

A G E N D A
MEETING OF THE MCA BOARD OF DIRECTORS
3:30 p.m., Tuesday, May 11, 1976
The Madison, Washington, D. C.

- I. Opening Remarks and Introduction of Guests
- II. Minutes of Meeting of April 13, 1976
- III. Business Items:
 - (a) Budget and Financing for Fiscal Year 1976-77
(Proposal mailed to Directors 4/21/76)
 - (b) Report of the Membership Committee:
JOC Oil Aromatics, Inc.
 - (c) Report of Nominating Committee
 - (d) Proposed Rules of Organization and Procedure
for Energy Conservation Committee (Attachment)
 - (e) Revised Antitrust Guide for MCA Committee
Members (Attachment)
 - (f) Appointment of Committee Members (Attachment)
- IV. Report by Chemical Industry Trade Advisor
- V. Report of Special Committee on Toxic Substances Legislation
- VI. Report of Director of Government Relations
- VII. Reports of Committees:
 - (a) Transportation and Distribution Committee
George A. Coffenberg, Chairman
 - (b) Food, Drug, and Cosmetic Chemicals Company
Gary A. Sunshine, Chairman
 - (c) Transportation Equipment Committee
R. E. (Dick) Phillips, Chairman
- VIII. Report of the President

Next Regular Directors' Meeting - Wednesday, June 9, 1976, at 5:30 p.m., in the West Virginia Room, The Greenbrier, White Sulphur Springs, West Virginia, followed by cocktails at 6:00 p.m. in the Tyler Room and Dinner at 7:00 p.m. in the Fillmore and Van Buren Rooms.

CMA 071205

MINUTES of the two hundred forty-ninth meeting of the Board of Directors of the Manufacturing Chemists' Association, Inc., held at The Madison, Washington, D. C., May 11, 1976, at 3:30 p.m.

Directors:	Harry D. McNeeley, Chairman	
	Earle B. Barnes	John W. Hanley
	John S. Coey	Richard E. Heckert
	John T. Connor	Ralph M. Knight
	Edward J. Donley	John K. McKinley
	William J. Driver	Adolph Monsaroff
	J. Morris Evans	H. Barclay Morley
	James C. E. Fuller	Donald D. Pascal
	Edward J. Goett	William S. Sneath
	Robert D. Goodall	Harvey J. Taufen
	John R. Hall	Robert J. Whitesell

Alternates:	Allan R. Bennett (for Konrad M. Weis)
	Charles R. Carson (for John F. Welch, Jr.)
	Orell T. Collins (for Robert T. Powers)
	Howard H. Irvin (for Thomas S. Farmer)
	N. B. Sommer (for James G. Affleck)
	E. A. Von Doersten (for John R. Hall)

Outside Counsel:	Daniel K. Mayers
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Staff Counsel:	Bruce M. Barackman
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Secretary-Treasurer:	George E. Best
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By Invitation:	William H. Butterbaugh, MCA
	Albert C. Clark, MCA
	George A. Coffenberg, Stauffer Chemical Company
	David H. Dawson, Chemical Industry Trade Advisor
	M. M. Hoover, MCA
	V. H. Peterson, MCA
	R. E. Philips, Ethyl Corporation
	John E. Slavick, MCA
	William M. Stover, MCA
	Gary A. Sunshine, ICI United States Inc.
	J. G. Tritsch, MCA
	R. A. Winslow, Exxon Chemical Company

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

I. MINUTES OF APRIL 13, 1976, MEETING

Minutes of the April 13th Board meeting, as distributed, including the financial statement for ten months ended March 31, 1976, were duly approved.

II. REPORT OF THE SECRETARY-TREASURER

Exhibit A

III. BUSINESS ITEMS

(a) Mr. Evans, Finance Committee chairman, summarized the budget and financing proposal which was mailed to Directors on April 21 as favorably recommended by the Executive and Finance Committees.

ON MOTION, duly made and seconded,
it was

VOTED: That a budget for fiscal year 1976-77 in the amount of \$3,235,300, of which \$2,880,000 is for operations and \$355,300 for projects, be approved and presented to the membership at the Annual Meeting, funding to be provided by membership fees based on a continuation of the existing fee scale plus income from investments, meetings, sale of publications, and overhead reimbursement from subscribed projects;

That the authority delegated to the President be continued at the same level, namely, to transfer among approved projects 10% (\$35,530) of the total funds budgeted for them and to redistribute a like amount under operations, also to approve budget amendments up to a total of 2% (\$67,400) of the fiscal year budget, with the understanding that individual amendments in excess of \$10,000 would be cleared with the chairman of the Executive Committee or Board and become subject to Executive Committee approval if so advised; and

That a separate plastics activity budget for fiscal year 1976-77 in the amount of \$72,000 be approved, of which \$60,000 will come from assessments on participating member plastics materials producers and the balance from plastics fund surplus. Of the total budget, \$63,330 is in reserve for allocations to projects under current study by the Plastics

Committee, subject to prior approval by the Board of Directors.

(b) Report of Membership Committee As chairman, Mr. Hall reported the committee's having examined the qualifications of the applicant named below and recommending election.

ON MOTION, duly made and seconded, it was

VOTED: That JOC Oil Aromatics, Inc., be elected to membership in the Association.

(c) Report of Nominating Committee In the absence of the chairman (Mr. Neubauer), Mr. Hanley presented the report attached as Exhibit B, including the proposed Bylaws' amendments, which was accepted.

(d) Energy Conservation Committee -- Rules of Organization and Procedure The proposed Rules, favorably recommended by the Executive Committee and distributed in advance with the tentative agenda, were duly approved.

(e) Revised Antitrust Guide for MCA Committee Members The Guide, revised as recommended by the Legal Advisory Committee with the assistance of Outside Counsel -- Exhibit C -- was duly approved, with the understanding that it will be incorporated in future printings of the MCA Directory and also made available for wide distribution as a separately printed publication.

(f) Appointment of Committee Members Appointments were approved as listed in Exhibit D.

IV. REPORT BY CHEMICAL INDUSTRY TRADE ADVISOR

Dr. Dawson emphasized the slow pace of developments in governmental negotiations, indicating that little real progress is to be expected this year, with European countries tending to delay until toward the end of the U.S. statutory authority under the Trade Act. He spoke of difficulty in learning the substance of proposals being advanced by the United States.

He commented on the approach of both sides to tariff-cutting formulas, European efforts toward elimination of DISC as well as countervailing duties without proof of injury, problems in sectoral bargaining, and other factors involved in the negotiations.

He credited Congress with trying to keep in touch, mentioning the hearings at which he testified. He mentioned revival of Industry Sector Advisory Committee activity with regard to chemical industry interests, and

the possibility of obtaining data with which to make a useful analysis of import sensitivity. public

He encouraged any companies disadvantaged by the present status of the Generalized System of Preferences concerning trade with developing countries to take their case to the authorities.

V. TOXIC SUBSTANCES CONTROL LEGISLATION

As chairman of the Executive Committee, Mr. Hanley reported that earlier today the committee had been apprised of the current status of legislative developments by Mr. Heckert, head of the Special Committee on this matter, and had reviewed comprehensively the various options available in the continuing effort to achieve sound legislation. Endorsement was given to trying to gain acceptance of further improving amendments to H. R. 10318, public support of the bill by MCA being involved.

He reminded that a number of the industry's highest priority concerns expressed earlier have been eased in the House version now pending. He urged prompt response to any requests for supportive action received from Mr. Heckert.

VI. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

Mr. Stover's report is attached as Exhibit E. A tabulation of the status of legislation of interest to MCA as of May 6 was distributed to those present.

VII. REPORTS OF COMMITTEES

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

Mr. Gary A. Sunshine, Chairman	
Food, Drug, and Cosmetic Chemicals	
Committee	Exhibit F

Mr. George A. Coffenberg, Chairman	
Transportation and Distribution	
Committee	Exhibit G

Mr. R. E. Phillips, Chairman	
Transportation Equipment Committee	Exhibit H

VIII. REPORT OF THE PRESIDENT

Mr. Driver's Staff Report is attached as Exhibit I. It commented on the increased attention to health standards in the Occupational

Health and Safety Administration (OSHA) and the recently announced new procedures for revising safety standards, providing opportunity for public comment and hearing.

George E. Best
George E. Best
Secretary-Treasurer

Certified correct:

Harry D. McNeeley
Harry D. McNeeley
Chairman of the Board

EXHIBIT A

REPORT OF THE SECRETARY-TREASURER

May 11, 1976

Dollar amounts rounded from tabular details
(\$000)

INCOME & EXPENSE			<u>Percent of</u>
<u>June 1, 1975 - April 30, 1976 - 11 Months (92%)</u>			<u>Budget</u>
Income - Membership Fees	\$2,748		101.402%
- Other	573		163.714%
		\$3,321	108.529%
Expense - Operations	\$2,161		87.989%
- Projects	209		58.217%
		\$2,370	84.192%

ASSETS

(As of April 30, 1976)

Cash	\$ 47	
Investments	5,605	
Miscellaneous	3	
		\$5,655

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MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

April 30, 1976

BALANCE SHEET

Assets

Cash

National Savings & Trust - Commercial Account	\$ 37,961		
National Savings & Trust - Payroll Account	6,000		
Imprest Funds	<u>2,800</u>	\$ 46,761	

Investments

Bank Certificates of Deposit	\$ 200,000		
Bank Repurchase Agreements	170,000		
U. S. Government Securities	2,094,412		
U. S. Government Agency Securities	705,625		
Corporate Securities	<u>2,435,300</u>	5,605,337	

Deposits

U. S. Government Printing Office	\$ 500		
American Airlines	<u>425</u>	925	

Account Receivable

Travel Advances		<u>2,016</u>	
		<u>\$5,655,039</u>	

Liabilities & Fund Balances

Liabilities

D. C. Use Tax	\$ 77		
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Reserve

Deferred Compensation		81,944	
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Fund Balances

Restricted (Schedule I (e))	\$3,450,923		
Unrestricted - From Previous Fiscal Years	\$1,170,474		
- Current Fiscal Year	<u>951,621</u>	<u>2,122,095</u>	
		<u>5,573,018</u>	
		<u>\$5,655,039</u>	

INCOME & EXPENSE

INCOME

Membership Dues & Entrance Fees		\$2,747,682	
Income from Investments		307,505	
Publication Sales		89,634	
* (1) Meeting & Special Funds (Schedule I (d))		\$ 64,125	
Overhead Reimbursement/Subscribed Projects (Schedule I (d))		<u>112,313</u>	176,438
Miscellaneous			<u>71</u>
Total Income			<u>\$3,321,339</u>

EXPENSE

Management		\$ 573,280	
Technical - General		681,430	
Technical - Chemtrec		182,393	
Public Relations		416,466	
Government Relations		260,240	
Information Service		58,382	
Office Administration		<u>197,518</u>	
Total Expense *(2)			<u>\$2,369,709</u>

Income less expense		\$ 951,621	
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FOOTNOTES:

*(1) Net Income on Completed Projects

*(2) Total General Program Expense

Fiscal Year 1975-76 Budget Program Expense (above)		\$2,369,709	
Expenditures from Project Funds carried over from previous Fiscal Year (Schedule I (c))		<u>37,844</u>	
		<u>\$2,407,553</u>	

CMA 071212

	Balance June 1, 1975	Current Fiscal Year			Balance April 30, 1976
		Receipts	Expenditures	Transfers To Income	
<u>Carry-Over of Budgeted Funds</u>					
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	\$ -	\$ -
<u>Non-Budgeted Funds & Meetings</u>					
Meetings, Workshops & Symposia	\$ 81,519	\$ 262,069	\$ 174,171	\$ 64,125	\$ 105,292
Tank Car Mileage Compensation	24,348	66,338	24,966	-	65,720
TEC Audio/Visual Aids	(2,138)	3,754	745	-	871
CPC Audio/Visual Aids	(28)	28	-	-	-
Vinyl Chloride Research - Inhalation	114,282	595	46,465	3,073	65,339
Vinyl Chloride Research - Epidemiological	56,458	684	33,765	2,466	20,911
Vinyl Chloride Research - Dow Studies	178,603	1,785	154,091	2,676	23,621
Vinylidene Chloride Monomer - Research	504,547	148,000	397,995	6,253	248,299
Styrene Monomer - Research	255,494	105,587	164,600	1,657	194,824
Acrylonitrile Monomer Research	-	529,248	80,572	5,063	443,613
Trichloroethylene Research	-	353,625	756	5,343	347,526
Ethylene Dichloride Research	84,725	28,620	1,278	7,164	104,903
Chlorobenzenes Research	-	27,500	15,972	980	10,548
Phosgene Safety Research	68,478	15,000	34,718	9,589	39,171
Fluorocarbons Research	677,847	1,664,939	932,965	64,933	1,344,888
Allyl Chloride Research	-	120,120	-	1,225	118,895
Epichlorohydrin Research	-	128,700	-	1,225	127,475
Phthalate Esters Research	9,766	49,000	26,201	666	31,899
Loss Data Bank Project	4,434	2,285	2,043	-	4,676
Patents Monitor	243	-	-	-	243
Chemical Industry Trade Advisor	2,278	37,000	31,339	-	7,939
Total - Non-Budgeted Funds & Meetings	\$2,060,856	\$3,544,877	\$2,122,642	\$ 176,438	\$3,306,653
<u>Plastics Group Financial Package</u>					
	\$ 85,924	\$ 59,286	\$ 940	\$ -	\$ 144,270
Total	\$2,184,624	\$3,604,163	\$2,161,426	\$ 176,438	\$3,450,923

April 30, 1976

	MANAGEMENT		TECHNICAL				PUBLIC RELATIONS		GOV'T RELATIONS		INFO SERVICE		OFFICIAL ADMIN		TOTAL TO DATE 11 MONTHS	
			GENERAL		CHEMTREC											
	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET	EXPENSE	BUDGET
Employees (Actual Authorized	12	12	22	21	7	7	12	12	10	9	3	3	12	11	78	75
OPERATING EXPENSE																
Salaries & Related Expense	\$267,352	\$286,365	\$416,114	\$389,855	\$108,621	\$109,128	\$200,433	\$201,711	\$158,339	\$160,736	\$ 43,058	\$ 51,837	\$139,674	\$120,357	\$1,333,591	\$1,319,989
Retirement Plan & Group Ins.	6,671	60,454	5,861	68,887	3,043	15,675	4,460	25,437	2,897	22,550	666	17,875	3,096	6,829	26,694	217,707
Hosp. Ins. & Health Plan	4,563	2,933	8,773	5,729	1,171	642	4,870	2,887	3,525	2,383	1,110	1,008	5,545	2,658	29,557	18,240
Legal Fees & Expense	223,568	119,166	-	18,333	-	-	-	-	22,879	22,917	-	-	-	-	246,447	160,416
Consultants&Investment Serv.	-	2,567	-	-	-	-	-	-	-	-	-	-	-	-	-	2,567
Audit	2,500	2,292	-	-	-	-	-	-	-	-	-	-	-	-	2,500	2,292
Rent & Premises Expense	16,144	16,271	27,197	27,179	6,900	7,058	17,641	17,233	11,819	12,008	7,217	7,150	22,612	22,367	109,530	109,266
* (4) Taxes & Insurance	10,692	10,862	20,446	18,333	43,150	40,425	11,180	10,679	9,104	8,662	2,435	2,887	9,447	8,250	106,454	100,098
Supplies & Gen. Office Exp.	5,297	6,417	22,148	18,333	1,891	3,117	11,842	8,708	9,895	6,417	325	733	8,981	8,708	60,379	52,433
Furniture & Equipment	5,083	2,292	2,013	1,833	1,284	1,833	89	229	1,324	2,292	-	92	368	275	10,161	8,846
Printing	4,482	3,300	-	917	1,006	917	4,592	3,850	644	733	-	-	1,365	1,375	12,089	11,092
Telephone & Telegraph	6,112	5,637	15,545	12,192	13,936	19,800	7,600	8,112	7,532	6,050	1,198	1,375	5,349	4,767	57,272	57,933
Postage	2,719	3,208	23,066	21,542	391	917	40,217	41,250	9,151	5,958	182	733	115	1,467	75,841	75,075
Travel & Entertainment	6,973	7,333	19,380	23,833	561	1,833	19,471	22,917	9,875	13,750	408	1,008	719	183	57,387	70,857
Meeting Expense	6,544	11,000	248	825	-	-	14	92	3,086	5,042	-	-	-	-	9,892	16,959
Periodicals, Books, etc.	558	458	1,330	1,467	364	367	1,460	1,512	8,937	9,167	1,783	1,512	140	92	14,572	14,575
Organizational Memberships	2,586	2,567	2,156	2,383	75	92	963	917	1,233	2,108	-	46	107	92	7,120	8,205
Contingency	1,436	4,583	-	-	-	-	-	-	-	-	-	-	-	-	1,436	4,583
Operating Expense Totals	\$573,280	\$547,705	\$564,277	\$611,641	\$182,393	\$201,804	\$324,832	\$345,534	\$260,240	\$280,773	\$ 58,382	\$ 86,256	\$197,518	\$177,420	\$2,160,922	\$2,251,133
PROJECTS																
Technical																
* (2) Air Quality			\$ -	\$ 18,425											\$ -	\$ 18,425
* (1) Occupational Health/Epidemiology Study			-	573											-	573
Trade Advisor			25,000	45,833											25,000	45,833
* (2) Water Resources			24,300	22,275											24,300	22,275
Multi-Committee/Transportation			1,408	4,950											1,408	4,950
Multi-Committee/Publications			55,886	70,583											55,886	70,583
* (3) Economic Impact/Toxic Substances Legislation			10,559	9,900											10,559	9,900
Public Relations																
Community Relations							\$ 17,269	\$ 19,525							17,269	19,525
Consumer Information							17,915	28,416							17,915	28,416
Environmental Quality							22,761	40,975							22,761	40,975
Internal Publications							2,756	23,833							2,756	23,833
Media Relations							4,285	8,983							4,285	8,983
College & Hi School Teacher Awards							12,226	13,108							12,226	13,108
Education Exhibits							3,906	3,667							3,906	3,667
Education Publications							10,516	18,333							10,516	18,333
Project Totals	\$ -	\$ -	\$117,153	\$172,539	\$ -	\$ -	\$ 91,634	\$156,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 208,787	\$ 329,379
COMBINED TOTAL	\$573,280	\$547,705	\$681,430	\$784,180	\$182,393	\$201,804	\$416,466	\$502,374	\$260,240	\$280,773	\$ 58,382	\$ 86,256	\$197,518	\$177,420	\$2,369,709	\$2,580,512

- * (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

CMA 071214

Nominating Committee Report
to the
Board of Directors
May 11, 1976

Your nominating committee, on which Jack Hanley and Harry McNeeley served with me, is pleased to name the following slate for election as officers and Directors effective June 1st of this year:

Officers for Fiscal Year 1976-77 --

Chairman of the Board

Earle B. Barnes, Executive Vice President, The Dow Chemical Company

Vice Chairman of the Board

Edward J. Donley, President, Air Products and Chemicals, Inc.

Chairman of the Executive Committee

James G. Affleck, Chairman and President, American Cyanamid Company

President

William J. Driver

Directors for term expiring May 31, 1979 --

William H. Bricker, President, Diamond Shamrock Corporation

Fletcher L. Byrom, Chairman of the Board, Koppers Company, Inc.

John T. Files, President, Merichem Company

John M. Henske, President, Olin Corporation

James W. Kent, President, Chevron Chemical Company

W. C. Krumrei, Senior Director, Research & Development, The Procter & Gamble Company

Robert L. Mitchell, Executive Vice President, Celanese Corporation

Thomas B. Nantz, Executive Vice President, The B. F. Goodrich Company

George F. Polzer, Executive Vice President, Witco Chemical Corporation

Tom K. Smith, Jr., Group Vice President, Operations,
Monsanto Company
William S. Sneath, President, Union Carbide Corporation
Eugene J. Sullivan, President, Borden, Inc.

Director for term expiring May 31, 1978 --

Robert A. Winslow, Executive Vice President, Exxon
Chemical Company

Bob Winslow thus will fill out the regular term to which his late colleague, Don Swan, was elected last year.

In the course of our deliberations, we visualized an occasional circumstance when it might be advantageous -- in respect to continuity of leadership -- to afford the Nominating Committee an additional option, namely, to consider for the office of the Chairman of the Board a Director who in the last year of his regular term is serving as Chairman of the Executive Committee. Obviously, this would provide additional flexibility. Normally, such progression would be expected to come within the span of a Director's three-year term. At least, it is not in mind that such extension to a fourth year would become usual or routine.

To bring this possibility about involves amending the Bylaws, which now provide only for a three-year term for Directors, except for filling vacancies, and permit no re-election after serving a three-year term until an interval of one year has elapsed.

To accomplish the purpose in view, we proposed amending the Bylaws by adding the following sentence to Article V Section 2 on Director eligibility:

A Director serving as Chairman of the Executive Committee during the concluding year of said Director's term may be re-elected to a contiguous one-year term if also elected to serve concurrently as Chairman of the Board, continuation of such directorship being contingent on holding the latter office.

A companion change would then be needed in Section 3 so that the foregoing as well as the filling of vacancies would be a recognized exception to the three-year term rule. This involves merely deletion of specific reference to vacancies and insertion of reference to Section 2. The second sentence of Section 3 would read:

Except as set forth under Section 2 and Section 4 of this Article, Directors shall be elected for a term of three years.

I understand no action other than your acceptance of this report is needed to place these matters on the agenda for our Annual Meeting.

Joseph A. Neubauer
Chairman
Nominating Committee

Revision
of
Antitrust Guide for MCA Committee Members

As a part of the Legal Advisory Committee's attention to the Association's antitrust compliance program, Outside Counsel in conjunction with the Legal Advisory Committee has revised MCA's Antitrust Guide for Committee Members as attached hereto. It incorporates staff and Legal Advisory Committee comments.

When approved, it will be incorporated in future printings of the MCA Directory.

MCA
EC - 4/13/76
BD-5/11/76

FOREWORD

The purpose of this Guide is to give MCA committee members an introduction, in non-technical language, to some of the federal antitrust laws as applied to MCA activities. It replaces the Antitrust Guide published April 1, 1965 and revised February 15, 1968.

It has long been the policy of MCA to comply with the letter and the spirit of the antitrust laws. The Antitrust Guide for MCA Committee Members is provided to alert you to possible antitrust violations. As an introduction and guide, it is limited in scope and contains neither a complete statement of the antitrust laws nor a description of every possible situation in which antitrust problems may arise. It is no substitute for legal advice, and for any specific question concerning the applicability of the antitrust laws you should consult MCA counsel as well as counsel for your own company.

PRESIDENT

CMA 071219

ANTITRUST GUIDE FOR
MCA COMMITTEE MEMBERS

This pamphlet is designed to be a layman's guide on how the antitrust laws apply to trade association activities, with particular reference to MCA committee work. It is written both for the guidance of those MCA committee members who have no particular knowledge of this complicated subject, and to provide a useful reminder or "refresher course" for those who have had the benefit of antitrust advice from their own company counsel.

The Manufacturing Chemists Association is a non-profit industry association representing about 200 chemical producers. Like other industry associations, MCA is composed of member companies (many of whom are competitors of one another) representatives of which serve on its Board of Directors and on its committees.

Whenever competitors meet together problems can arise under the antitrust laws. If the meeting or other activity among competitors is conducted by or through a trade association, it is just as vulnerable to antitrust attack as if the same companies were meeting or acting together without the medium of an association. Trade associations generally seek, quite properly, to promote understanding and cooperation among their members. But if this "cooperation" restrains competition, both the association and its members will be in trouble under the antitrust laws.

Antitrust enforcement is being emphasized as never before. The number of criminal and civil antitrust actions is steadily increasing. Congress has greatly increased both criminal and civil antitrust penalties, has made important procedural changes, and has substantially increased the budgets for the Antitrust Division of the Department of Justice and the Federal Trade Commission, the two agencies charged with antitrust enforcement. The courts are expanding the scope of antitrust prohibitions which may especially affect trade association activities, and such associations are more frequently becoming the objects of FTC and Antitrust Division investigations. In view of these developments, increased awareness of the application of the antitrust laws to association activities is essential.

Like most reputable trade associations, MCA has objectives and programs that are well within the law. It also makes every effort to prevent possible antitrust abuses from arising. But a large responsibility also rests upon its member companies -- and particularly upon their individual representatives who serve on MCA's committees. This means that committee members should know enough about this subject to be able in their MCA work to avoid actions or discussions that might raise antitrust questions. The main purpose of this pamphlet is to help all committee members to recognize what is, or might become, an "antitrust question."

Some actions or discussions by members of a trade association are clearly illegal; many others are wholly legal and proper; and there is a sizeable "grey area" or danger zone in between. This grey area between legal and illegal association activity is often vague and uncertain, and MCA's policy has always been to keep far away from the doubtful zones.

The Association's aim is not only to avoid actual violations of law -- it wants to prevent even any appearance of violation which might invite suspicion or investigation on the part of the enforcement authorities. To protect itself and its members in this respect, MCA has adopted and observes several basic policies:

1. It has well-defined, constructive objectives and programs which are designed to promote the overall interests of the industry and the public.

2. Its organizational structure consists primarily of standing committees with specific and limited functional purposes; any activities concerned with pricing or marketing chemical products are scrupulously avoided, and limitations are also imposed on the subject matter and duration of ad hoc committees dealing with specific chemical products or product segments.

3. It maintains various procedural safeguards -- particularly those set forth in the Board's "General Principles Applicable to the Structure and Operations of Committees" which appears in the Association's annual Directory.

4. It retains counsel to help insure full observance of the above policies and procedures, and to provide guidance and protective advice as to all MCA's operations from an antitrust standpoint.

5. It has approved the issuance of this "Antitrust Guide" to help member company representatives on MCA committees avoid problems under the antitrust laws.

THE FEDERAL ANTITRUST LAWS

Beginning in 1890, Congress has enacted a series of statutes which are known collectively as the federal antitrust laws. These laws are designed to promote and preserve our competitive private enterprise system by encouraging free and open competition in open markets. The federal antitrust laws give the force of law to the philosophy underlying our economic system, namely, that a free market in which supply and demand operate to determine the conditions and terms of production, distribution and sale, and where each seller and buyer deals independently, serves to achieve the most equitable allocation of high quality goods and services at the lowest possible prices.

The central core of federal antitrust legislation is formed by the Sherman Act (1890) and the Clayton and Federal Trade Commission Acts (1914). Most states have also enacted antitrust laws similar to the federal statutes but no attempt is made to discuss them in this brief manual. Similarly, there is no discussion herein of other areas of federal antitrust law (such as the Robinson-Patman Act and many parts of the Clayton Act) which may bear directly on the activities of individual companies but are usually not involved in association activities. The primary focus here is on horizontal conduct, i.e., conduct involving relationships between competitors, rather than vertical relationships such as those between a company and its customers.

Section 1 of the Sherman Act prohibits "contracts," "combinations" or "conspiracies" in restraint of trade or commerce. These are terms of collective action or conduct by two or more persons, and they include agreements and understandings of all kinds -- whether written or oral, formal or informal -- which unduly restrain competition. Because of the collective nature of most trade association activities, this section is the principal weapon used by the Department of Justice in antitrust suits against trade associations or their members. Such suits are usually based upon an alleged conspiracy or agreement among competitors to restrain trade. (The Federal Trade Commission also can, and does, challenge trade association activity which is alleged to lessen competition under Section 5 of the Federal Trade Commission Act which prohibits "unfair methods of competition.")

Although the language of the antitrust statutes is deliberately general in its coverage, prohibiting "[every] contract, combination . . . or conspiracy in restraint of trade" and "unfair methods of competition," the courts have defined a number of specific activities as inherently unlawful, the so-called "per se" offenses (see "Prohibited Activities," infra). The legality of other activities is determined by the "rule of reason," i.e., is the activity ancillary to the achievement of a legitimate business objective and is it no more restrictive of competition than necessary to achieve that objective. Although this

necessarily involves difficult questions of interpretation, even here useful guidelines for antitrust compliance have evolved from the courts' decisions. The importance of obtaining legal counsel in any area of uncertainty cannot be overemphasized, for the sanctions imposed for violations of the antitrust laws are severe.

ANTITRUST ENFORCEMENT

The Federal antitrust laws are enforced by the Department of Justice (Antitrust Division) and the Federal Trade Commission and frequently provide the basis for suits by private parties.

All of the following penalties can be imposed for violations of antitrust laws:

1. Imprisonment. Violations which are criminal offenses, including most prohibited collusive activities, are felonies, and each individual participant is subject to a prison sentence of up to three years. Prison sentences are becoming increasingly common, particularly in price-fixing cases. Convicted felons may also be denied citizenship, the right to vote and other privileges and rights.

2. Fines. Fines of up to \$1,000,000 for corporations and up to \$100,000 for individuals may be imposed for each criminal offense. An individual may not be reimbursed by his corporation for fines paid by him and fines are not deductible for income tax purposes.

3. Injunctive Court and Federal Trade Commission Orders. Orders (injunctions) which prohibit future violations or activities can be imposed as a result of civil

actions brought by the Department of Justice, the Federal Trade Commission, or private parties, with far-reaching consequences. Such injunctions may contain sweeping prohibitions which go well beyond the scope of the violations charged and prohibit conduct which is not itself considered contrary to the antitrust laws. Such orders can seriously limit freedom of corporate or association action, require burdensome and time-consuming reporting obligations, cause day-to-day activities to be supervised by a court or agency, and even require dissolution of a trade association. Violation of an injunctive order issued by a court can result in contempt proceedings with attendant fines, while failure to comply with an injunction ("cease and desist order") issued by the Federal Trade Commission carries penalties of up to \$10,000 for each day the non-compliance continues.

4. Treble Damages. A sanction which has been applied with increasing frequency as private antitrust suits have rapidly increased in recent years is the "treble damage" provision of the antitrust laws which allows persons or businesses injured by an antitrust violation to recover three times the amount of actual damages sustained. Such cases have resulted in hundreds of millions of dollars of damages being paid to private litigants. Thus, an antitrust violation could impair the financial resources of any corporation and significantly weaken its competitive position.

PROHIBITED ACTIVITIES

As noted above, many antitrust violations -- and particularly those involving trade associations -- result from concerted or collusive activity, that is, from an "agreement" between or among competitors which results in a restraint of trade. An illegal agreement may be proved in a number of ways. It need not be written, and seldom is. Rather, the term "agreement" in antitrust parlance may mean no more than knowing adherence to or participation in a common scheme. Explicit promises, commitments, or assurances are not necessary to establish a violation, nor must the parties actually carry out the agreement. (This definition of "agreement" is assumed throughout.)

Convictions for collusive activities can be based on a series of seemingly isolated facts which have been linked to present a chain of circumstantial evidence from which an agreement or conspiracy -- a meeting of the minds -- can be inferred; for example, identical price increases by competitors following shortly after a trade association meeting at which "business conditions" and the need of the industry for higher prices were discussed. For this reason it is important when participating in MCA committee work or other association activities, which involve contact with other members of the industry, to avoid doing or saying anything which might even give an appearance of agreement with others in areas which may involve a lessening of competition.

A. Agreements Involving Prices. Pricing is the most sensitive subject under the antitrust laws. "Price"

in this context includes all the elements of the terms of sale: sales prices, discounts, allowances, freight, credit terms, container deposits, and all other services or conditions integrally related to a sale. Any agreement between competitors which fixes, stabilizes, maintains, bolsters, depresses, or tampers in any way with price is unlawful "per se," that is, the activity is indefensible and illegal without further analysis of its reasonableness, good intentions, arguable benefits to the public, or extenuating circumstances. In short, there is no defense.

"Price-fixing" encompasses not only agreements with competitors on a selling price. It may also include, for example, agreements to buy up surplus goods, to adhere to a formula for determining prices, to standardize discounts, to control raw material prices, and any other agreement which has the net result of affecting the price structure of a given product. Moreover, it is just as unlawful for competitors to agree on the prices at which they will offer to buy from their suppliers, as on those at which they sell. As previously noted an agreement can be shown in a number of ways. Thus, even the mere exchange of price lists between competitors on a regular basis may in some circumstances serve as evidence of an illegal price-fixing agreement.

The essential rule is that each seller must determine on its own the prices at which it purchases and sells. To avoid inferences of agreement or collusion -- and there can be no exceptions -- MCA members must not engage in any direct

or indirect discussions with any competitors regarding prices, pricing policies, or any other marketing policy which may affect pricing. The following are a few examples of activities which have been found by the courts to constitute evidence of illegal price fixing:

1. Some supermarket executives were held to have violated the Sherman Act on the basis of evidence which included a trade association meeting where one participant made remarks to the general effect that it was time to stop passing lower wholesale meat prices on to consumers and keep some of it for themselves. After viewing this and other evidence in light of the actual pricing practices, the court upheld a jury verdict that the attendees at the trade association meeting had engaged in an illegal conspiracy to keep wholesale prices low and retail prices high. (The jury awarded plaintiffs a verdict for over 32 million dollars, plus the plaintiffs' attorneys' fees.)

2. In another case, the sales manager of the leading company in a market invited the sales managers of the other major companies in the market to a meeting at which he described a proposal for reclassifying distributors and changing discount schedules. No one present openly agreed to reclassify his distributors and change his discount schedules. Subsequent to the meeting, however, the leading company instituted the changes proposed at the meeting and the other companies, one by one, adopted the same distributor classifications and discount schedules. All of the companies and their sales managers were convicted of engaging in an unlawful conspiracy. The fact that all of the individual defendants were at the meeting, heard

the discussion, and subsequently reclassified their distributors and changed their discount schedules, supported a jury finding that they had unlawfully conspired to fix prices.

3. Sales officials of corrugated cardboard box manufacturers in the Southeast followed a practice of occasionally calling each other to determine quotes given on specific and current sales to identified customers. The Supreme Court held the practice illegal because it had the effect of stabilizing prices (i.e., it tended to limit price reductions and the range of price changes). The decision was reached in spite of an express finding that the calls did not result in an actual agreement on prices. Rather, each defendant, on receiving a request for pricing information, usually furnished the data with the expectation that reciprocal information would be furnished to him. This simple exchange of information was held to establish an unlawful combination or conspiracy under the Sherman Act.

B. Agreements to Control Production or Sales. Competitors may not agree to limit or control production or sales. Any limitations on output by direct or indirect agreement are illegal per se and cannot be justified, even where the purpose is to preserve the industry or conserve natural resources.

C. Division of Territories and Allocation of Customers. Any agreement between competitors to divide or allocate either sales territories or customers is unlawful per se. Exchanges of information with competitors relating to customers or territories can create the

appearance of such collusion or agreement and must be strictly avoided.

D. Refusals to Deal. Any agreement among competitors which results in a refusal to deal with suppliers or other competitors -- for example, a blacklist or boycott -- is illegal per se. For this reason exchanges of information (e.g., credit information) concerning particular customers which might lead to parallel decisions not to deal should be avoided.

APPLICATION OF ANTITRUST LAWS TO
TRADE ASSOCIATION ACTIVITIES

The valuable and proper activities of the MCA and its committees can be accomplished effectively if participating members are alert to the prohibited types of behavior described above and react quickly when danger signals appear.

Obviously, MCA activities should be conducted in such a way as to avoid any possible inference of agreement among its members with respect to prices, controlling production or sales, division of territories, or refusals to deal in any form whatsoever. Further guidelines are given here to highlight potential danger zones to be avoided. When a danger zone appears, counsel should be consulted for specific guidance.

In reviewing the following guidelines there are a few general points you should bear in mind:

1. As indicated above, an otherwise lawful act may become unlawful if done for an improper purpose, or if it is part of a larger unlawful scheme. For example, a product standardization program might be justifiably considered by itself, but not if it is combined with other activities to facilitate the fixing of uniform prices. In other words, the courts may look at the cumulative effect of several activities -- not at each one separately.

2. Good motives are not an excuse for doing things that are otherwise unlawful, either because they fall within one of the "per se" categories discussed previously or because they are more restrictive of competition than necessary to accomplish their legitimate objectives. Thus, even though a product standardization program may be intended to increase competition by providing consumers with important information, it may nevertheless be found unlawful if conducted in a manner more restrictive than necessary to achieve its legitimate purposes.

3. An ostensibly lawful program or activity runs a greater risk of getting into vulnerable areas if conducted by a group of competitors making the same product. That is the main reason why MCA operates primarily through functional committees, and imposes limitations on the subject matter and duration of any ad hoc committees dealing with matters concerning a specific chemical product or product segment.

4. As a member of an MCA committee, you and your company can be held responsible for any improper acts that may occur which you know about (or should know about), and if you fail to protest or disassociate yourself from them.

Participation in MCA Committee Meetings.

All meetings of MCA committees must be conducted in strict compliance with the procedures set out in the "General Principles Applicable to the Structure and

Operations of Committees."^{*/} These General Principles provide for agendas, attendance of staff representatives, and for the keeping of accurate and complete minutes -- all of which are designed to avoid antitrust risks.

If you participate in an MCA task group meeting held without an MCA staff member being present (pursuant to the special circumstances set forth in subparagraph 5(g) of the General Principles), be sure that the meeting complies with the requirements of that subparagraph 5(g), including an "accurate and complete written report . . . as to everything occurring at such meeting."

Note: The attitude of enforcement personnel will be governed by what committee or task group members actually do, not by what is said in reports or minutes that may be incomplete or inaccurate.

MCA committee members participating in activities involving advocacy before governmental entities should be familiar with and carefully observe the guidelines set out in the memorandum, "General Principles and Guidelines for MCA Advocacy," dated May 14, 1975. In general, advocacy can seek to influence government policy in ways which benefit the chemical industry, but such advocacy should be conducted

^{*/} As approved by the Board of Directors on March 12, 1963 and amended March 9, 1971. These General Principles may be found in the MCA Directory issued annually.

in lawful ways and directed solely at efforts to influence that policy. It should not be used as a sham or as a means to affect competition directly and independently of what would be the effect of the government policy which is sought to be influenced.

While committee agendas will have been cleared in advance with MCA counsel, it is the obligation of all committee members to make sure that their own participation in committee meetings will not give rise to even an inference of antitrust wrongdoing. Thus, even when carrying out approved and legitimate activities members must be careful to avoid discussions or exchanges of information with their competitors on any subject relating to the "per se" restraints listed above since such discussions or information exchanges may give rise to inferences of agreement. As examples, you should avoid any discussion with competitors of the following:

(a) Individual company prices, price changes, price differentials, mark-ups, discounts, allowances, credit terms, etc.

(b) Individual company figures on costs, production, capacity, inventories, sales, etc.

(c) Industry pricing policies, price levels, price changes, differentials, etc.

(d) Changes in industry production, capacity, or inventories.

(e) Transportation rates or rate policies for individual shipments or particular products, including basing point systems, zone prices, freight equalization, etc.

Note: This was an alleged factor in the 1962 FTC charges against MCA in the TSP (trisodium phosphate) case. MCA denied the charges, but joined the producers in signing a consent order prohibiting the practices charged. Standardization of TSP containers was another principal factor in the TSP case; these charges pertained to an activity in 1939-40 which has long since been abandoned. MCA denied that this activity was illegal, but joined the respondent TSP producers in signing a consent order prohibiting the various practices charged, in order to avoid costly and time-consuming litigation.

(f) Bids on contracts for particular products; procedures for responding to bid invitations.

(g) Plans of individual companies concerning the design, production, distribution or marketing of particular products, including proposed territories or customers.

(h) Matters relating to individual suppliers or customers that might have the effect of excluding them from any market.

(i) Any matter relating to TSP as a specific product.

Regardless of subject matter, you should not attend or tolerate any meeting with your competitors in connection with MCA business which has no agenda, or which is concerned with matters outside your committee's terms of reference, or which otherwise fails to conform with the procedures in the General Principles.

Informal Gatherings

It is important to avoid discussions of the above subjects, not only at formal MCA or committee meetings, but also in connection with social or other gatherings on those occasions. If any improper discussion should start in your presence, you should protest; if the discussion continues, you should promptly excuse yourself from the group and communicate your protest to the appropriate MCA staff member. Even if you do not take part in any improper discussion, your presence without participation could still get you and your company into trouble. Any individuals who participate in such improper discussions, whether deliberately or innocently, are doing their companies, and MCA, a real disservice, and subjecting themselves to possible liability. In case of doubt as to whether a particular subject may properly be discussed with your competitors, you should consult your own company counsel.

Documents

Care must be taken to avoid wording any written documents including reports or notes from committee meetings in a way that might be interpreted as indicating, contrary to fact, the existence of an antitrust violation. Every memorandum, letter, or other document dealing with prices, competition, or the other danger areas specified in this pamphlet should be written with the assumption that it will one day be examined

for antitrust implications. An antitrust case may be based on documents which are in reality innocent or innocuous but have been written in such a way as to create suspicion and require explanation. Such documents may include personal notes based on recollection, or taken at committee or other meetings, which record personal impressions rather than the facts of what transpired.

CONCLUSION

It is hoped that this pamphlet will help you to understand how the antitrust laws bear upon trade association activities, and to carry out your MCA work in full compliance with these laws and with MCA policies. Again, please remember that this is a limited outline and is not intended to be a complete description of the application of the antitrust laws -- for answers to specific problems, you should consult MCA counsel and your own company counsel.

APPOINTMENT OF COMMITTEE MEMBERS

- (a) Chemical Packaging Committee
Joseph Sandford, Jr., E. I. du Pont de Nemours & Company -- As Chairman*
Robert E. McIlroy, J. T. Baker Chemical Company -- As Vice Chairman*
Edward J. Radziewicz, Celanese Chemical Company, A Division of
Celanese Corporation
- (b) Energy Conservation Committee
Larry L. Saphier, The Dow Chemical Company -- As Vice Chairman
- (c) Insurance Committee
R. A. Balotti, E. I. du Pont de Nemours & Company -- As Chairman*
R. E. Klingman, UNIROYAL, Inc. -- As Vice Chairman*
- (d) International Trade Committee
Lewis Sellers, The Dow Chemical Company
- (e) Legal Advisory Committee
Edwin J. Putzell, Jr., Monsanto Company -- As Chairman*
James J. Wyer, American Cyanamid Company -- As Vice Chairman*
Peter H. Kaskell, Olin Corporation
S. Maynard Turk, Hercules Incorporated
- (f) Plastics Committee
W. E. Kennel, Amoco Chemicals Corporation -- As Chairman*
Harry E. Connors, Jr., Diamond Shamrock Chemical Company --
As Vice Chairman*
Walter Bussart, Eastman Chemical Products, Inc.*
Paul A. McKim, ARCO/Polymers, Inc.*
C. Rex Scott, Phillips Chemical Company*
William G. Simeral, E. I. du Pont de Nemours & Company*
- (g) Public Relations Committee
Gerd H. Wilcke, Mobay Chemical Corporation
- (h) Technical Information Retrieval Committee
James C. Arvantes, Union Carbide Corporation
Edith A. Baker, Hercules Incorporated
Margaret H. Graham, Exxon Research and Engineering Company
Mary Jo Jones, Borg-Warner Chemicals, Borg-Warner Corporation
Robert Velgos, Phillips Petroleum Company

(Over)

CMA 071240

- (i) Transportation and Distribution Committee
Grant Arnold, Ethyl Corporation -- As Vice Chairman*
- (j) Transportation Equipment Committee
Roy J. Holden, Bureau of Explosives, Association of American Railroads**

* Effective June 1, 1976

** Associate membership (non-voting status) subject to review and confirmation annually.

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MCA-5/11/76

CMA 071241

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M STOVER

MAY 11, 1976

SENATE COMMITTEE WORKING ON TAX LEGISLATION

The Senate Finance Committee began markup of tax reform/tax reduction legislation on April 27 and is expected to report some type of tax measure by mid-June. Although it is not clear just what the scope of the Committee's action will be, it is entirely possible that their bill will simply extend tax reduction provisions which expire on June 30, thus delaying action on a tax reform package until later in the year. Senator Russell Long, Chairman of the Finance Committee, has indicated that such a course is a distinct possibility.

During the past two weeks of markup sessions the Senate committee dealt primarily with tax shelters of little direct interest to the chemical industry. It is significant to note, however, that most decisions could be characterized as easing off on limitations or restrictions included in the House-passed tax reform bill (H.R. 10612). Many observers are concluding therefore that when the Committee takes up capital formation and foreign income provisions, its actions will be generally more favorable to industry than that of the House.

However, there is still danger ahead. Whenever a tax bill comes up for Senate floor action -- be it a simple extension of expiring tax reduction provisions or a comprehensive tax reform/tax reduction package -- Senator Kennedy and several other reform-minded Senators are expected to introduce a number of anti-business amendments. These are likely to include proposals to repeal deferral of taxation of income of foreign subsidiaries, restrict the use of the foreign tax credit, eliminate DISC entirely, repeal the Asset Depreciation Range (ADR) System, and repeal the percentage depletion allowance for hard minerals.

The fate of these extreme amendments will depend on the ability of the business community to convince a majority of Senators of the damaging impact of the proposals on U. S. business and the general economy.

This was emphasized yesterday by U. S. Senator Herman E. Talmadge of Georgia, second-ranking Democrat on the Senate Finance Committee. In addressing MCA's CHEMICAL FORUM he urged company officials to communicate their views on tax changes to all Senators, and especially to those on the Finance Committee.

In order to stimulate savings and capital investment, Senator Talmadge indicated that he favored proposals recommended by the Administration and supported by MCA to make the 10% investment tax credit permanent, to reduce the corporate tax rate, eliminate double taxation of corporate profits and to modify the present method of taxing capital gains. He fully supports retention of the Foreign Tax Credit and DISC and firmly opposes any changes that would materially alter and burden the competitive position of our companies operating abroad. It is his opinion that many Members of the Finance Committee shared his views on these matters.

Various business organizations are urging industry spokesmen to contact all Senators with whom they have constituent relations to make known their views on these issues. We certainly support this line of action, and believe that such contacts should be made before June 15.

CLEAN AIR AMENDMENTS HIT SNAG IN SENATE

The Public Works Committees of both the House and Senate have reported bills in what is the first attempt at comprehensive revision of the Clean Air Act of 1970 (PL 91-604).

An emotional struggle is under way over provisions contained in both bills intended to protect clean air against "significant deterioration". Both bills establish certain "mandatory" Class I areas where only small amounts of additional pollution would be allowed. The Committees say their non-deterioration proposals would give states more control over the classification process than do the EPA's present regulations. Industry views this approach as thinly disguised Federal land-use control.

In the Senate, there are signs that support is growing for an amendment proposed by Senator Frank Moss (D.-Utah). The Democratic leadership has recently postponed until early June the floor debate on Senator Muskie's bill, S 3219. The Moss amendment would defer the new nondeterioration restrictions for one year. During that period, a National Commission on Air Quality, established in the Senate bill, studies the economic and energy impacts of the proposal and considers whether the government has enough technical information to implement it.

By late April, Senator Moss had gathered 12 co-sponsors -- six Republicans and six Democrats. The hasty decision to postpone floor action is being interpreted as an indication that his proposal now has the backing to be adopted, and that opponents need more time to solidify their opposition. MCA is therefore continuing to work to build support for the Moss amendment. We are urging that member companies communicate with Senators on this subject as soon as possible.

The House Interstate and Foreign Commerce Committee is expected to file the report on its Air Quality Amendments bill within the next few days. There now appears to be some possibility that the House might await the outcome of Senate action before proceeding.

THE SOLID WASTE UTILIZATION ACT -- WILL IT PASS?

The Senate Public Works Committee has scheduled markup on proposed solid waste utilization legislation for May 12 and 13. Last July, Committee Chairman Senator Jennings Randolph (D.-W.Va.) introduced S. 2150, resulting from extensive hearings held during 1975. Last Monday, May 10, the Committee staff issued a new working print of the bill, which will now become the basis for the markup.

The House Interstate and Foreign Commerce Subcommittee on Transportation and Commerce issued a draft solid waste bill last December which was considerably more comprehensive than the original Senate bill. We now understand that the Subcommittee has abandoned the first draft because of adverse reactions, and that another draft will emerge in mid-May which will be less controversial and more likely to attract wide support. The Subcommittee expects to hold hearings following issuance of the new draft bill.

Last summer we submitted our own marked-up version of S. 2150 to the Senate Public Works Committee. We did the same with the House Transportation and Commerce Subcommittee December draft.

In related developments, a House Government Operations Subcommittee has conducted oversight hearings on solid waste, and a House Science and Technology Subcommittee has held hearings on several research and development bills related to solid waste and resource recovery issues. Oversight recommendations and R&D legislative proposals will be given consideration and possible incorporation by the Subcommittee on Transportation and Commerce in its writing of the major House solid waste bill.

Judging from the events discussed above, and the general consensus on Capitol Hill, there appears to be a good possibility of new solid waste legislation this year.

OSHA OVERSIGHT HEARINGS

Hearings on worker exposure to toxic materials are scheduled in the House Government Operations Manpower Subcommittee this Tuesday and Wednesday, May 11 and 12, and continuing May 19.

The Subcommittee plans to investigate the adequacy of OSHA health standards, whether the procurement systems of GSA and DOD include screening for toxic substances and subsequent worker notification, and whether dangerous chemicals in the workplace may be more widespread than generally recognized.

Witnesses scheduled for Tuesday, May 11, include representatives of the National Institute for Occupational Safety and Health, and OCAW (Oil, Chemical and Atomic Workers Union). On May 12 the Subcommittee will hear Dr. Morton Corn, Assistant Secretary of Labor for OSHA. Also appearing will be a spokesman for MCA, Mr. Emil E. Christofano, Chairman of the MCA Occupational Health Committee. Mr. Christofano is an Industrial Hygienist for Hercules Incorporated.

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

GARY A. SUNSHINE, CHAIRMAN
FOOD, DRUG, AND COSMETIC CHEMICALS COMMITTEE

MAY 11, 1976

It is a pleasure to have the opportunity to report to you on the activities of the FDCC Committee and to share with you thoughts that have grown out of my association with the work of the Committee during the past year.

As you know, the objectives and the function of the FDCC Committee are as follows:

"To advise the Board of Directors concerning chemicals used in foods, drugs, and cosmetics, and in accord with Association policies and procedures, develop positions on legislation and regulations affecting such chemicals, formulate principles and encourage technical development pertinent to their use and cooperate with other organizations having parallel interests."

Considering the rapid rate of developments in the past few years, these responsibilities represent no small task. The activities of the Committee during the past year have been directed largely toward consolidating and implementing organizational improvements initiated during the preceding year. The organizational structure that has been established consists essentially of a legislative and regulatory subcommittee, a scientific subcommittee, and a communications subcommittee, which are designed to closely follow developments in their respective areas. The subcommittees, through their respective chairmen, and the steering subcommittee, function by developing and referring well-developed reports and proposals to the full Committee for review and action. This structural concept takes advantage of the available manpower by establishing a well-defined division of the work areas; eliminating repetitious meetings, and concentrating on developing concrete proposals for the basis of Committee action. Task force units with specific areas of assignment within these broad lines of division have also been used to advantage.

During the past year, for example, the Committee prepared and submitted extensive comments on the FDA proposed Administrative Practices and Procedures regulations. Of particular importance to MCA was the FDA position stated in Section 2.23 (b) of these proposed regulations, that any representation made by a trade association "shall be on behalf of its members and shall constitute a representation on behalf of each member of the trade association, except those specifically excluded by name in any such submission." The obstacles to equitable administration of justice under the law that could be evoked by such a provision are so numerous as to preclude detailed reference in this report. Such objections have been fully documented in our submission to FDA. Other features of the proposed regulations to which we have submitted substantial comments have included a proposed limitation on the opportunity to present oral testimony and to cross-examine witnesses during hearings, and the establishment of criteria which the FDA asserted constituted a proper basis on which to deny a petition or right to a hearing. These provisions and others of varying degrees of importance and impact are not merely a codification of existing FDA procedures, but in many respects, represent a basic change in practices that restrict the rights of individuals subject to the agency's jurisdiction to obtain consideration and review.

Another legislative development of importance which is now under review by the legislative and regulatory subcommittee is the Kennedy Food Surveillance Bill S.641. Although originally heralded as applying primarily to food manufacturing and processing establishments, this proposed legislation has implications extending beyond these areas. Under the manufacturing sections, surveillance features are included relating to the establishment of safety assurance procedures within plants, product coding, record keeping, and inspections. In addition the Bill contains provisions for requiring registration of food establishments. However, in a broader context, the Bill imposes obligations on food processors to immediately notify the institution of a recall as well as the possibility that processed foods "may be adulterated." Citizens civil actions also are authorized under the Bill. Additionally, the Bill contains extensive new requirements pertaining to the label identification of all ingredients.

In addition to these activities, the Committee has also monitored the NCI Carcinogenic Bioassay program, the FCC and FAO/WHO monographs for food chemicals, and the FDA review of GRAS substances.

These activities have been carried out primarily under the program of the scientific subcommittee together with a number of other projects relating to technical developments in the area of food, drug, and cosmetic chemicals. The development of proposed Good Manufacturing Practices Guidelines for bulk drugs and food chemicals is presently under study by this subcommittee. In addition, technical liaison is carried out with the activities of PMA, as they relate to bulk drugs and with GMA, as they relate to food chemicals.

A project presently active within the communications subcommittee is the development of a proposal for the formation of a chemical industry information center. Although the details of the organization and operation of such a center and various considerations relating to its establishment are not yet defined in concrete terms, it is believed that such a center could help to improve the public's understanding of questions and controversies that confront our industry.

While the above describe briefly the broad spectrum of activities that have been carried forward during the past year, a summary of the Committee's activities would not be complete without an appropriate evaluation of this work as it relates to the objectives of the Committee's responsibilities to MCA. Such objectives clearly must be understood in the light of the legislative and regulatory climate that exists today. Seen in this perspective, one can only feel a keen sense of inadequacy -- of constantly striving to barely keep up with developments and the frustration of being able only to superficially react to the various problems that continue to arise.

Despite the diligent efforts of restructuring the FDCC Committee, it is believed that a more fundamental reevaluation of the MCA activity in this area should be undertaken. There are, of course, a variety of ways in which response to the greater burden in this area of our activities can be made. I would not propose as part of this brief report to attempt to define in detail any particular solution. It is appropriate, however, to recognize that the time may have arrived when the means which have served us well in the past are no longer adequate to serve industries' needs in the area of food, drug, and cosmetic chemicals.

MCA has always prided itself on the fact that committee leadership and most of the working input comes from the member companies. I suggest that this policy may no longer be appropriate in areas of

proliferating legislation and regulation, such as food, drug and cosmetic law. These regulations are targeted at many areas, frequently beyond the scope of interest of any single member company. Therefore, I urge this Board to appoint a committee to study the issue of from where should the leadership of any particular committee come. Should it be from the MCA staff, or should it continue to come from the member companies. The conclusion may not be the same for all committees. Nevertheless, I think this situation should be given a fresh look.

REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION

GEORGE A. COFFENBERG, CHAIRMAN
TRANSPORTATION AND DISTRIBUTION COMMITTEE

MAY 11, 1976

In my initial report for the Transportation and Distribution Committee on April 8 of last year, I restricted my comments to two items of major significance having future impact on the chemical industry. A more detailed report on the Committee's activities was appended to my remarks. Today my oral report will focus on three topics and I refer you to the filed report for the balance.

The chemical industry owns or operates approximately 67,000 tank cars and is compensated by the railroads through a mileage allowance of from 11.07¢ to 23.81¢ per loaded car mile depending on the value of the car. The railroads pay an allowance to suppliers of private rail cars in that freight rates take into consideration a cost to the railroads of supplying cars. Prior to 1964, the allowance per mile was a one-level allowance. A car owner or operator was paid the same rate per mile irrespective of whether a car had a value of \$5,000 or \$25,000.

The chemical industry, having the newer and higher valued cars, was of the opinion that the compensation paid by the railroads should recognize the difference of investment in the cars and pay a higher allowance to the more valuable cars than paid to cars of lower value. After long negotiations, a tri-level system of compensation was established in November 1964. However, because of disagreement among the railroads as to how the system was to work, the matter was contested before the Interstate Commerce Commission (ICC) with the car suppliers on one side and the railroads on the other.

Commencing in 1964 through May of this year, three major car compensation cases have been adjudicated before the ICC. In 1971, after a favorable ICC decision to an MCA complaint, the three-level system of compensation established in 1964 was changed to a six-level system. However, the rates of compensation to be paid by the railroads were frozen to car values established in 1968. The final case, ICC Docket 35537 instituted by MCA over four years ago, is about to be discontinued as a result of an interim agreement negotiated between the litigants. The negotiations followed a favorable decision by Division 2 for MCA. MCA's complaint was supported by the American Petroleum Institute, the Corn Refiners Association, the Institute of Shortening and Edible Oils, the major tank car leasing companies and Allied Chemical Corporation.

The interim agreement accomplishes the following:

- (1) The mileage rate for all six levels of compensation was to be increased on thirty days' notice by 22-1/2%. This increase became effective May 1, 1976. Tank car compensation had not been increased since January 1, 1971. It is estimated that the increase annualized will return to the tank car operators an additional \$40 million. The chemical industry's share is estimated at \$20 million.

- (2) Since 1964, the railroads only adjusted tank car compensation upward after adjudication of a complaint before the ICC. The agreement provides that tank car compensation will be adjusted in relation to and at the time the railroads adjust the compensation paid one another for use of each other's cars. The railroads have increased the compensation paid to each other four times, aggregating 45%, since the last time tank car compensation was increased. We expect the new rates of compensation, effective May 1, will again be increased in the first quarter of 1977 when the railroads increase car compensation to each other.
- (3) New tank cars entering the rail fleet, frozen at 1968 valuations for the purpose of compensation, will now enter the fleet at their fair market value. For example, a car valued in 1976 dollars at \$27,000 will call for a mileage rate of 23.81¢ per loaded mile whereas prior to this agreement, such cars would have been adjusted by a formula to a value of \$18,500 and compensated at a rate of 21.89¢. Existing cars will be re-evaluated and if the fair market value of the car places it in a higher mileage group, the car will be reassigned to the higher group.
- (4) Tank car owners and operators will support the establishment of an equalization rule whereby, the railroads will be compensated for excess empty miles when empty miles exceed loaded miles by more than 105%.
- (5) The ICC will issue an order commencing a rule making proceeding for the purpose of establishing rules and methods for determining tank car compensation in the future. When completed, the ICC will issue another order canceling the interim agreement and prescribing the basis on which tank car compensation is to be paid and the mechanisms for its implementation. Rule making may take as long as three years to complete.

In summary, we not only see the light at the end of the tunnel, but we can see the end of the tunnel. During the next three years, complex and difficult negotiating will be carried out with the railroads under ICC supervision. MCA's objective will be to do its best to assure that the rules finally prescribed will provide equitable compensation for those who supply tank cars.

My last report dealt at length with Public Law 92-500, the Federal Water Pollution Control Act, and in particular, the 1972 amendments covering spills of hazardous polluting substances and the civil penalties provided for such spills in section 311. I advised that an ad hoc inter-industry committee, including MCA, was seeking legislative relief from the punitive provisions of this section. H.R. 9560 was introduced September 11, 1975 to amend several sections of the law and section 12 of the bill, while not totally to the liking of the ad hoc committee, would have been a vast improvement from the existing law. MCA testified in support of the bill with caveats as to the

meaning intended by certain language in the bill. MCA offered to work with the Environmental Protection Agency (EPA) on the development of guidelines to carry out the intent of the dubious language along the lines of MCA's testimony. EPA Administrator, Russell Train, testified in support of H.R. 9560, including support of section 12. The desired revisions in the law, as encompassed in section 12, were recommended by the House Public Works Subcommittee handling the bill.

However, in mark-up before the full House Committee on Public Works and Transportation, the penalty language in section 12 underwent a significant and unfortunate twist. The bill provided for a maximum penalty of \$50,000. In mark-up, to placate certain Committee members who were seeking to preserve the maximum penalty of \$5,000,000 when from a vessel and \$500,000 when from a shore-based facility, as provided in the 1972 amendments, the Committee approved a three-tier approach to penalties. The amendment, in effect provides a maximum penalty of \$50,000 for a first spill, a maximum of \$100,000 for a second spill, and a maximum of \$500,000 for spills in excess of two during a three-year period. The mark-up made no change in the language concerning spills involving willful negligence or willful misconduct.

H.R. 9560 is expected to obtain a rule from the Rules Committee for consideration by the House some time this month. It is the best judgment of those who are familiar with legislative procedures that the mark-up committee has made such a "Christmas Tree" of the bill, that it stands a very good chance of being voted down by the House. If this does not occur, because S. 2710, the Senate's companion bill is so different than H.R. 9560, an effort will be made to return the penalty language to its original form during the House and Senate conference. The fallback position will be to eliminate section 12 in its entirety.

The transportation of hazardous materials continues to receive adverse publicity far out of proportion to the safety its transportation record deserves. The Department of Transportation (DOT), through its Director of the Office of Hazardous Materials when testifying on the Transportation Safety Act of 1974, estimated that there are over two billion tons of hazardous materials shipped annually with as many as 250,000 shipments tendered daily. Major accidents involving hazardous materials have been relatively few when considering the exposure, but each one raises new cries for increased regulation.

Since 1968, the Department of Transportation has been attempting to develop a new hazard information system integrating vehicle placards and shipping papers with the ability for a quick emergency response. The DOT's most recent effort is an advance notice of rule making identified Hazardous Materials Docket No. 126. The DOT requested that responses to the docket evaluate nine hazard information systems proposed by respondents in a past docket against nine criteria that a hazard information system should meet. MCA's response was a modification of its prior proposal and it is believed more adequately meets the nine criteria than any of the other systems. It integrates the vehicle placards, the shipping papers, an immediate ability to respond, and CHEMTREC. The system is not only practical for implementation domestically including intermodal transportation, but is readily adaptable for international shipments. We believe the MCA response is the leading candidate to be adopted by the DOT as a basis for a rule making proceeding.

The committee has a roster of thirty-six members and is organized around eight standing subcommittees with the following areas of responsibility--hazardous materials, highway carriers, legislation, marine, physical distribution, rail carriers, transportation environmental regulations and a steering subcommittee. The steering subcommittee is comprised of the other subcommittee chairmen and the committee officers.

Important matters currently involving the Transportation and Distribution Committee are:

- I. Hazardous Materials Regulations. The hazard information (HI) system proposed in HMRB Docket No. 103; Notice 73-10, involved a two-digit number for use on the vehicle placard and shipping paper as a key to a response manual giving guidelines for an emergency response in the event of a spill, leak or fire. DOT has discontinued HM-103 with regard to the HI numbers. Simultaneously with the discontinuance of part of HM-103, DOT instituted HM-126, and advance notice of rule making inviting responses to evaluate nine HI systems received in response to HM-103. MCA filed a timely response to HM-126 on March 25, 1976. The revised MCA HI system filed is believed to meet more closely the nine criteria against which each HI system is to be evaluated than any other system.

Hazardous Materials Docket 127--Exemption Procedures. The Transportation Safety Act of 1974 authorized the Secretary of Transportation to grant exemptions from the Hazardous Materials Regulations similar to those formerly granted by DOT under the title of "Special Permits." The rules and procedures for obtaining exemptions became effective October 15 on conclusion of HM-127.

Prior to January 4, 1975, authority for the regulation of hazardous materials was vested in each modal administrator (rail, highway, water and air). Under the new Act, the Secretary has created the Materials Transportation Bureau (MTB) with responsibility for the operational functions of regulations, exemptions and compliance with the Hazardous Materials Regulations. The MTB replaces the Hazardous Materials Regulations Board (HMRB) which formerly coordinated such matters.

- II. Rail Carriers. Since April 1975, numerous freight rate dockets substantially escalating charges for switching loaded and empty cars appeared with little or no justification. MCA challenged these dockets and, in all but isolated situations, the dockets were later withdrawn by the carriers.

DOT issued Emergency Order No. 5 requiring DOT Specifications 112A and 114A, on uninsulated pressure tank cars containing flammable gases, to be shoved to rest, prohibiting humping or rolling switches, as a result of railroad accidents in which such cars ruptured. Through their freight rate dockets, the railroads proposed an arbitrary charge of from \$100 to \$300 per car per shipment for extra handling. MCA challenged this arbitrary action and the carriers later withdrew the proposal.

- III. Highway. ICC Docket MC-32155 (Sub.4) was an investigation undertaken after petition by the National Tank Truck Carriers, Inc. to identify, segregate and accumulate cost for the cleaning of cargo tanks. ICC accounting requirements did not make provision for such segregation. MCA filed statements supporting the segregation and identification of those costs. The proceeding has been successfully concluded.

National Classification Board Docket 744. Subject 40, proposed the arbitrary reclassification of Class A and B poisons to 200 times first class for LTL shipments and 100 times first class for truck-load shipments regardless of the classification rating for a particular product. Challenged, this arbitrary action by the National Classification Board has been placed in suspension by the Board and is believed dead.

The Federal Government, as an offset to the truckers because of the national maximum speed limit of 55 miles per hour, authorized an increase in the maximum weight for trucks on the Defense and Interstate Highway System from a gross weight of 73,280 to 80,000 pounds. In order for vehicles to leave the Interstate System to pick up and deliver freight, state weight limits must be increased allowing the higher gross weight. The committee has recommended support for state actions raising state weights to the interstate level.

- IV. Physical Distribution. At a one-day educational seminar preceding the May Transportation and Distribution Committee meeting, MCA member companies described the interface of transportation information with order entry and data base concepts. Several systems for computerization of freight rates and routes were described.

During the October meeting, representatives of the National Tank Truck Carriers, Inc. discussed service and economic problems faced by the tank truck carrier industry. Arrangements are being made to continue such dialogues with other major transportation services at future meetings.

- V. Marine. The development of regulations to implement the civil penalties of section 311 of P.L. 92-500, the Federal Water Pollution Control Act, has been monitored. Action seeking legislative relief from the punitive penalties of section 311 has not been successful so far.

- VI. Environmental Regulations. The State of Illinois, through its Pollution Control Board, has been considering, for some time, proposed toxic substances regulations. Transportation, in and through the state, would have been seriously affected by the proposed regulations. MCA participated in hearings opposing inclusion of transportation in the regulations of the EPA. The latest draft of the proposed regulations eliminates application to transportation equipment.

MCA and the National Tank Truck Carriers, Inc. have scheduled a seminar on " Tank Truck Waste Water Effluents--Regulations and Disposition" on June 10-11, 1976 at the University of Wisconsin in Madison. Although the EPA currently has assigned a low priority to waste water treatment discharged from transportation equipment, an understanding of the problems is being sought through such meeting.

- VII. Legislative. 1975 was the year for transportation legislation. In September, MCA testified on several bills bearing various titles affecting the rail industry (H.R. 9802, S. 1876 and S. 2718). The composite of legislation eventually became S. 2718--"The Railroad Revitalization and Regulatory Reform Act of 1976." Several of the points made by MCA were adopted in the legislation.

The Administration presently has before the Congress, a major reform of the common and contract carrier regulatory system. The legislation is termed the "Truck Regulatory Reform Act." The T&D Committee has adopted positions with regard to principles incorporated in the bill. To date, hearings have not been scheduled. Meanwhile, meetings with framers of the bill in the Department of Transportation have provided insight as to the basis for the proposal and allowed explanation of chemical industry reaction.

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REPORT TO THE BOARD OF DIRECTORS
MANUFACTURING CHEMISTS ASSOCIATION
BY
R. E. PHILLIPS, CHAIRMAN
TRANSPORTATION EQUIPMENT COMMITTEE

May 11, 1976

This report is on behalf of the MCA Transportation Equipment Committee.

The TEC needs no introduction but a review of its charter is useful. The Committee is comprised of 25 representatives of member companies and handles technical and technically related problems having to do with the transportation of chemicals by tank car, tank truck, portable and intermodal tank, barge and bulk ship. To accomplish this task, three standing subcommittees deal in the separate areas of rail, truck/portable tank, and marine. The chairmen of these groups are E. G. Hansen (duPont), V. H. Goodwin (Exxon) and M. M. Anderson (Union Carbide) respectively. Our vice chairman is J. R. Hopkins (Dow). We operate under rules of practice as by the MCA board approved.

To enhance our technical activities, we enjoy advisory support from individual tank car engineers, and we have an associate member from the Bureau of Explosives. The TEC chairman represents the MCA as a member of the AAR Tank Car Committee. We have a voice on the American National Standards Institute committee dealing with intermodal containers and we have informal liaison with the National Tank Truck Carriers and the Truck Trailer Manufacturers Association. Several of our Marine Subcommittee members are active on the Coast Guard's Chemical Transportation Industry Advisory Committee.

Our most famous alumnus is J. T. Curtis, Jr. formerly of U. S. Steel and now Director of the Materials Transportation Bureau of DOT.

Highlights of Current Activities

D. M. Long's report of Committee activities in May, last year, still applies in great measure. We continue to devote significant activity to these items:

1. Tank car safety relief devices. Proposals are being processed for suggested rulemaking concerning safety relief valves for tank cars carrying products which should not be vented. Studies of safety vent materials are continuing.
2. We are following with interest the various tank car research programs which will foster such innovations as thermal shielding, bottom outlet protection and revised specifications for insulated tank cars.

3. The current tank truck and portable tank inspection requirements, (both domestic and international) have been tabulated for the first time as a working document for use in responding to anticipated regulatory revisions.
4. The success of our audio-visual training aid for pre-trip tank car inspection has encouraged us to begin preparation of a similar program related to tank trucks.
5. Our draft "Guidelines for Prevention and Control of Chemical Spills in Bulk Rail and Highway Transportation" is in the final review stage before presentation to the Association for publication.
6. Several regulatory proposals in the marine area continue to require our attention, including tankerman regulations, barge fleetng requirements, and developments on manned vessel rulemaking.
7. We are concerned with the Environmental Protection Agency's hazardous materials spills proposals and are contributing to the Associations' response.
8. DOT Docket HM 112 was finalized last month. This consolidation of the hazardous materials regulations adopted several of MCA's recommendations. Certain areas, such as the classification of poisons were put in abeyance and will require our continued study.

Items for Future Consideration

Many of our "current" activities are "in anticipation" of future problems:

1. Recommend unloading hose requalification procedures are being developed.
2. We have actively participated in the development of proposals for a hazard information system.
3. Possible revocation of visual inspection procedures for tank trucks is a matter on which the Committee is developing a position.
4. There is a possibility that the environmental effect of chemical spills may be a matter for additional classification of commodities.

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The new Materials Transportation Bureau has revised the procedures for obtaining exemptions from the regulations. It is now necessary to provide full container and commodity data and experience along with justification and safety analyses to obtain exemptions for handling chemicals or containers not now included in the regulations.

The Transportation Equipment Committee will continue its efforts toward safety in the handling and shipping of the industry's products, both by attention to the specific areas enumerated and to others as the need develops.

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STAFF REPORT

by

William J. Driver

May 11, 1976

Amendments to the Clean Air Act were scheduled to be brought to the floor of the Senate on May 4, while action on a House bill is expected sometime in June.

Senate bill S.3219 defines "significant deterioration" as a specified amount of additional pollutant in all clean areas. Federal lands having unique values related to air quality would be further protected, and Best Available Control Technology would be mandated. The intention is to prevent a major decline in air quality in clean air areas and to provide a safety margin. States would issue permits, but in no case would air quality be permitted to deteriorate to a level that would exceed any national air quality standard. Penalties for non-compliance would be established. They would be paid monthly and would be set at amounts needed to cancel all monetary benefits of non-compliance (including competitive advantage). The specified pollutants are sulfur dioxide and particulates, but nitrogen oxides and hydrocarbons must be added within one year.

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During full committee markup on House amendments to the Federal Water Pollution Control Act, Rep. William H. Harsha (R-Ohio) introduced an amendment to H.R. 9560 that changes radically the proposed penalty provisions of section 311 in P.L. 92-500. Escalating penalties would be established. The first spill within a three year period would invoke a \$50,000 penalty; the second \$100,000; the third and all thereafter \$500,000. The only constraint on the administrator would be to not cause bankruptcy or insolvency, except that if willful negligence is determined that constraint would be removed. Any substance, in any amount, would be covered.

While MCA, with some caveats, earlier supported the proposed provisions, it did so in the belief that the same negligence language would prevail in H.R. 9560. The new proposed penalty revisions are unsatisfactory to the chemical industry and we hope they will not be adopted in the final enacted legislation.

* * *

New reporting requirements for direct and indirect lobbying are being considered by the Senate. In S.2477, a lobbyist would be defined as an organization which has paid officers, directors, or employees and which initiates one or more of the following activities:

(a) pays a law firm or like firm \$250 or more in a three-month period to conduct lobbying, (b) makes 12 oral contacts with Congress on its own behalf in a three-month period, or (c) spends \$7,500 or more in a three-month period on campaigns to encourage others to contact Congress on a special issue.

The bill would require that any lobbyist register with the Comptroller General once a year. The lobbyist would also have to file quarterly reports stating the issues being pursued with the Congress and naming persons who were the official contacts.

* * *

MCA supports the petition of the Association of American Railroads to the Federal Railroad Administration for a four-year extension of the present deadline of December 31, 1976, for the inspection of all rail cars. In an April 20 letter to the Federal Railroad Administration, we pointed out that, while the railroads have been given the responsibility for conducting car fleet inspections, the railroads do not have the capabilities to perform the inspections within the time allotted. Delegating the inspections to facilities not owned by the railroads has caused procedural difficulties to arise.

The upshot is that member companies see no possible way to complete initial car inspections by the end of 1976 and are convinced that properly phased inspections will require the four-year extension.

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Nearly 1100 representatives of chemical companies or companies connected with the chemical industry attended the four presentations of MCA's Symposium on Transportation of Hazardous Materials arranged by the Chemical Packaging, Transportation Equipment and Transportation and Distribution Committees.

The symposia were held in Philadelphia in January, Houston in February, San Francisco in March and Chicago in April. All speakers were employees of member companies.

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Regulations for the transportation of hazardous materials by rail, highway, air or water have been gathered into a single volume and published in the Federal Register on April 15. The consolidation came in amendments to the Department of Transportation's Hazardous Materials Regulations. Generally, the amendments become effective July 1, 1976, although certain provisions relating to changes in shipping papers and placards for truck and rail transportation become effective later. Many of MCA's comments on the proposed amendments were reflected in the promulgated amendments, but some of the amendments appear inappropriate and are inconsistent with the analysis of comments in the preamble to the subject rulemaking. Because of the

large number of changes adopted, many of which are complex, MCA has asked for an extension of the time provided for the filing of petitions of reconsideration.

* * *

More than 50 persons from member companies attended the first on-line information retrieval seminar arranged by MCA's Technical Information Retrieval Committee in New York May 3 and 4. Assisting the committee was the National Federation of Abstracting and Indexing Services.

Response to the seminar was so large that original plans to hold several sessions for different levels of experience were discarded, and the May seminar was restricted to beginners and intermediates. A seminar for advanced users will be held the week of September 27 in New York.

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The Consumer Information Section of the Public Relations Department arranged the taping of 48 television interviews with 15 member company representatives at the annual meeting of the American Women in Radio and Television in Philadelphia on May 6, 7 and 8. More than 50 radio interviews also were arranged.

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