

AGENDA
MEETING OF THE MCA EXECUTIVE COMMITTEE
9:30 a.m., Tuesday, July 11, 1978
Capital Hilton, 16th & K Sts., N. W.
Washington, D. C.

1. Financial Report for One Month Ended June 30, 1978.
2. MCA Study of Economic Impacts of Toxic Substances Control Act.
(Distributed at June 7, 1978 Meeting.)
3. Documents Concerning MCA Technical and Functional Committees
 - General Principles Applicable to the Structure and Operations of Committees
 - Rules of Procedure for Technical and Functional Committees
 - MCA and Advocacy.
4. Comments of Chairman of Executive Committee.
5. Comments of Technical and Functional Committee Chairmen
 - See Attached Schedule.

Executive Committee Meeting Schedule
July 11, 1978

9:30 - 10:30 a. m.	Executive Committee business and communications to committee chairmen
10:30 - 10:45 a. m.	Chemical Regulations Advisory Committee Etcyl H. Blair, Chairman
10:45 - 11:00 a. m.	Distribution Committee Grant Arnold, Chairman
11:00 - 11:15 a. m.	Break
11:15 - 11:30 a. m.	Energy Conservation Committee Daniel Greeno, Chairman
11:30 - 11:45 a. m.	Engineering Advisory Committee Ray E. Olsen, Chairman
11:45 - Noon	Environmental Management Committee E. W. Callahan, Chairman
	Lunch
1:15 - 1:30 p. m.	Government Relations Committee J. Wilson Malloy, Chairman
1:30 - 1:45 p. m.	Insurance Committee Richard E. Klingman, Chairman
1:45 - 2:00 p. m.	Occupational Safety and Health Committee Carl De Martino, Chairman
2:00 - 2:15 p. m.	Patents and Information Retrieval Committee Robert C. Kline, Chairman
2:15 - 2:30 p. m.	Tax Policy Committee Frederick T. Barbour, Chairman
2:30 - 3:00 p. m.	Concluding discussion

Note: Committee chairmen are requested to time their comments to six to eight minutes, (allowing the balance of the period for questions) and to bring 20 copies of a written outline of their comments for distribution to members of the Executive Committee.

CMA 062008

MINUTES OF MEETING
MCA EXECUTIVE COMMITTEE
Capital Hilton, Washington, D. C.
July 11, 1978

The meeting was called to order at 9:30 a.m. by the chairman.
There were present:

John M. Henske, Chairman	William C. Krumrei
William H. Bricker	Duncan J. MacLennan
J. Earl Burrell	William G. Simeral
Edward Donley	Jack B. St. Clair
William J. Driver	Alexander B. Trowbridge

Edmund B. Frost, General Counsel
John H. Pickering, Outside Counsel
Bruce M. Barackman, Staff Counsel

George E. Best, Secretary-Treasurer

By Invitation:

Grant Arnold, Ethyl Corporation
Frederick T. Barbour, Rohm and Haas Company
Etcyl H. Blair, The Dow Chemical Company
E. P. Blanchard (SOCMA), E. I. du Pont de Nemours
& Company
W. H. Butterbaugh, MCA
E. W. Callahan, Allied Chemical Corporation
David W. Carroll, MCA
Albert C. Clark, MCA
Carl De Martino, E. I. du Pont de Nemours & Company
Donald E. Ellison, Virginia Chemicals Inc.
Milton Freifeld, MCA
Stephen L. Goldstein, Olin Corporation
C. A. Gosline, MCA
Daniel M. Greeno, Stauffer Chemical Company
M. M. Hoover, MCA
G. W. Ingle, MCA
E. J. Klecka, MCA
Robert C. Kline, E. I. du Pont de Nemours & Company
Richard E. Klingman, UNIROYAL, Inc.
D. A. Kunze, MCA
J. Wilson Malloy, Jr., Eastman Chemical Products, Inc.
Ray E. Olsen, Exxon Chemical Company

V. H. Peterson, MCA
Edward B. Pollak (SOCMA), Olin Corporation
H. M. Robinson, MCA
Robert A. Roland, MCA President-elect
H. J. Sauer, MCA
J. E. Slavick, MCA
W. M. Stover, MCA
J. G. Tritsch, MCA
J. C. Van Horn, MCA

Chairman Henske welcomed the committee chairmen and other guests, called for self-introduction of those present in turn, and presented Mr. Roland as the successor to Mr. Driver.

1. Financial Report for One Month Ended June 30, 1978 Mr. Best reported income approximating \$1,904,000 and expenditures of \$533,000, with assets at the end of the month totaling \$7,991,000, of which \$192,000 was in cash, \$7,794,000 under investment, and \$5,000 miscellaneous.

It was also stated that, as of yesterday, membership fees of 61 companies are still outstanding, aggregating something over \$950,000.

2. Toxic Substances Control Act/Economic Impact Study
Mr. Ellison, representing the MCA Chemical Regulations Advisory Committee, used a series of slides to amplify the description of the proposed study which was outlined in a paper (Exhibit A) that had been distributed with the tentative agenda. Responding to a question, Mr. Ellison said the Business Round Table examination of the cost of governmental regulation has broad coverage, whereas the MCA proposal is much more comprehensive within a limited scope.

With assurance that the \$150,000 already in the fiscal year 1978-79 MCA budget for such a study would be adequate for its initial phase, there was agreement to release it for this purpose.

3. MCA Documents -- General Principles Applicable to the Structure and Operations of Committees; Rules of Procedure for Technical and Functional Committees; MCA and Advocacy Drafts of these documents were distributed in advance with the tentative agenda within the framework of this year's MCA Directory soon to issue.

The "General Principles ..." draft had been amended pursuant to discussion at the June 7th Executive Committee meeting. Further suggestions

(1) to impose responsibility on a committee chairman for determining the necessity of calling meetings and (2) to require that general (i. e., open) committee meetings be held at least twice a year were accepted.

It was likewise agreed that the "Rules of Procedure ..." should require committee meeting minutes to be distributed regularly to any member company representatives designated by Executive Contacts to receive them.

With these changes made, the three documents were approved.

Brief statements of technical and functional committees' purposes are under development, hence not shown in the distributed Directory draft. It was left that recommendations would be edited to the mutual satisfaction of the staff and the committee chairman in each case, consistent with the general declaration that, in its field of specialty, its purpose is to (1) serve as a forum for discussion of chemical industry concerns, (2) develop and recommend to the Executive Committee policies and positions on legislative, regulatory, and technical matters, and (3) provide support for authorized programs.

4. Technical and Functional Committees/Presentations by Chairmen
As a prelude to the scheduled presentations, Mr. Henske characterized the recent reorganization of the Association's structure as effecting a transfer of leadership. He suggested the next few months should be regarded as continuing to be formative, maintaining an attitude of flexibility and openness to suggestion. Aware of concerns about reduction in committee memberships, he emphasized no desire to reduce active participation, but rather to eliminate perfunctory and ineffective participation. He visualizes the primary task of committee members to be identification of the industry's major issues, then engaging the assistance of others in task groups for their resolution. This will necessarily involve commitment of back-up resources by member companies.

He drew attention to the importance of alert liaison and coordination with other trade associations and organizations representing some aspects of chemical industry interests. He suggested it would be appropriate in some instances for MCA to play a supportive rather than a leading role. As an example, he believes reorganization under SPI of what formerly was MCA's Plastics Group and Plastics Committee benefits both organizations.

As to meetings, Mr. Henske indicated the Executive Committee's strong preference that committee and task group meetings take place in Washington, and at MCA offices in order to take maximum advantage of the immediate availability of all departments of the MCA staff for consultation.

At the same time, the Special Review Committee's recommendation that task groups advantageously might meet at airport locations around the country when aggregate savings in travel costs would be realized was recognized.

Without casting a permanent policy, the Executive Committee endorsed a ban on social adjuncts to technical and functional committee and task group gatherings over the next twelve months.

After presentations by the committee chairmen in turn (Exhibit B) were completed, the Executive Committee decided to meet on August 8 for the purpose of considering proposals that would involve amendment of the current fiscal year budget.

5. American Industrial Health Council Mr. Pollak advised SOCMA soon would be considering a proposal that it continue to provide administrative staff support for AIHC for the next year. Mr. Henske emphasized the importance of effective liaison from MCA, and asked that the MCA Occupational Health Committee develop recommendations as to how this might be best accomplished.

6. Administrative Matters

(a) MCA Presidency Because it was inappropriate to openly identify by name the candidate with whom negotiations were authorized in the executive session of the June 7th Executive Committee meeting, it was today confirmed on behalf of the Board of Directors that Robert A. Roland is elected to the presidency of MCA for the period of August 1, 1978, to May 31, 1979.

(b) MCA Bank Accounts To effect substitution of Mr. Roland's signature for that of Mr. Driver for the purposes of the Association's accounts at National Savings and Trust Company, it was

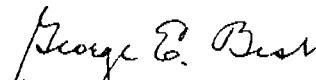
Resolved that George E. Best, the Treasurer of Manufacturing Chemists' Association, Inc. is authorized and instructed to deposit funds of the Organization in the account with the National Savings and Trust Company of Washington, D. C., in its name, and that said account may be drawn on only by check signed in the name of this Organization by its President, Robert A. Roland, or Secretary-Treasurer, George E. Best, and countersigned by its Staff Counsel, Bruce M. Barackman, or Manager of Staff Services, Edward J. Klecka until further

notice in writing to said National Savings and Trust Company, and the said National Savings and Trust Company shall not be required, in any case, to make inquiry respecting the application of any instrument executed in virtue of this resolution or of the proceeds therefrom, nor be under any obligation to see to the application of such instrument or proceeds.

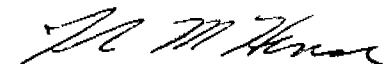
(c) Senior Advisors No objection was raised to Mr. Bricker's suggestion that the Senior Advisor system in use last year be dropped as unnecessary in view of the more active role of the Executive Committee.

(d) Board of Directors The resignation of Fletcher L. Byrom as an MCA Director was announced. Filling this vacancy will increase to 13 the number expected to be nominated for consideration at the Board meeting in September, the other 12 coming from enlargement provided for in the recent Bylaws amendment.

(e) MCA Membership Applications Because the Board will be meeting less frequently in the future but because wide approval of membership applicants recommended by the Membership Committee is desirable, it was agreed that the Executive Committee would act on these applications subject to prompt notification to the entire Board. Thirty days are to be allowed for questions or objections to be raised, absent which the applicant will be declared elected as of the expiration date of the 30-day period.


George E. Best
Secretary-Treasurer

Certified correct:


John M. Henske, Chairman
Executive Committee

CMA 062013

June 7, 1978

PROPOSED MCA STUDY OF THE
ECONOMIC IMPACTS OF TOXIC SUBSTANCES CONTROL ACT (TSCA)

Initial Commitment \$300,000
Estimated Four Year Total Cost \$1.2 Million

I. INTRODUCTION

The TSCA law (P.L. 94-469, October 11, 1976) states
in section 2(c):

"It is the intent of Congress that the Administrator shall carry out this Act in a reasonable and prudent manner, and that the Administrator shall consider the environmental, economic, and social impact of any action the Administrator takes or proposes to take under this Act."

Anticipating significant Congressional oversight hearings on TSCA in the early 1980's, MCA must be well prepared with documented, verifiable and credible data on the economic costs and benefits to the industry and to the public in order to be effective in proposing changes to TSCA. These data would also be useful in participating in the continuing regulatory processes by identifying "least burdensome" options.

II. STUDY PROPOSAL AND COSTS

It is proposed to undertake a one year feasibility study extendable to a total of four years conducted by a contractor having:

- ° Superior economic analysis capability and integrity for developing a balanced view of cost and benefits of TSCA regulations to industry and the public.
- ° Recognized abilities in accounting procedures to establish and maintain a factual, documented, credible data base incorporating confidentiality with access for independent verification.

The contractor's work would be supervised by the Chemical Regulations Advisory Committee's Economic Impacts Task Group. In addition, the contractor and MCA would assemble an external Advisory Group of distinguished professionals representing relevant views not limited to the chemical industry, to evaluate public costs and benefits, as well as the integrity of the entire study.

To obtain the necessary TSCA compliance cost information, participation by MCA member companies sufficient in number to provide a representative sample of the industry and of its products is required. This may necessitate the inclusion of non-member specialty and small companies. Each participating company must commit itself to provide the services of personnel with appropriate expertise to assist the contractor in testing the pilot questionnaire and in providing the information required over the three to four years of the study.

The Task Group is aware of the details of the concurrent Business Roundtable (BRT) study of the cost of government regulation. Unlike the proposed MCA study, that study examines the collective impact of the regulations under laws administered by six federal agencies and is not limited to health and environment. Primary stress is on costs in 1977 -- in contrast to the MCA study which plans to accumulate real costs over the three or four year period culminating in the first significant oversight hearing expected in the early 1980's.

While these two studies are different in scope and objective, the MCA Task Group plans to coordinate with BRT to avoid duplication wherever possible.

Estimated
Cost
(In Thousands)

Initial Feasibility Study Commitment

1. Determine methodologies and needs for and sources of data; develop and test questionnaires with a suitable sample of industry; assemble external advisory group.	\$125
2. Collect data and manage the data base for one year period.	\$100
3. Prepare first annual report of compliance costs and impacts.	\$ 40
4. Special responses on selected issues.	<u>\$ 35</u>
Subtotal	\$300

It is anticipated after a successful first year study up to an additional \$900,000 would be needed as follows:

1. Collect data and manage the data base for the following years.	\$200
2. Determination of economic impacts and public costs and benefits for specific existing and proposed regulations. Number and scopes to be determined.	\$75-200
3. Annual Reports (3-4) of compliance costs and impacts. Scope will depend on issues to be raised.	\$75-250
4. Special responses on selected issues. Number and scopes to be determined.	\$100-150
5. Final report and presentation to Congressional oversight hearing.	<u>\$50-100</u>
Estimated Total Costs	\$800-1,200

III. CONTRACTORS

A total of 18 potential contractors were considered. On the basis of quality, competence and the latest evidence of credibility, three preferred candidates were identified:

Battelle Memorial Institute (BMI)

Midwest Research Institute (MRI)

National Economic Research Associates, Inc. (NERA)

On the basis of further discussions, the Task Group choice is NERA as prime contractor with Arthur Young and Co. (accountants) as subcontractor. Should this proposal be approved, the first step will be to meet with each of these three contractors to define more precisely their programs to meet the Task Group's plans and objectives, and the contractor's revised costs. The Task Group, with the contractor finally selected, will meet with appropriate member-company personnel to outline in explicit detail the program of activity, so that a firm decision can be made to commit these "resource personnel" to the entire program. Participating companies will understand that the costs of providing these personnel, over the life of the study, will be in addition to their share of the costs paid by MCA to the contractor.

IV. RECOMMENDATION

MCA authorization of \$300,000 to undertake a one-year feasibility study as outlined above.

6/78

MCA
EC - 7/11/78.

CMA 062017

Chemical Regulations Advisory Committee (CRAC)
Report to MCA Executive Committee
Washington D.C., July 11, 1978
Etcyl H. Blair, Chairman
George W. Ingle, MCA Secretary

CRAC is engaged across an ever-widening front of intense activities as EPA implements the Toxic Substances Control Act. Wherever possible, CRAC cooperates with EPA and with other concerned interests, but the opportunities to cooperate vary greatly, and confrontation cannot be excluded. In spite of its heavy responsibility, EPA has very little knowledge of the chemical industry and some members of EPA are antagonistic to the industry.

In late 1977, the rate of implementation was slowed by the environmentalist-inspired action to change inventory reporting from the statutory list of existing substances to a broad data-base which include quantities and sites of production. Additional data required will ultimately describe nearly all aspects of the chemical industry. While our efforts corrected some of the inequities of the repropoed reporting requirements, the cost/benefit ratio remains excessively high.

The first phase of reporting by manufacturers was completed last May 1; however, the resulting inventory will not be published until early 1979. Because pre-manufacturing notification of the commercialization of new substances will be mandatory thirty days after the inventory is published, EPA is trying to develop the bases for the necessary regulations for this very complicated procedure. These are to be proposed for comment by September, and the rules will be in place in February or March 1979. There has been much participation in these programs by MCA and related trade associations, and member-companies, but the progress has not yet been commensurate. We are slowly lowering EPA's excessive expectations of the amount of data normally available to describe the toxicity and uses, and thus, exposures, of new substances entering commerce.

Closely linked with pre-manufacturing notification is section 4 of the Act which deals with testing. What tests, by what protocols, with what species, over what periods of time, and at what costs? These are paramount questions, and EPA recently sketched out its two-tier proposal with their estimated cost of \$75,000. Industry figures range from \$150,000 - \$500,000.

In addition to these great complexities is the notification of substantial risk under section 8(e) of the Act. Most of the companies represented by MCA have developed their internal rules to comply and CRAC will probably not develop a policy guide on this subject. However, we will resist EPA's attempt to include "product research and development" from 8(e) reporting.

Throughout all these regulations and policies run the themes of protection of confidentiality of trade secrets, and of overall economic impact. At first EPA and environmentalist groups belittled industry's demands for such protection, but the strength of these demands did prod EPA into respectable efforts to provide adequate procedures. These are not yet complete, and they do remain to be proven effective.

As to economic impact, CRAC has proposed a major, three or four year contracted study to accumulate actual costs, and derived economic impacts, positive and negative, to the industry, and to the public at large. The goal is to be well prepared to justify amendments to the Act which will be proposed at the first major oversight hearings expected to be held in 1981 or 1982. The Senate hearing at which I will testify next week is the first for the Senate (Environment and Public Works Committee) and is intended to be largely informational about current status, problems and reasons for the slow rate of implementation.

CRAC task groups are organized around issues such as those described. In addition to providing information and counsel to member companies and to the industry, CRAC plans to improve communications with other trade associations, work more frequent meetings at several levels of EPA including Costle and Jellinek, and will monitor EPA activity for legal challenge.

This, briefly, is a summary of CRAC activities. Your committee remains dedicated and challenged to the task. Thank you for your interest and your support.

CRAC TASK GROUPS

1978

Chairman

Testing:	T. Mooney
Premarket Notification:	C. Smith
Reporting:	J. Charm
Economic Impact:	L. Starr D. Ellison (Vice Chairman)
International Issues:	G. Dominguez
Communications: (Agency Network, Trade- Association Network, Quarterly Meetings, Information Flow)	L. Crisorio
Public Policy, Future & Gaps:	M. Throdahl
State Activities:	M. Tietze
Legal Action Proposals:	T. Hanavan
Committee Audit:	R. Fleming

CMA 062020

EXECUTIVE COMMITTEE JULY 11, 1978, MEETING
MANUFACTURING CHEMISTS ASSOCIATION

DISTRIBUTION COMMITTEE REPORT

INTRODUCTION

The newly established Distribution Committee is enthused about the many potential opportunities for MCA to become a more dominant force on distribution matters on behalf of MCA members. Structuring assignments and responsibilities, without standing committees, has not been without problems. Organizing so major distribution issues will receive priority attention, and effective ways to take advantage of the large reservoir of expertise available in the Association's membership, has not been finalized for your approval. We are scheduled to reach these decisions later this month.

My comments consist of the following four parts:

- I. Progress report on organizational plans to effectively act on key issues formerly handled by three committees,
- II. Briefly outline existing projects that will be aggressively pursued,
- III. Submit for your approval a number of major new projects of great interest to members, and
- IV. Tabulation of resource requirements if positive and dynamic projects are to succeed.

I. PROGRESS REPORT -
ORGANIZATIONAL PLANS
AND OPERATING PROCEDURES

Purpose

The following "purpose" was unanimously agreed upon and is submitted for your approval:

"PURPOSES: With respect to physical distribution of chemicals including equipment, facilities, packaging and transportation matters significant to the chemical industry, the Committee will: serve as a forum for discussion of chemical industry concerns; develop policies and positions on legislative, regulatory and technical questions; take action on these policies and positions, including participation in proceedings of regulatory and legislative bodies, as determined to be in the best interest of the Association to the extent consistent with Association policies and guidelines; and provide support for Association programs authorized."

Actually, all members of the Distribution Committee enjoy this confidence from their respective management and are delegated this authority to act independently. This is extremely important to the Distribution Committee as frequently major issues can be avoided by timely acting on some lesser important matters. Naturally, we would expect to give an accounting of our actions and expenses and certainly seek your approval on matters involving policy or matters of major importance before proceeding.

Presently we are operating as "Committee of the Whole". While no agreement has been reached on how we plan to develop programs on key distribution issues, monitor developments, or screen proposals, certain trends are developing that may be of interest. We are perfecting a guide for establishing priorities for our activities. Structurally, I envision three types of working units. First, task groups for handling specifically assigned subjects requiring long-range attention; a second category for carrying out the important liaison work with others; and, finally, topical units for handling subjects that can be disposed of in a relatively short period of time. We do not envision any standing committees. We intend to develop a pool of expertise on various areas of distributions within MCA membership for consulting services as issues arise. Provision for MCA membership input will be arranged. Screening of submissions and coordinating activities are being developed so our resources can be devoted to developing positive and aggressive programs on key issues.

II. CONTINUING PROJECTS

Three continuing projects that are being pursued merit mentioning.

First is the Tank Car Compensation Case which is more fully outlined in Attachment A. This involves payments by railroads when shippers supply rail cars. Present negotiations started in 1976. Litigation may be required on a few unresolved issues. To date \$165,000 has been received from assessment of MCA tank car owners; \$127,000 has been spent, leaving a balance of \$38,000 which should be sufficient to cover any remaining expense. In return, it is conservatively estimated MCA members operating tank cars are securing an additional \$26,000 annually in increased allowances.

Secondly is the Distribution Committee's participation in the important MCA-AAR Task Force on Transportation of Hazardous Material. This project is being funded through an assessment of tank car users. The goal was to collect \$75,000 and to date \$88,000 has been collected. Several of the Distribution Committee's members are active in sub-committees of this Task Force. The Distribution Committee is available to act in an advisory capacity to the Task Force and its sub-committee when required. Also to assist in preparation of testimony for presentation to government bodies and communicate to MCA members the recommendations of the Task Force. (See Attachment B)

Finally, Attachment C shows the Distribution Committee is prepared to assist in any negotiations resulting from the action taken by MCA in contesting the proposed EPA regulations governing waterway spills. This is of vital importance as the regulations encompass potentially hazardous chemicals in distribution by rail cars, trucks and barges.

III. NEW PROJECTS

DISCRIMINATORY RAIL CHEMICAL RATES

Because of the high level of rail rates on chemicals, the chemical industry is absorbing a disproportionate share of the burden of supporting the rail industry. The revenue to cost ratio on chemicals is substantially higher than on other commodities. MCA has an opportunity of attacking this issue in three different proceedings currently before the Interstate Commerce Commission. Attachment D outlines the issues in detail.

The Distribution Committee seeks approval to participate in Ex Parte 290, 349, and 353 before the Interstate Commerce Commission for the purpose of seeking adjustments in general freight rate increases so rates on chemicals will reflect their proportionate share of revenue needed to sustain vital rail service.

The cost to participate in these three proceedings, and the next general freight rate increase, is estimated not to exceed \$150,000. It is also estimated that every 1% increase withheld results in a savings of \$7,500,000 to chemical shippers.

In justification for this request, I submit the experience of certain chemical shippers in a prior general freight rate increase case. In that case a 5% increase on certain chemicals was reduced to 2%. Other commodities with rates producing disproportionate revenue/cost ratios are being investigated by the ICC. Other trade organizations are participating on behalf of their members. The adverse results MCA suffered a decade ago in a similar program should not unduly influence the decision on this request. There is a new trend in the ICC to give consideration to the level of rates producing unusually high returns in general revenue cases. Your Distribution Committee believes our requested program will be successful and a 2% holddown on general freight rate increases can be achieved in the next twenty-four months, resulting in a savings of \$15,000,000 to the chemical industry.

EXPANDED SAFETY PROGRAM WITH TANK TRUCK CARRIERS

Highway accidents involving hazardous material are as visible as rail accidents and can have an adverse effect of shipping via highways. On the basis that safety is a manageable function, your Distribution Committee seeks approval for a joint program with the National Tank Truck Carriers similar to that with the Association of American Railroads. A study is required. The objectives of the study are to increase awareness of the problems, accelerate present programs, and develop new action steps to improve transportation safety involving chemical products and reduce risks to public health and the environment. (Attachment E)

It is anticipated the total cost of the study will not exceed \$100,000. Our share will not exceed \$50,000.

The Distribution Committee plans to continue present liaison activities with National Tank Truck Carriers as past joint efforts have been mutually beneficial. The liaison group consists of executives from each of the respective organizations who will develop strategy and establish the overall activities to be pursued. This group will analyze information on tank truck accidents involving chemical products and develop recommendations on equipment design, loading and unloading practices, driver qualifications, highway environment, and other facets of tank truck transportation and emergency response.

CARRIER RULES IN DISTRIBUTION

Chemical products in distribution systems are subject to a wide range of carrier rules. Individually, a rule may not be a major issue. Collectively, sizable and highly objectionable requirements could result. Attachment F outlines a few major issues of great interest to MCA membership.

LEGISLATIVE AND REGULATORY MATTERS

As you well know, distribution of products is subject to a multitude of legislative and regulatory requirements. One such item is the proposed reduction in truck drivers' hours of service, outlined in Attachment H. This could result in a 20-30% reduction in productivity, which will seriously affect costs. Multitudinous domestic legislation and regulations of hazardous material require constant monitoring.

INTERNATIONAL RULES AND REGULATIONS

Attachment G outlines the principle regulations governing international distribution of chemicals. All are of vital importance to most MCA members. Many of the issues were acted upon in the past by the former Packaging or Transportation Equipment Committee.

Staff and Committee resources are adequate to handle appropriate priority subjects of sufficient interest to MCA members. While no outside legal expense is anticipated at this time, a small available fund for our judicious use in the above three areas would preclude the necessity of frequently burdening your agenda for requests. The concluding summary includes \$50,000 for this purpose.

IV. RESOURCE REQUIREMENTS

Present MCA staff assignments and available MCA services appear to be adequate, at this time, for the Distribution Committee to design forceful and dominant programs on distribution issues involving chemicals. Outside counsel will be required if these programs are to be successfully implemented. These needs are tabulated below.

	<u>OUTSIDE TECHNICAL AND LEGAL ASSISTANCE</u>
<u>CONTINUING PROJECTS</u>	
Tank Car Compensation	Funded
Rail Safety Program	Funded
EPA "Spill" Regulations	Provided
<u>NEW PROJECTS</u>	
Discriminatory Rail Rates	\$150,000
Truck Safety Program	50,000
Carrier Rules	) 50,000
Legislative and Regulatory Provision	
International Rules and Regulations	
	\$250,000

Respectfully submitted,

Grant Arnold, Chairman
Distribution Committee

CMA 062025

DISTRIBUTION COMMITTEE

Tank Car Compensation

Definition Of Problem

- ° Railroads are not required to furnish tank cars and, with rare exceptions, do not. The Interstate Commerce Commission (ICC) requires, however, that an allowance be paid to shippers for the use of their cars, since freight rates are based on equipment furnished by railroads.
- ° Tank car allowances were successfully challenged as inadequate by the MCA and API in two separate proceedings before the ICC during the 1960's. Further action became necessary, however, because the 1960 decisions did not adequately provide for the effects of inflation.
- ° MCA filed a complaint in December, 1971 (joined by API, other shippers and shipper associations and the car leasing companies) seeking to up-date allowances to the level of current car costs. The Commission found in July, 1975, that interim relief was justified and, so, ordered a substantial (25%) increase, pending a final solution to be reached in a rulemaking proceeding to be instituted for that purpose.
- ° A compromise settlement of MCA's complaint was reached pursuant to which allowances were increased (effective May 1, 1976) 22-1/2%, and annual adjustments were to be (and have, since, been) made to partially offset increases in car cost as they occur.
- ° Because of the time lag, between filing the complaint (and making out a case on then-current facts) and the ultimate ICC order implementing the compromise settlement, the increase fell far short of covering car costs extant when that order became effective. The total annual allowances

presently paid to all tank car owners (approximately \$240MM/Yr) are judged by the shippers to be short of the justifiable transportation-related cost by about \$100MM/Yr.

Objective

A task group was initiated by MCA in 1975 to seek a fair and final solution, i.e., allowances at the level of current transportation-related cost, with a mechanism for annual adjustments keeping them so. It set two objectives at that time:

- ° to improve allowances then being paid by at least 20%, within one year;
- ° to seek agreement on and implementation of a program to revise allowances so that, within three years, they would provide full recovery of transportation related tank car expenses to tank car shippers.

Actions By MCA And Others

Operating under the aegis of the Rulemaking Proceeding (Ex Parte 328) initiated pursuant to the order in MCA's complaint case, the MCA task group and other car providers persuaded railroads that a negotiated (rather than litigated) solution of our differences should be sought. The inter-industry task group including MCA, API and other parties to Ex Parte 320, has been able to:

- ° Meet the short term objective. Allowances were increased 22-1/2% pursuant to the compromise settlement of MCA's complaint case; and two inflation-offsetting annual increases

have since been made, bringing the cumulative increase to more than 30%. Estimated annual benefit to MCA members: \$26MM/Yr.

- ° Reach agreement with the railroads on most of the major issues; two still being under study within the inter-industry task group.

While the long range objective was not met within the targeted three years, the negotiations have been fruitful and are continuing. If negotiated settlements of the remaining issues cannot be achieved by the end of 1978, the matter will then go to litigation.

Resources From 5/75 Through Year 1978:

	<u>Technical</u>	<u>Legal</u>	<u>Total</u>
MCA Staff	1 Man Year	Nil	1 Man Year
Company Staff	5 Man Years	Nil	5 Man Year

Outside Services & Support:

Docket No. 35537 (MCA's compl)	\$6,200	69,800	76,000
Ex Parte Nos. 328 & 334	---	54,750	54,750
Est. for rest of 1978	---	30,000	30,000
3 1/2 year total.....			\$160,750

Note: Funding for outside services and support of this effort has been through voluntary contributions from MCA members having tank car fleets.

RAIL TRANSPORTATION SAFETY

Definition of Problem

Safe transportation of chemicals is essential to MCA members' business. Rail transportation safety performance unacceptable to the public could lead to severe transportation restrictions and significant cost increases. Almost all MCA members would be affected.

Objective

Communicate to MCA members the recommendations of the MCA/AAR Task Force with technical bulletins, films, and seminars.

Prepare testimony for presentation to government bodies.

PUBLIC LAW 92-500 SECTION 311

Federal Water Pollution Control Act

MCA has successfully challenged the EPA and obtained a temporary restraining order against the final rule on non-removable hazardous substances from the United States District Court for the western district of Louisiana in Lake Charles. The Distribution Committee has appointed an Ad Hoc Task Group to give support to MCA's efforts in furnishing transportation input that may be required by the legal effort. Should the MCA effort succeed through a summary judgment or a final decision, the Task Group will be a part of the MCA Water Resources Committee's effort to negotiate an acceptable final rule with EPA.

(Attachment to Distribution Committee Report)

DISTRIBUTION COMMITTEE

"Discriminatory Rail Rates"

A. Definition of Problem

- ° Rail rates on chemicals or allied products (CAP) are half-again higher, in relation to cost, than the rates maintained on all other traffic.
- ° The CAP group, therefore, subsidizes all other rail traffic. The level of subsidy is constantly increased when annual inflation-based revenue needs are met by flat percentage increases applied to the already-inflated base rates on the CAP group.
- ° Current rail rates on the CAP group generate about \$1.7 billion annually.
- ° The rail rate structure has been increased 130% by the ex parte general increase proposals approved since August, 1967.
- ° If the CAP group could be excused altogether from general increases in the next 5 years, and other rail rates were increased at the last decade's average annual rate (8%) the CAP group would only then enjoy the same rev/cost ratios as other rail traffic.
- ° The annual savings in avoided rate increases, in those 5 years, would average out over \$150 million.

B. Statement of Objective

- ° Reduce promptly, and eliminate eventually, the existing disparity in rate levels maintained on the CAP group versus all-other rail traffic.

- ° Hold the permitted annual rate of increase on the CAP group to half the overall average imposed on other traffic (8% in prior years) for as many years as necessary (estimated 9) to allow other traffic to rise to the CAP level.

C. Program of Implementing MCA Action

- ° Intervene and argue for the stated objectives in pending ICC case (Ex Parte 349) where the issue is now presented as to whether 10 "high rated" commodity groups (including 6 in the CAP group) should be wholly or partly excused from the latest general rail rate increase.
- ° Intervene in two related cases with similar issues including one (Ex Parte 290) where we may be able to enlarge the list of "high-rated" commodities to include other chemicals.
- ° Intervene in all subsequent general increase proceedings until the rate disparity is ended.
- ° Implement, to the extent permitted by the Anti-trust laws, a continuing program of persuasion in authorized rate bureau forums to induce the railroads voluntarily to hold down their rates on the CAP group until other rail traffic has received increases bringing them up to us.

D. Required Resources Summary

		<u>Technical</u>	<u>Legal</u>	<u>Total</u>
Year	) MCA Staff	1/6	1/6	1/3 Man-Year
Ending	) Company Staff	1-Man Year	0	1 Man-Year
6/30/79	) Outside Services & Support	\$30,000	\$90,000	\$120,000

(It is anticipated that once the position has been well-defined in the first year or so, subsequent year's submissions will largely entail an updating of prior submittals)

MCA - NTTC TASK FORCE

It is proposed that representatives of the Manufacturing Chemists Association and National Tank Truck Carriers, Inc. jointly thru their liaison committee study Tank Truck Transportation of hazardous materials and substances. The objectives of the study are to increase awareness of the problems, accelerate present programs, and develop new action steps to improve transportation safety involving chemical products and reduce risks to public health and the environment.

The liaison group consists of executives from each of the respective organizations who will develop strategy and establish the overall activities to be pursued. This group will analyze information on tank truck accidents involving hazardous materials and substances from DOT and other available sources. Analyses of these data will assist in developing recommendations on equipment design, loading and unloading practices, driver qualifications, highway environment, and other facets of tank truck transportation and emergency response.

An effective liaison was established between MCA's Transportation and Distribution Committee and the National Tank Truck Carriers, Inc. almost five years ago. Five carrier executives and five MCA transportation executives have been meeting on an as-needed basis to explore areas of mutual interest/concern and to formulate plans for cooperative actions. Three 1-1/2 day seminars have been co-sponsored on the theme of environmental developments. Home and home presentations have been made by each organization in an effort to improve understandings and foster better relationships for resolving issues of mutual concern.

Some concerns which surfaced during the seminar held this Spring and are currently being addressed by the group include:

- a. Hazards of drumming chemical products from tank trucks.
- b. Waste disposal problems.
- c. Safety concerns at unloading sites.
- d. Emergency response coordination.

Overall, representatives of both organizations agree these liaison activities have been very worthwhile and have improved our abilities to serve each other better. The proposed study to improve transportation safety is consistent with the longstanding objectives of this committee. A formula for sharing the costs of the study equitably between MCA and carrier members will be developed. It is anticipated that the total cost of the study will not exceed \$100,000, of which MCA's share will not exceed \$50,000.

In view of the importance improved transportation safety holds for the chemical industry, the Distribution Committee seeks the endorsement of the Executive Committee and authorization to commit expenditures up to \$50,000 for this joint study.

VHG
Revised 7/5/78

CARRIER RULES

Association of American Railroads

Interchange Rules and Tank Car Design Committee

AAR Interchange Rules

The railroads established a code of rules known as the AAR Rules of Interchange to facilitate the transfer of rail cars between carriers and to identify responsibility and costs for repairs and damage. Any non-railroad operating a privately owned rail car must subscribe and be bound by the Interchange Rules. Of significant importance is the right of the railroad to make running repairs to the car when, in the judgement of the repairing railroad, such repairs should be made and these repairs must be paid without protest by the owner of the car.

Of particular importance to private car owners was Rule 95. Rule 95 required a railroad damaging a part of the car other than the running gear (appurtenances, outer shell of insulated tank cars, hand rails, ladders, etc.) to "defect card" the car thereby accepting responsibility for the damage. The car owner would then have a joint inspection made between the repair shop and the railroad. The railroad responsible for the damage would reimburse the car owner for the repairs. Recently, the railroads modified Rule 95. The affect of such a change will increase the cost of maintenance to MCA companies by about \$3 million annually.

The changes to the Interchange Rules are made by the AAR Arbitration Committee. The Arbitration Committee is comprised

of 13 railroad members and 2 non-railroad members. Complaints brought before the Arbitration Committee by non-railroad car owners appear to always be resolved in favor of the carrier.

AAR Tank Car Committee

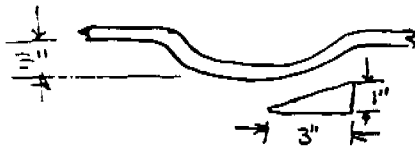
The AAR Tank Car Committee is comprised of 13 members, 7 representing carriers and 6 representing trade associations. MCA has been one of the industry representatives on this Committee for many years. The Committee examines tank car specifications on new or changed tank car designs. In order for a tank car to be accepted in interchange service by the railroads, the design must be approved by this Committee. For many years the relationship of the non-railroad car owners and this Committee have been amicable. Recently, the railroad members of this Committee have been arbitrarily proposing and approving changes in tank car designs which lack research and testing, formerly the basis on which the Tank Car Committee judged the suitability of design changes.

Two important changes have been approved by this Committee over the vigorous protest of MCA, other trade associations, and the tank car builders. One change has to do with the requirement for retrofitting existing tank cars having bottom outlets with protective devices as well as requiring such devices on bottom washout chambers and welded sumps. It is estimated that one-third or 20,600 cars of the chemical tank car fleet might have to be retrofitted at a cost of \$2,000 per car or \$41 million. There are, however, less costly and, we believe, equally safe alternatives.

Another design change is the requirement that all tank cars built after July 1979 be equipped with lifting lugs that will be capable of lifting the weight of the car when loaded. At the present time, the tank car builders are unable to come up with an engineering design to equip the cars in the manner required by the AAR rule. In addition, there is serious concern that, should a tank car be equipped with lifting lugs, the forces applied to the lugs could result in an unnecessary rupture of the tank in attempting to clear a derailment situation. No estimate can be made as to the cost of lifting lug installations.

The MCA Distribution Committee intends to open serious negotiations with the AAR in an attempt to convince the carriers of the equity of re-establishing Rule 95 and that the desired safety of the carriers can be achieved in other methods than the referred to changes in tank car design. The only alternative to a mutually satisfactory negotiated agreement is to enter into a court suit. MCA must take a firm stand and be ready to litigate or remain at the mercy of the arbitrary and capricious action of the AAR Committees.

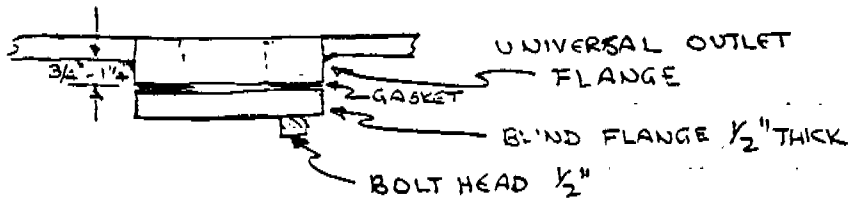
Resources required: MCA staff-administrative only-1, legal-1, total-2; Distribution Committee-unknown; outside services-Railway Progress Institute, at no cost; last resource-employment of outside counsel and litigation.

BOTTOM DISCONTINUITIES

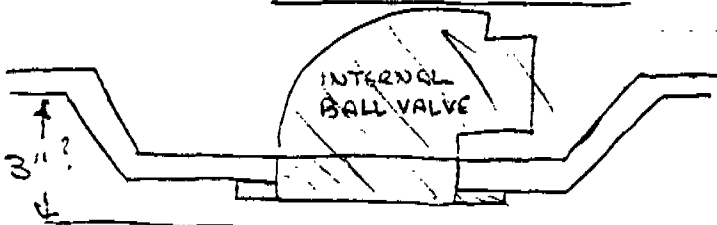
FORMED SUMP WITH 3 TO 1 SLOPE (NO PROTECT'N REQ'D)



WELDED SUMP

(NEEDS PROTECT'N)
UNLESS CLEARANCE REQMT
IS CHANGED FROM 1" TO 2"BOTTOM WASHOUTPROTECTION REQ'D UNLESS
CLEARANCE CHANGED TO 3"

TOTAL THICKNESS 2 3/4" (APPROX.)

BOTTOM OUTLET

1" NO PROTECT'N; 3" NO

SAME AS ABOVE

1/12/78

INTERNATIONAL RULES AND REGULATIONS

International rules and regulations impact the U.S. chemical industry primarily through four regulation authorities:

1. THE UNITED NATIONS, COMMITTEE OF EXPERTS, "TRANSPORT OF DANGEROUS GOODS CODE"

The main product of the work of the UN Committee of Experts is to draft recommendations for regulations governing the safe movement of hazardous materials. These recommendations are disseminated to nations throughout the world; while not mandatory, their moral force is such that all competent authorities recognize them and, in the absence of national regulations, may even adopt them in total.

The UN four-digit hazardous product number represents the common denominator for all competent authority regulations. The importance of this number is primarily concerned with the transport of dangerous goods and packaging but is expected to include "hazardous information" emergency response recommendations in the future.

2. INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION (IMCO)

Although officially a UN body, IMCO operates with its own budget. This organization is administered from London and specializes in regulations concerning the carriage of dangerous goods by sea.

This organization is responsible for the International Maritime Dangerous Goods Code which was drawn up by IMCO in implementation of Recommendation 56 of the 1960 International Conference on Safety of Life at Sea. This conference does have the status of a legal document and failure to comply with the terms of the treaty could be taken to the International Court at The Hague.

The IMDG code has gained particularly wide acceptance having been adopted by approximately 30 countries owning the greater part of world shipping tonnage. Approximately 90 countries recognize the IMDG code which, although primarily directed at the mariner, affects the shipper, carrier, customer, and movement of hazardous material through all transportation channels.

The IMDG code uses UN recommendations as a framework for packaging, marking of packages, labelling, listing and classification of hazardous materials, and shipping papers. This specialized organization of the United Nations is of significance to the exporter because of the large tonnage that is transported by water.

3. INTERNATIONAL ATOMIC ENERGY AGENCY

Recommendations concerning the transportation of radioactive substances are prepared and maintained by the International Atomic Energy Agency and published under the title, "Regulations for the Safe Transport of Radioactive Materials".

4. INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA)

Regulations concerning the movement of hazardous materials by air stem from the Restricted Articles Board, IATA. IATA is not a UN organization but the IATA regulations are compulsory for all member companies of the association (about 109) and are also applied by about 88 non-members. They are constantly brought up-to-date, and a new edition is published each year.

The International Civil Aviation Organization has the UN responsibility for proposing recommendations for the safe transport of dangerous goods by air and ultimately is expected to supersede IATA through competent authority country enforcement.

There are several crucial issues of major concern to the U.S. chemical industry:

1. A swing from Department of Transportation specification packaging to UN packaging performance test standards

Annex I is found in Volume I of the IMDG code. It contains recommendations with respect to the packing of dangerous goods. These recommendations are intended as a guide to mariners as well as to competent authorities and manufacturers. Ultimately, they will be mandatory requirements and suitable evidence must be established that verify performance test requirements.

2. Pollutants and environmental and health effects materials

Regulations are being proposed that will concern marking, labelling, packaging, and documentation for inclusion in the UN and IMDG code.

3. Hazardous Information System (HIS)

The UN HIS comprises three elements which individually respond to the needs of three phases of reaction to any emergency. These elements are:

- (a) one or more enlarged United Nations labels which serve to warn the general public that a danger is present;
- (b) the HIS abbreviated properties code which, along with explanatory information, provides the basis for the immediate response during the early stages of an incident; and
- (c) the serial number which also, along with the interpretative material, provides the basis for correct long-term control (UN four-digit number).

4. Hazardous materials classification criteria differ from the U.S.A.'s

For example, the UN and IMCO have different classification criteria from the U.S.A.'s for explosives, toxic substances, flammable liquids; also, there is no provision for product regulated in the U.S.A. as Other Restricted Materials. These differences result in many products not regulated in the U.S.A. being regulated in international commerce.

MCA Distribution Committee
Project Request for Action

A. Problem Definition

1. Subject: Federal Motor Carrier Safety Regulations; hours of service; BMCS Docket No. MC-70-1, Notice No. 78-11.
2. Proposal: The Federal Highway Administration is proposing revision of the regulations pertaining to hours of service limitations for commercial vehicle drivers engaged in interstate or foreign commerce to include:
 - a. Longer off-duty periods between assignments.
 - b. Mandatory rest periods during driving assignments.
 - c. Elimination of present exemptions.
 - d. New methods to record hours of service.
3. Impact of Proposal: The concerned proposal will have a major impact upon the motor carrier industry and, consequently, upon the nation's shippers, including MCA member companies. Some studies have indicated that the proposal could increase the amount of long haul drivers required by as much as 25% which will significantly increase common carrier freight rates. It will also result in lengthened delivery schedules and could require additional storage facilities and require larger inventories.
4. Technical Issue: The proposal is based upon various research studies which indicate that fatigue is a causative factor in many commercial vehicle accidents, and the proposal would reduce professional driver's time on the job thus, supposedly, solving the problem. While fatigue as a causative factor in accidents is unquestioned, it is questioned if the proposed rules will result in less overall driver fatigue or if the economic burden placed upon the economy is justified.

B. Proposed MCA Action

1. Strategy: Written comments on the proposal are to be received on or before November 20, 1978, by MBCS. Additionally, public hearings are to be held in 6 locations throughout the United States. It is proposed that a task group prepare a formal statement in response to the proposal.

ATTACHMENT H

2. a. Role of Technical Experts: Prepare written statements.
- b. Role of Counsel: Review statements.
3. Expected Time Table: Statement prepared prior to November 20, 1978.
4. Legal Effort and Expense: Minimum.
5. Technical Effort and Expense: Less than a man week, including travel.

MCA ENERGY CONSERVATION COMMITTEE
KEY ISSUES - 1978-79

The challenges faced by the Chemical Industry in the utilization and conservation of energy are in large part created by increased legislative and regulative activity in the areas of taxation, use, conversion, conservation, supply and reporting.

I see the Energy Conservation Committee's role as that of addressing these challenges by assisting the MCA to develop policies that present a united Chemical Industry point of view on the various issues and to prepare action plans to convince the legislators and regulators that these are considered viewpoints which are in the best interest of the country as a whole.

The Committee has the additional role of developing and overseeing a voluntary energy conservation reporting program that will meet present and future laws and regulations, and for revising it as appropriate to better serve the Chemical Industry. The industrial energy conservation reporting program has been well conceived and has withstood numerous challenges. Although the accomplishments of the Chemical Industry are generally viewed as creditable, the overall program is being criticized both within the DOE and Congress with charges that -

- The data is not compatible between industries.

- The data is not audited and association reporting conceals individual company performance.
- More detailed reporting - by company, by plant, by process - is required.
- The Chemical Industry is uncommunicative and hasn't cooperated with DOE in the exchange of conservation technology.
- Industry seems to reject positive proposals for government assistance to promote conservation.
- Projections of future growth in energy use by the EIA show industry as the largest growth area.
- GAO report which advocates more taxes to provide industrial conservation incentives.

Such criticism serves the view that American industry should be regulated to better serve society. Unfortunately, this view understandably prevails with the regulators, and DOE support of minority views in the legislature may promote more legislation unless industry's image is more positive.

It is with these objectives and in this framework that the Energy Conservation Committee will address the following key issues:

1. National Energy Plan I

- o Legislation - the preparation of the text for those portions already passed, and the need for language changes for clarification in the cogeneration and coal conversion sections.
- Conference action on the crude oil equalization tax and user tax.

- Final action in the House and Senate.
- o Regulatory Interpretation
 - If passed, regulative fiat or unfavorable interpretation can be harmful to industry and can even neutralize hard won concessions made in the legislation.
- 2. National Energy Plan II
 - o Legislation - Energy supply stimulation
- 3. Conservation Pressures
 - o Mandatory Controls
 - o Mandatory standards by SIC groups and processes
 - o Mandatory reporting by company, plant and process
 - o Laws to speed progress by forcing investment
 - o Best available technology
- 4. The Chemical Industry's Image
 - with legislators, DOE and general public regarding energy use and conservation.
- 5. Establishment of a New Voluntary Conservation Goal
 - for the Chemical Industry for 1985

The Energy Conservation Committee, with the use of task groups as required and with the assistance of the MCA staff and other committees will develop action plans containing the following elements:

1. Improve cooperation and participation with Business Round Table, Chamber of Commerce, API, NPRA, etc.

2. Through improved dialogue with key people in DOE, EIA, GAO, OMB, Commerce, Congress, Administration and general public (both elected and staff) get a better understanding of their viewpoints, attitudes, and areas of concern. Use help of MCA Government Relations Department and Washington representatives.

3. Develop an updated list of key issues based on findings and insights developed.

4. Develop MCA positions on the key issues.

5. Determine the best means of enhancing the creditability of the MCA reporting program.

6. Through followup contacts with key people in DOE, Congress, etc., disseminate the MCA position, using as positive and supportive position as practical, and providing objective, understandable facts to explain different viewpoints.

7. With the help of the MCA Public Relations staff improve the Chemical Industry's image as regards energy utilization and conservation by use of the media for news releases, stating viewpoints, etc.

8. Explore the development of cooperative programs with DOE, such as joint seminars, news releases, etc. to try to develop a profile visible to outsiders of a more cooperative stance without sacrificing principles.

9. Review and prepare recommended MCA position on proposed new legislation and new and revised regulations. Present the MCA viewpoint to key legislators and regulators.

D. M. Greeno, Chairman

7/10/78

MCA--ENGINEERING ADVISORY COMMITTEE

The predominant focus of EAC activity is on Engineering Standards. Mostly through the American National Standards Institute (ANSI).

- Standards activities are slow-paced, focussed on technical details, and multi-faceted; e.g.,
 - In an area where EAC has taken a strong advocacy position, the National Board of Boiler and Pressure Vessel Inspectors (NBBPVI) will require at least six years to have their code adopted as an ANSI standard.
 - EAC representatives made ~ 2400 suggestions related to the rewrite of the National Electrical Code and ~ 1800 were incorporated in the Code.
 - EAC currently has 65 persons as official representatives or alternates to 44 standards associated groups.

The EAC also has other interests and interfaces.

- Federal and State legislation. The State legislative concerns may be unique within MCA. These may focus around pressure vessel legislation.
- Metrication has been assigned to EAC, but current activities are not related to engineering.

The EAC will meet next week specifically to make a "zero-base" examination of its activities. Specific needs include:

- Wrapup the NBBPVI inspection code controversy.
- Develop an MCA metrication stance.
- Improve guidance and support for necessary representatives to standards groups.
- Develop an alternate to sub-committee structure.
- Examine the can and should vis-a-vis state legislative activity.

REO:kjb
7/10/78

CMA 062047

ENVIRONMENTAL MANAGEMENT COMMITTEE

Outline of Comments to MCA Executive Committee
July 11, 1978

- o A program of positive advocacy has been developed that is responsive to a tidal wave of 87 environmental regulations scheduled for promulgation by December 1979.
- o A statement of Purpose and Function has been set forth to guide the EMC in carrying out its program which would put MCA in the vanguard of legislative and regulatory developments. (Exhibit A)
- o 15 key issues have been identified and 3- to 8-man task groups designated to work on those critical matters under the sponsorship of a designated EMC member. (Exhibit B)
- o Written summaries have been prepared to define what should be done about each critical matter.
- o An analysis has been made of the resources required, including: research and development, litigation, staffing, and enhanced communications to member companies and targeted opinion leaders.
- o A budget has been proposed to carry out the recommended program. (Exhibit C)
- o We seek:
 - 1 - Approval of an Environmental Management Committee budget of \$1.8 million for FY 1979.
 - 2 - Authorization for stepwise increases in Environmental Management Committee staff.
- o We believe member companies see the quickening pace of environmental regulations and feel the financial impact on their operations. We sense a growing awareness that it may no longer be efficient or cost effective for each company to "go it alone" when dealing with the regulatory agencies. An effective MCA, pooling our resources, will strengthen our individual efforts to obtain reasonable environmental regulation.

ENVIRONMENTAL MANAGEMENT COMMITTEE

EMC PURPOSE AND FUNCTION

"Under broad policies established by the Board of Directors and within limits of authority specified by the Executive Committee, the EMC oversees MCA environmental activities. In so doing, the committee will:

Identify key environmental issues and focus efforts on matters of greatest significance to the chemical industry;

Establish specific objectives on the key issues and mobilize resources to produce decisive timely results;

Aggressively advocate responsible environmental legislation and regulation which consider economic impacts, energy implications, cost effectiveness, risks, and benefits;

Seek relief from unreasonable environmental legislation and regulation by appropriate means, which may include legal action;

Advise the Executive Committee on MCA staffing and resources required by the Environmental Management Committee to achieve its objectives;

Help member companies understand their environmental responsibilities by informing them of major trends, developments, key issues, and MCA actions;

Develop awareness of chemical industry contributions to environmental management and facts surrounding key issues;

Initiate and sponsor research and development on environmental issues of widespread interest to the chemical industry."

ENVIRONMENTAL MANAGEMENT COMMITTEEKey Task Groups
EMC SponsorTask Group LeaderI. Immediate Action

Hazardous Chemical Spills	J. B. Browning	G. J. Hanks, Jr.
NPDES Permits	J. F. Byrd	H. Schwartzman
State Implementation Plans	E. N. Helmers	S. N. Robinson
Non-Attainment - PSD	E. N. Helmers	T. H. Rhodes
Pretreatment Standards	A. J. Diglio	E. D. Zarytkiewicz
RCRA	L. P. Haxby	Richard Sobel

II. Imminent Action

Volatile Organic Compound Emissions	L. D. Johnson	W. M. Reiter
Effluent Guidelines	E. C. Ladd	R. F. Rocheleau
Water Quality Criteria and Standards	R. J. Samelson	W. B. Neely
Economic Impacts	C. L. Sercu	H. G. Haight
Air Quality and Health Effects	J. P. Thorn	J. A. Mullins

III. Emerging Problems

National Commission on Air Quality	J. R. Sayers	W. R. Chalker
Aquatic Research	E. C. Ladd	A. H. Lasday
Carbon Adsorption	J. D. Underwood	A. H. Cheely
Analytical Methods and Monitoring	C. L. Sercu	R. O. Kagel

Briefings and Seminars

General Meeting - September	J. F. Byrd	R. F. Curran
EPA - Cincinnati Laboratories		

Environmental Management Committee

Proposed Program Budget

\$000

	<u>Estimated 1979 Budget</u>	<u>Additions to 1979 Budget</u>	<u>Total Estimated 1979 Budget</u>	<u>Estimated 1980 Budget</u>
Salary and Administrative Overheads (Schedule 1)	300	250	550	800
Litigation Effort (Schedule 2)	200	500	700	1000
Research & Development (Schedule 3)	75	395	470	650
Communications				
(a) Chemecology	60	-	60	60
(b) Internal & External Awareness (Schedule 4)	-	60	60	60
	—	—	—	—
Totals: (\$000)	635	1205	1840	2570

ENVIRONMENTAL MANAGEMENT COMMITTEE

SCHEDULE 1

Professional Staff Requirements and Costs

<u>PROGRAM</u>	Professional Staff			\$000 Salary and Administrative Overhead (1)		
	<u>Existing</u>	<u>Additions</u>	<u>Total</u>	<u>Existing</u>	<u>Additions</u>	<u>Total</u>
1. Identify and monitor key issues and objectives: Direct MCA effort	1	0	1	100	0	100
2. Legal Analysis and Litigation Support	1	1	2	100	100	200
3. Technical and Economic Impact Analysis of Regulations and Legislative Issues	0	2	2	0	200	200
4. Internal and External Communication of Environmental Trends, Developments, Issues and MCA Actions	0	1	1	0	100	100
(a) Chemecology	1/2	0	1/2	50	0	50
5. Government Relations	1/2	0	1/2	50	0	50
6. Research and Development; Project Manager	0	1	1	0	100	100
TOTAL STAFF	3	5	8	\$300	\$500	(2) \$800

(1) Assume \$100,000/yr per professional including clerical support & administrative overheads

(2) Assume added staff can be hired by December 1978, so salary impact on 1979 budget will be 50% of \$500,000 or \$250,000

CMA 062052

Schedule 1

Schedule 2

ENVIRONMENTAL MANAGEMENT COMMITTEE

SCHEDULE 2

Litigation Effort

			\$000
<u>Issues</u>	<u>MCA Staff Man Years</u>	<u>Company Staff Man Years</u>	<u>Litiga- tion Costs</u>
1. Control of Hazardous Chemical Spills (Section 311)	2/3	4	\$100
2. Zero Discharge of Hazardous Air Emissions	1	6	300
3. Revisions to Waste Water Discharge Permit Systems	1	10	250
4. Federal Guidelines for Attainment Non-Attainment Air Quality Regs.	1/3	4	150
5. State Implementation Plans -- Air Quality Regions	1	6	400
6. *Pretreatment of Discharges to Publicly-owned Treatment Facil.	1/2	3	100
7. Solid Waste Regulations	1/2	3	100
8. Effluent Guidelines (BAT) for Conventional, Non-Conventional & Toxic Pollutants	1/2	8	200
9. Water Quality Criteria & Standards	1/2	6	100
TOTALS	6 man years	50 man years	\$1,700

*Mainly Small Companies

CMA 062053

ENVIRONMENTAL MANAGEMENT COMMITTEE

SCHEDULE 3

Research and Development Studies: FY 1979 and FY 1980

	\$000	
	FY 79	FY 80
National Commission on Air Quality Independent economic & technical studies to support NCAQ needs	75	200
Toxicological Effects of Ambient Hazardous Air Pollutants (section 112 Declarations)	25	50
Ambient Primary & Secondary Air Quality Standards (VOC; sulfates)	25	75
Solid Waste Management (RCRA)	65	0
Water Quality Criteria & Standards	75 ⁽¹⁾	0
Fundamental Rate Kinetics on Fate of Dilute Pollutants in Waterways	50	200
Analytical Methods and Monitoring Aquatic Research & Bio-monitoring Toxic Pollutant Sampling & Analysis Protocols - Remote Air Quality Sensors	75 ⁽²⁾	75
Risk Analysis - Economic Impact Studies Effluent Guidelines PSD/Nonattainment	80	50
TOTAL	470	650

(1) \$30,000 for independent consultants; (2) \$43,000 for Virginia Polytechnic Institute and State University

ENVIRONMENTAL MANAGEMENT COMMITTEE

SCHEDULE 4

Communications

Internal Awareness

- Two or three association-wide environmental briefings per year on critical issues, trends, new developments, and MCA actions. Panel discussions on one or several topics of concern, with MCA experts, or government officials
- Periodic presentations and workshops by Task Groups having highest urgency for environmental managers
- Occasional special interest seminars on matters of importance, e.g., newly issued final regulations
- Widespread mailings to pollution contacts and others known to be interested, embracing single topic matters of widespread interest, position papers on various issues, and EMC activities (e.g., minutes of meetings)

External Awareness

- Briefings for regulatory officials at federal, state and regional levels, and for key congressional staff
- Campaigns to present facts on key issues to targeted audiences; e.g., investment trends
- Clearing house and coordination with others with similar goals on national, state, regional levels
- Contributions to Chemecology

July 11, 1978

OUTLINE: REPORT TO THE MCA EXECUTIVE COMMITTEE

By

J. Wilson Malloy, Jr., Chairman
MCA Government Relations Committee

- A. The Government Relations Committee endorses the following statement of its purposes:

"With respect to communications between the chemical industry and government on matters significant to the chemical industry, the Committee:

- (1) seeks to anticipate, identify and establish priorities with respect to issues and opportunities;
- (2) advises the Board of Directors, Executive Committee and other MCA entities regarding policy formation;
- (3) participates in the planning of Association programs aimed at specific issues or objectives, with emphasis on strategy considerations;
- (4) oversees and participates in the execution of legislative programs;
- (5) monitors, evaluates and seeks to enhance the effectiveness of Association programs."

- B. Important aspects of the MCA Reorganization from the perspective of the Government Relations Committee:

1. a clear sense of Association priorities will lead to effective allocation of resources;
2. interaction between the Government Relations Committee and other MCA committees is an essential;
3. communication within member companies must be a continuing concern;

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4. MCA should seek to act rather than react;
5. in addition to "self-interest" issues, "good government" issues are worthy of support.

C. Key issues among Government Relations Committee Members

1. Current issues of concern:

- OSHA carcinogens standards
- labor law reform
- energy taxes
- chemicals spills - "superfund"
- trade negotiations and multilateral tariff cuts
- energy conservation
- tax revision/reform
- lobbying reform
- tax incentives/disincentives
- Toxic Substances Control Act amendments

2. Issues likely to be active in the next two years:

- product liability
- solid wastes management
- transportation and distribution of hazardous materials
- OSHA - chemicals identification
- air quality
- industrial reorganization/divestiture
- water quality

3. Issues likely to become active in the indefinite future:

- land use planning
- patents law reform

D. Areas of Government Relations Committee activity currently receiving priority attention:

1. a fresh look at liaison and coordination with other organizations and groups;
2. attention to maximum participation by, and communication with, the Washington representatives of the chemical industry;
3. a review of overall Association effectiveness in Washington;
4. development of further steps to encourage member companies to develop and effectively utilize grassroots communications capabilities.

Report to the Executive Committee
Manufacturing Chemists Association
by Richard E. Klingman
Chairman, Insurance Committee

I am pleased to have this opportunity to review with you the state of affairs of the reorganized MCA Insurance Committee. I can report that this committee is in excellent condition. It has survived the initial concerns and worry produced by the reorganization announcements and is staffed with fine people who are functionally ready to satisfy the needs and demands of the MCA member companies.

There have been some casualties. We suffered the apparent loss of a few former contributing members from whom applications for membership were not received. One of the initial efforts of the new committee will be to encourage these and other insurance people within the MCA membership to continue to participate through the Insurance Committee's semiannual seminars and Task Group activities. We believe that it is most important for the future to maintain a broad group of professional Risk Managers who hold a desire for membership on the MCA Insurance Committee.

At this time it appears that the major change to the Insurance Committee will be in the number of the membership -- reduced from 25 to 15 people. This change will provide greater flexibility. We will find it easier to obtain the quorum needed to establish the opinions or actions required by the industry for special events or happenings. This change in structure of the committee did produce some difficulties. Former members had trouble understanding the arrangement utilized to staff the new committee. Time and other visual activities such as the seminars and Task Group activities should eliminate this small problem.

The new committee will benefit from the momentum generated by the former committee. We have had a recent series of very successful educational seminars on such important and currently topical subjects as:

1. Property Insurance for Chemical Risks
2. Product Liability
3. Captive Insurance Companies
4. Workers Compensation

The closed workshop arrangement which follows professional presentations allows for an exchange of information in a confidential atmosphere which is not matched anywhere else in the Chemical Industry. This source of knowledge is a truly valuable benefit to the smaller companies and the less experienced individuals.

The functioning Task Group for Seminar Planning chaired by Mr. Fred Ingham of Union Carbide Corporation is already at work on the program for the seminar scheduled for late October. Based upon some very recent experience, I have suggested that a review of Directors' and Officers' Liability Insurance could be a very timely topic.

Following this July 11, 1978 session, I will call the new Insurance Committee together to formalize arrangements and to review the work functions in progress. This will also provide an opportunity for the input of ideas and suggestions for activity for the Insurance Committee for the 1978 - 1979 period.

At the last meeting of the old committee (May 24, 1978), tentative appointments were made for these Task Groups to keep work in progress.

Seminar Planning Task Group

Chairman, F. W. Ingham, Union Carbide Corporation

W. F. Quinn, Jr., Engelhard Minerals & Chemicals

P. F. Lopez, Celanese Corporation

J. R. Taylor, ICI Americas, Inc.

Insurance Alternatives Task Group

Chairman, D. M. Purdy, Diamond Shamrock Corporation

W. C. Zacharias, The Dow Chemical Company

D. D. Ward, Air Products & Chemicals, Inc.

J. R. Taylor, ICI Americas

Testimony has been prepared and reviewed by MCA's legal department regarding the proposed federal legislation providing tax deductibility for self-insured reserves for product liability and other risks. It is ready for delivery at the appropriate time by the MCA designated representative.

Two members of this group, Messrs. J. R. Taylor and W. C. Zacharias, have been designated for membership on the proposed Ad Hoc Committee on State Tort Law Reform -- a recommendation in the Report of the Special Committee on Product Liability.

Under study is consideration of MCA's sponsoring an MCA captive insurance company or a recommendation for interested member companies for joining another related association's captive already in existence. This is a matter of possible concern to the smaller member companies.

Workers Compensation Task Group
Chairman, J. J. Delaney, Olin Corporation
R. G. Belliveau, Witco Chemical Corporation

A new task group monitoring Workers Compensation legislation that makes these benefits the sole remedy for workplace injuries. Recommendation for MCA action will be made when required.

Mr. Belliveau, a former chairman of the Insurance Committee, who as of now is not a member of the new committee, still is functioning as an active member. This is an inspiration to other non-committee members to continue to be involved.

Federal Water Pollution Control Act Task Group
Chairman, W. E. Winans, Stauffer Chemical Company

This will be a new group with additional appointments as the problem develops. Its assignment is to work with the insurance industry to help develop the additional insurance capacity which will be needed to control the substantial costs as contained within the FWPCA as amended.

Loss Data Banks Task Group
Chairman, E. A. DeKoskie, Allied Chemical Corporation

The pilot (development) phase of this work has been completed. The solicitation of the MCA membership to be undertaken shortly will determine the overall acceptance of this work as an ongoing program.

The above Task Group assignments are an indication of the scope of the coverage that your reconstructed Insurance Committee has given to topical insurance problems involving matters of interest to the member companies. This is one phase of our planned program. The other phase is equally as important but much harder to outline. The Insurance Committee must look to the future to try to discover or anticipate the insurance problems that are developing. This is necessary to assist the Risk Manager so that he may be in position to help his company find the means to set aside pretax income for control of its losses. As an example, it is my personal opinion that the use of larger and larger deductibles in the writing of risks by underwriters will force companies to assume more and more self-insurance. Also, the reasonably good property insurance

market could, with a large catastrophic loss involving inter-dependency exposures, produce a problem with property and business interruption coverage as great as the recent product liability experience. Our educational work must give consideration to determine how best to prepare for these possible types of situations.

I will be pleased to try to answer the questions you may have regarding the MCA Insurance Committee.

R. E. Klingman

/ss
7/11/78

July 11, 1978

TO: MCA EXECUTIVE COMMITTEE

FROM: CARL DE MARTINO, CHAIRMAN
OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

IMPORTANT MCA PROGRAM MATTERS

Listed below are important matters which the OSH Committee will address during the next several months. For each matter, a likely approach is listed. These approaches have not yet been endorsed by the OSH Committee, therefore, they should not be regarded as recommendations or decisions.

MAJOR ISSUES

1. OSHA CARCINOGEN POLICY - OSHA is currently conducting hearings on this proposal. The MCA statement was prepared by the Intercommittee on OSHA Cancer Policy under the leadership of Dr. M. N. Johnson of the B. F. Goodrich Company. This testimony was well received at the hearing.

APPROACH - Our MCA OSH Committee will pick-up this endeavor. We plan to monitor OSHA's ultimate regulations and develop appropriate responses or recommend appropriate action as needed.

2. CONSUMER PRODUCT SAFETY COMMISSION AND ENVIRONMENTAL PROTECTION AGENCY CARCINOGEN REGULATIONS - The CPSC and the EPA are developing regulations to screen, classify, evaluate and regulate carcinogens. CPSC has requested comments on their proposal. EPA is commencing to move in the same direction.

APPROACH - Our preferred approach is to urge both agencies to work through the Interagency Regulatory Liaison Group (which includes EPA, OSHA, FDA, CPSC) so that uniform regulations may be developed. If this is unsuccessful, we will develop and present MCA's position consistent with the MCA position taken on OSHA's Generic Carcinogen Proposal.

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3. EMBRYOTOXINS - OSHA has been studying such hazardous materials and is now charging that major corporations are discriminating against women in the workplace by excluding them from jobs involving potential exposure to these toxic substances. The Director of OSHA has written to 400 corporate medical directors to urge the restraint of such exclusionary practices and to solicit their views and assistance in addressing this difficult problem.

APPROACH - Dr. R. M. Clyne, American Cyanamid Company, has conducted a small, informal survey of how various chemical companies are handling this question. This will be reviewed at the next OSH Committee meeting. Following this, it is likely our Committee will develop an MCA response to Eula Bingham's request.

4. CHEMICAL SUBSTANCES IDENTIFICATION - The MCA Task Group on Chemical Substances Identification has developed and presented to OSHA an alternate to OSHA's original proposal. OSHA expressed appreciation for this effort and requested that the Task Force expand its definition of chronic hazards. The new MCA OSH Committee will do this. OSHA also proposed sponsoring joint labor-management meetings on this subject.

APPROACH - Grover Wrenn (OSHA) indicated the climate may no longer be favorable for issuing such a regulation because of the recent Administration stress on combating inflation. Our Committee will follow the development of this regulation and recommend appropriate responses. The Committee will probably discourage joint labor-management meetings on this issue.

5. CUTANEOUS HAZARDS - The Director of OSHA has established a Standards Advisory Committee on Cutaneous Hazards to identify problem areas, characterize hazards, recommend controls, identify areas where knowledge is lacking and set priorities and guidelines for systematic standard setting.

APPROACH - Through industry participants on the Advisory Committee, we plan to follow the progress of this study and determine if and when MCA action is warranted.

6. EPIDEMIOLOGY - MCA's previous Occupational Health Committee perceived a need for health data collection that would permit industrywide epidemiology studies.

APPROACH - A Task Force on epidemiology led by Dr. R. L. O'Connell, of Olin is developing modules for gathering data on employee work histories and employee health. This will provide data in a form compatible for use in future industrywide epidemiological studies. These modules are designed for companies who currently have no data collection system. Therefore, they will be very fundamental and relatively uncomplicated.

7. SAFETY IN THE WORKPLACE - A Federal Interagency Task Force on Workplace Safety and Health has as its objective a greater Federal impact on safety in the workplace. Mr. Richard Bergman, Executive Director of this Task Force has actively solicited inputs from industry, labor and other sources.

APPROACH - The Business Roundtable and numerous individual companies have provided substantial inputs to this study. Our Committee will maintain a dialogue with Bergman. This will enable us to develop appropriate MCA positions as the study progresses.

8. CONFINED WORKPLACES - NIOSH is preparing a criteria document for consideration by OSHA. This document will recommend regulations for working in confined places.

APPROACH - The MCA OSH Committee is currently reviewing this document and will recommend appropriate changes where necessary.

OTHER MATTERS

1. LABELING - MCA has endorsed the ANSI Standard requiring labels to contain comments on chronic effects. This is a controversial matter within our Committee.

APPROACH - The Committee will establish a sub-task force to develop guidelines for placing chronic effects on labels. In the interim the staff will recommend and the Committee will decide on specific chronic effects statements for specific chemicals on which MCA chemical data sheets are currently being issued.

2. LIAISON WITH OTHER AGENCIES - This Committee must define its relationship to the AIHC and to other groups active in OSHA activities pertaining to the chemical industry.

APPROACH - This subject will be discussed at our next Committee meeting. It is likely the Committee will elect to continue with the AIHC leading industry efforts on carcinogen regulations and will lend support as required.

3. FUTURE ISSUES - Our Committee will require a structured procedure by which to track significant issues as they develop.

APPROACH - It is likely the Committee will establish a sub-task force to do this.

4. PUBLICATIONS - Our Committee feels MCA Chemical Data Sheets, Accident Case Histories, Safety Statistics and Awards should be continued.

APPROACH - Revising of the Chemical Safety Data Sheets has been a continuing problem. The Committee is investigating increasing the price of these sheets to provide additional staff assistance so that initial composition will be done through the staff with subsequent review by the appropriate manufacturers.

5. ANNUAL SAFETY SEMINARS - These seminars have been held yearly. The new OSH Committee feels this is a worthwhile endeavor.

APPROACH - We plan to continue these seminars and perhaps increase their frequency.

6. FUNDING - Individual member companies can provide much in the way of resources to perform the matters listed above. However, to foster prompt and effective advocacy positions, more staff resources will be required. The extent of this need is undetermined at this time.

APPROACH - Determine manpower and dollar requirements prior to 1/1/79.

- 7. MISCELLANEOUS MATTERS - A variety of important activities such as vapor cloud studies and control house guidelines have been undertaken by past committees. These activities have consumed large amounts of Committee time and resources. It is questionable if such activities are visualized under the new MCA format.

APPROACH - The OSHA Committee will continue to provide an umbrella for such studies but will not actively participate as an arm of the MCA.

CD:tmw

PATENTS AND INFORMATION RETRIEVAL COMMITTEE REPORT
JULY 11, 1978

Membership of the Patents and Information Retrieval
Committee (PIRC) is as follows:

Robert C. Kline, Chairman	E. I. du Pont de Nemours & Company
Edith A. Baker, Vice-Chairman	Hercules Incorporated
John B. Clark	Monsanto Company
R. C. Clement	Shell Oil Company
Joanne M. Egan	Air Products & Chemicals, Inc.
John G. Erickson	Minnesota Mining and Manufacturing Company
John J. Hagan	American Cyanamid Company
William L. Krayner	United States Steel Corporation
Lloyd L. Mahone	Stauffer Chemical Company
Roy H. Massengill	Allied Chemical Corporation
Pauline Newman	FMC Corporation
Thomas I. O'Brien	Union Carbide Corporation
Patrick T. O'Leary	Gulf Research & Development Company
Richard G. Waterman	Dow Chemical U. S. A.
Jacqueline Weitzel	PQ Corporation
Hugh M. Robinson, Secretary	Manufacturing Chemists Association

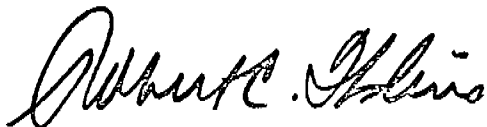
The first meeting of the PIRC was held on June 21,
1978.

Activities and problem areas of significant interest
to MCA member companies that will comprise the PIRC program for
this year:

- (a) Patent Revision legislation, both U.S. and
foreign;
- (b) United Nations activity re transfer of technology,
particularly with regard to underdeveloped countries;

- (c) Inventor compensation;
- (d) Maintain liaison with vendors of technical information;
- (e) Urge U.S. Patent and Trademark Office to make computer tapes of patent and trademark information available to the public;
- (f) Confidentiality of information submitted to Federal agencies, such as EPA, OSHA, etc.; and
- (g) Advocate and support the development of a joint data base of regulatory information issued by Federal agencies.

Respectfully submitted,



Robert C. Kline, Chairman
Patents and Information
Retrieval Committee

TAX POLICY COMMITTEE

Frederick T. Barbour, Chairman

Outline of Comments for July 11, 1978

Capital gains hearings - background, statement and Committee's recommendation.

Brief review of taxation affairs during 1978 to date.

Prospects of taxation legislation for balance of 1978 and Tax Policy Committee's role.

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