A G E N D A

MEETING OF THE CMA BOARD OF DIRECTORS
Monday and Tuesday, January 10 and 11, 1983
Morris Baker Room, Ocean Reef Club
Key Largo, Florida

Monday, January 10, 1983 -- 8:00 a.m.

8:00-8:01	1.	Call to Order -- Chairman Simeral
		STANDING COMMITTEE CHAIRMEN REPORTS
8:01-8:40	2.	Occupational Safety and Health Committee Chairman: Charles S. Ryan, M.D., Sun Company, Inc.
8:40-9:20	3.	Chemical Regulations Advisory Committee Chairman: E. Hamilton Hurst, Nalco Chemical Company
9:20-10:00	4.	Patent and Trademark Committee Chairman: Roy H. Massengill, Allied Corporation
10:00-10:40	5.	International Trade Committee Chairman: Robert E. Lory, Exxon Chemical Company
10:40-11:20	6.	Tax Policy Committee Chairman: Glenn W. White, The Dow Chemical Company
11:20-12:00	7.	Communications Committee Chairman: William M. Metten, Jr., ICI Americas Inc.

LUNCH (Ocean Room)

This Board meeting will continue Tuesday, January 11, 1983, beginning at 9:00 a.m. in the Morris Baker Room.

Next Meeting of the Board of Directors: 2:00 p.m., Tuesday, April 5, 1983, CMA Headquarters, Washington, D. C.

CMA 073906

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

Tuesday, January 11, 1983, 9:00 a.m.			TAB
9:00-9:03	1.	Opening Remarks and Approval of Minutes of October 5, 1983, Meeting -- Chairman Simeral	
9:03-9:05	2.	Treasurer's Report -- G. C. Herrman	1
9:05-9:20	3.	Report of Executive Committee -- Chairman Fernandez	
9:20-9:21	4.	Report of Nominating Committee -- Chairman Simeral	
	5.	Association Activities:	
9:21-9:35		a. Report of the President -- R. A. Roland	
9:35-10:15		b. Report of Special Programs Advisory Committee -- Edward Callahan, Allied Corporation	2
10:15-10:20		c. Member Relations -- V. H. Peterson	3
10:20-10:35		d. International Affairs Group -- Etcyl H. Blair, The Dow Chemical Company	4
10:35-10:50		e. Report of Technical Director -- G. V. Cox	5
10:50-11:05		f. Report of Director of Government Relations -- W. M. Stover	6
11:05-11:20		g. Report of Director of Communications -- R. L. Wilson	7
11:20-11:35		h. Report of General Counsel -- D. F. Zoll	8
11:35-11:45	6.	New Business	
11:45	7.	Adjournment	

MINUTES of the two-hundred ninety-first meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at the Ocean Reef Club, Key Largo, Florida, on Monday at 8:00 a.m. and Tuesday at 9:00 a.m., January 10 and 11, 1983.

Directors:
William G. Simeral, Chairman
Edwin C. Holmer, Vice Chairman

Richard G. Askew (2)	Paul F. Hoffman
Dexter F. Baker	Ray R. Irani
Raymond F. Bentele	A. Clark Johnson
Charles E. Brookes	John S. Ludington
Harry W. Buchanan	Raymond H. Marks (1)
A. A. Burris, Jr.	Dwight C. Minton
Carlyle G. Caldwell	Fred W. Montanari
Lester E. Coleman	John D. Ong (1)
Harry Corless	Toy F. Reid
Robert S. Dudley	Robert A. Roland
Louis Fernandez	David L. Rooke
John T. Files	M. Whitson Sadler
Alec Flamm	James F. Schorr
Joseph P. Flannery	George J. Sella, Jr.
A. L. Goeschel	Harold A. Sorgenti
F. D. Gottwald, Jr. (2)	Edward A. Von Doersten
Robert W. Gutheil	Konrad M. Weis
James B. Henderson (1)	William G. West

Secretary: Bruce M. Barackman
Treasurer: Gary C. Herrman
General Counsel: David F. Zoll

By Invitation:
Stuart T. Allen, SOCMA, E. I. du Pont de Nemours & Company
E. H. Blair, The Dow Chemical Company (1)
Jackson B. Browning, Union Carbide Corporation (2)
Edward W. Callahan, Allied Corporation (1)
Geraldine V. Cox, CMA
John E. Dull, E. I. du Pont de Nemours & Company
Robert E. Hampton, ICI Americas Inc.
E. Hamilton Hurst, Nalco Chemical Company (1)
Bruce W. Karrh, M.D., E. I. du Pont de Nemours & Company (2)
Robert E. Lory, Exxon Chemical Company (1)
Roy H. Massengill, Allied Corporation (1)
William M. Metten, Jr., ICI Americas Inc.
Victor H. Peterson, CMA
Charles S. Ryan, M.D., Sun Company, Inc. (1)
James H. Senger, Monsanto Company
William M. Stover, CMA
Glenn W. White, The Dow Chemical Company (1)
Richard L. Wilson, CMA

(1) first day only
(2) second day only

Monday, January 10, 1983

1. The meeting was called to order by Chairman Simeral.

STANDING COMMITTEE REPORTS

Executive summaries are attached in lieu of the complete committee reports which have been previously distributed to the Board.

2. OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

The committee report, supplemented with chairman Ryan's report, is attached as Exhibit A.

3. CHEMICAL REGULATIONS ADVISORY COMMITTEE

The committee report, supplemented with chairman Hurst's report, is attached as Exhibit B.

4. PATENT AND TRADEMARK COMMITTEE

The committee report, supplemented with chairman Massengill's report, is attached as Exhibit C.

5. INTERNATIONAL TRADE COMMITTEE

The committee report, supplemented with chairman Lory's report, is attached as Exhibit D.

6. TAX POLICY COMMITTEE

The committee report, supplemented with chairman White's report, is attached as Exhibit E.

7. COMMUNICATIONS COMMITTEE

The committee report, supplemented with chairman Metten's report, is attached as Exhibit F.

ADDITIONAL REPORTS

The two reports following were moved forward from the Board agenda for Tuesday, January 11, 1983.

8. SPECIAL PROGRAMS ADVISORY COMMITTEE

Chairman Callahan distributed to those present a revised SPAC charter, Exhibit G, to replace the one contained in Appendix 1, page 5, of the committee report previously circulated to the Board. This, along with certain other items, will be presented to the Executive Committee for approval.

He emphasized that the chemical-specific programs conducted by the committee perform front line service for the industry in addressing product, environmental, and worker safety issues and their relationship to government relations.

Referring to various handouts, he then described the several roles of the committee as contained in the "Purpose" section of the charter; briefly discussed the reorganization of SPAC; and concluded with an overview of its future activities.

9. INTERNATIONAL AFFAIRS GROUP

Dr. Blair expanded on his report, Exhibit H, by reviewing the origin and history of IAG and discussing the various problems being addressed by the group on behalf of the U.S. chemical industry. He concluded with a plea for Board support for IAG activities which can have a major impact on the international movement of chemical substances, and will require, on occasion, the presence of IAG representatives in other parts of the world.

The Board adjourned until 9:00 a.m., Tuesday, January 11.

* * * *

Tuesday, January 11, 1983

10. MINUTES OF THE LAST MEETING

The minutes of the October 5, 1982, Board meeting were approved as distributed.

11. TREASURER'S REPORT

Mr. Herrman's report is attached as Exhibit I. Additionally, he advised that:

- Current year expenses continue to be controlled at or below the level in the reduced operating budget.

- The communications assessment, reduced to the 20% level, was mailed the first of December. Through January 5, 1983, payments have been received from 107 of our 181 members totalling $975,000. Dues will be slightly above budget since we have received payments from two members whose payments were in doubt at the time the amended budget and contingency plan were prepared.

- Returns in response to the October preliminary survey of calendar year 1982 sales indicated that CMA dues would be down by 5-6% which is the amount estimated in the contingency plan.

- The request for actual calendar year 1982 sales has been mailed. The return of this information at the earliest possible date would be appreciated. The preliminary budget should be mailed to the Finance and Executive Committees about February 21 for review at the March 7 and 8 meetings. The Board will be asked to review and approve a proposed budget and funding at the April 5 meeting.

12. REPORT OF EXECUTIVE COMMITTEE

Chairman Fernandez reported the following matters taken up by the Executive Committee the preceding day:

- Special Programs Advisory Committee Accepted the recommendations of the Special Programs Committee that: the existence of SPAC be extended for a year, Exhibit J; the modified committee charter, Exhibit G, distributed to the Board at its previous session, be approved as proposed; and the proposed program on alkanolamines, Exhibit K, be approved. The proposed name change for the Biomedical and Environmental Special Programs Division was not accepted.

- Hazardous Waste Management Heard a presentation of a proposed long-range plan by the Hazardous Waste Strategy Group on which the chairmen of CMA's Environmental Management, Communications, and Government Relations Committees serve. The program's objective is to turn the negative public perception to a more favorable view of the way the chemical industry is handling waste management. Each member of the Executive committee, following his company's study of the plan, will respond to Mr. Roland. The HWSG, after being informed of the views of the Executive Committee, will then submit for the latter's further consideration a set of specific proposals.

- Public Compensation Heard a presentation on the public compensation issue by the Strategic Options Work Group and the Data Development Work Group. It was decided to continue the existence of the SOWG, augmented with additional skills. The DDWG will be placed on hold and the chairman, Dr. Karrh will be added to the SOWG. Data collection will be suspended pending a resolution of specific strategy alternatives to be prepared, not later than the end of February, for Executive Committee consideration.

  Meanwhile it was agreed that it was appropriate for CMA to: support the Kasten bill which would strengthen the present tort system; not support the asbestos bill and work to eliminate the provision permitting inclusion of the chemical industry; press EPA to develop the data base that would scope the dimensions of the health problem which may be related to waste disposal sites; and build coalitions with other organizations and industry groups.

  In order to position ourselves more effectively to address not only the public compensation issue but also other issues which may arise in the Congress, Mr. Rooke was appointed to coordinate efforts, working with the CMA Government Relations Committee and staff, to establish an industry-wide grassroots network.

Recognizing the importance of speaking with a united voice the attached statement, Exhibit L, prepared at the direction of the Executive Committee was distributed to those present for use in responding to questions regarding the CMA position on public compensation.

13. RESIGNATION OF DIRECTOR

Chairman Simeral announced the resignation of Mr. Orell T. Collins, Director of the Association, effective November 17, 1982.

ON MOTION, duly made and seconded, it was

VOTED: That W. H. Clark, President, CEO, Nalco Chemical Company, be elected to fill the vacancy on the Board and the Finance Committee through May 31, 1983.

14. ASSOCIATION ACTIVITIES

(a) Report of the President

- Mr. Roland reviewed the budget process at CMA; the development of a system of prioritization which has identified about 12 major issue areas within which the Association operates; and the attempt which will be made to overlay this on the budget process for fiscal year 1983-84.

- Because CMA's allocation of guaranteed spaces for the Annual Meeting at The Greenbrier, June 9-10, has been reduced by 100 from last year, all member companies are urged to register as soon as possible. The cutoff date for registrations is April 1.

- The Board meeting next following the Annual Meeting is September 12-13 at the Cloister, Sea Island Georgia. The Semiannual Meeting is in New York City at the New York Hilton Hotel November 7-8.

(b) Member Relations

Mr. Peterson's report is attached as Exhibit M. Distributed to those present as a matter of information were copies of a survey of chemical industry participation in state CICs and the Local Leadership Newsletter which reports the activities of state organizations.

(c) Report of Technical Director

In expanding on her report, Exhibit N, Dr. Cox highlighted the advocacy CMA is pursuing with other organizations on environmental matters. She urged that company people be encouraged to join local conservation groups so that the facts can be brought to light and thereby promote a better understanding and establish a more balanced public view of environmental issues.

(d) Report of Director of Government Relations

Mr. Stover's report is attached as Exhibit O.

(e) Report of Director of Communications

Expanding on his report, Exhibit P, Mr. Wilson advised that CMA is in search of positive, dramatic, human interest stories from the chemical industry that could be developed into television scripts. He distributed to those present a flyer outlining this project and solicited special storylines.

During discussion following Mr. Wilson's report, Mr. Sella emphasized the importance of stockholders as a key public for CMA's communications program. Alluding to several million who could be reached in this manner, he volunteered to work with CMA staff in organizing a program to urge member company decision makers to undertake stockholder mailings.

(f) Report of General Counsel

Mr. Zoll's report is attached as Exhibit Q.

Bruce M. Barackman
Vice President-Secretary

Certified correct:

William G. Simeral
Chairman of the Board

EXHIBIT A

OCCUPATIONAL SAFETY AND HEALTH COMMITTEE

EXECUTIVE SUMMARY

CMA's Occupational Safety and Health Committee (OSHC) has been charged by the Board of Directors to develop and recommend policies on occupational health, plant safety, fire protection and precautionary labeling. Committee and task group members participated in a debate on health and safety issues affecting the chemical industry.

During the past year, the committee met its goals on major regulatory proposals; educated the Occupational Safety and Health Adminstration (OSHA) in health and safety regulatory reform; publicized responsible workplace practices employed throughout our industry; participated in voluntary standard-setting organizations; and worked with congressional staff on issues of concern to the legislature. Some major accomplishments of particular note include:

- Convincing OSHA that its labeling objectives could be met through effective hazard communications programs already in use. The current regulation is a significant savings over the $14 billion estimated to be the cost for chemical industry compliance with a labeling rule proposed by the last OSHA administration.

- "Selling" OSHA on use of balanced-performance standards. The committee drafted a model standard on hazardous materials demonstrating these principles. The committee also sponsored a seminar for a large group of Agency standard writers on how to prepare performance standards.

- Participating actively in the revision of the Agency's carcinogen policy, through written and oral presentations to OSHA.

Its advocacy of sound proposals on health and safety matters won the committee professional respect and rapport among OSHA policymakers. This relationship has been built on solid and timely responses to the Agency's questions and requests. By maintaining the Agency's respect and confidence, OSHC has been able to provide insight and important industry perspective to the OSHA Adminstration as it develops regulatory proposals.

While occupational health issues receive much of the hype and attention devoted to workplace practices, safety issues represent a substantial component of OSHA's regulatory program. During the past year, the OSHC advocacy program on workplace safety was expanded to balance its health issues programs. The committee worked with OSHA to develop a targeted safety inspections proposal, and bolstered the position through additional comments. Noise, hazardous materials and marine terminals are examples of other safety issue proposals for which CMA provided comments.

On Capitol Hill and in the media, the committee is continually looking for ways to improve congressional and public understanding of practices and controls used throughout industry to minimize risks in the workplace. The committee worked with CMA's Government Relations Department to provide the Association's views on key issues, including hazard communications and cytogenetic screening, to congressional committees with jurisdiction over OSHA. The committee's work with CMA's Communications's Department has been directed toward improving public perception of workplace hazards in the chemical industry. Its views on subjects such as hazard communications, cancer, and reproductive hazards provide balance to health and safety problems claimed by labor and public interest groups. The chemical industry's safety record -- tops by the National Safety Council -- serves as a vehicle to carry our views on specific regulatory and legislative interests.

During the coming year, OSHC will further strengthen both its health and safety advocacy programs. Several key OSHA proposals must become final rules if gains from the work of the past year are to be realized. The committee will work with OSHA to ensure these gains. When anticipated regulations mature as proposed rules, the committee will analyze them and suggest reasonable alternatives where appropriate.

Congress is expected to appropriate funds for the Occupational Safety and Health Act in 1983. The OSHC will be prepared for any pressure to amend the Act in a way that will make compliance more burdensome. Additionally, states will be reviewing the adequacy of state health and safety laws. In response, OSHC will continue to assist CMA's Government Relations Department by providing advocacy materials to state industry groups.

To meet these challenges, the committee will look for the continued strong support it has received from CMA members and staff in the past. It will rely upon its chief asset -- its dedicated members and task groups -- to accomplish the objectives and fulfill the needs of our industry in having reasonable controls on workplace practices.

CMA
BD-1/10/83

REMARKS TO CMA BOARD OF DIRECTORS
By Charles S. Ryan, M.D.
Chairman, Occupational Safety and Health Committee
January 10, 1983

During the years 1980 and 81, and 1981-82, under the leadership of Tom Evans, the OSH Committee of CMA was re-organized, re-energized, and became recognized by government agencies as a force for industry representation and cooperative effort. With this as a foundation we decided to look at the tasks for the year 1982-83. We decided that, initially, we should re-evaluate the current OSHA administration's attitude, establish cooperative, non-duplicative efforts with other inter-industry groups, establish strong communications with other CMA committees whose work overlapped and influenced ours, and consolidate and/or eliminate task groups where feasible.

The attitude of the current OSHA administration was succinctly made clear to us by a communication which we received from Mark Cowan, the then-Deputy Assistant Secretary for OSHA. He said, "...After years of stating that industry if given the opportunity is well equipped to address workplace problems, industry now, in the OSHA area has an opportunity which may never again be repeated. The opportunity exists for corporate America to double and re-double their efforts in this field so as to prove it can be done without undue government interference. The chance to demonstrate conclusively that companies sincerely care about their workforce is available. Should this opportunity be missed, or worse, should corporations through a de-emphasis of safety and health programs give credence to the allegation that the only concern in the boardroom is profit, the old OSHA of days past will rise from the grave with a vengeance. Now is not the time for corporations to let down their guard nor to relax measures which have resulted in gains in the safety and health area."

We believe that this gives us a clear indication that the current OSHA administration will continue in the vein that they have been and that they are open for cooperative efforts from industry groups.

We are redoubling our efforts to establish closer and more efficient cooperation with a number of industry groups. Since numbers of our health and safety people serve on task forces with diverse organizations, we're attempting to determine who should have the lead role in responding to individual OSHA regulations in an effort to minimize the time, travel and effort required of the members of your company on these various committees. The organization deemed most appropriate to prepare the primary response does so; the other organizations then adapt the response to their needs.

We are in the process of eliminating some task groups and consolidating others and will reduce the number of task groups from 12 to 6 or 7 in an effort to streamline the work of the OSH committee and again reduce the time and travel required by task group members. However, major efforts will continue in the area of carcinogens, reproductive hazards, respirators, targeting health inspections, industrial noise, performance standards, and hazards communications, federal and and state and community.

We have been involved with a number of activities with the government agencies involved with health and safety matters. A major theme which runs throughout our responses and testimony related to all OSHA standards and regulations is the theme, Performance Standards. We are constantly advising OSHA to write their standards with the goals and objectives desired, the general processes and/or strategy, including work practices to reach the goal, and to minimize the specifications in the materials and equipment.

A major effort has been carried out by the Safety Standards Group in this area. They have written a model standard for hazardous substances in the workplace in performance language. At the request of the Assistant Secretary for OSHA they have used this document in a training session for standards writers in an effort to educate them in the writing of performance standards. This has been well received by OSHA and the task group has received a letter of thanks from the Director of OSHA for their activity. It is our hope that with this training effort and interaction with OSHA, the new standards will be written in true performance language.

Another significant work effort with OSHA has led to the adoption of the Safety Inspection Targeting System for Routine Safety inspections. This enables OSHA to focus their inspections on high-hazard industries where they'll do the most good, and enables those of us with good safety records to be free of routine safety inspections.

Work is ongoing to apply a similar methodology for health inspections, and recently two of our members attended an OSHA workshop where an effort was being made to devise such a method. The method recommended by the CMA members appears to have been favorably received by other members of industry, the unions, and the governmental agencies. We shall continue with efforts in this area cver the near future.

Another major effort was carried out on the standard for hazards communication. This culminated in testimony by a four-member panel of CMA on June 17, 1982. Our work in this area was completed when post-hearing comments were filed in September, 1982. As stated previously, we're hopeful that a federal standard in this area will reempt a myriad of state standards which currently exist from being enforced and also prevent the writing of standards by states and communities which have not yet done so.

We presented the argument that OSHA has the authority to preempt states standards with a federal standard on the basis that a myriad of state standards will present an undue burden on interstate commerce.

This brings me to the area of States Activities Task Group which is doing yeoman work to track and respond to an increasing number of state and local initiatives dealing with hazardous substances under worker "right to know" and community "right to know" statutes. It is not clear whether the promulgation of a federal hazardous communication standard will supersede the current states statutes but the minimum we hope to achieve is to reduce the proliferation of further state and community statutes in this area. It is worthy of note that the State of California has already announced their position that there is no Federal override so long as the state statute is "as stringent as" the federal. Further, although the federal statute may affect "worker right to know" laws from proliferating we are unsure as to what effect it will have on "community right to know" standards. Considerable work remains to be done in this area in conjunction with the legislative affairs committee.

The issue of "managing reproductive risk in the workplace" deserves some comment. The reproductive risk issue continues to be active with legislators and in the news media. As you are probably aware, a recent court decision in the "Olin Case"upheld the concept that prohibiting a fertile female from working in an evnironment which is harmful to the fetus does not constitute discrimination on the basis of sex, but is a legitimate work practice. C.M.A. has had a lead position on this issue for some time and the OSH Committee will be conducting a conference on "Managing Reproductive Risk in the Workplace" on May 11 and 12, 1983. It will focus on a review of the most recent information in this field with emphasis on how various companies are addressing it. Attendees will be restricted to C.M.A. members from various line and staff disciplines.

In the latter half of 1983, conferences will be conducted on "Worker Education" and on "Process Safety Analysis".

In addressing the future the committee determined that it needed a better mechanism for "picking and choosing" from the myriad of issues which ones it should most appropriately address. In an effort to do this, we determined that we would look at the issues presented to us from the viewpoint of the likelihood of their occurrence and their potential impact on CMA member companies. Issues will be submitted to the OSH Committee by the redesigned Future Issues Task Group, members of the committee, and the general membership of CMA.

In conclusion, the OSH Committee recognizes that the problem of worker, community and product liability which is currently being addressed by the Executive Committee will be a very significant issue for federal and state legislators for some time to come, and will be intertwined with hazardous substances communication, worker "right to know" and community "right to know" regulations.

CMA
BD-1/10/83

CHEMICAL REGULATIONS ADVISORY COMMITTEE

EXECUTIVE SUMMARY

The Chemical Regulations Advisory Committee (CRAC) has developed policies on governmental control of chemicals at the point of manufacture primarily by guiding EPA's implementation of the Toxic Substances Control Act (TSCA). TSCA is comprehensive and significantly affects not only our industry, but also parts of society dependent on chemical products. The Act's pervasive impact, therefore, makes effective implementation a key to managing the regulatory burden on the production of chemical products. Since TSCA was enacted in 1976, CRAC has guided EPA's implementation of the Act mainly by commenting on, or proposing major rules.

The Environmental Protection Agency (EPA) implemented very little of the Act before 1981. However, because of the industry's persistent interaction with EPA, many reasonable programs are now in place or have been proposed. For example, several final rules on existing chemicals are considerably less burdensome then they might have been without CRAC's efforts; negotiated voluntary testing is a reality; the premanufacture notification (PMN) program is functioning well with many PMNs filed on CMA's PMN form, and EPA has proposed a PMN exemption program for certain chemicals -- largely in response to a CMA petition.

Future CMA concerns should focus on how the remaining sections of TSCA are implemented. For example, the chemical industry needs to work closely with EPA to ensure that the Agency's follow-up programs on new and existing chemicals are implemented soundly.

The next 12 months will be a momentous period for CRAC. We have received many signals that TSCA reauthorization and oversight activities will be particularly challenging. Already, public interest groups, such as the Natural Resources Defense Council, have announced they will push to amend TSCA so that it will require base set testing of chemicals. It is paramount that CMA be aware of and effectively deal with both national and international attempts to modify the Act. If the chemical industry plans to survive these uncertain economic times and flourish in the future, TSCA must be implemented and administered fairly and reasonably. We must be prepared to meet any challenge that would create additional, and unnecessarily burdensome requirements.

To prepare for those critical activities, CRAC initiated a survey to assess what the industry has done and is doing to reduce unreasonable risks to health and the environment. CRAC plans to use the survey information in the reauthorization and oversight hearings and in supporting CMA's positions on reasonable control of chemicals. The information should also be valuable in supporting other CMA advocacy programs on environmental issues.

CRAC is committed to representing CMA's interests to EPA as it implements the remaining sections of TSCA, and to work with the Agency now and in the future as it administers the law. Furthermore, CRAC is prepared to devote its attention and resources beyond TSCA, as necessary, to meet the Board's purpose.

REMARKS TO CMA BOARD OF DIRECTORS

By E. Hamilton Hurst

Chairman, Chemical Regulations Advisory Committee

January 10, 1983

It seems like only a few months ago, I had the pleasure of addressing this group to outline the activities of your Chemical Regulation Advisory Committee (CRAC). In the interim, we have had a busy but a very productive year. I am pleased to be here once again to highlight for you what has taken place and to outline our plans for the coming year.

In your pre-meeting books, you will find a detailed summary of our activities. This has been prepared by the CMA staff which has been of great assistance to us throughout the year. I will not cover all of the items included in this summary as I want to spend my time here discussing the major events and our future activities.

There are a few key events that did take place over the last 12 months which deserve a quick highlight. When we talked last, the EPA had, frankly, implemented only a portion of what TSCA will ultimately be. There was much criticism of the Agency's failure to implement TSCA. The events of 1982 have changed that and a great portion of the proposed rules have been finalized and put into place.

For example....

Reporting Requirements of TSCA

Production, use and exposure data were required on 250 chemicals by November, 1982.

Health and safety studies were required on 168 chemicals by December, 1982.

Testing

For 1982, the court mandated a schedule for EPA to respond with a decision to test or not to test 13 ITC-designated chemicals, the EPA has made those decisions in 11 cases with 2 others imminent. In addition to the court ordered schedule, EPA has made decisions on 8 other ITC-designated chemicals.

Chemical Control

Rules for regulating PCB's in electrical equipment and excluding some closed or controlled waste manufacturing systems were finalized. A third PCB regulation (scheduled now for December, 1983) will address all other processes which generate incidental PCB's.

New Chemicals

Some 2,000 new chemicals have gone through the PMN process with only a handful being regulated. The EPA reports that approximately 50% of the PMN's are of such low risk that they can complete this review in about 15 days. Only 3% warrant extensive review exceeding 45 days time. Less than 1% have resulted in either EPA orders or were withdrawn by the submitter because of questions on risks associated with the chemical. The Agency has responded to CMA's petition to exempt certain small-volume chemicals, site-limited intermediates and polymers from full PMN review. Based on results of their PMN review experiences, EPA proposed exemption rules in August, 1982 which should finalize by mid-year 1983.

Since the events I have outlined are EPA actions and regulations at that, you might reasonably ask -- "Well, what has CRAC done to earn our pay -- the EPA seems to have done all the work -- and what we have gotten are regulations."

I can proudly say -- we have done a lot. CMA has had major impact in each of these areas....to our industry's benefit.

In the Reporting Area

For production, use and exposure data reporting, the original EPA proposals covered 2,300 chemicals - about 10 times what was covered in the final rule. CMA was successful in convincing EPA they should ask only for the amount of data they could reasonably handle and digest on a current basis. We were able to avoid data gathering for data gathering's sake.

The Health and Safety Data

In the finalization of these rules, we were successful in reducing the amount of data to be submitted. We were able to shorten the historical time period for which each company must review their records and submit data.

Testing

In the testing area, production, use and test data information input from the individual companies has resulted in a number of decisions by the EPA to not require testing of ITC-designated chemicals. In other instances, companies have been able to use "negotiations" to reach agreement with the Agency on what testing is most reasonably required. CRAC has promoted the acceptance of the "negotiated testing" concept as a practical substitute for formal "test rules" under TSCA. Negotiated test agreements save our resources and result in testing programs which focus only on the most significant needs.

New Chemicals

The experience EPA has now achieved from processing 2,000+ PMN's, has allowed us to isolate facts from this data to demonstrate and convince the EPA that exemptions to the PMN system were needed, justified and would help both industry and the Agency. While the Agency would always like to have more information and test data submitted on the PMN, they have developed review procedures using PMN information and structural similarity studies with which they are satisfied they can carry out their responsibilities for PMN review under TSCA. It was very refreshing to hear an EPA spokesman at a recent presentation of their PMN system remark -- "We recognize that the PMN can be a terrible burden on new product innovation. There is no way we should expect the development of complete test data on each new chemical at this stage of their development, nor do we need it to make the assessments required by TSCA." - Here again, the EPA has heard us, We've come a long way baby! at least with TSCA. The EPA is getting practical.

While we have our successes, we still have some major obstacles in front of us an important priorities for 1983.

Oversight hearings - scheduled for early 1983.

Final PMN rules - scheduled by the second quarter.

Final PMN exemption rules - scheduled by the third quarter.

The development of EPA's approach to assign priority to and to regulate existing chemicals.

These forthcoming events dictate our immediate plans for the future and it will require our close attention to solidify our present gains and to continue the implementation of TSCA as a workable law.

The most significant of our future activities is also the one we have to tackle first -- the oversight hearings. While I had a rather uneventful experience of testifying before a Senate Subcommitte on Toxic Substances and Environmental Oversight back in August of 1982, the real game will be played early this Spring, perhaps in February or March in both the House and the Senate.

We expect the oversight hearings to be particularly tough as our opponents seek to turn around some of the successes we have achieved. Specifically, in the House before Congressman Florio's Subcommittee we expect to see the following issues to be pushed by the Environmentalists..

> TSCA should be amended to require testing of new chemicals since industry is providing test data in less than 50% of the cases.
>
> The Agency should not be allowed to accept negotiated testing agreements as a substitute for test rules since these agreements are unenforceable.
>
> The ability of the Agency to regulate chemicals under TSCA is constrained by the need to balance risks and benefits and make findings of unreasonable risk. This requires that TSCA be amended to reduce these constraints.

The environmentalists have indicated they intend to open TSCA for amendments and we believe Congressman Florio will be willing to listen. Congressman Florio has already commissioned OTA (Office of Technology Assessment - U.S. Congress) to make a study on the adequacy of data submitted on a PMN. In addition, he commissioned the GAO (General Accounting Office) to study EPA's PMN review process to include procedural and policy differences between EPA's and EEC's approach. The Senate has commissioned GAO (General Accounting Office to study the merits of negotiated testing versus testing rules.

So, our work is cut out for us, within CRAC we have established an Ad Hoc Oversight Committee chaired by myself with Carl Umland of Exxon as Vice-Chairman. This committee, made up of our task group chairman and coordinated with the Government Relations Committee through our "Key man," Jerry Kinney of Union Carbide, is preparing position papers on these issues and others. We plan to enlist the help of our friends on the House Subcommittee to counter the environmental leanings of Congressman Florio and others on the committee. We will welcome any and all help we can get as we enter this oversight activity. Our objective is to avoid damaging amendments to TSCA.

While we expect our major confrontation with the environmentalists will be in the House, the climate in the Senate is also not the most desirable. Though the Senate Subcommittee is controlled by Republicans, the specific members have environmental interests and we will again need to be well prepared.

As part of our preparation for oversight, and for use in other public arenas, we are completing our survey on "chemical company activity to reduce unreasonable risk." This survey, which your executive committee approved at our Fall meeting in Chicago should provide valuable information for use at the hearings to demonstrate that industry on its own has taken the action needed to reduce unreasonable risks and that the "Spirit of TSCA" is working. Furthermore, the data should help us indicate that significant changes to the law are unnecessary.

We have over 100 companies participating in the survey so we believe the results will be creditable. Initial results appear to be following the pattern seen in the pilot survey which we completed early in 1982. The companies have sent in their responses and our contractor is tabulating the information for us now. We expect to have an initial tabulation of the results by January 19th for our review. Of course we will forward a copy of the results of this survey to you prior to announcing it to the public. We expect we will be ready for public release around February 1st.

Getting back to the regulatory side of our operations, the Agency has announced they intend to publish final PMN rules by April, 1983 and are preparing an active follow-up program for certain new chemicals. We have reason to believe the Agency has again heard us and will "back off" from the extensive PMN forms originally proposed. While we have urged the Agency not to adopt a "form," we expect they will require one to encourage consistency and organization of the PMN data. We will be endeavoring to again provide impact in the development of the final form.

We expect to follow-up activity will be based upon the implementation of Significant New Use Rules (SNURS) and the various reporting rules for chemicals in commercial production. We could see some of these follow-up programs early this year. We expect these will be used in only a handful of cases but we are actively working to assure the criteria used to initiate this activities are acceptable.

The PMN exemption proposal put forth by the EPA follows, for the most part, the concepts offered by CMA in its petition. Where the Agency has proposed more extensive and burdensome approaches, we have reacted through comments, testimony and face-to-face discussion to offer alternatives which will achieve the EPA's and industry's goals. We expect final rules on exemptions by mid-year and our New Chemial Task Group now chaired by Jerry Hapka of DuPont will be working to bring these to fruition.

The last major regulatory objective under TSCA will be the establishment of proper criteria to select and give priority to those chemicals which may become the subject of regulation. This is a part of TSCA under which the Agency is still under criticism since there have been no final rules regulating chemicals under TSCA other than PCB's which was written into the Act itself. The Agency is working to develop a process for existing chemicals now. In the past year we established under CRAC a new task group chaired by Fred Hoerger of Dow to work with the EPA on this process development. There are 3 or 4 chemicals that EPA is now reviewing and we could expect one or more of these to be the subject of proposed rules by the end of 1983 or early 1984 controlling some aspects of production, processing, distribution, use or disposal. We believe we are in a position to make this process a reasonable one as it is developed.

In summary, 1982 saw major advances in the implementation of TSCA and major progress on the part of the EPA in making the final rules and procedures much more reasonable. CRAC, through its 15 active members and the excellent CMA staff support we have received, has been instrumental in achieving this. We said last year that a window existed with this Administration to make significant advances in implementing TSCA in a reasonable way. We have gotten a number of rules through that window.

1983 will present new challenges, the most critical of which will be our oversight hearings where we must hold our ground and solidify the gains we have made. We still believe TSCA is a workable law when implemented in a reasonable and timely fashion. We will need to demonstrate that it is working and that the goals of TSCA to reduce unreasonable risk are being achieved. We will not seek to reopen TSCA for amendment, however, should this occur, we are prepared to offer our suggested improvements.

I have had the pleasure of chairing the CRAC Committee for the past year and a half and will complete this assignment and my fourth year of CRAC membership in June. I thank you for the support you have given to your committee and to me personally. The work of CRAC was needed. CRAC has been and continues to be effective in achieving industry's goals to make TSCA a workable law as it is implemented.

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EXHIBIT C

EXECUTIVE SUMMARY

In 1982, CMA, through the Patent and Trademark Committee (PATC), has been an instrumental voice in providing industry input to the U.S. Government in the development of its patent policies at home and abroad. The PATC has also advocated CMA positions, as appropriate, directly with foreign authorities.

During the past year, CMA, through the PATC, has obtained increased visibility and respect in the industrial property rights area. Congressional and Agency staff persons solicit CMA's comments on pending domestic legislation, anticipated regulatory changes, and international negotiations. Committee members, in addition to preparing written comments for submission by CMA, have, for example, testified before the Patent and Trademark Office on a proposed rulemaking and have served as industry advisors to the Diplomatic Conferences held this year in Geneva, Switzerland on proposed revisions to the international treaty on industrial property rights (commonly known as the "Paris Convention"). In all these forums, the Committee has stressed the importance of strengthened patent protection to technological advancement and economic recovery.

And, perhaps as significant in this time of economic difficulties, the Patent and Trademark Committee has fulfilled its 1982 activities with almost no expenditures for outside assistance, either technical or legal. With one minor exception, all written comments were prepared and advocacy activities carried out by Committee members, other designated CMA member company representatives, and CMA staff. We also do not anticipate any major outside assistance expenses during 1983.

Finally, the PATC believes that an important part of its role lies in communication with all CMA member companies, both through the CMA Board of Directors and through other member company representatives, on developments in the industrial property rights area. We, therefore, work to increase awareness of the importance of these issues among member companies and, in return, to obtain an understanding of member company positions on these issues. Armed with this information, the Committee is able to formulate proposed CMA positions for Board approval. In this communications role in 1982, the PATC has informed the Board of a number of patent issues, including Paris Convention developments; has held an open Committee meeting; and has communicated with member companies through such mechanisms as Action Advisories and newsletters.

This Executive Summary has been excerpted from page two of the following Report, the section entitled "Patent and Trademark Committee Activities and Accomplishments, Overview."

REMARKS TO CMA BOARD OF DIRECTORS

By Roy H. Massengill

Chairman, Patent and Trademark Committee

January 10, 1983

The year 1982 has marked three major milestones in the reform and improvement of the patent system better to meet the needs of fostering technological progress. Procedures are now in place to obtain a higher quality patent before issuance, to obtain less costly determinations of patent validity without expensive litigation and to obtain more certain application of the patent laws in litigation. Progress has been more difficult in changing the substantive law to restore a full patent term for products whose introduction has been subject to regulatory delay. Unfavorable changes in domestic federal law to regulate contracts with employed inventors have been averted, so far. Attempts by developing countries to force early compulsory licensing or cancellation of patents have also been put off, so far. The year 1983 will bring renewed discussion on all three of these substantive matters: patent term restoration, employed inventors contracts, and compulsory licensing of patents in third world countries. It will also bring, we hope, renewed discussion of two changes in the substantive U.S. patent law regarding international trade, and renewed discussion about interference practice, inventorship in the corporate setting and other matters. Your CMA Patent and Trademark Committee will work to help formulate and enunciate CMA policy on these issues and to communicate with CMA member companies on developments in these areas.

I. PATENT REFORM

A. Examination. Many companies can expect patent costs to go up next year because of the U.S. Patent and Trademark Office (PTO) fee increases, effective October 1, 1982, that represent the first fee increase in almost 20 years. In combination with new management at the U.S. Patent and Trademark Office, the hiring of more Examiners, better Examiner training, better maintenance of the search files and an overdue trial of automated searching, these fees will, we hope, bring a steady improvement in the system under which patents are granted and trademarks are registered in the U.S. We expect several procedural changes to be discussed next year that will enable the additional resources to be used to shorten the period it takes to issue a patent or register a trademark, while reducing the proportion that are issued improperly because of such curable errors as prior art references missing from the patent examiner's search file.

B. Alternative to Litigation. The reexamination system now in place is designed to provide a quick and low-cost administrative procedure to have an issued patent reviewed by the PTO for patentability against printed prior art raising a new question of validity. While the courts seem, in general, willing to defer to the Patent Office on such issues, the use of reexamination has been less than had been predicted by its proponents. Perhaps more time is needed for patent owners and others to use this system more regularly as an alternative to litigation. In any event, recent legislation has opened up issues of patent validity and infringement as proper subjects for arbitration.

By next year, we should begin to know whether or not this new alternative to expensive patent litigation will be used widely. Arbitration may be the preferred route for deciding if sensitive commercial activity invalidates a patent on either prior use or best mode grounds, or avoids infringement for technical reasons which neither party wishes to be made public. Reexamination will remain the non-litigation alternative for dealing with printed prior art.

C. Litigation Improvement. A major change in 1982 has been the creation of the Court of Appeals for the Federal Circuit, which has appellate jurisdiction over all cases arising under the patent laws, as well as over appeals from the Patent and Trademark Office. By developing a uniform body of interpretations, it is hoped that this court will eliminate forum shopping in patent litigation. Because the Court was formed by the merger of (1) one court with experience in appeals from the Patent and Trademark Office and from the International Trade Commission and (2) another court with experience in claims against the Government, this new Appeals Court can be expected to show a high level of understanding of the technical and commercial significance of patents.

II. LEGISLATION CARRIED OVER

A. Patent Term Restoration. The biggest disappointment this year has been the failure to enact legislation extending the term of patents whose effective term has been eroded by years of regulatory delay. As Dick Waterman reported to you last year, the CMA Patent and Trademark Committee had a principal role in drafting this legislative proposal. Following the lead of the Pharmaceutical Manufacturers Association, we hope to push this bill into law during the next Congress; the press of other business and opposition by key Senators and Congressmen prevented this bill from being enacted in spite of majority support in both Houses.

B. Employed Inventors' Agreements. Two attempts were made last year to regulate by Federal law the contractual relationship between employed inventors and their employers. We expect these efforts to intensify next year, particularly in the area of defining fields in which the employee's inventions are assigned to his employer and other fields in which the employer has no investment. The topic of statutory compensation to employees when their inventions are used commercially will also be raised. These issues will be monitored closely, and recommendations for CMA positions will be made, if Congress seems likely to act on either proposal.

III. INTERNATIONAL - 1982 DEVELOPMENTS

The major developments on the international front have been recent attempts by developing countries to revise the Paris Convention, the basic international treaty regarding patent filing, to permit a country to order cancellation or compulsory licensing of a patent not locally worked within a few years. While the U.S. Government has been supportive of industry in opposing these proposals, we have had to work with our counterparts in Europe to encourage their governments to take a similar stand.

IV. 1983

A. Changes in the U.S. Substantive Law Regarding Extraterritorial Application of U.S. Patents. There are two provisions of U.S. patent law which differ from the laws of most other countries in a way that places a U.S. manufacturer at a competitive disadvantage in international trade. When his sole patent protection relates to improved processes for making known products, as is often the case in the chemical industry, he cannot use the courts to challenge those practicing the process abroad and importing the product. His remedy before the International Trade Commission has many other conditions, unrelated to patent issues, that he would not have to meet in a normal civil action. An analogous provision of U.S. law provides no effective remedy for the holder of a patent on a machine having several components against another party who manufactures the components in the U.S. for assembly abroad. We will be reviewing proposed legislation next year to remedy both of these problems.

B. Changes in Interference Practice. We will also be reviewing proposals to reform the interference practice used by the U.S. Patent and Trademark Office to determine priority among inventors claiming the same invention in order to expedite these determinations. A symptom of problems in this area is that a patent is now issuing on crystalline polypropylene that could be enforceable until the end of the century.

C. Other Issues. Other areas that we plan to review are the treatment of related inventions by different combinations of inventors in the orporate setting; uniform policies for ownership of patents, data and software resulting from government-funded research; and the possible implementation of the examination chapter of the Patent Cooperation Treaty.

V. CONCLUSION

The current political climate represents an unprecedented opportunity to reform the entire patent system in the U.S. to make patents reliable assets for investors in technology. The increased costs and delays associated with bringing innovative products and processes to market make the need for enforceable patents and affordable enforcement procedures more urgent. We hope that 1983 brings continued improvements in these areas domestically, together with renewed efforts to prevent an erosion of the patent system in the international context.

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SUMMARY OF

INTERNATIONAL TRADE COMMITTEE

REPORT TO CMA BOARD

January 10, 1983

With chemical exports decreasing and imports increasing in a world swinging toward more protectionism, the mission of CMA's International Trade Committee is to further the industry's ability to compete by working to decrease unfair trade-related impediments to competition in the U.S. and abroad.

Major 1982 accomplishments of the committee and its five task groups are grouped under task group headings:

Investment Policy: Reviewed and related to U.S. Trade Representative industry views on model bilateral investment treaty and two treaties specific to Egypt and Panama.

Inter-Governmental: Supported coalition position on Vredeling proposal which, in its current amended version, was a victory for U.S. multinationals. Worked to moderate United Nations activities affecting chemical trade and investment.

Import Policy: Began development of position on Generalized System of Preferences, kept membership informed of tariff "harmonization" including sponsorship of a seminar, followed Administration's Caribbean Basin Initiative and Export Trading Company Act.

Export Policy: Supported Danforth "reciprocity" legislative effort and developed positions on intellectual property rights and anti-boycott regulations.

Export of Hazardous Substances: Effectively worked to move acceptable report draft through Departments of State and Commerce and the USTR which led to draft of an Executive Order from the White House.

In addition to these task group-specific issues, the committee was active in other areas.

Primary among these was petrochemical-related discussions between the U.S. government and those of Europe, Japan and Mexico.

Representing the committee as well as their individual companies, members assisted to the degree possible with six separate government agency studies concerning petrochemical "competitiveness" and reviewed an American Enterprise Institute proposal for an overview study of U.S. trade policy.

To facilitate communication with member company trade contacts, a compendium of committee positon and background papers was issued at our

October open meeting and subsequently mailed to ITC task group members.

For 1983, the committee sees itself actively involved in additonal petrochemical discussions, with the legislative and regulatory phases of the export of hazardous substances, with Generalized System of Preferences policy formulaton, with reciprocity legislation, and investment-related issues.

The committee and its task groups are well-positioned to further industry trade-related needs. However, committee members feel strongly that CMA member companies currently having little in the way of trade expertise should seriously consider developing it. Importance of trade matters, far from fading away, will increase significantly in the months and years ahead.

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