PRESIDENT'S REPORT

MAJOR EXTERNAL DEVELOPMENTS

In The Congress

NAFTA Grassroots, CMA's grassroots efforts in support of the North American Free Trade Agreement (NAFTA) are well underway with member companies agreeing to set up meetings with 40 members of the House of Representatives. CMA is coordinating its grassroots efforts with USA*NAFTA, a broad business coalition that is supporting NAFTA. Grassroots meetings on Superfund and Clean Water are being scheduled.

Political Activities. Thus far in 1993 CMA PAC has raised over $22,000. Fifteen percent of the Executive Contacts have contributed to the PAC. Because only one person per company is solicited, the success of CMA PAC is determined by the support of a few industry leaders.

TSCA. The Senate lead bill, sponsored by Senator Reid (D-NV), contains language weakening the unreasonable risk standard of TSCA Section 6 with respect to new products containing lead. CMA opposes any such change to TSCA. The bill is not generating as much opposition as it did in the last Congress, in part because of exemptions that have been added to alleviate the concerns of those industries that manufacture existing products containing lead. It is likely that the full Senate will approve the bill, which has already been approved by the Environment and Public Works Committee.

Risk.

On September 30th, President Clinton signed an executive order on regulatory review that incorporates language supporting comparative risk as a tool to help evaluate environmental, health, and safety policy. CMA is supportive of this language, much of which mirrors Senator Johnston's (D-LA) risk amendment to the EPA cabinet elevation bill.

Reps. Zimmer (R-NJ) and Slattery (D-KA) introduced a House version of Senator Moynihan's (D-NY) Environmental Risk Reduction Act. CMA provided extensive comments to Rep. Zimmer, and much of our input has been reflected in the bill. Hearings on the bill are likely.

Toxics Use Reduction.

CMA is engaged in a comprehensive effort to urge President Clinton to withdraw his August 4 Executive Order which requires federal agencies to practice toxics use reduction when making procurement decisions. A similar effort is underway with regard to the totally chlorine free and environmentally preferable products provisions of a proposed Executive Order on paper recycling.

Members of Congress are being urged to sign a letter to the President in opposition to pertinent portions of these Executive Orders. The Executive Orders have also been the focus of numerous meetings and discussions with Congress, the Administration, organized labor and other business groups. The Executive Orders were also the subject of a press conference hosted by CMA which served to heighten media, Congressional and Administration interest in the issue.

Clean Water. The Senate Environment and Public Works Committee in late October is expected to introduce its rewrite of S. 1114, the Clean Water Act (CWA) Reauthorization. Industry continues to have concerns with provisions of the bill dealing with effluent guidelines, toxic discharge prohibitions, pollution prevention planning, domestic sewage exclusion, and enforcement. Industry has urged the Committee to drop elements of the bill that would significantly expand the Environmental Protection Agency's authority to dictate manufacturing processes when setting technology-based standards.

The House Public Works Water Resources and Environment Subcommittee staff are drafting a CWA reauthorization bill. The House legislation is expected to be more narrow in focus with wetlands and non-point source issues taking a higher priority. Industry advocacy efforts are being coordinated through the Clean Water Industry Coalition.

Superfund.

Congressman Boucher (D-VA), a member for the House Energy and Commerce Committee's Transportation and Hazardous Materials Subcommittee, plans to introduce a Superfund liability reform bill in the near future. The bill is expected to seek repeal of the existing joint and several liability standards and institute a formal and expedited process for allocating liability to responsible parties and the trust fund. It is anticipated that the allocation would be based upon a consideration of many factors including waste volume and toxicity. The Superfund Trust Fund would be required to assume the "orphan shares".

The Administration's Inter-agency Superfund Reauthorization Policy Committee has set forth an ambitious schedule to present to the President a Superfund policy recommendation memo by November 23, 1993. CMA is having meetings with key meeting participants from the various agencies and departments. The Treasury Department, at the Inter-agency Committee meetings had proposed abolishing all liability for Superfund sites prior to 1980 (or some other cutoff date), and replacing the program with a new "Public Works" approach. Several key Members of Congress suggested to President Clinton that such a proposal would increase litigation and "transaction costs", slow down cleanups, would require at least a $14.4 Billion increase in the trust fund over the next 10 years; and could jeopardize the completion of the reauthorization of Superfund in the 103rd Congress and urge him to reject this approach.

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RCRA. Rep. Swift (D-WA) has received several requests to begin preparing a RCRA package which would include interstate waste restrictions and selected initiatives for tires, newspaper and post consumer packaging such as plastics. It is CMA's understanding that Congressmen Boucher (D-VA) and Sharp (D-IN) have been directed to work out a compromise on interstate waste and flow control issues.

Transportation. The congressional hearings on reauthorization of the Hazardous Materials Transportation Act (HMTA) were completed in mid-September with legislative action expected over the next few weeks. While Rep. Nick Rahall (D-WV), Chairman of the House Public Works and Transportation Subcommittee on Surface Transportation has introduced a simple reauthorization of HMTA, there is support on the subcommittee to include some type of provision for Rep. Doug Applegate (D-OH) on computer identification.

Product Liability. A hearing was held in the Senate Commerce Committee in late September and we hope action will be completed by the end of October with the full Senate to complete action before the end of the year. There will also be a hearing in the House Energy and Commerce Committee early in 1994.

Energy. For the first time the Clinton Administration is saying that there will be legislation proposed to meet its reductions targets for Greenhouse Gas Emissions.

In The States

New Jersey Operating Permit Regulations. In September, the New Jersey Department of Environmental Protection and Energy (DEPE) issued its proposed Clean Air Operating Permit Program Regulations. The proposed regulations would bring the state's existing operating permit program into compliance with Title V of the federal Clean Air Act Amendments of 1990. The Chemical Industry Council of New Jersey (CIC/NJ) has concerns with the proposed regulations as currently drafted. The proposed regulations contain numerous inconsistencies with the existing state permit program. As a result, industry would have to operate under two different standards. In addition, the proposed regulations are far more burdensome for industry to comply with than with the existing program. The CIC/NJ is currently preparing comments on the proposed regulations and will work with DEPE to address industry's concerns.

Connecticut River Buffer Proposal.

In 1989, the Connecticut Department of Environmental Protection (DEP) initiated a River Management Program to establish long-term river use planning in the state. The purpose of the program is to limit activities that would degrade or compromise the quality of the river corridor. The River Management Program is assisted by a Rivers Advisory Committee (RAC), which is comprised of representatives from business, environmental groups, and state agencies. Sources indicate that the RAC will propose state legislation in 1994 that would

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establish uniform state-wide stream buffers ranging from 25 to 100 feet.

While the RAC has made it clear that its legislative proposal must take into consideration the needs of business and economic development, the business community has two primary concerns: (1) the extent to which industrial property will be exempted from the proposal; and (2) the provision allowing for citizen suits for violations of the buffer requirement. The RAC continues to work out the precise language of existing use and is expected to have language on this provision by November. Members of the Connecticut Chemical Council (CCC) met with the coordinator of the River Management Program and reviewed this proposal in mid-September. The CCC will continue working the with the RAC to discuss these issues of concern to the business community.

Wisconsin Hazardous Materials Registration Fee. The Wisconsin State Emergency Response Board has imposed an annual fee on companies that transport certain categories of hazardous materials in Wisconsin. The annual fee would range from $400 to $2,000 per company based on the type of hazardous materials shipped in or through Wisconsin. This is in addition to the $300 annual fee currently charged by the U.S. Department of Transportation. The CMA State Affairs and Distribution Committees are considering the implications of the Wisconsin program and the advisability of challenging it under the Hazardous Materials Transportation Act.

Emerging Issue

Environmental Equity/Environmental Justice.

A growing number of national and grassroots organizations are arguing that poor and minority communities are disproportionately affected by pollutants from industrial and waste management facilities and abandoned waste sites. This coming together of environmental and civil rights concerns, the Environmental Equity or Environmental Justice (EE/EJ) movement, is extremely broad and somewhat unfocused. Nevertheless, it encompasses the following broad themes:

- o Community Participation
- o Community and Employee Health
- o Equal Enforcement
- o Civil Rights
- o Compensation

CMA will approach the issue in two ways: (1) inform CMA members about the issue and, through the CAER process, aggressively reach out to minority and low income neighbors surrounding our facilities to address their concerns before the charge of "environmental racism" is levied, (2) reach out with others in the business community to advocate in the policy debate to identify mutually-agreeable solutions.

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To fulfill those recommendations, CMA has (1) participated actively in the recently formed Environmental Equity Task Force within the National Association of Manufacturers and (2) formed an interdisciplinary Environmental Equity/Environmental Justice Task Group reporting to the Engineering Operations Committee.

In The Federal Agencies

Clean Air Act - Enhanced Monitoring Regulation Signed. EPA Administrator Browner, under a court ordered deadline, signed the Enhanced Monitoring regulation on September 30, 1993. This proposed regulation will require additional monitoring at major sources and will require certification of continuous compliance based upon the monitoring data. We have two areas of concern in particular. First, delayed permitting due to the requirement for approval of the monitoring protocol through the permit process. This means that obtaining a permit, already a long process, will now have the added delays of waiting for approval of an enhanced monitoring protocol for all affected sources at the facility. Second, the rule has effectively changed the major source definition by requiring non-major sources involved in these transactions to adopt enhanced monitoring. Enhanced monitoring will be required for each source, major or non-major, that is involved in these transactions. This virtually eliminates any incentive for sources to participate in averaging, netting and trading transactions. Further, any monitoring changes at a source, such as adding monitoring to these non-major sources, could trigger a major permit modification -- creating an additional 18-month delay in obtaining the permit revision. The proposal is likely to be issued in the Federal Register by October 15, 1993 and a 60 day comment period will follow.

EPA Region V Holds a Meeting Entitled "Pursuing Virtual Elimination In The Great Lakes." On September 28, 1993, EPA Region V held an informational meeting on a pilot project to reduce toxic substances in the Great Lakes region. The project involves three approaches for the elimination of toxics from the Great Lakes basin: 1. pollution prevention efforts to reduce toxic use at the source; 2. treatment or other management techniques to reduce toxic discharges, emissions, and other ongoing releases; and 3. clean up of contaminated sites, such as contaminated sediments or areas of concern, through remediation efforts. The key objectives of this pilot project are to examine what the government is or is not doing to reduce the use of chemicals (regulatory and cost "signals") and how these "signals" can be reoriented to accelerate the reduction of chemicals. By examining the existing cost pressures and incentives that generators face to reduce or eliminate chemicals, EPA believes that it will be able to recommend how government can influence the "pace at which these chemicals are eliminated."

Safety and Plant Operations

EPA Risk Management Programs for Chemical Accidental Release Prevention Regulation to be Proposed Soon. Under section 112(r) of the Clean Air Act, as amended, the U.S. Environmental Protection

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Agency (EPA) will soon be proposing a regulation that would require development and implementation of risk management programs at facilities that manufacture, process, use, store, or otherwise handle regulated substances in quantities that exceed specified thresholds. (The list of regulated substances and thresholds was proposed separately and a final list rule is expected in January 1994). EPA views risk management programs as providing facilities with an integrated approach to identifying and managing the hazards posed by these regulated substances. Under EPA's proposal, facilities will be required to prepare and implement risk management plans that provide for compliance with regulations for managing risk (the "risk management program") and include a hazard assessment (which asks companies to evaluate a range of accidental releases and determine a worst-case release scenario for each location), a prevention program, and an emergency response program. The risk management plans developed under this proposed rule would be registered with EPA, provided to the Chemical Safety and Hazard Investigation Board, state governments, local planning authorities, and made available to the public. The comment period and hearings on this rule are expected to begin this Fall.

Energy/Global Climate Change: National Action Plan. The Administration is close to completing work on a revised "national mitigation plan" to reduce U.S. greenhouse gas emissions. This is intended to achieve the President's commitment that U.S. greenhouse gas emissions would be reduced to 1990 levels by the year 2000 and continue a downward trend thereafter. According to senior DOE officials, the plan contains no mandates, is predicated on voluntary partnerships with industry, relies heavily on the programs set forth in the Energy Policy Act of 1992 (EPACT) (such as energy efficiency standards), includes "all gases" (except CFCs), includes "sinks" (e.g., planting trees), includes "joint implementation" (projects with other countries), and is not expensive or costly. DOE is seeking industry statements of support for this plan to offset criticism expected from environmentalists asserting the plan is inadequate.

Energy Efficiency: Motor Challenge Program. The Department of Energy is vigorously seeking participants for its Motor Challenge Program, which aims to demonstrate, evaluate, and accelerate the market penetration of efficient electric motor systems. Individual companies can participate in the Program in several ways, for instance by submitting "Showcase Demonstration" projects, or by reporting to DOE the energy and environmental gains from efficient electric motors they install. Trade associations can participate by, for instance, publicizing the Program and providing a forum for discussions between DOE and the trade association's members. The CMA Energy Committee and individual member companies are studying the Program and considering the pros and cons of participation.

Energy Taxes: Oil Import Tax. As part of Secretary Hazel O'Leary's "Domestic Energy Initiative" to expand domestic oil and natural gas production, Department of Energy officials have considered several options such as an oil import tax, floor price, and import trigger

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mechanism. In a recent meeting with DOE officials, CMA representatives restated CMA's opposition to such schemes, emphasizing their harmful impact on U.S. international competitiveness. The CMA Energy Committee has prepared a letter to Secretary O'Leary again stating our opposition and rationale.

Energy Efficiency: 1991 Energy Efficiency and CO_2 Emissions Survey. The written report and analysis of CMA's 1991 annual energy survey has now been completed. The seventy-four companies who responded to this survey reported, in the aggregate, $118.1 billion in sales and 2.2 quadrillion Btus of purchased and on-site produced fuel and electricity. In addition, the seventy-four companies reported, in the aggregate, 1.6 quadrillions Btus of energy in the form of feedstocks. To assess efficiency trends, data from a smaller group of sixty-two companies who reported in both 1990 and 1991 was considered. These companies' data, in the aggregate, indicated a 2.5% decrease in constant dollar sales from 1990 to 1991, while purchased fuel and electricity increased 1.1%. As a result, purchased energy use measured as Btus per constant dollar of sales increased by 3.7%. That is, energy efficiency deteriorated 3.7% from 1990 to 1991. The CMA Energy Committee hopes that the CMA Energy Efficiency Continuous Improvement Program, approved by the CMA Board of Directors in January, 1993, will help to reverse this development and restore a clear trend of energy efficiency improvement.

MAJOR INTERNAL ACTIVITIES

Responsible Care Overview

Management Systems Verification. CMA member company Responsible Care® Coordinators have been asked to identify any internal or external Environmental, Health and Safety Management Systems Verification processes they are involved in. These systems will be reviewed to determine if they could be used under Responsible Care®. The criteria which have been approved by the CMA Board for developing a Responsible Care® Management Systems Verification process include the following: focus on management processes and systems; provide a clear and specific verification methodology; provide for an objective third party role; be cost effective; and be credible with the public.

Timetables for Code Implementation. Responsible Care® Coordinators have been asked to provide CMA with their company's timetables for implementing each of the Codes of Management Practices. This information is being requested by February 1, 1993. A goal of five years from when the Code was adopted at CMA is being offered as a target for the timetables. Special provisions have been established for new members, partner companies, and new operations of established members of CMA. A Board approved definition of "Management Practice in Place" has been sent to all Responsible Care® Coordinators to assist in this process.

Executive Contacts Requested to Sign Self- Evaluations. Each CMA member company executive contact is being asked to sign their

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company's Code self-evaluation submissions. This process will begin with the Responsible Care® Product Stewardship Code which is due to be received at CMA by December, ? 1993. A schedule for all Code self-evaluation submissions has been sent to Responsible Care® Coordinators.

Company Code Stewards. In an effort to improve its communications on Responsible Care® with member companies, CMA is compiling Code Steward lists. Responsible Care® Coordinators will remain the primary member company contacts. However, with the identification of individual Code Stewards, notices of workshops, and other Code specific information can be sent directly to those member company contacts who are responsible for carrying out specific Codes. Intercompany mutual assistance networks can also be formed.

Voluntary Industry Standards For CPI Technical Workers. The American Chemical Society (ACS), as part of a collaboration of organizations involved in the Chemical Process Industries (CPI), including CMA, is developing voluntary industry standards for technicians and operations employees. When completed, these standards will be presented to both high schools and two-year colleges to facilitate development of curricula designed to prepare students for jobs in industry. Companies may voluntarily apply some or all of the standards to address human resource development issues for employees.

The development of standards under this project is a vital step toward ensuring that the U.S. maintains a top quality cadre of workers. Although work environments can vary and the required job skills differ for individual workers, a common foundation of mathematics, communication skills, and science is needed. The existence of a set of standards should lead to greater consistency in technical and operations workers' training programs.

CMA's Education Task Group together with the Engineering and Operations Committee's Training Task Group will be assisting ACS to collect data from the chemical industry. CMA, along with other organizations and individuals, will provide review and comments on the project.

Operations Training Workshops for Process Safety. The Engineering and Operations Committee's Training Task Group is currently conducting a series of two day workshops on Operations Training for Process Safety. These workshops address the training requirements of OSHA's Process Safety Management of Highly Hazardous Chemicals regulation, 29 CFR 1910.119, and the recommended training practices of CMA's Responsible Care® Process Safety Code of Management Practices. The next workshop will be held in Boston, MA. TTS is facilitating the workshop.

CMA Standards Monitoring Activities. The Engineering and Operations Committee continues to be proactive in standards monitoring activities. In September 1993, CMA Staff attended the ASTM Officers Meeting in Philadelphia, PA, to discuss current and anticipated standards under development that will greatly impact the chemical industry. Currently, ASTM's Committee on Occupational Health and Safety is developing standards on ergonomics, MSDSs, process safety management, and facility auditing. ASTM believes it is highly likely that their standards will be picked up as regulations by OSHA. CMA Staff will also attend the ASTM Occupational Health and Safety Committee meeting in Dallas in October to raise chemical industry concerns about the potential duplicity of these standards with existing OSHA regulations and ANSI standards.

State Federation and Association Outreach

Federation Annual Report. The 1993 Federation of State Chemical Associations Annual Report has been published. The Annual Report provides an overview of state issues and the nineteen state chemical associations' activities.

Technical Services

CHEMTREC® Center. A new staff performance milestone was achieved in September when nearly 340,000 Material Safety Data Sheets were added to the CHEMTREC® library. This maintenance activity has increased six-fold in the last quarter as members adjust to the new ANSI MSDS standard and new companies are added to the CHEMTREC® network. On average, our net gain in CHEMTREC® registration is 56 per month for the first 9 months of 1993. Nearly 13,600 shippers of hazardous materials are now included in the CHEMTREC® network. Emergency and non-emergency calls to the Center are increasing at the rate of 16% per year. They are primarily non-emergency requests for product information.

Public Outreach

Advertising. On September 26, a new round of advertising began on network and cable television. The coverage is national, with 25 cities receiving additional scheduling. However, only the print ad will carry an 800 number. The print campaign, which resembles the television ad, appears in the October issue of Smithsonian magazine, Time and Business Week.

800 number update.

From June 10, 1991 to August 31, 1993, CMA's 800 number received 15,823 calls. The number of requests made was 18,241 (one caller may make several requests.) Of those 4.08 percent were directed to member companies, 2 percent of the calls were handled via the "give a name" option and 2.08 percent of calls were handled via "take a name" option. No individual company has generated more than 106 inquiries, and the average is 8.

To date, 48 percent of the callers requested a copy of the Responsible Care® brochure, 16 percent were referred to CMA CHEMTREC Center for nonemergency services (due to either a health and safety question about a chemical or for a contact at a non-member company.) Two percent of the callers, at their request, were called back by CMA, and 10 percent of the callers requested literature about CMA.

UPCOMING EVENTS

State Issue Advocacy

CMA Georgia Chemical Industry Meeting. As part of CMA's efforts to expand our legislative and regulatory effort in Georgia, CMA will host an inaugural meeting of CMA member companies with interests in Georgia on October 18th in Atlanta. The purpose of the meeting is to inform CMA member companies of our activities in Georgia and to identify and discuss key legislative and regulatory issues which our industry will likely be facing in the coming months. Plant managers and other interested parties from across the state have been invited to attend. In addition, U.S. Senator Paul Coverdell is expected to attend.

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