against off-site generators and others under CERCLA's liability provisions.

CMA believes that this interpretation is correct and is in the best interests of off-site generators. We strongly supported this interpretation in CMA's six chapter book, entitled "Superfund: Key Liability Issues," distributed to the membership on December 30, 1982. (See especially chapter 4.)

(c) Waste Industries. CMA is considering filing an amicus curiae brief in United States v. Waste Industries, No.80-04-Civ-7, 18 ERC 1521 (E.D.N.C. Jan. 3, 1983). Waste Industries holds that Section 7003 of the Resource Conservation and Recovery Act (RCRA) is not retroactive, and therefore may not be used to compel responsible parties to clean up inactive waste sites. The Government attempted to use Section 7003 to force the owner and the operator of an inactive waste site to pay for remedial action prior to actual cleanup operations. The court stated that RCRA was not designed for such uses, and that Section 7003 could only be used to enjoin active disposal operations.

Waste Industries reaffirms part of the Wade opinion [U.S. v. Wade, 546 F. Supp. 785 (E.D. Pa. 1982)], which held that neither Section 7003 nor Section 106 of CERCLA could be used to compel an off-site non-negligent generator to perform or fund remedial action.

3. EPA's Proposal of 418 Priority Sites. On December 30, 1982, EPA proposed its "National Priorities List" (NPL) of 418 sites under CERCLA (47 Fed. Reg. 58476). It solicited written comments with a deadline of February 28, 1983.

On February 28, the legal department (working with the Superfund Task Group) filed CMA's comments. Our comments focused on issues of general concern to the industry, and did not criticize the ranking/scoring of any particular site. We concluded that individual site owners and/or potentially responsible parties are the appropriate vehicles for such comments.

RESOURCE CONSERVATION AND RECOVERY ACT (RCRA)

Land Disposal Regulations Litigation. EPA filed its report to the court in response to petitioners' issues lists on February 18, 1982 in this case. In Re Land Disposal Regulations Litigation, No. 82-2205 et al. (D.C. Cir.). The report identifies which issues EPA is willing to negotiate and which it will litigate. Out of a total of 63 issues, EPA identified 26 issues that it will not negotiate. Only one of the issues raised by CMA is included in that group of non-negotiable issues; that issue is whether remedial action should be triggered upon detection of any liquid between the liners in double-lined surface inpoundments or liners, or should it be triggered only upon detection of a leachate between the liners. 47 Fed. Reg. 32273, 32357-58, 32365 (July 26, 1982), 40 C.F.R. §§ 264.222 and 264.302. It is CMA's position that remedial action should be triggered only upon detection of a leachate. Because we believe that EPA misunderstood our position on this issue, we are asking the agency to reconsider on that issue. Industry petitioners filed a response to EPA's report on March 14, 1982.

This litigation is being handled primarily by Covington and Burling, although selected issues are being handled by staff counsel. Staff counsel is also responsible for coordinating CMA's technical and scientific positions in the litigation.

OCEAN ECONOMIC MATTERS

1. Philippine Cargo Preference Law. CMA in-house counsel

has requested and obtained permission from the Department of State to have a shipper representative at future negotiating sessions between the U.S. and the Philippine Governments. The negotiations are aimed at restoring competition in ocean transportation in the U.S./Philippine trade. On March 17, 1983, a chemical and non-chemical shipper representatives met at CMA to select a broad-based advisory committee and a shipper representative.

2. Venezuelan Cargo Preference Law. The Federal Maritime Commission has issued an Order stating its displeasure with the lack of serious negotiations between the U.S. carriers/government and the Venezuelan carriers/government. The negotiations were supposed to restore competition in ocean transportation in the Venezuelan trade. The Commission is considering taking further action against the Venezuelan carriers. CMA is considering whether to file a letter in support of further action.

TRANSPORTATION SAFETY

1. State and Local Restrictions on Hazardous Chemical Transportation. CMA in-house counsel has completed a memorandum summarizing the law regarding challenges to state and local restrictions on the transportation of hazardous chemicals. Additionally, the Legal Department is advising other CMA departments in connection with a trade association coalition effort to promote uniform regulations governing the transportation of hazardous chemicals.

2. Air Dispersion Model. CMA in-house counsel is advising CHEMTREC on legal concerns with regard to its joint effort with the Association of American Railroads to make available a computer model which will predict the area of dispersion for a chemical spill.

RAIL ECONOMIC MATTERS

1. Tank Car Allowance Agreement. On February 23, 1983, CMA and its member company subscribers received conditional antitrust immunity to collectively renegotiate the tank car allowance agreement. This agreement governs the amount railroads pay for use of the tank car owned or leased by chemical companies. On March 4, CMA filed amendments satisfying the condition of immunity. CMA subscribers will meet on March 10, 11, 15 and 16 to formulate a procedural and substantive negotiating position. CMA in-house counsel will primarily be responsible for advising CMA member companies on antitrust issues and for insuring that CMA reaches a substantive and procedural agenda before the negotiations begin. Outside counsel, Richard Hardy of Hardy & Moran, will be responsible for advising CMA member companies during the negotiations.

2. Market Dominance. On March 8, 1983, the U.S. Court of Appeals for the 5th Circuit granted a rehearing *en banc* of the

panel's decision that the Interstate Commerce Commission incorrectly held that a shipper cannot challenge a rail rate as unreasonably high if its customers can obtain the product elsewhere. CMA will submit a brief to the Court of Appeals en banc, in an effort to obtain a ruling similar to the panel's earlier decision. John Oberdorfer of Patton Boggs & Blow will prepare the brief in conjunction with CMA in-house counsel.

3. Maximum Rate Guidelines. On February 24, 1983, the Interstate Commerce Commission (ICC) ruled that rates on captive coal traffic may be increased by 15 percent per year without the rate being deemed unreasonable. Although the 15 percent amount is subject to a few constraints, basically the ruling gives railroad broad freedom to extract monopoly prices from captive coal shippers. While the Order did not apply the guidelines to other commodities (e.g. captive chemicals), such will likely occur in the near future. CMA is considering whether to join in the appeal of the ICC Order.

TOXIC SUBSTANCES CONTROL ACT (TSCA)

1. Congressional Oversight Hearings. In the House, Chairman James Florio's Subcommittee on Commerce and Transportation has set hearings for mid-April on TSCA reauthorization. Florio is likely to entertain amendments by environmental activitists to tighten the Act's requirements this year. Particular emphasis is expected to be given to negotiated agreements versus test rules under section 4, some sort of minimum premanufacture testing for all new chemicals under section 5, EPA's existing chemicals activities under section 6, and possibly the "gap filler" function under section 9. As presently written, The Administrator may not take action under sections 6 or 7 of TSCA if the risk may be prevented or reduced to a sufficient extent by action under another Federal law. A change may be proposed in section 9 to give the Administrator authority to control risks under sections 6 or 7 of TSCA without regard to other Federal laws.

In the Senate, David Durenberger, Chairman of the Subcommittee on Toxic Substances and Environmental Oversight, has not yet indicated what his priorities will be for the Subcommittee this year. However, early indications are that TSCA is not a high priority in the Senate at this time, although that could change.

In preparing for Congressional Oversight Hearings, CMA has established a position that TSCA is being implemented effectively by EPA and should be reauthorized in its present form. The Chemical Regulations Advisory Committee (CRAC) has completed a comprehensive overview documenting this Administration's tangible and practical progress in accomplishing TSCA's objectives. Testimony and a written statement to be presented at the hearings are being prepared. Covington and Burling is working with CRAC to prepare for the Oversight Hearings.

2. Section 4 - Testing. The Natural Resources Defense Council, Inc. (NRDC) sent to EPA a Notice of Intent to Sue on two issues relating to TSCA §4. On January 7, 1983, the NRDC gave notice of its intent to sue EPA for failing to take action on formaldehyde under §4(f). Although CMA has not been directly involved in formaldehyde issues, there may be an important generic issue involved in this lawsuit, specifically, what scientific evidence is sufficient to require action by EPA under §4(f). If a lawsuit is filed, CMA will review the complaint and issues raised to determine the appropriateness of CMA involvement.

On February 9, 1983, another NRDC intent to sue letter was sent to EPA. The issues raised were the Agency's failure to finalize proposed rules on six chemicals, whether voluntary testing agreements satisfy statutory and judicial deadlines, and the validity of advance notices of proposed rulemaking to satisfy statutory and judicial deadlines. Since a number of CMA Special Programs Panels have entered into, or are negotiating voluntary testing agreements, the validity of such agreements is an issue of primary concern to CMA. CRAC has established an ad hoc work group to develop a strategy for CMA to respond to this issue or any of the other issues raised by the NRDC, should a lawsuit be filed.

3. PCB Litigation. On August 15, 1982, EPA issued its final rule regulating the use of PCBs in electrical equipment. That rule has been challenged in Court by several industry trade associations and environmental groups. CMA has intervened in this proceeding. EPA has also issued the final rule on "Exclusions for Closed and Controlled Waste Processes" (47 Fed. Reg. 46980: October 21, 1983). The CMA Program Panel successfully convinced EPA to drop the requirement in this rule that would have excluded only those processes with nondetectable releases. The final rule excludes processes with nonquantifiable releases. The PCB Panel is challenging the "Exclusions" rule and has requested a stay of the Court proceedings until the third and final rule is issued.

EPA has set a schedule for its final rule regarding remaining processes that inadvertently generate PCBs. A proposal for this rule is expected by December 1, 1983, and the final rule by July 1, 1984. The Agency intends to gather additional information on PCB exposure from industry to make a risk assessment of several use categories and to identify the end uses of many products. The PCB Panel has initiated negotiations with the Natural Resources Defense Council, Inc. (NRDC), Environmental Defense Fund (EDF), and other trade associations to prepare a proposal for EPA consideration in developing a final rule. The proposal from this joint effort should be presented to EPA in mid-March. Kirkland & Ellis is representing the PCB Program Panel in the litigation and has counseled the Panel during the development of the proposal.

ENERGY

1. Natural Gas. On March 10, CMA testified on natural gas policy before the Senate Committee on Energy and Natural Resources. The testimony by James Beatty of the Procter and Gamble Company criticized proposals that would freeze or roll back natural gas prices. Instead, CMA stated that it supports the basic concepts in S. 615, the Natural Gas Consumer Regulatory Reform Amendments of 1983, which was recently submitted to Congress by President Reagan. This bill offers a good starting point for legislation to address the nation's concern for adequate and economical future natural gas supplies. In-house counsel assisted in drafting CMA's testimony and provided legal advice in interpreting certain provisions of the Administration's proposal.

2. National Energy Policy. CMA presented its views on what constitutes a sound national energy policy in recent hearings before the U.S. Department of Energy. Testifying March 2 on "National Energy Policy Plan IV," CMA witness Ronald Wishart of Union Carbide Corporation identified three essential elements. These are the need to restore competition to natural gas markets, no new energy taxes and maximum reliance on market forces to allocate energy resources. In-house counsel assisted in drafting CMA's testimony.

PRODUCT LIABILITY

Senator Robert Kasten (R-WI) has tentatively scheduled hearings on his comprehensive product liability bill (S. 44) for April 6. CMA is working with the Product Liability Alliance, an umbrella group of businesses and trade associations seeking product liability reform, to secure cosponsors of the legislation and to promote its passage.

INTERNATIONAL TRADE AND REGULATION

1. Office of Management and Budget's (OMB's) Plan For Using "Bargaining Chips" for International Concessions. In February, CMA's Office of General Counsel called attention to Mr. Jim Tozzi's publicized plan (Inside the Administration, January 28, 1983) to use regulatory relief to win international trade and international health and environmental concessions from other governments. Mr. Tozzi, Deputy Administrator, Office of Information and Regulatory Affairs, OMB, asked the Office of General Counsel for a CMA reaction to the plan, and a meeting was held on March 4, 1983, to discuss it.

Specifically, Mr. Tozzi is proposing that the U.S. government bargain with, or trade, issues which are significant to foreign governments (but which are insignificant to the U.S. government and to U.S. industry) in exchange for something the U.S. wants from those governments. We have expressed our concerns about this plan to Mr. Tozzi, especially that no chemical industry issues be "traded" by the U.S. government without prior consultation with industry and that the U.S. government officials who will be engaged in this bargaining process be expert in the fields in which they will bargain. CMA will have follow-up communications with Mr. Tozzi on this subject.

2. Meeting with the Council of European Chemical Industry Federations (CEFIC). On March 7 - 8, 1983, CMA met with high-level CEFIC officials to discuss issues of mutual concern in the international trade and international health and environmental areas. The following items were on the agenda: in the health and environment area - confidentiality of data, chronic hazards labeling, public compensation, and export of hazardous substances, and, in the international trade area - General Agreement on Tariffs and Trade (GATT) Ministerial Conference, antidumping, U.S. trade legislation, the Vredeling proposal, the Ninth Directive, and industrial property rights. Office of General Counsel assisted in the preparation of the agenda, and prepared briefing papers for the CMA Board participants in the meeting.

3. Generalized System of Preferences (GSP). With writing and strategy assistance of the Office of General Counsel, the Import Policy Task Group of the CMA International Trade Committee has prepared a proposed CMA position paper on the GSP. This proposed position will be submitted to the CMA Board of Directors for its approval at its April meeting and will be used to advocate our positions during the Congressional reauthorization hearings on GSP, expected to be held later this year.

The GSP was created by the Trade Act of 1974. It is scheduled to expire, unless reauthorized, on January 3, 1985. The GSP program grants duty-free entry into the United States of a large number of products from designated beneficiary countries. These countries are supposed to be developing countries which are not internationally competitive and which need such preferential benefits to build up their industries.

However, in reality, the bulk of GSP benefits have been used by countries and territories such as Taiwan, South Korea, Mexico, Brazil, Hong Kong, and Singapore, which are already competitive internationally, at least in certain product sectors. Also, a number of procedural changes must be made in the application of the GSP program to ensure that its goals are met without injuring U.S. industry. The proposed CMA position addresses these points.

PATENT AND TRADEMARK

[CMA's Office of General Counsel serves the Patent and Trademark Committee as both in-house counsel and Staff Executive. Therefore, all internal CMA work in this area is carried out by Office of General Counsel representatives.]

1. Patent and Trademark Committee (PATC) Legislative Proposals. The PATC has proposed for Board approval a CMA position on a number of legislative actions of a technical nature. The subjects covered are: infringement of process patents by offshore production, infringement of product patents by offshore assembly of components, licenses for foreign filing, unpublished research known to the patent applicant or the assignee as prior art, patent interference practice, and licensee/licensor estoppel.

2. Appointment of Judges to the Court of Appeals for the Federal Circuit. The Administration will shortly propose another nominee for the bench of the Court of Appeals for the Federal Circuit. The nomination of Sherman Unger, former General Counsel of the Department of Commerce, was not acted on by the last Congress.

CMA sent letters to Fred Fielding, Counsel to the President, and William French Smith, Attorney General, on March 1, 1983, urging that future nominees for the bench of the Court of Appeals for the Federal Circuit have significant patent law experience, since this Court hears appellate patent cases in this country. CMA also suggested that attorneys with corporate, as opposed to law firm, experience not be overlooked as possible candidates for the bench of this Court, as corporate exposure may provide even a broader experience base than would most law firms.

3. Comments of the PATC on Two World Intellectual Property Organization (WIPO) Documents. By the end of March, CMA, through the PATC, will have submitted comments to the Patent and Trademark Office on two WIPO papers. The first is a "Guide on the Industrial Property Activities of Enterprises in Developing Countries." It is hoped that U.S. comments will aid in the development of strong protection of intellectual property in developing countries.

The second is a set of working documents (agenda, working papers) for the WIPO meeting of a Committee of Experts on Joint Inventive Activity to be held May 2 - 6, 1983. CMA comments will be used by the U.S. delegation in its preparation for the meeting.

CMA
BD-4/5/83

EXHIBIT P

REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

BUDGET AND TAXATION

In the early months of its first session, the 98th Congress is showing signs of independence in its handling of the President's tax and budget program. The prospects of growing budget deficits Fiscal 1984 has concerned Congressmen, and even before the President submitted his budget to the Congress, several key legislators had signalled opposition to the proposal for a contingent tax increase. By Mid-March, the Administration's package appeared to be without significant support on Capitol Hill.

In addition, both Senate and House leaders were drafting new initiatives on the budget. Senate Budget Committee Chairman Pete V. Domenici (R-MN) pressed his collegues for additional Federal spending cuts. High on the list of the committee targets for further reductions was the President's defense budget. After a last minute White House conference, Senators Domenici and Lawton Chiles (D-FL) yielded to White House requests and agreed to postpone consideration of the budget until April 5. They decided to delay in the hope that the Administration could develop a more flexible budget request that would allow for significant reductions in new defense spending.

In the House, the Democratic Caucus flexed the added muscle of its 26 new members. The Caucus adopted a budget resolution that calls for the repeal of the final 10 percent reduction in Federal income tax rates for individuals which was adopted in President Reagan's 1981 tax legislation. Both House Budget Committee Chairman James Jones (D-OKLA) and Ways and Means Chairman Dan Rostenkowski (D-ILL) indicated that there was greater likelihood that the House would be able to pass a tax increase package of approximately $8 billion, rather than the $30 billion that would be gained from repeal of the third year tax cut for individuals.

On a related matter, Senator Robert W. Kasten, Jr. (R-WIS) was leading the fight in the Senate to repeal mandatory withholding on dividends and interest which will go into effect July 1. Finance Committee Chairman Robert J. Dole (R-KAN) is strongly opposing the effort to repeal withholding. If Senator Kasten is successful, the Federal deficit over the next two fiscal years could increase by as much as $7 billion.

With the prospect of increasing Federal deficits, many business leaders have expressed concern that Congress may have to seek new sources of revenue to balance Federal expenditures and income. The reduction in the stated price of oil by the OPEC nations to $29 a barrel, with the possibility that the price could fall still lower, has raised public concern that Congress might adopt an energy tax.

Testifying before the Senate Budget Committee, Federal Reserve Chairman Paul A. Voelker noted that a $5 a barrel tax on oil should be considered by the Congress if the price of oil should drop below $25 a barrel. For several weeks, Senate Budget Committee Chairman Domenici has been discussing an energy tax proposal that would increase oil prices significantly. At this report, however, he had not introduced a bill. Representatives of industrial energy users, including CMA, have actively opposed all energy tax proposals.

As noted in earlier reports, a major element in President Reagan's legislative victories thus far has been the high degree of voting loyalty by Republicans. The early skirmishes over the Fiscal 1984 Budget suggest that the President will have to find new ways to maintain a comparable sense of party unity and strength in the battles immediately ahead.

TAXATION: DISC LEGISLATION

The prospects for the passage of a favorable legislative replacement for the DISC provisions of the Internal Revenue Code improved in March. Heeding the message of business leaders that the retention of a tax incentive for exports equivalent to DISC is vital to American exports, the Administration has developed an alternative proposal which is being circulated in Washington.

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

The early response to the Administration proposal from Washington business representatives has been favorable. CMA President Robert A. Roland, in a March 1, 1983 letter to Treasury Secretary Donald T. Regan, expressed support for the Administration's alternative and suggested several improvements. CMA is closely monitoring all developments with respect to DISC and is coordinating its efforts with allied business trade associations and related groups.

ENERGY: PRESIDENT SENDS NATURAL GAS BILL TO HILL -- HEARINGS BEGIN

A detailed legislative proposal that would remove remaining Federal controls over natural gas pricing has been submitted to the Congress by the President. The Administration's bill (S. 615) was introduced in the Senate by Energy and Natural Resources Committee Chairman James A. McClure (R-ID). In the House, the measure was introduced on request by Representative Tom Corcoran (R-IL-15) and cosponsored by four other Republicans and two Democrats. The legislation is being actively pushed in the Congress and among all sectors of the nautral gas industry by Energy Secretary Donald P. Hodel.

Shortly after the Administration's plan was revealed, the Senate Energy Committee held four days of hearings on natural gas policy issues. On March 10, the Chairman of the CMA Energy Committee, James D. Beatty, Manager Energy Engineering Environment of The Procter and and Gamble Company, presented testimony as the lead witness on a panel of industrial users. The CMA statement supported the basic concepts of the Administration bill as a necessary step in the right direction toward dealing with distortions in gas markets.

Senators Nancy Landon Kassebaum (R-KS), John C. Danforth (R-MO) and Thomas F. Eagleton (D-MO) presented a different solution to the problems of natural gas pricing during the hearings. Their approach, soon to be in bill form, would essentially reregulate all gas by freezing prices and abrogating contracts.

Another proposal that is not as restrictive, but similar in extending government controls, was introduced by Senator John H. Heinz III (R-PA). Other Senators are planning to offer amendments that would suggest a more free market approach. Mark up may occur by May 15.

In the House, hearings have been scheduled before the Energy and Commerce Fossil and Synthetic Fuels Subcommittee. On March 22 CMA will present testimony with the same witness team indicating general support for the Administration bill and opposition to proposals that would freeze or roll back natural gas prices. The primary alternative to the Administration bill is legislation introduced by Representative Richard A. Gephardt (D-MO-3) with more than seventy cosponsors. The Gephardt bill would reimpose and extend governmental price controls and abrogate contracts. The hearing process in the House is expected to continue for some time.

TRANSPORTATION: SENATE PASSES MARITIME REFORM BILL

On March 2, after five days of debate and the threat of a filibuster, the Senate overwhelmingly passed a bill, (S. 47), to reform the regulation of ocean shipping. The measure contains a series of amendments supported by CMA that balance U.S. exporter and carrier needs. Another issue of importance to shippers was resolved by a floor amendment which allows independent action by carriers within ratemaking conferences.

The Senate-passed measure differs from the reform bill passed by the House during last year's post-election session. The House Merchant Marine and Fisheries Committee is again preparing to act, with a hearing scheduled March 22 and mark up the next day. CMA will present testimony before that Committee and provide comments to the House Judiciary Committee. CMA generally supports last year's House version, and we continue to work to provide carrier right of independent action and to promote intermodal competition.

ENVIRONMENT: SUPERFUND PROGRAM UNDER ATTACK

The continuing controversy between Congress and the Administration centers chiefly on hazardous waste management and the implementation of the Superfund clean-up program. Among the aspects under attack is one of key importance to the chemical industry - the process of settlements of hazardous waste disposal cases out of court. The chemical industry has viewed the negotiated settlement process as an important element in speedy clean-up of hazardous waste sites to protect the health and the environment. To ensure that the settlement process will continue to be a viable option, CMA has undertaken an effort to educate key members of Congress on the usefulness and reliability of this process. We will be working with member company lawyers and Washington representatives to conduct this effort.

The EPA/media controversy has also produced new legislation in the Senate to extend the Superfund program and tax for ten years, and to adding over $15 billion to the fund. It now seems possible that Congress may not wait until the tax expiration date of September 30, 1985 to extend the taxing authority. This means that punitive amendments and sweeping program changes to Superfund could be under active debate by late in 1983 or during the Presidential campaign of 1984.

Senator Robert Stafford, Chairman of the Senate Committee on Environment and Public Works, has scheduled an oversight hearing on EPA's implementation of the Superfund program March 23. More of such hearings can be expected.

ENVIRONMENT: RESOURCE CONSERVATION AND RECOVERY ACT AMENDMENTS

The current EPA/political/media controversy has set back consideration of amendments to RCRA. Since the current furor has centered on EPA management of the hazardous waste program, it is likely that we can expect some punitive amendments to be considered when Committees return to legislative ofjectives.

Congressman James Florio (D-NJ), Chairman of the House Subcommittee, will begin hearings on RCRA reauthorization on March 22 and 24. CMA will testify in support of constructive amendments to the hazardous waste program. The key issue for the chemical industry will be how the section on a land disposal ban is worded. The issue recently received more attention because Representative John Breaux (D-LA) introduced legislation to ban the land disposal of hazardous substances after five years. Also, Representative Florio has developed draft amendments to RCRA that are much more restrictive than those passed by the House last year.

In the Senate, Subcommittee Chairman John Chafee (R-RI) has recently introduced a package of RCRA amendments similar to the one he pushed last year. No schedule has been established for hearings.

ENVIRONMENT: CLEAN WATER HEARINGS DELAYED

Senator John Chafee (R-RI), Chairman of the Environmental Pollution Subcommittee, has rescheduled hearings on the Clean Water Act for April 6, 7 and 14. Senator Chafee's proposal does not address the BAT modification issue, but does call for improvements in the pretreatment section, the NPDES program and the deadline extension. However, Senator Chafee has a section in his bill that would overturn favorable regulations on water quality standards recently issued by EPA. CMA will testify at these hearings and stress the need for flexibility in the BAT program, changes to pretreatment and extension of the BAT deadlines.

On the House side, Representative Robert Roe (D-NJ), Chairman of the Water Resources Subcommittee, held one day of hearings on EPA's water quality standards. CMA is working to keep the EPA regulations intact and to prevent Congress from overturning them.

Efforts within the Administration to approve a comprehensive package of Clean Water amendments have stalled. Administration officials are divided over whether to include provisions on a BAT modification and section 404.

The CMA Clean Water Act Task Group has developed a contacts program with members of House and Senate committees and with key personnel of the various government agencies which will review the proposed package of amendments. We continue to advocate inclusion of provisions for a BAT modification.

CLEAN AIR ACT AMENDMENT PROCESS STALLED

The effort to amend the Clean Air Act in this session of Congress has failed to develop momentum because the Senate Environment and Public Works Committee, and the House Energy and Commerce Committee are preoccupied with investigation of EPA. The crisis has diverted attention away from the crafting of new proposals and strategies. For example, the EPA draft bill, which the White House was scheduled to consider and perhaps clear, is "on hold." Other initiatives are also being delayed as the Legislators wait to see who will replace Anne Burford as EPA Administrator.

To date, the only comprehensive bill has been introduced by Senator Robert Stafford (R-VT) Chairman of the Environment Committee. His bill is identical to the one the Committee approved last session, which was opposed by the Clean Air Working Group (CAWG), including CMA.

Senator Stafford also introduced on March 10 a separate acid rain bill with even tougher requirements. This brings the number of Senate acid rain proposals to four, thus far.

When the Senate Environment Committee resumes normal business, the hearing on Stafford's bill probably will be brief and cursery, despite a business community call for adequate hearings to allow development of a balanced record for full Senate consideration. In the meantime, several Senators are said to be considering the eventual introduction of a substitute bill.

In the House, the Commerce Committee has not yet begun activity leading toward Clean Air Act legislation. Chairman John Dingell (D-MI) recently confirmed that a clean air bill remains part of his agenda. The chairman of the subcommittee initially responsible for clean air, Representative Henry Waxman (D-CA), plans "extensive" hearings, and is clearly in no hurry. This approach is not surprising if Democrats wish to pursue environmental policy as a major 1984 election issue. Nor do Republicans on the Commerce Committee seem eager to again take up a comprehensive clean air bill. They are outnumbered more than two to one, and may consider the issue politically volatile.

A task group of the CMA Government Relations Committee is following developments day-by-day, and maintaining close liaison with other business groups which have similar interests.

SAFETY AND HEALTH: TSCA REAUTHORIZATION

Chairman Florio's (D-NJ) Subcommittee on Commerce and Transportation continues to plan Toxic Substances Control Act reauthorization hearings for mid-April. A date of April 14 has been tentatively set, although recent developments concerning the EPA/Superfund/Burford controversy may have some impact on the timing and scope of the TSCA hearings. Subcommittee staff have not yet focused attention on specific areas of inquiry, beyond those identified in our previous report. We continue to expect Mr. Florio to make an effort to amend TSCA this year, especially to tighten up its testing requirements, and we can anticipate the recent EPA developments will make the TSCA hearings more adversarial in nature.

In the Senate, Chairman Durenberger's (R-MINN) Subcommittee on Toxic Substances is continuing the organizational and staffing process. TSCA appears to be a third priority in this Subcommittee, behind EPA's research and development and the Safe Drinking Water reauthorization.

CMA continues to take the position that TSCA is being implemented effectively by EPA and should be reauthorized in its present form. Our Chemical Regulations Advisory Committee and Government Relations Committee are coordinating efforts to defend the Act against burdensome amendments. We expect to testify at the Florio subcommittee hearings and are developing position papers for use in contacts with key Congressional members and staff.

SAFETY AND HEALTH: EPA OVERSIGHT HEARINGS

Several House subcommittees engaging in the controversial EPA oversight hearings currently receiving media attention may have an impact on TSCA as well as on other areas of interest to the chemical industry. Chairman Florio's Subcommittee hearings on the Administration's cancer policy, described in our last report, has been rescheduled for March 17. (In addition, the Subcommittee has broadened its inquiry to focus on the Chemdyne and Seymour dumpsites as examples of how EPA conducts its cancer risk assessments.) This hearing may also delve into allegations concerning Dr. John Hernandez' and Dow Chemical's involvement in the EPA cancer report on Dioxin in Michigan.

Chairman Scheuer's (D-NY) Science Subcommittee has scheduled hearings in late March on EPA's research and development authorization, which will be used as a vehicle for broader EPA oversight, including the cancer/dioxin report, the EPA/HHS toxic substances registry, alleged EPA "hit" list for selected employees, and the like.

Chairman Synar's (D-OKLA) Government Operations Subcommittee is continuing his predecessor's (former Representative Toby Moffet) investigations of top EPA officials so-called "secret meetings" and other ties to chemical companies subject to agency regulations. Current focus is on EPA Assistant Administrator Todhunter's alleged conflict of interest involving an EPA contract with a former employer, innuendos about meetings with chemical companies and trade associations, and a fishing expedition for calendars, appointment books, correspondence and other documents from which the subcommittee staff hopes to build a case for removal of the Assistant Administrator.

PATENT TERM RESTORATION LEGISLATION

Although no patent term restoration legislation has been introduced in the 98th Congress, the possibility that the Senate would again take the lead in this important area became much stronger in March. Senate staff sources confirmed that Senator Charles W. Mathias (R-MD) is committed to the passage of a strong bill in the 98th Congress. It is anticipated that Senator Mathias will introduce a bill in this session which is substantially similar to S. 255 which passed the Senate in the 97th Congress.

In the House, Congressman Robert Kastenmeier (D-WIS), Chairman of the House Judiciary Subcommittee on Courts, Civil Liberties, and the Administration of Justice has said that he expects the subcommittee to consider the Patent Term Restoration bill in the 98th Congress. Other bills will evidently get the subcommittee's attention first, however.

The CMA Government Relations Committee has appointed a Patent Legislation Task Group, chaired by William T. Lyons of CIBA-GEIGY.

Allied members of the business community including CMA, NACA, and PMA continue to meet regularly to plan cooperative efforts.

PRODUCT LIABILITY LEGISLATION

Early in this session of Congress, Senator Bob Kasten (R-WIS) introduced the Product Liability Risk Retention Act as S. 44, which is identical to the bill reported by the Commerce Committee in the 97th Congress.

CMA is actively participating in the coalition of allied trade and business associations in support of S. 44. There is enthusiastic business support, but there is also strong opposition from trial attorneys, labor unions, and consumer groups.

The CMA Government Relations Committee has formed a new task group to lead CMA's efforts in securing early passage of this important legislation. Mark D. Nelson of DuPont will serve as chairman.

INTERNATIONAL TRADE LEGISLATION

The 98th Congress will spend much more time on trade legislation than has been the case in recent years. The depressed economy, unemployment, and a serious trade deficit of $43 billion in 1982 have shifted attention to the country's growing trade problems. A selection of the most important proposals introduced to deal with these are as follows:

Reciprocity

The Senate Finance Committee cleared Senator Danforth's reciprocity bill on March 2 without amendments. The bill which is essentially the same as one cleared by the Committee in the 97th Congress, has been retitled, "The International Trade and Investment Act." The key provisions of the bill address the problems of foreign trade barriers, protection of intellectual property rights, and investment. The bill also provides negotiating authority for high technology items.

Because some of the bill's changes to the Trade Act of 1974 affect tariff rates, which are considered "revenue matters," the bill must originate in the House Ways and Means Committee. This presents a parliamentary hurdle of some significance since Ways and Means Committee has no plans to act on the bill at this time.

Representative Jim Jones has introduced a bill in the House of Representatives which is similar to the Danforth bill, but which does not contain the high technology negotiating authority.

While the Administration supports both the Danforth and Jones bills, it opposes protectionist trade legislation. The President will likely veto any bill which contains amendments such as domestic content requirements.

CMA supports the Danforth bill without amendments.

Export Administration Act

The Export Administration Act of 1979 (EAA), which governs licensing of exports, foreign policy, national security controls, and anti-boycott regulations expires September 30, 1983. A number of bills to reauthorize the act have been introduced in both houses of Congress and hearings have already begun. All bills introduced to date have provisions which place greater limits on the authority of the Executive Branch to expand future export controls.

The Administration has yet to take a position but is reported to have a draft bill awaiting clearance at the Office of Management and Budget.

The business community looks upon reauthorization as an opportunity to send a clear signal that U.S. export control policies should be based on realistic objectives.

CMA's International Trade Committee is currently drafting a position on this issue.

Generalized System of Preferences

In anticipation of legislation to reauthorize the Generalized System of Preferences (GSP), the CMA Board of Directors is being asked to approve a formal association policy on this issue. The GSP system provides duty-free access to the U.S. market for a wide range of products, including chemicals, from some 140 of the world's developing nations. Current authorization for the program expires on January 3, 1985.

The CMA position seeks to assure that preferential tariff treatment will be evenly distributed among the world's developing nations without causing a significant negative impact on the U.S. economy. To accomplish this, we have provided recommendations aimed at more rapidly identifying those nations which have achieved a sufficient level of development within specific product sectors, such as chemicals, to make them competitive in international trading.

In preparation for drafting an Administration bill to reauthorize GSP, the Office of the U.S. Trade Representative will hold hearings in three locations in April. CMA plans to participate in these hearings and has taken the lead in developing an industry position under the auspices of the Office of the Chemical Industry Trade Advisor (OCITA), which is composed of CMA, SOCMA, and SPI.

* * * * *

STATE AFFAIRS REPORT

Legislative activity in the majority of states is peaking during April. The last two states to convene their regular session, Florida and Louisiana, do do early this month. Others, such as Indiana and Virginia, have already adjourned for the year. The major industrial states (New York, California, Illinois, Michigan, Pennsylvania, New Jersey) will continue in session throughout the year.

CMA COMMITTEE AND TASK GROUP ACTIVITY

The State Affairs Special Committee is now examining the referendum, or state initiatives process. The state initiatives mechanisms have become more widely used in recent years as a vehicle for activists, since it often enables them to put laws on the books without the necessity of going through the normal legislative process. Although the application to chemical industry issues has been minimal to date, it seems inevitable that environmental and labor groups will begin to use this mechanism in the near future, and could cause serious problems for our industry.

Representatives from the CMA committee and staff participated in a recent meeting of the National Industrial Council. This group is a part of the National Association of Manufacturers and is made up of the individual state manufacturers associations. Many of these associations serve as the primary contacts on the CMA State Network.

An updated "State Superfund-Issues and Analysis" booklet is now available for distribution. It highlights areas of concern for the chemical industry with respect to state Superfund legislation and provides policy points and supporting arguments in a state context.

The Hazardous Materials Transportation Task Group is currently working with the Distribution Committee on the review of a challenge paper prepared by CMA's legal department. The paper summarizes those cases in which challenges have been brought against state and local restrictions on the transportation of hazardous materials. This will be useful background information for member companies in determining whether they should challenge a state or local requirement that adversely affects the distribution of chemical products.

STATE ISSUES UPDATE

RIGHT TO KNOW

Right to Know continues to be the most active state issue. More than 25 states had legislation introduced on this subject during the first three months of 1983.

The New Jersey proposal (SB 1670) which has been under active consideration since last fall, was reported out of the Senate Environmental Committee in February. However, due to the efforts of the New Jersey Chemical Industry Council and certain key companies, the bill now has been rereferred to the Appropriations Committee where further consideration is possible. There now appears to be a real chance that this bill will not come to a final vote this year.

Other states with active proposals include Maryland, Texas, Connecticut, Massachusetts, Illinois, Maine, Minnesota, Missouri and Rhode Island.

In addition, legislation is possible in Florida, Louisiana and Ohio before the year is over.

SUPERFUND

Although not as active as Right to Know, considerable activity has taken place in March on State Superfund legislation.

In Missouri, the Superfund bill (HB 528) passed the House in March. Last minute amendments deleted strict, joint and several liability, but punitive fee provisions remain. The Senate is expected to act in late March or early April.

In mid-March, Superfund legislation (HB 1503) was sent to the Governor's desk in Massachusetts. The program is funded through state bonds refinanced through punitive penalty and liability provisions.

The onerous Minnesota Superfund legislation is moving in both the House (HB 76) and Senate (SF 220). In both cases, the bills are out of their original committees. Major problems include high fees; strict, joint and several liability for both cleanup and personal injury; changes in the rules of causation; and easing of access to the jury in personal injury cases.

Other states with significant hazardous waste related legislation include Illinois, Tennessee, New Jersey, Arkansas and California.

TRANSPORTATION

The passage of Good Samaritan legislation in the states continues to be a major priority of the Hazardous Material Transportation Task Group. Currently twelve states have some form of Good Samaritan legislation. Arkansas, Georgia, New Jersey, North Carolina, Rhode Island and Virginia have legislation that covers only compressed gases, specifically LPG and LNG. New Hampshire, Pennsylvania, South Dakota, Tennessee, Texas and Washington have legislation that cover hazardous materials in general. Arkansas and New Jersey have introduced additional legislation that would include them in this latter grouping. States which have introduced Good Samaritan bills include Alaska, Connecticut, Hawaii, Maine, North Dakota and Nebraska. Good Samaritan legislation in Indiana passed the House in February and is awaiting Senate action. Senator Cannon introduced SB 2230 in the Mississippi legislature on this subject. However it has died in committee and will be reintroduced next session.

WATER

The Environmental Task Group and the Groundwater Task Group are working with NACA to develop a unified consistent approach to groundwater policy, particularly in regard to developments in Wisconsin. Wisconsin has three proposed bills related to pesticides in drinking or groundwater. These bills focus primarily on pesticides, but it will no doubt spread to chemicals in general in this state and others. Discussions between CMA and NACA will continue in two major areas: a groundwater classification scheme and the concept of multiple uses of groundwater.

AIR

The Environmental Task Group is continuing to work with representatives of the EMC technical task groups and CMA staff to develop guidance documents for use in the states on the issue of hazardous air pollutants. Papers addressing the major issues have been drafted. A background document has been completed which summarizes key developments to date on both the Federal and State level. A statement of principles concerning the concept of "good science" and the issue of design controls and emission standards is currently being developed.

It is anticipated that final versions of these papers will be reviewed and approved in the near future.

WASTE MANAGEMENT PLAN — EXHIBIT Q

ISSUE AND BACKGROUND -- There is a public perception that chemical wastes are a significant public health and environmental threat. This public perception has led to laws and implementing regulations that have had a negative influence on the chemical industry's operations and competitiveness. Unless the public perceives that the industry is responsibly managing its wastes, we may be significantly handicapped in our ability to have an impact on a broad range of future legislative and regulatory matters of concern to the industry.

OBJECTIVE -- (1) Foster prompt, effective correction of deficiencies in hazardous waste disposal sites that present a potential threat to the environment and/or to public health; (2) Foster use of modern, effective hazardous waste management methods that assure the protection of public health and/or the environment; and (3) Achieve public acceptance of the chemical industry's hazardous waste management methods as being responsive to the public's interest in health and the environment.

DEVELOPMENT PROCESS -- In June 1982, the Environmental Management Committee (EMC) made a presentation to the Executive Committee on hazardous waste management. The EMC was directed, as part of a further consideration of the waste management issue, to develop an overall CMA management plan. As a result, a working group, comprised of the committee chairmen of the Environmental Management, Government Relations, and Communications Committees, one additional member from each committee, and staff, was organized to address the issue. The Hazardous Waste Strategy Group presented a draft plan to the Executive Committee in January. Based on comments received in letters from Executive Committee members, a revised plan was presented to the Executive Committee in March. The Executive Committee approved the overall objectives, and the pilot survey for Program 1 and the initial phase of Program 2 (both are data gathering projects). The Executive Committee will review the additional programs as soon as details are developed and submitted for their consideration. In this regard, the Executive Committee endorsed the concept that member companies should initiate appropriate new voluntary actions selected from an approved list.

RESOURCES -- The new program calls for efforts by CMA on an association basis and voluntary participation by individual member companies. The CMA activities can be carried out within the CMA budget. The member company resource impact will be company-specific depending on the programs a member company selects to implement.

TIMING -- The new programs would be implemented over the next year to 18 months as soon as legal, technical, and resource considerations can be resolved. The proposed waste managment plan will be a living document that will be amended as necessary.

ACTION REQUIRED -- None at this time. As specific proposals are developed, they will be presented to the Executive Committee for further consideration.

CMA
BD - 4/5/83

WASTE MANAGEMENT PLAN

OBJECTIVE

The Hazardous Waste Strategy Group proposed that the Executive Committee establish the following objectives for CMA:

1. Foster prompt, effective correction of deficiencies in hazardous waste disposal sites that present a potential threat to the environment and/or to public health;

2. Foster use of modern, effective hazardous waste management methods that assure the protection of public health and/or the environment; and

3. Achieve public acceptance of the chemical industry's hazardous waste management methods as being responsive to the public's interest in health and the environment.

DETAILS

The Executive Committee has called for "bold new steps" to help improve the public perception of the industry performance in resolving hazardous waste disposal problems. Although the Association has a large number of programs underway, these programs alone will not meet the overall objective. At the same time, no additional resources are available to the Association. Therefore, the study group recommends that the Association adopt a number of programs that can be carried out within its budget and, in addition to the Association activities, member companies adopt one or more new programs that are bold steps forward in the industry's commitment to sound hazardous waste management.

The new programs call for effort by CMA on an Association basis and voluntary participation by individual member companies. For those that require action by the individual companies, each program will stand on its own, based on voluntary participation by some (not all) of the members. This allows member companies to select those programs using their resources that are the most meaningful to the member company. This menu approach should allow for the most effective effort by the Association as a whole, while assuring that the following criteria are met:

Program Criteria

- Legally feasible
- Measureable results
- Timeliness
- Priorities based on overall strategy
- Communication value
- Consistent with available resources
- Cost effectiveness

The study group submitted ten programs to the Executive Committee. Of these ten programs, three require CMA action only, six require both CMA and voluntary individual company action, and one requires individual company action only. Two of the ten programs are data gathering programs, five are action programs, and three are communication programs (Charts I and II). A summary sheet for each of the ten programs is also attached in the Appendix of the report.

At its March 8, 1983, meeting, the Executive Committee approved the overall objectives, and implementation of the pilot survey for Program 1 and the initial phase of Program 2 (both are data gathering programs). The Executive Committee will review the additional programs as soon as the substantive and procedural details are developed and submitted for their consideration. In this regard, the Executive Committee endorsed the concept that each member company should initiate appropriate new voluntary actions selected from a list approved by the Executive Committee. The revised plan reflects the concerns and actions expressed by the Executive Committee at the March 8, 1983, meeting.

CHART I

PROPOSED PROGRAMS
CMA ACTIVITIES

I. DATA GATHERING

1.	Development of a Hazardous Waste Site Data Base	Conduct survey of how chemical industry wastes are being disposed
2.	Problem Site Data Base Development	Assess the magnitude of problem sites and adequacy of Superfund

II. ACTIONS

3.	Waste Reductions	Develop hazardous waste reduction measurement options
4.	Landfill Dependence	Evaluate alternative technologies for wastes that should not be landfilled and ensure the viability of land disposal where clearly needed
5.	Code of Conduct	Establish measurement tool to measure progress of cleanup programs
6.	Good Neighbor Policy	None
7.	Evaluation of Regional Governmental Facilities	Evaluate concept of regional governmental facilities

III. COMMUNICATIONS

8.	Constituency Assistance	Assist members of Congress with constituent waste problems
9.	Public Education	Conduct public education programs
10.	Regional Communications Network	Develop information/ data files

CHART II

PROPOSED PROGRAMS

MEMBER COMPANY VOLUNTARY ACTIVITIES

I. DATA GATHERING

1. Development of a Hazardous Waste Site Data Base	Submit data on how wastes are disposed
2. Problem Site Data Base Development	None

II. ACTIONS

3. Waste Reduction	Commit to reduce quantity of hazardous waste generated
4. Landfill Dependence	Commit to reduce dependence on land-fills
5. Code of Conduct	Commit to a program for cleaning up old company sites and commit to a program for safely operating existing company facilities
6. Good Neighbor Policy	Commit to a company program that provides technical assistance that corrects improper disposal practices of others
7. Evaluation of Regional Governmental Facilities	None

III. COMMUNICATIONS

8. Constituency Assistance	Member company volunteer to assemble information on waste sites for district programs
9. Public Education	None
10. Regional Communications Network	Volunteer Resources for participation

APPENDIX

I. DATA COLLECTION PROGRAM

1. Development of a Hazardous Waste Site Data Base

DESCRIPTION

CMA would develop and conduct a survey of the chemical industry to develop a waste disposal site base necessary to determine how the chemical industry is treating its wastes today. The survey would cover all member companies and sites, quantify hazardous waste generation, and provide data on how wastes are being disposed of within the industry. The RCRA Task Group is developing, with a contractor's assistance, a self-administering questionnaire and is conducting a voluntary pilot study. Executive Committee approval of the survey for distribution to the entire membership is needed. The member companies would voluntarily submit the requested data as part of the survey.

The final contractor analysis/report will provide CMA the necessary information for the following activities:

- to use in congressional testimony,
- to comment on hazardous waste legislation and regulations,
- to provide a basis for advocating a waste end tax, if necessary,
- to provide the data base necessary to determine the feasibility of and/or establish an annual waste reduction program.

HOW OPERATES

The RCRA Task Group, with contractor support, designed and is conducting a voluntary pilot survey. Approval is requested from the Executive Committee to distribute the final questionnaire to the entire membership. The contractor will analyze and submit a final report to CMA to form the basis of our future legislative, regulatory, and communications initiatives on solid waste.

TIMING

Annually, beginning May 1983 (for 1981 and 1982).

RESOURCES

Approximately $40,000/year plus task group and staff support ($30,000 requested for EMC 83/84 budget plus $10,000 approved from 1982/83 EMC budget to complete initial project).

ISSUES NEEDING RESOLUTION

Executive Committee approval of survey and commitment of member companies to participate and complete survey.

BENEFITS

The development of an existing waste site data base will supply badly needed ammunition necessary to respond to congressional inquiries, testimony, evaluating waste end tax alternatives, advocating regulatory positions, and determine the feasibility of and develop a waste reduction program.

RELATIONSHIP TO OVERALL OBJECTIVE

The development of a waste site data base is a critical first step in achieving the second and third objective.

2. Problem Site Data Base Development

DESCRIPTION

CMA would develop a data base that sets out what the situation is today concerning inactive and problem waste sites that would be potential candidates for Superfund clean-up. In this regard, the Superfund Task Group has already commenced an analysis of the 418 sites proposed for inclusion on the Superfund priority list. The Superfund Task Group also has commenced an analysis of EPA's 15,000 universe of candidate sites, with contractor assistance, in order to better define how many inactive problem sites exist, the seriousness of the risk, the existence of responsible parties, and the magnitude of the money required for remedial action. Readily available EPA and state data initially will be used. The initial phase of this project will provide a data base to assist in narrowing the inactive problem sites universe that require remedial action and will help in providing a sounder estimate of the overall demands on Superfund monies that might be expected.

After the initial contractor report is submitted, the Superfund Task Group will initiate the second phase of the project to develop, again with contractor assistance, the necessary additional data in order to present an accurate picture of the extent of inactive problem sites, the risks posed, the progress made in clean-up, and the adequacy of the fund. The Government Relations Committee has requested this type of information in order to address the adequacy of Superfund monies to clean up problem sites. In addition, this type of data base is a necessary companion element in demonstrating the industry's commitment to expeditiously clean up its inactive problem sites.

HOW OPERATES

The Superfund Task Group, with contractor support, will conduct a two phase analysis, which initially will evaluate all reasonably available data from EPA and the states on inactive problem sites, in order to better define the number of inactive problem sites that will require remedial action under Superfund. The task group, with contractor assistance, will identify what additional data is needed and establish a cost-effective methodology to develop the complete data base and analysis. The final data base will provide a more precise definition of the number of the inactive problem sites and remedial action costs that will be used in the development of CMA advocacy positions related to current and future Superfund legislative, regulatory, and clean-up activities.

TIMING

Completion of initial study by third quarter of 1983; completion of final study by second quarter of 1984.

RESOURCES NEEDED

Existing staff support will be used, but the extent of future contractor assistance has not been determined ($46,000 for initial contractor assistance has been approved by EMC out of the 82/83 budget).

ISSUES NEEDING RESOLUTION

Adequacy of readily available and existing data; a methodology to cost-effectively develop second phase data base.

BENEFITS

The projects will more accurately define the inactive problem sites that will require Superfund clean-up monies. The information is a critical element in any debate on the adequacy of Superfund and reauthorization/extension of the current tax, and the progress in cleaning up existing problem sites.

RELATION TO OVERALL OBJECTIVE

Development of a sound inactive problem site data base is a fundamental first step in assuring that objectives 1 and 3 can be realized.

II. ACTIONS

3. Waste Reduction

DESCRIPTION

Establish a goal of an annual reduction in the quantity of hazardous waste generated for CMA member companies based on standardized production indices exclusive of wastewaters treated in surface impoundments prior to discharge under NPDES permit conditions.

HOW OPERATES

RCRA Task Group will establish alternative measurement tools of waste reduction for use in establishing and communicating the individual company's progress. Standardized production indices developed for the CMA energy conservation report and annual reports to EPA or state agencies as to hazardous waste disposed will be input data sources.

Individual member companies would voluntarily commit to company-specific hazardous waste reductions.

TIMING

Resolution of measurement protocols and program initiation by mid-1983; voluntary member company programs to commence in 1984.

RESOURCES NEEDED

CMA staff for coordination and compilation of annual report.

Member company resources for implementing program will vary. Reductions will probably be cost effective as waste disposal costs increase and recycle, reuse, and process modifications become more cost effective.

ISSUES NEEDING RESOLUTION

Measurement tools of waste reduction for use in establishing individual company voluntary commitment.

BENEFITS

Demonstrates CMA members' commitment to limit hazardous waste generation to the maximum extent feasible and consistent with the availability of alternate resource recovery or treatment technologies.

RELATION TO OVERALL OBJECTIVES/STRATEGY

Will help achieve objectives 2 and 3.

4. Landfill Dependence

DESCRIPTION

Provide an evaluation of alternative technologies for wastes that should not be landfilled, and ensure the viability of land disposal where clearly needed.

HOW OPERATES

EMC technical task groups will:

- evaluate cost and availability of alternative technologies;
- identify wastes for which continued land disposal is the only viable alternative; and
- define criteria for such continued land disposal.

Member companies voluntarily commit to reduce site-specific dependence on land disposal consistent with CMA activities.

TIMING

Initiate CMA activities in 1983; voluntary member company programs to commence in 1984.

RESOURCES NEEDED

CMA staff support for CMA technical programs; technical expertise of member companies for specific task group activities; will probably require some outside contractor assistance at a level to be determined.

ISSUES NEEDING RESOLUTION

Obtain member company technical assistance in task group activities.

BENEFITS

Demonstrates CMA members' commitment to reduce land disposal of hazardous waste to the maximum extent feasible consistent with availability of alternate resource recovery or treatment technologies.

RELATION TO OVERALL OBJECTIVE

Will help achieve objectives 2 and 3.

5. Code of Conduct

DESCRIPTION

Member companies voluntarily decide to adopt a company code of conduct for cleaning up old sites and committing to a program for safe operation of existing facilities.

HOW OPERATES

Superfund Task Group establishes a measurement tool to measure progress of clean-up programs for waste sites.

Member companies voluntarily adopt a company code of conduct that addresses the following points:

(1) Closed Hazardous Waste Disposal Sites --

(a) Prepare and keep up to date a listing of all sites containing the company's hazardous wastes. Such listing should include all available information on the site, including materials stored there, potential environmental or health problems, etc.

(b) Maintain all disposal sites owned by the company in such a way that there is no unreasonable threat to the environment or to the public health. Modern engineering techniques should be used to assure that the sites are secure, that leakage from the site does not contaminate the environment, and that reasonably predictable circumstances (such as heavy rainfall) do not cause future leakage problems.

(c) Seek prompt, expeditious remedial action to bring problem sites to an acceptable condition.

(2) Active Hazardous Waste Disposal Sites

(a) Consistently seek cost-efficient means to reduce the amount and hazard level of wastes sent to disposal sites.

(b) With compliance with all applicable laws and regulations as a foundation, promote the use of technically, economically and environmentally sound waste management practices by applying engineering advancements and increasing the beneficial recycling and reuse of hazardous spent materials and byproducts for both energy and material recovery.

TIMING

As soon as practicable for companies to develop program and implement.

RESOURCES

Resource demands will be company specific.

ISSUES NEEDING RESOLUTION

Developing company-specific programs.

BENEFITS

Will demonstrate to the public industry's commitment to clean up existing problem sites and operate active sites in a manner that will protect public health and the environment.

RELATION TO OVERALL OBJECTIVE

Will help achieve objectives 1, 2 and 3.

6. Good Neighbor Policy

DESCRIPTION

Member companies shall voluntarily make a decision to provide technical assistance in the remedying of improper disposal practices of others.

HOW OPERATES

Member company, within its reasonably available resources, shall make available technical assistance to others in accomplishing cost-effective remedial action whenever environmental or health problems have been created by improper disposal practices of others. This program takes into consideration that the company will take those steps necessary and appropriate to limit its liability.

TIMING

As soon as practicable for companies to develop program and implement.

RESOURCES

Resource demands will be company-specific.

ISSUES NEEDING RESOLUTION

How to limit liability, the scope of technical assistance to be provided, and under what conditions assistance will be provided.

BENEFITS

Will demonstrate to the public an industry commitment to do more than our fair share in cleaning up existing problem sites even if there are no company wastes at a site.

RELATION TO OVERALL OBJECTIVE

Will help achieve objectives 1 and 3.

7. Evaluation of Regional Governmental Facilities

DESCRIPTION

Evaluate concept of regional governmental facility and participate in public forums considering siting of regional governmental facilities.

HOW OPERATES

EMC technical task group evaluates state ownership and legislation to support development of regional governmental disposal facilities.

TIMING

Conduct evaluation in 1983.

RESOURCES NEEDED

No contractor resources required -- task group and staff support only.

ISSUES NEEDING RESOLUTION

Whether regional governmental facilities are in the best interest of the industry.

BENEFITS

Perpetual care by governmental entity will enhance the continuation of landfills as a long-term disposal option; help overcome some siting problems for new facilities.

RELATION TO OVERALL OBJECTIVE

Will help achieve objective 2.

III. COMMUNICATIONS

8. Constituency Assistance

DESCRIPTION

Organize information on hazardous waste sites by congressional district and state and convey this information to the appropriate members of Congress.

HOW OPERATES

The CMA member company volunteering for conducting the program in a given congressional district would assemble the information on the hazardous waste sites in that district, using a standard display format. Site-specific information is available from a number of sources -- EPA regional offices, state agencies, waste generators, haulers and disposers, environmental organizations, and EPA contractors.

GRC would present the initial and updated site assessment information to the appropriate congressional offices.

TIMING

As soon as possible in 1983.

RESOURCES

Member companies will require limited staff at the local level in the first year for collecting and updating the information in each congressional district. In subsequent years, much less effort will be needed. Presenting the information to the members of Congress will be an integral part of the Washington lobbying process and will not require any significant new use of manpower.

ISSUES NEEDING RESOLUTION

How to collect the necessary data on a routine basis in a cost-effective manner.

BENEFITS

Since it began to be a high priority environmental concern in the late 1970s, the quality of the available public information on hazardous waste has generally been inadequate, giving rise to an escalation of media and political rhetoric on this subject. The project will assist our overall objectives by improving the quality of site-specific information available to industry, elected officials and the media.

RELATION TO OVERALL OBJECTIVES

Will help achieve objective 3.

9. Public Education

DESCRIPTION

Conduct public education programs regarding hazardous waste issues.

HOW OPERATES

EMC task group and Communication Committee would develop an education/communications program for public, media and Congress on retrospective and prospective hazardous waste issues:

- conduct congressional and media briefings on site-specific clean-up/controls initiatives; and
- communicate and publicize the scope of the hazardous waste problem, new technology, importance of siting new facilities, achievements of the industry, CMA's new waste management initiatives.

TIMING

Commence preliminary planning in 1983.

RESOURCES NEEDED

Not defined.

ISSUES NEEDING RESOLUTION

Whether only past achievements should be presented, or current programs as well; level and type of resources needed.

BENEFITS

Communicates progress industry has made and is making.

RELATION TO OVERALL OBJECTIVE

Will help achieve objective 3.

10. Regional Communications Network

DESCRIPTION

Develop a regional communications network to assure a balanced public discussion of solid waste issues.

HOW OPERATES

EMC task group develops data, information and/or policy statements on waste management, scientific, and technical issues for distribution to a regional communications network. The regional contact would be the key contact in getting the true perspective and/or facts to the media and/or key decision-makers on an issue. The program would assure that misrepresentations and/or errors are corrected, and that industry positions and accomplishments are made public.

Member companies volunteer resources for participating in regional communications network.

TIMING

Preliminary planning beginning in 1983.

RESOURCES NEEDED

Member company personnel to form new, or be part of an existing, regional/state network.

ISSUES NEEDING RESOLUTION

How to organize a communications network using minimal resources and developing the substantive files/data base.

BENEFITS

Will assist in assuring a more balanced discussion of waste management by the media and minimize the number of "horror stories" that spur legislative activity.

RELATION TO OVERALL OBJECTIVE

Will help achieve objective 3.

Problem:

Compensation for people harmed by hazardous substances is a growing public and legislative issue. Industry would be endangered by a system that provides excessive compensation or compensates people who have not been harmed in the mistaken belief that industrial resources are unlimited. The chemical industry needs to develop policy options and to establish objectives, concepts and principles to deal with the compensation issue.

Objective:

To provide policy options and to outline objectives, concepts and principles for the CMA Executive Committee's consideration in developing the chemical industry's response to the compensation issue.

Background:

Proposals exist in the Congress and state legislatures to compensate people for alleged harm resulting from exposure to hazardous substances. Court decisions have allowed large awards to people claiming damages. The issue is growing and could become a danger to the continued vitality of the chemical industry unless good science is used in determining the need and criteria for compensating people.

The CMA Executive Committee established the Strategic Options Work Group and Data Development Work Group to examine the compensation issue, study proposals already submitted, determine options and priorities available to the chemical industry and develop concepts and principles for dealing with this issue.

The Data Development Work Group has begun a feasibility study to determine how available data and scientific expertise could be assembled to:

- Indicate the nature and scope of health effects that might result from human exposure to materials currently associated with waste sites; and
- Identify additional types of data needed to further define the nature and scope of health effects that might result from human exposure to materials currently associated with waste sites.

Action Required

None at this time. As specific recommendations are developed, they will be presented to the Executive Committee for consideration.

CMA
BD - 4/5/83