AGENDA

MEETING OF THE MCA BOARD OF DIRECTORS

11:00 a.m. (EDT), Tuesday, May 12, 1970
Union Club, New York City

I. MINUTES OF APRIL 14, 1970, MEETING.

II. REPORT OF THE SECRETARY-TREASURER.
Financial Report for Eleven Months Ending April 30, 1970. (Enclosure)

III. BOARD OF DIRECTORS.
(a) Budget and Financing for Fiscal 1970-71.
(b) Nominating Committee. Officers and Directors for 1970-71.
(c) Request for Supplemental Fiscal 1969-70 Budget Allocation to Provide for Printing Cargo Information Cards. (Enclosure)
(d) Request for Supplemental Fiscal 1969-70 Budget Allocation for Opposing Freight Rate Increase (ICC Ex Parte 265). (Enclosure)
(e) Proposal of the International Trade Committee to Revise the Trade Bill Testimony. (Enclosure)
(f) Proposal of the Government Liaison Technical Committee to Organize A Task Group on Chromite and Ferrochrome Stockpile Surplus Disposal. (Enclosure)
(g) Board Liaison Committee Chairmen Reports --
(1) Environmental Quality and Control
(2) Government Relations
(3) Other Technical Committees
(4) Public Relations and Education.
(h) Annual Report for Fiscal 1969-70.

IV. COMMITTEE APPOINTMENTS. (Enclosure)

V. STAFF REPORT.

VI. COMMITTEE REPORT.
Transportation and Distribution Committee - D. L. Campbell Kerr, Chairman

VII. ADJOURNMENT.

Next Regular Directors' Meeting -- Reception at 6:00 p.m. (EDT), Wednesday, June 3, 1970, in the Tyler Room, The Greenbrier, White Sulphur Springs, West Virginia, followed by dinner meeting at 7:00 p.m. in the Fillmore and Van Buren Rooms.

MINUTES of the one hundred ninety-fifth meeting of the Directors of the Manufacturing Chemists' Association, Inc., held at the Union Club, New York City, Tuesday, May 12, 1970, at 11:00 a.m.

There were present:	F. Leonard Bryant, Chairman	Kenneth H. Hannan
	Edward J. Bock	John M. Henske
	John T. Connor	Leonard Hynes
	David H. Dawson	Earl T. McBee
	George S. Dillon	Harry D. McNeeley
	Herbert D. Doan	Max A. Minnig
	William J. Driver	Joseph A. Neubauer
	Raymond F. Evans	L. John Polite, Jr.
	Clifton C. Garvin, Jr.	Clifford D. Siverd
	Robert D. Goodall	Robert J. Whitesell
	Ralph K. Gottshall	James R. Carnes

Alternates:

John W. Clinton (for W. Kenneth Menke)
E. Philip Comer (for L. G. Bliss)
R. M. Coquillette (for Robert D. Goodall)
J. P. Cunningham(for Jack B. St. Clair)
John L. Gillis (for Edward J. Bock)
James A. Hughes (for Raymond F. Evans)
James W. Kettle (for Roger W. Gunder)
Thomas B. Nantz (for Harry B. Warner)
Donald C. Oskin (for Jack M. Pope)
Robert C. Swain (for Clifford D. Siverd)
Donald O. Swan (for Clifton C. Garvin, Jr.)
Robert M. Thomas (for Earl T. McBee)
Alfred N. Wohlwend (for George S. Dillon)

General Counsel: Lloyd Symington

Present by invitation: George E. Best, MCA
D. L. Campbell Kerr, Freeport Sulphur Company

I. MINUTES OF THE APRIL 14, 1970, MEETING.

The Minutes of the April 14, 1970, meeting of the Board of Directors were approved as submitted to the members.

II. REPORT OF THE SECRETARY-TREASURER.

The financial report for the eleven months ended April 30, 1970, was summarized by the Secretary-Treasurer.

ON MOTION, duly made and seconded, it was, VOTED: That the report be accepted and placed on file.

III. BOARD OF DIRECTORS.

(a) Budget and Financing for Fiscal 1970-71. The Secretary-Treasurer on April 17 transmitted to Directors a detailed documentation of the proposed budget and financing for fiscal 1970-71 as recommended by the Executive Committee. At the request of the Chairman, the proposed budget was summarized by Chairman Garvin of the Finance Committee.

ON MOTION, duly made and seconded, it was,

VOTED: (1) That a budget for the new fiscal year in the amount of $1,803,060 be approved for presentation to the membership, this consisting of an operating expense budget of $1,489,060 and a project budget of $314,000; the funds to be raised from membership fees utilizing the current sales fee classification plus income from the sale of publications, investments, and general meetings.
(2) That a plastics activity budget for the new fiscal year in the amount of $75,060 also be approved.

Copies of the budget and financing proposals, together with the tentative agenda of the 98th Annual Business Meeting on June 4, will be sent to the Executive Contacts on May 15.

(b) Proposed Nominations of Officers and Directors for 1970-71. Chairman Neubauer of the Nominating Committee presented the following slate of officers and Directors for submission to and action by the membership at the 98th Annual Business Session on June 4.

Chairman of the Board -- Clifford D. Siverd, President, American Cyanamid Company
Chairman of the Executive Committee -- Roger W. Gunder, President, Stauffer Chemical Company
President -- William J. Driver
Vice Presidents -- Harold E. Thayer, Chairman and President, Mallinckrodt Chemical Works
Harry B. Warner, President, The B. F. Goodrich Company
Secretary-Treasurer -- James R. Carnes

<u>Directors</u>: (Term Expires May 31, 1973)

Fletcher L. Byrom, Chairman of the Board, Koppers Company, Inc.
Herschel H. Cudd, President, Amoco Chemicals Corporation
Edward J. Donley, President, Air Products and Chemicals, Inc.
William P. Drake, Chairman of the Board, Pennwalt Corporation
H. E. Hirschland, President, M&T Chemicals Inc.
Robert A. Lucht, President, The Harshaw Chemical Company, Division of Kewanee Oil Company
Carl L. Randolph, President, United States Borax & Chemical Corporation
Luther S. Roehm, Senior Vice President, Merck & Co., Inc.
Jesse Werner, Chairman and President, GAF Corporation
F. Perry Wilson, President, Union Carbide Corporation

The Nominating Committee will include one additional nomination in the above slate of nominees for Director prior to its presentation at the Annual Business Meeting on June 4.

(c) <u>Request for Supplemental Fiscal 1969-70 Budget Allocation to Provide for Printing Cargo Information Cards.</u> Sent to Directors in advance of the meeting and summarized by Chairman Siverd of the Executive Committee was a recommendation that the fiscal 1969-70 budget be supplemented by an allocation of $12,000 to print initial stocks of Cargo Information Cards and that the funds not expended during the current fiscal year be carried over for expenditure during the next fiscal year, copy appended as Exhibit A. The Executive Committee had endorsed the proposal and recommended that it be approved by the Board of Directors.

ON MOTION, duly made and seconded, it was,

VOTED: That the proposed supplemental budget allocation of $12,000 be approved and that authority be granted to carry forward into the next fiscal year such portion of these funds as are not expended by the end of the current fiscal year.

(d) <u>Request for Supplemental Fiscal 1969-70 Budget Allocation for Opposing Freight Rate Increase (ICC Ex Parte 265)</u>. Sent to Directors in advance of the meeting and summarized by Chairman Siverd of the Executive Committee, was a proposal of the Transportation and Distribution Committee, copy appended as Exhibit B, that MCA oppose the rail freight rate increases requested in Ex Parte 265 and that the budget for fiscal 1969-70 be supplemented by an allocation of $10,000 for this purpose with authority to carry forward the unexpended balance on May 31 for expenditure in the next fiscal year. Chairman Siverd reported that the Executive Committee had endorsed the proposal and recommended approval by the Board of Directors.

ON MOTION, duly made and seconded, it was, VOTED: That the fiscal 1969-70 budget be supplemented in the amount of $10,000 to provide for opposing the rail freight rate increases requested in Ex Parte 265, and that authority be granted to carry forward for expenditure in the next fiscal year such of the funds so provided as remain unexpended on May 31, 1970.

(e) Proposal of the International Trade Committee to Revise the Trade Bill Testimony. Sent to Directors in advance of the meeting and summarized by Chairman Siverd of the Executive Committee, was the proposal of the International Trade Committee, copy appended as Exhibit C, to revise the proposed MCA testimony on the Administration's trade bill which was approved at the April meeting of the Board of Directors. The revisions had been developed pursuant to the request of the Board of Directors at that meeting. Chairman Siverd advised that the Executive Committee had endorsed the proposed revisions and recommended that they be approved by the Board of Directors.

ON MOTION, duly made and seconded, it was,

VOTED: That the proposed revisions to the MCA statement on the Administration's trade bill be approved.

(f) Proposal of the Government Liaison Technical Committee to Organize a Task Group on Chromite and Ferrochrome Stockpile Surplus Disposal. Sent to Directors in advance of the meeting and summarized by Chairman Siverd of the Executive Committee was a proposal, copy appended as Exhibit D, of the Government Liaison Technical Committee that it be authorized to organize a task group on chromite and ferrochrome stockpile surplus disposal to consult with the Office of Emergency Preparedness and the General Services Administration as to means of avoiding market disruptions in connection with the proposed Government disposal of surplus chromium-bearing stockpile materials. Chairman Siverd reported that the Executive Committee had endorsed the proposal and recommended approval by the Board of Directors.

ON MOTION, duly made and seconded, it was,

VOTED: That organization of a task group on chromite and ferrochrome stockpile surplus disposal be approved as proposed.

(g) Reports of Board Liaison Committee Chairmen. Messrs. Doan, Connor, Bock, and Dawson, as Chairmen of the Board Liaison Committees for Environmental Quality and Control, Government Relations, Other Technical

Committees, and Public Relations and Education, respectively, reported on the status of organization of each liaison committee, briefings given to them by members of the staff and chairmen of the technical and functional committees, and matters taken under study or planned for future consideration.

(h) Annual Report for Fiscal 1969-70. Mr. Carnes reported that the draft of the 98th Annual Report was nearing completion, and it was planned to forward it to the Directors during the week beginning May 18 for their review and any suggestions as to revisions they would like to make. This will permit the Report to be printed and mailed to the Executive Contacts of member companies by approximately July 1.

IV. COMMITTEE APPOINTMENTS.

The following committee appointments were approved.

(a) Chemical Packaging Committee.
P. J. Kirby, Tennessee Eastman Company -- As Chairman
Chester A. Harlow, Olin Corporation -- As Vice Chairman

(b) Education Activities Committee.
Henry W. Rahn, PPG Industries, Inc.

(c) Government Relations Committee.
Robert H. Miller, Tenneco Inc.

(d) Safety and Fire Protection Committee.
Sanford Schreiber, Allied Chemical Corporation -- As Chairman
John Jorgensen, Rohm and Haas Company -- As Vice Chairman
James E. Gillan, Atlas Chemical Industries, Inc.
Gordon A. Jamieson, Canadian Industries Limited
William P. Paulsen, Olin Corporation

(e) Tax Policy Committee.
Richard W. Brust, Minnesota Mining and Smelting Company
Richard S. Payne, Celanese Corporation

(f) Transportation Equipment Committee.
M. R. Gillenwater, Allied Chemical Corporation
R. H. Moulton, Enjay Chemical Company

V. STAFF REPORT.

Mr. Driver briefly summarized developments in the Association's program of projects and activities since the last meeting, copy of his full report, which was furnished to Directors in advance of the meeting, being appended as Exhibit E.

In addition to the information contained in Exhibit E, Mr. Driver reported that other chemical trade associations have acquainted him with extensive public relations programs which they are undertaking and in connection with which they ould welcome MCA support or participation. These programs indicate various approaches to the industry's present problems, and Mr. Driver advised that he would keep the Board of Directors informed of future developments in this connection. With respect to the pending occupational safety and health legislation, he reported that the action of a Federal court in enjoining enforcement of the Mine Safety Bill which provided a model for the Occupational Safety and Health Bill had resulted in some lessening of support in congressional quarters for the latter bill.

VI. COMMITTEE REPORT.

Chairman D. L. Campbell Kerr of the Transportation and Distribution Committee reported on the projects and activities of that committee, copy appended as Exhibit F.

* * * * * *

There being no further business to come before the meeting, it was unanimously resolved to adjourn.

J.R. Carnes
James R. Carnes
Secretary-Treasurer

Certified Correct:

F L Bryant
F. Leonard Bryant
Chairman of the Board

EXHIBIT A

Request for MCA Budget Amendment
to provide for printing
Cargo Information Cards

Effective June 1, 1970 the U.S. Coast Guard will require cargo information cards to be carried on barges transporting dangerous cargoes (81 different chemicals) listed in the new Subchapter O of the regulations.

MCA's Water Information Cards qualify for this purpose, but had been developed for only 20 of the chemicals now to be involved. At the Coast Guard's request, MCA undertook to develop text for the 61 additional chemicals, converted to the name, Cargo Information Cards.

A Cargo Information Card Manual is being printed for general reference with the thought that MCA might not need to print and stock the individual cards. It now appears that failure to do so will entail inconvenience and added expense to member companies. It would also be inconsistent with our service in stocking and selling Chem-Cards (bulk highway transport) and the Water Information Cards. MCA will be able to make Cargo Information Cards available for purchase at a cost much lower than private printers, and MCA's outlay will be recouped from sales.

Accordingly, it is recommended that authorization be given for expenditure not to exceed $12,000 to print initial stocks of Cargo Information Cards, estimated to provide a year's supply. The fiscal 1969-70 budget would be supplemented by the amount of the authorized expenditure and the funds thus provided would be carried forward for expenditure during the next fiscal year.

MCA - 5/12/70

EXHIBIT B

Recommendation of the

Transportation and Distribution Committee

regarding

General Freight Rate Increase (Ex Parte 265)

On March 3 railroads of the eastern and western territories (recently joined by the southern roads) filed with the Interstate Commerce Commission for permission to increase freight rates by 6%, to compensate for added costs already incurred, committed and anticipated during 1970, effective March 11. Out of a need to initiate action by March 6 the ICC deadline, and in order to avoid commitment of unauthorized funds, the expedient was taken of sending a letter signed by President Driver asking for a delay of at least 30 days to allow time for examining the railroads' justification.

Aware that the ICC had declined to allow the proposed increase in freight rates (Ex Parte 265) to become effective as requested, and had prescribed not less than 75 days' notice, the Executive Committee of MCA's Board of Directors on March 11 deferred a decision concerning further action by MCA on this matter. In its discussion the Executive Committee made reference to the historical position of the Association of not opposing rate increases in the absence of special circumstances, the possible adverse effect of repeated MCA opposition of rate increases upon other shipper-railroad relationships, and to the probability that the railroads will be granted some rate increase due to economic conditions. The Transportation and Distribution Committee, therefore, was requested to consider this matter carefully, and present its recommendations on Ex Parte 265 in light of such consideration.

At a special meeting on March 31, the Committee reviewed the policy followed in recommending MCA's participation and opposition to general freight rate increases. Beginning with Ex Parte 259 (1968), MCA opposed a general increase of 6% for the following reasons:

(1) Chemical shippers are already making a disproportionate contribution to railroad net operating costs.

(2) Justification by the carriers was not properly validated.

(3) Cost factors presented in support of proposed increases were not completely or adequately disclosed.

(4) Increased carrier efficiency, including consideration of mergers, was not taken into account.

(5) Ex Parte gen ral increases tend to subsidize the inefficient carrier.

Appeals involving Ex Parte 259 before the courts were recommended because the ICC did not give due consideration to the defici ncies of railroad factual basis for such increases or the well substantiated opposition of the record.

It is the view of the Committee that these principles are still valid and must continually be pressed before the ICC. It is also important that until a sound policy for evaluating Ex Parte increases is adopted by the ICC, it is important that MCA continue to be listed in opposition because it is the only representation of the chemical group of shippers.

The Committee believes that its views have been consistent with MCA general principles and policies and unanimously adopted the following resolution.

> "In accordance with long standing practice, MCA's Transportation and Distribution Committee proposes to continue to participate in freight rate matters of specific interest to the chemical industry applicable on broad territorial bases when such action by MCA can be justified because the proposals are not based on acceptable economic principles of rate making and existing statutory requirements.
>
> Such participation will occur following Association approval of Committee recommendations based on the principles stated above, taking into account (a) the Association's policy that the Committee will not become involved with matters applicable to a limited number of shippers or commodities and (b) the effect of the recommended action on other relationships the industry may have with the carriers involved."

If the Board of Directors concurs in this basic position to be followed by MCA, the Transportation and Distribution Committee recommends that MCA oppose recent rate increases proposed in Ex Parte 265, involving essentially the same principles as our opposition in 259 and 262, as well as questions raised by the railroads' attempt to include anticipated costs as part of their justification for the increased rates. Special counsel fees and associated charges to pursue this proceeding (not including court review) have been estimated to require about $10,000. It is requested that the budget for the current fiscal year be supplemented in this amount and authority granted to carry forward the unexpended balance on May 31 for expenditure in the next fiscal year as required for this purpose.

EXHIBIT C

Proposal of the International Trade Committee
to Revise Trade Bill Testimony
to Accommodate Board of Directors Suggestions and the Effects
of the Mills Bill, HR 16920

In approving the testimony drafted for HR 14870, the MCA Board requested additional material on the status of the U.S. balance of trade when considered without the favorable balance contributed by the chemical industry. Accordingly, the following words are suggested for inclusion in "III. BACKGROUND" (at the end of the first paragraph on page 3 of Draft #6, which the Board reviewed in April):

> "The significance of this surplus can be measured as a contribution to the total U.S. balance of trade. The 1969 trade surplus of $1.2 billion would have been transformed into a deficit of $0.9 billion without the chemical trade surplus. Over the past ten years the chemical industry has contributed a trade surplus totaling $16.5 billion."

During the Board review, it was recognized that the newly introduced Mills bill, HR 16920, might necessitate some further changes. The International Trade Committee has met to consider that bill, and recommends the following:

(a) The testimony should remain primarily directed to the Administration bill, HR 14870. However, because some references to the Mills bill, HR 16920, will be necessary, a number of minor clarifying technical changes and insertions must be made.

(b) The prepared statement should include no reference to the textile and shoe quota matters of the Mills bill. However, the MCA witness should be prepared to respond to a question on quotas if for no other reason than a number of MCA members are producers of man-made fibers. The witness can indicate that, while MCA does not speak authoritatively for textiles or shoes, spokesmen for those directly affected will be making their views known. The witness can point out that MCA recognizes that relief measures should be provided where needed, that the form of relief should be tailored to the needs of the affected industry, and that quotas would be an acceptable form where circumstances warrant.

(c) In the prepared testimony on HR 14780, equivalent criteria were recommended for all seeking relief - industries, firms, or workers - and opposition was voiced to the proposal for the President to take over from the Tariff Commission in judging these criteria. Because the Mills bill accomplishes these recommendations, the testimony should reflect support for those particular Mills bill provisions. This can be accomplished by the addition of a few sentences so stating to the section bearing the title, "VIII. TARIFF ADJUSTMENT AND ADJUSTMENT ASSISTANCE" (by insertion of one paragraph just ahead of the last paragraph on page 12 of Draft #6).

(d) The prepared testimony on the Administration bill indicates a concern that the new 20% tariff cutting authority is larger than believed necessary for housekeeping purposes, suggesting instead new authority to cut tariffs by 10%. The Mills bill proposes no new authority in this regard but merely extends the opportunity for the President to use residual authority of the Trade Expansion Act of 1962 not exercised at the Kennedy Round but confining its use to compensation for escape clause actions. By comparison with the 20% tariff cutting authority of HR 14870, the residual authority of HR 16920 to further reduce chemical tariffs would be quite small. However, to limit the use of the authority to escape clause compensation, as the Mills bill proposes, would handicap the President in that he would be unable to extend compensation for other "housekeeping" measures such as tariff classification changes, concession losses due to terminations of bilateral agreements, or concession withdrawals under GATT Article XXVIII. Accordingly, the testimony section entitled, "V. TRADE AGREEMENTS AUTHORITY" (page 9 of Draft #6) should be rewritten expressing preference for the Mills bill extension of Presidential authority but recommending that its use be broadened to encompass those other "housekeeping" matters in addition to escape clause compensation. In expressing this preference, it should be made clear that there is no intention of reinstating the special 100% tariff cutting authority granted the President by the Trade Expansion Act of 1962.

(e) The public notice issued by Ways and Means Committee Chairman Mills indicated that the forthcoming Committee hearings on trade legislation also would consider proposals to stimulate exports. The Treasury Department proposals for deferring income taxes on the export income of domestic corporations through domestic international sales corporations (DISC) are expected to be before the Committee. While the HR 14870 testimony contains brief proposals on export expansion, timeliness indicates this as an opportunity to include MCA Tax Policy Committee suggestions on the Treasury Department proposals. The addition of a sentence or two to the "Tax Measures" section of "XI. EXPORT EXPANSION" (top of page 17 of Draft #6) would permit the appending of the MCA letter to Treasury Secretary Kennedy.

MCA - 5/12/70

EXHIBIT D

Proposal of the Government Liaison Technical Committee
to Organize a Task Group on
Chromite and Ferrochrome Stockpile Surplus Disposal

Producers of ferrochrome alloys serving on the Government Liaison Technical Committee became concerned about the effects of new stockpile objectives established by the Office of Emergency Preparedness (OEP) for chromium-bearing materials maintained in the strategic and critical stockpiles. Ostensibly attributable to a world shortage of chromite created by political relations with Rhodesia and to changed Defense Department programs, OEP set new objectives which will make some quantity of ferrochrome alloys surplus in the stockpiles and therefore available for disposition. The estimated quantities involved represent about two years of U.S. consumption requirements for these alloys. Their sudden release in the U.S. market would be disastrous for the producers.

The OEP and the General Services Administration (GSA) are required to consult with those affected to avoid market disruptions. The Government Liaison Technical Committee proposes the formation of a task group to be charged with determining the precise quantities of these materials which will be available for disposal and developing an orderly program of disposal through the producers to be recommended to OEP and GSA with windfall profits to no one and without causing market disruptions. The task group's work should be completed by September 1, 1970.

The task group personnel would be:

R. V. Schnabel, Airco Alloys - Chairman
B. A. Rausch, Foote Mineral
G. W. Watson, Union Carbide

Approval for this undertaking is recommended.

MCA - 5/12/70

EXHIBIT E

STAFF REPORT
May 12, 1970
by
William J. Driver

GOVERNMENT

Hearings on two bills before the House General Labor Subcommittee concerning enforcement powers of the Equal Employment Opportunities Commission have been concluded. MCA submitted a statement opposing both. One would give the Commission power to issue "cease-and-desist" orders, the other would authorize the agency to initiate court suits. The Subcommittee expects to act on the bills in the next few weeks. It is leaning toward the "cease-and-desist" bill.

* * *

The House version of the occupational safety and health bill continues to await final action by the full Committee on Education and Labor. The measure (H.R. 16785) contains a number of provisions which have drawn strong criticism from industry spokesmen. A revised version of the Administration bill was proposed, and defeated, in the Committee's first executive session in mid-April. If granted Committee approval, the bill moves to the Rules Committee and from there to the House floor, perhaps as early as June.

In the Senate, the Labor Subcommittee has not yet formally concluded its hearings on job safety and health.

ENVIRONMENT

The Senate Air and Water Pollution Subcommittee, chaired by Senator Muskie, began hearings on water pollution legislation on April 20. They will continue for several weeks, during which witnesses from both government and the private sector will have an opportunity to testify.

These hearings cover consideration of S. 3468, S. 3470, S. 3471, and S. 3472, the Administration's principal legislative proposals in the water pollution control area, and S. 3687, Senator Muskie's recently introduced "National Water Quality Standards Act of 1970."

The Administration bills would:

(1) set up an Environmental Financing Authority to assist State and local governments to finance waste treatment facilities;
(2) renew and streamline federal authority to conduct research projects on water pollution abatement methods;
(3) extend coverage under the Water Pollution Control Act to intrastate as well as interstate waters;
(4) substantially strengthen federal investigative and enforcement authority; and
(5) provide for fines of up to $10,000 a day for violations.

The Muskie proposal, which addresses many of the same areas, would broaden the coverage of the water quality standards program, toughen the enforcement of those standards and double the level of Federal assistance for the construction of treatment facilities.

In view of the number and scope of the bills under consideration, it is difficult to forecast the content of the bill to be eventually reported out by the Senate Public Works Committee. We believe, however, that the provisions of Senator Muskie's proposal have the support of the majority of the Committee at this time.

MCA plans to submit a written statement to the Committee, but may decide to send a witness before the hearings in the House, depending on the form of the bill which emerges from the Senate.

* * *

The Senate Commerce Subcommittee on Energy, Natural Resources and the Environment called a one-day hearing on May 8 to investigate the dumping of mercury discharges into a Lake Erie tributary. Senator Philip A. Hart (D-Mich.), Subcommittee Chairman, convened the hearing in Mt. Clemens, north of Detroit, and called witnesses from: Food and Drug Administration, Federal Water Quality Administration, Ontario (Canada) Provencial Department of Water Resources, The Dow Chemical Company, Wyandotte Chemicals Corporation, Army Corps of Engineers and the Michigan Department of Natural Resources.

In mid-March, as a result of finding excessive amounts of mercury in certain fish, the Canadian Federal Fisheries Minister acted to ban fish exports and sport fishing in selected waters near Detroit. Michigan Governor Milliken has banned fishing in some state waters and the State's Attorney General has obtained a court order resulting in the closing of part of a Wyandotte installation.

A related action by Ohio Governor Rhodes resulted in a temporary ban on commercial fishing in Lake Erie and the continued closing of fishing for pickerel and walleyed pike. The Attorney General of Ohio has also announced a suit against Detrex Chemical Industries, Inc. to prohibit the firm from dumping mercury compounds into a Lake Erie tributary. It is anticipated that the fishing bans may result in suits against involved chemical companies by fishermen.

TECHNICAL

MCA's voluntary standard, "Standard Centrifugal Pumps for Process Use (Single-Stage, Horizontal, End-Suction)", has been approved as an American National Standard. This is a signal success after a long period of frustration, due in no small measure to improved procedures for standards' development by the American National Standards Institute.

* * *

We endorsed a Department of Transportation proposal for amending the transportation regulations to establish a new combustible liquid classification to the extent of requiring the placarding of bulk shipments -- tank cars, tank trucks and portable tanks. For this purpose, MCA proposes that a combustible liquid be defined as one giving off flammable vapors (as determined by flashpoint from Tagliabue's open-cup tester) in the range of 80^{o}F. to 150^{o}F.

* * *

Proposals of the Department of Transportation and Federal Highway Administration to amend the Motor Carrier

Safety Regulations were requested to be withdrawn and reconsidered. While aimed at overcoming driver negligence, the proposed changes in many instances are impractical, unreasonable, and could place substantial economic burden without assurance of compensating benefit. We urged that the objective be sought through enforcement of existing regulations.

* * *

The survey of our member companies' owned and leased tank car fleet in chemical service is nearly complete and the mailing of invoices for the approved $1.00 per car assessment is under way. Funds so obtained will be used to defray costs of pending and anticipated litigation involving tank car mileage compensation.

TECHNICAL AND THE ENVIRONMENT

The National Air Pollution Control Administration has approved the Memorandum of Understanding to govern the cooperative study of the ferroalloy and related submerged arc electric furnace processes by a joint MCA-NAPCA team, and has designated representatives to serve on the project's steering committee.

* * *

"Atmospheric Emissions from Wet Process Phosphoric Acid Manufacturing Processes," the fifth in the series of reports of the MCA-NAPCA Cooperative Program for the Study of Atmospheric Emissions from Selected Chemical Processes, has now been published.

* * *

Under the sponsorship of the Air Quality Committee, Dr. Louis C. McCane, first director of the Los Angeles County Air Pollution Control District, prepared an article entitled "Can One State's Code Solve Another State's Problems." It appeared in the March 1970 issue of "Environmental Science and Technology", published by the American Chemical Society. The article stresses the need to suit air pollution control regulations to both the needs of the region and technological feasibility.

* * *

EDUCATION

Recipients of MCA's 1970 College Chemistry Teacher Award have been selected and notified. They are:

Dr. Howard Anthony Neidig, Lebanon Valley College
Dr. Eugene George Rochow, Harvard University
Dr. Robert E. Treybal, New York University
Mr. Robert L. Burham, Grand View College (Two-year College)

Public announcement of the selections is being withheld until June 4 when the awards are presented during the business session of the Annual Meeting.

The four-year college selections were made from 76 nominations. The two-year college choice was made from an unusually large number of nominees, first screened by the Two-Year College Chemistry Conference Recognition Subcommittee.

* * *

To date, seven of the ten Chemical Industry Councils participating in our High School Teacher Award program have made their selections. Most of the presentations took place at CIC events observing Chemical Progress Week.

* * *

The tenth book in the "Chemistry in Action" series is now available. Entitled "Defense Against Famine: The Role of the Fertilizer Industry", the author is A. V. Slack, Chief, Applied Science Branch, Division of Chemical Development, Tennessee Valley Authority.

Member companies are being notified of the usual discount rates. Donations to schools, colleges and other organizations are recommended.

* * *

SPEAKERS

Our Board Chairman, F. Leonard Bryant was the featured speaker at the Chemical Progress Week luncheon held on April 21 by the Chemical Industry Council of Greater St. Louis.

SPEAKERS (cont'd)

John L. Gillis journeyed from St. Louis to San Francisco to speak at CIC/Northern California's Chemical Progress Week luncheon on April 24.

And, Carl A. Gerstacker addressed members of industry who attended the Pittsburgh Chemical Day luncheon on April 15.

* * *

EXHIBIT F

Manufacturing Chemists Association
Meeting of the Board of Directors
Union Club, New York - May 12, 1970

Report of the
Transportation and Distribution Committee

The Transportation and Distribution Committee is charged with representing MCA in matters related to the distribution of the products of its member companies. It works through subcommittees and special committees that meet as necessary. The parent committee meets regularly three times a year and convenes occasionally for special purposes. The committee provides a forum for education and action, particularly concerted action that would not be possible or justifiable for a single member company to take.

Freight Car Compensation

The battle to increase tank car mileage allowances is in its tenth year. It is an outstanding example of the kind of community action that no single company could start or carry on. The very substantial costs of this proceeding have been shared on a per car assessment basis by chemical tank car lessees and owner-users. The rewards already obtained are many times the investment and in fact the Transportation and Distribution Committee's Tank Car Compensation activities are probably bringing to your companies the highest rate of return on any investment they have ever made. The investment will eventually be in the neighborhood of $300,000; the return has been at $6,000,000 per year for the past five years and we are not through yet. A report of the Interstate Commerce Commission, if sustained, can raise the annual figure to $21,500,000.

I think you will find it interesting if I review, briefly, the salient features of this ten year campaign.

In February of 1961 the Transportation and Distribution Committee recognized the need for a review of tank car allowances. Post war, a whole new generation of tank cars had been created whose cost was substantially in excess of that of the standard car that had been built for petroleum products. MCA and the American Petroleum Institute presented to the AAR, after joint discussions, a joint proposal to increase allowances. The proposal included an MCA idea of a multi-level schedule of allowances related to costs of ownership. The AAR response was to initiate a study of ownership costs.

Information for the cost study was assembled by car builders and owners and furnished to MCA in coded form to conceal individual company identification. The data was analyzed by a special Tank Car Task Group with the help of a consulting engineering firm that was engaged for that purpose. It was then possible to evaluate the impact of different mileage allowance schedules on the various value groupings and to determine the disposition of categories and rates that would produce optimum revenues related to tank car costs. By mid-1963 a second proposal was presented by MCA.

It consisted of a six-level schedule that would return to MCA members $54,000,000, their full tank car cost, in contrast to the $32,000,000 then being earned.

The AAR rejected the proposal and countered with one that would produce only $38,000,000 for MCA. It was published in tariff form and on October 1, 1964 MCA members began to receive allowances increased by $6,000,000.

The tariff was not favorable to low-valued cars, therefore, owners and lessees of such cars protested the rates and the Interstate Commerce Commission agreed to investigate without suspending them. MCA filed exceptions in support of the rates.

Time passed. The ICC investigated. And, after three years, the Commission ruled the rates to be inadequate and gave the railroads six months to come up with a better schedule, following guidelines set by the Commission that basically followed the MCA proposal.

It was not six months but twelve months later that the railroads produced a schedule. And it was less satisfactory than the first. MCA was successful in getting it suspended.

Time passed again. Just four days ago, May 8, 1970, the Commission served its order sustaining the report of its examiner. This means that the formula devised by your T&D Committee, changed in only minor details, has been ordered to become effective. It gives me great pleasure,therefore, to tell you that the increased revenues of approximately $21,500,000 that I referred to earlier can almost certainly be counted on, barring only the very unlikely reversal in the Courts, if the railroads go to court.

During the 10-year period, the continuity of effort has been maintained by four successive subcommittee chairmen and at one point the subcommittee and related task groups consisted of twenty-eight persons.

No one dared to keep a record of the man-hours but the contribution of their time by committee members and others in the industry was monumental. If no T&D Committee had existed one would have had to be formed for this purpose.

General Freight Rate Increases

Only rate proceedings of broad general interest to the chemical industry can appropriately become the business of the Transportation and Distribution Committee.

General increases have become a recurring problem that is properly within our purview. In fact, it has become such a large problem that individual action is not only difficult and expensive; it is also indirectly discouraged. In Ex Parte 259, for example, the amount of time for oral arguments to be made to the Interstate Commerce Commission was severely limited. The Commission requested participants to form groups and to select a spokesman to represent each group. Thus, group action rather than individual action has become a necessity for effective representation before the ICC.

Whether to enter a general rate increase case is a question that has to be answered for each case. Major considerations are costs and whether action might violate fundamental principles that would produce imponderable consequences for the future. A combination of money and principle, of cash and credo persuaded T&D to recommend opposition to the rail freight rate increases proposed in the Ex Parte 259 proceeding. The cash at stake was estimated at $50,000,000; the credo was that the railroads had not justified increasing rates equally on all commodities by 5%, that chemicals were already paying more than their share, and that rail costs supporting the proposed increase were not fully disclosed. The increase was reduced to 3% for a five-month period. This was worth about $14,000,000 to the industry, but the full increase -- returning $50 million -- was nevertheless subsequently awarded. Our costs will be about $100,000.

The credo is now before the United States Supreme Court.

Subsequent to Ex Parte 259 the carriers proposed a 6% increase in Ex Parte 262, 1969 and a 6% increase in Ex Parte 265, 1970. We have taken limited action in both cases, largely to protect and reinforce our case in Ex Parte 259. It is rumored that the next increase is now being discussed among the railroads.

Hazardous Materials

This is the most important arena that the Transportation and Distribution Committee occupies.

The creation of the cabinet position of Secretary of Transportation and the assumption by the Department of Transportation of functions theretofore handled by others have brought into focus the importance of transportation in the nation's economy. These actions also enlarge for MCA its solemn responsibility to cooperate fully with yet another agency of our Government in the industry's continuing concern for private and public interests.

The Transportation and Distribution Committee is comprised of men of wide experience in the transportation of hazardous materials. They have for years worked closely with the Bureau of Explosives and with the Interstate Commerce Commission and have welcomed the opportunity to carry on the important work with the new agency.

The transportation of hazardous materials is subject to regulations of the Office of Hazardous Materials and specifically its Hazardous Materials Regulations Board.

Our committee has three subcommittees at work in this area -- D.O.T. Liaison, Hazardous Materials and Accidents, and an inter-committee task force on Transportation Hazards Information.

When parathion was spilled from a truck near Blythe, California, it was MCA that proposed to the Department of Transportation specific changes in regulations for loading, stowing and bracing Class B poisons. These suggestions were adopted. We have recommended that the construction and testing be reviewed of all containers authorized by the D.O.T. for Class B poisons.

We have met many times with staff members of the Office of Hazardous Materials to discuss with them procedures for issuing permits for transportation; new regulations and their implementation; warning labels and placards for vehicles; reporting accidents and determining their causes; new educational materials, seminars, films, and other relevant matters.

The Hazardous Materials Regulations Board has issued approximately forty proposals, most of them very long, very complicated -- and very important. Each proposal has evoked interest and consultative meetings with Government officials, often attended by representatives of other organizations concerned with safety and by representatives of other departments of the Government.

MCA, as you know, has initiated such devices as the Chem-Card; the THI (Transportation Hazards Information) guides and placards; and has studied and expressed its opinion to the responsible agencies on similar devices proposed by others.

The emotional and political potential is recognized with sympathy and understanding. It is worth repeating: <u>this is our most important arena and we in the T&D Committee are directing our actions accordingly.</u>

By using my time to cover in some detail only three areas of action I have unfortunately deprived you of a description of the very important services being regularly performed by several other sub-committees:

<u>Legislation</u> has been active in bringing to our attention state and federal bills and in leading the action for or against some of them.

<u>Car Service</u> has been battling with railroads for an improvement in service which, on some lines, rates between poor and intolerable.

<u>Domestic Water</u> is this very day meeting with other groups in Washington to rally opposition to a rule that would make barge transportation more expensive -- the so-called "No Mixing Rule".

<u>Motor Carrier</u> has alerted us about and taken action concerning motor truck practices and rates.

<u>Tank Truck</u> is endeavoring to achieve equitable phrasing in a standard tank truck bill of lading; and has been active in rate increase proposals.

Research and Development has done most significant and useful work in preparing technical bulletins and in providing precise data relating to computerized tariff information, data processing for transportation systems, and time and distance compensation formulas for tank car and hopper car use.

Trailer-on-Flat-Car (TOFC) has been engaged for two years in an Investigation and Suspension proceeding before the Interstate Commerce Commission at a cost of $20,000 and a saving by reason of the suspension of the proposed tariff rules that has been calculated to be $500,000 per year.

Looking to the future, one recognizes that the single constant is change. The excitement and challenge of change will stimulate adequate response from the committee. Without trying to predict specific developments I would say that there will be more emphasis on the public interest. Public awareness will continue to make the transportation of hazardous materials of very significant importance. Current emphasis upon safety and upon the quality of life that is finding its major expression in terms of action against pollution also finds its echo in criticism of the size of trucks upon the highways and the size of tank cars on the rails. There seems little doubt that the railroads and the truckmen will continue to press for higher rates. Whether to act and how much to spend will have to be discussed and decided for each rate situation. In water transportation the cost/benefit approach to new improvements in our waterways is subject to continuing scrutiny by the Bureau of the Budget, which favors user charges.

Our goal therefore will be to make use of the considerable talent and leadership ability that are available to us in the transportation and distribution departments of your companies for the purpose of developing and directing group actions that will be of economic benefit to the chemical industry and that will also make clear to the public our concern for and contribution to the public good.

Respectfully submitted

D. L. Campbell Kerr, Chairman
Transportation and Distribution Committee