

AGENDA
MEETING OF THE CMA BOARD OF DIRECTORS
Wednesday and Thursday, September 5 and 6, 1979
Seaview Country Club (New Garden State Room)
Absecon, New Jersey

Wednesday, September 5

- 8:00-8:05 1. Opening Remarks and Introduction of Guests --
Chairman Henske

COMMITTEE CHAIRMEN REPORTS:

- 8:05-8:50 2. Environmental Management Committee
Chairman: Charles L. Sercu, Dow Chemical U.S.A.
Past Chairman: E. W. Callahan, Allied Chemical
Corporation

- 8:50-9:35 3. Insurance Committee
Chairman: Fred W. Ingham, Union Carbide
Corporation
Past Chairman: Richard E. Klingman, Uniroyal, Inc.

- 9:35-10:20 4. Engineering Advisory Committee
Chairman: Gordon C. Hullar, The Procter & Gamble
Company
Past Chairman: Ray E. Olsen, Exxon Chemical
Company

- 10:20-10:30 Coffee Break

- 10:30-11:15 5. Occupational Safety and Health Committee
Chairman: Richard L. O'Connell, M.D.,
Olin Corporation
Past Chairman: Carl De Martino, E. I. du Pont
de Nemours & Company

- 11:15-12:00 6. Government Relations Committee
Chairman: John T. Estes, Allied Chemical
Corporation
Past Chairman: J. Wilson Malloy, Jr.,
Eastman Chemical Products, Inc.

- 12:00-1:30 Lunch (Cypress Grill) -- CMA and CIC/NJ Advisory Committee

Board of Directors meeting will continue Thursday, September 6,
beginning at 8:00 a.m. in the New Garden State Room. CIC/NJ
Advisory Committee invited to attend.

CMA 072033

Agenda -- Meeting of the CMA Board of Directors (continued)

TAB

Thursday, September 6

- | | | |
|-------------|--|---|
| 8:00-8:03 | 7. Opening Remarks -- Chairman Henske | |
| 8:03-8:04 | 8. Approval of June 6 and 7 , 1979, Minutes --
Chairman Henske | |
| 8:04-8:10 | 9. Report of Executive Committee -- A. B. Trowbridge | |
| 8:10-8:15 | 10. Financial Report -- G. C. Herrman | |
| 8:15-8:17 | 11. Director Resignations -- John M. Henske | 1 |
| 8:17-8:21 | 12. Report of Membership Committee -- Peter J. Fass
a. Cincinnati Milacron Chemicals, Inc.
b. Coulton Chemical Corporation
c. Northwest Petrochemical Corporation | |
| 8:21-8:22 | 13. Committee Appointments -- B. M. Barackman | 2 |
| 8:22-8:27 | 14. Pension Plan Amendments -- G. C. Herrman | 3 |
| 8:27-8:37 | 15. Status Report on Economic Impact Study (TSCA) --
Dr. Lee Starr, Celanese Corporation, and
K. James O'Connor, Jr. | 4 |
| (Info only) | 16. CHEMTREC Progress Report | 5 |
| 8:37-8:42 | 17. Report of Director of Government Relations --
W. M. Stover | |
| 8:42-8:47 | 18. Report of General Counsel -- E. B. Frost | 6 |
| 8:47-8:57 | 19. Association Activities -- R. A. Roland | |
| 8:57-9:00 | 20. New Business | |
| 9:00 | 21. Adjournment | |
| 9:00-9:10 | Coffee Break | |

9:10-11:30 Panel Presentation by CIC/NJ (New Garden State Room)
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Next Meeting of the Board of Directors: 2:30 p.m., Monday, November 19, 1979,
Pinnacle Club (Rooms A, B and C), Mobil Building, 150 East 42nd Street, New York
City.

CMA 072034 ■

MINUTES of the two hundred seventy-third meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held in the New Garden State Room, Seaview Country Club, Absecon, New Jersey, on Wednesday and Thursday, September 5 and 6, 1979, beginning each day at 8:00 a.m.

Directors:	John M. Henske, Chairman	
	William C. Krumrei, Vice Chairman	
	J. Earl Burrell	L. John Polite, Jr.
	Peter J. Fass	John M. Pitblado
	Louis Fernandez	Toy F. Reid
	Robert W. Gerwig	William C. Roher
	Richard J. Hughes	Robert A. Roland
	Leo H. Johnstone	John P. Sachs
	Richard H. Leet	William G. Simeral
	Duncan J. MacLennan	A. B. Trowbridge
	James A. McGowan	Richard F. Tucker
	H. Barclay Morley	H. Kent Vanderhoef
	John Morrisroe	Louis P. Wiener
	Paul F. Oreffice	Louis G. Zachary

Secretary:	Bruce M. Barackman
General Counsel:	Edmund B. Frost
Treasurer:	Gary C. Herrman

By Invitation:	E. W. Callahan, Allied Chemical Corporation
	A. C. Clark, CMA
	G. V. Cox, CMA
	John T. Estes, Allied Chemical Corporation
	Milton Freifeld, CMA
	Stephen L. Goldstein, Olin Corporation
	Carl A. Gosline, CMA
	C. A. Hansen, Linden Chlorine & Plastics, Inc.
	Morgan M. Hoover, CMA
	Gordon C. Hullar, Procter & Gamble Company
	Fred W. Ingham, Union Carbide Corporation
	R. E. Klingman, Uniroyal, Inc.
	L. C. Krogh, Minnesota Mining and Manufacturing Company
	Dewey A. Kunze, CMA
	J. W. Malloy, Jr., Eastman Chemical Products, Inc.
	Richard L. O'Connell, Olin Corporation
	K. James O'Connor, CMA
	R. E. Olsen, Exxon Chemical Company
	Victor H. Peterson, CMA
	Edward R. Pollak (SOCMA), Olin Corporation

By Invitation:
(cont'd)

Charles L. Serou, The Dow Chemical Company
James N. Sites, CMA
Lee Starr, Celanese Corporation
William M. Stover, CMA

Wednesday, September 5, 1979

1. DIRECTOR RESIGNATIONS

Mr. Henske announced the resignation, effective 9/1/79, of Jack B. St. Clair, President, Shell Chemical Company, a Division of Shell Oil Company; and the resignation, effective 7/23/79, of Philip B. Dalton, President, GAF Corporation. To fill the vacancies thus created on the Board, on behalf of the Nominating Committee, Mr. Henske nominated as directors of the Association for the remainder of the current fiscal year (until 5/31/80) those named below:

ON MOTION, duly made and seconded, it was

VOTED: To elect as directors James B. Henderson, President and Chief Executive Officer, Shell Chemical Company, a Division of Shell Oil Company; and Louis G. Zachary, Senior Vice President-Chemicals, GAF Corporation.

Mr. Henske also asked for ratification of the appointment of Mr. Henderson to the Program Committee and Mr. Zachary to the Finance Committee.

These appointments were approved.

2. OSHA SEMINAR

Distributed to those present was a copy of a letter from Eula Bingham, Assistant Secretary, Occupational Health and Safety, Department of Labor, inviting journalists to a seminar in Chicago, September 13-14 for the media that will examine major issues in the field of workplace health. Also distributed was a copy of the program.

Attention was invited to the irresponsible and inflammatory language in the preamble to the program and the lack of balance in participants.

Mr. Krumrei described the response of the American Industrial Health Council to this. Actions taken and planned, to overcome the apparent bias include: obtained OSHA agreement to add three industry people to the two already on the program; delivered letter to Labor Secretary Marshall requesting a meeting and asking that he balance the program and disavow the Department

from the language used; attempt to meet with Stuart Eizenstat, Assistant to President for Domestic Affairs & Policy; contact chairmen of Oversight Committees of both the Senate and House; and set up a hospitality suite in Chicago at the time of the seminar at which press briefings will be held. Industry spokesmen and independent scientists will be available to describe the true facts. Press kits will be prepared. Dr. John Higginson, Head of the International Agency for Research on Cancer (U.N. organization) has agreed to attend if invited.

Those present were asked to supply additional suggestions and also to contact their Congressmen because the Congress should be made aware in depth of OSHA's bias and what is perceived as an improper expenditure of the taxpayers' money.

COMMITTEE CHAIRMEN REPORTS:

1 Mr. Roland described briefly the total planning process of the Association, culminating in the budget presented for approval by the Board and the essential role in this process that the committees and their chairmen play. All ten CMA technical and functional committees will report to the Board each year -- five at the September Board meeting and five at the January meeting.

3. ENVIRONMENTAL MANAGEMENT COMMITTEE

Mr. Sercu's report, Exhibit A, was supplemented by a slide presentation and additional report, Exhibit B.

4. INSURANCE COMMITTEE

Mr. Ingham's report is attached as Exhibit C. In his oral presentation he described the risk management process; discussed the primary activities of the Insurance Committee; enlarged on the efforts of the several task groups of the committee; and discussed superfund.

5. ENGINEERING ADVISORY COMMITTEE

Mr. Hullar's report, Exhibit D, was supplemented by a Vu-Graph presentation and additional report, Exhibit E.

6. OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

Dr. O'Connell's report is attached as Exhibit F. In his remarks he expanded on the sections of the report relating to issues of concern to the OSHC and seminars planned in the areas of epidemiology, embryo-fetotoxicity, and control technology.

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7. GOVERNMENT RELATIONS COMMITTEE

Mr. Estes discussed in detail pending legislation involving the major issues and other issues appearing in sections IV and V of his report. Exhibit G.

He alluded to the committee studies contained in Section VII of the report and also described the liaison maintained with other trade associations in order to avoid wasteful duplication of effort and maximize effectiveness.

* * * * *

The Board adjourned until 8:00 a.m., Thursday, September 6.

Thursday, September 6, 1979

8. MINUTES OF JUNE 6 AND 7, 1979 MEETINGS

Minutes of the June 6 and 7, 1979, Board meetings, as distributed, were approved.

9. REPORT OF ACTIONS TAKEN AT EXECUTIVE COMMITTEE MEETING

Chairman Trowbridge reported the following actions taken by the Executive Committee the preceding day:

- Approved (a) addition of \$242,800 to FY 79/80 budget and (b) additional assignment of 5-1/2 people to staff for the CMA Hazardous Waste Technical Center. The written presentation in support of this action will be mailed with the minutes.
- Approved a limited advocacy role for Special Projects consistent with existing CMA policy. This involves the addition of 2-1/2 people to staff and an increase in billing rate from \$450/7-1/2 hour day to \$500/7-1/2 hour day for Special Projects. (Impact on CMA dues budget -- none; costs will be fully funded from individual member company subscriptions.)
- Approved a settlement of CMA claims against insurer in the Arcell case which will result in payment of \$150,000 to CMA.

Deferred action on Pension Plan Amendments (item 14 on the Board Agenda) pending further review by counsel. This matter will be

reconsidered following such legal review.

- In connection with the TSCA Economic Impact Study (item 15 on the Board Agenda) your Executive Committee has authorized CMA's Chemical Regulations Advisory Committee (CRAC) to proceed with the first - year pilot test if CRAC approves a revised questionnaire at its September 19, 1979 meeting. In such event your Executive Committee recommends Board support of the test.
- In view of recent attacks on the chemical industry and CMA by EPA, agreed to try to meet with Mr. Costle to attempt to establish a relationship more constructive than destructive.
- Reviewed development of CMA's "Public Policy Communications Action Plan" which is aimed at creating a favorable public opinion climate for governmental action on behalf of the industry. As yet there is no commitment. Questions of structuring and funding will be presented at the November Board meeting. All were urged to participate actively in the briefing meetings involving member companies, the schedule of which has been distributed.

10. FINANCIAL REPORT

Mr. Herrman announced that the financial report for August will be mailed when prepared.

11. DIRECTOR RESIGNATIONS

This matter was passed over, having been acted upon as the first item of business at the Board meeting the previous day.

12. REPORT OF MEMBERSHIP COMMITTEE

As chairman, Mr. Fass reported the committee had examined the qualifications of the companies named below and recommended their election

ON MOTION, duly made and seconded, it was

VOTED: That Cincinnati Milacron Chemicals, Inc., Coulton Chemical Corporation, and Northwest Petrochemical Corporation be elected to membership in the Association.

13. COMMITTEE APPOINTMENTS

Executive Committee appointments listed below were approved:

Engineering Advisory Committee
Clyde C. Neely, Union Carbide Corporation
(term ending May 31, 1982)

Patents and Information Retrieval Committee
Paul J. Prutzman, Air Products and Chemicals, Inc.
(to fill the unexpired term ending May 31, 1980)

14. PENSION PLAN AMENDMENTS

This matter was passed over in view of the deferral action of the Executive Committee as reported by Mr. Trowbridge (item 9 above).

15. STATUS REPORT ON ECONOMIC IMPACT STUDY

Heard with no objection the action taken by the Executive Committee on Exhibit H as reported by Mr. Trowbridge (item 9 above).

16. CHEMTREC PROGRESS REPORT

Noted Exhibit I as a matter of information.

17. REPORT OF DIRECTOR OF GOVERNMENT RELATIONS

In addition to his prepared report attached as Exhibit J, Mr. Stover reported that on August 14 Gus Speth, Chairman of the President's Council on Environmental Quality released a draft of a CEQ-coordinated study of the inter-related areas of Federal control and policy over toxic substances which contained numerous statements requiring refutation. That same day Mr. Roland, on network television, vigorously criticized the validity of the CEQ study. Subsequently, on invitation from Mr. Speth, Mr. Roland led a delegation of spokesmen from eight chemical industry trade associations including CMA to confer privately with Mr. Speth. While convictions on either side remained unaltered, Mr. Speth expressed regret at not conferring with CMA prior to the release of the draft study and agreed to consider extending the deadline for public comment. CMA is preparing a constructive formal report for the record.

On August 29, EPA Assistant Administrator Thomas Jorling, by means of a routine press conference, attacked the integrity of the chemical industry and the validity of the CMA superfund position. That same day CMA responded by releasing to the media a concise statement of reaction. At the same time a CMA spokesman was made available for interview, resulting in a useful quotation printed by The Washington Post. Detailed commentary on the EPA allegations are being prepared for future use.

Distributed to those present, for information, was the final draft of a CMA letter (Exhibit K) to be sent to Members of Congress on the subject of "Superfund."

18. GENERAL COUNSEL'S REPORT

Mr. Frost expanded on his report, Exhibit L, announcing that we now have final regulations under Section 311. EPA has adopted almost all of CMA's comments.

19. ASSOCIATION ACTIVITIES

Mr. Roland reported the following:

- Too much can't be said for the contribution made by CMA committee chairmen and members toward meeting the objectives of the Association. It is important that member company management recognize this in evaluating their performance.
- The CMA staff met with the committee chairmen in August for an exchange of views to increase the effectiveness of the Association. Included among the conclusions were: an orientation program for incoming committee chairmen is needed; committee structures should be flexible; an economic committee is needed; additional and better staff support equipment is required; committee chairmen should meet with staff at least on an annual basis; committee chairmen and members should educate their management back home on CMA programs being undertaken on behalf of the membership.
- Regarding plans for the Semiannual Meeting, the theme being considered is "Successful Marketing in a Regulated Economy." As a keynote speaker, proposed are William Simon, Walter Wriston, or Derek Bok. In the morning session three panelists, outside experts, would characterize the marketplace within which we are doing business. The stage would be set by looking at the various problems facing companies doing domestic and international trade.

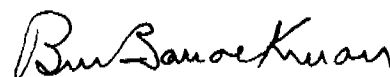
As luncheon speaker, George Will and Rowland Evans have been suggested. The three panelists in the afternoon session would probably be industry people, ours or related, who would discuss how to organize to go to market in a quasi controlled economy imposing a host of problems spawned by regulation.

- The Housing Committee chaired by our immediate past chairman of the Board, Ed Donley, is moving ahead in the effort to provide suitable space and facilities for CMA headquarters. The consulting firm we have retained presented 26 possibilities which has narrowed to two major ones, one a straight lease, the other a lease with equity participation. 1981 appears to be the best date that can be worked out.

* * * *

The business meeting of the Board was followed by a scheduled two-hour panel discussion moderated by Chris A. Hansen, Chairman, Chemical Industry Council of New Jersey and President, Linden Chemicals and Plastics Inc. Attending were registrants including spouses. The following four speakers presented remarks and responded to questions and comments under the title, "Impact of State Government Programs on Industry":

Daniel J. O'Hern, Counsel to Governor, former Commissioner,
New Jersey Department of Environmental Protection
Lewis R. Applegate, Administrative Secretary, Chemical
Industry Council of New Jersey
Dr. Rocco V. Guerrieri, Director, Office of Business Advocacy,
New Jersey Department of Labor and Industry
Richard C. Ashley, Group Vice President, Allied Chemical
Corporation.



Bruce M. Barackman
Secretary

Certified correct:



John M. Henske
Chairman of the Board

Exhibit A

Report of
Environmental Management Committee
to the
Board of Directors
September 5, 1979

CMA 072043

ENVIRONMENTAL MANAGEMENT COMMITTEE

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I. COMMITTEE SYSTEM

ORGANIZATION

The EMC is a management committee designed to discharge the purpose and function set forth on the following page.

In recognition of the rotational aspects of EMC membership, i.e., 33 percent turnover per year, the Committee is staffed to provide a combination of knowledge on the topics at issue and overall perspective of member company interests and priorities. Each EMC member serves as the sponsor of a task group, and in that stewardship role provides a disciplined channel of communication between the task group and the EMC. Small task groups of 3 to 10 persons are headed by a Task Group Leader. Program continuity, while vested in the EMC, is largely dependent upon the specific missions assigned to the task groups. They are the critical forces in developing and carrying out CMA initiatives.

The responsibilities of sponsors, task group leaders and task group members are further defined in succeeding pages.

EMC ACTIVITY ANALYSIS

June 1978 through July 1979

EMC Executive Sessions	22
14 Regular Meetings, plus 8 special meetings dealing with "Superfund" and hazardous wastes	
Environmental Briefings for Member Companies	2
October, 1978 - Cincinnati	160 attended
May, 1979 - Washington, D.C.	240 attended
Task Group Meetings	134
Workshops, Seminars, Symposia	9
Issues in Litigation, or pre-litigation analysis	9

CMA 072045

ENVIRONMENTAL MANAGEMENT COMMITTEE

Purpose and Function

Purposes: Under broad policies established by the Board of Directors and within limits of authority specified by the Executive Committee, the Committee oversees Association environmental activities. In so doing the Committee will: identify key environmental issues and focus efforts on matters of greatest significance to the chemical manufacturing industry; establish specific objectives on the key issues and mobilize resources to produce decisive timely results; aggressively advocate responsible environmental legislation and regulation which consider economic impacts, energy implications, cost effectiveness, risks and benefits; seek relief from unreasonable environmental legislation and regulation by appropriate means, which may include legal action; advise the Executive Committee on Association staffing and resources required by the Committee to achieve its objectives; help member companies understand their environmental responsibilities by informing them of major trends, developments, key issues, and Association actions; develop awareness of chemical manufacturing industry contributions to environmental management and facts surrounding key issues; and initiate and sponsor research and development on environmental issues of widespread interest to the chemical manufacturing industry.

TERM ENDING MAY 31, 1980

Jackson B. Browning.....Union Carbide Corporation
J. F. Byrd.....The Procter & Gamble Company
Lynn D. Johnson.....Rohm and Haas Company
Ernest C. Ladd.....FMC Corporation
J. R. Sayers, Vice Chairman*.....Monsanto Company

TERM ENDING MAY 31, 1981

E. W. Callahan.....Allied Chemical Corporation
Anthony J. Diglio.....Air Products and Chemicals, Inc.
Richard J. Samelson.....PPG Industries, Inc.
Charles L. Sercu, Chairman*.....Dow Chemical U.S.A.
J. P. Thorn.....Exxon Chemical Company U.S.A.

TERM ENDING MAY 31, 1982

F. B. Friedman.....ARCO/Chemical Company
Wayne C. Jaeschke.....Stauffer Chemical Company
C. P. Priesing.....American Cyanamid Company
S. Noble Robinson.....Mallinckrodt, Inc.
J. B. Worthington.....Diamond Shamrock Corporation

Staff Representative and Secretary: Carl A. Gosline

*Through May 31, 1980

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ENVIRONMENTAL MANAGEMENT COMMITTEE

Sponsor Responsibilities

- o Ensure that Committee objectives are reflected in a task group's mission and that the group's program will achieve those objectives.
- o Ensure that changes in the EMC program which impact on a task group are conveyed to the group.
- o Ensure that task group requests for direction receive a clear and complete response from the EMC.
- o Ensure that the task group requests for support from CMA staff, other Committees and outside contractors are acted upon by EMC.
- o Ensure that the designation of task group leader is concurred in by the chairman and that he has the necessary special competence, interest and support of his company's management to assure success. The staff representative will assist in this selection.
- o Assist the task group leader in recruiting the required group membership.
- o Report periodically to the EMC on task group progress.
- o Obtain EMC decisions on recommendations for changes in the task group's mission, changes in scope, inter-task group realignment and discontinuance of task groups as soon as missions are complete.

ENVIRONMENTAL MANAGEMENT COMMITTEE

Task Group Leader Responsibilities

- o Develop the task group objective provided by the EMC into a mission and define the program for accomplishment of the mission.
- o Recruit from member companies, with the assistance of the sponsor and CMA staff representatives, task group members with the special competence, interest and management support necessary to carry out the group's program.
- o Manage successfully the group's mission.
- o Define resources required by the task group, beyond its own membership, and provide the sponsor information required to obtain EMC and CMA approvals.
- o Work in concert with CMA staff and other task groups and oversee supporting outside contractors to ensure accomplishment of the objective.
- o Recommend changes in the task group objectives, program termination of group activity as required.

Task Group Member Responsibilities

- o Assist the task group leader in development of the mission of the group and the definition of the program needed to accomplish the group's mission.
- o Accept specific sub-assignments and carry out the work promptly.
- o Attend group meetings.
- o Bring additional resources from his company to bear on the accomplishment of the group's program.

OBJECTIVES AND PROGRAMS

AIR POLLUTANT EFFECTS TASK GROUP

SITUATION: The Clean Air Act's basic objective is the attainment and maintenance of air quality adequate to protect the nation's public health and productive capacity of its population. It is to be accomplished by meeting ambient air quality standards and the control of hazardous air pollutants. Determination of the impacts from air-borne pollutants is complex, critical and controversial.

MISSION: Analyze existing information on health effects of air pollutants and conduct studies and surveys to develop required additional information. Input to EPA on CMA's position on appropriate ambient air quality standards derived from health effect data. Develop data and reference base for future legislative changes or litigation.

CURRENT PROGRAM: (1) Oversee research program to determine if oxidants other than ozone are generated by ozonators. (2) Document areas of technical concern for possible legal challenge of oxidant (ozone) standard. (3) Near-term future activities will include comment on EPA carcinogen policy and benzene hazardous pollutant designation.

TASK GROUP MEMBERS: J. P. THORN, Exxon, Sponsor; J. A. MULLINS, Shell, Leader; F. D. BESS, Union Carbide; RALPH LANGNER, Dow; C. W. UMLAND, Exxon.

CLEAN AIR ACT REVISIONS TASK GROUP

SITUATION: The 1977 Amendments to the Clean Air Act, together with EPA's implementation of the Act, are leading to severe restrictions on industrial growth. The 1977 law established a National Commission on Air Quality to study problems with the law and make recommendations to Congress regarding further amendments. Further, public dissatisfaction with many parts of the law have refocused Congress' attention on it. The Environmental Management Committee needs to be in position to capitalize on these movements toward change.

MISSION: Define the critical issues in the Clean Air Act that impact on the chemical industry. Communicate these issues to the public, the National Commission on Air Quality, and the Congress and their staffs. Pursue legislative changes in the Act.

CURRENT PROGRAM: Publish an issues paper. Develop a communications program for use with the public, the Commission and the Congress, both in Washington and in member company states. Manage programs to collect evidence of the impact of the Act on the chemical industry. Manage a campaign to affect improvements in the Act.

TASK GROUP MEMBERS: S. N. ROBINSON, Mallinckrodt, Sponsor; G. D. CARPENTER, Procter & Gamble, Leader; K. E. BLOWER, Sohio; J. M. DeMEESTER, Dow; J. C. EDWARDS, Tennessee Eastman; E. N. HELMERS, Du Pont; T. L. HURST, Kerr-McGee; E. G. OPDYKE, Kay-Fries; J. R. READLE, ARCO; T. H. RHODES, Exxon; D. J. ROBINSON, Cabot.

Liaison with Nonattainment PSD Task Group: B. J. REILLY, Du Pont.

Liaison with Government Relations Committee: H. S. VAN SCOYOC, Du Pont.

INDUSTRIAL BOILER TASK GROUP

SITUATION: Various statutes allow for or require increased use of coal as an alternate to oil and gas for fueling boilers. Concurrently, emission limitations are being imposed by EPA according to the Clean Air Act. EPA also is bringing boilers with capacities of 15 million BTU/hr under control, which means that NO_x , SO_2 , and particulate limits could be imposed on many industrial, process or waste heat boilers.

MISSION: Ensure that New Source Performance Standards (NSPS) do not preclude practical operation of industrial boilers through imposition of unneeded, untimely or excessively costly controls, such as flue gas scrubbing.

CURRENT PROGRAM: (1) Make chemical industry concerns known to EPA and agency contractors developing background for industrial boiler NSPS. (2) Analyze the NSPS background development tasks; develop positions on regulations covering waste fuel burning. (3) Meet with EPA contractor (Acurex) to discuss the waste fuel-burning boiler task and determine how CMA can contribute to the study. (4) Meet with Acurex personnel overseeing industrial boiler subcontractors and determine where additional contacts should be pursued. Follow-up with subcontractors group to make appropriate input to subcontractors. (5) Establish working relationship with DOE, Office of Environment; coordinate the Fuel Use Act environmental concerns with EMC programs.

TASK GROUP MEMBERS: J. B. WORTHINGTON, Diamond Shamrock, Sponsor; C. W. VOGELSANG, Du Pont, Leader; DARYL CRAGAR, Dow; JACK FRAUENHOFFER, Mallinckrodt; E. FREDERICKS, Englehard; J. R. GIBB, Procter & Gamble; J. HOLLIDAY, Union Carbide; W. P. MOORE, Rohm & Haas; A. F. PIER, Monsanto.

NONATTAINMENT/PREVENTION OF SIGNIFICANT
DETERIORATION TASK GROUP

SITUATION: Clean Air Act Amendments require imposition of various degrees of emission control to reduce ambient pollutant concentrations to predetermined national standards or to prevent pollutant concentrations from rising above those standards. Essentially, all major stationary sources and mobile sources of pollution can be subjected to emission limitations.

MISSION: Develop and coordinate a program leading to reasonable emission regulations, short-range; work for modification of the growth control impact of the Clean Air Act, long-range. The task group will make an in-depth review of PSD and NA regulations, outline the major technical/legal issues of concern and recommend CMA legal challenge where appropriate. The task group also will develop a case history record showing how these regulations are stifling industrial growth and imposing excessive costs that contribute to inflation without commensurate benefits.

CURRENT PROGRAM: (1) Provide support for legal actions challenging PSD regulations promulgated by EPA in June. (2) Analyze draft NA Interpretative Rulings and draft regulations. If promulgated in this form, support a recommended legal challenge by CMA. (3) Since a court decision on the PSD and NA challenges will not be made in time for the states to reflect this in their State Implementation Plan revision submissions, work with the SIP Task Group to develop a plan to keep states from getting overly committed to the present histories of PSD and NA regulation impacts.

TASK GROUP MEMBERS: S. N. ROBINSON, Mallinckrodt, Sponsor; T. H. RHODES, Exxon, Leader; G. D. CARPENTER, Procter & Gamble; J. M. LINES, UNIROYAL; B. J. REILLY, Du Pont.

PROCESS EMISSION REGULATIONS TASK GROUP

SITUATION: EPA will issue within one to two years control technology guidance documents (RACT), National Emissions Standards for Hazardous Air Pollutants (NESHAPS) and New Source Performance Standards (NSPS), which will form the basis for air emission limitations imposed by the states under their implementation plans and limits imposed by EPA under NSPS and NESHAPS.

MISSION: (1) Track EPA programs leading to the preparation of control technology guidance documents, NESHAPS and NSPS. (2) Input chemical industry information required to ensure a sound technical and economic basis for resulting emission limitations. (3) Develop documentation and analyses necessary for presentation of CMA views on regulations and legislation, as well as supporting necessary litigation of key issues. (4) Maintain liaison with industry peer, trade organizations (AIHC and TCC) and environmentalist air groups.

CURRENT PROGRAM: (1) Complete review of an estimated 40-product assessment document. (2) Review draft documents, CTG's, BID's and NSPS for storage and handling, fugitive, secondary and unit operations process emissions. (3) Review draft NESHAPS for similar emissions. Develop and propose a more workable alternative to EPA's proposed regulations. (4) Meet with EPA quarterly to review their program.

TASK GROUP MEMBERS: L. D. JOHNSON, Rohm and Haas, Sponsor; W. M. REITER, Allied, Leader; C. B. BECK, Cabot; W. R. CHALKER, Du Pont; R. L. FOSTER, Union Carbide; N. GALLUZZO, Monsanto; M. P. HUGHES, El Paso Products; E. L. POWERS, Mobay; PAUL SIENKNECHT, Dow.

Liaison with TCC: T. H. RHODES, Exxon.

STATE IMPLEMENTATION PLANS (SIP) TASK GROUP

SITUATION: All states must present new implementation plans for achieving ambient air standards to EPA. The states need help in deciding specifics to include in the plans that assure improvement in air quality, yet are achievable by the chemical industry.

MISSION: Assemble chemical industry viewpoints and pass on to the state regulatory agencies in key states.

CURRENT PROGRAM: (1) Educate task group members from each state as to CMA viewpoints. (2) Coordinate multistate presentations. (3) Provide additional help, as needed, to local associations. (4) Keep CMA-EMC and membership informed about trends and developments in SIP's that go beyond those required to get EPA approval. (5) Review comments to and approvals of SIP's for inconsistencies in those areas which have been determined by the courts.

TASK GROUP MEMBERS: S. N. ROBINSON, Mallinckrodt, Sponsor; G. W. DAIGRE, Dow, Leader; D. M. BENFORADO, 3M; E. L. POWERS, Mobay.

HAZARDOUS WASTE DISPOSAL SEMINAR TASK GROUP

SITUATION: The chemical industry must dispose of its hazardous wastes in compliance with requirements imposed by the Resource Conservation and Recovery Act (RCRA). It has become increasingly difficult to create and operate environmentally sound hazardous waste disposal sites. Up-to-date technology and methodology should be more widely disseminated among member companies.

MISSION: Inform plant environmental managers and engineers, disposal site operators, and others concerned with operation and maintenance of sites as to best management practices for disposal of hazardous wastes. Include up-to-date information on establishing a site, landfill fundamentals, detection, monitoring, design and construction, maintenance and control engineering, and alternative technology.

CURRENT PROGRAM: Plan and sponsor six regional seminars on management of hazardous waste, identical in content except when regulatory developments dictate changes. To be held November 5-6, 1979 in Newark; November 8-9, 1979 in Chicago; January 28-29, 1980 in Atlanta; January 31 - February 1, 1980 in Kansas City; March 3-4, 1980 in San Francisco; and March 6-7, 1980 in Houston.

TASK GROUP MEMBERS: W. C. JAESCHKE, Stauffer, Sponsor; J. D. UNDERWOOD, Celanese, Leader; C. A. BARTON, Procter & Gamble; R. E. DECKER, Du Pont; G. L. JESSEE, Monsanto; J. B. MARTIN, Dow; D. McGRADE, Stauffer; B. PARLANTE, American Cyanamid; R. SOBEL, Allied.

NATIONAL HAZARDOUS WASTE RESPONSE CENTER (NHWRC) TASK GROUP

SITUATION: A few abandoned hazardous waste disposal sites have created hazards to the environment and to human health. These sites have offered real challenges to clean-up efforts. Publicity given to these few abandoned sites has tended to give the chemical industry a bad name.

MISSION: The establishment of a National Hazardous Waste Response Center is a bold action to put the expertise of the chemical industry at the disposal of government agencies -- a socially responsive action of concerned industry.

CURRENT PROGRAM: (1) Establish, on a trial basis, a pilot program for aiding federal and state agencies in surveying and cleaning up abandoned hazardous waste disposal sites. (2) One or two teams of top notch people from the chemical industry will be organized and sent to one or two abandoned hazardous waste disposal sites picked by the EPA which present a threat to the environment and human safety. The group or team will make recommendations for generating solutions to the problem. In carrying out this mission, the team will develop protocols and guidelines for future work, should the pilot effort prove successful. (3) Based upon these trial efforts, EMC will make recommendations for further work, including the establishment of a National Hazardous Waste Response Center.

TASK GROUP MEMBERS: J. F. BYRD, Procter & Gamble, Sponsor; J. GLEDHILL, Dow, Leader; G. W. BROWN, Mallinckrodt; R. LISS, Monsanto; R. PARLANTE, American Cyanamid.

RCRA REGS & AMENDMENTS TASK GROUP

SITUATION: The Resource Conservation & Recovery Act (RCRA) passed in 1976, controls disposal of wastes into or on the land. The Act has three major areas: The first deals with hazardous waste management and is intended to control disposal of hazardous wastes from "cradle to grave". The second deals with solid waste guidelines for states to regulate sanitary landfills and to close all open dumps. The third deals with resource recovery and the development of alternative uses for discarded material. Because of the broad definition given to solid waste and hazardous waste, the chemical industry may be significantly affected by regulations now being promulgated.

MISSION: Work with all levels of government to achieve sound and reasonable regulations governing waste generation, handling and disposal.

CURRENT PROGRAM: (1) Submit comments to EPA on the various working draft sections considered for proposed rule-making; (2) Prepare or present public statements as appropriate; (3) Review SW-1, SW-2 and SW-3 technical manuals and develop a new manual covering management of inactive waste sites; (4) Follow the research program on leachate characterization and support ASTM program on leachate test methods.

TASK GROUP MEMBERS: W. C. JAESCHKE, Stauffer, Sponsor; R. SOBEL, Allied, Leader; C. A. BARTON, Procter & Gamble; R. J. BRENNER, Mobil; S. L. DANIELS, Dow; G. J. HANKS, JR., Union Carbide; R. L. HARNESS, Monsanto; P. A. PALMER, Du Pont.

Liaison with Government Relations Committee: W. DENYES, Eastman.

Ad Hoc Members: E. BERMAN, Du Pont; J. KUSZAJ, Dow; L. WITTENBERG, Stauffer.

SITING-MODEL REGIONAL PLANT TASK GROUP

SITUATION: Existing sites for treatment and disposal of hazardous wastes are inadequate to meet future industrial needs. Furthermore development of much needed new sites is a major, sometimes insurmountable problem. There are too many examples where a properly designed facility to be located in an industrially zoned area with a state permit in hand has been blocked by public opposition and fear.

Closely related to the siting problem is the need to show the public (and even Federal and State Governments), by establishing a model regional demonstration facility, that a hazardous waste disposal site properly designed and operated does not pose a hazard to the environment or to public health.

MISSION: (1) Develop viable answers to the siting problem which could mean legislative or legal approaches such as state pre-eminence (eminent domain) or state-owned regional sites set aside for such purposes. (2) Work with public and private organizations to establish a fund to design and construct a model regional demonstration site for treatment and disposal of hazardous wastes.

CURRENT PROGRAM: (1) Survey the situation nationally to determine the obstacles to siting in terms of zoning laws, eminent domain, etc. (2) Develop solutions to problems of siting in an orderly way with a guarantee that the site will remain available after engineering and permitting has been satisfactorily completed. This can include drafting model state laws. (3) Develop a plan whereby CMA, working with public and private state agencies, can construct a model regional demonstration facility.

TASK GROUP MEMBERS: J. F. BYRD, Procter & Gamble, Sponsor; J. WESLEY, Du Pont, Leader; B. BRUBAKER, Diamond Shamrock; N. KAYE, American Cyanamid; C. D. MALLOCH, Monsanto; T. ROBERTS, Celanese; J. D. ROBERTSON, Exxon.

SOLID WASTE DISPOSAL TECHNOLOGY DEVELOPMENT TASK GROUP

SITUATION: Because of such highly publicized incidents as Love Canal and the Valley of the Drums, hazardous waste disposal is the burning environmental issue of the moment. Methods of disposal are coming under searching scrutiny by regulatory and legislative branches of state and federal government. The chemical industry must assure itself and governmental groups that technology exists for safe disposal of hazardous wastes.

MISSION: Examine existing technology (state-of-the-art) and identify areas where more development work is needed to increase the effectiveness of various approaches to the safe disposal of hazardous wastes. Generally, the technology does exist for safe disposal of hazardous wastes, but further fine tuning may be desirable.

CURRENT PROGRAM: (1) Determine if there is a gap in our knowledge and techniques for proper and safe disposal of hazardous wastes. (2) Recommend projects to develop safer techniques of hazardous waste disposal. Funding can be by CMA or by others. (3) A specific project to be given high priority is disposal of drums used to transport hazardous wastes. Incineratable drums may be one answer.

TASK GROUP MEMBERS: J. F. BYRD, Procter & Gamble, Sponsor; R. L. PELLISIER, FMC, Leader; B. ASKINS, American Cyanamid; B. DICKSON, Tennessee Eastman; G. A. JOHNSON, 3M; K. KOMOROWSKI, PPG; J. McGUIRE, Monsanto.

Liaison with RCRA Regs and Amendments Task Group: R. L. HARNESS, Monsanto.

AQUATIC RESEARCH TASK GROUP

SITUATION: There are many gaps in the understanding of the fate and effects of pollutants in the aquatic environment. CMA has long supported efforts to close some of these gaps, including biological monitoring of wastewaters. Additional research is needed on rate kinetics and fate of refractory pollutants.

MISSION: Follow CMA research projects and propose additional projects leading to better understanding of fate and effects of pollutants in water. Follow EPA research activities and other work related to CMA needs.

CURRENT PROGRAM: (1) Track EPA research efforts in the aquatic arena. (2) Propose research projects that explore fate and effects of chemicals in water. (3) Oversee projects funded by CMA.

TASK GROUP MEMBERS: E. C. LADD, FMC, Sponsor; A. H. LASDAY, Texaco, Leader; D. R. BRANSON, Dow; J. L. HAMELINK, Eli Lilly; H. LOCKHART, Eastman Kodak; G. LOEWENGART, Allied; A. MAKI, Procter & Gamble; C. MUSKA, Du Pont.

EFFLUENT GUIDELINES TASK GROUP

SITUATION: EPA is developing effluent guidelines based on Best Available Technology (economically achievable) (BAT) per the Clean Water Act. Results need to be evaluated technically and economically for feasibility.

MISSION: Assist EPA and it's contractors in the development of effluent limitations guidelines for wastewaters from the chemical industry; assist in technical and economic evaluation of regulations; prepare comments on proposed regulations, or for litigation of promulgated regulations.

CURRENT PROGRAM: (1) Meet as a task group and with EPA and/or its contractors as needed to review and comment on details of program, types of data sought, forms used, etc. (2) Review and comment on contractor documents. (3) Review and comment on EPA documents. (4) Provide technical basis for litigation if needed.

TASK GROUP MEMBERS: E. C. LADD, FMC, Sponsor; R. F. ROCHELEAU, Du Pont, Leader; B. BASTIAN, Shell; F. M. BROWER, Dow; A. H. CHEELY, Union Carbide; R. L. FAWCETT, Allied; M. E. HALL, Union Carbide; G. V. JOHNSON, Du Pont, J. H. MAHON, Calgon; A. C. MAREK, American Cyanamid; R. MELLOM, Dow; M. A. PIERLE, Monsanto; E. L. POWERS, Mobay; J. SCHROY, Monsanto; D. B. SEBREE, Du Pont; B. W. STEVENS, Rohm and Haas; W. R. TAYLOR, Diamond Shamrock; J. D. UNDERWOOD, Celanese; D. R. VAUGHN, Olin; S. I. WERNER, Hooker.

ENVIRONMENTAL MONITORING TASK GROUP

SITUATION: The analytical and monitoring procedures necessary to determine concentrations of pollutants at extremely low levels requires ultra-sophisticated methods and highly trained personnel. Existing laboratory methods and procedures have not been validated for complex effluents, discharges or emissions.

MISSION: Ensure the scientific integrity of EPA sampling methods, monitoring procedures and analytical protocols so that erroneous or misleading data will not be misused in the development of guidelines, criteria, standards and regulations.

CURRENT PROGRAM: (1) Survey industry and aggregate data for analysis and guidance. (2) Evaluate screening phase data on toxic pollutants by comparison of matched samples analysis of industry and EPA results. (3) Organize and conduct in Fall 1979, a general meeting on environmental monitoring. (4) Support other task group needs for expert analytical input. (5) Advise members of proper procedures and develop preferred practices for member company use.

TASK GROUP MEMBERS: F. B. FRIEDMAN, ARCO, Sponsor; R. O. KAGEL, Dow, Leader; D. J. DAHM, Monsanto; R. A. JAVICK, FMC; W. G. KROCHTA, PPG; J. E. NORRIS, CIBA-GEIGY; W. B. PRESCOTT, American Cyanamid; G. STANKO, Shell; W. F. TULLY, Union Carbide.

HAZARDOUS CHEMICAL SPILLS TASK GROUP

SITUATION: CMA successfully challenged ill-conceived regulations under section 311, which governs spills. The Fifth Circuit Court declared the regulations illegal, void and unenforceable. Rather than pursue court action, EPA proposed amendments which would provide statutory clarification and responded to CMA objections to automatic penalties and fines based on pounds spilled, not harmful effects, and regulation of upsets in permitted discharges as spills. CMA, working through EPA, advanced its language for amendments, and the 95th Congress adopted it essentially intact.

MISSION: (1) Pursue the follow-on formulation of new regulations to fit the intent of the amendments and to produce useful spill regulation at an early date. Also, seek the introduction of methodology developed under task group guidance. (2) Support the CMA Special Committee on Chemical Incidents.

CURRENT PROGRAM: (1) Work with EPA on drafting new spill regulations; enlist aid of CMA counsel, member company counsel and outside counsel. (2) Commence definition of means to establish a hazardous chemical spill superfund in response to an eighteen-month study mandated by the 95th Congress. (3) Bring to bear economic analyses of (2). (4) Enlist cooperation of other associations, industry or environmental groups in an effort to find common ground for a superfund.

TASK GROUP MEMBERS: J. B. BROWNING, Union Carbide, Sponsor; G. J. HANKS, JR., Union Carbide, Leader; L. FALK, Du Pont; R. C. GLOVER, Procter & Gamble; W. L. HAMMOND, PPG; W. B. NEELY, Dow; R. C. ZEHNTER, Stauffer.

Liaison with Environmental Monitoring Task Group: W. F. TULLY, Union Carbide.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES)

TASK GROUP

SITUATION: Under EPA's interpretation of the 1977 amendments to the Federal Water Pollution Control Act, its permitting authority is enlarged. The agency is moving toward controlling all stationary source discharges through sweeping revisions to the National Pollutant Discharge Elimination System (section 402).

MISSION: (1) Identify proposed changes at an early date and provide EPA with industry experience and views as basic data for formulating regulations. (2) Through continued personal contacts, follow the development, proposal and promulgation of regulations in a way suitable to providing CMA with a technical-economic evaluation of their effects. (3) Provide the technical-economic expertise needed to support legislative changes or legal action if efforts to influence regulatory content fail. (4) Endeavor to gain other industry concurrence and support of CMA views as may be judged proper in the development of (1), (2) and (3).

CURRENT PROGRAM: (1) Provide technical support to legal counsel on possible litigation over sweeping revisions to the NPDES permit system. (2) Produce comments on Best Management Practices (BMP) and spill control and countermeasure draft regulations. Coordinate with affected trade associations. (3) Prepare comments for CMA submission (by 9/12/79) on NPDES and consolidated permit regulations. (4) Coordinate response to telephone inquiry of member companies re BMP and SPCC regarding their generic practices.

TASK GROUP MEMBERS: C. P. PRIESING, American Cyanamid, Sponsor; J. V. SCHAUER, Shell, Leader; C. A. BARTON, Procter & Gamble; B. BRADD, Air Products; E. L. CONANT, Stauffer; L. L. FALK, Du Pont; R. H. FOURNET, Kaiser; C. M. GOOLEY, General Electric; M. E. HALL, Union Carbide; A. KARALIUS, Nalco; J. E. NORRIS, CIBA-GEIGY; M. F. WEISHAAR, Monsanto; S. I. WERNER, Hooker.

PRETREATMENT TASK GROUP

SITUATION: 1977 amendments to the Federal Water Pollution Control Act introduced more stringent provisions on the discharge of "Toxic Pollutants" to Publicly Owned Treatment Works (POTW). EPA's pretreatment regulations of June 26, 1978 effectively deny removal credits for "Toxic Pollutants" accomplished by the POTW and would require the dischargers to the POTW to treat their waste to a greater degree than a direct discharger. The provisions would adversely affect half of member company plants because removal credits would be practically impossible to obtain, and modification to meet this excess treatment could cost as much as \$600 million, based on a survey covering some 300 plants.

MISSION: (1) Provide technical support to legal counsel, which has brought suit to present CMA challenge to the validity of the regulations. (2) Depending on outcome of (1), plan for and devise alternative approaches to workable regulations that would satisfy Congress' intent.

CURRENT PROGRAM: (1) Review public comments received by EPA and analyze them relative to the statute and CMA interpretations. (2) Prepare for expert testimony, including securing necessary affidavits of actual harms or obvious imminent damage. (3) Prepare CMA position on categorical guidelines when issued relative to pretreatment, (4) Monitor progress of stipulation.

TASK GROUP MEMBERS: A. J. DIGLIO, Air Products & Chemicals, Sponsor; D. ZARYTKIEWICZ, Air Products & Chemicals, Leader; C. A. BARTON, Procter & Gamble; D. E. BATES, Uniroyal; H. J. CAMPBELL, Du Pont; R. L. FAWCETT, Allied; D. J. KEILMAN, Hercules; F. R. McNEICE, ICI Americas; K. ODLAND, Nalco; L. A. STUMPE, BFGoodrich.

WATER QUALITY CRITERIA TASK GROUP

SITUATION: EPA is developing water quality criteria for the 65 "toxic pollutants". CMA has commented on the initial values and methodology used to develop those criteria. Final methodology and criteria will be promulgated by EPA soon. They will dramatically affect how states set standards for toxic pollutants.

MISSION: The methodology of development of the water quality criteria must be evaluated for each compound. The actual water quality value must be studied and possibly contested, if not reasonable. Efforts of independent investigators and CMA grants to study the subject of effects of chemicals on water must be monitored.

CURRENT PROGRAM: (1) Review and comment upon EPA proposed water quality criteria and upon methodologies used in the derivations of criteria and standards. This is to be accomplished directly and through the efforts of independent investigators. (2) Supply expertise necessary to support standards and effluent limitations. (3) Support research needed to verify or challenge the suitability of effluent limitations which are based upon laboratory derived water quality criteria and standards.

TASK GROUP MEMBERS: R. J. SAMELSON, PPG, Sponsor; C. MUSKA, Du Pont, Leader; T. CASCIERI, FMC; E. L. CONANT, Stauffer; H. LOCKHART, Eastman Kodak; A. MAKI, Procter & Gamble; W. B. NEELY, Dow; H. N. UTIDJIAN, Union Carbide.

Liaison with Environmental Monitoring Task Group:
G. STANKO, Shell.

WATER QUALITY STANDARDS TASK GROUP

SITUATION: EPA periodically publishes national water quality criteria (WQC) which set concentration limits that will protect aquatic organisms. Presumably, lower concentrations are adequate to make water "fishable and swimmable". Under separate provisions of law, states set standards for stream use and limit wastewater discharges through the permit systems. Because the 1977 amendments require control of 65 "toxic pollutants", EPA is revising the criteria. It has announced criteria are to become minimum national standards. Thus, permitted end-of-pipe discharges will be limited to concentrations expressed in the WQC. Mass discharge rates, flows, mixing zones, and assimilative capacity would be ignored.. a costly, unnecessary imposition.

MISSION: Prevent imposition of water quality criteria per se as state standards for discharge limits.

CURRENT PROGRAM: (1) Organize ad hoc task forces to analyze state actions in setting new standards. (2) Establish contact with regulatory personnel in 10-20 key states to demonstrate impact on industrial growth, depending on results of (1). (3) Prepare for possible litigation to test EPA actions. (4) Solicit support from other groups with common concerns.

TASK GROUP MEMBERS: R. J. SAMELSON, PPG, Sponsor; R. J. HANSON, ICI Americas. Leader; B. KLANDERMAN, Eastman Kodak; E. C. LADD, FMC; W. LAFFEY, Hercules; D. MATTIA, PQ; W. B. NEELY, Dow; D. J. WILLY, Neville.

DATA ANALYSIS TASK GROUP

SITUATION: The advent of substance-by-substance control of hydrocarbon emissions and wastewater discharges, plus comprehensive concerns about leachate quality from disposal onto the land, have created the need for careful scrutiny of the validity and significance of government statistics and claims. Shoddy scientific data are being used to establish national policy and regulatory bases.

MISSION: Posture CMA for debate over funding clean up of hazardous waste disposal and spills.

Establish program for bringing statistical and MIS knowledge to bear on cost trends and comparative analysis of scientific studies or environmental statistics from government or private sources so as to establish relevance to proposed regulations or legislation.

CURRENT PROGRAM: (1) Analyze data from Eckhardt Survey, using independent contractor to encode CMA data on a confidential basis; (2) Interpret results for impact on CMA, such as assessment of funding fee basic data; (3) Exchange data interpretations with Eckhardt's staff as occasion may warrant; (4) Examine environmental investment, operating, maintenance, research, and energy consumption trends; develop means for continuing input and analysis for comparison with other industry statistics.

TASK GROUP MEMBERS: C. P. PRIESING, American Cyanamid, Sponsor; K. MYERS, PPG, Leader; A. W. DICKINSON, Monsanto; E. G. GILLMAN, American Cyanamid; A. SCHERENECKE, Rohm and Haas; A. SHAH, Union Carbide; K. G. WILSON, Procter & Gamble.

ENVIRONMENTAL ECONOMICS TASK GROUP

SITUATION: Air, water and solid waste regulations derive from technology forcing statutes. The consequence is increasingly more hardware or social behavior controls to reduce dwindling amounts of discharges. Unit costs-per-unit of pollutant removed thus increase exponentially. Ultimately, costs are not worth the benefits. Chemical industry economics need better comprehension among legislators and regulators so that proper cost effectiveness, economic impact and risk/benefit assessments can be made in setting responsible regulation or legislation.

MISSION: Elevate the level of understanding of how the chemical industry is affected by environmental regulation, including tangible visible impacts and hidden effects on productivity, competitiveness, economic self-sustenance and technical leadership.

CURRENT PROGRAM: (1) Develop and present in December an industry-wide seminar on benefit analysis, state-of-the-art and applications. Acknowledged thought leaders in the field will present their views using case studies where possible, with appropriate panels to elicit open discussion. (2) Provide economic expertise in support of other task groups concerned with economic impacts of proposed regulations and technology documents. (3) Aggressively pursue conferences and symposia as forums to present concepts from the updated manual on "How the Chemical Industry Estimated Its Costs" to EPA offices, CWPS, CEA, CEQ and OMB, and maintain informative liaison with these agencies on economic issues.

TASK GROUP MEMBERS: J. P. THORN, Exxon, Sponsor; H. G. HAIGHT, Du Pont, Leader; R. S. HENDEY, Olin; C. E. HEPENSTAL, Dow; R. N. LEVITCH, Shell; S. WILLIAMS, Union Carbide.

ENVIRONMENTAL PLANNING TASK GROUP

SITUATION: The burden of regulatory analysis is increasing under provisions of RCRA and amendments of 1977 to the Clean Air Act and the Clean Water Act. CMA members investment is near \$7 billion and increasing at the rate of \$1 billion/yr. The long-range effects of this unabated trend will depress industry productivity. Major changes are needed, but those needs must be set forth explicitly and resources allocated.

MISSION: Identify significant environmental issues that should be addressed by CMA and propose action(s); suggest priorities among new issues and existing activities; review organizational roles and relationships.

CURRENT PROGRAM: Position papers are to be prepared on five topics:

1. Development of a forward-looking intelligence system.
2. Examination of means needed to fulfill basic EMC functions: regulatory legislation analysis; research; education; communication; inter-association cooperation.
3. General EMC administration: task group size; sunset criteria, etc.
4. Risk assessment - environmental health.
5. Environment - energy relationships.

TASK GROUP MEMBERS: E. W. CALLAHAN, Allied, Sponsor;
E. M. COVER, Olin; J. L. GRAY, Chemical Products;
L. P. HAXBY, Shell; E. N. HELMERS, Du Pont; J. D. UNDERWOOD, Celanese.

ENVIRONMENTAL COMMUNICATIONS TASK GROUP

This task group is being formed.

J. B. WORTHINGTON, Diamond Shamrock, Sponsor

CURRENT STRUCTURAL PROBLEMS - POSSIBLE SOLUTIONS

Rotation:

As expected, there have been mixed benefits and losses, but the net effect clearly is positive.

Under the EMC, each member accepts an oversight responsibility for certain task groups and is the bridge between the task group and the EMC. Each year one-third of the relationships change, which makes for some confusion. Nevertheless, the change is healthy, the confusion manageable, and after the first three years have passed, will be less troublesome.

The ultimate significance of this is that the CMA staff will become the repository for continuity of the program and gradually will gravitate toward coalescing policy. This is viewed as positive, but implies more staff to handle the work. For example, there were 161 task group meetings and 22 EMC meetings since the new committee structures began to function in June 1978. A total of 600 work days were available as staff built from one to 3 1/2.

Although inconvenient, rotation is viewed as a non-problem.

Workload Forecasting

Exogenous factors play a large role in the conduct of the work, frequently causing a reordering of priorities. This means that the staff must be able to shift gears quickly and reinforce each others skills. This can be understood if one recalls that 25 environmental regulations were perceived as of major significance in early 1978. Their promulgation was anticipated during 1979-80. A recent analysis revealed that 49 new regulations of critical significance are contemplated in 1980-81. Hardly any of the 25 counted eighteen months ago have become final. Indeed, the number has doubled. Besides, there are 326 pending state bills and regulations. This leads to the need for task groups and delays discontinuance of existing ones. Without considering key state level problems, which may be a critical flaw in our programs, the doubling of concerns has meant an increase from 16 to 23 task groups.

We did not foresee the delays in final rules nor the number of new problems concocted by EPA interpretations of the statutes. The EMC has assigned a Planning Task Group the task of foreseeing trends and setting priorities with respect to long term goals.

Staff Improvement

The volume of work required to maintain effective timely communication is large; major portions can be handled at a paraprofessional level. "Back Room" facilities are not equal to the task of modern management information systems. This tends to inhibit subconsciously the commitments made by staff assigned to support the EMC.

The solution lies in two areas. Acquisition of up-to-date word processing, data processing equipment and reproduction equipment, and training in their use is needed. A more basic change is to alter the ratio of supporting staff to professional staff from less than 1:1 to nearly 2:1. This is the least costly approach to a staff capability to support the 8 or 10:1 ratio of member company time contributed for each professional staff.

III. PERFORMANCE

PRINCIPAL RESULTS OF TASK GROUP WORK AND LITIGATION

Principal Results of Task Group Work

The EMC's task groups have a remarkable history of activity over the past year. A highlight of these programs follows.

WATER RELATED PROGRAMS

ADVANCED WASTE TREATMENT (disbanded 6/79)

- o A carbon adsorption wastewater treatment seminar was held for CMA members. A total of 130 participated. Later, a special symposium was held for EPA. It, and a series of meetings with EPA and EPA contractors, induced the Agency to alter its perceptions of the universality of carbon adsorption technology.

AQUATIC RESEARCH

- o The task group formulated long range research protocol for studies to determine the fate and effects of chemicals in receiving waters.

EFFLUENT GUIDELINES

- o CMA prepared technical input to EPA's guidelines development program and contractors.
- o CMA commented on inorganic effluent guidelines.

ENVIRONMENTAL MONITORING

- o The task group gave technical advice to EPA on sampling and analytical protocols for toxic pollutants.
- o CMA prepared comparisons of EPA effluent monitoring results with those obtained by member companies at 57 plants. Independent consultants assisted.

HAZARDOUS CHEMICAL SPILLS

- o Successful litigation avoided upwards of \$84 million annual monitoring cost, plus uncalculable new capital expenditures and operating - maintenance costs.
- o Subsequent amendments to the Clean Water Act, forced by CMA activities, provide separation of fixed effluent discharges from spill control regulations.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM (NPDES)

- o CMA reviewed over 200 pages of NPDES rules in August 1978.
- o 80 to 90 technical-legal-administrative deficiencies were identified in the rules.
- o CMA filed a civil action in the Western District of Virginia, challenging substantive and procedural aspects.
- o EPA requested discussions on the final NPDES regulations to determine if all or some of the issues can be resolved by negotiation.

PRETREATMENT

- o CMA litigated June 1978 regulations which impact on 55% of member company plants. EPA requested negotiation and we reached a favorable settlement on 38 of 40 issues.
- o A CMA survey of the effects of the regulations disclosed that the estimated cost would be \$650 million for the additional unnecessary capital expenditures to meet the June 1978 regulations.
- o A CMA/EPA settlement agreement was filed with the court on May 31, 1979.
- o Large unnecessary capital expenditures and attendant operating-maintenance costs have been avoided from this litigation.

WATER QUALITY CRITERIA

- o During November 1977 and May 1978, CMA exposed the gross technical inadequacy of EPA's scientific support for allowable concentration levels of water quality criteria for the 65 "toxic pollutants".
- o EPA recognized the validity of CMA critiques and redrafted their water quality criteria.
- o The task group is reviewing EPA revisions. The criteria are fundamental.

WATER QUALITY STANDARDS

- o This is a newly formed task group which will follow key state activity in setting new standards based on the water quality criteria documents.

AIR PROGRAMS

AIR POLLUTANT EFFECTS

- o The task group prepared comments on ozone standards.
- o It is conducting research on O₃ generator output to determine if vagrant species are present in ozone generating test chambers which are used to test health effects.
- o CMA is a party in the ozone litigation.

CLEAN AIR ACT REVISIONS

- o The CMA prepared basic policy position for its use on 7 issues critical to the emerging debate to amend the Clean Air Act.
- o CMA is preparing policy position papers for use with the National Commission on Air Quality.
- o CMA identified a profile of industry boiler sizes according to primary fuel type for EPA. The CMA profile differs significantly from the average of all manufacturing, which will be critical in setting new source performance standards in 1980. There will be an adverse significant cost impact if EPA issues regulations based on averages for all industry.

NON ATTAINMENT - PSD

- o CMA filed challenges on the effective dates, definitions and other substantive provisions. Dozens of other interest groups joined CMA. There are two related challenges on nonattainment: emission offset ruling interpretations and general preamble provisions.
- o The Prevention of Significant Deterioration court ruling yielded mixed results. EPA was forced to reconsider many of its definitional regulations. Thus, substantial numbers of CMA facilities will not be subject to the rules and will avoid time-consuming permitting procedures and some costs.

PROCESS EMISSION REGULATIONS

- o The task group is critiquing the Control Technology Guidelines which will be used to set air emission limits for volatile organic compounds (VOC). These 85 documents have considerable errors and could cause unnecessary capital costs if not corrected prior to EPA adoption.
- o The group is assisting the American Industrial Health Council to develop an air carcinogen policy.

STATE IMPLEMENTATION PLANS

- o CMA provided its views on realistic allowable hydrocarbon discharge limits to 38 states. CMA recommended a 100T/yr to 150T/yr emission cutpoint below which no permit would be necessary. This was based on CMA's 1976 hydrocarbon control cost survey. EPA sought a level of 15T/yr, and most states are choosing 100T/yr; none chose EPA's 15T/yr.
- o The benefits of the CMA position are considerable. The difference between the added costs for 15T/yr and 100T/yr is in range of one billion dollars avoided capital expenditures and attendant operation and maintenance costs.
- o By July 1, 1979 all states were to have new SIP's approved by EPA; only Wyoming complied with the date. The SIP's affect all operations because they are the rules under which permits are issued. EPA is interpreting the law to allow permit processing to continue, even though one provision says no new construction can commence unless the SIP is approved.
- o The task group is tracking events in key states to seek acceptance of reasonable cut-off levels for hydrocarbon controls. If EPA levels are chosen, the added cost could be \$2.9 billion. Fortunately, the states are choosing higher levels, with avoided costs ultimately in the range of hundreds of millions of dollars.

SOLID WASTE PROGRAMS

RCRA REGS & AMENDMENTS

- o The task group prepared 520 pages of comments on proposed regulations which included technical-legal-administrative concerns. These were filed March 16, 1979.
- o Retrofit costs to conform were estimated to be \$2.1 billion for the industry, and \$1 billion for CMA members.
- o The combined technical-legal budget was about \$350,000, which did not include large amounts of member company time and travel.
- o The task group prepared alternate portions on testing of hazardous materials amendments to prevent high costs.

- o The CMA supported the Swift Amendment compromise to exclude surface impoundments from RCRA regulations. Each would, on average, cost \$700,000 to retrofit.
- o CMA intervened in a case that helped EPA gain more time for developing regulations.

DATA ANALYSIS

- o This task group was formed in July to review data from the Eckhardt Survey. These data will be used for supporting CMA "Ultrafund" issues.
- o The RCRA Task Group will then analyze the composite data.

HAZARDOUS WASTE TECHNICAL CENTER

HAZARDOUS WASTE RESPONSE CENTER

- o The pilot program concept was approved June 6, 1979.
- o Preliminary planning and budgeting of the center is complete. For FY 1979-80 the added cost will be \$242,800.
- o Five task group and ten response team leaders have been named.
- o A working understanding with EPA is complete; three pilot sites are being chosen jointly with EPA.
- o "Start-up" of the pilot program is targeted for October, with training in September.
- o Proper insurance is a problem being resolved.

HAZARDOUS WASTE DISPOSAL SEMINARS

- o Six regional seminars are scheduled

November 5-6, 1979	Newark, N.J.
November 8-9, 1979	Chicago, Illinois
January 28-29, 1980	Atlanta, Georgia
Jan. 31 - Feb. 1, 1980	Kansas City, Missouri
March 3-4, 1980	San Francisco, Calif.
March 6-7, 1980	Houston, Texas

These are designed to use CMA expertise to educate others on improved hazardous waste management practices. The seminars are aimed at plant operating personnel, environmental professionals, disposal site operators, and technical and manufacturing management.

SITING-MODEL REGIONAL PLANT

- o This is a newly formed task group with dual objectives:
 - to model state enabling legislation to provide sites, and
 - to support construction of a major regional full scale "model" plant to demonstrate that hazardous wastes can be rendered innocuous and safely disposed.

A regional interest has been expressed already by:

State of New York
State of California
Gulf Coast Waste Disposal Authority
Delaware River Basin Commission

SOLID WASTE DISPOSAL TECHNOLOGY DEVELOPMENT

- o This group was formed in August. Its mission is to evaluate the state-of-art in solid waste disposal technology; to encourage use of proved techniques which may not be used to their maximum potential and to set forth appropriate areas for CMA study, including but not limited to:
 - incineration at sea
 - vaulting
 - totally incineratable drums

GENERAL PURPOSE PROGRAMS

ENVIRONMENTAL ECONOMICS

- o Together with legal staff, this group provided comments on economic impact of non-compliance penalty provisions under the Clean Air Act.
- o This task group established a program to aid in better understanding of methodology for measuring benefits part of environmental cost-benefit debate. A symposium on methodology for estimating environmental benefits is planned for December.

ENVIRONMENTAL PLANNING

- o This group was formed in August, 1979 with the objective of providing long range direction from analysis of trends and basic problems with laws and regulations.

ENVIRONMENTAL COMMUNICATIONS

- o This group is being formed now. Its objective is to create better understanding by CMA members of CMA and industry accomplishments and to improve receptivity for our views among federal and state officials, legislators, and selected media and academic thought leaders.

LITIGATION ACTIVITIES

o Hazardous Spills Section 311

CMA won major victory in preserving separation of spill control from permitted discharge. Avoided costs in excess of \$100 million/yr.

o Pretreatment Regulations

Settled 38 technical deficiencies, which could have cost member companies \$650 million/yr. unnecessary investment if left as originally proposed.

o Prevention Significant Deterioration (PSD)

Successfully narrowed scope of regulations. Large indirect cost and time savings.

o Nonattainment

Pending. There is cautious optimism that same narrowing of scope will carry over from PSD.

o RCRA intervention to allow EPA more time to develop regulations was successful.

o National Pollutant Discharge Elimination System

There are 80 to 90 technical issues. EPA has asked that we follow the pretreatment pattern and has asked to negotiate.

o Ozone Standard

CMA supported a revised higher National Ambient Air Quality Standard.

SEMINARS AND TRAINING ACTIVITIES

<u>Program</u>	<u>Location</u>	<u>Date</u>	<u>Attendance</u>
Member Company			
Environmental Briefing	Cincinnati, OH	10/78	160
Environmental Briefing	Wash., D. C.	5/79	240
	(turned away 30 to 50 account space)		
Water Quality Criteria	Wash., D. C.	1978	150
Carbon Adsorption Technology - CMA	Wash., D. C.	1978	120
Carbon Adsorption Technology - EPA	EPA Headquarters Wash., D. C.	1978	40
Joint Meeting: Texas Chemical Council EMC	Houston, TX	10/78	60
Economic Perspectives - Environmental Regulations	Wash., D. C.	2/79	120
Biological Monitoring	Wash., D. C.	8/79	150
Pellston III - A select colloquium on the effects of chemicals in aquatic ecosystems	Pellston, Mich.	8/79	30

IMPACT OF ACTIVITIES ON INDUSTRY

- o \$500 million unnecessary capital expenditures for CMA members appears to be saved from successful CMA pretreatment and hazardous spill actions.
- o Attendant annual operating costs of \$100 million associated with the \$550 million capital costs likewise have been avoided.
- o Working capital requirements typically imposed by increased operating and maintenance costs have been avoided.
- o An improved respect for CMA views is developing among the EPA and State Agencies.
- o Diverted EPA from single-minded conclusion that carbon adsorption was universal end-of-pipe "best available" treatment technology.
- o Confronted EPA with massive 520 page objections to RCRA rules which would cause average retrofit costs of \$700 thousand per surface impoundment and \$2.1 million per landfill.
- o Obtained success in PSD litigation in most issues by winning over EPA's imaginative redefinition of terms that would have swept hundreds of facilities under "best available control technology" constraints whenever modifications made even in "clean" areas.
- o Prevented consideration of surges in permitted wastewater discharge from being considered a spill; established "no harm-no foul" principle on 299 substances listed as hazardous if spilled.

III. RESOURCES

COMPANY MAN-YEARS OF EFFORT

All told there are 167 task group, 15 committee and 9 liaison assignments. With but two exceptions where the work load is diverse and large, the task group size ranges between 3 and 9 persons. A total of 33 man years has been calculated from the varying proportions contributed according to responsibility, e.g. task group leaders normally spend more time than do the task group members. This effort is spread among 36 companies. And, although there are some obvious inconsistencies, the effort is reasonably apportioned according to company size as the table below shows for the fourteen largest members ranked according to sales revenues.

CORPORATE MANPOWER CONTRIBUTION - 1978/ 79

	<u>MAN-YEARS</u>	<u>% OF TOTAL MAN YEARS</u>
DUPONT	3.2	11
DOW	3.0	10
MONSANTO	1.8	6
UNION CARBIDE	2.1	7
EXXON	1.0	4
W. R. GRACE	-	-
CELANESE	.4	1
ALLIED	1.5	5
SHELL	1.4	5
OCCIDENTAL	.4	1
HERCULES	.2	1
AMERICAN CYANAMID	.4	1
EASTMAN KODAK	<u>.6</u>	<u>2</u>
	16.0	54
OTHERS	<u>17.0</u>	<u>46</u>
TOTAL	33.0	100

CMA 072083

LEGAL SUPPORT

The full time support of a CMA staff attorney has been provided. This has been supplemented by use of member company environmental counsel and their ad hoc general legal counsel advice as well. Details have been noted in the task group summaries. Law firms, notably Covington and Burling, have carried CMA advocacy positions to the court room and have aided in the analyses of complex interrelated legal-administrative and technical issues. Those analyses form the basis for future policy considerations, such as which matters are of critical importance when the Clean Air Act is revised - - as it will be from growing discontent among the states.

The planned expense for outside legal support in FY 1979-80 is given below:

Program Area	\$000				
	Year Ending May 31				
	Planned 1980	Projected 1981	Projected 1982	Projected 1983	Projected 1984
Clean Air Regulations	150	75	not projected		
Solid Waste Regulations	80	150	"	"	"
Clean Water Regulations	250	200	"	"	"
Experience Estimate	-	75	500	500	500
Total	480	500	500	500	500

CMA STAFF ASSOCIATED WITH EMC ACTIVITIES

Technical Department

*C. A. Gosline - Manager Environmental Programs
J. S. Matey - Director Water Programs 12/78
S. A. Miller - Director Solid Waste Programs 4/79
A. R. Mayer - Coordinator Environmental Programs

*J. S. Beale will replace Mr. Gosline 9/79

Ms. Foster, Baer, Concepcion - secretarial and stenographic support

Other Departments

T. F. Burns - Government Relations
D. W. Carroll - Legal
J. R. Turner - Public Relations - ChemEcology

CMA 072084

Additional Resources Needed

In all probability next year a manager for air programs, a secretary and a staff assistant will be necessary to support the EMC. In fact, those staff are needed now, but current budget and space restrictions are forcing this into next years budget. EMC is working with the staff to establish priorities for this year to maximize the effectiveness of CMA's available resources.

The projections and status are shown in the table following:

	Staff Personnel Requirements*			
	<u>6/78</u>	<u>6/79</u>	<u>6/80</u>	<u>6/81</u>
Air	0.5	1.5	2.5	3.0
Water	1.5	2.0	2.0	3.0
Solid Waste Regs	1.0	1.0	1.0	2.0
Total	3.0	4.5	5.5	8.0

* These are apart from the Hazardous Waste Technical Center, now being undertaken on a pilot program basis.

Previously one technical staff person assigned to air, water, solid waste, with one from Government Relations normally full time.

CMA 072085

Hazardous Waste Technical Center

The Manpower Plan

C. A. Gosline	September, 1978 through May, 1980		
Sarah Foster	"	"	"
Senior Professional	October, 1979	"	"
New Secretary	"	"	"
Senior Professional	February, 1980	"	"
½ Staff Attorney	October, 1979	"	"

The additional cost is \$242,800 categorized as follows:

Salaries and Related Expense	\$124,800 ..
Travel	50,000
Safety Equipment, Furniture, Fixtures and Personal Protective Gear	20,000
Printing and Publications	10,000
All Others	23,000
Insurance	15,000
	\$242,800

FUTURE ACTIVITIES

In order to comprehend where we are headed, it is useful to know where we are. We are billions of dollars into the cost of meeting environmental regulations and are losing ground to the imaginative capacity of the environmental activists in the government and Congress to set new targets beyond those most recently established as national goals.

As 1980 approaches, so closes the first decade of federal laws to control environmental pollution by mandating that states conform to certain guidelines or standards. The Clean Air Act was enacted in 1970. In 1972 the Federal Water Pollution Control Act became law. Both were amended significantly in 1977. In 1976 RCRA (The Resource Conservation and Recovery Act) set in motion rulemaking by which states will control solid wastes disposed. These three laws, and 14 other statutes, have made a major change in how we must conduct our business. These laws have been expensive. By the end of 1979, our permanent investment in pollution control facilities will be 6.5 to 7.0 billion dollars. Presently, we are investing capital at the rate of 3 million dollars per day. Operating and maintenance costs approximate 23 cents per dollar of permanent investment in manufacturing facilities. Large quantities of energy are being consumed. It was 269 trillion BTU in 1976 and is expected to increase as the more sophisticated control requirements of the early 1980's are put in place. Significant numbers of people are devoted to environmental management activities. About 7% of the research budgets are spent on pollution avoidance or control.

In spite of all that, expenditures between now and 1985 are expected to exceed the \$6.7 billion already spent to meet national goals. Part of the future costs will evolve from closer control of solid wastes, but most of it will stem from major changes to the Clean Water Act and the Clean Air Act in 1977. Since the 1977 amendments, control of specific chemical substances has become the regulatory focus. This complicates everything but especially escalates costs to reach "Best Available Technology" (BAT) or "Lowest Achievable Emission Rate" (LAER).

Our estimate of the impact over 1980 - 85 is:

Air pollution	\$3 - 5 billion	1979 = \$3.1 Billion
Water pollution	3 - 4 billion	1979 = 3.2 Billion
Solid Waste	1 - 2 billion	1979 = 0.4 Billion
		<u>\$6.7 Billion</u>

What we have here is an enormous opportunity for cost avoidance, which can be purchased through the leverage of cooperative efforts exemplified by the work of your Environmental Management Committee. In the material provided, you will find details of the EMC organization, the 23 mission oriented task groups and their programs, and a performance summary for the 15 that were active in the first year under our new structure and advocacy philosophy.

The EMC intends to manage the problem. This is a complex task. There are 180 volunteers from 36 companies working on programs ranging from applied research to litigation. To carry our convictions to those who can make a difference, we must emphasize:

- o Maintenance of industry productivity
- o Capital formation needs
- o Assurance of real environmental benefits from escalating, stated in terms of time and money.

We plan seminars to better inform our constituency on the methodology of estimating environmental benefits and productivity. We expect to continue technical workshops at the current rate of four to eight per year. We will have semi-annual environmental briefings.

There will be a continuing need for technical and economic studies done in concert with legal analyses, to assert our rights under the laws and to provide members with ammunition to aid them in their individual circumstances. Special attention will be given to those topics where it may be cost effective for CMA to act rather than for individuals to act.

Legal support will be required. It is not possible to forecast precise amounts, but the magnitude is expected to double current levels. This reflects in part the 49 critical regulations on the Regulatory Calendar. This compares to 25 critical regulations enumerated in early 1978 for promulgation in 1979-80. Few have been placed in effect; many have been challenged, and that process compounds demands by overlapping initial timetables. Beyond the federal, there are 326 state laws and regulations pending. They, too, will have to be taken into account, and they should not be taken lightly. In the case of water, Colorado already has opted

for rules to make the proposed water quality criteria into standards, in effect making the WQC end-of-pipe concentration limits. Arkansas is in the process of adopting EPA's draft RCRA regulations. Draft control technology guidelines for volatile organic compounds are being used in permit negotiations in EPA regions IV, V, VI. All of these are examples on regulation without regard for full review. The problem at state and regional levels should be faced squarely and aggressively or efforts at the federal level may go for naught.

In yet another vein, there is a move toward regional hazardous waste control. New York State's Environmental Facilities Corporation is planning regional hazardous waste disposal facilities. We intend to help with advice on basic data for design and operations, but the concept has land use planning overtones. A similar involvement appears likely with the Gulf Coast Waste Disposal Authority, the New England Regional Commission, and possibly the State of California. Thus, it seems inevitable that we will be drawn increasingly into regional and key state concerns over federal pre-emption on the one hand, or federal dictates to the states on the other hand. Our technical resources are needed by the states, and can be delivered several ways, one of which might be through inter-association cooperation. We will have to examine the cost and benefit of this, but it is readily apparent that state legislators could be natural allies. They, moreover, are listened to in the Congress, and eventually some become its members. If we can help them early on, they should remember us favorably.

NEW AREAS OF ACTIVITY

The immediate emphasis is on hazardous solid waste disposal. The near future will command attention to conflicts between energy and clean air. We should not deceive ourselves; the goals conflict -- bureaucratic prattling to the contrary.

On a larger range basis, say 1982-87, we should anticipate the effects of:

1. Coastal Zone Management and Wetlands protection. These are de facto, not de jure, land use planning.
2. Regional raw water shortages in arid sections, probably leading to higher costs and perhaps preferential use allocation. That indicates a premium on conservation, including recycle-reuse and perhaps "zero discharge". More importantly, it may redirect investment toward "water rich" regions such as the northeast, mid-Atlantic, and Great Lakes Crescent. In turn, that could place added pressure on reduced discharges per unit of production volume.

3. There are 17 statutes governing environmental protection; we are consumed by 3. We can expect that a case will be made for an "omnibus" environmental law that eliminates conflicts and consolidates national goals.

To summarize, the recent new areas of activity under EMC guidance are:

- o Hazardous Waste Technical Center
- o Siting - Model Regional Plant
- o Solid Waste Disposal Technology Development

We need to consider and evaluate

- o a means to bring our headquarters and standing committee knowledge to bear on regional and state pollution control
- o recurrent land use planning implications
- o possible major geographic redirection of investment because of environmental goals, land use planning, stricter allocations of effluent discharges or even "raw" water and "clean" air increments

To help sort out these matters, the EMC has established an Environmental Planning Task Group. We cannot do everything, and there are limits on what can be done all at once. Priorities will have to be set within our resources on a continuing basis, which may mean that some programs will be foregone as more critical needs arise.

THE ENVIRONMENTAL MANAGEMENT COMMITTEE
OF
THE CHEMICAL MANUFACTURERS ASSOCIATION
IS
"MANAGING"
THE ENVIRONMENTAL REGULATORY ARENA AFFECTING
THE CHEMICAL INDUSTRY

A Summary of Progress
And Resource Needs For The Future

Charles L. Sercu, Chairman
Environmental Management Committee

Presented to The Board of Directors
Chemical Manufacturers Association

September 5, 1979

CMA 072091

Introduction

The Environmental Management Committee of the Chemical Manufacturers Association has undertaken an aggressive role to moderate, change or stop governmental regulations in the pollution control arena. This effort is coincidental with ongoing programs to amend the laws, do research of chemical industry concern and communicate back to member companies.

Currently, 172 professionals from over 50 member companies plus CMA Staff of 3-1/2 professionals make this happen. Welding together this many folks, all "volunteers" from many places, is an interesting management challenge, I can assure you. Thousands of pages of technical and legal comments have been sent to EPA and many weeks have been spent with the attorneys writing briefs, providing information and negotiating with EPA on the whole regime of regulatory initiatives. EMC Task Group personnel are also increasingly involved in the preparation of testimony for Congressional Committees.

The activity is very professional, very demanding and intensive. The rewards are the court decisions we have won, the regulations that have been modified, made more cost effective, or just dropped. The future holds more of the same, more regulatory response, more litigation plus the bigger challenge of amending the Clean Air and Water Acts and handling proposed amendments to RCRA.

Resources provided have been lean and must be supplemented to insure the continued success of the program. Like the TV ad -- we can pay now - or really pay later!

This is a summary of what we've been doing. Now, let me try to develop the picture for you in a little bit more detail, to show you why we need your continued support.

REGULATORY CONCERNS

The social type legislation passed in the late '60's and '70's has produced regulations that have gone far beyond the intent of Congress. Many of these regulations are unnecessary, overly protective, and frequently technically unsound. A game plan for correcting the situation is the main emphasis of my discussion today.

Figure 1 is a list of some of the regulatory legislation passed in the last few years. My remarks are confined to just the environmental area of air, water, and solid wastes, with special emphasis on the amendments of 1977. These regulations are just starting to be implemented and left unchallenged, will cost us billions of dollars unnecessarily in the future as a largely uncontrolled cost of manufacturing.

RECENT REGULATORY LAWS

- Atomic Energy Act of 1954
- Federal Railroad Act of 1970
- Occupational Safety and Health Act of 1970
- Noise Control Act of 1972
- Energy Reorganization Act of 1974
- Clean Air Act - 1970/1977
- Clean Water Act - 1972/1977
- Safe Drinking Water Act
- Resource Conservation and Recovery Act of 1976
- Flammable Fabrics Act
- Federal Insecticide, Fungicide and Rodenticide Act
- Toxic Substances Control Act
- Consumer Product Safety Act
- Federal Mine Safety and Health Act of 1977
- Port and Tanker Safety Act of 1978
- Emergency Interim Consumer Product Safety Standard Act of 1978
- Uranium Mill Tailings Radiation Control Act of 1978

Figure 1

To give you a sense of the acceleration of this total regulatory process, we listed (Figure 2) the total pages in the Federal Register. This number has not changed much in the past few years because many extraneous items are no longer printed in the Register. We were able to get a breakdown of the rules and regulations sections and, as you can see on the bottom of the chart, there has been a dramatic increase, from 9,300 pages in 1976 to some 21,000 pages expected in 1979. If we have been upset at the dollars expended in the past, just wait!! Spending lags by two to four years.

PAGES IN FEDERAL REGISTER

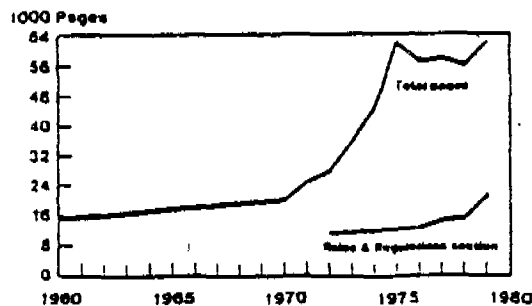


Figure 2

As an example of an agency response to legislation, we have plotted (Figure 3) the increase in employees at EPA over the past several years, from 8,000 in 1971 to 12,500 today . . . a terrific increase in people especially when we are all trying to reduce costs and optimize manpower. These folks produce nonproductive work for all of us.

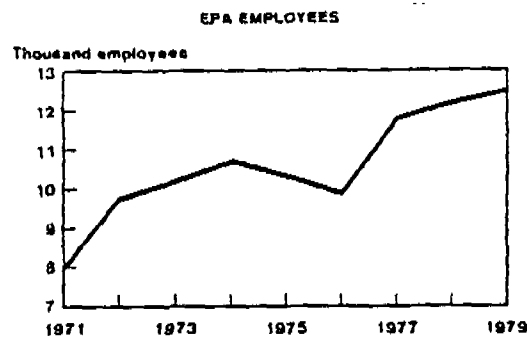


Figure 3

The overall regulatory administrative costs (Figure 4) have increased more than sixfold since 1970, with no apparent decrease in the rate of growth that has projected 1979 at \$4.8 billion.

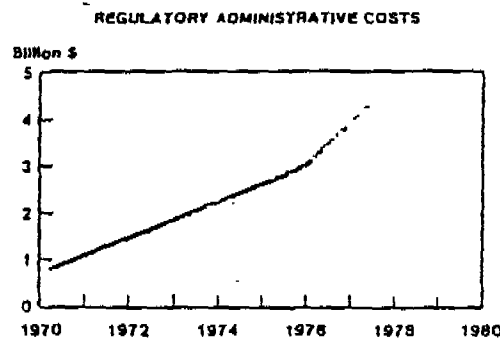


Figure 4

The really disturbing data (Figure 5) is the cost of compliance of these regulations, which has been estimated at \$63 billion for all the regulations written in 1976 and over \$100 billion for regulations written in 1979. Again, the latter costs have not hit us yet, so we still have an opportunity to reduce or prevent them with aggressive action.

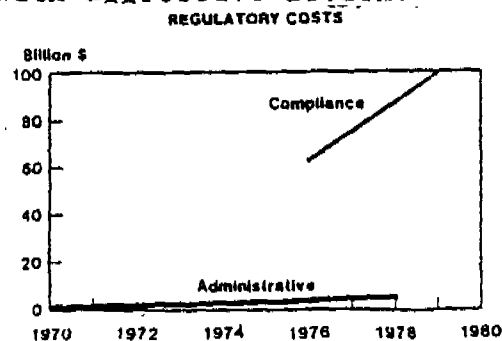


Figure 5

The chemical industry has already invested (Figure 6) more than \$7 billion to control pollution. To meet the laws already in effect, it is estimated that another \$7 billion will need to be spent between 1980 and 1985.

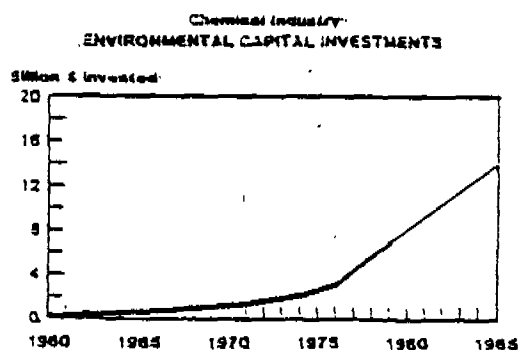


Figure 6

If the regulations are allowed to go unchallenged -- i.e., zero discharge or unnecessarily low emission levels, the estimate goes up by \$4 billion to \$11 billion more. (Figure 7) None of us would tolerate such an expenditure of manufacturing capital for the results expected. None of us can afford the increase in costs. And the environmental improvement would be insignificant.

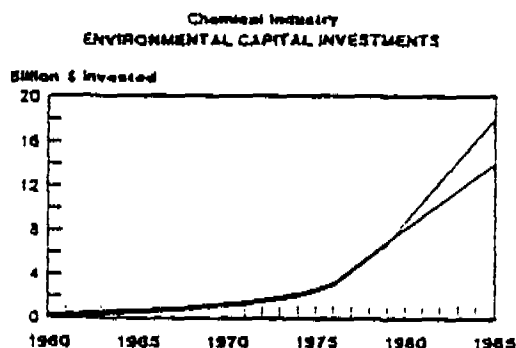


Figure 7

Our Environmental Management Committee feels (Figure 8) that we must get involved with the right resources to "manage" the avoidance of excessive costs. And the time is now and for the next several years. Usually the difficult takes a little longer. We do not have the luxury of time or indecision.

Industry must get involved
with the right resources
to "manage" the avoid-
ance of excessive costs

Figure 8

Gentlemen, this is a campaign that has the dimension and detail of a war. Let me explain.

The Legislative and Regulatory Process (Figure 9) is fairly well understood by all of us. Industry's shortcoming has been in not participating in all of the steps in the process. We must participate at every step, all the time, in this process.

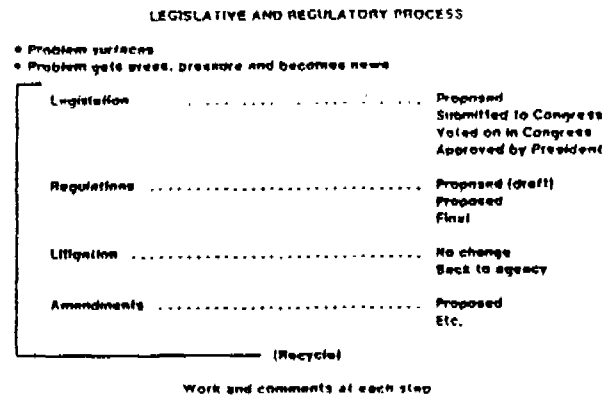


Figure 9

As a problem surfaces, whether or not there is industry negligence, the media--not exactly pro-business--jumps on it full force. There is a barrage of stories, often full of misinformation...editorials, scare documentaries and like reaction from environmentalists, public interest groups and sometimes the clergy.

The media has an unquenchable thirst for bad news because it sells best. If public opinion succumbs to the media treatment of an issue, the politician takes note. No politician will vote against an issue less popular than himself; if he can't do anything else, he can count votes.

So another round of regulatory legislation is spawned from the office of a staffer in Washington or a regulatory agency which needs issues to promote its own growth and survival.

Until recently, we have not been involved very much in the writing of regulations, the first draft, the preproposal or writing the proposed regulation. We normally see the proposed regulation and then scurry like crazy to change the recommendation

or try to torpedo the whole thing. Then after the regulation is passed, we say, "Let's sue the bastards". And sometimes this is right and the judge sends the regulation back to the agency. Other times, the regulation is upheld and we must comply or go to jail or pay a fine.

Amendments to the law are always possible, but require a lot of effort and time. The point is, there are many opportunities to effect a change and we must be alert to these opportunities and be set to mobilize whatever effort is necessary to get our position in place. These efforts must frequently extend over many weeks and involve many folks for a single issue. This is the real advantage of CMA. We can share the burden, spread the work and effectively engage in all of the battles in this complex paper war.

Several other points are ignored or not understood. Noteable are timing, specificity of legislative demands and state action. (Figure 10)

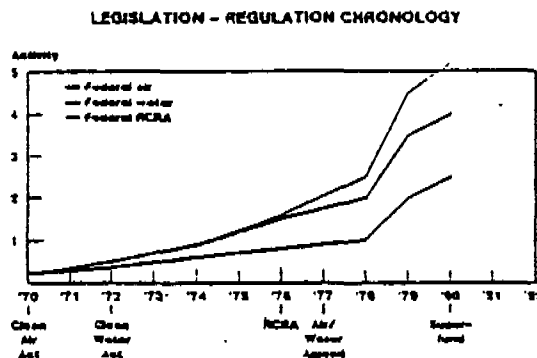


Figure 10

When a law is passed, there is very little regulatory activity for a "while". This may mean months or years, depending upon the mandates of the law, the capability and funding of the agency. Right now, we are feeling the cumulative effects of a number of environmental laws passed in the last few years. EPA has the folks in place to write regulations and these are coming at us at an ever faster pace.

The specificity of legislative demands is not so well understood. Simply said, the amendments of 1977 to both the Clean Air Act and Clean Water Act (Figure 11) demand control of specific chemicals, with "best available technology" or "lowest

achievable emission rate". No longer are we aiming at a target level in a stream or in the air for these named compounds. This, then, is very costly, process and technology-oriented and highly subjective; i.e., the allowable benzene emissions from maleic anhydride plants is proposed to be set at zero under the New Source Performance Standards, forcing a shift away from benzene technology!!

LEGISLATION - REGULATION CHRONOLOGY

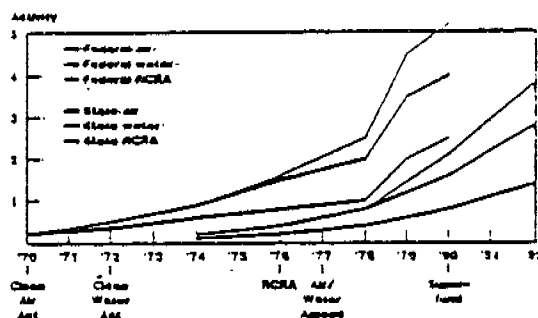


Figure 11

Another point that is not given sufficient credence is the role of the states and the timing of state activities. Once the "feds" have developed criteria or control technology guidelines, these are passed on to the EPA Region and to the states for implementation. In many cases, the states accept the lowest levels or most right standards. In turn, they pass these on to our plants during permit application. Here is another opportunity for change in the way a regulation is interpreted, but the state folks need hard data from professionals to counter the sometimes rabid demands of the environmentalist EPA.

Our Environmental Management Committee is responding to all of these points. We are engaged on many fronts in an effort to manage an effort to gain control over "noncontrollable" costs.

ENVIRONMENTAL MANAGEMENT COMMITTEE

The Environmental Management Committee acts as a Board of Directors managing the environmental issues of the chemical industry. Each member is a sponsor of one or more Task Groups. We have met some 22 times since May, '78. The EMC members spend 40 to 100 percent of their time on this effort. I can tell you I could use them all, full-time.

CMA - Environmental Management Committee

BOARD OF DIRECTORS FOR
MANAGEMENT OF ENVIRONMENTAL ISSUES

- Each member is a sponsor of one or more of the issue-oriented task groups
- Have had 18 meetings in 12 months of Environmental Management Committee
- 40 to 100% of the time

Figure 12

Our approach is through Task Groups who have the complete responsibility for accomplishment of their tasks. The EMC workload is heavy and we have little time to second-guess. Having an EMC member as sponsor gives us monthly contact and usually very good understanding of the different issues. In '78/'79 we had 15 Task Groups manned by over 100 professionals from 38 companies who spent some 25 man-years' effort.

The split (Figure 13) effort among the companies last year was pretty much as you might expect. With 12 companies supporting over 50 percent of the effort.

CORPORATE MANPOWER CONTRIBUTION 1978-1979

	Man-Years	Percent of Total
DuPont	1.2	11
Dow	1.0	10
Monsanto	1.3	8
Union Carbide	2.1	7
Exxon	1.0	4
M. R. Grace	-	-
Celanese	.4	1
Allied	1.5	5
Shell	1.4	5
Occidental	.4	1
Hercules	.2	1
American Cyanamid	.4	1
Eastman Kodak	.6	2
		54

Figure 13

ENVIRONMENTAL MANAGEMENT COMMITTEE ISSUES

The issues we have been working on (Figure 14) are too many to detail here. They vary from litigating regulations already promulgated to working on criteria previous to

regulation and interacting with EPA as necessary. We do support rather minimal research and have Task Groups on Environmental Monitoring and Economics.

ENVIRONMENTAL/POLLUTION CONTROL ISSUES, 1978-1979

- | | |
|-------------|---|
| WATER . . . | - Effluent guidelines
- Hazardous chemical spills
- Pretreatment
- NPDES permits
- Water quality criteria |
| AIR . . . | - Clean Air Act revisions
- Industrial boilers
- Nonattainment PSD
- State implementation plans |
| SOLIDS . . | - RCRA Regs and Amendments |
| GENERAL . . | - Aquatic research
- Air pollution effects
- Environmental economics
- Environmental monitoring |

Figure 14

PERFORMANCE

The Environmental Management Committee has provided some 35 technical advisories and formal responses to proposed rules with thousands of pages of comments. Nine issues are in litigation. We have had nine workshops and two environmental briefings attended by over 1,000 company members. We feel we have had a large part in effecting a \$500 million avoidance of regulatory costs by our activities in '78/'79.

ONE EXAMPLE

Pretreatment Regulation is a good example of the work of one Task Force.

Many of our plants discharge to municipal sewers where treatment is provided by the city. This is by contract and usually a fee is paid by the plant for this service.

In February, 1977, EPA proposed regulations for Pretreatment and asked for comments. In June, 1978, the final regulations were promulgated. It was obvious that the 400 plus comments had been disregarded and that EPA had ignored prior technical and administrative advice.

EMC queried the member companies because we were not sure how much impact this regulation would have on CMA. The response

indicated impact on 55 percent of the plants and \$650 million capital cost. EMC then set up a Task Force and put together the case. This was in concert with the CMA General Counsel. Ed Frost, who should get much of the credit for our litigation efforts.

The analysis of the regulations confirmed four major issues and 40 technical errors. Suit was brought, with others in the D.C. Circuit Court. The Task Group worked almost continuously from June, 1978, to June 1979, analyzing the regulation, the public record and providing comments for the brief prepared by the attorneys.

The briefs were filed in December, 1978, and the court suggested that due to the number of items EPA and CMA should negotiate a settlement out of court. Intensive negotiations continued till the end of May, 1979, with favorable resolution of all but two issues stipulated by EPA to the court. The two issues that remain are cross references to the other Acts and authority to measure process waste streams within the plant.

Essentially, as seen in Figure 15, the Task Group worked very hard, paid attention to detail, went to court and won.

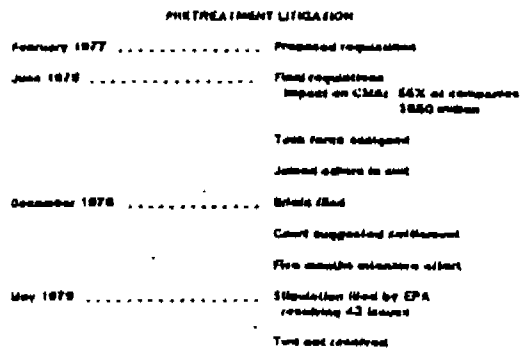


Figure 15

CMA staff helped immeasurably. The sad part is that if EPA had followed proper procedures this could have been avoided. On the other hand, if we had not litigated, the regulation would have cost us over \$.5 billion to satisfy.

We won a battle -- not the war.

SUMMARY

We believe EMC is managing the situation. We have won some, lost some. We have avoided over \$500 million in capital.

But, we have problems. We are burning out company folks who are worried about jobs back home -- a very real consideration.

And we are overworking the CMA staff. Our workload is accelerating much faster than even the new CMA Organization can handle.

Which is why I liken this to a war. We may have to conscript some troops and take over some vital resources to win. CMA and member company people must get much closer together.

HEADLINES

And right in the middle of getting this all underway, Love Canal hit the headlines. (See following pages)

News Feature

GOVERNMENT CONSIDERS \$3 BILLION INQUIRY TO PAY \$400 MILLION PER YEAR

The Federal Government is considering creation of a "superfund," financed partially by \$400 million annual industry fees, to pay for emergency cleanup of oil and hazardous substance spills and wastes and of inactive and abandoned hazardous waste disposal sites that pose an imminent hazard.

The draft legislation, which would establish a comprehensive

Waste disposal a costly problem

EPA's \$750 million-per-year estimate for hazardous waste cleanup could easily

The Costs of Cleaning Up

Order Asks \$1.6 Billion to Clean Chemical, Oil Hazards

CBS

Recor at nearby for its impact some analyses, the chemical industry great as TSCA's

Unlike the toxics law, RCRA on try to tell chemical makers what they can make. It tells them what they will have to do with chemicals they no longer want.

The need for proper disposal of hazardous chemical wastes cannot be disputed. Newspaper headlines almost daily remind the public of long-forgotten

Sen. Edward S. Muskie (D-Conn.) confined to filing "public comments" on environmentalists have been "feel so constrained themselves." This is not to say that the current regulatory reviews have been as timely and orderly as they may have little. Some of the White House question

When dealing with chemical waste disposal: What is a hazardous waste? When does a hazardous material become a waste? Are materials such as waste oils and solvents, when burned to recover their heat value, considered discarded and thus regulated under RCRA? There are many other questions as well.

EPA is largely responsible for seeing that RCRA is carried out. In December proposed rules under RCRA hazardous wastes are so-called properly "from

Chemical Dump Sites May Cost \$50 Billion To Clean Up, EPA Says



Neighborhood dog seems to be the 50,000 to 100,000 dogs near West Point, Ky., in so-

Levy on Waste-Hazard Proposed

What the agency... less that will keep the chemical wastes from the... produced through their transportation to their ultimate disposal and beyond. The entire process will be tied together by a manifest system that will document the movement of hazardous waste material through the... process. As waste... addresses, and... will have to be

Administrator Douglas M. Costle says: "This hazardous waste program is comprehensive. It will control more than 15 million tons of waste. Some 270,000 waste-generating facilities, 10,000 transporters, and 30,000 treatment, storage, and disposal sites will be involved."

disposal

Solid Waste

EPA JUSTICE GIVE HIGHEST PRIORITY
TO INVESTIGATING HAZARDOUS WASTE SITES

Will insurance
costs doom
on-site disposal?

EXPRESS

EPA Slow in Fighting Chemical Peril Behind Schedule In Writing Rules

Companies Face Action on Insurance

U.S. to Sue on Hazardous Waste Dumping

U.S. to Seek
Hazard Fund
In Industry

Oil, Chemical Fees
Would Clean Up
Spills, Waste Dumps

How to have \$5 million

Insurance
costs
\$5 million
MCA

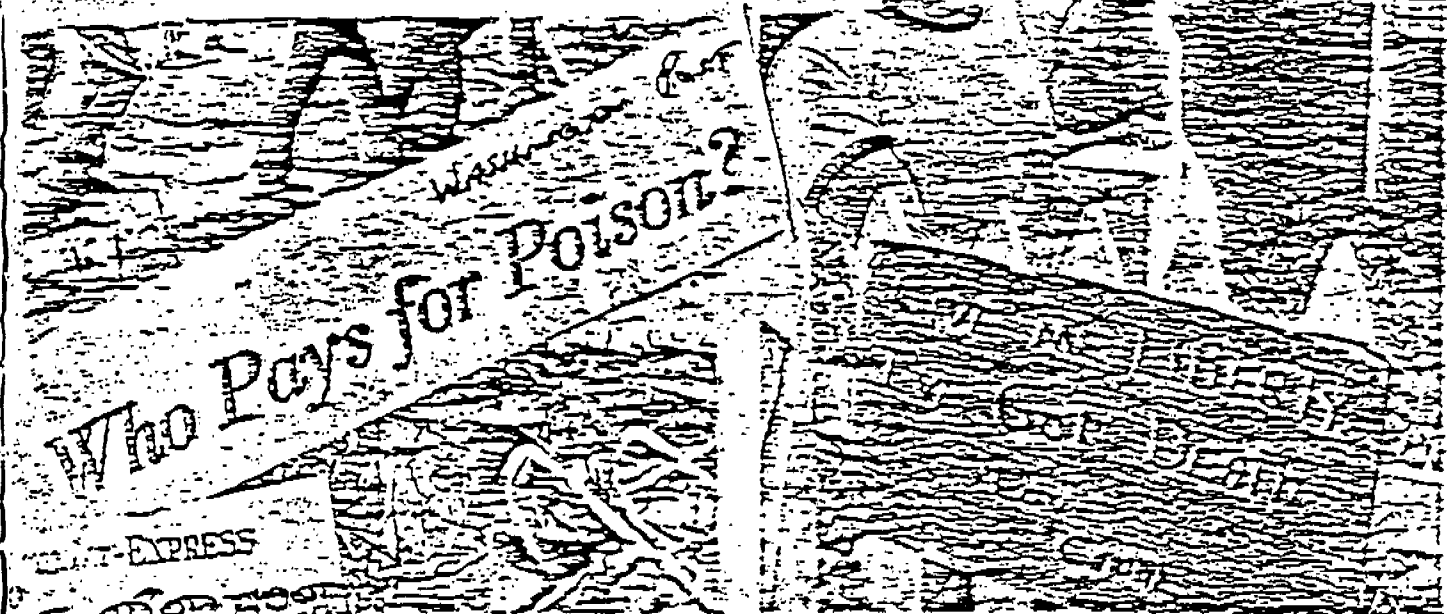
expensive
fact that
series of a
which would

Kentucky Hunts Cleanup for Valley of the Drums

Federal Court Shuts Chemical Waste Dump

Three Court Attorneys

The New War on Pollution Is Over the Land



Illegal Dumping Creates Deadly U.S. Time Bomb

It's the Love Canal, a small neighborhood of several hundred people living in modest Cape Cod-style homes just 8 miles from the roaring splendor of Niagara Falls. But last week it was fast becoming a ghost town—a chemical disaster area filled with

everything second-hand until the 1960s, when heavy rains began to out their chemicals. Suddenly it was everywhere. Toxins, known chemicals would show up in the pavement and water there again. Such bright colors, Dags said, are

Deadly News, Pay Later
Chemical waste dumps, past and present, are threats to the health of the nation's most vulnerable and children, present and future. This is the second in a Chemical-Express series of articles that will look at the hazardous situation. It deals with the Love Canal, but which appear in our series of 24 articles.

Public Frets Over EPA's 'Laxity'

Went up at the local school to take blood tests. Gov. Hugh Carey, in an election-year tour, promised the residents that New York would relocate them and buy up their now worthless homes. And Jimmy Carter, promising \$4 million to match the state's aid, declared Love Canal a federal emergency area.

Most tragically, several children were born with birth defects. On 9th Street between Frontier and Calumet, we wondered whether it was that four months were long.

Victims of a burgeoning chemically sophisticated society. In a grim update beyond the products of industrial efforts to standards of living same people with chemicals vital to uniforms, plastics causing ailments cancers and skin cancer. There's all over," caused by the Environmental Protection Agency. "We just don't know how many potential Love Canals there are."

Chemical Waste Hounds Louisiana

From Page 1
BUFFALO CHEMICAL-EXPRESS, DAILY, 1980

Scarcely a month goes by without some frightening reminder of the chemical plague. Last week, toxicologists at the Massachusetts Institute of Technology

Health Hazard: Dangers Posed by Years of Dumping Of Poisonous Waste Materials by Nation's Industries

top of the news

103 Sites Containing
Toxic Wastes

Hooker dumpsites may pose dioxin thr-

2nd dump site found near Niagara Falls

Research News

CMA 072106

Toxic Waste Disposal a Growing Problem

gypsy haulers out of business,
lean up existing problems

EPA may put midnight
but it has

Love Canal To List of Disaster

People who live or work
say they feel safe, react
claims that the material
"I'm not worried about
had any effect on the people here," says a
man working in a building just across the
200 yards of the dump. "It's like all these

Toxic

Chemicals Peril Ne

FBI May Probe F Dumping Toxic Chemicals Love Canal Hazard Is Small Part Of National Problem

run by firm's parent—Occidental Petroleum Corp.—conceded on the premise.
Michigan Attorney General Frank
J. Kelley, who said Hooker in Febru-

pressed information showing that the
dump has caused serious water con-
tamination for at least 11 years.

Hooker and the Chemical Industry are tied together as negligent and the cause of a national problem. Toxic wastes become the key phrase in Washington and old dumpsites are found in Kentucky, Texas and elsewhere.

The headlines continue through spring of '79 pointing out the immensity of the problem and the need for billions of dollars to clean up. "Superfund" emerges as a national need.

This is a classic legislative situation. Remember the legislative-regulatory process? (Figure 16) We are at the beginning with a problem and headlines. And the legislation is now spewing into the "hopper".

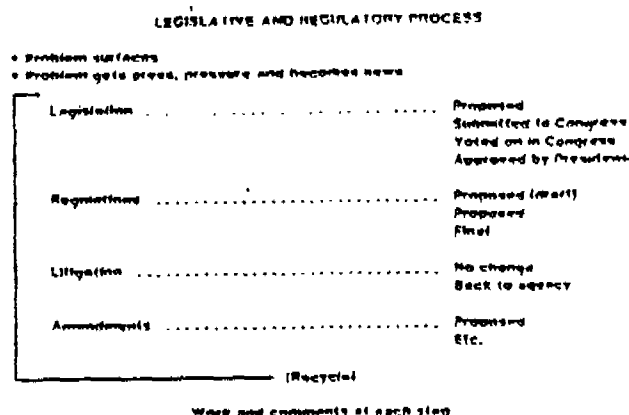


Figure 16

The EPA-Legislative solution is a "Superfund", \$500 million to cover oil spills, hazardous chemical spills and old dumpsites. The monies to be derived from a fee on oil and feedstocks.

CMA ACTION

CMA set up a Special Committee on Chemical Incidents (Figure 17) which met under Bill Stover's whip during the winter and spring. For once CMA was up to speed. The issues have been debated and position papers written and testimony given to the Congress and carried to the states. The Legislative Committee will be reviewing this in detail.

CMA ACTION

- Special committee on chemical incidents ...
 - Formed in Fall 1978
 - Has debated: funding, liabilities, preemption alternative routes
 - Has position papers:
 - n need for superfund
 - pass oil spill legislation
 - handle hazardous spills under 311
 - amend RCRA to handle old sites
 - use public funding

CMA 072107

EMC ACTION

The Environmental Management Committee was also active during this time. We had many meetings of a Select Committee and came up with a program to handle the situation. [Figure 18]

Environmental Management Committee
action, re: old sites . . .

- Workshops across the country
- Siting and regional demo unit task group
- Technology development task group
- National hazardous waste management response center

Figure 18

We will put on workshops in six cities to educate member companies as to what can be done to evaluate and control landfills.

The Siting-Regional Demonstration Unit Task Group is just beginning to grapple with these kinds of problems . . . questions like: What should model legislation be for siting? Where are disposal sites doing a good job? Should CMA support a demonstration site?

The Technology Development Task Group is looking at existing processes, equipment, facilities with a view to what else should be done.

And the Hazardous Waste Management Response Center is getting organized to work with federal and state folks to help them analyze old site problems. EPA is working with us on this project and, frankly, they appreciate the offer of assistance and have asked for help in training agency personnel.

'79/'80 EMC TASK GROUPS

The EMC now has the following Task Groups. (Figure 19) The most recent additions are the Data Analysis Group to evaluate the Eckhardt data and Communications Task Group which is still in the formative stages. We feel that there is a real need to educate our member companies, plant folks, and others to the work we are doing, to the specifics of the regulations, and how to posture themselves to operate best in this environment.

EMC TASK GROUPS

Aquatic Research	Process Emission
Effluent Guidelines	State Implementation Plan
Hazardous Chemical Spills	Data Analysis
Pretreatment	RCRA Regs and Amendments
National Pollutant Discharge Elimination System	Response Center
Water Quality Criteria	Sliding-Model Regional Plan
Water Quality Standards	Solid Waste Workshops
Air Pollutant Effects	Technology Economics
Clean Air Act Revisions	Environmental Economics
Industrial Boilers	Environmental Monitoring
Nonattainment PSD	Environmental Planning
	Environmental Communications

Figure 19

To better understand where we are as compared to where we were, and where we are going, several of us invented an "activity" chart. "Activity" is merely a (Figure 20) measure of tempo, of how much is going on, whether it be regulations, amendments, litigation or negotiation.

We said if the water "activity" pace last year was at 1.0, where are we today -- 2.0 and so on. Adding up water, air and solid waste activity gave us a level today of 4.5 vs. 1.5 last year at this time, heading for 6.5 next year.

EMC ACTIVITY CHART

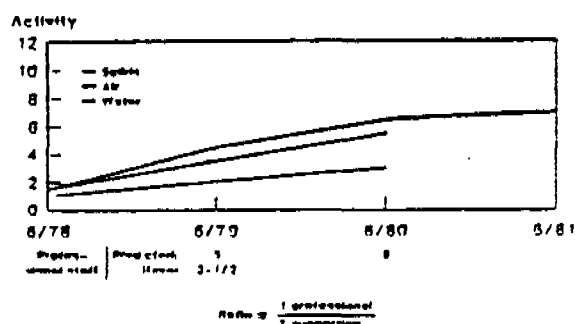


Figure 20

Then we added in the old sites, "Superfund" problems and the level is 6.5 now and 8.5 to 10.0 next year. (Figure 21)

EMC ACTIVITY CHART

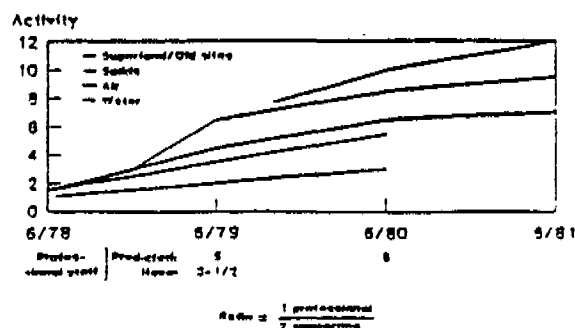


Figure 21

So the war is escalating and more battles are impending.

MANAGING THE NEW SITUATION

EMC has responded very well to the latest change in the situation. (Figure 22) One Task Group has been dropped but several added. Over 180 professionals are now involved giving roughly 35 man-years' effort. Cost to their companies ... \$3.8 plus million, and who does their work at home?

The demands on CMA are brutal.

EMC "MANAGES" THE NEW SITUATION

	<u>9-78</u>	<u>3-79</u>
Task groups	15	23
Company professionals	128	180
Company man-years	25	38
Companies involved	40	46
Demands on staff	Excessive	Brutal

Figure 22

We are now involving about 50 companies. The work-split by companies is seen on Figure 23. We are now running slim on people resources.

CMA - Environmental Management Committee CORPORATE MANPOWER CONTRIBUTION 1979-1980

	<u>Man-Years</u>	<u>Percentage of total</u>
Outpost	2.8	11
Qor	3.5	10
Monmouth	1.4	5
Union Carbide	2.1	9
Essex	1.2	4
Allied	1.7	5
Thed	1.3	4
American Cyanamid	1.9	6
Exxon Chemical	1.6	3
Stanley	1.4	3
Rock & Niles	1.8	3
Air Products	1.6	3
PPG Industries	1.2	4
FMC	1.6	3
PSG	1.2	-
		22

Figure 23

HAVE

We feel we have a good technical program and good support from individuals.

We also have excellent legal support from CMA.

NEED

We need

-- More CMA staff and staff support

The ratio of professional to nonprofessional help needed is much different in a trade association than in industry. I estimate two support for one professional. This is due to the number of meetings, minutes, memos, copying. Remember, we have 180 workers pushing out work to 3-1/2 staffers, with 23 Task Groups meeting monthly. There is no way three secretaries can handle the volume of work. The ratio must be two support per professional.

-- Meeting rooms are a real problem

We ask all D.C. member company offices to allow us to use their conference room.

-- More corporate support

Not just more folks, we need about six full-time seasoned management-type environmental guys -- now. And we need the support of their bosses. This activity must be considered in their raise/promotion situation. I don't know anyone who ever got a raise or promotion working on CMA activities. I don't know any of my committee or Task Group who can just "work" at CMA tasks and ignore the home front.

Like spending all week at war, then working all weekend to make money to pay the bills. We can't have an effective army without great support from home. I would appreciate your personal help at resolving this problem.

-- We need a state program to work with legislatures and agencies on the legislation that is being proposed.

Requests are coming in from all over for assistance and we must set up response teams.

-- Communication is the next big program

This is just EMC-type communication. Workshops, seminars, publications that go out to everyone. We have a good record of accomplishment. We have an excellent story. We must get it out. People must understand how serious this is and understand the ways available to respond.

FINALE

CMA-EMC is taking a very responsible position in the environmental arena. We must reduce stupidity in regulations and reduce the expenditures. There is no other way to control the costs.

This is war -- not a battle. We need more of the best folks to help. The dollars expended on offense are token compared to future costs. We must get the bad parts out of the regulations.

This effort should have equal rank with any cost reduction program where tens of millions of dollars per company are at stake.

We need your help and personal commitment.

C. L. Sercu
EMC Chairman
9/5/79

CMA 072112

Report of
Insurance Committee
to the
Board of Directors
September 5, 1979

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I. COMMITTEE SYSTEM

Members and Officers

F. W. Ingham - Chairman
 - Vice Chairman
D. A. Kunze - Committee Executive

Term Ending May 31, 1980

Robert B. Chapman	Monsanto Company
Edward A. De Koskie	Allied Chemical Corporation
William F. Quinn, Jr.	Engelhard Minerals & Chemicals Corp.
James R. Taylor	ICI Americas, Inc.
Walter E. Winans	Stauffer Chemical Company

Term Ending May 31, 1981

John J. Delaney, Jr.	Olin Corporation
Fred W. Ingham	Union Carbide Corporation
Donald M. Purdy	Diamond Shamrock Corporation
David D. Ward	Air Products and Chemicals, Inc.
W. C. Zacharias	The Dow Chemical Company

Term Ending May 31, 1982

R. G. Belliveau	Witco Chemical Corporation
Brian F. Davidson	Gulf Oil Corporation
Richard L. Green	Exxon Chemical Company
Michael R. Imbriani	PQ Corporation
George Moore	BASF Wyandotte Corporation

Rules of Organization and Procedure

PURPOSES

- To advise the Board of Directors concerning industrial insurance, the major areas and causes of accidental loss and methods of controlling and financing such loss through insurance or other means; and in accordance with Association guidelines and procedures, promote industry's position in the insurance marketplace and assist in influencing governmental, judicial and regulatory bodies in those matters which affect the chemical industry.

MEMBERSHIP

- To qualify for membership on the Committee, each member will normally have primary responsibilities and be well qualified in insurance oriented risk management activities for his CMA member company. The member company may have only one representative on the Committee. The member is expected to be an active participant in the Committee's program.
- Member attendance at Committee meetings is expected. The representation by a member alternate is discouraged and should be employed only for imperative absences.

A member absent from three consecutive meetings will be subject to a recommendation of rotation, upon a majority Committee vote, to be made to the CMA Executive Committee, regardless of attendance coverage by an alternate.

CHAIRMAN DUTIES

- With the concurrence of the Committee, the Chairman may establish task groups to perform specific aspects of the authorized activities of the Committee, define their purpose and scope, appoint their membership, and designate the Chairman. Task groups will be approved by the CMA President and Executive Committee.
- With the concurrence of the Committee, the Chairman may recommend for appointment by an officer of CMA one of the members, or a member company representative to act for the Committee as a liaison or representative with other associations and regulatory groups on authorized activities.

MEETING

• The Committee shall schedule two (2) general meetings annually to which any qualified representative of a member company shall be invited to attend. Advance notice of the general meetings will be provided to keep qualified representatives informed of the Committee's activities and provide opportunities for suggestions.

• In the event a member will be absent, on advance notice to the Executive he may be represented by a qualified alternate who may exercise all the functions of the member at the meeting, including the right to vote and to be counted for purposes of determining a quorum.

PRIMARY REQUIREMENT

• These Rules are designed to supplement CMA's "General Principles Applicable to the Structure and Operations of Committees" as approved March 12, 1963 and as subsequently amended. Nothing in these Rules or subsequent amendments to them shall be interpreted or applied in such manner as to conflict with that document.

ORGANIZATION OF TASK GROUPS

A. Rules and Guidelines

Designation of task groups as to their memberships, purpose and scope shall be recorded in the minutes of the Committee.

A Committee member shall be the Chairman of a task group. Non-Committee members on a task group shall be an employee of a member company with professional qualifications similar to Committee members or possess highly trained skills useful to the Committee's activities.

The Chairman and Vice Chairman shall be ex officio members of all task groups. They shall be furnished notices and minutes of meetings and with the Executive, shall receive copies of all reports and correspondence pertaining to task group activities.

Task Group Chairmen shall furnish written reports to the Chairman, Vice Chairman and Staff Executive in advance of each regular meeting of the Committee concerning activities, plans and recommendations of the task group.

B. Objectives and Membership

1. Seminar Planning Task Group

Objective - To arrange for seminars and workshops on timely issues of concern to chemical insurance/risk managers.

James R. Taylor - Chairman
W. F. Quinn
P. F. Lopez

2. Task Group - Tax Deductibility for Self Insured Reserves

Objective - To review proposed legislation, and evaluate its effect on insurance aspects for the chemical industry. Recommend proposed CMA action.

W. C. Zacharius - Chairman
James R. Taylor
D. D. Ward

3. Task Group - Workers Compensation

Objective - To monitor Workers Compensation Legislation that makes these benefits the sole remedy for workplace injuries. Recommend CMA positions to the Insurance Committee as required.

J. J. Delaney - Chairman
R. G. Belliveau

4. Representation on Special Committees

Special Committee on Chemical Incidents

W. E. Winans

Special Tort Law Reform Committee

J. R. Taylor

5. Loss Data Bank - Pilot Program Objective - Review data bank pilot program and recommend Insurance Committee action for acceptance of a CMA ongoing program.

E. A. De Koskie

PERFORMANCE

1. Regulatory Response

Statement presented by Robert L. Michell before the Subcommittee on Miscellaneous Revenue Measures of the House Ways and Means Committee - September 28, 1979. "Tax Deduction For Insurance Reserves."



MANUFACTURING CHEMISTS ASSOCIATION

STATEMENT
OF THE
MANUFACTURING CHEMISTS ASSOCIATION
PRESENTED BY
ROBERT L. MITCHELL
BEFORE THE
SUBCOMMITTEE ON MISCELLANEOUS REVENUE MEASURES
OF THE
HOUSE WAYS AND MEANS COMMITTEE
SEPTEMBER 28, 1978

CMA 072120

STATEMENT
OF THE
MANUFACTURING CHEMISTS ASSOCIATION
PRESENTED BY
ROBERT L. MITCHELL
BEFORE THE
SUBCOMMITTEE ON MISCELLANEOUS REVENUE MEASURES
OF THE
HOUSE WAYS AND MEANS COMMITTEE

SEPTEMBER 28, 1978

Mr. Chairman and Members of the Committee, my name is Robert L. Mitchell. I am Executive Vice President of Celanese Corporation. I appear today on behalf of the Manufacturing Chemists Association (MCA). MCA is a nonprofit trade association having 191 United States company members representing more than 90% of the production capacity of basic industrial chemicals within this country.

We appreciate the opportunity to testify on the subject of product liability which is of deep concern to our member companies. Companies in the chemical industry are sharing the experience of many companies around the United States who are unable to obtain adequate coverage or are being charged excessive premiums, or both.

Accordingly, a special committee was established within MCA in June 1977 to determine: (a) the specific product liability problems being experienced; (b) how these problems are affecting our membership; and (c) what solutions MCA could develop.

To answer the above questions, a survey was conducted by an independent firm and completed in December 1977. The first conclusion drawn from this survey was that the smaller and medium-

sized chemical companies had the most severe problems. For example, during the period 1972 through 1976 for companies with revenues under \$50 million, the premium for lower levels of coverage increased 510 percent and the premium for excess liability layers increased 773 percent. For companies with revenues between \$50 million and \$500 million, premium increases amounted to 205 percent and 193 percent respectively. At the same time that premiums were increasing, deductibles also were increased, either mandated by the insurance companies or accepted in order to avoid excessive premium cost. Mean deductible levels increased 288 percent from \$8,000 to \$31,000 per incident for companies with \$50 million or less of revenue, and mean deductible levels increased from \$9,000 to \$234,000 per incident (a 2,500 percent increase) for companies with revenues between \$50 million and \$500 million. In other words, substantial premium increases of 193 percent to 773 percent over the four years occurred while coverage was significantly reduced.

A second conclusion from the survey was that the largest firms still are generally able to purchase adequate catastrophe insurance protection when accompanied by large deductibles. Premiums for this group were increased 96 percent on lower levels of insurance and increased 132 percent on the excess layers of cover over the 1972-76 period.

A third conclusion from the survey and ensuing discussions with member companies is that all are in need of more equitable alterna-

tives than buying excessively priced insurance at the lower levels of loss exposure.

One of our recommendations to alleviate the problem is legislation that will permit the tax deductibility of funds for reasonable reserves to pay product liability losses which would otherwise be absorbed out of current income as the losses are paid. Under current legislation, manufacturers are prohibited from taking a tax deduction for amounts reserved to pay future losses, although manufacturers who can buy insurance deduct premiums paid in advance on these same potential losses.

Pertinent legislation is now under consideration by your committee in the form of H.R. 8064, H.R. 7711, H.R. 10272 and other bills. While differing somewhat in content, these bills contain helpful ideas and speak to the same general concept - that is, to provide a tax deduction for amounts paid to a reserve for future payment of product liability losses plus associated expenses. Funds reserved for future losses would thereby receive the same tax treatment as insurance purchased from a commercial insurer.

With respect to amounts contributed to a reserve, it will be important to devise a system that prevents abuses. Where premium costs are below the 2 to 3 percent of sales generally discussed in proposed legislation, MCA proposes that annual funded reserves not exceed the reasonable cost to the taxpayer for equivalent insurance for such year for the payment of product liability claims

and expenses. Possible alternative methods for arriving at an equivalent premium would be: (a) to obtain competitive quotations from insurers; (b) to obtain broker/consultant estimates of the premium cost for comparable risks; or (c) to statistically justify an appropriate premium. Where a premium estimate approach is not practical, additional funding could be limited to 3 percent of sales. No additions to the reserve could be made that would increase the reserve above 15 percent of the previous year's sales.

Additional points which need to be considered are:

- (1) The reserve should apply to all products for which product liability insurance is normally purchased.
- (2) The reserve should be allowed to generate tax-free interest from sound debt instruments to increase the amount of the fund for the specified purpose.
- (3) The purpose should encompass all product liability claims, suits and associated legal/claim costs, brought in the United States against the subject company.
- (4) The reserve amount should be for a specific limit of exposure for each incident and sound accounting practice should be required.
- (5) The option to self-manage the fund with appropriate protective and audit procedures should be considered.
- (6) Provisions to terminate contribution to the funded reserve should be allowed providing:

- o ensuing claim and suit payments continue to be drawn from the funded reserve account; and
- o amounts required in excess of the reserve fund are deductible from income and amounts not required at the time the fund is closed out are taken into income.

(7) Unintended use of the reserve fund should be taxed and carry interest for the timing disparity much like the IRS currently handles the disparity of disallowed deductions from income.

While additional details need to be considered in preparing legislation, we are willing to work with any group to incorporate features of an insured and funded reserve approach to the product liability problem.

Such legislation is vitally important to assure payment if a product claim should emerge - cash would be available from the funded reserve. It is also very important to the chemical industry which needs a sound and stable financial structure. Such legislation would support a climate that fosters technological innovation and stimulates a competitive world posture for the U. S. chemical industry.

2. Seminars

- a. "Crisis Management"
"Officers and Directors Liability Insurance"
"Superfund Legislation"
October 24, 1978 - 30 attendees
- b. "The New York Insurance Exchange"
"Taxation and Regulation of Bermuda Captives"
May 24, 1979 - 26 attendees

III Resources

- 1. Estimated company man-years to achieve the Committee results total $1\frac{1}{2}$ man-years. Fifty companies are involved in the total activity.
- 2. The Committee Executive devotes about twenty percent of his time to Insurance Committee Activities.
- 3. No additional resources are needed or anticipated.

IV Future Activities

- 1. Seminar - "Workers Compensation"
October 23, 1979
- 2. Monitor and recommend CMA response where appropriate to projected legislation on workers compensation, Superfund, Product Liability, Tort Law Reform, Tax Deductibility of reserves.

Exhibit D

Report of
Engineering Advisory Committee
to the
Board of Directors
September 5, 1979

CMA 072127

ENGINEERING ADVISORY COMMITTEE

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I. COMMITTEE SYSTEM

1. Members and Officers of the Committee

<u>MEMBER</u>	<u>COMPANY</u>	<u>TERM ENDS</u>
H. B. Addoms	Hooker Chemical Company	5/31/82
J. S. Bardin	Allied Chemical Corp.	5/31/80
W. G. Canham	Monsanto Co.	5/31/82
W. L. Henry	The Dow Chemical Co.	5/31/80
G. C. Hullar*	The Procter & Gamble Co.	5/31/81
R. G. Jobe	Shell Chemical Co.	5/31/80
J. W. Kelsall	Engelhard Industries	5/31/81
T. J. Kofodimos	ARCO/Chemical Co.	5/31/81
R. A. Marke	Chevron Chemical Co.	5/31/82
W. T. McNair	Celanese Chemical Co.	5/31/80
C. C. Neely***	Union Carbide Corp.	5/31/82
R. E. Olsen	Exxon Chemical Co.	5/31/80
W. T. Rector**	Air Products and Chemicals Inc.	5/31/81

Chairman*

Vice Chairman**

Pending***

2. Statement of Purpose and Scope

With respect to engineering design, construction, operation, and maintenance of facilities for manufacture, storage and handling of industrial chemicals as significant to the chemical manufacturing industry, the Committee will: serve as a forum for discussion of chemical manufacturing industry concerns; develop and recommend to the Executive Committee policies and positions on legislative, regulatory, and technical questions; and provide support for authorized Association programs.

3. Task Groups

All the groups report directly to the full committee. They are governed by the General Principles Applicable to the Structure and Operations of Committees, and by the Rules of Procedure for Technical and Functional Committees.

Objective, membership, and current projects for each task group formed since the reorganization of committees are as follows:

LONG-RANGE PLANNING TASK GROUP

Objective

To identify future key issues for committee planning purposes.

Membership

W. T. Rector, Chairman	Air Products and Chemicals, Inc.
R. G. Jobe	Shell Chemical Company
R. L. Klausmeier	E. I. du Pont de Nemours & Company
T. J. Kofodimos	ARCO/Chemical Company
R. E. Olsen	Exxon Chemical Company

Areas for Investigation

- Counter-measures to FTC proposed rule on standards.
- Initiatives within ASME to develop a new code for design, fabrication, and initial inspection of high-pressure vessels (over 2000 psi). These could lead to voluminous and unnecessary reporting requirements, like those for the nuclear industry.
- Engineering aspects of energy conversion measures: alternate sources of energy like coal, new steam boilers for coal, alternatives to flow-control devices which waste energy, insulation, and process revision.
- Availability of critical materials for process equipment.
- Regulatory measures causing serious delays in start of plant construction.
- Engineering approaches to occupational safety and health, and to environmental management.
- Reliability of automated process control systems.
- GATT Code of Conduct for Prevention of Technical Barriers to Trade, which may require use of products made to international rather than domestic standards.

ELECTRICAL CODES AND STANDARDS TASK GROUP

Objective

To participate in development of the National Electrical Code and related electrical codes and standards of special interest to the chemical industry.

Membership

C. H. Lake, Chairman	E. I. du Pont de Nemours & Co.
J. A. Stewart, Vice Chairman	FMC Corporation
L. Bishop	Tennessee Eastman Company
M. B. Bykowski	Hooker Chemical Company
D. W. Cramer	Monsanto Company
W. A. Culpepper	Rohm and Haas Company
T. E. Dye	Olin Corporation
B. E. Ewers	Phillips Chemical Company
J. W. Frasure	The Dow Chemical Company
J. H. Kassebaum	Eli Lilly and Company
J. A. Kroiss	Shell Chemical Company
L. Metzger	Stauffer Chemical Company
W. L. Moser	Amoco Chemicals Corporation
C. N. Noel	The Procter & Gamble Co.
N. D. Patton	B. F. Goodrich Chemical Co.
C. L. Pittman	Aluminum Company of America
W. H. Reign	Hercules Inc.
B. W. Whittington	Union Carbide Corporation
D. Young	Allied Chemical Corp.

Current Projects

- Participation in development of 1981 National Electrical Code (NFPA 70 Committee).
- Participation in development of "Electrical Safety Requirements for Employee Work Places" for OSHA regulations (NFPA 70E Committee).
- Participation in work of NFPA Electrical Equipment Maintenance Committee (NFPA 70B Committee).
- Participation in work of NFPA Technical Committee on Electrical Equipment in Chemical Atmospheres. This committee is responsible for NFPA 493 "Intrinsically Safe Apparatus for Use in Division 1 Hazardous Locations," NFPA 496 "Purged and Pressurized Enclosures for Electrical Equipment in Hazardous Locations", and NFPA 497 "Recommended Practice for Classifications of Class 1 Hazardous Locations for Electrical Installations".

- Participation in work of the ANSI Electrical and Electronic Standards Management Board.
- Participation in work of the International Electrotechnical Commission TC 31 Committee on Electrical Apparatus for Explosive Atmospheres.
- Participation in development of American National Standards based on many UL documents submitted for approval by ANSI via the canvass route.

BOILER AND PRESSURE VESSEL INSPECTION TASK GROUP

Objective

To develop recommended CMA positions regarding a national standard for inspection of boilers and pressure vessels.

Membership

C. R. Carder, Jr., Chairman	Union Carbide Corp.
F. R. Abernathy	Tennessee Eastman Co.
A. A. Fogel	Stauffer Chemical Co.
R. G. Jobe	Shell Chemical Co.
W. M. Mecklem	Allied Chemical Corp.
J. A. Mowat	Hooker Chemical Company
G. Ostroot, Jr.	Monsanto Co.
E. W. Shilling	E. I. du Pont de Nemours & Co.

Current Projects

o Evaluation of a fresh start towards a national standard via a more consensus-oriented body, such as the American Society of Mechanical Engineers, and implementation of this approach. (CMA voted negatively on the 1979 National Board Inspection Code and the API document "Maintenance Inspection, Rating, and Repair of Pressure Vessels--Fourth Edition" as American National Standards.)

MOTOR TASK GROUP

Objective

To develop and evaluate methods of achieving improved efficiency and reliability of electric motors in chemical plant service.

Membership

C. H. Lake, Chairman	E. I. du Pont de Nemours & Co.
J. W. Frasure, Vice Chairman	The Dow Chemical Co.
S. P. Axe	ARCO/Chemical Co.
J. H. Kassebaum	Eli Lilly and Co.
L. Metzger	Stauffer Chemical Co.
W. L. Moser	Amoco Chemicals Corp.
N. D. Patton	B.F. Goodrich Chemical Co.
W. H. Reign	Hercules Inc.
R. L. Sandstedt	Monsanto Co.
J. A. Stewart	FMC Corp.
B. W. Whittington	Union Carbide Corp.

Current Projects

Implementation of methods already developed.

INSTRUMENTATION WORKSHOP TASK GROUP

Objective

To organize and sponsor a user forum on mini- and micro-computers for process control, also to critique the forum and recommend future action.

Membership

T. W. Booth, Chairman	Tennessee Eastman Co.
A. S. Brown	Exxon Chemical Co.
N. P. Brechtel	E. I. du Pont de Nemours & Company
W. A. Coelho	The Procter & Gamble Co.
H. P. Zirschlag	Monsanto Co.

Current Projects

Planning for the user forum to be held May 1980.

FTC PROPOSED RULE TASK GROUP

Objective

To prepare CMA comments on the Federal Trade Commission's proposed rule covering standards and certification.

Membership

R. E. Olsen, Chairman	Exxon Chemical Co.
R. W. Belfit, Jr.	The Dow Chemical Co.
W. G. Canham	Monsanto Co.
*L. M. Casey	Ashland Chemical Co.
R. G. Jobe	Shell Chemical Co.
**J. T. Keane	Koppers Co.
L. Topolosky	Neville Chemical Co.
R. W. Walker	ARCO/Chemical Co.

-
- * Representing Occupational Safety and Health Committee
 - ** Representing Patents and Information Retrieval Committee

Current Projects

Task group involved with hearing phase as of August 1979, primarily content of oral testimony and preparation for cross-examination. Task group will be deactivated following testimony, pending unexpected developments.

ALUMINUM STORAGE TANKS TASK GROUP

Objective

To coordinate CMA's position with respect to standards developed by the B96 Committee (Welded Aluminum-Alloy Storage Tanks) of the American National Standards Institute.

Membership

C. E. Jacobson, Chairman	Exxon Chemical Co.
E. J. Huber	Allied Chemical Corp.
R. C. Yohn	E. I. du Pont de Nemours & Co.

Current Projects

Work on the B96.1-1979 standard nearly completed. Task group will be deactivated as soon as CMA discharges its current duties as secretariat of the B96 project.

INSTRUMENTATION TASK GROUP

Objective

To provide ongoing support to CMA representatives in instrumentation standards development (including automatic control), and to provide technical support to CMA representative to ANSI Measurement and Automatic Control Standards Management Board.

Membership

C. A. Pecoraro, Chairman	The Dow Chemical Co.
T. W. Booth	Tennessee Eastman Co.
N. P. Brechtel	E. I. du Pont de Nemours & Co.
A. S. Brown	Exxon Chemical Co.
N. E. Chapman	Hooker Chemical Company
W. A. Coelho	The Procter & Gamble Co.
L. Griffith	Celanese Chemical Co.
E. J. Hayter	Allied Chemical Corp.
T. E. Leghorn	Stauffer Chemical Co.
C. E. Sizemore	FMC Corp.
H. P. Zirschlag	Monsanto Co.

Current Projects

Presently-assigned work completed. Committee chairman has recommended deactivation of task group, to be confirmed at October EAC meeting.

METRICATION TASK GROUP

Objective

To develop and coordinate a recommended CMA position on metrication.

Membership

A. J. Clement, Chairman	Allied Chemical Corp.
E. Anderson	ARCO/Chemical Co.
W. G. Canham	Monsanto Co.
B. B. Pearlman	Stauffer Chemical Co.

Current Projects

Task group has been deactivated. It participated with the Inter-Committee Task Group on Metrication in developing the CMA Metrication Policy Statement and Directive approved by the Executive Committee May 8, 1979.

4. CMA Representatives to Organizations Under Purview of Committee

AMERICAN NATIONAL METRIC COUNCIL

Sector Committee on Chemical and

Allied Products A. J. Clement (Allied)

ANSI COUNCILS

Organizational Member M. M. Hoover (CMA)

Alt: R. G. Jobe (Shell)

ANSI STANDARDS MANAGEMENT BOARDS

Piping and Process Equipment B. B. Pearlman
(Stauffer)

Electrical and Electronics J. A. Stewart (FMC)
Alt: L. Metzger (Stauffer)

Measurement and Automatic Control . . . N. P. Brechtel (Du Pont)

ANSI STANDARDS COMMITTEES

A12-Safety Code for Floor and Wall . . . J. R. Tushek (Dow)
Openings, Railings and . . . Alt: H. Gac (Du Pont)
Toe Boards

B16-Standardization of Valves, . . . W. G. Canham (Monsanto)
Flanges, Fittings, and . . . F. X. Schoen (Union
Gaskets Carbide)

B19-Safety Standards for
Compressor Systems D. M. O'Dea (Exxon)

B31-Code for Pressure Piping W. G. Canham (Monsanto)

B40-Pressure and Vacuum Gauges C. E. Sizemore (FMC)

B73-Centrifugal Pumps for
Chemical Process. D. P. Allen (Dow)
R. E. Dolman (Du Pont)
R. H. Monroe (Monsanto)
C. M. Ramsey (Dow)
J. A. Reynolds (Union
Carbide)

B78-Heat Exchangers for Chemical
Industry Use D. C. Adams (Dow)
D. R. Frikken (Monsanto)
A. E. Jones (Du Pont)

R. P. Krueger (Hooker)
P. E. Minton (Union Carbide)

B96-Specifications for Welded

Aluminum Storage Tasks M. M. Hoover (CMA)
E. J. Huber (Allied)
C. E. Jacobson (Exxon)
R. C. Yohn (Du Pont)

C1-National Electrical Code

Panel No. 1 W. L. Moser (Amoco)
Panel No. 2 W. H. Reign (Hercules)
Panel No. 3 J. H. Kassebaum (Lilly)
Alt: C. N. Noel (P & G)
Panel No. 4 G. H. Mottern (Tenn. East-
man)
Panel No. 6 J. W. Frasure (Dow)
Panel No. 7 J. A. Kroiss (Shell)
Panel No. 8 R. L. Sandstedt (Monsanto)
Alt: D. H. McIntosh (Du Pont)
Panel No. 9 D. W. Cramer (Monsanto)
Panel No. 10 C. J. Erickson (Du Pont)
Panel No. 11 T. E. Dye (Olin)
Alt: N. D. Patton (Goodrich)
Panel No. 13 J. J. Jefferson (Tenn. East-
man)
Panel No. 14 R. B. Adams (Dow)
Alt: R. J. Buschart (Monsanto)
Panel No. 16 W. R. Hitchens (Du Pont)
Panel No. 22 J. A. Stewart (FMC)
Alt: D. Young (Allied)
Panel No. 23 D. H. McIntosh (Du Pont)
Alt: D. W. Cramer (Monsanto)

NFPA COMMITTEES

Electrical Equipment in Chemical

Atmospheres W. I. Morton (Du Pont)
Electrical Equipment Maintenance . . H. D. Sheets (P & G)
Electrical Safety Requirements
for Employee Workplaces D. H. McIntosh (Du Pont)
Alt: E. F. Hohlfeld (Monsanto)
National Electrical Code (See ANSI C1 Committee)

CMA 072137

5. Current Problems with Structure and Possible Solutions

Transition to the reorganized structure has presented few problems.

However, the requirement for one-year layoff between terms results in a committee membership less than the authorized limit, and the committee would be more effective with a full complement.

Therefore, the committee recommends a waiver of the layoff when vacancies exist.

Generally, only the larger companies have the engineering resources to justify representation on the full committee and this is the reason that the required layoff is a problem. All member companies benefit from the committee's work. They could benefit further from the increased resources of a larger committee.

II. PERFORMANCE

1. Regulatory Responses

- Preservation of Voluntary Standards System
(See Key Issue Description Below)

The committee's FTC Proposed Rule Task Group and CMA legal staff prepared written testimony for the Washington hearing. The task group also provided back-up for the verbal testimony and cross-examination scheduled for September 21, 1979.

The committee will investigate counter-measures to the FTC proposed rule when its disposition is known.

KEY ISSUE--PRESERVATION OF VOLUNTARY STANDARDS SYSTEM

Statement of the Issue

The voluntary standards system has been under strong attack in Congress. Now, hearings are being held on the Federal Trade Commission's proposed rule covering standards and certification. The FTC is attempting to do by regulation what Congress refused to do by legislation.

The Congressional bills probably would have killed the voluntary standards system by stifling it, and the FTC proposed rule threatens to do the same thing.

Why the Issue Is Important

Reliance upon voluntary standards by the chemical industry is sweeping and deep:

We depend on voluntary standards for the safety of our employees and the public. Examples include the ASME Boiler and Pressure Vessel Code, the ANSI Code for Pressure Piping, and the National Electrical Code.

Without voluntary standards and in the absence of any standards, total plant investment would increase an estimated 15-20% due to added engineering costs in specifying every detail of purchased equipment.

Without voluntary standards and in the presence of government-imposed standards, the chemical industry would have to use inferior standards. That is: standards produced without participation of leading experts, standards much less responsive to technological improvements, and standards lacking implicit cost/benefit considerations.

Estimated data assembled from 21 member companies for CMA written testimony on the FTC proposed rule indicate that the number of voluntary standards relied upon by a company is often in the thousands.

Our member companies also participate heavily in voluntary standards activity. The same data indicate that a typical member company has about 40 employees spending 4% of their time participating in ten different standards organizations. Our larger companies may have 120 to 350 employees participating. (Most member company participation is individual company effort apart from CMA. CMA participates only in those areas where it can do the job better.)

• Excessive or Unnecessary Costs
(See Key Issue Statement Below)

The committee has two approaches for resolving excessive or unnecessary costs. They are (1) to keep voluntary standards, with their built-in cost optimization features, ahead of regulatory needs as much as practical, and (2) to work directly with regulatory bodies, in the absence of voluntary standards, to prevent excessive or unnecessary costs.

First Approach--The committee is following the first approach in the area of boiler and pressure vessel inspection, for example, by actively pursuing a national standard suitable for adoption by the states. We are opposed to requiring third party inspection for other than new construction (re-certification for continued use, and repairs).

Another example is in the area of electrical safety. Here, the committee is heavily involved with the National Electrical Code, continually updating it in a joint effort with other interested parties. This code is widely adopted by local jurisdictions.

Also in the area of electrical safety, the committee participates actively in development of a national standard suitable for adoption by OSHA.

Cutting across various types of plant equipment are many UL safety standards proposed for adoption as American National Standards via the canvass route. The committee participates continually in this process, and the resulting standards are widely adopted by regulatory bodies.

Second Approach -- The second approach, working directly with regulatory bodies to prevent excessive or unnecessary costs in the absence of voluntary standards, will be followed in cooperation with the Occupational Safety and Health Committee, the Energy Conservation Committee, and the Environmental Management Committee. The Engineering Advisory Committee will concentrate on the engineering approaches in each case. Agencies involved are OSHA, DOE, and EPA.

The committee is already involved with the Department of Energy in determining the real-world feasibility of a solid-state device for controlling speed of pump motors. Objective is to save energy and minimize costs by eliminating throttling valves on pumps.

KEY ISSUE -- EXCESSIVE OR UNNECESSARY REGULATORY COSTS

Statement of the Issue

While voluntary standards organizations keep the cost/benefit relationship in focus, regulatory bodies generally are not concerned with plant investment, operating, and maintenance costs and will add to them unnecessarily.

Why the Issue is Important

The following examples will illustrate:

Current emphasis on development of regulatory standards for occupational safety and health, energy conversion, and environmental management threatens to add very substantial unnecessary costs to chemical companies.

Extrapolated from a 1976 estimate prepared by one member company, third-party inspection of pressure vessels at intervals more frequent than necessary as proposed by state officials could inflict on the U. S. chemical industry an unnecessary added investment of \$1.7 billion to replace lost capacity, and over \$300 million a year in higher operating costs, assuming like impact on other companies.

Another proposal of state officials, for licensing of pressure vessel operators, is potentially of far greater consequence, since it could unnecessarily disrupt labor-management contracts covering training of operators and create serious bottlenecks in plant operation. This matter has been seriously considered by several states. Although it is apparently dormant at the moment, it could arise again at any time in any state.

2. Research

The committee is not now involved with research projects. In 1977, it proposed a special project for assembling thermodynamic and physical data on selected chemicals and generating data necessary to complete the bank. This project was not approved.

3. Seminars or Training Activities

The committee is planning a second user forum on process control and automation, to focus on mini- and micro-computers for process control. It is scheduled for May 1980. The first user forum on process control and automation was held in 1977.

The committee is investigating, together with the Occupational Safety and Health Committee, a joint CMA-NIOSH seminar on engineering control technology (possibly late 1980).

The committee conducted three symposia on compressor train reliability (1971, 1972, 1973), and one on termination of aluminum cable (1974).

The Long-Range Planning Task Group has recommended investigating a seminar on Engineering Approaches to Energy Conservation, and one on Design, Operation, and Maintenance of Pressure-Relief Systems.

4. Impact of Activities on the Industry

Generally speaking, the committee's activities impact the industry by improving the quality of voluntary standards used by

the industry, and minimizing excessive or unnecessary regulation. Both result in significant cost benefits.

The committee does not normally analyze each project for dollar impact, since it knows instinctively what is important. However, the following examples will illustrate:

- Continued CMA resistance to adoption of regulatory requirements for pressure vessel inspection by third parties (as opposed to independently-qualified owner-user inspection), and for licensing of pressure vessel operators, has been instrumental in preventing their adoption. As detailed on page 14, these two requirements would add billions of dollars to investment and operating costs.

- Electrical equipment meeting the special needs of the chemical industry has the potential for cumulative industry savings of over \$200 million through the seventh year. Now the industry has to provide extra engineering and pay extra for non-standard equipment. Desired motor characteristics are already developed.

- The chemical industry continues to realize savings of \$50 million a year (conservative estimate) as the result of CMA's past sponsorship of standardization projects covering pumps, heat exchangers, tanks, valves, etc.

- Activities of CMA representatives to code-making panels of the National Electrical Code Committee contribute substantially to industry savings, principally through the cumulative impact of many actions. (CMA has representatives on 15 of the 23 panels. The EAC Electrical Codes and Standards Task Group reviewed the more important of some 2000 proposals for revision of the 1978 National Electrical Code at its April 1979 meeting.)

Impact of all CMA's actions in development of the 1981 National Electrical Code cannot be fully measured until final action is taken at the May 1980 NFPA annual meeting. However, the savings to the chemical industry will be in the millions of dollars.

As an example of our impact in development of this code, CMA member company people were responsible this year for overturning an unfavorable 14-2 panel vote by making timely contacts with other members of the panel. At issue was a proposal to require a disconnect switch adjacent to every electrical motor.

Our representatives felt that the CMA Electrical Switch Lockout, Tag, and Try Procedure in Safety Guide SG-8 used at motor control centers suffices. This proposal alone was estimated to cost at least 0.25% of total construction cost for a typical chemical plant.

III. RESOURCES

1. Estimate of Company Man-Years to Achieve the Committee Results, and the Number of Companies Involved in the Total Activity

- The estimate of company man-years to achieve the committee results is 8.7 man-years per year. This estimate is based on an assumption that each full committee member spends an average of 10% of his time on committee work, and on the assumption that each representative spends an average of 5% of his time as a representative.

- The number of companies involved in the total activity, including representation on outside organizations, is 29.

2. CMA Staff Associated with Committee Activity

- G. V. Cox, Vice President and Technical Director
- A. C. Clark, Manager, Distribution and Engineering
- M. M. Hoover, Executive, Engineering Advisory Committee
- Milton Freifeld, Executive, Occupational Safety and Health Committee
- H. J. Sauer, Executive, Energy Conservation Committee
- J. S. Beale, Executive, Environmental Management Committee
- H. M. Robinson, Government Relations Department
- D. F. Zoll, Legal Department

3. Additional Resources Needed or Anticipated

Anticipated increase in activities of 20-30% may require more staff time, but this needs to be explored.

IV. FUTURE ACTIVITIES

1. Seminars/Training

- Second User Forum on Process Control and Automation (scheduled for May, 1980.)
- Joint CMA-NIOSH Seminar on Engineering Control Technology (being investigated).
- Seminar on Engineering Approaches to Energy Conservation (to be investigated).
- Seminar on Design, Operation, and Maintenance of Pressure-Relief Systems (to be investigated).

2. Research and Legal

- None anticipated, except possible litigation when disposition of FTC Proposed Rule on standards and certification becomes known.

3. Projected Regulations/Legislation

- Possible metric legislation. Some six bills have been introduced in the current Congress to amend or repeal the 1975 Metric Act.
- Final FTC rule on standards and certification.
- Department of Energy regulations on energy efficiency of industrial equipment.
- New OSHA regulations for electrical safety.

4. New Areas of Activity

- See page 2 of this report, where areas of investigation for the Long-Range Planning Task Group are listed.

CMA BOARD OF DIRECTORS PRESENTATION
for the
Engineering Advisory Committee
G. C. Hullar, Chairman

SLIDE 1

My presentation this morning will focus on the last three sections of the written report--current performance, re-sources, and future activities. In discussing current performance, I will focus on two major key issues and then use four specific examples to demonstrate the impact that our activities have on the chemical industry.

SLIDE 2

During the past year, the Engineering Advisory Committee has focused its attention on two major key issues and most of our activity falls within this focus. These two issues are the preservation of the voluntary standard system and the avoidance of unnecessary regulation.

Before summarizing what we are doing to preserve the voluntary standard system, I would like to define voluntary standards and describe why they are worth preserving.

SLIDE 3

A voluntary standard is a technical description or specification for goods or equipment that has been achieved by a consensus of qualified experts. There are two key phrases in this definition that I will refer to later--consensus and qualified experts.

We are surrounded by examples of voluntary standards both at home and at work--golf balls, baseballs, sheets of plywood, camera film, pipe flanges, bearings, bolts, and steel shapes are a few examples. The novice traveling abroad to England and the European Continent becomes acutely aware of the impact of standardization if he tries to use an electric razor--60 cycle, 50 cycle, 110 volt, 220 volt and numerous sizes and shapes of outlets make it tough to get a shave. Little surprise that beards are so popular in Europe.

SLIDE 4

What would our life be like if we had no voluntary standards? I believe either of two things would happen--we would have chaos or we would have involuntary standards.

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SLIDE 4

What would our life be like if we had no voluntary standards? I believe either of two things would happen--we would have chaos or we would have involuntary standards.

If there were no standards, we would have chaos because things wouldn't fit. In addition, Engineering and equipment costs would skyrocket because everything would be uniquely designed.

The second, and most likely possibility, is that government would be forced to accomplish standardization by regulation with all the inherent disadvantages such as rigidity, non-responsiveness, little cost/benefit evaluation, and failure to involve the best expertise. Note that government standardization tends to lose two of the most important attributes of voluntary standards--consensus and qualified experts.

SLIDE 5

At this point, industry is highly dependent on voluntary standards. There are approximately 20,000 voluntary standards in this country today. About 4,000 of these have a direct bearing on the plants and equipment of the chemical industry. Another four to five thousand have a bearing on chemical industry feed stocks and finished products.

SLIDE 6

If the voluntary standards system is so important, what are we doing to preserve it? The most important thing we are doing to preserve it is to actively participate in the process. The majority of the effort of the Engineering Advisory Committee is used to bring focus to, and to improve the effectiveness of the voluntary standards system as it relates to our industry.

The effort expended relating to CMA participation in this program is estimated to be less than 9 effort years per year. This is dwarfed by an estimated 450 effort years per year spent by individual member companies. The effort spent as a CMA activity concentrates in areas where the association can do a better job than the individual companies.

SLIDE 7

This histogram shows the estimated money spent by a cross-section of CMA member companies for their participation in the voluntary standard setting process. As expected, some companies spend a great deal while others spend little. While each company spends based on the return on investment for them as an individual company, all member companies benefit from the total expenditure.

SLIDE 8

A second major way that the EAC is working to preserve the voluntary standard system is by being alert to challenges which threaten the system. A current example is our involvement in CMA testimony on the FTC proposed rule covering standards and certification. This rule threatens to kill the voluntary standard system by stifling it. This is another example of government control presumably designed to support the public good but experience shows that this increased control adds unnecessary burden and cost without improving results.

The proposed rule is inadequate in many ways, but the most telling argument against it is that there is no legitimate need. Thus, it amounts to pure bureaucracy.

The second key issue which we are addressing is that of preventing unnecessary regulation while these initiatives tend to change from year to year, it seems there are new ones being proposed almost continuously. Some examples of current regulatory initiatives include:

1. The licensing of pressure vessel operators.
2. The setting of arbitrary inspection intervals for pressure vessels.
3. Third party inspection for vessels in service.
4. The extension of nuclear pressure vessel documentation to the rest of industry.

The Engineering Advisory Committee has used a number of approaches to do away with unnecessary regulatory costs.

SLIDE 11

The first, is to keep voluntary standards ahead of regulatory needs. Recent areas of major activity include:

1. The Boiler and Pressure Vessel Inspection Codes.
2. The National Electric Code.
3. Electrical Safety Requirements for Employee Work Places.

The second approach is in working directly with regulatory bodies to aid them in developing realistic engineering approaches. Three expected areas of activity include occupational safety and health, energy conservation and environmental management.

SLIDE 12

With the key issue as a backdrop, I will now turn my attention to impact of committee activities. I will use four examples to illustrate the kind of impact that our committee has had on our industry and on the cost of our doing business. The cost, or value, of standards is not always obvious. Certainly they do not have the high visibility of the clean air act or the energy shortage. On the other hand, while low visibility, they do have a very major impact on our cost of doing business.

To illustrate this, I would like to cite four specific examples which relate to major areas of activity during the past year.

SLIDE 13

1. The National Board of Boiler and Pressure Vessel inspectors and API have both proposed standards for in-service inspection of pressure vessels. We have opposed these standards because neither is yet acceptable to the chemical industry. The originally proposed standards would have cost the chemical industry in excess of \$1 billion in investment and operating costs due to the high frequency of shutdown inspections required. Our goal is to prevent the adoption of bad standards and to aid the development of good standards. We are still hopeful that a good standard can be developed in this area.

2. Present standards for electrical equipment result in quality that is below that generally needed in the chemical industry. We normally pay a premium for "special" quality but even that is frequently not adequate for our needs. A task group is currently working to develop chemical service electrical specifications and the ensuing standardization could save our industry over \$50mm per year in purchase, maintenance, downtime, and energy costs.

3. The Engineering Advisory Committee has sponsored numerous standardization projects for pumps, heat exchanges, tanks, valves, and other process equipment. We conservatively estimate that the chemical industry saves over \$5mm per year due to the benefits of standardization from projects led by our committee in recent years.

4. Five years ago the National Electric Code was totally controlled by Electrical Manufacturers and Insurance Companies. As a result, user needs and desires were frequently not effectively included in the standards. At the present time, CMA member companies are active and having a major impact on all NEC Standards which are critical to the chemical industry. The impact of this involvement is worth millions of dollars per year.

While I would like to stop here and just savor the taste of those millions of dollars saved, I feel obligated to push on and talk about how much we spent to save that money.

That lead-in brings me to the subject of resources. During the past twelve months, our committee used approximately two-thirds of a CMA staff person (mostly Morgan Hoover). In addition, Engineering Advisory Committee members and Task Group Members spent between 8 and 9 effort years in support of Engineering Advisory Committee activities.

The activities and issues of the Engineering Advisory Committee are usually not headlines but when the cost of this effort is compared to the resulting benefits, it is clear that the Engineering Advisory Committee is an excellent value.

So much for the past. I would now like to dust off my crystal ball and briefly turn my focus to the future. I believe the future holds quite a bit of the same, but also some new areas of activity.

SLIDE 15

We expect a continued heavy load of standards activity. Some of this is a continuation of work with which we are already involved and some will be totally new standards areas. We also expect a continued heavy activity in the legislative and regulatory areas. The fight to block the proposed FTC rules on voluntary standards may be just beginning. There are continuing legislative attempts to inspect our facilities and control the qualification of our operators. We will continue to resist and try to bring reason to all legislative attempts in this area.

In addition, we will most certainly be faced with a number of creative new approaches to controlling the way in which we do business.

We are beginning to take a critical look at a number of possible new areas for Engineering Advisory Committee activity. One broad area is to use the Engineering Advisory Committee to provide engineering support for other CMA committees. At present, some committees are contracting engineering studies to outside consultants in support of their activities. There may be opportunities for the Engineering Advisory Committee to provide some of this engineering input.

If so, this will save money and will provide answers that are more broadly representative of our member companies.

Other possible new areas of activity include monitoring the development of a code for high-pressure vessels (greater than 2,000 psi) and improved reliability of automated process control systems.

Our decision to move into additional areas will be based on a critical look at economics to insure that these areas represent issues that truly justify the effort and costs involved.

I thank you for your thoughtful attention and would be happy to answer any questions that you have relating to the Engineering Advisory Committee.

STATUS REPORT: ECONOMIC IMPACT STUDY OF THE
TOXIC SUBSTANCES CONTROL ACT

At the July 11, 1978, CMA Executive Committee meeting, a proposal was considered for a study to measure the economic impact which the Toxic Substances Control Act (TSCA) is expected to have on the U. S. chemical industry. The study was envisioned to have two phases: (1) a first-year pilot test, to determine the feasibility of such a study (which received approval at that meeting); and (2) an extended three-year study, in which a strong data base of TSCA costs could be compiled. Upon the completion of the pilot test, the CMA Executive Committee will determine whether to continue with the three-year study.

National Economic Research Associates (N/E/R/A) was hired as the prime contractor for the study assisted by Arthur Young and Company (accountants) as a subcontractor. The CMA Chemical Regulations Advisory Committee's (CRAC) Economic Impact Task Group was directed to supervise the contractor's work.

During the pilot test phase, the objectives of the study are to measure the direct compliance costs of TSCA and to determine the Act's effect on innovation. Should the study proceed past the pilot test phase, additional measurements will be made on downstream industries and the economy in general, as well as any benefits derived from TSCA.

In order to collect the data necessary to satisfy these objectives, N/E/R/A has developed an extensive questionnaire. Five member companies recently participated in a field test of the questionnaire. The final report of the field test will be ready for review at the September 19, 1979, CRAC meeting. The questionnaire with revisions mandated by this field test will also be available.

Preliminary analysis of the results indicate that pilot test objectives are attainable. The field test also demonstrated that the data-gathering portion of the study will not be successful unless company management views this as a priority activity. To have an adequate sampling of the industry, at least 50 member companies must be willing to participate. In addition, participation by a like number of non-member companies is desired to insure complete coverage of the industry.

- Actions Required:
- (1) Active participation by each board member in the pilot test of the Economic Impact Study.
 - (2) Commitment of each board member to encourage participation in this study by both member companies not represented on the Board and non-members of CMA.

CMA
EC - 9/5/79
BD - 9/6/79

Exhibit F

Report of
Occupational Safety and Health Committee
to the
Board of Directors
September 5, 1979

CMA 072155

OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

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OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

I. INTRODUCTION

The OSHC is a consolidation of three former committees:

- 1) Occupational Health
- 2) Safety and Fire Protection
- 3) Labels and Precautionary Information

The Committee is structured to provide both knowledge about the relevant occupational health and safety issues and a management prospective in dealing with them. Each OSHC member serves as an advocate for certain projects assigned to a task group. Each task group of up to ten persons is headed by a Leader who is not a member of the Committee. The roles of those involved are described in succeeding pages.

II. COMMITTEE SYSTEM

1. Members and Officers of the Committee

TERM ENDING MAY 31, 1980

Linda M. Casey.....Ashland Oil, Inc.
Robert M. Clyne, M.D.....American Cyanamid Company
Carl De Martino.....E. I. du Pont de Nemours & Co.
Howard L. Kusnetz.....Shell Oil Company
W. Mayo Smith, Ph.D.....Air Products and Chemicals, Inc.

TERM ENDING MAY 31, 1981

Emil E. Christofano.....Hercules Incorporated
Benjamin B. Holder, M.D.....Dow Chemical U.S.A.
Richard L. O'Connell, M.D.....
Chairman*.....Olin Corporation
Jack S. Snyder.....Merck & Co., Inc.
Frank A. Ubel, M.D.....Minnesota Mining and Manufacturing
Company

TERM ENDING MAY 31, 1982

Harry A. Eschenbach.....W. R. Grace & Co.
Donald W. Hillman, M.D.....Diamond Shamrock Corporation
Richard B. Hoots, Jr.....ICI Americas Inc.
William J. McCarville, Ph.D.....Monsanto Company
Arthur W. Sheldon.....M&T Chemicals Inc.

Staff Representative and Secretary: Milton Freifeld

(Note: Vice Chairman to be elected at September 14, 1979 meeting.)

*Through May 31, 1980

OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

II. COMMITTEE SYSTEM (continued)

2. Purpose and Scope

Under broad policies established by the Board of Directors and within limits of authority specified by the Executive Committee, the Committee oversees Association occupational safety and health activities. In so doing the Committee will: identify key occupational safety and health issues and establish specific objectives to deal with them; monitor legislative initiatives in this area and work for changes which will stress risk-benefit analysis, cost effectiveness and proper use of trained personnel; seek relief from legislation and regulation on this subject by appropriate means which may include legal action; keep member companies informed about major trends, developments, issues and Association action on occupational safety and health; initiate and sponsor research and development on related issues of widespread interest to the chemical manufacturing industry; and oversee the safety awards programs as well as the collection and publication of data on occupational injury and illness.

3. Organization of Task Groups

a) Structure of Task Groups

Task Group	Leader	Advocate
Access to Employee and Medical Records	R. W. McBurney	B.B. Holder
Annual Symposium	(to be named)	(to be named)
Cutaneous and Eye Hazards	(to be named)	L.M. Casey
Embryo-Fetotoxins	B. W. Karrh	R.M. Clyne
Epidemiology	M. E. Miller	D.W. Hillman
Federal Cancer Policy	M. N. Johnson	B.B. Holder
Finance	(to be named)	C. De Martino
Future Issues	P. C. Holladay	F.A. Ubel
Liaison with Technical and Professional Societies	I. McDonald	L.M. Casey
Long-Range Planning	J. M. Pardee	J.S. Snyder
Occupational Illness and Injury Reports	R. Y. Levine	H.A. Eschenbach
OSHA General Duty Citations	(to be named)	W.J. McCarville
President's Task Force on OSH (Bergman)	R. V. Welty	R.B. Hoots, Jr.
Revision of ANSI Z129.1 (Labeling)	W. H. Jones	A.W. Sheldon
Safety Guides	J. C. Caporossi	J.S. Snyder
Safety Standards	A. Kover	H.A. Eschenbach
Standards Adopted by Reference	C. Powell	H.L. Kusnetz

Liaison With Other CMA Committees

Advocacy for Special Projects		W.M. Smith
Chemical Industry Image Communication		W.J. McCarville
Hazards Communication	R. P. Batchelor	
Risk Benefit Analysis		R.B. Hoots, Jr.

3. Organization of Task Groups (continued)

b) Guidelines for Task Groups

Rules for Committee operation are being formalized and will be available soon. Responsibilities of Committee and Task Group members are described below.

Advocate Responsibilities

- o Ensure that Committee objectives are reflected in a task group's Statement of Objectives and Purpose and that the group's program is adequate to achieve these objectives.
- o Convey to the group changes in OSHC program which impact on the task group's activities.
- o Ensure that task group requests for direction and/or support receive a clear and complete response from the Committee.
- o Assist in selecting the task group leader and members with the necessary special competence, interest and company management support to assure success.
- o Report periodically to OSHC on task group progress.
- o Obtain OSHC decisions on recommended changes in objectives and discontinuance of task groups when their missions are completed.
- o Participate fully as voting member of the task group.

Task Group Leader Responsibilities

- o Develop the task group objective provided by the OSHC into a Statement of Objectives and Purpose and define the program for accomplishment of the mission.
- o Recruit from member companies, with the assistance of the advocate, task group members with the special competence, interest and management support necessary to carry out the group's program.
- o Manage the group's mission successfully.
- o Define resources required by the task group, beyond its own membership, and provide the advocate information required to obtain OSHC and CMA approvals.
- o Recommend changes in the task group objectives, program and termination of group activity as required.

b) Guidelines for Task Groups (continued)

Task Group Member Responsibilities

- o Assist the task group leader in development of the Statement of Objectives and Purpose of the group and the definition of the program needed to accomplish the group's mission.
- o Accept specific sub-assignments and carry out the work promptly.
- o Attend group meetings.
- o Bring additional resources from his company to bear on the accomplishment of the group's program.

c) Objectives and Programs of Task Groups

TASK GROUP - ACCESS TO EMPLOYEE AND MEDICAL RECORDS

BACKGROUND: OSHA's proposed regulations on this subject are inadequate especially in the areas of patient/physician privacy and guarding of trade secrets. CMA testimony during hearings on the matter reflected these points as well as other shortcomings of the OSHA proposal.

OBJECTIVE: Have OSHA address chemical industry concerns in promulgating and implementing regulations on access to employee records.

PROGRAM: Review final OSHA regulation to determine whether it adequately takes into account objections to the proposal raised by CMA. Recommend legal or other action as appropriate.

TASK GROUP MEMBERS:

Benjamin Holder, Advocate
Richard W. McBurney, Leader
James T. O'Reilly
Barton P. Quaintance

Dow Chemical Company
Diamond Shamrock Corporation
The Procter & Gamble Company
E. I. du Pont de Nemours & Company

TASK GROUP - ANNUAL SYMPOSIUM

BACKGROUND: A day-long symposium is held each year in a different region of the country on a topic relating to worker safety and health. Registration fees are nominal and attendance ranges from 100 to 300. An informal atmosphere is maintained to encourage audience participation.

OBJECTIVE: Provide a forum for discussion of timely subjects relating to worker safety and health. In particular, an effort is made to bring current information to managers and professionals at relatively small plants.

PROGRAM: The symposium this year will be held in San Francisco, September 14, on the subject of "Informing Employees About Hazards in the Workplace." Our plans are to continue these symposia and consider increasing their frequency.

TASK GROUP MEMBERS: (to be named)

TASK GROUP - CUTANEOUS AND EYE HAZARDS

BACKGROUND: Following a series of meetings, a report on this subject was recently submitted to OSHA by an advisory committee which included representatives of industry, labor, academia and government. It is intended to serve as a basis for developing regulations in this area.

OBJECTIVE: Attempt to guide OSHA in the development of rational and effective regulations on cutaneous and eye hazards.

PROGRAM: Maintain communication with OSHA personnel working on this project.

TASK GROUP MEMBERS:

Linda Casey, Advocate
(to be named)

Ashland Oil, Inc.

TASK GROUP - EMBRYO-FETOTOXINS

BACKGROUND: Companies are caught between the need to protect the fetus by removing the working mother from potentially fetotoxic environments and the desire to comply with equal opportunity laws. This subject also is receiving a great deal of attention from the press and television. Unfortunately, very little scientific information is available about compounds that are embryo-fetotoxic.

OBJECTIVES:

1. Develop a position statement and guidance for member companies regarding embryotoxic risks in the workplace.
2. Respond to regulatory initiatives on this subject when they surface.

PROGRAM: The OSH Committee has agreed to make the draft of these guidelines available to member companies for comment. Subsequently it will be published in pamphlet form. Regional workshops are tentatively planned to explore the subject further, using this document as a starting point.

Activity on this matter at OSHA and other agencies will be monitored so our input can be made at an early stage.

TASK GROUP MEMBERS:

Robert W. Clyne, Advocate
Bruce W. Karrh, Leader
Thomas W. Carmody
Kenneth G. Gould, Jr.
Gloria Portela-Cubria
Jerry M. Smith

American Cyanamid Company
E. I. du Pont de Nemours & Co.
Union Carbide Corporation
Allied Chemical Corporation
The Standard Oil Company
Rohm and Haas Company

TASK GROUP - EPIDEMIOLOGY

BACKGROUND: There is increasing awareness of problems relating to worker health in industry, government and the media. Chemical companies are developing or preparing to purchase data collection systems for the storage and retrieval of data on employee exposure to workplace health and safety hazards and illness for future use in investigating possible causal relationships. The Toxic Substances Control Act requires that companies notify EPA of new data which reasonably support a conclusion that a substantial risk to health results from the manufacture and/or use of chemicals. It also requires that records be maintained of significant adverse reactions to chemicals.

OBJECTIVE: Obtain compatibility among systems of various companies for collecting epidemiologic data. This will enable pooling of data when studying a given chemical on an industry-wide basis.

PROGRAM:

1. Publish "Suggested Data Collection Program for Mortality and Morbidity Epidemiological Studies."
2. Arrange regional seminars for discussing this subject.
3. Update CMA publication "A Brief Overview of Occupational Epidemiology" by Dr. William R. Gaffey.

(continued)

Task Group - Epidemiology (continued)

TASK GROUP MEMBERS:

Donald W. Hillman, Advocate
Myrl E. Miller, Leader
Lester Defonso
Sidney Pell
Lloyd Tepper
Chi Pan Wen
Ralph R. Cook
H. Curt Vogt

Diamond Shamrock Corporation
IMC Chemical Group
Rohm and Haas Company
E. I. du Pont de Nemours & Co.
Air Products and Chemicals, Inc.
Gulf Oil Chemicals Company
Dow Chemical Company
BASF Wyandotte Corporation

TASK GROUP - FEDERAL CANCER POLICY

BACKGROUND: CMA testified at the hearings on the OSHA generic cancer proposal. CMA suggested methods for categorizing materials and subsequent actions flowing from those decisions. Specifically, for example, we suggested that such decisions be made by a group of highly qualified scientists. Also we objected strenuously to the idea of making legitimate the substitution of products by government fiat. The Interagency Regulatory Liaison Group (IRLG) document on estimation of risk of potential for carcinogens (Federal Register 7/6/79) is serving as scientific guide for regulatory agencies.

PROGRAM: Review final regulation when it is published, now expected to be near the end of 1979. Continue to coordinate effort in this area with the American Industrial Health Council and other trade associations. Recommend appropriate CMA response, including possible legal action, following review of OSHA's final regulation.

Prepare CMA comments on IRLG risk assessment documents.

TASK GROUP MEMBERS:

Benjamin B. Holder, Advocate
Maurice N. Johnson, Leader
Donald E. Ellison
Veronica K. Yates

Dow Chemical U.S.A.
The BFGoodrich Company
Virginia Chemicals Inc.
Cities Service Company

TASK GROUP - FINANCE

BACKGROUND: Some safety and health projects of broad interest to the chemical industry will require funding.

OBJECTIVE: Seek financial support for appropriate safety and health research projects.

PROGRAM: Evaluate proposed projects and develop information on those considered worthwhile by the OSH Committee so that funding for them can be requested from the Board of Directors.

TASK GROUP MEMBERS:

Carl De Martino, Advocate
(to be named)

E. I. du Pont de Nemours & Co.

CMA 072163

TASK GROUP - FUTURE ISSUES

BACKGROUND: Since the scene in Washington moves so constantly and often suddenly, constant attention is required to detect new initiatives at an early stage. The sooner we know about such developments the better our prospects for influencing their development.

OBJECTIVE: Provide early warning on major legislative regulatory issues regarding safety and health. Recommend courses of action to be taken in each case.

PROGRAM: Maintain listening posts on the Hill and at appropriate agencies to provide the initial signals about coming issues.

TASK GROUP MEMBERS:

Frank A. Ubel, Advocate
Phil C. Holladay, Leader
Angela Bannan
John H. Body
Charles S. Laubly
Irv Rosenthal
William H. Westendorf

Minnesota Mining & Manufacturing Co.
Shell Chemical Company
Minnesota Mining & Manufacturing Co.
Air Products and Chemicals, Inc.
Celanese Corporation
Rohm and Haas Company
Monsanto Company

TASK GROUP - LIAISON WITH TECHNICAL AND PROFESSIONAL SOCIETIES

BACKGROUND: CMA is represented by member company specialists on committees of various technical and professional societies. Examples are: the National Fire Protection Association, the American National Standards Institute, the American Occupational Medical Association.

OBJECTIVES:

1. Provide CMA input to the policy making and other functions of these associations.
2. Obtain information about safety and health issues facing the chemical industry.

PROGRAM: Maintain contact with CMA representatives so they can alert us to approaching problems, particularly those requiring discussion or action by the Committee.

TASK GROUP MEMBERS:

Linda Casey, Advocate
Ira McDonald, Leader

Ashland Oil, Inc.
Ashland Oil, Inc.

TASK GROUP - LONG-RANGE PLANNING

BACKGROUND: The Committee appears to be well organized to take up key safety and health issues confronting the chemical industry. However, it is desirable to have a group examine the Committee's activities from a long-range view and make suggestions for improvement.

OBJECTIVE: Suggest changes to streamline Committee structure and programs to increase its effectiveness.

PROGRAM: Utilize the experience and background of members rotated off the Committee to achieve the above objective.

TASK GROUP MEMBERS:

Jack S. Snyder, Advocate
John M. Pardee, Leader
Carl De Martino
Richard D. Fulwiler
Richard O. Howard
R. E. Rutherford
Arlin G. Voress

Merck & Co., Inc.
Eastman Kodak Company
E. I. du Pont de Nemours & Co.
The Procter & Gamble Company
Virginia Chemicals Inc.
Gulf Science and Technology Co.
Union Carbide Corporation

TASK GROUP - OCCUPATIONAL ILLNESS AND INJURY REPORTS

BACKGROUND: Occupational Illness and Injury Reports data have been collected and reported by CMA for many years. These data also form the basis for calculations to determine winners of the Lamont du Pont awards annually. The instructions to member companies for preparing these data in the proper CMA format are now outdated.

OBJECTIVE: Update instructions for member companies wishing to participate in the CMA program on OIIR.

PROGRAM: Clarify certain sections of the above instructions.

TASK GROUP MEMBERS:

Harry A. Eschenbach, Advocate
Richard Y. Levine, Leader
Robert J. Brant
Sanford Schreiber
Don Windsor

W. R. Grace & Co.
Olin Corporation
ICI Americas, Inc.
Allied Chemical Corporation
E. I. du Pont de Nemours & Co.

CMA 072165

TASK GROUP - OSHA GENERAL DUTY CITATIONS

BACKGROUND: OSHA recently began issuing citations based on the general duty clause of the OSH Act rather than violations of a specific regulation. For example, companies have been cited for failing to comply with suggestions in criteria documents published by the National Institute for Occupational Safety and Health (NIOSH).

OBJECTIVE: Develop a CMA position vis-a-vis this new OSHA tactic.

PROGRAM: Establish a task group to gather data on this subject, investigate legal aspects and recommend action.

TASK GROUP MEMBERS:

William J. McCarville, Advocate Monsanto Company
(balance of task group to be named)

TASK GROUP - PRESIDENT'S TASK FORCE ON OCCUPATIONAL SAFETY
AND HEALTH (BERGMAN)

BACKGROUND: The draft final report of the Bergman task force is currently being reviewed by the sponsoring agencies, Office of Management and Budget, and the Department of Labor (OSHA). Comments on it, submitted by CMA, were generally favorable since the report includes a number of positive suggestions we can endorse. The question now is whether the report will be acted on or shelved as happens to so many reports of presidential advisory groups.

OBJECTIVE: Try to get the government to implement some of the better suggestions in the Bergman report.

PROGRAM: Keep track of action or inaction on report proposals and recommend methods to persuade OSHA to adopt the recommendations.

TASK GROUP MEMBERS:

Richard B. Hoots, Jr., Advocate	ICI Americas Inc.
Robert V. Welty, Leader	Union Carbide Corporation
Richard O. Howard	Virginia Chemicals Inc.
Leonard Krause	Olin Corporation
John M. Pardee	Eastman Kodak Company
Peter W. Simmons	Dow Chemical Company
Richard D. Sibbersen	Tenneco, Inc.
Ned K. Walters	E. I. du Pont de Nemours & Co.

TASK GROUP - REVISION OF ANSI Z129.1 (LABELING)

BACKGROUND: As an activity of the former Labels and Precautionary Information Committee, the Association sponsored the establishment of the ANSI Standard. It consists essentially of the old LAPI Manual which we no longer publish. ANSI rules require that each standard be reviewed every five years and in this case the target is January 1981.

The chief item of concern is the handling of chronic hazard labeling. This issue was a chief factor in the decision to stop publication of Chemical Safety Data Sheets.

OBJECTIVE: Sponsor the revision of ANSI Z129.1 (American National Standard for the Precautionary Labeling of Hazardous Industrial Chemicals) in accord with ANSI requirements.

PROGRAM: Draft suggested changes in Z129.1 and shepherd them through the ANSI balloting process. No decision has yet been made on procedures for developing a chronic hazard labeling standard, although the issue is under continued study within the Association.

TASK GROUP MEMBERS:

Arthur W. Sheldon, Advocate
Warren H. Jones, Leader
L. W. Burnette
Robert H. Dewey
Sue Geffken*
Richard Y. LeVine
Kathleen S. Logan
Henry Sherman
A. Thayer Talcott
James J. Trexel

M&T Chemicals, Inc.
Eastman Kodak Company
GAF Corporation
IMC Chemical Group, Inc.
American International Companies
Olin Corporation
Pennwalt Corporation
E. I. du Pont de Nemours & Co.
Dow Chemical, U.S.A.
E. I. du Pont de Nemours & Co.

*Invited guest

TASK GROUP - SAFETY GUIDES

BACKGROUND: These guides, originally prepared by the former Safety and Fire Protection Committee, cover such topics as off-the-job safety, housekeeping and emergency organization for the chemical industry. Many of them are still in demand, but require review.

OBJECTIVE: Revise or reaffirm useful safety guides within three years of last review (or initial publication) as required by CMA policy.

PROGRAM: Establish priorities and review all safety guides.

TASK GROUP MEMBERS:

Jack S. Snyder, Advocate
Joseph Caporossi, Leader
Robert J. Brant
Robert E. Sourwine

Merck & Co., Inc.
American Cyanamid Company
ICI Americas Inc.
PPG Industries, Inc.

CMA 072167

TASK GROUP - SAFETY STANDARDS

BACKGROUND: A few months ago OSHA started development of proposed standards on confined spaces and turnarounds (major maintenance projects). Organizations Resource Counselors (ORC) has taken the lead in working with OSHA in this area and we have been communicating with both ORC and OSHA on these subjects.

Recently OSHA promulgated a proposed regulation on fire brigades which would allow chemical operators the right to refuse that type of duty. This is not acceptable to industry.

Responses to regulatory initiatives on noise are being made by a number of associations. We believe a contribution can be made by working with equipment manufacturers to produce quieter machinery in the future.

OBJECTIVE: Influence OSHA to issue reasonable regulations where necessary and avoid regulations entirely where they are not needed.

PROGRAM: Continue our cooperative efforts with ORC and other associations working toward appropriate safety regulations where they are unavoidable.

Consider cooperative program with equipment manufacturers ultimately to reduce noise levels in work areas.

TASK GROUP MEMBERS:

Harry A. Eschenbach, Advocate
Albert Kover, Leader
Robert J. Brant
Dennie L. Dowell
John Rivard
Jerry D. Robertson
Sanford Schreiber
David J. Willette
Ray E. Witter

W. R. Grace & Co.
Diamond Shamrock Corporation
ICI Americas Inc.
Borg-Warner Chemicals
Shell Oil Company
Exxon Chemical Company
Allied Chemical Corporation
E. I. du Pont de Nemours & Co.
Monsanto Company

TASK GROUP - STANDARDS ADOPTED BY REFERENCE

BACKGROUND: The Federal Register of March 28, 1979 carried a notice that certain standards, including health and safety regulations adopted by reference, must be resubmitted by July 1, 1980 in order to remain in effect.

OBJECTIVE: Support standards originally incorporated by reference that we believe to be worthwhile and try to have the others dropped.

PROGRAM: Review health and safety standards in this category and recommend appropriate action.

TASK GROUP MEMBERS:

Howard Kusnetz, Advocate
Charles Parker, Leader

Shell Oil Company
PPG Industries, Inc.

II. COMMITTEE SYSTEM (continued)

4. Problems with structure
Recommendations of the Task Group on Long-Range Planning are awaited.

III. PERFORMANCE

1. Regulatory Responses and Litigation

Following is a list of issues of concern to the OSHC.

- Federal Cancer Policy
- Credibility of Epidemiology Studies
- Access to Employee Exposure and Medical Records
- Embryo-fetotoxins Policy
- Chronic Hazard Labeling
- Key Role in
 - a. Discontinuing CMA Chemical Safety Data Sheets (SDS's)
 - b. Task group on this subject, led by Dr. Boyd Shaffer, discontinued after completion of guidelines on chronic hazard labeling for SDS's
 - c. Revising ANSI Z129.1 (American National Standard for the Precautionary Labeling of Hazardous Industrial Chemicals)

2. Research - None in progress.

3. Seminars or Training Activities

Each fall since 1957 the predecessor Committees of OSHC have sponsored one day workshops or symposia on a theme related to worker safety and health. These were held in various parts of the country and participants have been drawn primarily from the local area rather than nationally. The audience generally consists of line supervisors as well as safety and health professionals. The most recent ones dealt with "OSHA Update" in Cherry Hill, New Jersey with 285 attending and "Safety and Health in the Chemical Industry" in New Orleans with 157 attendees. These symposia are always well received since they give plant personnel, sometimes from remote locations, a chance to hear from highly qualified specialists. Plans are being considered to increase the frequency and variety of topics at these meetings.

4. Impact of Activities on the Industry

Chemical industry expenditures for safety and health and potential liabilities in this area are generally considered by management to be significant as well as important. However, reliable estimates of their absolute level or proportionate share of operating costs are not available.

A benchmark is provided by the recently published study of the cost of government regulation by the Business Roundtable. In that report, it was estimated that OSHA regulations imposed incremental costs of 184 million dollars in 1977, a small portion of participating companies' total expenditures for worker safety and health in that year.

Exhibit G

Report of
Government Relations Committee
to the
Board of Directors
September 5, 1979

CMA 072170

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I. COMMITTEE STATEMENT OF PURPOSES

With respect to communications between the chemical industry and Government on matters significant to the chemical industry, the Government Relations Committee:

- (1) seeks to anticipate, identify and establish priorities with respect to issues and opportunities;
- (2) advises the Board of Directors, Executive Committee and other CMA entities regarding policy formation;
- (3) participates in the planning of Association programs aimed at specific issues or objectives, with emphasis on strategy considerations;
- (4) oversees and participates in the execution of legislative programs;
- (5) monitors, evaluates and seeks to enhance the effectiveness of Association programs.

II. MEMBERSHIP

John T. Estes (Chairman), Washington Representative, Allied Chemical Corporation

William J. Hotes (Vice-Chairman), Director, Government Relations, Diamond Shamrock Corporation

Earl P. Bassett, Jr., Vice President for Federal Government Affairs, 3M Company

Robert E. Bates, Jr., Manager, Government Relations, Chemical Division & Energy Projects, Mobil Oil Corporation

Edwin L. Behrens, Manager, Technical Affairs, National Government Relations, The Procter & Gamble Manufacturing Company

Francis E. Cook, Senior Vice President, Stauffer Chemical Company

Kenneth E. Davis, Director of Government Relations, Rohm and Haas Company

Robert E. Hampton, General Manager, Public Affairs,
ICI Americas Inc.

Jeremiah J. Kenney, Jr., Director of Federal Government
Relations, Union Carbide Corporation

William C. Lowrey, Washington Representative, Shell
Oil Company

Charles T. Marck, Vice President and Director of Govern-
ment Relations, Dow Chemical U. S. A.

Sam Pickard, Regional Vice President, Government Affairs,
Monsanto Company

Douglas D. Pirnie, Manager, Government Relations, Exxon
Chemical Company U. S. A.

E. Rogers Pleasants, Director of Federal Affairs, E. I.
du Pont de Nemours & Company

Gordon E. Wood, Director, Washington Office, Olin
Corporation

William M. Stover, CMA Staff Executive

III. ORGANIZATION

- A. Keymen: Committee keymen are appointed to monitor legisla-
tive issue areas closely, communicate with other interested
organizations, and work with other elements of CMA in an
advisory capacity as needed.

Keymen have been appointed in the following legislative
issue areas:

Air

H. Stewart Van Scoyoc
E. I. du Pont de Nemours & Co.

Energy

J. Wilson Malloy, Jr.
Eastman Chemical Products, Inc.

Product Liability

Mark Nelson
E. I. du Pont de Nemours & Co.

Resource Conservation and Recovery	Wells Denyes Eastman Chemical Products, Inc.
Taxation	Carroll W. Hayes Celanese Corporation
Trade	F. Milton Hunt The Dow Chemical Company
Transportation	Jack Woolley PPG Industries, Inc.
Water	Gordon E. Wood Olin Corporation

- B. Task Groups: Committee task groups are principally concerned with planning and execution of legislative communications programs.

Task groups have been appointed in the following issue areas:

Clean Air Act Task Group
(Chairman: H. Stewart Van Scoyoc, Washington Counsel,
E. I. du Pont de Nemours & Company)

Energy Task Group
(Chairman: J. Wilson Malloy, Jr., Vice President,
Eastman Chemical Products, Inc.)

Resource Conservation and Recovery Task Group
(Chairman: Wells Denyes, Washington Representative,
Eastman Chemical Products, Inc.)

Task Group on the Trade Act of 1974
(Chairman: F. Milton Hunt, Director of Multinational
Affairs, The Dow Chemical Company)

Transportation Task Group
(Chairman: Jack Woolley, Manager, Federal Government
Affairs, PPG Industries, Inc.)

NOTE: The Task Group on the Trade Act of 1974, chaired by F. Milton Hunt, The Dow Chemical Company, has been phased out in accordance with its charter. The Task Group's responsibility came to an end with the signing of the Act by the President on July 26, 1979.

- C. Legislative Liaison and Coordination: William C. Lowrey, Washington Representative, Shell Oil Company, has been appointed Committee Liaison Coordinator, to work with staff in efforts to improve legislative liaison with other organizations and groups.

IV. MAJOR ISSUES FOLLOWED CURRENTLY BY GOVERNMENT RELATIONS COMMITTEE

Environmental

- Superfund/Ultrafund
- Clean Air Act Amendments
- Resource Conservation and Recovery Act Amendments

Energy

- Coal conversion
- Industrial conservation
- Middle distillate availability
- Synfuels
- Incremental pricing and natural gas curtailment priorities

Taxation

- Capital formation
- Foreign tax credits
- Energy investment tax credit

Transportation

- Rail deregulation
- Truck deregulation
- Transportation of hazardous materials

V. OTHER ISSUES WHICH WILL BE CLOSELY MONITORED BY GOVERNMENT RELATIONS COMMITTEE

Environmental

- Container restrictions
- Water Quality Act

Energy

- Land use planning
- Oil decontrol
- Oil windfall profits tax

Business Community

- Patent law reform
- Wage-price guidelines
- Product liability
- Plant closing controls
- Employee privacy
- Workers' compensation
- Illinois Brick

Health and Safety

- Cancer policy
- Health vs. risk/benefit and economics
- Delaney Clause
- Health insurance
- Penalties for concealing health and safety hazards

Transportation

- Railroad car shortages

Trade

- European Community countervailing duty action
- Trade reorganization
- Export controls
- Webb-Pomerene amendments
- North American Trade Alliance
- MFN for USSR and PRC

Other

- Regulatory reform
- Lobby reform

VI. RECOMMENDATIONS AND SUGGESTIONS

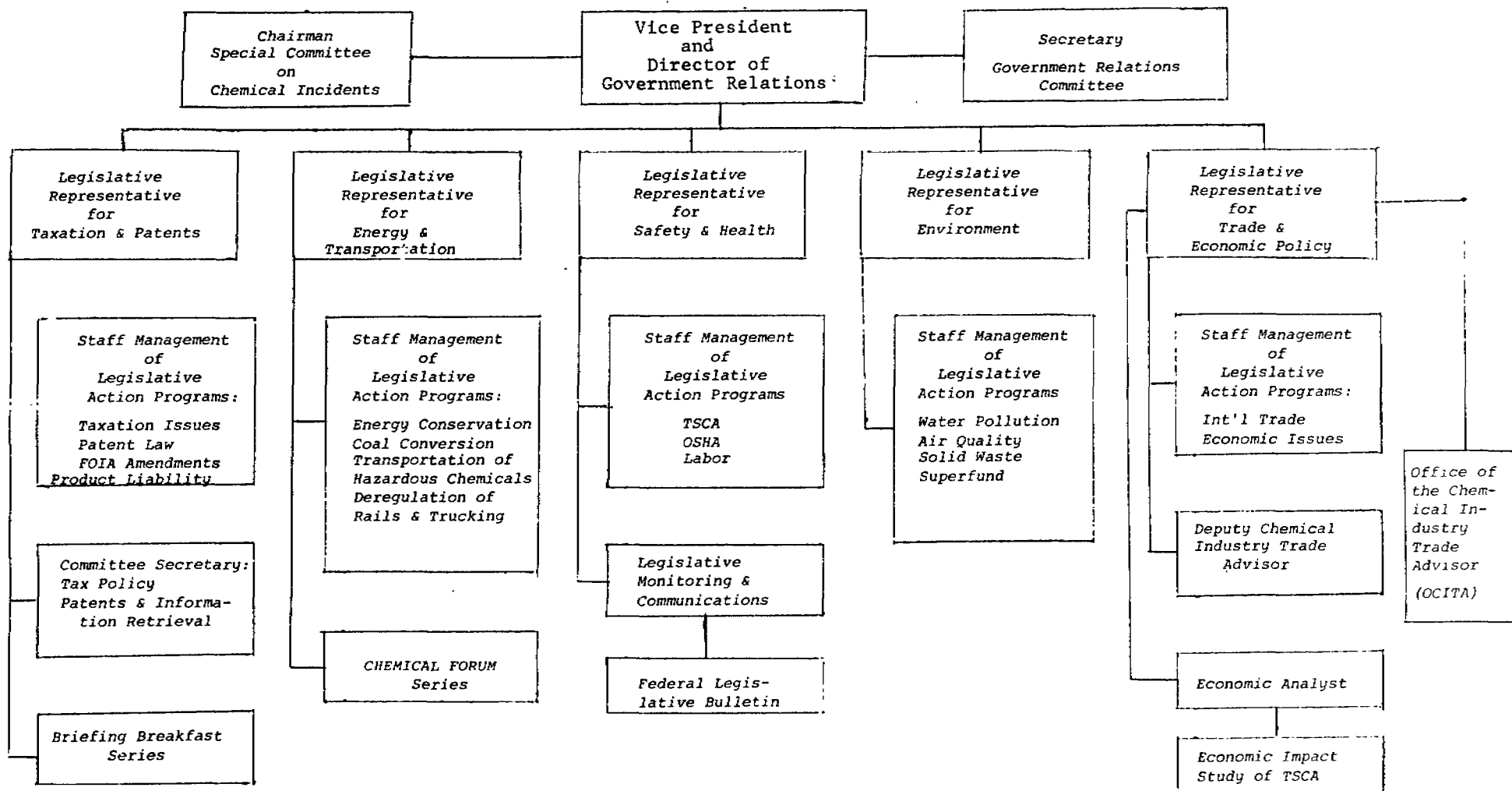
- A. Special Committee on International Trade -- The Government Relations Committee has recently voted to propose the formation of a Special Committee on International Trade, to function during the calendar year 1980. In the one-year trial period the special committee would address the various international trade issues which appear likely to require action by CMA. Based on the level of activity and performance, a decision could then be made as to whether creation of a standing committee is warranted.

A formal proposal to this effect is being prepared for submission through policy channels.

- B. CMA Communications/Printing Capability -- In order to better serve the Association membership, an increase in communications/printing capability and efficiency is essential. The Committee recommends the acquisition of modern, high capacity printing equipment to facilitate quick communications with member firms and others. Appropriate additional personnel, trained to use this specific equipment, would also be necessary. It is understood that this area is already undergoing evaluation by the CMA staff.
- C. Support Capability for CMA Legislative Representatives -- In connection with preparation of the next CMA budget, consideration should be given to authorization for staff-assistant level support for each CMA Legislative Representative. Since Legislative Representatives coordinate the Congressional communications programs for the industry it appears important for each of them to have the assistance of an experienced and administratively capable co-workers.
- D. Contingency Fund for Legislative Communications Purposes -- In connection with preparation for the next CMA budget, consideration should be given to establishment of a contingency fund for use in connection with legislative communications programs. Such funds are not uncommon in the budgets of Washington offices of member companies. They permit timely and appropriately focused tactical responses to the often unpredictable actions of Congress and the Federal agencies.

VII. COMMITTEE STUDY UNDER WAY

- A. CMA and Political Action Committees -- The Government Relations Committee has appointed Robert L. Shafer, Pfizer Inc., a former committee chairman, to lead a study of the feasibility of establishing a CMA political action committee. Results of this evaluation will be presented to the Committee, and any forthcoming recommendations forwarded through policy channels.
- B. Monitoring of Legislative/Regulatory Activity in the States -- The Committee believes that an evaluation of additional services to Association member companies on state legislative and regulatory developments would be useful. Such an evaluation is under way in cooperation with the staff.



STATUS REPORT: ECONOMIC IMPACT STUDY OF THE
TOXIC SUBSTANCES CONTROL ACT

At the July 11, 1978, CMA Executive Committee meeting, a proposal was considered for a study to measure the economic impact which the Toxic Substances Control Act (TSCA) is expected to have on the U. S. chemical industry. The study was envisioned to have two phases: (1) a first-year pilot test, to determine the feasibility of such a study (which received approval at that meeting); and (2) an extended three-year study, in which a strong data base of TSCA costs could be compiled. Upon the completion of the pilot test, the CMA Executive Committee will determine whether to continue with the three-year study.

National Economic Research Associates (N/E/R/A) was hired as the prime contractor for the study assisted by Arthur Young and Company (accountants) as a subcontractor. The CMA Chemical Regulations Advisory Committee's (CRAC) Economic Impact Task Group was directed to supervise the contractor's work.

During the pilot test phase, the objectives of the study are to measure the direct compliance costs of TSCA and to determine the Act's effect on innovation. Should the study proceed past the pilot test phase, additional measurements will be made on downstream industries and the economy in general, as well as any benefits derived from TSCA.

In order to collect the data necessary to satisfy these objectives, N/E/R/A has developed an extensive questionnaire. Five member companies recently participated in a field test of the questionnaire. The final report of the field test will be ready for review at the September 19, 1979, CRAC meeting. The questionnaire with revisions mandated by this field test will also be available.

Preliminary analysis of the results indicate that pilot test objectives are attainable. The field test also demonstrated that the data-gathering portion of the study will not be successful unless company management views this as a priority activity. To have an adequate sampling of the industry, at least 50 member companies must be willing to participate. In addition, participation by a like number of non-member companies is desired to insure complete coverage of the industry.

- Actions Required:
- (1) Active participation by each board member in the pilot test of the Economic Impact Study.
 - (2) Commitment of each board member to encourage participation in this study by both member companies not represented on the Board and non-members of CMA.

CMA
EC - 9/5/79
BD - 9/6/79

CMA 072180

STATUS REPORT ON
CHEMICAL TRANSPORTATION EMERGENCY CENTER

In the eight years since it started operations, CHEMTREC has handled over 14,700 chemical and other hazardous material incidents. It continues to operate on the original concept of providing product information from prewritten files, and contacting the manufacturer for additional information and assistance. Recently, the Bell Telephone Company studied emergency response systems and their communications, and made recommendations for improving CHEMTREC. These are being implemented, or are under serious review.

A CHEMTREC Review Group also recommended activities to improve the operation of the response center and the quality of the industry's emergency response efforts. These include training workshops for company personnel, and a program to advise fire services of the availability of CHEMTREC.

Funding for the above improvements will be requested from the Executive Committee calendar year 1980.

Action Required: None

CMA
BD - 9/6/79

CMA 072181

Current Program

During its first eight years of operation, CHEMTREC handled over 14,700 incidents using the standard telephone for all its communications. While it is generally accepted that CHEMTREC has done an excellent job in handling these incidents, there is always a desire to upgrade such an operation. In 1978, the Inter-Industry Task Force on Rail Transportation of Hazardous Materials prevailed on the Bell Telephone System to conduct a study of emergency systems and communications. The Bell Report "Hazardous Materials Emergency Response Program System Proposal" indicated support for the industry to maintain CHEMTREC as its emergency response facility. The Bell recommendations also supported the continuation of National Response Center of the Coast Guard as the prime reporting point for hazardous materials incidents.

The three predominant recommendations of the Bell System proposal were:

- Installation of "hard copy" transmission capability to speed up and improve accuracy on movement of information from CHEMTREC to the chemical companies.
- Installation of a communication bridge to permit conferencing of calls between CHEMTREC, responding shippers, and emergency services and carriers in need of this communication.
- The installation of a mini-computer, with direct accessibility to railroad computer-based systems. This would permit rapid transmission of rail car numbers, lading and shippers, and other pertinent information through CHEMTREC to the needed chemical companies.

Also, it would permit a "yellow alert" to be set up as soon as a derailment was reported, even though the exact damage to specific cars was unknown. While the degree of damage was being ascertained, through the yellow alert, chemical company experts could be notified and placed on the telephone bridge so that they would be available when the railroad developed the details of the incident. While the number of incidents where this capability is needed are low, the nature of these is such that shortened response time is most valuable. Storage and processing of file information, and statistical support of the overall operation would be additional benefits of the mini-computer.

The equipment for the first phase of the Bell System recommendation is scheduled to be installed by early September, and communicators are currently undergoing training in its use. Current plans call for going into a test program with a limited number of companies in late October. This test period will be used to assure that the equipment is operating properly, and that the personnel involved are thoroughly acquainted with it. Full operation is expected early in 1980. A program to inform the industry of the updated system is now underway.

We have estimates for the cost and timing of the installation of Phase II, the communications bridge from the local telephone company. The bridge rental is about \$53,000 per year. A telephone recorder system to accommodate the increased number of lines will be on the order of \$25,000. Availability is 6-9 months after a commitment is made. The cost and details of implementing Phase III are not firmly established at this time.

In view of the costs and the need for careful review of the second and third phase, a CHEMTREC Project Team was established under the Distribution Committee to study and make recommendations on these two phases. The Project Team is composed of operations and systems personnel from member companies. The first meeting of the Team was held in conjunction with the CHEMTREC Advisors Group meeting, and the activities of the two groups will be coordinated to assure the best possible program. A more definitive review of the Bell System recommendations will be presented at the January Executive Committee meeting.

A CHEMTREC Review Group, (reviewed in a later section) supports the existing concept of CHEMTREC to: (1) provide immediate information from files to the caller at the scene of the hazardous material emergency, and (2) contact the manufacturer or other industry support for continued advice or assistance at the scene.

Within the Review Group concept, a number of programs were proposed for overall improvement in emergency response. These include:

- Workshops to improve awareness by all chemical companies of the need for industry response.
- Workshops for training industry personnel on methods to be used at the scene of an incident.

An ongoing mechanism for the training of industry personnel, possibly through use of university extension services.

- Improving the awareness of emergency services and carriers of the existence of CHEMTREC and how to use it. A \$29,000 program is being reviewed by the Distribution Committee.
- Improving the awareness of other pertinent groups, such as government agencies (fish and wildlife, environmental) of the services available.
- Improve cooperation with the National Response Center to provide maximum utilization of the capabilities of both groups.

Funds will be required for some of the above programs, and appropriate funding will be requested as the programs are developed.

POLITICAL CONSIDERATIONS

In much of the same way as the major derailments of 1968 and 1969 attracted the interest of several levels of government, the accidents of December 1977 through February 1978 caused a flurry of activity in Congress, regulatory agencies, and the National Transportation Safety Board. There were hearings in Congress and at the Safety Board in which CMA personnel participated. There were pressures to "have the government do it." In effect, some were saying that CHEMTREC, as a private agency, was not doing enough, was not doing it properly, and that the government could do it better. One outcome of this was the study made by the Department of Transportation (DOT) in several areas of safety in transportation. One of these covered emergency communications. The study supported the use of the private sector emergency services.

Legislation in existence when CHEMTREC was organized called for DOT to "establish a central reporting system for hazardous materials accidents to provide technical and other information and advice . . .". For the past eight years, the Department has interpreted this as meaning that recognition of CHEMTREC was accomplishing that requirement of the law.

Reports of the National Transportation Safety Board and some legislative committees have discussed having the National Response Center, operated by the Coast Guard, become a source of guidance to emergency services and others, in addition to its current reporting functions. There was opposition to this in many circles (including the government) on the basis of CHEMTREC is doing a good job, it costs the government nothing, and that the industry possesses the expertise to handle these emergencies better than the government.

The current situation appears to be that with closer cooperation between CHEMTREC and the NRC, the strengths of both facilities can be integrated to upgrade the overall performance of both units. A direct tie-line is being installed between the Coast Guard and CHEMTREC, and the Coast Guard is planning to implement Phase I of the Bell System report within their own internal system to complement that being installed in CHEMTREC. The DOT asked CMA for information to assist them in preparing a position paper which reportedly will recommend the parallel operation of CHEMTREC and the NRC with improved communications between the two.

A number of states are becoming more active in establishing emergency response operations for hazardous materials. The Coast Guard has strike teams in three locations in the coastal areas, the Environmental Protection Agency has response groups in its regions, and each local fire, police, sheriff, and health officer has varying interest in responding to incidents of hazardous materials. As a result, there can be considerable confusion on site when these incidents occur, with difficulty in knowing who is in charge. Frequently, it is the strongest individual of the group. Eventually there may be some need to establish an "on-scene commander" at various stages of an incident.

One positive activity currently underway is an effort within CMA to draft and press for enactment of recommended "good samaritan" legislation to provide civil liability relief to those responding to incidents involving another manufacturer's materials. Without this relief, many companies having a plant and experts nearby are reluctant to respond to an incident.

EPA Response Team members have been invited to participate in our fall conferences on spill safety and cleanup sponsored by CHEMTREC. The Agency asked our support to train their personnel who are involved in hazardous chemical spills.

CHEMTREC REVIEW GROUP

When the CHEMTREC Manager began planning the mechanics of the operation in 1971, a "CHEMTREC Advisors Group" was formed to assist on development of policy and on matters where an industry consensus was needed. This group met occasionally, as required, through 1976. In early 1977, the Association decided to review the program to see if any changes were indicated. The CHEMTREC Review Group, consisting of emergency response personnel from five active companies, began a study of the operation. The group also conducted discussions with people from transportation, emergency service, government and other interested fields. The final report of the study, issued in February 1978, essentially reaffirmed the operating concept on which the CHEMTREC program was based.

As mentioned earlier a number of other recommendations were made, some for internal improvement of the CHEMTREC operation, and some with regard to external activities.

Two of the more important of these were:

- Improve Company Response. The Group took an active step in this direction by organizing and producing six workshops in 1978, directed to assisting companies in planning and organizing for emergency response. Over 1100 people attended the workshops. There has been a marked improvement in company response and effectiveness since these were concluded. A second series of workshops for on-site handling of emergency response problems is currently underway with three programs being carried out in Houston, with a total attendance of 600 industry specialists. Additional workshops are planned in this series and an educational institution has been approached to determine if their extension service could produce a suitable workshop to relieve the work load on the CHEMTREC Advisors.
- Improve Fire Service Awareness. An immediate program to distribute brochures and telephone size adhesive stickers to volunteer and professional fire services has been recommended to the Distribution Committee. The Department of Transportation is providing support in this direction, and the slide/tape presentation developed by the Inter-Industry Task Force, when implemented will provide additional support.

Several of the other recommendations of the Review Group have been implemented and others are under review. In 1978, the Review Group was reconstituted as the CHEMTREC Advisors Group to provide guidance for the ongoing program.

Members of the CHEMTREC Advisor's Group are:

R. L. Way, Chairman	Shell Chemical Company
A. M. Albera	PPG Industries, Inc.
M. M. Anderson	Union Carbide Corporation
T. T. Hubbard	Chevron Chemical Company
R. J. Mesler	Dow Chemical U.S.A.
C. B. Utermahlen	E. I. du Pont de Nemours & Co.

Members of the CHEMTREC Project Team are:

W. F. Gillespie, Chairman	E. I. du Pont de Nemours & Co.
L. R. Kiley	Dow Chemical U.S.A.
R. D. Pfluger	Shell Chemical Company
R. L. Way	Shell Chemical Company

HISTORICAL REVIEW

Availability of proper emergency information for emergency services and carriers has long been a CMA concern. In 1964, the Association started developing Chem-Cards, to be given to truck drivers, which provided such information. That format, with minor changes, has been used for similar information cards throughout the U. S., Canada and Europe.

In 1967 and 1968, the Association undertook a major study of the Transportation Hazard Information (THI) problem, looking at every identifiable system available, including telephone centers. The final recommendation, a generic Chem-Card approach along with DOT required placards, was presented to the Department of Transportation in late 1968. The DOT is currently considering a modified version of this in a rulemaking notice.

Following a series of major derailments in 1968 and early 1969, in August 1969 representatives of the DOT and Health, Education and Welfare visited CMA's President to ask what the chemical industry could do to provide information and assistance to emergency services and others involved in chemical transportation incidents. A study group was formed, and CHEMTREC, the Chemical Transportation Emergency Center was approved by the Association in June 1971. The operational start-up date was September 5, 1971.

The concept called for a 24-hour operating center in Washington, with free telephone from the entire country. The duty communicators would be non-technical, and would first provide prewritten information supplied by the manufacturers. When circumstances indicated, the communicator would contact the manufacturer, who would then give the caller additional guidance and assistance as needed. The latter activity is of utmost importance, as the primary expertise on a chemical rests with those who make and handle it regularly.

CMA

BD - 9/6/79

CMA 072189

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

SEPTEMBER 6, 1979

TRADE ACT BECOMES LAW

The five-year-long Multilateral Trade Negotiations to reduce tariff and nontariff barriers have been concluded. Tariffs for all U. S. industrial goods were cut by an average 31 percent. U. S. chemical tariffs were reduced from an average 10.6 percent to 6.8 percent, a 36 percent cut, a considerable improvement over the 55 percent cut proposed by Ambassador Robert Strauss in the original U. S. offer to other countries. The American Selling Price (ASP) system of customs valuation will be replaced by the new negotiated import valuation code when the latter is fully implemented. This will probably not occur until January 1, 1981.

A number of world trade problems were addressed in a package of negotiated codes. Issues included were subsidization of exports, anti-dumping, government procurement, technical barriers to trade, and the customs valuation question previously mentioned.

Congressional approval was not necessary for the tariff cuts due to the authority provided the President by the Trade Act of 1974. The negotiated codes, however, required approval by Congress to incorporate them into existing U. S. law. The legislation was overwhelmingly approved in the House by a vote of 395 to 7, and in the Senate by 96 to 4. Thus, the Congress expressed its resounding approval of the international pact.

Concrete results of the Multilateral Trade Negotiations must await further developments, however. According to analytical reports published by several groups, including the U. S. government, this country cannot expect meaningful results from the trade negotiations until other nations implement the agreements. Should implementation not be forthcoming, trade problems are thought likely to escalate.

The CMA, through a task group of its Government Relations Committee, communicated actively with Congress on the Trade Agreements Act legislation, placing emphasis on key issues. For example, the chemical industry, along with two other industries, was instrumental in deleting from the legislation a new and troublesome 60 percent tariff cutting authority which some had proposed be given to the President. Throughout the approval process CMA member companies were kept fully informed of MTN developments and advised as to actions to take on their own behalf. A seminar was held in Washington, D. C., May 30 and 31, to explain fully the results of the Multilateral Trade Negotiations and the impact of the new law.

WINDFALL PROFITS TAX GETS CONGRESSIONAL SCRUTINY

As a part of a program to deregulate the price of crude oil, the President proposed a windfall profits tax on increases in domestic crude oil prices resulting from deregulation. The revenues from the tax were to be placed in an energy trust fund used to reimburse lower income persons for increased prices of oil products, and to finance various energy programs. Subsequently, the President proposed that a part of the trust fund be used to pay for a synfuels program.

On June 28, the House passed H R 3919, the Crude Oil Windfall Profits Tax Act of 1979, imposing a 60 percent tax on windfall profits. This bill also establishes an energy trust fund, but makes no provision for its disposition.

Prior to the August recess the House Ways and Means Committee conducted hearings on Phases II and III of the tax-related legislative proposals of the President's energy program. These dealt with restrictions on the foreign tax credit applicable to oil-related income, and allocations of trust fund moneys. Hearings could be completed soon after the August recess, whereupon Committee markup will commence.

The Senate Finance Committee began hearings on windfall profits tax legislation on July 11 but did not complete them before the recess. They are expected to continue in September. Finance Committee Chairman Russell Long (D-LA), has assured the President that Congress will complete work on a windfall profits tax bill by early October.

CMA does not plan to testify on all aspects of the windfall profits tax legislation, but we did submit a statement to the Senate Finance Committee opposing changes in the foreign tax credit for certain oil-related income. Further opportunities for communication will be evaluated as they arise.

ENERGY TAX CREDIT

The Energy Tax Act of 1978 provides an energy tax credit of 10 percent for qualified "energy property" investments over and above the regular 10 percent investment tax credit. However, the additional credit is available only for energy property costs incurred between September 30, 1978 and December 31, 1982. The aim of this provision is to encourage installation of energy-saving equipment. However, since major energy-saving facilities require long lead times, many cannot be completed before the end of 1982 and these would not qualify.

CMA, in cooperation with the Business Roundtable and several other industry groups, is actively seeking an amendment to the Internal Revenue Code authorizing the full energy tax credit for any energy property investment where commitment is made by December 31, 1982, even if acquisition or construction cannot be completed until later.

Senator Malcolm Wallop (R-WY) is leading the Senate effort to effect the needed changes by introducing S. 1659. Representative Barber Conable (R-NY) has sponsored similar legislation in the House, H.R. 4861. Both expect to offer their bills as amendments to the Windfall Profits Tax Act or related energy legislation during hearings or markup sessions in September.

CMA is prepared to testify on this proposal if the opportunity presents itself, and we are working cooperatively in other ways to secure its enactment.

SUPERFUND LEGISLATION: CMA LEADS INDUSTRY RESPONSE

THE CARTER ADMINISTRATION transmitted its "Ultrafund" proposal to Congress on June 13, 1979. CMA's immediate response was a detailed press briefing July 12, and a breakfast coordination session July 13 for representatives of 36 related trade associations.

SENATE HEARINGS WERE HELD in mid-July on the Administration's bill, S. 1341, conducted jointly by the Subcommittees on Environmental Pollution, and Resource Protection of the Senate Environment and Public Works. On July 19 Mr. Jackson B. Browning, Director of Health, Safety and Environmental Affairs, Union Carbide Corporation, appeared on behalf of his company and CMA.

CMA maintained that the Carter Administration's "Ultrafund" concept is inappropriate because it combines oil spills, hazardous substances spills and abandoned and inactive hazardous waste disposal sites into one liability and compensation fund. The three subjects are "different in nature, are addressed in differing degrees by societal and legal mechanisms already in place, and must receive separate and distinct consideration." CMA stressed that the program should focus on "orphan" sites which are dangerous and where no action is being taken to eliminate the danger.

Funding for the "orphan" site containment programs should come from regular Federal appropriations, from matching funds contributed by the states and from wrongful dumpers.

In addition to calling for a new law to take care of old dumpsites, CMA made other recommendations in the area of waste disposal:

- (1) a state-by-state inventory of disposal sites to identify their location, number and potential dangers;
- (2) a priority ranking of failing sites in each state with regard to potentials for health dangers;
- (3) a step-up of relevant investigative and enforcement capacities of Federal and state governments;

- (4) new emphasis on solving the scientific and technological problems which arise in neutralizing old dumpsites;
- (5) prompt addressing of the problems of current and future siting of hazardous waste storage facilities; and
- (6) full enforcement of disposal laws now and in the future

SHORTLY BEFORE OUR TESTIMONY July 19, Senators Muskie and Culver introduced S 1480, their own and perhaps equally unacceptable version of "Superfund" CMA did not address the new concepts raised therein during our July 19 testimony because of insufficient lead-time. However, additional joint hearings have been scheduled for September 6 and 7 before the two subcommittees. We will appear again on September 7, directing our comments to the Culver/Muskie approach. Our spokesman will be Mr. Frank B. Friedman, Manager, Environment, Health and Safety, ARCO Chemical Company.

CMA ALSO ANTICIPATES Superfund hearings in late September before the House Public Works and Transportation Subcommittee on Water Resources, and perhaps in the House Interstate and Foreign Commerce Subcommittee on Transportation and Finance.

STILL OTHER HEARINGS directed toward the related area of marine spills of hazardous substances have been held before Chairman Mario Biaggi's (D-NY-10) Subcommittee on Coast Guard and Navigation, House Merchant Marine and Fisheries Committee. Mr. Biaggi's oversight hearings July 31 investigated the effects of ocean spills of hazardous substances. Mr. James I. Reilly, Director of Environmental Affairs, E. I. du Pont de Nemours & Company, presented the CMA testimony. Our contention is that no sound case has been made which justifies creation of a Superfund for hazardous substances spills. CMA argues that the current mechanisms available under the Clean Water Act, Sections 311 and 504, are adequate and should be fully funded by Congress. CMA also called for the Environmental Protection Agency (EPA) to carry out the 18-month study of hazardous substances spills mandated by the 1978 Clean Water Act Amendments.

Chairman Biaggi agrees that no new legislation is needed for hazardous substances spills. However, he has continued his push for enactment of a superfund for oil spills, H.R. 85.

CMA RECENTLY RECEIVED a letter from Senator Howard W. Cannon (D-NV), Chairman of the Senate Commerce, Science and Transportation Committee, concerning superfund legislation. Senator Cannon is particularly interested in exploring whether all modes of transportation handling hazardous substances will be insurable under the liability requirements of the superfund proposals, S. 1341 and S. 1480. CMA will respond to Senator Cannon's inquiry in anticipation of the possibility of future hearings on this subject.

REPRESENTATIVE BOB ECKHARDT (D-TX-8), Chairman of the Subcommittee on Oversight and Investigations, House Committee on Interstate and Foreign Commerce, is expected to soon release results of his survey of the 53 largest chemical producers as to past waste disposal practices. CMA is cooperating with the Eckhardt staff by answering technical questions about the industry. We have contracted with a consultant to study the survey results and analyze the data from another independent perspective.

ENERGY CONSERVATION MEASURES

Led by Senator Howard M. Metzenbaum (D-OH), seven Senators introduced a package of four mandatory energy conservation measures designed to eliminate waste in the transportation, housing and industrial sectors of the economy. Of interest to the chemicals and allied products industries are the industrial equipment efficiency standards portion of the National Energy Conservation Policy Act.

The Senate Energy Committee has now reported a revised version (S. 1398) that requires DOE to establish standby minimum efficiency standards and efficiency levels for pumps and motors, and to set up a 5-year market penetration schedule for the equipment. The chances for enactment appear good, and the Energy Conservation Committee and CMA staff are carefully monitoring developments.

A recent DOE white paper on the Federal role in industrial energy conservation has been the topic of discussion between DOE officials and CMA member companies. CMA has expressed concern over the accuracy of data reported in the white paper and over a proposed industrial technology trust fund based on an energy tax. CMA testified on July 31 at DOE on industrial energy conservation and may testify before the Subcommittee on Energy Development and Applications of the House Committee on Science and Technology. Chairman Richard L. Ottinger (D-NY-24) plans to hold a hearing September 11 devoted to the white paper and with DOE scheduled to testify. CMA will monitor and will probably submit comments for the record.

CMA President Roland has informed all Members of Congress of the chemical industry's significant achievements in energy conservation, and of our new voluntary goal to reach a 30 percent reduction in fuel use per unit of output by 1985. Our "energy savings" brochure was mailed to each Member, pointing out that CMA's record of accomplishment shows that voluntary industrial energy conservation can be successful and effective.

SYNTHETIC FUELS DEVELOPMENTS

A number of bills are now before Congress which touch on the development of synthetic fuels. One major bill, introduced by Representative William S. Moorhead (D-PA-14), requires the Federal government to buy synthetically produced fuels capacity. Approved by the House in late June, the measure authorizes \$2 billion in

price subsidies to produce the equivalent of 500,000 barrels of oil a day within 5 years or 2 million barrels a day by 1990

Chairman Carl D. Perkins (D-KY-7) of the House Education and Labor Committee is sponsoring the Synthetic Fuel Reserve Corporation Act (H.R. 4514) that could create a synthetic fuels industry capable of producing as much as 5 million barrels a day. Reported by Mr. Perkins' Committee July 13, it would permit government loans, loan guarantees and price supports amounting to about \$200 billion.

An omnibus energy supply bill, the Energy Supply Act (S. 1308) is backed by Senator Henry M. Jackson (D-WA). Chairman of the Senate Energy Committee. Throughout most of July, hearings were held on syn-fuels, gasohol, energy conservation and fuelswitching for industry. S. 1308 provides expeditious decision-making processes by establishing strategy for identifying and advancing non-nuclear energy projects, emergency authority to manage short-term energy shortages and incentives needed to develop and exploit synthetic fuels. Amendments have also been proposed to accommodate the White House proposals for the establishment of a Cabinet-level National Energy Mobilization Board.

Representative John D. Dingell (D-MI-16), Chairman of the House Commerce Subcommittee on Energy and Power, has introduced his own legislation to stimulate synfuel production, in many ways comparable to the Jackson bill. Interior Committee Chairman Morris K. Udall (D-AR-2) has also introduced fast-track energy legislation designed to produce synfuel in an expeditious manner. Both bills permit the Secretary of Energy to designate high-priority projects of national interest, with corresponding timetables, expedited regulatory procedures and limited judicial review.

Senator Pete V. Domenici's (D-NM) Synthetic Fuels Product Act (S. 1377) sets up a five-member board of directors, heading a Treasury-backed corporation, to oversee production of the equivalent of 1.5 million barrels of crude oil per day from oil shale, coal gas and coal liquids with a goal by 1990 of producing 5 million barrels per day. The approach of S. 1377 is similar to the Energy Security Corporation recommended by the Administration. Hearings have been held in the Governmental Affairs Committee.

President Carter's announcement of new energy initiatives was aimed at cutting regulatory delays and speeding high-priority energy projects, and has further contributed to placing synfuels legislation on a "fast-track". CMA President Roland responded to President Carter's July 15 energy address in a statement pointing out the economic impact and innovative capability of the chemical industry, our industry's leadership in energy conservation and alternate fuel utilization, and the non-substitutable demand for petroleum feedstock and fuel.

Senator Edward M. Kennedy (D-MA) and Senator John A. Durkin (D-NH) have introduced their own energy productivity program as an amendment to the omnibus energy supply bill. The proposal calls for reducing U.S. oil imports by 4 million barrels a day by 1990 through incentives to increase commercial, industrial and residential energy efficiency. CMA is analyzing portions of the legislation which would increase research and development in industrial

processes, provide loans to study cost-effectiveness of conservation investment and provide rebates energy savings which result from an energy efficiency investment

COAL CONVERSION

CMA continues to express concern over regulations being proposed by the Economic Regulatory Administration (ERA) to implement the Power-plant and Industrial Fuel Use Act of 1978 (PIFUA). CMA has worked with other industrial groups in support of amendments to the DOE authorization bill which would specifically limit expenditures of DOE funds to enforce rules under the fuel use act (PIFUA) that do not conform to Congressional intent. CMA President Roland sent a mailgram July 24 to House Members urging opposition to any attempt to remove from the DOE supplemental authorization bill, (H.R. 3180) provisions that curtail some of the regulatory excess. Favorable replies from a number of Representatives have been received, and it now appears that efforts have been successful. Chairman John D. Dingell (D-MI-16) of the House Interstate and Foreign Commerce Subcommittee on Energy and Power pulled the bill off the floor before the August recess.

We have also provided Representative Bob Eckhardt (D-TX-8), Chairman of the Subcommittee on Oversight and Investigation, Committee on Interstate and Foreign Commerce, information concerning railroad coal transportation rate increases and the impact on increased consumption of coal and fuel use.

RAILROAD DEREGULATION MOVING SLOWLY

The Transportation Subcommittee of the House Commerce Committee continued hearings on deregulation of railroads before Chairman James J. Florio (D-NJ-1) in July, with additional hearings possible in the Fall. In the Senate, hearings were completed in June on railroad rate regulation proposals before Chairman Russell B. Long's (D-LA) Surface Transportation Subcommittee of the Senate Commerce Committee. CMA testified June 7 on S. 796, the Railroad Deregulation Act of 1979. Follow-up questions were submitted to our witness by Senator Long and Senator Larry Pressler (R-SD), and our responses and additional information have now been provided.

CONGRESS UNHURRIED ON TRUCKING DEREGULATION

On June 21, 1979, President Carter transmitted to the Congress legislation to substantially reduce Federal economic regulation over the trucking industry. On that same day, CMA's President, Robert A. Roland, issued a statement applauding the Administration's initiative in proposing the "Trucking Competition and Safety Act of 1979" to reduce the amount of economic regulation of the motor carrier industry and to increase competition. He pointed out that maximum reliance on competition and minimum reliance on regulation, con-

sistent with fostering a strong transportation system, is the best way to assure fair prices and fair treatment. The CMA Distribution Committee is analyzing the bill, S 1400, which was introduced on behalf of the Administration by Senator Edward M. Kennedy (D-MA).

The Senate Commerce Committee will hold hearings on truck deregulation in early September. The Surface Transportation Subcommittee of the House Public Works and Transportation Committee is planning hearings on competition in the motor carrier industry in the near future.

EXPORT ADMINISTRATION ACT EXTENSION RAISE CONFIDENTIALITY QUESTIONS

The Export Administration Act is due to expire on September 30, 1979. Two bills to extend its life, S. 737 and H.R. 4034, contain somewhat different confidentiality provisions. These provisions are aimed at protecting from disclosure proprietary information contained in the Shippers' Export Declarations (SED's) which must be filed with the Department of Commerce by every U. S. exporter.

The Senate bill, S. 737, passed July 21, exempts from disclosure proprietary information, including Shippers' Export Declarations, obtained by the Department of Commerce prior to June 30, 1980. Information obtained after that date would be withheld "only to the extent permitted by statute" and may be subject to release under the Freedom of Information Act.

In the House H.R. 4034 has been reported by the Foreign Affairs Committee and is expected to come to the floor soon after the August recess. The bill now contains a desirable confidentiality provision that would permanently exempt from disclosure specific information contained in Shippers' Export Declarations such as:

- (1) parties to a transaction;
- (2) type of good or technology being exported;
- (3) destination;
- (4) end use;
- (5) quantity, and
- (6) value or price.

Representative Richardson Preyer (D-NC), Chairman of the Government Information Subcommittee of the House Government Operations Committee, is expected to introduce an unwelcome amendment which would incorporate the less acceptable approach of the Senate bill.

The House Committee bill also contains a "savings clause" which provides that changes made by this bill shall not affect any pending investigations, suits, proceedings, etc., commenced under the Export Administration Act or under the Freedom of Information Act. If enacted with this savings clause, no protection would be provided in the Twin Coasts case, now pending before the U. S. District Court for the District of Columbia. In that case, the JOURNAL OF COMMERCE is suing the Department of Commerce under FOIA for access to all past

and future SED's filed by U. S. exporters.

CMA has been working with the Emergency Committee for American Trade (ECAT) to preserve the confidentiality provisions in the House bill minus the savings clause mentioned above. It appears probable, however, that the entire Preyer amendment will be adopted. If this happens, we plan to continue efforts to have the savings clause deleted by the House/Senate Conference.

Still another development is the recent word that Representative Robert Garcia (D-NY), Chairman of the Census Subcommittee of the House Post Office and Civil Services Committee, will introduce a bill September 6 amending the Census Act to provide permanent protection from disclosure of information contained in the Shippers' Export Declarations. Mr. Garcia's subcommittee hearings September 26 will be on this bill, which he is introducing at the request of the Department of Commerce.

ECAT is expected to attempt to organize a coalition of companies and associations to support this bill, and CMA representatives will be involved in an exploratory meeting September 11.

COST/BENEFIT ANALYSIS EXPLORED IN HOUSE HEARING

On July 30, the House Commerce Subcommittee on Consumer Protection and Subcommittee on Oversight and Investigations began joint hearings on the use of cost/benefit analysis as a tool for more effective regulatory decision-making.

The first day of these hearings featured several well-known academicians as witnesses in a debate format. The two proponents were Dr. Lester Lave, Professor of Economics at Carnegie-Mellon University, and Dr. Robert Crandall, Senior Fellow at the Brookings Institution. They were pitted against two equally-qualified opponents, Dr. Baruch Fishoff, Decision Research Inc. and Dr. Nicholas Ashford, MIT Center for Policy Analysis. Dr. Lave recommended use of a regulatory budget which would force agencies to set priorities.

Dr. Crandall defended cost/benefit analysis as systematic measurement of regulation which forces regulators to list the effects of possible courses of action, compare them, and select the most effective one in a systematic way.

Dr. Ashford contended that cost/benefit analysis leads to biased results because it is easier to calculate costs than benefits, no organized interest groups speak to the benefits of regulation, and agencies such as OSHA and EPA are forced to rely on cost estimates submitted by the industries being regulated.

The Scheuer/Eckhardt hearings continue in September and October. CMA is in the process of exploring development of a policy in this area.

JOINT SENATE AND HOUSE HEARINGS ON RISK/BENEFIT ANALYSIS

Senator Adlai Stevenson (D-IL) and Congressman George Brown (D-CA-36), Chairmen of Subcommittees on Science of the Senate and House, respectively, held two days of hearings on risk/benefit analysis in the legislative process, July 24 and 25. The Senate Commerce Subcommittee on Science, Technology and Space, and the House Science Subcommittee on Science, Research and Technology, undertook these hearings in conjunction with two days of meetings and symposia by the American Academy for the Advancement of Science

TSCA-EPA's PROPOSED NEW PMN FORM

On January 10, 1979, the Environmental Protection Agency proposed its original form for complying with the premanufacture notification (PMN) requirements of section 5 of the Toxic Substances Control Act (TSCA). CMA submitted extensive comments to the agency, and testified at House Commerce Subcommittee on Consumer Protection and Finance hearings on TSCA reauthorization and oversight in March. A similar detailed and critical analysis was submitted for the record to the Senate Public Works Subcommittee on Environmental Pollution.

Our testimony established that EPA's proposed PMN regulations and form were unduly burdensome and exceeded the statutory authority. Key Members of the House Subcommittee expressed deep concerns about the proposed regulations, especially the 65 page form as published in the Federal Register. These Subcommittee Members examined EPA witnesses closely on points raised by CMA's previous testimony, they sent follow-up letters to EPA, and appended minority and additional views to the Committee Report reauthorizing TSCA for FY 1980.

The concerns registered by Members of Congress and CMA must have made significant impressions, for EPA's recently-circulated advance draft revised form is drastically scaled down in size and content in comparison with the original form proposed January 10. For example, the risk assessment data section (which comprised 14 pages of the original Federal Register proposal) is deleted from the mandatory portion of the revised form. The mandatory customer contact and use sections are improved. Substantiation of confidentiality claims, however, have been made more stringent.

CMA's Chemical Regulations Advisory Committee just recently received a copy of EPA's advance draft of the revised PMN form, which is expected to be formally proposed by publication in the Federal Register in early September. CRAC is undertaking an in-depth analysis of the revised form for the purpose of submitting appropriate comments. A conclusive judgement is thus premature, but preliminary indications are that our work on Capitol Hill and with the agency has resulted in major changes in the revised PMN form favorable to our industry.

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TSCA - REAUTHORIZATION FOR FY 1980

In May, the House Commerce Committee reported H.R. 2606, the TSCA one-year reauthorization bill including provision for a CEQ study of compensation for victims of hazardous chemicals. In June, the Rules Committee granted an open rule on the bill with one hour of debate on the House floor. It remains on the House Calendar and is expected to be approved whenever the Leadership decides to act on it.

In May, the Senate passed a three-year TSCA reauthorization bill, S. 1147, without any provision for the compensation study.

OSHA - OCCUPATIONAL DISEASE HEARINGS

CMA's testimony in June before the Labor Standards Subcommittee of the House Education and Labor Committee was well-received by Chairman Ed Beard (D-RI-2) and other Members of the Subcommittee. Testifying on behalf of CMA were Dr. Richard O'Connell, Olin Corporation's Director of Health and Affairs and Chairman of the CMA Occupational Safety and Health Committee, and Dr. Richard Fulweiler, Associate Director of the Health Department for The Procter and Gamble Company.

The Labor Standards Subcommittee has been holding wide-ranging hearings on the adequacy of compensation for occupational disease. On June 6, 7 and 21, the Subcommittee covered chemical hazards in the workplace, focusing on neurological disease, lead and contact substances. Dr. O'Connell's testimony June 6 provided background on the chemical industry, identified the types of acute and chronic hazards workers must deal with, and described medical surveillance, toxicological testing and other measures our industry has taken to assess chemical health hazards and prevent harm to workers. He stressed the chemical industry's outstanding safety record and pointed out that the same safety practices and procedures will be equally successful in preventing occupational disease once the long-term hazards are more clearly identified.

CLEAN AIR ACT REVISION BEING DISCUSSED

In early July a number of Congressmen began making statements on the House floor in an effort to force hearings on the Clean Air Act, and thereby enhance chances of changing the law. One particular bill, H.R. 1150, (Watkins, D-OK-3) now has 125 co-sponsors. It would extend for one year the deadline for State Implementation Plan submissions, and it has been referred to the Subcommittee on Health and Environment of the House Commerce Committee.

A task group of CMA's Environmental Management Committee has completed preliminary work on an industry position. It identifies a number of areas in the Clean Air Act that require further study and change.

In broad terms, CMA opposes requirements which: (1) delay capital improvements because of unduly long permitting processes; (2) unnecessarily inhibit the development of new energy resources and electrical generating capacity; and (3) artificially escalate inflationary pressures by imposing excessive technology requirements.

Our task group has made a number of specific recommendations for changes in the law, and we have delivered these to the House Commerce Committee where staff is in the early stages of drafting legislation to amend the Act.

In the Senate, a similar bill, S. 1158, (Garn, R-UT) has been offered and is receiving some interest. It has been referred to the Senate Environment and Public Works Committee.



CHEMICAL MANUFACTURERS ASSOCIATION

Final Draft, August 31, 1979

CMA letter to Members of Congress, transmitting copy of the Association's formal statement on "Superfund".

In recent months a great deal of attention has been focused on incidents involving the misuse or mishandling of certain hazardous materials. As a result, all of us have heard about the ocean oil spill which resulted from the wreck of the supertanker "Amoco Cadiz", and we know there is an old, failing dumpsite in Niagara Falls, New York, called Love Canal.

The Carter Administration and some others are seizing upon these widely publicized but very different events as the rationale for "Superfund" - a complicated and poorly justified legislative proposal designed to cure these varied ills at a single stroke by imposing vast new legal and regulatory authorities from Washington.

The chemical industry and many other segments of industry as well, are opposed to "Superfund". We believe it is clearly wrong to create a one-shot panacea which attempts to lump together such distinct problem areas as oil spills, hazardous materials spills, and waste disposal. It appears to us far more sensible to deal with these matters separately since each presents its own unique series of physical, scientific and legal distinctions and since each is addressed in differing degree by existing laws, regulations and other societal mechanisms.

In brief, "Superfund" proposes:

- a "quick-fix" combined solution to distinctly differing problems and circumstances;
- a deliberately unfair, and we think unconstitutional, attempt to single out the chemicals manufacturing industry for blame and punitive legislative treatment;
- imposition of significant new taxes on the business community to amass the huge sums proposed;
- an after-the-fact blame and punishment of industry now for actions taken far in the past, most of which were not only legal, but in accordance with accepted practice at the time they took place;

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- drastic across-the-board changes in carefully drawn and tested environmental laws and concepts which have guided the Nation's anti-pollution efforts for 15 years;
- sweeping shifts in legal mechanisms and liability groundrules which would have the effect of exposing much of the business community to uninsurable levels of potential burden; and
- the ignoring of many provisions of existing laws which are working well, will work when fully implemented, or would work if the Administration would fund them and utilize them as Congress intended.

It is clear to us, and we hope to you, that the Congress should not move forward with such poorly justified, poorly conceived and potentially disruptive legislation. A more carefully focused and specifically drawn approach is essential.

What should be done, and done promptly, is:

- (1) enact new laws to stop dangers to health which are being caused by failing old dumpsites with no known owner; a Federal/state matching fund, not fees on current manufacturers, should pay to contain these "orphan" sites;
- (2) take several additional steps necessary to address waste disposal problems
 - ask each state to inventory its disposal sites and to rank in priority those that may present health risks
 - add new Federal and state enforcement and investigative capabilities
 - study disposal site evaluation and cleanup techniques, seeking improvements
 - address the clear need for the siting of new and environmentally sound disposal facilities in every region of the country
 - fully enforce the law against wrongdoers, be they companies, municipalities, government agencies or "midnight dumpers", and make every effort to recover damages and cleanup costs from each;

- (3) do not enact sweeping new law covering spills of hazardous materials; careful review will show that no "Superfund" response is warranted here, that existing law is not being and has never been fully utilized, and that major new law is simply not needed; and
- (4) deal with oil spills cleanup legislation as a separate and distinct matter for Congress to consider on the basis of its own merits.

The Chemical Manufacturers Association is comprised of 188 United States company members representing more than 90% of the production capacity of basic industrial chemicals within this country. Our Association and its members have devoted a great deal of analysis and attention to the many and varied questions raised by "Superfund". We enclose for your review the CMA formal statement on the subject presented at a recent Senate subcommittee hearing.

As more information is developed, we will make it available to you. Meanwhile, if we can be of assistance or if there are questions, please let me know.

Sincerely,

Robert A. Roland
President

Enclosure: "CM^A and Superfund"

GENERAL COUNSEL'S REPORT

1. Arcell v. Ashland. A settlement has been reached which will result in the payment to CMA of \$150,000 for our claims against the insurer in this case, American Home Assurance Company. A form of release will be executed following a resolution approving the settlement by the Board.

2. CMA's Work Practice/Performance Standard Approach for Controlling Fugitive Emissions. CMA is revising its Work Practice/Performance Standard to broaden its applicability so that it could be used to regulate fugitive emissions regulated under various sections of the Clean Air Act. The revision will place greater emphasis on the Agency having to comply with all applicable procedural and/or substantive requirements before fugitive emissions requirements could be implemented. CMA's Process Emissions Regulations Task Group is currently reviewing the revised work practice/performance standard program. We hope to forward the revised document to EPA in September.

Members of CMA's Environmental Management Committee and CMA staff have recently met with members of AIHC and their outside counsel to further coordinate our respective efforts on responding to EPA's regulatory development of an air carcinogen policy and a work practice/performance standard. As presently agreed between AIHC and CMA, CMA's efforts to develop a feasible/flexible work practice program applicable to any Clean Air Act regulatory situation will be so structured and caveated so as to preserve the opportunity of any organization to challenge the mandatory application of a fugitive emissions work practice standard as part of the general air carcinogen policy. It is expected that the air carcinogen policy will not be proposed until sometime in early September. At the same time EPA will instead publish an advance notice of proposed rulemaking soliciting comments on its work practice standards.

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GENERAL COUNSEL'S REPORT

PRIVILEGED MATERIAL REDACTED

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3. National Hazardous Waste Response Center (NHWRC).

On August 15, 1979, CMA forwarded a letter on the NHWRC pilot program to EPA setting forth a working agreement for the joint CMA-EPA effort in responding to hazardous waste disposal problems. CMA's letter indicates that the initial CMA-EPA activities will be limited to the pilot program where approximately three "orphaned" dumpsites will be subject to joint CMA-EPA efforts so we can assess the usefulness and viability of the NHWRC program. After the completion of the pilot program we will appraise its utility to EPA and state regulatory agencies and make a recommendation to the Executive Committee on whether to proceed with the program on a full-time basis. CMA staff has also met with our insurance carriers to make sure that CMA is adequately covered with appropriate insurance for the NHWRC activities during the pilot program.

4. National Pollutant Discharge Elimination System (NPDES) Regulations Litigation. On July 18, 1979, CMA filed a complaint in the U.S. District Court for the Western District of Virginia (Roanoke) challenging EPA's revised National Pollutant Discharge Elimination System (NPDES) Regulations. CMA was joined by Virginia Manufacturers Association, Inc., Virginia Chemicals Inc., American Paper Institute, National Forest Products Association, American Cyanamid Company, Air Products & Chemicals Inc., E. I. du Pont de Nemours & Co., FMC Corporation, Kaiser Aluminum and Chemical Company, Olin Corporation, PPG Industries, Inc., Rohm and Haas Company, Stauffer Chemical Corporation, and Union Carbide Corporation as party-plaintiffs.

CMA's complaint seeks a declaratory judgment and injunctive relief voiding the revised regulations on the basis that several aspects of EPA's action in promulgating the NPDES regulations were arbitrary, capricious, an abuse of discretion, and beyond the scope of the Clean Water Act. The Act requires that each industrial discharger into navigable waters must apply for and obtain an NPDES permit. These permits set forth the amount or concentration of pollutants that the facility may permissibly discharge. On June 7, 1979, EPA published its final NPDES regulations extensively revising the existing regulations in Title 40 of the Code of Federal Regulations. The revised NPDES regulations will generally take effect on August 13, 1979.

CMA's efforts are being coordinated with the Utility Water Act Group (UWAG) who has filed a petition seeking review in the U. S. Court of Appeals for the Fourth Circuit, as well as the U. S. District Court in Roanoke, Virginia. The American Petroleum Institute has filed its petition in the U. S. Court of Appeals for the Fifth Circuit and in the U. S. District Court in Lafayette, Louisiana, and the Natural Resources Defense Council has filed in the D. C. Circuit. CMA believes that the Clean Water Act requires that the NPDES regulations be reviewed by a district court rather than the court of appeals. However, CMA will play a low-key role in the venue and jurisdiction battles allowing the other trade associations to take the lead role.

EPA indicated to CMA that it is amenable to entering into discussions that could possibly result in settling some or all of the issues. Outside counsel and the NPDES Task Group is now in the process of preparing for the upcoming discussions with EPA on September 6, 1979.

5. EPA's Proposed Consolidated Permit Program Regulations. On June 14, 1979, EPA published its proposed Consolidated Permit Regulations (44 Fed. Reg. 34244 et. seq.). CMA's NPDES, RCRA, UIC, and PSD/Nonattainment Task Groups are working with outside counsel (Covington & Burling) in developing comments on these proposed regulations. Written comments will be submitted to EPA by September 12, 1979.

A three-day public hearing is being held on August 28, 29, and 30, 1979, in Denver, Colorado to discuss the proposed consolidated permit program. Frank B. Friedman, Manager, External Affairs, Atlantic Richfield Company, will be testifying for CMA at this hearing.

6. EPA's Effluent Guidelines Proposed Self-Verification Program. In the August 10, 1979, Federal Register (44 Fed. Reg. 47113-47117) EPA published a notice and solicited comments on its proposed self-verification program to collect necessary data for effluent guidelines development purposes. Comments must be submitted to EPA by September 10, 1979. The Effluent Guidelines Task Group will be meeting with outside counsel, Ted Garrett of Covington & Burling, to prepare CMA's comments on this topic and to plan CMA's long-term strategy for effectively participating in EPA's regulatory development process for effluent guidelines for the chemical industry.

7. Coal Conversion. On July 23 the Economic Regulatory Administration of the Department of Energy released its interim final rules for existing facilities under the Fuel Use Act. ERA will accept comment on these regulations until September 15 and will publish final regulations sometime thereafter.

Although the interim final rules are an improvement over the previous regulations, they still have serious deficiencies. Probably most objectionable is the 1.3 economic index, which establishes as a rebuttable presumption that the use of coal must cost at least 1.3 times more than the use of imported oil in order for a facility to qualify for an exemption. The index is so high as to virtually eliminate the statutory protection against economically unsound prohibition orders.

CMA is drafting comments to the regulations on existing facilities which will be submitted in accordance with the September 15 deadline. CMA's comments on the interim rules for new facilities are also due on that date.

8. CMA Name Change. In regard to legal implementation of the association's change of name, the Certificate of Amendment to the corporate charter was approved by both the Attorney General and a Justice of the Supreme Court of the State of New York. The Certificate was then filed with the Secretary of State on July 17.

9. Superfund. CMA has requested the assistance of outside counsel in helping CMA advocate its position on the "superfund" issue. Assessments will be made of the tort law concepts and definitional and administrative aspects of S. 1480 (the Culver-Muskie bill). In addition, attention will be focused on the section of S. 1480 which proposes to prohibit the release or disposal of any hazardous substance into the air, water, or groundwater. The above assignments are in preparation for the oral testimony before the Subcommittees on Environmental Pollution and Resource Protection of the Senate Committee on Environment and Public Works.

10. Toxic Substances Control Act Matters.

a. NRDC v. Costle, No. 79 Civ. 2411 (S.D.N.Y., May 8, 1979). On August 10, 1979, NRDC filed its reply in support of its motion for summary judgment; CMA filed its reply

in support of its cross motion for summary judgment. NRDC and the American Petroleum Institute have requested oral argument but Judge Pierce does not grant such requests frequently and it is not clear what his preferences will be in this case. No further dates in the litigation have yet been set.

b. Section 4. Outside counsel, consultants, the Chemical Regulations Advisory Committee's Section 4 Task Group and CMA staff are preparing comments on EPA's proposed test standards for chronic, acute, subchronic, mutagenic, teratogenic/reproductive health effects and Good Laboratory Practices, due October 16, 1979.

c. Section 5. EPA has released advance copies of a revised premanufacture notification form which will appear in the Federal Register in late August or early September. Following the 45 day comment period the Agency will hold public hearings on the revised form. The Chemical Regulations Advisory Committee Section 5 Task Group is working with outside counsel and CMA staff to prepare the Association's comments.

d. Section 8 . CMA submitted comments on the questions posed in EPA's advance notice of proposed rulemaking (44 Fed. Reg. 37517, June 27, 1979) regarding a proposed rule requiring manufacturers and importers to provide information on volume, production, uses and exposures under Section 8(a).

CMA has also been in verbal contact with EPA regarding the Agency's various drafts of a proposed rule under Section 8(c) for the submission of reports of "significant adverse reactions to health or the environment."

11. Intercommittee Task Group on Hazard Labeling. CMA's Task Group has met with EPA officials to share views on the Agency's development of a prototype labeling rule under Section 6 of TSCA. The rule would be implemented on a case by case basis for individual substances found to pose "unreasonable risks" to health or the environment.

12. OSHA Hearing on Fire Brigades. CMA's Office of the General Counsel assisted in the preparation of testimony for, and appeared on August 29, 1979 with, CMA witness Sanford Schreiber, Allied Chemical Corporation's Director of Safety and Loss Prevention, at the OSHA hearing on fire brigades.

The hearing was in response to a proposal by the Oil, Chemical and Atomic Workers Union that OSHA authorize employees to refuse service on industrial fire brigades. CMA's testimony

demonstrated that the union proposal would be counterproductive to the goal of rapid control of chemical plant fires and that the alternative of a fully paid fire brigade would be unjustifiably costly.

13. Immunity from Liability ("Good Samaritan" Statute). The Task Group of Liability for Incident Response, a task force of CMA's Special Committee on Tort Law Reform, was established to survey the common law and statutory law on potential liability when a company provides emergency assistance in a chemical incident. The task force has completed its work and reached basic agreement on a final report.

The report concludes that there is a potential liability problem when a company responds to a chemical emergency involving another company's product. By voluntarily undertaking to provide such assistance, the company exposes itself to legal claims it previously did not have to worry about.

The Task Group believes that, in order to encourage companies to respond to serious incidents in their geographical areas, Congress should enact legislation exempting the responding company from civil liability. Two versions of model legislation, one broad and one narrow, have been drafted for that purpose.

After receiving further input on the report and model bills, CMA plans to approach other associations that may be interested in supporting this legislation.