MINUTES of the three-hundred twentieth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held in The Ritz Carlton Hotel, Laguna Niguel, California, on Monday and Tuesday, September 12 and 13, 1988 at 9:00 a.m. each morning. There were present:

Directors:

Robert C. Forney - Chairman of the Board
H. Eugene McBrayer - Vice Chairman

Cyril C. Baldwin, Jr.	Emerson Kampen
*Raymond F. Bentele	Robert D. Kennedy
Robert D. Cadieux	Donald E. Kolowsky
Vincent A. Calarco	John S. Ludington
Douglas J. Campbell, Jr.	George J. McNally
W. H. Clark, Jr.	Fred W. Montanari
Lester E. Coleman	Peter J. Neff
R. James Comeaux	L. John Polite, Jr.
Albert J. Costello	Frank P. Popoff
Robert W. Davis	Willis B. Reals
Earnest W. Deavenport, Jr.	Davis B. Richardson
Ernest H. Drew	Robert A. Roland
Frank X. Dwyer	Herbert A. Sklenar
John T. Files	Orin R. Smith
Bruce C. Gottwald	F. Quinn Stepan
*Earle H. Harbison, Jr.	O. Edward Wall
Peter R. Heinze	*Robert G. Weeks
David S. Hollingsworth	J. Lawrence Wilson
P. W. Ifland	Chong Y. Yoon
*John W. Johnstone	

Secretary: Charles W. Van Vlack
Treasurer: Gary C. Herrman
General Counsel: David F. Zoll

By Invitation:

David L. Baird, Jr., Exxon Chemical Company
Mark Blass, Air Products and Chemical, Inc.
David S. J. Brown, Monsanto Company
Will Carpenter, Monsanto Company
Geraldine V. Cox, CMA
R. David Damron, Hoechst Celanese Corporation
Clyde H. Greenert, Union Carbide Corporation
Jon C. Holtzman, CMA
Geoffrey B. Hurwitz, Rohm and Haas Company
Don Kirtley, Hercules Incorporated
James A. Mack, Olin Corporation (SOCMA)
Paul F. Oreffice, The Dow Chemical Company
Michael A. Pierle, Monsanto Company
Vernon R. Rice, E. I. du Pont de Nemours & Company
Charles T. Seay, Exxon Chemical Americas

Chemical Manufacturers Association, Inc.

DEFINITION OF "CHEMICAL SALES"*

As revised October 12, 1987, and approved by the Board of Directors, pursuant to Section 2 of Article IV of CMA Bylaws. For use by each member firm in determining and reporting calendar year "chemical sales" dollar volume to the Treasurer for the sole purpose of membership fee computation.

The term "chemical sales" includes both domestic and export sales of all chemicals and chemical products sold to others, with the exception of the products listed below, and provided that the sales value of chemical products prepared by mixing, mechanical forming or coating operations not involving chemical synthesis shall be equal to market value less the cost of purchased materials used in the production of such products:

1. Interdepartmental (Intracompany) Transfers. (However, transfers outside the specific partnership, joint venture, corporation, division, or other unit of a corporation as approved for membership shall be considered a sale to others and shall be valued at comparable market value).

2. Resale Products (chemicals purchased for resale as such).

3. Products of Mining Operations (except when sold for use in chemical processing). Examples: Phosphate rock, fluorspar, barytes, ilmenite, coal, salt, borax, potash, natural salts, and limestone.

4. Certain Structural Metals and Their Alloys (except when sold for use in chemical processing). Examples: Aluminum, chromium, columbium, copper, hafnium, iron and steel, lead, magnesium, manganese, nickel, tantalum, titanium, vanadium, zinc, zirconium, and all fabricated metal products.

5. Food Products. Examples: Natural extracts, vitamins from natural sources, vegetable oils and fats.

6. Animal Products. Examples: Oil, fats, tallow, grease, animal glue, gelatine, soap, glycerine. (Fatty acids, synthetic detergents, and synthetic glycerine are considered to be chemicals and are not in the excluded group).

7. Carbon, Bone, and Lamp Black. Examples: Electrodes, activated carbon, and carbon papers.

8. Rubber Products. (Synthetic rubber sold as such is considered to be a chemical and is not in the excluded group).

9. Paints, Varnish, Lacquers.

10. Inks, Polishes, Waxes.

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*Sales of products manufactured outside the United States, its territories, or possessions should be excluded.

11. Mixed Fertilizers. (Synthetic components such as urea, ammonium and ~~sodium~~ nitrates and sulfates are considered to be chemicals and are not in the excluded group).

12. Mixed Pesticides. (Manufactured or synthetic components are considered to be chemicals and are not in the excluded group).

13. Coated Fabrics and Floor Covering.

14. Formulated Detergents. (Manufactured or synthetic components are considered to be chemicals and are not in the excluded group).

15. Molded or Extruded Products. Examples: Bristles, combs, brushes, containers, and similarly fabricated plastic products; mechanical rubber goods; films formed by extrusion such as saran, polyvinyl chlorid , polyethylene and polypropylene. (Cellophane formed by chemical reaction and synthetic resins and plastic materials in unfinished form such as liquids, molding powders, flake, sheets, rods and tubes, are considered to be chemicals and are not in the excluded group.)

16. Petroleum Products. Examples: Lubricating oils, gases, greases, waxes.

17. Fuels. Examples: Coke, diesel oils, gasoline.

18. Tar, Asphalt, Pitch, Creosote. Examples: Roofing, paving, wood preserving products.

19. Naval Stores. Examples: Turpentine, rosin, pine oil.

20. Wood Products. Examples: Wood pulp for paper and rayon manufacture.

21. Industrial Gases. Examples: Helium, argon, neon, oxygen and nitrogen. (When sold for use in chemical processing, these products are considered to be chemicals and are not in the excluded group).

22. Equipment and Devices.

    a. Physical Facilities. Examples: Coke ovens, gas producers, electrolytic cells, sulfuric acid plants, cutting and welding equipment, tractors, mowers, sprayers, pumps.

    b. Devices. Examples: Fusees; blasting accessories; signals; jet perforators; ammunition, powder cartridges; cameras; photographic accessories, including light-sensitized film and paper; instruments; welding rods; batteries.

23. Textile Fibers and Fabrics. Examples: Rayon, "Dynel", saran, nylon, "Dacron," "Orlon," "Acrilan," "Creslan", "Fortrel," "Kodel," "Zefran," cellulose acetate, glass, and asbestos, including staple, yarn, tow, and knitted, woven, and felted fabrics.

COMPARISON OF CHEMICAL PRODUCTS UNDER CURRENT DEFINITION AND PROPOSED NEW DEFINITION

Current Exclusions	Status Under Proposed Definitions
1. Interdepartmental (Intra-company) Transfers. (However, transfers outside the specific partnership, joint venture, corporation, division, or other unit of a corporation as approved for membership shall be considered a sale to others and shall be valued at comparable market value.)	No change.
2. Resale Products (chemicals purchased for resale as such).	No change.
3. Products of Mining Operations (except when sold for use in chemical processing). Examples: Phosphate rock, fluorspar, barytes, ilmenite, coal salt, borax, potash, natural salts, and limestone.	No significant changes intended. However, the language is changed to make clear that direct products of mining operations (ores) are excluded. Chemical products, such as titanium dioxide and barium carbonate, resulting from the chemical processing of mining products, are Category I products.
4. Certain Structural Metals and Their Alloys (except when sold for use in chemical processing)). Examples: Aluminum, chronium, columbian copper, hafnium, iron and steel, lead, magnesium, mananese, nickel, tantalum, titanium, vandium, zinc, zirconium, and all fabricated metal products.	No change.
5. Food Products. Examples: Natural extracts, vitamins from natural sources, vegetable oils and fats.	No change.
6. Animal Products. Examples: Oil, fats, tallow, grease, animal glue, gelatine, soap glycerine. (Fatty acids, synthetic detergents, and synthetic glycerine are considered to be chemicals and are not in the excluded group.)	No significant changes. Natural animal and vegetable products are excluded. Synthetic products such as synthetic fatty acids, detergents, rubber and glycerine are Category I products.

14. Formulated Detergents. (Manufactured or synthetic components are considered to be chemicals and are not in the excluded group.)	Synthetic detergent compounds sold as such are Category I products. However, formulated detergents are considered Category II or Category III products*.
15. Molded or Extruded Products Examples: Bristles, combs, brushes, containers, and similarly fabricated plastic products; mechanical rubber goods; films formed by extrusion such as saran, polyvinyl chloride, polyethylene and polypropylene. (Cellophane formed by chemical reaction and synthetic resins and plastic materials in unfinished form such as liquids, molding powders, flakes, sheets, rods and tubes, are considered to be chemicals and are not in the excluded group.)	The production of plastic resins involves substantial chemical manufacturing operations. If the resins are sold as such (e.g., as chip or flake), they are Category I products. If the resins are molded or extruded into articles (e.g., films or fabricated products) by a CMA company, they are considered Category II or III products*.
16. Petroleum Products. Examples: Lubricating oils, gases, greases, waxes.	No significant change.
17. Fuels. Examples: Coke, diesel oils, gasoline.	No change.
18. Tar, Asphalt, Pitch, Creosote. Examples: Roofing, paving, wood preserving products.	No change except creosote is included as a Category II product due to its associated environmental issues.
19. Naval Stores. Examples: Turpentine, rosin, pine oil.	The production of turpentine, rosin and pine oil involves substantial chemical processing. These are, therefore, included as Category II or III products*.
20. Wood Products. Examples: Wood pulp for paper and rayon manufacture.	No change.

*See the Revised Definition, Paragraph B (2) and (3) for the definition of Category II and Category III products.

Chemical Manufacturers Association, Inc.

DEFINITION OF "CHEMICAL SALES"

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A. DUES BASIS

Dues shall be based on the sales of "Chemical Products", including domestic and export sales of products manufactured in North America. Sales of products manufactured outside the United States, its territories or possessions, are excluded. Interdepartmental or intracompany transfers shall not be considered sales except that transfers outside the specific partnership, joint venture, corporation, divisions, or other unit of a corporation as approved for membership shall be considered a sale to others and shall be valued at comparable "Market Value."

B. DEFINITION OF CHEMICALS SALES

Dues shall be assessed on sales using a three-tiered structure, in accordance with three different categories of chemical products, and dues levels. Dues shall be paid on 100% of Sales of Category I Chemical Products as described in paragraph (1) below; on 50% of Sales of Category II Chemical Products as described in paragraph (2) below; and 15% of Sales of Category III Chemical Products as described in paragraph (3) below.

(1) Category I Definition

Category I Chemical Products shall include all products of chemical manufacturing operations, except those described below in Categories II and III. Examples are petrochemicals including aliphatic, cycloaliphatic and aromatic hydrocarbons and their derivatives such as alcohols, ketones, amines, ethers, aldehydes, esters, nitrites, amides and halides; organic and inorganic industrial chemicals such as acids, anhydrides, salts, caustics, sulfates, nitrates and halogens; organometallic compounds (such as tetraethyl lead) and polymers in unfinished form including plastics and elastomers such as polyolefins, polyvinyl chloride, polyacrylic, polyurethane, polyacetals, cellulosic polymers and styrene/butadiene rubber.

(2) Category II Definition

Category II Chemical Products shall include products whose manufacture involves a substantial operation not involving chemical synthesis such as fabricating, blending, formulating or extracting, especially when such operations raise significant environmental or health issues. This group is not intended to include sales of final consumer retail goods, which are defined below as Category III products. Hence, the following examples pertain to industrial sales or sales of products in semifinished form, rather than retail sales.