AGENDA
MEETING OF THE MCA BOARD OF DIRECTORS
3:30 p.m., Tuesday, April 13, 1976
The Madison, Washington, D. C.

I. Opening Remarks and Introduction of Guests

II. Minutes of Meeting of March 10, 1976

III. Business Items:
(a) Report of Membership Committee
Alberta Gas Chemicals Ltd.
(b) Budget and Financing for Fiscal 1976-77
Preliminary Report
(c) Appointment of Committee Members (Attachment)

IV. Report of Special Committee on Toxic Substances Legislation

V. Report of Director of Government Relations

VI. Reports of Committees
(a) Air Quality Committee
W. Bailey Barton, Chairman
(b) Solid Wastes Management Committee
Dennis P. Bridge, Chairman
(c) Water Resources Committee
George J. Hanks, Chairman

VII. Report of the President

Next Meeting of the Board of Directors - 3:30 p.m., Tuesday, May 11, 1976, The Madison, Washington, D. C.

MINUTES of the two hundred forty-eighth meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held at The Madison, Washington, D. C., April 13, 1976, at 3:30 p.m.

Directors:	Harry D. McNeeley, Chairman	
	Joseph A. Neubauer, Vice Chairman	
	James G. Affleck	John R. Hall
	Dieter H. Ambros	Richard E. Heckert
	E. E. Chipman	Ralph M. Knight
	John S. Coey	Raymond H. Marks
	John T. Connor	Andrew J. McNeill
	Thomas C. Dabovich	H. Barclay Morley
	Edward J. Donley	Donald D. Pascal
	William J. Driver	Harvey J. Taufen
	J. Morris Evans	Konrad M. Weis
	Thomas S. Farmer	Robert J. Whitesell
	James C. E. Fuller	
Alternates:	J. Earl Burrell (for Joseph A. Neubauer)	
	Robert C. Hyndman (for Thomas C. Dabovich)	
	R. A. Winslow (for Donald O. Swan)	
Outside Counsel:	Daniel K. Mayers	
Staff Counsel:	Bruce M. Barackman	
Secretary-Treasurer:	George E. Best	
By Invitation:	W. Bailey Barton, Borden, Inc.	
	Dennis P. Bridge, The Standard Oil Company (Indiana)	
	A. C. Clark, MCA	
	C. A. Gosline, MCA	
	G. J. Hanks, Jr., Union Carbide Corporation	
	George W. Ingle, MCA	
	V. H. Peterson, MCA	
	John E. Slavick, MCA	
	William M. Stover, MCA	

Chairman McNeeley opened the meeting by calling for self-introduction of those present in turn.

I. MINUTES OF MARCH 10, 1976, MEETING

Minutes of the March 10th Board meeting, as distributed, including the financial statement for nine months ended February 29, 1976, were duly approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Report of Membership Committee As chairman, Mr. Hall reported the committee's having examined the qualifications of the Alberta Gas Chemicals Ltd. and recommending its election.

ON MOTION, duly made and seconded, it was

VOTED: That Alberta Gas Chemicals Ltd. be elected to membership in the Association.

(b) Preliminary Report on Budget and Financing for Fiscal Year 1976-77 As chairman of the Finance Committee, Mr. Evans reported as follows:

At their joint meeting earlier today, the Executive and Finance Committees examined and decided to recommend for adoption the proposal developed by Association management for fiscal year 1976-77 budget and financing. The "bottom line" figures are the same as those given in the Executive Committee Summary sent to all Directors with the March 10th Board minutes. Full particulars will be mailed to Directors for study in advance of the May 11th Board meeting when this matter will be presented for formal decision.

Expenditures provided for in the proposed budget approximate \$3.235 million, consisting of \$2.88 million for operations and \$355,000 for projects. This will be supported by income estimated at \$3.240 million, of which \$2.75 million will derive from membership fees -- based on continuing the existing membership fee scale. Incidentally, projected membership fee income will barely top that of the current year: chemical sales data reports for calendar 1975 were such that roughly one-third of our members will be paying less, one-third about the same, and thus only one-third higher fees than for the current year.

This year is expected to turn out very well, in part due to substantial income from the subscribed projects MCA is administering for clusters of companies, mainly relating to toxicological research on particular chemicals. Funds being held for payout against research contracts yield added investment revenue, and reimbursement of staff overhead -- in part, at least -- offsets administrative costs included in the operations budget. It will be well to keep these funds relating to subscribed projects in open view, since presumably their future volume -- long range -- is likely to be variable and uncertain.

Prospectively, the current year will show an excess of income over outgo in the vicinity of $400,000 -- all the more notable because legal costs, including major amounts for litigation and for assistance on the pending toxic substances control legislation, are expected to exceed the amount budgeted by $100,000. Even so, the resulting addition to our reserves will still fall short of restoring them to the 50%-of-budget level which it is our policy to maintain, but 48.8% is perhaps respectably close to the target.

The proposed Plastics Financial Package for 1976-77, separately funded by 58 MCA member companies participating in the Plastics Group, calls for the same budget level as in the current year, namely, $72,000, of which $60,000 will be derived from fees and the balance from accumulated surplus.

(c) Appointment of Committee Members Appointments were approved as listed in Exhibit B.

(d) Resignation of a Director With expressed regret, Mr. McNeeley announced the resignation of D. O. Swan as a Director, effective May 31, 1976.

IV. SPECIAL COMMITTEE ON TOXIC SUBSTANCES LEGISLATION

Mr. Heckert reported the chemical industry indeed has received considerable recognition from efforts directed toward sound toxic substances control legislation; executives are credited with being well informed and articulate. He urged a continuation of grass roots activities, commended the small-company program, and spoke with appreciation of assistance from supplier and customer groups and from academia.

He expressed confidence that improved mutual understanding has resulted from contacts with EPA and Administration staffs, as well as legislators. He gave assurance such contacts are continuing on all fronts, mentioning that mark-up in the House Interstate and Foreign Commerce Committee is expected to begin in May.

V. REPORT OF THE DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit C. A tabulation of the status of legislation of interest to MCA as of April 9 was distributed to those present.

VI. REPORTS OF COMMITTEES

Reports presented by the following committee chairmen are attached as indicated:

Mr. W. Bailey Barton, Chairman Air Quality Committee	Exhibit D
Mr. Dennis P. Bridge, Chairman Solid Wastes Management Committee	Exhibit E
Mr. George J. Hanks, Chairman Water Resources Committee	Exhibit F

VII. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit G. He commented on several facets of governmental developments affecting multinational corporations.

George E. Best
Secretary-Treasurer

Certified correct:

Harry D. McNeeley
Chairman of the Board

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

April 13, 1976

Dollar amounts rounded from tabular details
($000)

				Percent of Budget
INCOME & EXPENSE June 1, 1975 - March 31, 1976 - 10 Months (83%)				
Income	- Membership Fees	$2,746		101.320%
	- Other	523		149.429%
			$3,269	106.830%
Expense	- Operations	$1,973		80.334%
	- Projects	172		47.911%
			$2,145	91.471%

ASSETS
(As of March 31, 1976)

Cash	$ 33	
Investments	5,645	
Miscellaneous	2	
		$5,680

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MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION
March 31, 1976

BALANCE SHEET

Assets

Cash		
National Savings & Trust - Commercial Account	$ 23,970	
National Savings & Trust - Payroll Account	6,000	
Imprest Funds	2,800	$ 32,770
Investments		
Bank Certificates of Deposit	$ 400,000	
Bank Repurchase Agreements	270,000	
U. S. Government Securities	2,094,412	
U. S. Government Agency Securities	944,979	
Corporate Securities	1,935,300	5,644,691
Deposits		
U. S. Government Printing Office	$ 200	
American Airlines	425	625
Account Receivable		
Travel Advances		1,957
		$5,680,043

Liabilities & Fund Balances

Liabilities			
D. C. Use Tax			$ 159
Reserve			
Deferred Compensation			82,639
Fund Balances			
Restricted (Schedule I (e))		$3,302,447	
Unrestricted - From Previous Fiscal Years	$1,170,474		
- Current Fiscal Year	1,124,323	2,294,798	5,597,245
			$5,680,043

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INCOME & EXPENSE

INCOME		
Membership Dues & Entrance Fees		$2,745,772
Income from Investments		279,523
Publication Sales		82,052
*(1)Meeting & Special Funds (Schedule I (d))	$64,125	
Overhead Reimbursement/Subscribed Projects (Schedule I (d))	97,930	162,055
Miscellaneous		71
Total Income		$3,269,473
EXPENSE		
Management		$ 532,753
Technical - General		620,670
Technical - Chemtrec		167,854
Public Relations		359,301
Government Relations		235,203
Information Service		51,374
Office Administration		177,995
Total Expense *(2)		$2,145,150
Income less Expense		$1,124,323

FOOTNOTES:

*(1) Net Income on Completed Projects

*(2) Total General Program Expense

Fiscal Year 1975-76 Budget Program Expense (above)	$2,145,150
Expenditures from Project Funds carried over from previous Fiscal Year (Schedule I (c))	37,844
	$2,182,994

SCHEDULE I - RESTRICTED FUNDS & MEETING ADVANCES

March 31, 1976

	Balance June 1, 1975 (a)	Current Fiscal Year Receipts (b)	Expenditures (c)	Transfers To Income (d)	Balance March 31, 1976 (e)
Carry-Over of Budgeted Funds					
GR-1 ' Economic Study	$ 2,844	$ -	$ 2,844	$ -	$ -
Tech X-9 Economic Impact/Toxic Substances	35,000	-	35,000	-	-
Total - Carry-Over Budgeted Funds	$ 37,844	$ -	$ 37,844	$ -	$ -
Non-Budgeted Funds & Meetings					
Meetings, Workshops & Symposia	$ 81,519	$ 223,777	$ 172,680	$ 64,125	$ 68,491
Tank Car Mileage Compensation	24,348	64,099	17,365	-	71,082
TEC Audio/Visual Aids	(2,138)	3,754	745	-	871
CPC Audio/Visual Dids	(28)	28	-	-	-
Vinyl Chloride Research - Inhalation	114,282	595	46,465	2,567	65,845
Vinyl Chloride Research - Epidemiological	56,458	684	33,765	1,960	21,417
Vinyl Chloride Research - Dow Studies	178,603	1,785	154,091	2,170	24,127
Vinylidene Chloride Monomer - Research	504,547	118,400	397,985	5,250	219,712
Styrene Monomer - Research	255,494	105,587	164,458	1,132	195,491
Acrylonitrile Monomer Research	-	529,248	80,572	4,526	444,150
Trichloroethylene Research	-	317,019	696	4,363	311,960
Ethylene Dichloride Research	84,725	28,620	1,254	6,627	105,464
Chlorobenzenes Research	-	27,500	-	502	26,998
Phosgene Safety Research	68,478	15,000	34,675	8,936	39,867
Fluorocarbons Research	677,847	1,388,462	741,812	57,878	1,266,619
Allyl Chloride Research	-	120,120	-	700	119,420
Epichlorohydrin Research	-	128,700	-	700	128,000
Phthalate Esters Research	9,766	45,000	20,900	619	33,247
Loss Data Bank Project	4,434	2,285	1,927	-	4,792
Patents Monitor	243	-	- -	-	243
Chemical Industry Trade Advisor	2,278	37,000	28,946	-	10,332
Total - Non-Budgeted Funds & Meetings	$2,060,856	$3,157,663	$1,898,336	$ 162,055	$3,158,128
Plastics Group Financial Package	$ 85,924	$ 59,286	$ 891	$ -	$ 144,319
Total	$2,184,624	$3,216,949	$1,937,071	$ 162,055	$3,302,447

SCHEDULE II - EXPENSE

BUDGET PROGRAM

March 31, 1976

	MANAGEMENT		TECHNICAL GENERAL		TECHNICAL CHEMTREC		PUBLIC RELATIONS		GOV'T RELATIONS		INFO SERVICES		OFFICE ADMIN		TOTAL TO DATE 10 MONTHS	
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees (Actual	12		22		7		12		10		2		[illegible]		77	
Authorized		12		21		7		12		9				11		75
OPERATING EXPENSE																
Salaries & Related Expense	$242,717	$260,323	$380,374	$354,403	$ 98,624	$ 99,204	$182,311	$183,368	$143,848	$146,119	$ 37,408	$ 47,1[illegible]	126,946	$109,112	$1,212,228	$1,199,952
Retirement Plan & Group Ins.	7,816	54,956	7,960	62,622	3,488	14,250	5,478	23,124	3,723	20,500	793	16,249	5,795	6,208	33,053	197,909
Hosp. Ins. & Health Plan	4,244	2,667	8,117	5,208	1,092	583	4,498	2,625	3,228	2,166	1,031	917	5,144	[illegible],417	27,353	16,583
Legal Fees & Expense	215,013	108,329	-	16,666	-	-	-	-	20,939	20,833	-	-	-	-	235,952	145,828
Consultants&Investment Serv.	-	2,333	-	-	-	-	-	-	-	-	-	-	-	-	-	2,333
Audit	2,500	2,083	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,083
Rent & Premises Expense	14,794	14,791	24,930	24,707	6,323	6,416	16,173	15,666	10,832	10,916	6,61[illegible]	6,500	20,716	20,333	100,380	99,329
(4) Taxes & Insurance	8,303	9,875	15,823	16,666	41,715	36,749	8,731	9,707	7,148	7,875	1,968	2,625	7,551	7,500	91,239	90,997
Supplies & Gen. Office Exp.	4,885	5,833	20,034	16,666	1,790	2,833	10,325	7,916	9,025	5,833	286	667	6,6[illegible]	7,916	52,977	47,664
Furniture & Equipment	4,504	2,083	2,013	1,667	429	1,667	47	208	1,224	2,083	-	83	368	250	8,585	8,041
Printing	4,482	3,000	-	833	1,006	833	4,592	3,500	644	667	-	-	1,365	1,250	12,089	10,083
Telephone & Telegraph	5,225	5,125	13,663	11,082	12,314	18,000	6,875	7,375	6,784	5,500	1,105	1,250	4,777	4,333	50,743	52,665
Postage	2,416	2,916	20,638	19,583	322	833	36,461	37,500	7,840	5,415	180	667	(203)	1,333	67,654	68,247
Travel & Entertainment	5,914	6,666	16,965	21,666	312	1,667	16,769	20,832	8,271	12,500	408	916	719	167	49,358	64,414
Meeting Expense	5,691	10,000	214	750	-	-	14	83	3,001	4,583	-	-	-	-	8,920	15,416
Periodicals, Books, etc.	437	417	1,103	1,333	364	333	1,255	1,375	7,788	8,333	1,583	1,375	89	83	12,619	13,249
Organizational Memberships	2,586	2,333	2,085	2,167	75	83	621	833	908	1,917	-	42	97	83	6,372	7,458
Contingency	1,226	4,167	-	-	-	-	-	-	-	-	-	-	-	-	1,226	4,167
Operating Expense Totals	$532,753	$497,897	$513,919	$556,019	$167,854	$183,451	$294,150	$314,112	$235,203	$255,240	$ 51,374	$ 78,414	$177,995	$161,285	$1,973,248	$2,046,418
PROJECTS																
Technical																
*(2) Air Quality			$ -	$ 16,749											$ -	$ 16,749
*(1) Occupational Health/Epidemiology Study			-	520											-	520
Trade Advisor			25,000	41,665											25,000	41,665
*(2) Water Resources			18,000	20,250											18,000	20,250
Multi-Committee/Transportation			1,408	4,500											1,408	4,500
Multi-Committee/Publications			51,784	64,164											51,784	64,164
*(3) Economic Impact/Toxic Substances Legislation			10,559	9,000											10,559	9,000
Public Relations																
Community Relations							$ 11,428	$ 17,749							11,428	17,749
Consumer Information							13,610	25,832							13,610	25,832
Environmental Quality							20,358	37,249							20,358	37,249
Internal Publications							-	21,666							-	21,666
Media Relations							4,016	8,167							4,016	8,167
College & Hi School Teacher Awards							3,019	11,916							3,019	11,916
Education Exhibits							3,002	3,333							3,002	3,333
Education Publications							9,718	16,666							9,718	16,666
Project Totals	$ -	$ -	$106,751	$156,848	$ -	$ -	$ 65,151	$142,578	$ -	$ -	$ -	$ -	$ -	$ -	$ 171,902	$ 299,426
COMBINED TOTAL	$532,753	$497,897	$620,670	$712,867	$167,854	$183,451	$359,301	$456,690	$235,203	$255,240	$ 51,374	$ 78,414	$177,995	$161,285	$2,145,150	$2,345,844

*(1) Budget Increase approved by President August 18, 1975, for "Guidelines for Epidemiology Study" $625

*(2) Transfer of Project Funds approved by President September 16, 1975, from "Air Quality" to "Water Resources" $4,000

(3) Approved by President for Economic Impact/Toxic Substances Legislation presentation by consultants - budget increase October 9, 1975, $1,900; transfers of funds from "Air Quality" December 10, 1975 $7,000 and March 1, 1976 $1,900, for a total of $10,800

*(4) Budget Increase approved by Board of Directors, November 24, 1975, for Chemtrec insurance $21,400

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Exhibit B

APPOINTMENT OF COMMITTEE MEMBERS

(a) Air Quality Committee
Donald L. Eby, Monsanto Company
Thomas F. Champion, NIPRO, Inc.
J. W. Harris, International Minerals & Chemical Corporation
Richard J. Samelson, PPG Industries, Chemical Division

(b) Economic Policy Review Committee
Warren W. Williams, Pfizer Inc.

(c) Industrial Relations Advisory Committee
James J. McHugh, Olin Corporation
Peter W. Bauman, Jr., Mobay Chemical Corporation
Clarence A. Sweets, Monsanto Company

(d) Public Relations Committee
Dayton E. Pryor, Air Products and Chemicals, Inc.

(e) Safety and Fire Protection Committee
John M. Pardee, Eastman Kodak Company -- As Chairman*
Jack S. Snyder, Merck & Co., Inc. -- As Vice Chairman*
Ansell I. Raney, Phillips Chemical Company
E. V. Gentile, Ashland Chemical Company

(f) Solid Wastes Management Committee
Donald L. Eby, Monsanto Company
Jerry D. Robertson, Exxon Chemical Company

(g) Transportation and Distribution Committee
Frederic E. Allen, E. I. du Pont de Nemours & Company -- As Chairman**

* Effective June 15, 1976
** Effective June 1, 1976

Exhibit C

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

APRIL 13, 1976

NEW FACES IN CONGRESS

A substantial change in the cast of characters on Capitol Hill is assured as the number of announced retirements in both the House and Senate continues to mount. To date, eight Senators have indicated they will not run again. In the House, death or announced retirements account for 21 vacant incumbencies; 18 House Members are running for the Senate or for Governorships. Thus there are presently 39 House seats where a change will take place.

Shifts in key leadership posts are coming also. Retirement of the Senate Majority and Minority Leaders, Senator Mike Mansfield (Mt.) and Senator Hugh Scott (Pa.) will leave these positions open. There is speculation also that House Speaker Carl Albert (D.-Okla.) might retire.

The Senate leadership spot has usually been filled by a moderate who can work with both the liberal and conservative elements and with whom most Senators feel comfortable. The battle has already begun. Majority Whip Senator Robert D. Byrd (D.-W.Va.) has announced he has 33 committed votes in support of his candidacy for that spot. While this may be somewhat exaggerated, he seems far ahead of others in the race at this stage. Senator Edmund S. Muskie of Maine and Senator Ernest F. Hollings of South Carolina are also interested in the post. Some liberal Senators are working to keep the contest open until next year when there will be a new crop of Senators, and they are watching the fate of Senator Hubert H. Humphrey (D.-Minn.) at the Democratic Convention this July.

The battle for the Senate Minority Leadership spot will be between top contenders Senator Robert P. Griffin (Mich.) and Senator John Tower (Tex.), with Griffin holding the edge. He is the current Minority Whip.

Should House Speaker Albert retire, many speculate that the current Majority Leader, Rep. Thomas P. O'Neill, Jr. (Mass.), will gain the Speakership, but the fight promises to be heated. Rep. Philip Burton (Calif.), current Chairman of the House Democratic Caucus, will be in the running. Others expected to make the race are Rep. Richard Bolling (Mo.), Rep. John J. McFall (Calif.), the current Majority Whip, and Rep. John Brademas (Ind.), the present Majority Chief Deputy Whip.

A number of the 75 freshmen House Democrats, frequently referred to as the "Watergate Class", will be vulnerable in November. Forty-four were elected from traditionally Republican strongholds. Many of them have compiled liberal voting records, but are attempting to appease their constituencies by opposing further government bureaucracy, and supporting regulatory reform measures.

Senate retirements will have an impact on committee compositions. Senator Stuart Symington (D.-Mo.) will relinquish his second-ranking positions on the Armed Services and Aeronautical and Space Sciences Committees. Senator Philip A. Hart (D.-Mich.) will vacate his chairmanship of the Commerce Subcommittee on Environment and the Judiciary Subcommittee on Antitrust and Monopoly. Senator John O. Pastore (D.-R.I.) will leave the Chairmanship of the Joint Atomic Energy Committee, Chairmanship of the Commerce Subcommittee on Communications, and as a member of the Appropriations Committee. Senator Paul J. Fannin (R.-Ariz.) departs the Interior and Insular Affairs Committee. Senator Hiram L. Fong (R.-Hawaii) leaves the Post Office and Civil Service Committee, and Senator Roman L. Hruska (R.-Neb.) leaves the Judiciary Committee. All are ranking minority members of these committees.

Senate Democratic committee chairmen up for re-election:

Frank E. Moss (Utah)	Aeronautical and Space Sciences
John C. Stennis (Miss.)	Armed Services
William Proxmire (Wisc.)	Banking, Housing and Urban Affairs

Edmund S. Muskie (Me.)	Budget
Harrison A. Williams, Jr. (N.J.)	Labor and Public Welfare
Gale W. McGee (Wyo.)	Post Office and Civil Service
Howard W. Cannon (Nev.)	Rules and Administration
Vance Hartke (Ind.)	Veterans Affairs

At the time of this report, Hartke appears to be the only highly vulnerable member of this group.

In the House, three committee chairmen will not run for re-election: Rep. Robert E. Jones (D.-Ala.) of Public Works and Transportation, Rep. David N. Henderson (D.-N.C.) of the Post Office and Civil Service, and Rep. Thomas E. Morgan (D.-Pa.) of International Relations. Three ranking minority Republicans have announced retirement: Rep. Gilbert Gude (Md.) of the District of Columbia Committee, Rep. Herman T. Schneebeli (Pa.) of the Ways and Means Committee, and Rep. Charles A. Mosher (Ohio) of the Science and Technology Committee.

The next Democrat in line for the Public Works and Transportation Committee chairmanship is James C. Wright of Texas, provided he is re-elected and sanctioned by the Democratic Caucus next January. Rep. Barber B. Conable, Jr. of New York would become ranking minority member on the Ways and Means Committee.

OCTOBER ADJOURNMENT?

The 94th Congress is intent on an October 2 *sine die* adjournment. Assuming Congressional passage of the final Budget Resolution on September 25, it is likely the October 2 date will hold. Barring some unforeseen foreign or domestic crisis, it is unlikely there will be a Lame Duck session following the Presidential election. The last such session after a Presidential election was in 1948.

Congress seldom sets records for accomplishment in Presidential election years, and 1976 seems unlikely to be an exception. May and June are the only remaining full months in which the House and Senate expect to be in session. The schedule looks like this:

Recess	House	Senate
Memorial Day	May 28 - 31	May 28 - June 2
Democratic Convention	July 5 - 10	July 2 - 19
Republican Convention	August 12 - 20	August 11 - 23
Labor Day	September 3 - 7	September 1 - 7
Jewish New Year	September 24	

SENATE TAX HEARINGS CONCLUDE

The Senate Finance Committee is winding up month-long hearings on tax revision and tax reduction today. The Committee heard from a variety of witnesses, including Secretary of the Treasury William Simon who presented the Administration position, Senator Edward Kennedy who called for an end to "tax favoritism" for U. S. corporations operating overseas, and a sizable number of representatives of business and industry.

Secretary Simon recommended changes in the tax laws "designed to remove some of the disincentives to saving and investment which are inherent in our existing tax structure." Specifically, he recommended a reduction in the corporate income tax rate from 48% to 46%, a permanent 10% investment tax credit, elimination of the double tax on corporate dividends, revisions in the taxation of capital gains and tax incentives to broaden stock ownership. In the foreign income area, Secretary Simon generally favored the status quo, and specifically recommended retention of the present DISC provisions.

Senator Kennedy recommended the repeal of DISC, ending tax deferral on income earned by foreign subsidiaries of U. S. multinational corporations, and the repeal of the asset depreciation range (ADR) system.

Mr. F. Perry Wilson, Chairman of the Board of Union Carbide Corporation, testified on behalf of MCA on March 26. Mr. Wilson urged adoption of policies which will assist business to generate sufficient funds to meet capital requirements. He recommended that the 10% investment tax credit be made permanent and that larger capital cost allowances be provided. He also recommended that the Committee consider reducing the corporate income tax rate, eliminating the double taxation of dividends and changing the present method of taxing capital gains. In the foreign income area, Mr. Wilson recommended that the existing provisions of the tax law be retained with respect to the foreign tax credit and the timing of taxation of the earnings of controlled foreign subsidiaries. He also urged that the DISC provisions be continued in their present form.

The Finance Committee was expected to begin marking up a tax reform bill shortly after Congress returns from its Easter Recess. However, recent statements by Committee Chairman Russell Long (D.-La.) have raised questions about the timetable. Nor has it been decided whether to report an omnibus bill, or separate measures dealing with tax reform, extension of tax reduction provisions and energy tax matters.

The members of the Finance Committee attending most of the hearings have appeared to be moderately sympathetic to the Administration and the business community in the area of tax reform. It appears unlikely, therefore, that any tax reform measure reported by the Finance Committee will contain provisions particularly damaging to industry. On the other hand, when such a measure reaches the Senate floor, Senate tax reformers can be expected to introduce proposals which will repeal, limit or restrict tax provisions which are presently advantageous to industry. These include the asset depreciation range (ADR) system, the foreign tax credit, deferral of taxation of foreign source income and DISC.

MCA ENERGY CONSERVATION REPORT FILED

MCA's second comprehensive energy conservation report was submitted to Secretary of Commerce Richardson and Federal Energy Administrator Zarb March 29, with 107 companies participating. The report showed a 4.0% energy saving per unit of output for calendar year 1975 as compared with 1972 as a base. The energy cost of OSHA and environmental regulations in effect in 1975 but not in 1972 was 0.9%, so that -- but for these regulations -- the energy saving would have been 4.9%. The corresponding figures for the first comprehensive report, submitted in August, 1975, were 5.0% and 5.7%. Thus, it appears that a little ground has been lost. The reason, of course, is that the chemical industry was operating well below capacity in 1975 (74.2% as compared with 84.5% in 1974) and most chemical processes are less energy-efficient at lower operating rates.

PROGRESS IN ENERGY LEGISLATION

Deregulation of Natural Gas -- The deadlock between opponents and proponents of natural gas deregulation continues. However, for the opponents, Senator Hollings is now seeking to bring about a Senate-House conference on S. 2310 and H.R. 9464. For their part, the proponents are seeking some way to break the deadlock in their interest.

Conversion to Coal -- A new draft of S. 1777, the Natural Gas and Petroleum Conservation Act of 1976, has been prepared by the staff of the Senate Committee on Public Works. The bill provides for a phased conversion of gas and oil-fired boilers to coal. Hearings will be held on it shortly, and then a markup session is planned. It must be noted, however, that the Clean Air Act Amendments already reported out by the Committee would increase environmental restrictions on burning coal.

Electric Utility Rate Reform -- Hearings have begun but have temporarily been suspended on H.R. 12461, the Electrical Utility Rate Reform and Regulatory Improvement Act of 1976. This legislation would restructure electricity rates to the disadvantage of industrial users.

Energy Information -- Hearings have been concluded on S. 1864, the Energy Information Act, which seeks to set up a new agency to gather a wide range of information from energy producers and consumers. The bill is now ready for markup. Both energy-producing and energy-consuming industries vigorously oppose it, and it is hoped that the bill will not be voted out.

OSHA ON-SITE CONSULTATION MEASURE MOVING SLOWLY

The House last year approved H.R. 8618, an on-site OSHA consultation bill which authorizes on-site consultative services within the U. S. Department of Labor, and keeps them completely separated from enforcement activities. Priority for these services would go, upon request, to small businesses and hazardous workplaces. However, there is no arbitrary "number-of-employees" cutoff limit which would preclude larger employers from using the services.

Under the bill, consultants could not issue citations or propose fines, and the consultant's report could not be used against the employer unless he specifically permits such use. The consultant's advice would not be binding upon enforcement personnel in the case of subsequent enforcement inspection. However, the consultant's report, if permitted by the employer, may be used as evidence of the employer's good faith in the determination of any penalties. Consultants discovering a serious hazard shall immediately notify the employer and permit a reasonable time for its abatement. The consultant would not notify enforcement personnel except in a case where the employer refused to abate the serious hazard.

The business community is not altogether happy with the House bill, particularly its provisions making the consultant's advice not binding on enforcement personnel and involving such personnel in "serious hazard" situations. However, it has been concluded that this is the most that can be achieved for the present in the way of OSHA reform. Business is therefore backing an identical Senate bill, S. 3182, sponsored by Senator Taft, and pushing for enactment of a new law.

Hearings conducted by Senator Durkin of the Senate Labor and Public Welfare Committee are taking place April 12 and 13 in Washington. But the prospects for the bill are unclear. Chairman Williams would apparently like to take the hearings on tour, with the result of postponing or forestalling action. Senator Taft is likely to press for more immediate action, and might offer his bill as a floor amendment to some appropriate pending legislation.

Exhibit D

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

W. BAILEY BARTON, CHAIRMAN
AIR QUALITY COMMITTEE

APRIL 13, 1976

It is a pleasure to be here today to report on the Air Quality Committee's activities. Since my last presentation, in February, 1975, we have, I believe, made some substantial contributions to the interests of the Manufacturing Chemists Association.

I would be remiss, however, if I characterized our efforts as being successful in meeting our objectives. You may recall that I described 1975 as the "year of opportunity" for amending the Clean Air Act in a positive way. It is true that the activity of Congress in Clean Air Legislation served to restrain the fervor of the EPA in enforcing 1975 deadlines of the Clean Air Act--as did a few court cases--but the legislation actually emerging from Congressional Committees offers precious little prospect of making the Act more reasonable. It appears, in fact, that our environmentalist friends also saw 1975 as a "year of opportunity" and seized the initiative in influencing even more stringent provisions than previously existed. Industry may, for example, petition extension from the previous deadlines, but must meet rigid criteria, waive some of its rights, and be prepared to either post performance bonds or actually pay penalties for the delay. Most critical, however, are the provisions of both House and Senate defining "antidegradation" or "significant deterioration" in arbitrary numerical or percentage terms. These provisions, coupled with another "planning" process, cannot avoid a substantial and inevitable confrontation with industrial growth and development.

Undoubtedly, you are already aware of these and other extrapolations of these amendments, so I won't belabor the issues. Our Committee prepared, and MCA submitted, several commentaries and position papers to Congress on these amendments--as have many trade associations. Some concessions have been obtained--but the only positive report I can make, today, is that these amendments are not yet law. Until they become so, I pledge the Air Quality Committee's continued diligence in attempting to bring about constructive legislation.

We have also been very active in Environmental Protection Agen regulatory proceedings. The two areas which were cited last year a still the "hot" ones. EPA, with one notable exception, has elected employ Section III to regulate emissions of substances which the Adı istrator may reasonably believe constitute's a hazard. The exceptio of course, is the Agency's choice of Section 112--the imminent haza provision--to propose vinyl chloride monomer limitations. The Agen has found that regulation of such emissions as sulfuric acid mist u Section III requires far less substantiation than a new ambient air quality standard. Moreover, EPA prefers the equipment efficiency approach--best practicable treatment, if you will--which this secti provides. We believe our Committee's careful scrutiny of these reg lations, and the propensity of individual company members to litiga the issues they challenge, have served to reduce the rate of promul tion of such regulations. We expect to continue following Agency a from inception to promulgation on the multitude of materials waitin as it were--"in the wings." In this way, we believe MCA member com nies will profit by both technical input and up-to-date communicati of impending problems.

The second area I mentioned last year has a special significan The hydrocarbon-photochemical oxidant issue--embryonic last Februar has reached full flower as a published policy of EPA. You may reca that the Agency has concluded that all hydrocarbon emissions are ult mately oxidant--or smog--forming compounds and must be controlled. They are pressuring the states to tighten-up hydrocarbon emission li its in the hypothetical hope of meeting ambient air oxidant standar This is being manifest in storage tank vapor control requirements, revision of the former "Rule 66" photochemically-reactive compound limits to reflect broader "volatile organic," and, generally, in th transportation control strategy approach.

Major impact of this shift in EPA policy is being felt by our industry in the State of Texas where hydrocarbon controls are being thrust upon them by EPA's infamous Region VI. In an effort to head off the potentially large expenditures thus required, the MCA-affiliate Texas Chemical Council has requested our assistance. Locally, they have been joined by the Houston Chamber of Commerce and possess the indirect support of the Texas Air Quality Board staff. Through its own channels, the American Petroleum Institute is pursuing a parallel course of opposition to EPA's hypothesis.

In a November, 1975 presentation to top MCA staff and Air Quality Committee officers, TCC leadership provided the outlines of a four-point program. The more-detailed technical plans were presented to the full Air Quality Committee in January, 1976 in Houston, Texas--where we had shifted our meeting for the purpose. Our Committee sought out portions of the TCC program in which we could best serve all member companies. We are preparing endeavors to obtain emission control cost data from member companies and definitive information on hydrocarbon-oxidant relationships in several cities. Specific proposals for Board authorization of funding should be completed shortly and, in our view, they represent substantive support to the Texas Chemical Council's request for help. This is also a primary result of our Committee's rather difficult task of negotiating a veritable maze of alternative approaches to this very complex question. In a related development, EPA has invited MCA AQC participation in a Reactivity Task Group which we expect will provide another avenue to exploring the uncertainties of supporting data in the near future.

I am aware that it has been over a year since I told you that $100,000 was a reasonable sum to budget for this effort--and I am grateful that you chose to budget half-that, $50,000, even though we have not until now, offered a specific recommendation for its expenditure. The data base which supports EPA's contentions has so many uncertainties that we have deemed it necessary to explore numerous possible avenues before focusing on the one which we believe to be most productive in terms of value received for money spent. I appreciate <u>your</u> patience in this matter and believe that our Committee's deliberations since TCC's first request in November will reward their patience as well. I won't belabor the other Committee and intercommittee activities which are underway. The foregoing have occupied most of the AQC's recent attention and are exemplary.

Turning to another area of Committee Activity--one to which the Board responded to a concern expressed by all environmental committee officers last year--we very much appreciate the guidance offered by Dr. Taufen's committee in resolving MCA Staff and technical committee relationship problems. Dr. Harvey Taufen, Mr. St. Clair, Mr. Anderson, and Dr. Barnes were very sensitive to the questions and comments which arose in our several sessions, and encouraged initiation of communications sessions which have taken us far down the road of enlightenment. This, I hope, will continue since it serves both the Committees and the MCA staff—and, ultimately, the membership of MCA. Additionally, I would personally recommend periodic, detailed review by a Board committee to insure expeditious resolution of staff/Committee conflicts.

I must mention two remaining problem areas which I view as chronic. First, the delicate statutory and regulatory aspects of our work require--indeed they demand--a unique technical--legal partnership to maximize effectiveness. We engineers tend to overlook legal subtleties in calculating the true effects of governmental proposals, so we need to rehearse our thoughts in concert with detail-minded working lawyers. The Legal Advisory Committee has addressed this issue and has offered constructive recommendations. However, translation of the abstract into the concrete has been difficult to consummate. The Air Quality Committee could be more effective if we had a participating attorney in our meetings and statutory/regulatory reviews.

I bring another unresolved--or perhaps I should say, "Temporarily" resolved--problem to your attention today because I view it as a chronic and strength-sapping enigma. For most of 1975 we had four nominees and no place for them. The by-laws say for us to rotate off members when this situation exists--but every plan offered was rejected by the full committee. Finally, the officers chose, in the face of indignation, rebuke and even a threatened lawsuit, to rotate off four lax attendees and seat the nominees, but much valuable meeting time had been lost in the debate. In my view, our recent solution will only last until the next nominee comes along.

I will close my oral remarks by looking ahead to future endeavors for a few moments. I see the Air Quality Committee's attention phasing from the old "nuts and bolts" control aspect into the more exotic health effects arena. This will require a broader, much more sophisticated data base, and perhaps more health oriented personnel to make meaningful contributions to Association interests. I also envision a Committee/staff necessity to do much more extensive image building--or more properly--image repairing to counter the chemicals = cancer psychology. Somehow we must convince Congress of our value. And most importantly, I believe we are all a part of a fundamental struggle to keep free enterprise a viable concept in today's hostile climate. You gentlemen, our leaders, our mentors, and our sage advisors, hold the key to whether my generation will take the reins of our great American corporations or be relegated to civil servants in a new bureaucracy, formerly called business. I, for one, wish you total success.

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

DENNIS P. BRIDGE, CHAIRMAN
SOLID WASTES MANAGEMENT COMMITTEE

APRIL 13, 1976

The primary Solid Wastes Management Committee (SWMC) concern is for legislative proposals for so-called "Hazardous Waste Materials". For the last several years the SWMC reports have indicated legislative activity during the previous year and the expectation of restrictive legislation the following year. Although I am pleased to say that these forebodings have not come to pass, I quickly note that the current situation is quite similar to that of past years -- legislation may well be passed during this election year. The first significant act dealing with solid waste was passed in 1965 and the second legislative action followed in 1970. During 1975 there was legislative activity in this area and, assuming five years to be a reasonable gestation period, 1976 could be the year. This legislation will not be as far reaching as that being proposed for toxic substances, but it will significantly impact chemical process industry (CPI) operations.

Since the last SWMC report to the Board, there have been nine major legislative proposals, either actual bills or working drafts, concerning solid waste. Of these the Senate Public Works Committee Bill S. 2150 sponsored by Senator Jennings Randolph and the House Interstate and Foreign Commerce Committee, Subcommittee on Transportation and Commerce working draft as sponsored by Congressman Rooney, are the two most likely candidates for enactment. The Administration has not sponsored a bill but has indicated general support of S. 2150. We expect that each proposal will reach its respective floor in May.

Although with some undesirable provisions, Senator Randolph's bill is certainly the more acceptable of the two proposals. Both documents contain "Hazardous Waste" sections, but S. 2150 is much less complicated and it does not require federal approval for all permits for waste transport, treatment and storage, but rather concentrates on state implementation of a permit system similar to current air and water requirements. The Rooney proposal requires permits at both levels. In addition it addresses several areas not included in S. 2150 such as product and container control as a means of source waste reduction and tax incentives for recycling. We believe that the Rooney working draft will be modified to resemble the Senate Public Works proposal.

Whatever the final form of the legislation, MCA will strongly espouse the concept of performance requirements for waste disposal rather than the predetermination or specification approach currently being fostered. Waste should be deemed hazardous only after its toxicity, quantity and disposal site have been carefully considered. Predetermination of a waste disposal method without investigating each of these parameters is counterproductive because this restricts development of new technology and precludes the use of viable alternatives appropriate to specific geographical areas or to available equipment. MCA will contend that the authority over the areas of packaging, transportation and storage of waste materials continue to be vested in the U.S. Department of Transportation. Should adoption of a permit system be unavoidable, we will advocate that the disposal site rather than the generator be the permittee and that state implementation of the permit system under federal guidelines is preferred over direct federal intervention. Finally, to provide for reasonable regulatory requirements from both a technical and economic viewpoint, we will strive for sufficient time constraints and flexibility in any legislation to accommodate the dearth of technology and disposal cost data currently available to us.

Many of the states, most notably Texas and California, have passed solid waste management legislation dealing with hazardous wastes. Because this legislation has preceded federal hazardous waste disposal activity, it is quite likely that the EPA may adopt those concepts fostered by these states which have proven to be most workable. SWMC monitors "Bellwether" states for concepts which might be incorporated into federal regulations. In addition liaison is being maintained with the National Solid Waste Management Association (NSWMA) to monitor its efforts to develop a legislative guide for use by each state.

SWMC legislative activity is directed almost solely to disposal of hazardous wastes. Chemical packaging has not been raised as an issue to date. Should this occur, SWMC will ask the Chemical Packaging Committee's assistance on this matter which is of vital importance to the CPI from a marketing as well as disposal viewpoint.

A secondary but very important SWMC concern is meaningful liaison with the EPA. Solid waste control is unique among environmental concerns because the EPA has had a relatively long lead time to perform research and gather data to establish regulations on a more scientific basis while still complying with the stringent time frame expected in the enabling legislation.

SWMC feels it important, especially in view of EPA's intent, to present MCA positions at every opportunity. During the past year there have been three salient examples of SWMC work with EPA:

First, during our May 20-21, 1975 meeting, EPA's Office of Solid Waste Management Programs (OSWMP) representatives made a presentation on an EPA $5.4 million landfill project being conducted with the state of Minnesota. This project is intended to determine the effectiveness of modern landfill design and operational techniques. Several member companies are following this work closely. Second, on December 4, 1975, at one of four EPA public meetings on hazardous waste, the Chairman of SWMC presented comprehensive testimony on behalf of MCA in response to a formal EPA request for such information. The EPA is now developing synopses of the various comments as a basis for its position on legislation and on subsequent regulations. Finally, a meeting was held with personnel from the EPA's Solid and Hazardous Waste Research Division, Municipal Environmental Research Laboratory in Cincinnati, Ohio in conjunction with a regular SWMC meeting. SWMC members have repeatedly expressed a desire to investigate the possibilities of contracting research work to fill existing data gaps in the area of landfill disposal of potentially hazardous wastes. To avoid duplication it is important that we ascertain the scope of EPA research activities. The EPA presentation and suggestions were well received and very beneficial in guiding us toward an appropriate research activity, to be identified by our Technical Subcommittee.

A compendium of 15 successful case histories of waste recycling or residue disposal is being developed by the Technical Subcommittee. This document will provide positive CPI input to various legislative and regulatory proposals with respect to the significant amount of current work within industry on disposal of potentially hazardous wastes.

A joint subcommittee, composed of representatives of the SWMC and Water Resources Committee, was formed in 1974 to develop guidelines for deep-well disposal. This document has just been published.

The concept of land use regulation continues to disturb SWMC members and representatives of the other environmental committees. Land use legislation could be the most insidious tool available to those who would punitively regulate the CPI. Forms of land use regulation are currently embodied in federal air, water and coastal zone management legislation, and several land use proposals have been made relative to solid waste disposal. As a result of the total environmental implications of this issue the Task Group on Land Use, consisting of two representatives from each of the three environmental committees, was established at the SWMC's request. The group is to review the question of land use with respect to possible implications on CPI operations and to make appropriate recommendations to the MCA Board for action. During its organizational meeting the Group concluded that, prior to developing recommendations for MCA Board action, there is a definite need to ascertain current CPI status with respect to all existing federal and regional land use legislation. Because of the legal nature of the activity, MCA staff through the Joint Subcommittee on Environmental Law (JSEL) or other legal source has been formally requested to develop this information for the Task Group by July 1, 1976. The Task Group will then develop its recommendations to MCA by September, 1976.

The question of JSEL continuation, under review by the Legal Advisory Committee for some time, has reportedly been resolved in that JSEL will remain intact and function in a manner yet to be defined. We have been assured by MCA staff that legal assistance will be available upon request. At present at least two formal requests have been made to JSEL by SWMC seeking legal assistance. These include upcoming proposals on solid waste legislation and the land use issue. In order to properly address these important issues it is imperative that legal as well as technical expertise be readily available. To date, in keeping with past JSEL performance, we have not received indication that consideration of our requests has been initiated. If we are to effectively influence and combat unacceptable legislative proposals, adequate legal assistance is a must.

With the exception of the JSEL question, some progress has been made in improving internal MCA communications and organizational difficulties which were highlighted in the previous two SWMC reports. As per recommendations of the Ad Hoc Committee on Environmental Affairs, two meetings have been held between environmental committee chairmen and various MCA staff to discuss MCA administrative procedures and methods by which MCA can act in a more unified and timely fashion. As a result of these meetings several measures have been recommended to foster improvement. One of these provides for Government Relations Department input into environmental committee meetings on a continuing basis. A member of the Government Relations staff has been assigned to work with SWMC in liaison capacity. This in addition to the consistent and competent efforts of our current Staff Secretary should be beneficial to SWMC activities.

To insure that a continuing dialogue is maintained among all facets of MCA environmental affairs, I recommend that a meeting of environmental committee members and appropriate MCA staff be held annually to provide a forum for exchange and coordination of information from all relevant sources, review of MCA administration procedures and resolution of issues involving more than one of the environmental committees.

In conclusion, SWMC is concerned with the ultimate disposal of potentially hazardous wastes. Of all the areas of environmental control, ultimate disposal most readily reflects the need for a total environmental control approach. We may see significant successes in air and water pollution abatement processes. But what has the CPI really accomplished if these successes are negated because we are unable to dispose of the abatement process residues or other potentially hazardous wastes in a technically and economically feasible manner? We believe that, if the legal, governmental and technical expertise which should be available to us through MCA auspices can be combined into timely action, we need not be the weak link in the chain of total environmental control.

Dennis P. Bridge, Chairman

Exhibit F

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

GEORGE J. HANKS, JR., CHAIRMAN
WATER RESOURCES COMMITTEE

APRIL 13, 1976

This report will serve to cover the activities of the Water Resources Committee since the report made last February. The major thrusts during this period have been a continuation of the Committee's program of response to EPA regulatory proposals, in-depth analysis and response to various studies and reports issued by the National Commission on Water Quality, and the development of a legislative position regarding amendments to the Federal Water Pollution Control Act. Also, the Committee continued its sponsorship of the biological monitoring research program at Virginia Polytechnic Institute, and maintained its program of EPA and state agency personnel contacts.

A minor functional reorganization of the Committee was made in which the Regulations Subcommittee was dissolved. This subcommittee's function had been to oversee the work of some twelve task groups that are responsible for monitoring and responding to proposed regulations in specific areas -- e.g. inorganic chemicals effluent guidelines, drinking water regulations. These task groups are now assigned to either the Engineering and Technology Subcommittee or Aquatic Effects of Chemicals Subcommittee, depending upon the nature of the regulatory area followed. This change has produced the desired effect of improving communications within the Committee. The Committee officers are currently considering whether some further functional reorganization would be in order because of a matter which will be discussed later in this report.

The Committee held three regular meetings this past year. Our May meeting was held in Washington, D.C., with part of the meeting being a joint meeting with the Joint Subcommittee on Environmental Law; and included a symposium on water and hazardous materials regulations, at which John Quarles, Deputy Administrator of EPA, was the luncheon speaker. The September meeting was held near Blacksburg, Virginia, where the Committee received a progress report from VPI personnel on the MCA-sponsored biological monitoring project; and inspected the continuous monitoring facilities developed under this project, which are being tested at the Narrows, Virginia plant of the Celanese Corporation. The Committee's February meeting was held in Oklahoma City and included a one-day visit to the Robert S. Kerr Environmental Research Laboratory at Ada, Oklahoma. This laboratory is the site of research in areas of treatment and control relating to the petroleum and petrochemical industries, ground water pollution problems, and advanced waste treatment technology.

Our May meeting this year will be in Washington, with Russell Peterson of the Council on Environmental Quality as one of our two luncheon speakers; while in September we will meet in Duluth, Minnesota, in order to meet with personnel from the EPA National Water Quality Laboratory located there.

Although not at the same pace as when EPA was promulgating its initial regulations under the amended Federal Water Pollution Control Act, the regulatory task groups had a high degree of activity. Formal communications to EPA during this period pertinent to regulatory proposals are included in an attachment which lists the various formal MCA communications to government relating to Water Resources Committee activities during this period.

The activity requiring the most extensive effort on the part of the Water Resources Committee during this year related to the study conducted by the National Commission on Water Quality chaired by Vice President Rockefeller. This Commission was charged, under the 1972 amendments of the Federal Water Pollution Control Act, to make a complete and thorough study of the environmental, social and economic impacts of implementing or not implementing the 1983 requirements of that Act, which call for the application of best available technology to all discharges. In order to accomplish this study, the Commission relied heavily on a series of major studies by contractors to investigate the impacts in certain regions of the country and upon certain selected industries. Several of the regional studies were of direct interest to the chemical industry, notably the Houston Ship Channel-Galveston Bay Region, the Ohio River, and the Kanawha River in West Virginia. Also, the inorganics, organics and plastics segments of the chemical industry were among those studied in detail.

The task group members, with assistance from many others, followed these studies closely and critiqued the contractors' reports as they were being drafted. In many cases our comments influenced the contents of the contractors' reports. As final reports of the Commission staff were drafted, the task group met several times in order to prepare comments for the Commission.

The Commission's final staff draft report was the subject of public hearings held in January, and F. Perry Wilson of Union Carbide presented the MCA statement to the Commissioners at their public meeting in Washington on January 19, 1976. The report of the Commission is complete, and we consider the recommendations that it contains to be reasonably consistent with the positions that were argued in the MCA statement, and include:

- Deferral of the best available technology requirement of 1983 until the environmental improvements associated with installation of the first phase of technology by industry and municipalities can be evaluated,

- Upgrading discharges where water quality standards are not being met,

- Proceeding with the control of discharge of toxic pollutants in toxic concentrations.

We believe that concentrating future investments for water pollution control where the benefits will be apparent will be much more productive than further broad control of all discharges.

Our next effort must be directed toward achieving amendments of the Federal Water Pollution Control Act that are consistent with these recommendations. Toward that end, a special task group was assigned last year to develop a position paper on amendments to the Federal Water Pollution Control Act which the Water Resources Committee believes are necessary. This position paper will be subject to final review at our May meeting, after which we intend to transmit it to the Board for their approval and adoption as an official MCA position. We understand that it is unlikely that the Congress will give any serious attention to amending the Act until 1977. However, we hope that with the position paper approved and in-hand, the MCA Government Relations, Public Relations and Water Resources Committees can join in developing a strategy and program to achieve our objectives in this area.

In September the Committee Chairman participated in presenting MCA's views to the House Committee on Public Works Subcommittee on Water Resources regarding H.R. 9560; a bill which contains some minor amendments to the Federal Water Pollution Control Act, of which two are of interest to the chemical industry.

Within the last two to three years, public and governmental interest in the health hazards of chemicals has increased significantly. In addition to the Toxic Substances Control Act, which the MCA Board members are thoroughly acquainted with, the toxic hazards of chemicals influence many of the activities of the environmental committees. In the case of the Water Resources Committee, these include control of toxic pollutants in effluents and spills of hazardous chemicals, and the uncertain direction which the 1975 Safe Drinking Water Act may have on our companies' operations.

It is becoming increasingly evident that the main thrust of many future environmental regulations will be addressed to specific hazardous chemicals. As one example, the U.S. District Court recently agreed to a joint stipulation signed by EPA and chemical company litigants to remand and reconsider the effluent guidelines for the organic chemicals industry. From comments by EPA it is apparent that, in the course of this reconsideration, EPA is going to give specific attention to certain chemicals which may be present in various plant effluents, rather than solely emphasizing control of general pollutant parameters as in the past. The matter of Water Resources Committee response to this increased emphasis on specific chemicals in the water and environment led to two recent meetings of Committee officers and key subcommittee chairmen to discuss what changes of structure, if any, within the Water Resources Committee are necessary to respond to this trend. In addition, a special one-day seminar for Water Resources Committee members has been scheduled for May 25 for the purpose of bringing all the members "up to speed" on these matters.

Our Committee also feels that there is need for MCA itself to review its technical committee structure in the matter of toxicity of chemicals as it relates to different facets of chemical industry interest represented by these committees. At present, these matters are addressed by individual technical committees, without any overview being provided through MCA, and frequently without having toxicological resource personnel available to advise the committees. We sense the need for a group that would provide overall coordination and communication regarding the toxic hazards of chemicals, and which could act as a source of resource personnel to the various specialized technical committees which address toxicity problems in their particular areas of expertise. Also, it should be responsible for advising MCA on certain occasional broad subjects that relate to regulation of hazardous chemicals, and which do not fall within the charter of any of the present technical committees.

In another attempt to become more forward looking in the Committee activities, we are currently undergoing an exercise of attempting to forecast issues and events that may occur which will have some effect on areas of interest to the Water Resources Committee. We will attempt to build the output from this forecasting exercise into Committee planning, as well as assuring that we have a special sensitivity to the first signs of any of the forecasted events.

As mentioned, one of the Committee meetings this past year was held at VPI, in order to view and discuss the work being carried out there on biological monitoring, and which is partially funded by MCA. The Water Resources Committee is convinced that the seed money for the projects being carried out there has been effectively utilized. Professor John Cairns has a worldwide reputation in the biological monitoring field, and MCA is sharing in the credit for the advances being made by the VPI studies. One key output of the current research activity is a project to evaluate the efficacy of a continuous fish biomonitoring system in an industrial plant, using the fish sensitivity measuring systems developed in earlier phases of VPI work. The demonstration unit at the Celanese Fiber Company at Narrows, Virginia is past the construction and shakedown stages, and has completed a period of offline operation. During the phase now being started, the system will be operated on a continuous basis as an effluent quality control monitor. MCA has included in its fiscal 1976-1977 budget an amount of $31,500 which will include: completion of the fish biomonitoring demonstration study, establishment of a research program developing and testing methods to evaluate the impact of pollutants on the functioning of the aquatic ecosystem, and development of a mobile bioassay vehicle prototype which can be brought to industrial sites that do not have the capability of performing on-site effluent bioassays.

When the environmental committees reported to the Board last year, the environmental technical committee chairmen expressed concern regarding committee staff organization and procedure which hindered the effectiveness of their committees. Perhaps not all of these concerns have been completely resolved. However, as a result of the study by the Board's Environmental Management Review Committee, there has been a higher level of communication between the MCA staff and our Committee's officers, and between the environmental committees themselves. One visible output of this communications effort was the identification of the need for a review of land use controls contained in existing and pending legislation, and the appointment of a joint task group to carry out this work. In the environmental committees' officers' minds, it is likely that the land use controls that can be imposed through existing legislation are very significant, and are sufficient to make the need for a federal land use act virtually needless. We suspect that there is not wide recognition of this fact on the part of MCA member companies, and one purpose of the joint task group is to bring this matter to a higher level of understanding within MCA.

As a closing item, I would like to bring the Board's attention to the matter of membership on the Water Resources Committee. This Committee reached its full roster of 35 members for the first time in May 1973, after over 25 years of existence. Since that time, ten new members have been added to the Committee, with membership opportunities becoming available as a result of resignations of some members who had undergone job changes in their companies, and of other members whose resignations were encouraged as a result of their poor attendance or participation in Committee activities. At this point, we stand with a full membership of 35, and a list of 10 nominees. In accordance with our understanding that the Board will not allow any increase in the number of members, we must now begin a program of rotation of members; while screening nominees more thoroughly, to be sure that the Committee's performance level can be maintained. In accordance with the Committee's Rules of Procedure, members selected for rotation will be on the basis of attendance at meetings and contribution and participation in the Committee's work. Since attendance is now almost universally at a high level, the latter criterion will probably govern most decisions. We anticipate some adverse reactions as some members are advised of their rotation.

George J. Hanks, Jr., Chairman

Attachment: Chronological Log of MCA Communications Pertinent to Regulatory Proposals and Related Matters under P.L. 92-500 from February 1975 through February 1976

Chronological Log of MCA Communications Pertinent to Regulatory Proposals and Related Matters under P.L. 92-500 from February 1975 through February 1976

1 February 24, 1975 - A. C. Clark letter responding to EPA's proposed pretreatment standards for existing plastics and synthetic point source categories.

2. March 4, 1975 - H. B. Brown letter to EPA's Mr. Groszyk commenting on a January 1975 draft of the third edition of the "Water Quality Strategy Paper."

3. March 7, 1975 - A. C. Clark letter to Robert Sansom of Energy and Environmental Analysis, Inc., on the matter of the firm's contract with the National Commission on Water Quality to study the P.L. 92-500 permit and guidelines program.

4. March 12, 1975 - W. J. Driver letter to Dr. Gee, Commissioner, National Commission on Water Quality on MCA's involvement in industry studies of the National Commission.

5. March 24, 1975 - H. B. Brown letter to the EPA Effluent Guidelines Division advising that MCA would not comment on a report covering the minerals industry.

6. May 15, 1975 - A. C. Clark letter to the Comment Clerk on proposed interim standards for drinking water.

7. August 14, 1975 - A. C. Clark letter to EPA Office of Public Affairs on proposed final rule making for the Inorganic Chemicals Manufacturing Point Source Category (40 CFR Part 415).

8. August 18, 1975 - A. C. Clark letter to Mr. Allen Cywin, Director, Effluent Guidelines Division, EPA, on Proposed Pretreatment Standards Draft Dated 9 July 1975.

9. September 30, 1975 - W. J. Driver letter to General Frederick J. Clarke, Executive Director, National Commission on Water Quality, on MCA Views on First Staff Draft Report of the NCWQ.

10. October 9, 1975 - J. G. Tritsch letter transmitting letter to Water Resources Committee and Legislative Task Group on MCA Testimony on H.R. 9560 with enclosure of Statement of the MCA to Subcommittee on Water Resources Committee on Public Works and Transportation.

11. January 5, 1976 - W. J. Driver to Executive Contacts of MCA Member Firms on National Commission on Water Quality (NCWQ) Staff Draft Report - November 1975.

12. January 19, 1976 - A. C. Clark letter to Legal Branch of EPA on proposed Regulations Separate Storm Sewers 40 CFR Parts 124, 125.

13. February 11, 1976 - A. C. Clark letter to Ridgway M. Hall, Jr., Special Assistant to the General Counsel (A-131), EPA, on comments in response to the Notice of Proposed Rulemaking Concerning Effluent Standards for Toxic Pollutants (40 CFR Part 104), published in the Federal Register on January 12, 1976.

14. February 26, 1976 - A. C. Clark letter of February 26, 1976 to Dr. C. Hugh Thompson, EPA, on 40 CFR Parts 116, 117, 118, 119 - Hazardous Substances Designation, Removability, Harmful Quantities, Penalty Rates.

Note: In addition to the fourteen communications reported here, fifty-seven others were made to EPA and others from the time of passage of the Federal Water Pollution Control Act in October 1972, to the period covered by this report.

Exhibit G

STAFF REPORT

by

William J. Driver

April 13, 1976

We have reported to the Department of Commerce and the Federal Energy Administration that 107 member companies saved 4.0% in energy per unit of output for calendar 1975 as compared with calendar 1972. The energy saving would have been 4.9% except for environmental and OSHA regulations in effect in 1975 but not in 1972. The difference represents the added energy needed to implement these regulations. The 1975 results reflect the fact that the industry was operating at 74.2% of capacity during that year, as compared with 84.5% for 1974. Energy efficiency thus decreased as output relative to capacity dropped. In a trial run, 26 member companies reported a 7.96 percent reduction in energy use in 1974.

* * *

Smaller member companies continue to bring their views on toxic substances controls to the attention of the House Interstate and Foreign Commerce Committee. The 128 companies participating in the special program have alerted some 6000 customers and suppliers to the adverse effects of the Tunney and Eckhardt bills and have been actively supporting the administration (McCollister) bill. Through letters and visits nearly 400 contacts have been made with the House committee and other congressmen.

* * *

The Senate Finance Committee began hearings on tax revision and extension of tax reduction provisions on March 17. The hearings are expected to last at least a month, after which the committee probably will take a month or more to mark up either a comprehensive bill or several limited bills. The latter is likely if Chairman Russell Long (D-La.) finds he cannot push through a comprehensive measure by June 30, the date tax reduction provisions end. Neither Senator Long nor leaders of either party want to take responsibility for the reimposition of higher taxes during an election year.

Perry Wilson testified on behalf of MCA at the Finance Committee hearings on March 26. He stressed the need to stimulate capital formation and urged no changes in the foreign tax credit, deferral of taxation of foreign source income and DISC, all of which are used by U.S. industry to compete in world markets.

* * *

The Senate passed by voice vote and without debate a comprehensive patent law revision bill (S.2255) on February 26. We oppose the legislation because it is burdensome, will make the process of acquiring a patent more costly and time-consuming and will lead to increased patent litigation. The responsible House subcommittee is not expected to work on the legislation for some months.

* * *

The Fourth Circuit Court of Appeals, in a case decided March 10, set aside inorganic effluent guidelines on 11 substances promulgated under the Water Pollution Control Act Amendments of 1972. It remanded them to the Environmental Protection Agency for reconsideration. In so doing, the court cited "the confusion caused by this poorly drafted and astonishingly imprecise statute."

Acting on a petition for review brought by 11 chemical companies, the court also required EPA to redefine "effluent limitations," "process waste water" and "process waste water pollutants."

The court said that EPA's power to establish effluent limitations by regulations was at the heart of the controversy; it decided that the regulations are "presumptively applicable unless that presumption is rebutted."

* * *

The National Commission on Water Quality (NCWQ) essentially completed its assigned task on March 19, when it forwarded its report to Congress. The commission vote to submit the report was unanimous, even though several commissioners appended their own views. The key recommendations of the commission's report are very similar to MCA views. They are:

- Extensions of time be allowed on a discretionary case-by-case basis to meet 1977 requirements where progress toward compliance is being made.

- Requirements for 1977 be waived, deferred or modified on a case-by-case basis where costs are disproportionate to benefits or where adverse environmental effects will be minimal or undetectable.

- Congress defer 1983 requirements for 5 to 10 years.

- Toxic pollutants in toxic concentrations be controlled as soon as possible but before October 1, 1980.

- Congress stress conservation and reuse of resources and redefine the goal of "elimination of discharges" where it concerns "the chemical, physical, and biological integrity of the nation's wat rs."