AGENDA
MEETING OF THE CMA BOARD OF DIRECTORS
6:00 p.m., Wednesday, June 4, 1980
The Greenbrier (Eisenhower C)
White Sulphur Springs, West Virginia

			TAB
6:00 p.m.	1.	Opening Remarks and Introduction of Guests -- Chairman Henske	
6:02-6:03	2.	Approval of April 8, 1980, Minutes -- Chairman Henske	
6:03-6:05	3.	Treasurer's Report -- G. C. Herrman	1
6:05-6:15	4.	Superfund Policy Group Report -- Louis Fernandez	
6:15-6:20	5.	ChemCAP Public Opinion Poll -- J. N. Sites	2
6:20-6:25	6.	Association Activities	
		a. Report of Director of Government Relations -- W. M. Stover	3
		b. Report of General Counsel -- E. B. Frost	4
6:25-6:30	7.	New Business	
6:30	8.	Adjournment	

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A brief organizational meeting of the 1980-81 Board of Directors will be held immediately following the Annual Business Meeting on Thursday, June 5, 1980, in Eisenhower C.

Next Director's meeting: 8:00 a.m., Monday, September 8, and 9:00 a.m., Tuesday, September 9, 1980, Lodge at Pebble Beach, Pebble Beach, CA

MINUTES of the two hundred seventy-eighth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held in the Eisenhower C Room, The Greenbrier, White Sulphur Springs, West Virginia, on Wednesday, June 4, 1980, at 6:00 p.m.

Directors:	John M. Henske, Chairman	
	William C. Krumrei, Vice Chairman	
	Edward E. Barr	John Morrisroe
	J. Earl Burrell	Paul F. Oreffice
	Louis Fernandez	Seymour S. Preston III
	William J. Ferracone	Toy F. Reid
	Charles F. Fogarty	William C. Roher
	Robert W. Gerwig	John P. Sachs
	Vincent L. Gregory	William G. Simeral
	James B. Henderson	Charles W. Smith
	Richard J. Hughes	Orin R. Smith
	William B. Jackson	Alfred S. Stepan, Jr.
	Leo H. Johnstone	Raymond C. Tower
	Emerson Kampen	Richard F. Tucker
	Richard H. Leet	H. Kent Vanderhoef
	Duncan J. MacLennan	Harriette F. Witmer
	H. Barclay Morley	Louis G. Zachary

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

By Invitation:	Richard C. Ashley, Allied Chemical Corporation
	Dexter F. Baker, Air Products and Chemicals, Inc.
	Harry W. Buchanan, Virginia Chemicals Inc.
	Geraldine V. Cox, CMA
	Richard F. Gold, Stauffer Chemical Company
	Stephen L. Goldstein, Olin Corporation
	Dwight C. Minton, Church & Dwight Co., Inc.
	Victor H. Peterson, CMA
	Edward B. Pollak (SOCMA), Olin Corporation
	George F. Polzer, Witco Chemical Corporation
	William M. Stover, CMA
	Konrad M. Weis, Mobay Chemical Corporation

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

2. APPROVAL OF APRIL 8, 1980, MINUTES

Minutes of the April 8, 1980, meeting, as distributed, were approved.

3. TREASURER'S REPORT

Mr. Herrman reported that preliminary figures for the fiscal year just completed, indicate in operating areas (excluding ChemCAP) estimated revenue of $9,025,000; expenses of $7,629,000; and a contribution to reserves of about $1.4 million. This means we will have estimated year-end reserves of about $2.8 to $2.9 million which will represent approximately 38% of the next year's general operating expenses. The reasons for this performance, which is better than originally projected, is that interest revenues were about $430,000 higher than expected; an insurance settlement was received in the amount of $150,000; and expenditures for technical consulting should be about $270,000 less than anticipated due to timing of payments as they related to the year-end cut off.

In regard to the ChemCAP program we have received or been promised $2,428,000 from the January assessment. Incurred expenses to the end of this fiscal year will amount to $1,120,000 which means about $1.3 million is being carried forward to support the program until the next assessment in January 1981.

4. REPORT OF ACTIONS TAKEN AT EXECUTIVE COMMITTEE MEETING

Chairman Morley reviewed the actions taken at the Executive Committee meeting in May, the minutes of which had previously been distributed to the Board.

5. SUPERFUND POLICY GROUP REPORT

Dr. Fernandez summarized what has transpired in regard to proposed Superfund legislation since the last Board meeting. On the House side, the Florio bill, H.R. 7020, was reported out of the Interstate and Foreign Commerce Committee. While it contains some features we would prefer not to have in the bill, we feel we can live with it as reported. An important provision, funding, would require 50% from industry and 50% from the Federal government. In regard to scope it is limited to abandoned waste sites; in regard to liability we can live with that too. Also on the House side is H.R. 85 which started out as an oil spill bill but was amended in committee to include hazardous chemicals spills. This bill is more onerous than the Florio bill. Our general posture is to not oppose the Florio bill but to work actively to amend H.R. 85 as it moves through the legislative process. Hearings are presently proceeding on both bills before the House Ways and Means Committee where we are trying to persuade the Committee that H.R. 85 embodies some undesirable features.

On the Senate side, Senator Culver has acted to obtain consideration of S. 1480 by the full Committee on Environment and Public Works where it now is for mark-up. This bill is totally unacceptable in regard to scope, liability and the size of the funding which, over a period of 4-5 years, could run into $4-$5 billion. We will be working with the members of the committee offering significant amendments designed to restructure the bill. There is a possibility that the Senate calendar will be such that there won't be enough legislative days to bring such a complex piece of legislation to the Senate floor; if so, there would be no legislation this session of Congress. The Board will be kept informed of developments and asked for help as needed.

6. ChemCAP PUBLIC OPINION POLL

Mr. Sites reported that a basic part of the ChemCAP program was to conduct a poll of public opinion to provide a benchmark so that after a year we could repeat the poll and measure the progress achieved in altering public attitudes. A summary of the poll which has been conducted by Cambridge Reports, Inc. is attached as Exhibit A. After presenting the highlights, Mr. Sites advised that while the summary will be distributed to all member company executive contacts and public relations contacts, only the latter will receive the basic document from which the summary was derived.

7. ASSOCIATION ACTIVITIES

Report of Director of Government Relations — Mr. Stover's report is attached as Exhibit B. Distributed to those present were copies of Mr. Morley's oral and written statements on H. R. 85 and H. R. 7020 before the House Committee on Ways and Means June 2, 1980.

- Report of General Counsel — Mr. Frost's report is attached as Exhibit C. Because of the scope of the matters covered, he welcomed comments from those present as well as their counsels to whom he recommended the report be referred.

- Comments of the President — Mr. Roland expressed his personal and sincere thanks and those of the staff as well for the incredible amount of support and counsel given by the Members of the Board over the past year.

He then reviewed the future Board and Semiannual Meeting dates attached as Exhibits D and E respectively. As between the alternate Board meeting sites proposed for September 1981, ON MOTION duly made and seconded, it was

VOTED: That the Board meet September 28-29, 1981, at the Lodge at Pebble Beach, California.

Mr. Roland then referred to the letter from the Mayor of New Orleans concerning public safety issues, a copy of which was distributed to those present, and advised that it would not be appropriate at this time to reconsider the previous Board decision to cancel the 1982 meeting in New Orleans. There was no objection. He then referred to a recently received letter from Mr. St. Clair concerning a scholarship or chair to be funded at Tulane University. This will be discussed with the Executive Committee as a suitable way to honor the memory of Mr. Max Minnig. The Board will be advised as more information is developed. Comments on this matter were welcomed.

- Comments of Program Committee Chairman   Mr. Reid briefly reviewed the program arranged for the Annual Meeting and especially urged attendance at the General Session on Friday morning because of the outstanding calibre of the speakers, Mr. George Will and Mr. Frank Barnett.

- Comments of Chairman of the Board   Mr. Henske thanked all directors for their help during the past year. He then discussed the valuable contributions made by the review committees of the Board and solicited any suggestions for improvement of the effectiveness of those committees.

Bruce M. Barackman
Secretary

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Exhibit A

OPINION SURVEY

Politically Active Individuals,
Chemical Industry Neighbors and
Influential Opinion Leaders
Look at Chemical Issues

Overview and Summary

March 1980

Prepared for
The Chemical Manufacturers Association

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Overview and Summary

In general, the data from this survey show that the chemical industry is regarded by Americans in a relatively favorable light and is perceived to be reasonably truthful. At the same time the industry is seen as misdirecting its efforts toward such problems as product and worker safety instead of toward problems people see as more pressing such as chemical waste disposal.

Industry images in general

In terms of overall industry favorability, we see:

* The chemical industry is rated fourth most favorably in a field of six (oil, nuclear, chemical, retail, banking, chemical) by politically active individuals and chemical industry neighbors, and fifth most favorably by media, government, and educator opinion leaders.

* On the question of truthfulness, the chemical industry fares about the same. It is seen as fourth most truthful among politically active individuals, chemical industry neighbors, and two of three opinion leader groups. Only media opinion leaders rated the chemical industry as the least truthful of the six.

Chemicals and the chemical industry

When people were asked to articulate their feelings on the chemical industry in particular, we found that:

* "Drugs" was the primary response to the open-ended query: "When you think of the chemical industry — what kinds of things do you think of?" among both politically active persons and chemical industry neighbors.

* Three-quarters of all opinion leaders responded to the above question with generally neutral comments, while the balance of their comments were split nearly evenly between the positive and the negative.

* "Drugs" was also the most frequently volunteered response among politically active individuals and chemical industry neighbors to the question of what they think of when they hear the word "chemicals".

On the question of whether the chemical industry is generally concerned about the public welfare, we saw:

* Majorities in every sample category except educator opinion leaders felt the industry was, to some degree, "unconcerned" about the welfare of the average person.

The primary focus of the CMA's Chemical Communications Plan is the transmission of the industry's positions on five key issues: waste disposal, general air and water pollution, product safety, worker safety, and chemical transportation. We asked respondents to rate the level of concern they felt toward each issue and found:

* Waste disposal was far and away the issue that consistently garnered the highest levels of concern, ranging from 56% "extreme" concern among media opinion leaders to 27% "extreme" concern among chemical industry neighbors.

* Fully 93% of politically active individuals said they were either "extremely" or "very" concerned about the disposal of waste material from chemical plants.

Interestingly, when we asked our respondents how concerned they think the chemical industry is about each of the five key issues, we found:

* Waste disposal was perceived to be the issue of least industry concern by both politically active individuals and chemical industry neighbor samples.

* All three groups of opinion leaders also rated the level of industry concern about waste disposal significantly lower than their personal concern.

* The industry received the lowest ratings for concern about general air and water pollution from educators and government opinion leaders, while transportation of chemicals was seen as an area of least industry concern among media opinion leaders.

When asked to assess the efforts made by the chemical industry to reduce the dangers posed by the five key issues, we saw:

* Generally, majorities in all sample groups felt the chemical industry had contributed at least "some effort" over the last two years to all five key areas.

CMA 072516

* Product and worker safety emerge as the perceived areas of greatest industry effort among politically active individuals and chemical industry neighbors.

Turning to the key question of what people want to know about the industry or chemicals in general, we found:

* Among opinion leaders and politically active individuals, chemical waste disposal was the chief volunteered topic of desired information.

* Among chemical industry neighbors, air and water pollution was the primary area of desired knowledge.

When asked to specify the most pressing overall environmental issue, we saw:

* Most politically active individuals and chemical industry neighbors chose air pollution as their top environmental concern.

* Water pollution was mentioned as the second most important environmental problem by both samples.

* A majority of opinion leaders mentioned issues other than chemically related ones as their chief environmental concerns. About three in ten opinion leaders did offer a chemical-related response.

Communication issues

On the question of general awareness of already existing risk-reduction communications, we found:

CMA 072517

* Fifty-five percent of politically active individuals say they are unaware of any efforts to communicate to the public any progress made in reducing the risks of potentially hazardous chemicals.

* Forty-nine percent of chemical industry neighbors are similarly unaware.

* Majorities of all three opinion leader groups say they are aware of such communications efforts.

Shifting our emphasis from general risk-reduction communications to specific advertising, we found:

* Of those who recall having seen such risk-reduction advertising, most remember it as dealing with protection of the environment.

* Majorities of politically active individuals and chemical industry neighbors cannot recall a specific sponsor.

* Of those who can recall a sponsor, most politically active individuals and chemical industry neighbors say DuPont Chemical was the advertiser, while one in five opinion leaders recall Dow Chemical as the sponsor.

* Forty-four percent of the politically active individuals, 32% of chemical industry neighbors and 38% of opinion leaders recalled receiving their risk-reduction advertising through the medium of television.

Turning to the chemical benefits advertising:

* Fifty-four percent of politically active individuals, and 58% of chemical industry neighbors say they are unaware of any such advertising.

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* Majorities in each opinion leaders category said they had seen chemical benefits advertising. In fact, more than three-quarters of government opinion leaders say they recall having seen such ads.

* Primary content recall centered around the following themes: "We can't live without chemicals", "Chemicals help plants and vegetables grow", and "Chemicals are beneficial to humans".

* A majority of politically active individuals (54%) could not recall the sponsorship of chemical benefits advertising they had seen, though among sponsors who could be recalled, DuPont Chemical was the primary choice among all three sample groups.

* Once again, television was the predominant medium for these advertisements, being the prime source of majorities in each category.

Interestingly, recall of specific news stories about chemicals or the chemical industry is relatively low:

* Majorities of politically active individuals and neighbors — 53% in both cases — are unable to remember any news reports or stories they've seen recently.

* The largest single mention in any of the sample groups was Love Canal, with one-quarter of the opinion leaders recalling stories of this incident.

* Chemical dumps and waste disposal were the second and third most frequently recalled topics among the opinion leaders, with slightly less than 1 in 10 mentioning stories they had seen on these issues.

It is significant that strong majorities in every sample group feel that news stories and feature articles on the chemical industry are at least "somewhat unfavorable" in their orientation.

In the area of general communication findings, we see:

* Time and Newsweek are the most frequently read periodicals among all sample groups, with the highest readership among media opinion leaders (70%).

* The New York Times and the Washington Post garner the top readership honors among newspapers tested, with fully 96% of all government opinion leaders "almost always" or "frequently" reading the Post. In addition, eight of ten media opinion leaders say they read the Wall Street Journal at least "frequently".

* In addition, regular readers of these four news sources tend to be slightly more favorable toward the chemical industry than their counterparts who read them less frequently.

Exhibit B

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

JUNE 4, 1980

SUPERFUND BILLS ADVANCE

A complex jurisdictional and parliamentary picture has developed in the House with respect to two pending Superfund bills. Two separate House Committees have recently reported versions of Superfund bills that establish two industry-supported funds to address dumpsite problems.

The House Public Works and Transportation Committee, chaired by Representative Harold Johnson (D-CA), held a markup on H.R. 85, an oil spill liability and compensation bill, May 7 and reported the bill on May 8, 1980. Representative John Breaux (D-LA), authored an amendment establishing a separate Title III in H.R. 85, setting up a hazardous substance spill liability and compensation regime. The Breaux amendment substantially modifies Section 311 of the Clean Water Act to cover hazardous substances spills and leaching from dumpsites into navigable waters. The amended H.R. 85 would:

- cover hazardous waste disposal sites which leak even trace amounts of Section 311 substances into navigable waters;

- cover in some cases continuous discharges in trace amounts which eminate from fixed facilities;

- set aside money for the retroactive cleanup of in-place pollutants for example, PCB's in the Hudson River;

- make the owner/operator jointly, severally and strictly liable for damages;

- establish liability limits;

- allow compensation for victims who suffered economic loss;

- create a hazardous substances "spill" revolving fund of $100 million with no limit on repletion as money is spent;

CMA 072521

- establish a fund wholly supported by industry, derived 60% from a tax on petrochemical and inorganic feedstocks, 20% from a tax on specified substances (such as benzene, Xylene, Styrene, and Toluene), and 20% from a tax on those substances listed on the Section 311 list which have the worst spill records.

The House Interstate and Foreign Commerce Committee, chaired by Representative Harley Staggers (D-W VA), approved its version of Superfund H.R. 7020. The proposal was originally introduced by Representative James Florio (D-NJ) and reported by his Transportation Subcommittee. H.R. 7020 provides for the creation of a fund for emergency response and cleanup of inactive hazardous waste sites.

The proposal:

- provides for a $600 million, four-year fund, 50% financed by appropriations and 50% by a fee on petrochemical feedstocks. The proposal ties amounts of industry fees collected to the amount Congress appropriates. EPA is also required to conduct a study of a fee system based on disposal or generation of wastes and make a report to Congress within two years;

- limits use of money in the emergency response and containment fund so that it cannot be used for EPA administrative and personnel costs;

- requires criteria which the EPA administrator must observe when intervening at an inactive site;

- deletes all third party damages;

- deletes from most provisions of the bill interim RCRA permitted sites;

- applies strict liability with apportionment for damages based upon evidence presented by parties as to their contribution to the damage;

- provides $35 million for a state-by-state survey and inventory of hazardous waste sites.

While not wholly satisfactory the Committee approved version of the Florio bill, H.R. 7020, represents a significant improvement over earlier versions. It appears certain that efforts will be mounted on the House floor to add damaging amendments, especially in the areas of liability and funding.

Also in the House, Representative Al Ullman (D-OR), Chairman of the Ways and Means Committee, has formally requested sequential referral of H.R. 7020 and H.R. 85 to that committee. The May 15 1980 letter to House Speaker O'Neill (D-MA) expresses concern over proliferation of "fee" mechanisms, and contends that such bills are revenue producing measures.

The Senate Environment and Public Works Subcommittee on Environmental Pollution has a new chairman, Senator Mike Gravel (D-AK) who has now replaced former Senator Edmund Muskie, now Secretary of State. With this appointment the Culver/Gravel Subcommittee have scheduled markup for May 22, when minor staff changes are expected to be proposed to S. 1480.

CHEMICAL INDUSTRY LEADERS AT WHITE HOUSE

On Friday, April 11, 1980, President Carter conducted a White House anti-inflation meeting with 24 chemical industry executives. This meeting was one of a series being held with various groups to urge wage and price restraint. President Carter asked the executives to hold down price increases even if it means lower profits. He criticized the chemical industry's recent price increases as "very high" and asked that they "restrain your price increases below what you would have done otherwise."

After the 15-minute session with the President, the executives met separately with Treasury Secretary G. William Miller and COWPS Chairman Alfred E. Kahn. Clearly, the Administration believes that the industry has been raising prices more than needed to cover increased costs, possibly because of fears of eventual wage-price mandatory controls. President Carter reiterated his opposition, however, to such mandatory controls. He felt that action by the food and drug industries to freeze prices were a good model for the chemical industry to follow. He asked the executives to "consider very seriously taking the same action," even though it "may result in some decrease in profits."

The chemical executives, particularly in the meeting with G. William Miller, carried out an effective dialogue on the extreme costs of regulatory burdens on the industry. The Administration representatives agreed that closer cooperation in this area could reduce the cost of compliance for industry and increase its productivity. As the next move to better industry and government cooperation to achieve mutual goals, it was agreed that a working group would be formed.

A further brief meeting with Alfred Kahn was held on Tuesday, May 13 on the occasion of his speech at the CMA Chemical Forum luncheon.

The White House meeting was regarded by both government and industry officals as being cordial. Industry representatives particularly felt that they had a most important opportunity to present their case for more realistic environmental and health controls to the highest level of government.

On April 15, John Henske and Robert Roland, Chairman of the Board and President of CMA, respectively, sent a letter to CMA Executive Contacts. An account of the meeting was followed by a request to forward to CMA examples of problems with the anti-inflation program and unreasonable regulatory burdens. These will be used in further discussions with Dr. Kahn, his staff, and Administration officials.

EEC COMPLAINTS AGAINST U.S. EXPORTS

The European Economic Community (EEC) continues to press a complaint against U.S. exports to the Market of manmade fibers and petrochemicals. It has had difficulty, however, determining which international trading rule or agreement is being violated and what the remedy should be.

On February 18, 1980, the EEC authorized the UK to impose quotas on polyester filament yarn and nylon carpet yarn. The U.S. has protested the action because it is applied selectively to the U.S., Canada and Japan. The U.S. Trade Representative's Office has asked for $55 million of compensation in the form of trade concessions benefitting manmade fiber producers.

Further, the EEC is considering starting dumping actions on selected products, including petrochemicals; one acrylic fiber dumping case has already been concluded against a U.S. company. In an evasion of both the Italian and EEC governments, Italian manmade fiber producers have won a court restriction against imports of American Cynamide and Carter Moore Corp. acrylic and polyester yarns.

The EEC asserts that U.S. price controls on crude oil and natural gas provide a substantial cost advantage to U.S. producers and are a subsidy. The Market understands that U.S. price controls phase out on crude oil in 1981 and on natural gas in 1985. However, they believe that solution is too long range.

Total U.S. chemical exports of $17.3 billion in 1979 are nearly 50% above last year's record creating a surplus over imports of $9.8 billion. The U.S. government will continue to encourage this level of export activity. Indications are that the problem of high U.S. exports to the EEC will continue in 1980.

Action by the chemical industry: On July 18, a representative from the Office of the Special Trade Representative informed Deputy CIIA Myron T. Foveaux of the EEC complaint. Individual discussions were held immediately with representatives from the OSTR, the U.S.

Department of Commerce, and the International Trade Commission. A task group was formed in response to the government's request that we jointly prepare a defense against the EEC charges. On August 28, William S. Sneath, Chemical Industry Trade Advisor, wrote Ambassador and Special Trade Representative Alonzo L. McDonald, assuring him of chemical industry support in this matter. The task group has met a number of times on the problem, frequently including representatives from five government agencies (the U.S. Trade Representative, U.S. Departments of Commerce, Energy, and State, and the International Trade Commission).

The chemical industry believes that U.S. hydrocarbon price controls are only a small part of the competitive problem. The phase out of U.S. price controls will eliminate even this advantage. It is the industry's hope that no further overt actions by the EEC will occur that would bring unfortunate countermeasures.

EXPORT OF HAZARDOUS SUBSTANCES

The chemical industry has been criticized increasingly in the press for exporting products banned in the United States to other countries. In early summer of 1978, an interagency Working Group including:

Consumer Affairs (White House)	FDA
Departments of:	EPA
State	Consumer Product Safety Commission
Agriculture	Export-Import Bank
Commerce	OPIC
Energy	Action
HEW	CEQ
Justice	Nuclear Regulatory Commission
Defense	Office of Management and Budget and other Executive Offices
Labor	
Treasury	

was formed to consider Federal policy on export of hazardoues substances. The catalyst was the controversy over exports of TRIS-treated children's sleepwear. Heading the effort was Esther Peterson, Special Assistant to the President for Consumer Affairs.

The chemical industry was aware of the ongoing work and saw preliminary drafts of the group's work. The fourth draft became available along with a letter from Ms. Peterson, dated February 25, 1980, which solicited reactions from outside groups, including those from industry, labor, consumer, environmental, and health. Her letter made it clear the draft report did not represent the position of the White House or the Administration. It is considered an "evolving document of the interagency working group."

The report calls for an Executive Order to include the following:

1. Notification to the receiving country by the U.S. Senate Department of a first shipment of a product banned in the United States. Information to be forwarded would include:

   a. name of product
   b. summary of any agency's action
   c. summary of risks involved
   d. other documents or facts

2. Special procedures for cases where U.S. shipper is forwarding a product which requires U.S. registration before manufacture, production, use, or sale in the United States but the registration has not been sought.

3. Special authority, including ban, when a firm intends to export a hazardous substance that would endanger citizens or environment of the importing country.

4. Special authority, including ban, of a hazardous substance that would entail severe hazards to the environment or citizens of a country other than the importing counry or to the world environment.

An ad hoc working group from the industry met with representatives of the Consumer Affairs Office, ECQ, Departments of Commerce and State. There was a willingness by the government to listen to industry comments and suggestions for changes in the draft report. The fifth draft is likely sometime in May. CMA will be offered the opportunity to respond to it.

Congressman Mike Barnes (D-MD) has introduced H.R. 6587 as an amendment to the Export Administration Act of 1979. It would restrict the export of goods found hazardous to the public health. CMA will testify on this bill June 5, before the Subcommittee on International Economic Policy and Trade of the House Committee on Foreign Affairs.

CMA has organized a task force under the new International Trade

Group to deal with this issue, with Mr. Ken Davis, Rohm and Haas as Chairman. It will work cooperatively with other interested trade associations.

ENERGY: HOUSE BLOCKS INCREMENTAL PRICING OF NATURAL GAS

The Federal Energy Regulatory Commission (FERC) announced intention to extend the incremental pricing of natural gas to all industrial uses including feedstock, process and other non-boiler uses became a reality when the final rule was submitted to Congress on May 6. That same day FERC Chairman Charles Curtis testified before the House Commerce Energy and Power Subcommittee on the submitted Rule II. House Resolution 655 introduced by Representative Philip R. Sharp (D-IN-10) was passed shortly thereafter disapproving the extension of incremental pricing. The following day the full committee by voice vote unanimously approved House Resolution 655. Floor action took place May 20, and H. Res. 655 was approved 369-34, thus blocking incremental pricing at this time.

Following the veto, the permissive language of the statute allows FERC to come back in six months, but no later than two years.

ENERGY: COAL CONVERSION

The Powerplant Fuel Conservation Act of 1980, H.R. 6930, has been introduced at the request of the Administration to reduce the amount of oil and gas used by electric utilities. Phase I of the proposal contains $3.6 billion for the expedited conversion of approximately 100 coal-capable facilities. Phase 2 contains $6 billion for the development of other alternate energy sources which will displace oil. Hearings were held April 18 and 26 before the Energy and Power Subcommittee of the House Commerce Committee.

In the House there appears to be bipartisan opposition to the present utility oil reduction bill. Energy and Power Subcommittee Chairman John D. Dingell (D-MI-16) may seek to strengthen the bill environmentally, and the subcommittee staff is exploring a scaled down compromise version. The perception is that most utilities have converted or are in the process of converting, and should be doing so without assistance. However, the Administration is pushing for legislative action. At this time it does not appear likely that a bill will get out of subcommittee.

A similar Senate utility oil reduction bill, S.2470, had been introduced by Senator Wendell H. Ford (D-KY). Hearings were held before the Energy Committee on April 23 and 25. Markup has been scheduled for May 21.

CMA is developing a position with respect to the oil backout proposals. A task group of the CMA Energy Committee has also developed proposed changes to the Fuel Use Act in the event that a utility backout measure would provide CMA an opportunity to seek corrective amendments. The suggested amendments are being circulated within the industry at this time.

ENERGY: EFFICIENCY STANDARDS

The report to evaluate the energy efficiency of pumps and motors required under the National Energy Conservation Policy Act was the subject of Department of Energy (DOE) hearings in early May in Washington, D.C., San Francisco and Chicago. CMA testified May 1 before DOE in Washington. The Department has requested additional information from CMA and a questionnaire has been sent to member companies. The House Commerce Energy and Power Subcommittee is waiting to receive DOE findings before deciding whether to schedule any hearings on the Senate-passed energy efficiency measure (S.1398). No Congressional action is expected before late summer, if then.

ENERGY: MOBILIZATION BOARD

On April 23 the House and Senate conferees broke a four month impasse regarding the authority of an Energy Mobilization Board (EMB) to expedite the permit process for priority energy projects. The five-member EMB would decide which projects should be put on a "fast track" and then set deadlines and take other action to assure "streamlining" prompt action by federal, state and local agencies whose approval is needed.

The compromise approved April 23 provides that federal laws may be waived at the request of EMB only with the approval of the President and both houses of Congress. The House broke the stalemate by agreeing in addition that committees having jurisdiction over laws to be waived could bottle up a waiver proposal and not let it go to the floor of the House or Senate for a vote. Only 12 requests for waivers could be made during the two year life of a Congress.

The conferees are meeting in final sessions to draft the technical details. The bill could be passed by both Houses and signed by President Carter by the end of May.

TRANSPORTATION: RAILROAD DEREGULATION

The Senate-passed Railroad Transportation Policy Act (S.1946) substantially reduced government regulation of railroads and provided important protection for captive rail shippers.

Efforts on the House side to provide similarly balanced rail reform legislation have thus far been unsuccessful. An unsuccessful amendment modeled on the Senate language and supported by a group of shipper organizations, including CMA, was offered by Rep. Bob Eckhardt (D-TX), aimed at captive shipper protection. A less favorable substitute offered by Rep. Edward R. Madigan (R-IL) was adopted. Likewise, Rep. John Murphy (D-NY) failed in the effort to substitute the helpful Senate language regarding joint rate surcharges. The House Interstate and Foreign Commerce Committee marked up H.R. 7235 on May 13 and 14. The Transportation and Commerce Subcommittee, under Chairman Florio, had completed its work on the bill April 29.

TRANSPORTATION: TRUCKING DEREGULATION

The Senate-passed Motor Carrier Reform Act (S.2235) generally provides easier and broader access into the trucking industry, eliminates antitrust immunity to meet and set freight rates on single line traffic, and permits truckers to set freight rates within an established range without ICC approval.

The bill under consideration in the House Public Works Surface Transportation Subcommittee, H.R. 6418, has undergone substantial revision and is now closer to the Senate-passed version. CMA has submitted comments to Subcommittee Chairman James J. Howard (D-NJ) essentially urging that the Senate approach be adopted. The subcommittee markup took place May 20, with full committee markup expected May 22. Both Senate and House leadership hope to have legislation on the President's desk by June.

TSCA REAUTHORIZATION BILL MOVING IN HOUSE

Chairman Scheuer's (D-N.Y.) House Consumer Protection Subcommittee completed Toxic Substances Control Act reauthorization and oversight hearings on April 22. Testimony by industry, environmental and EPA witnesses provided a fairly comprehensive airing of issues from various perspectives. CMA's main purpose in testifying was to avoid opening the Act to substantive amendment at this time and to highlight several potentially troublesome areas of TSCA implementation which may require Congressional attention in the future. The Subcommittee agreed that it would be premature to amend the Act at this point. Chairman Scheuer came to understand several key points made by industry, including the competitive disadvantages suffered by U.S. companies as a result of differences between the EEC Sixth Amendment and TSCA.

In addition, the Subcommittee agreed to delete the far-reaching and precedent-setting PCB amendment which had been introduced as part of Chairman Scheuer's original reauthorization bill, H.R. 7003. This amendment to TSCA would have required replacement of all PCB containing electrical equipment used by manufacturers of food or food packaging materials. The Subcommittee also modified its broad compensation study amendment, which originally provided for a $2 million study by the Council on Environmental Quality (CEQ) of the adequacy of compensation for victims of hazardous chemical substance incidents. The Office of Technology Assessment (OTA) was substituted for CEQ in the study provision.

Consequently, on April 24, the Consumer Protection Subcommittee reported its two year reauthorization bill (H.R. 7126) to the full Commerce Committee. H.R. 7126 contains no substantive PCB amendments (though it would require EPA to monitor PCB incinerator facilities), and provides for the compensation study by OTA. On May 6, the full Commerce Committee approved H.R. 7126, with a minor amendment regarding the OTA study funding. The bill is subject to call on the floor of the House anytime after May 15. Thereafter, a conference will be necessary with the Senate, which approved a three year TSCA reauthorization last year.

SENATE OSHA REFORM BILL

The Senate Labor and Human Resources Committee has completed heari[ngs] on Senator Schweiker's (D-Pa.) OSHA Reform bill, S. 2153, to exempt firms with good safety records from routine safety inspections. CMA submitted a written statement for the record on May 2, in favor of the concepts of the bill. The Senate Committee is reviewing the record of hearings, with a view toward holding markup of the Schweiker bill in coming weeks. OSHA and organized labor have mounted a serious effort to prevent the bill from being reported by the Committee.

The U.S. Chamber of Commerce and National Association of Manufacturers are campaigning to obtain favorable Senate action on the bill this year. CMA is supporting that effort. On May 8, we sent an actio[n] all letter to member companies requesting contacts with Senate Committ[ee] Members to counteract the heavy labor pressure Senators are receiving, and to urge favorable action on the bill. We suggested support of thr[ee] key principles: (1) performance based exemptions; (2) targeting of limited OSHA resources; and (3) encouraging a more cooperative and les[s] adversarial approach by OSHA.

WORKERS' COMPENSATION - H.R. 5482

CMA 072530

On May 15, Chairman Beard's (D-R.I.) House Labor Standards Subcommittee completed the current phase of hearings on H.R. 5482 to establish uniform national minimum standards for state workers' compensation. On May 20, CMA submitted a written statement for the record expressing concerns about the bill's impact and making constructive suggestions for improving its occupational disease section.

Our statement opposed rigid rules to establish a presumptive causal relationship between occupational exposure and disease. Any criteria for establishing such a causal relationship should be flexible, based on the best available scientific knowledge, and made by experts in the particular field (with appropriate industry participation). In addition, we stressed that workers' compensation should be the exclusive remedy for employees; administration of benefits should continue to be handled by the States; State programs should be self-supporting so as to avoid use of federal funds; and return-to-work attitudes should be encouraged through rehabilitation services.

The Senate Labor and Human Resources Committee has not taken any further action on S. 420 (the Williams/Javits counterpart to the Beard Bill) since its hearings last year. A compromise legislative package, originally envisioned by the Committee and the Administration, has not been pulled together. No further action has been scheduled.

REGULATORY REFORM LEGISLATION

On April 29, the House Judiciary Committee began markup of a regulatory reform bill, H.R. 3263, which had been reported by the Judiciary Subcommittee on Administrative Law on March 27. On May 14, the Committee adopted (16-15) the Glickman-Hughes amendment providing for a two House legislative veto.

Other significant provisions of H.R. 3263 would:

enact into law reforms contained in a presidential executive order and extend those changes to independent regulatory agencies;

require analysis of the economic impact of federal regulations, agendas of upcoming rules and periodic review of existing regulations;

require that an agency specifically justify the choice of a less cost-effective alternative if the final rule is not the most cost-effective alternative;

require that a court reviewing a regulation "expressly determine" whether the agency acted within its statutory jurisdiction in issuing the rule; and

limit intervenor funding to those agencies already having legislative authority for such activity.

The Senate Governmental Affairs Committee ordered reported S. 262

on April 3 and referred this regulatory reform measure to the Senate Judiciary Committee. On May 7, the Judiciary Committee ordered reported S. 262, substituting the text of the "Culver-Laxalt" compromise, S. 2147, for that contained in the Governmental Affairs Committee version. Negotiations are underway between the committees to resolve the differences in the two versions. Provisions in the Judiciary version not included in the Governmental Affairs measure include:

establishment of a Regulatory Policy Board;

an environmental venue jurisdiction requirement;

elimination of judicial presumption of validity test in suits against agency rulings;

regulatory flexibility for small businesses; and

a "high noon" provision that sets up a 10 year cycle for a major review of an agency by the newly created board and the President.

The Governmental Affairs and Judiciary Committees hope to resolve their differences in time to permit Senate floor action by mid-June.

There is no legislative veto provision in either Senate version. However, on May 8, the Senate Governmental Affairs Committee approved the Levin-Boren bill, S. 1945, which provides for a two House veto of agency regulations. It is expected that the Levin-Boren bill will be offered as a floor amendment during Senate debate on S. 262.

HOUSE APPROVES SHIPPER'S EXPORT DECLARATION BILL

On May 12, the House passed H.R. 6842, a bill which permanently exempts from disclosure information contained in Shipper's Export Declarations while insuring that nonsensitive export information will be available to the public.

The Senate Governmental Affairs Committee held a hearing on an identical bill, S. 2419, on May 7 and ordered the measure reported on May 8. Senate floor action has not been scheduled, but is expected in the near future. Early action is necessary since the Export Administration Act of 1979 protects the confidentiality of information contained in SED's only until June 30, 1980.

PENDING PATENTS LEGISLATION

The House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice has completed hearings on several bills relating to government patent policy, reexamination of patents and the fee system of the Patent and Trademark Office. Markup began May 27. CMA submitted a statement commenting on specific issues and, subject to certain recommended changes, generally supporting the Administration's proposal to amend the patent laws, H.R. 6933.

The Senate passed a patent reexamination bill (S. 2446) on March 20. On April 23 it also approved a measure to allow small businesses, universities and non-profit organizations to keep the patents on their federally funded inventions (S. 414).

Exhibit C

GENERAL COUNSEL'S REPORT

1. Process Emission Regulations Task Group. CMA submitted written comments on three draft standards for consideration of the National Air Pollution Control Techniques Advisory Committee April 16-17, 1980, meeting. The draft regulations cover: (1) VOC fugitive emission new source performance standards, and (2) benzene fugitive emissions NESHAPS and (3) benzene storage tanks NESHAPS. On April 30, 1980, PER Task Group representatives met with EPA to discuss a variety of regulatory activities. We were advised by EPA that based on the NAPCTAC proceedings and further meetings with CMA representatives additional modifications to EPA's fugitive emissions regulations were imminent and would more closely reflect CMA's original work practice proposal. A work session with EPA has been tentatively scheduled for early June in an attempt to resolve all our outstanding issues.

We have retained Wilmer & Pickering to assist the task group in preparing comments on the proposed national emissions standards for hazardous air pollutants for the maleic anhydride process (45 Fed. Reg. 26660 et seq., April 18, 1980). In a closely related matter, Wilmer & Pickering is assisting the benzene technical panel in preparing comments on whether benzene should be listed as a hazardous air pollutant. Benzene is the primary air pollutant emitted from the maleic anhydride process. The Agency at industry's request has rescheduled the public hearing to July 22, 1980, and extended the deadline for submitting formal comments until August 21, 1980, on these related matters.

2. PSD/Nonattainment/SIP Task Group. On May 9, 1980, our outside counsel filed a petition with the U.S. Court of Appeals for the Third Circuit challenging EPA's refusal to delegate to New Jersey the authority to implement the "bubble concept" of alternative emission reductions for existing sources. Joining CMA as party petitioners are the National Paint and Coatings Association, American Cyanamid, Exxon Corporation, Mallinckrodt, Penick Corporation, and Stauffer Chemical Company.

EPA has now confirmed that it will not meet the June 2, 1980, date for promulgation of replacement PSD/Nonattainment regulations and can not estimate when the regulations will be completed. EPA, at the Department of Justice insistence, does not intend to seek an additional stay of the mandate. In order to prevent a period of time when EPA would not be able to issue any PSD permits, industry petitioners plan to file a motion for an additional stay of the mandate. The Agency apparently has not resolved four areas of controversy which have delayed promulgation of the regulations (i.e., potential to emit definition, source definition, de minimis levels, and increment consumption system).

The Agency on May 7, 1980, issued an advanced notice of proposed rulemaking for the prevention of significant deterioration for hydrocarbons, CO, NO_x, ozone, and lead (PSD set II). The Agency is conducting a study concerning the Set II pollutants and is soliciting comments on specific issues and aspects related to this contemplated action. Comments are to be submitted to EPA by July 7, 1980. The Nonattainment/PSD/SIP Task Group in conjunction with the Clean Air Act Revisions Task Group will be developing CMA positions on this matter.

3. RCRA Regulations Task Group. The task group recommends for EMC approval that CMA file a protective petition with the U.S. Court of appeals for the District of Columbia Circuit challenging the RCRA Sections 3002, 3003, and 3010 implementing regulations late on May 26, 1980 (i.e., close of challenge period). If no environmental or public interest group files a timely petition challenging these regulations, we would agree to dismiss our petition. The task group believes it essential for CMA to play an integral part in any litigation and/or settlement discussions involving environmental or public interest groups that may have long term consequences on RCRA regulatory programs and may significantly impact the chemical industry. Outside counsel will monitor the court to ascertain whether any petitions are filed on this matter. I have learned that the American Mining Congress probably will be filing a petition challenging these regulations.

Settlement discussions with EPA/Justice concerning the Subpart D, Sections 4002-4004 litigation are continuing. Significant progress has been made towards resolving most of the procedural issues raised by the Section 4002 regulations. It is conceivable that a final resolution could occur by the end of this month. Since the Section 4004 issues are more substantive in nature, the progress on resolving the matter has been a little slower, although the industry petitioners are still optimistic that the significant issues can be resolved without having to proceed to actual litigation.

On May 2, 1980, Administrator Costle signed the Sections 3001, 3004, 3005, and 3006 implementing regulations. The regulations will appear in the Federal Register May 16 or 19, 1980. The task group has started its review of these regulations in preparation for the full day seminar for member companies on May 20, 1980 as part of the EMC semi-annual update.

Since many of the regulations are "interim final," the task group will be preparing comments for submittal to EPA. In addition, the task group will be reviewing the regulations to identify issues that might be raised as part of any legal challenge to the regulations. Judicial challenges must be filed not later than 90 days after publication of the regulations in the Federal Register.

4. Hazardous Waste Management Task Group. By the date of the May EMC meeting, I expect Bob Roland to have signed off on the model siting legislative proposal prepared by Professor A. Daniel Tarlock of Indiana University Law School and the task group.

5. Hazardous Waste Response Center. Gloria Sodaro is preparing, at the task group's request, a memorandum explaining criminal liability to which individual members of the task groups could become subject for failure to report any potential or known imminent hazards which they find on the waste disposal sites.

6. Effluent Guidelines Task Group. The CMA "white paper" setting forth for EPA an alternative regulatory development program for the chemical industry has been finalized and forwarded to EPA. An initial meeting to discuss CMA's alternative regulatory program has been held with EPA management. A second meeting is scheduled for May 16, 1980, to discuss the concept of a "long term" EPA-CMA monitoring program at a small number of facilities (i.e., five plants).

An ad hoc group will be meeting on May 16, 1980, to refine the second draft of CMA's comments on EPA's proposed addition of ammonia to the Section 307 list of toxic water polluants and review legal comments prepared by outside counsel for incorporation in the final comments. The comments must be submitted to EPA by June 2, 1980.

7. Water Quality Standards Task Group. The task group is refining a white paper setting forth CMA's position as to the proper regulatory relationship of water quality criteria to water quality standards. The intent of the white paper, to be submitted to EPA, is to persuade EPA in developing its water quality standards regulatory policy to recognize the proper state/federal roles specified in the Clean Water Act. In addition, the white paper will be used as a vehicle to update the member companies as to the various issues that have been identified to date in EPA's criteria/standards regulatory development process, and to provide information for use in state proceedings on the development of state water quality standards.

8. NPDES Task Group/Ad Hoc Consolidated Permit Group. The final consolidated permit program regulations covering NPDES, RCRA, UIC, and some Clean Air Act programs were signed on May 2, 1980, along with the substantive RCRA implementing regulations. The ad hoc consolidated permit group will be meeting later this month or early in June to identify issues of concern and recommend whether or not CMA should pursue a legal challenge of any of said regulations. One of the functions of the ad hoc group will be to evaluate whether the issues originally raised in our NPDES litigations have been mooted, satisfactorily resolved, or not changed. If fundamental NPDES issues are not resolved, we will procedurally have to refile challenges to the NPDES regulations in order to remain a party in any litigation and/or settlement discussions.

In a related matter, the NPDES task group has reviewed a "draft" of an EPA guidance document on Best Management Practices regulatory program and is preparing significant legal and technical comments. When this BMP guidance document is finalized, the task group will decide whether this issue should be resurfaced as part of any NPDES litigation and/or settlement discussions. Comments on the BMP guidance document must be submitted to EPA by June 19, 1980.

9. Clean Air Act Revisions Task Group. The task group continues to work closely with the national commission on air quality to assure that the chemical industry's positions are accurately reflected in their various studies. In addition, the task group is working on position papers and strategies on seeking technical amendments to Subtitle C (PSD) of the Clean Air Act. The task group will be developing various positions on various House bills that recently have been submitted and strategies for a more thorough reconsideration of the Clean Air Act during the 1981 session. The possibilities for a more meaningful reopening of the Clean Air Act have greatly increased as a result of Edmund Muskie leaving the Senate to become Secretary of State.

10. RCRA Amendments Task Group. Recent "technical" amendments to RCRA, included as part of the RCRA reauthorization bill, is still "stalled" in a Senate - House Conference Committee. One key amendment would authorize EPA granting interim status to facilities in existence on April 30, 1980 (Senate bill) or October 1980 (House bill) that notify EPA as required by Section 3010 and has applied for a permit. The statute now excludes new facilities, opened after October 21, 1976, from being granted interim status. Since it is illegal to operate a Subtitle C facility without a final Section 3005 permit or have interim status for said facility, many newer sites will have to be closed after the implementing regulations are issued, unless or until the corrective amendments included in the RCRA reauthorization legislation is enacted. There is some indication that the conferees may act on the reauthorization by late May or early June.

11. Labeling Litigation. On March 7, 1980, counsel for CMA filed an administrative appeal and CMA v. OSHA, No. 80-0605 (D.D.C.) to obtain copies of an economic study prepared for OSHA on the cost of labeling. OSHA has agreed to supply an index to the documents at issue in preparation for a status conference.

12. Labeling Developments. EPA staff have held several meetings with industry members to listen to criticisms of the EPA draft labeling rule. CMA has met with OSHA staff and by letter of April 11, 1980, criticized OSHA's draft proposal. OSHA, unlike EPA has not yet agreed to provide copies of the latest drafts of the rule for review and comment.

13. Workers' Compensation. Staff counsel assisted in the preparation of CMA comments on H.R. 5482 which urged that the process for determining whether a particular diseases arise out of and in the course of employment be flexible rather than dictated by rigid national standards.

14. D.O.E. Efficiency Standards for Motors & Pump. To support the Engineering Advisory Committee's efforts at hearings on energy efficiency standards a FOIA request was filed for a research contractor's report to D.O.E. on motors & pumps.

15. Special Projects. In cooperation with the Special Projects Department a review is underway of special projects activities in order to facilitate legal assistance.

16. Fuel Use Act. A task group of CMA's Energy Conservation Committee, with the assistance of outside counsel, drafted proposed amendments to the Powerplant and Industrial Fuel Use Act of 1978. CMA will seek passage of these amendments if an opportunity arises during Congressional consideration of legislasion amending the Fuel Use Act with regard to electric utility powerplants. Key areas for amendment include the economic exemption, criteria for issuance of prohibition orders to existing units and Fuels Decision Reports and Environmental Reporting requirements.

17. Premanufacture Notification Matters. CMA and company representatives met, on short notice, on May 1, 1980, with EPA's new contractor on the economic impact of the PMN program and with an EPA representative. CMA informed ICF, Incorporated of the inability of individual companies to answer many of the questions contained in the firm's proposed survey questionnaire for the chemical industry.. CMA indicated that among the problems with those questions were the phraseology and terminology, the variations among companies in accounting and recordkeeping procedures, the concern for confidentiality, the availability of the data sought, and the many questions concerning EPA's implementation of the PMN program. CMA informed ICF that much of the information sought appeared to be highly sensitive, competitive information. ICF was referred to CMA and industry representatives to get comments on EPA's proposed PMN program for additional information on the economic impact of the program and get suggestions for less onerous procedures.

CMA informed ICF that ICF's June 15, 1980 deadline for project completion did not provide a sufficient period of time to provide the necessary impact analysis requested by the Agency.

CMA agreed to make individual company representatives available for additional discussions of the difficulties posed by ICF's survey questionnaire.

18. TSCA Section 6. On May 5, 1980, CMA filed comments on EPA's immediately effective Section 6 rule on the prohibition of disposal and requirements of notice of disposed TCDD wastes. CMA objected to EPA's imposition of the rule's requirements on companies other than the single company whose handling of TCDD EPA viewed as posing an unreasonable risk to health. Since EPA in its published rule admitted it did not have information of the nature of the risk posed by other companies, CMA observed that EPA should have utilized its authority to require reports under Section 8(a) of TSCA.

Furthermore, since EPA did not make the requisite finding of unreasonable risk to health it did not and could not make additional findings necessary for issuance of a broadly applicable, immediately effective Section 6 rule, viz., that the actions to be regulated were likely to pose an unreasonable risk of injury to health or the environment before the Agency could promulgate a rule through its regular procedures.

19. Rail Deregulation. H.R. 7235 passed the Committee on Interstate and Foreign Commerce Committee, and may go to the Floor soon, although no rule has been requested. CMA is concerned about the maximum rate provisions, contract provisions, and a provision allowing for surcharges.

Truck Deregulation. The Senate passed S. 2245 which CMA supported The House is having markup of H.R. 6418 on May 22, 1980.

20. American Assoication of Railroads: Bottom Outlet Rules. CMA is now responding to communications from the AAR with a view toward eliminating or modifying substantially the bottom outlet retrofit schedule. The Legal Department has worked closely with members of the Technical Department, Task Group members, and attorneys from Wilmer & Pickering in this matter.

American Assoication of Railroads: Interchange Rules. The Legal Department is working with Wilmer & Pickering attorneys in preparing a legal memorandum concerning the antitrust violations committed by the AAR in imposing upon private tank car owners Interchange Rules which deny chemical company tank car owners fair compensation for damage done to their tank cars.

21. Loading, Bracing, and Blocking. The Legal Department is participating in meetings of the Packaging Advisory Task Group, which is currently analyzing the current technology in providing safe packaging and safe transportation and distribution of chemicals in all modes of transportation. This task group is also cooperating with the AAR in this regard. A meeting in mid-June is scheduled, when certain restraining devices will be tested.

22. Department of Transportation: Application for Inconsistency Ruling on Boston Ordinance Regulating Transportation. On May 9, 1980, CMA filed comments before the Department of Transportation (DOT) concerning an ordinance recently issued by the City of Boston calling for severe restrictions on the transportation of hazardous materials in and around Boston. CMA requested the DOT to find the ordinance inconsistent with the Hazardous Materials Transportation Act.

Exhibit D

Confirmed Dates and Sites for Future Board of Directors Meetings

September 8-9, 1980	Lodge at Pebble Beach Pebble Beach, California

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January 5-6, 1981	Ocean Reef Club Key Largo, Florida

Proposed Dates and Sites for Future Board of Directors Meetings

September 14-15, 1981	Grove Park Inn Asheville, North Carolina

OR

September 28-29, 1981	Lodge at Pebble Beach Pebble Beach, Calfironia

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January 11-12, 1982	Arizona Biltmore Phoenix, Arizona
September 13-14, 1982	Silverado Country Club & Resort Napa Valley, California

Exhibit E

CONFIRMED FUTURE SEMIANNUAL MEETING SITES

October 27-28, 1980	Galleria Plaza Hotel	Houston, TX
November 2-3, 1981	Hyatt Regency Hotel (Capitol Hill)	Washington, DC

PROPOSED SEMIANNUAL MEETING SITE

October 4-5, 1982	The Palmer House	Chicago, IL

1983	New York
1984	Houston
1985	Washington
1986	New Orleans/Chicago

MINUTES of the two hundred seventy-eighth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held in the Eisenhower C Room, The Greenbrier, White Sulphur Springs, West Virginia, on Wednesday, June 4, 1980, at 6:00 p.m.

Directors:	John M. Henske, Chairman	
	William C. Krumrei, Vice Chairman	
	Edward E. Barr	John Morrisroe
	J. Earl Burrell	Paul F. Oreffice
	Louis Fernandez	Seymour S. Preston III
	William J. Ferracone	Toy F. Reid
	Charles F. Fogarty	William C. Roher
	Robert W. Gerwig	John P. Sachs
	Vincent L. Gregory	William G. Simeral
	James B. Henderson	Charles W. Smith
	Richard J. Hughes	Orin R. Smith
	William B. Jackson	Alfred S. Stepan, Jr.
	Leo H. Johnstone	Raymond C. Tower
	Emerson Kampen	Richard F. Tucker
	Richard H. Leet	H. Kent Vanderhoef
	Duncan J. MacLennan	Harriette F. Witmer
	H. Barclay Morley	Louis G. Zachary

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

By Invitation:	Richard C. Ashley, Allied Chemical Corporation
	Dexter F. Baker, Air Products and Chemicals, Inc.
	Harry W. Buchanan, Virginia Chemicals Inc.
	Geraldine V. Cox, CMA
	Richard F. Gold, Stauffer Chemical Company
	Stephen L. Goldstein, Olin Corporation
	Dwight C. Minton, Church & Dwight Co., Inc.
	Victor H. Peterson, CMA
	Edward B. Pollak (SOCMA), Olin Corporation
	George F. Polzer, Witco Chemical Corporation
	William M. Stover, CMA
	Konrad M. Weis, Mobay Chemical Corporation

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

2. APPROVAL OF APRIL 8, 1980, MINUTES

Minutes of the April 8, 1980, meeting, as distributed, were approved.

3. TREASURER'S REPORT

Mr. Herrman reported that preliminary figures for the fiscal year just completed, indicate in operating areas (excluding ChemCAP) estimated revenue of $9,025,000; expenses of $7,629,000; and a contribution to reserves of about $1.4 million. This means we will have estimated year-end reserves of about $2.8 to $2.9 million which will represent approximately 38% of the next year's general operating expenses. The reasons for this performance, which is better than originally projected, is that interest revenues were about $430,000 higher than expected; an insurance settlement was received in the amount of $150,000; and expenditures for technical consulting should be about $270,000 less than anticipated due to timing of payments as they related to the year-end cut off.

In regard to the ChemCAP program we have received or been promised $2,428,000 from the January assessment. Incurred expenses to the end of this fiscal year will amount to $1,120,000 which means about $1.3 million is being carried forward to support the program until the next assessment in January 1981.

4. REPORT OF ACTIONS TAKEN AT EXECUTIVE COMMITTEE MEETING

Chairman Morley reviewed the actions taken at the Executive Committee meeting in May, the minutes of which had previously been distributed to the Board.

5. SUPERFUND POLICY GROUP REPORT

Dr. Fernandez summarized what has transpired in regard to proposed Superfund legislation since the last Board meeting. On the House side, the Florio bill, H.R. 7020, was reported out of the Interstate and Foreign Commerce Committee. While it contains some features we would prefer not to have in the bill, we feel we can live with it as reported. An important provision, funding, would require 50% from industry and 50% from the Federal government. In regard to scope it is limited to abandoned waste sites; in regard to liability we can live with that too. Also on the House side is H.R. 85 which started out as an oil spill bill but was amended in committee to include hazardous chemicals spills. This bill is more onerous than the Florio bill. Our general posture is to not oppose the Florio bill but to work actively to amend H.R. 85 as it moves through the legislative process. Hearings are presently proceeding on both bills before the House Ways and Means Committee where we are trying to persuade the Committee that H.R. 85 embodies some undesirable features.

On the Senate side, Senator Culver has acted to obtain consideration of S. 1480 by the full Committee on Environment and Public Works where it now is for mark-up. This bill is totally unacceptable in regard to scope, liability and the size of the funding which, over a period of 4-5 years, could run into $4-$5 billion. We will be working with the members of the committee offering significant amendments designed to restructure the bill. There is a possibility that the Senate calendar will be such that there won't be enough legislative days to bring such a complex piece of legislation to the Senate floor; if so, there would be no legislation this session of Congress. The Board will be kept informed of developments and asked for help as needed.

6. ChemCAP PUBLIC OPINION POLL

Mr. Sites reported that a basic part of the ChemCAP program was to conduct a poll of public opinion to provide a benchmark so that after a year we could repeat the poll and measure the progress achieved in altering public attitudes. A summary of the poll which has been conducted by Cambridge Reports, Inc. is attached as Exhibit A. After presenting the highlights, Mr. Sites advised that while the summary will be distributed to all member company executive contacts and public relations contacts, only the latter will receive the basic document from which the summary was derived.

7. ASSOCIATION ACTIVITIES

- Report of Director of Government Relations Mr. Stover's report is attached as Exhibit B. Distributed to those present were copies of Mr. Morley's oral and written statements on H. R. 85 and H. R. 7020 before the House Committee on Ways and Means June 2, 1980.

- Report of General Counsel Mr. Frost's report is attached as Exhibit C. Because of the scope of the matters covered, he welcomed comments from those present as well as their counsels to whom he recommended the report be referred.

- Comments of the President Mr. Roland expressed his personal and sincere thanks and those of the staff as well for the incredible amount of support and counsel given by the Members of the Board over the past year.

He then reviewed the future Board and Semiannual Meeting dates attached as Exhibits D and E respectively. As between the alternate Board meeting sites proposed for September 1981, ON MOTION duly made and seconded, it was

VOTED: That the Board meet September 28-29, 1981, at the Lodge at Pebble Beach, California.

Mr. Roland then referred to the letter from the Mayor of New Orleans concerning public safety issues, a copy of which was distributed to those present, and advised that it would not be appropriate at this time to reconsider the previous Board decision to cancel the 1982 meeting in New Orleans. There was no objection. He then referred to a recently received letter from Mr. St. Clair concerning a scholarship or chair to be funded at Tulane University. This will be discussed with the Executive Committee as a suitable way to honor the memory of Mr. Max Minnig. The Board will be advised as more information is developed. Comments on this matter were welcomed.

- Comments of Program Committee Chairman Mr. Reid briefly reviewed the program arranged for the Annual Meeting and especially urged attendance at the General Session on Friday morning because of the outstanding calibre of the speakers, Mr. George Will and Mr. Frank Barnett.

- Comments of Chairman of the Board Mr. Henske thanked all directors for their help during the past year. He then discussed the valuable contributions made by the review committees of the Board and solicited any suggestions for improvement of the effectiveness of those committees.

Bruce M. Barackman
Secretary

Certified correct:

John M. Henske
Chairman of the Board

2117

Exhibit A

OPINION SURVEY

Politically Active Individuals, Chemical Industry Neighbors and Influential Opinion Leaders Look at Chemical Issues

Overview and Summary

March 1980

Prepared for

The Chemical Manufacturers Association

Overview and Summary

In general, the data from this survey show that the chemical industry is regarded by Americans in a relatively favorable light and is perceived to be reasonably truthful. At the same time the industry is seen as misdirecting its efforts toward such problems as product and worker safety instead of toward problems people see as more pressing such as chemical waste disposal.

Industry images in general

In terms of overall industry favorability, we see:

* The chemical industry is rated fourth most favorably in a field of six (oil, nuclear, chemical, retail, banking, chemical) by politically active individuals and chemical industry neighbors, and fifth most favorably by media, government, and educator opinion leaders.

* On the question of truthfulness, the chemical industry fares about the same. It is seen as fourth most truthful among politically active individuals, chemical industry neighbors, and two of three opinion leader groups. Only media opinion leaders rated the chemical industry as the least truthful of the six.

Chemicals and the chemical industry

When people were asked to articulate their feelings on the chemical industry in particular, we found that:

* "Drugs" was the primary response to the open-ended query: "When you think of the chemical industry — what kinds of things do you think of?" among both politically active persons and chemical industry neighbors.

* Three-quarters of all opinion leaders responded to the above question with generally neutral comments, while the balance of their comments were split nearly evenly between the positive and the negative.

* "Drugs" was also the most frequently volunteered response among politically active individuals and chemical industry neighbors to the question of what they think of when they hear the word "chemicals".

On the question of whether the chemical industry is generally concerned about the public welfare, we saw:

* Majorities in every sample category except educator opinion leaders felt the industry was, to some degree, "unconcerned" about the welfare of the average person.

The primary focus of the CMA's Chemical Communications Plan is the transmission of the industry's positions on five key issues: waste disposal, general air and water pollution, product safety, worker safety, and chemical transportation. We asked respondents to rate the level of concern they felt toward each issue and found:

:he

* Waste disposal was far and away the issue that consistently garnered the highest levels of concern, ranging from 56% "extreme" concern among media opinion leaders to 27% "extreme" concern among chemical industry neighbors.

* Fully 93% of politically active individuals said they were either "extremely" or "very" concerned about the disposal of waste material from chemical plants.

Interestingly, when we asked our respondents how concerned they think the chemical industry is about each of the five key issues, we found:

* Waste disposal was perceived to be the issue of least industry concern by both politically active individuals and chemical industry neighbor samples.

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* All three groups of opinion leaders also rated the level of industry concern about waste disposal significantly lower than their personal concern.

* The industry received the lowest ratings for concern about general air and water pollution from educators and government opinion leaders, while transportation of chemicals was seen as an area of least industry concern among media opinion leaders.

key
d-

When asked to assess the efforts made by the chemical industry to reduce the dangers posed by the five key issues, we saw:

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* Generally, majorities in all sample groups felt the chemical industry had contributed at least "some effort" over the last two years to all five key areas.

CMA 072549

* Product and worker safety emerge as the perceived areas of greatest industry effort among politically active individuals and chemical industry neighbors.

Turning to the key question of what people want to know about the industry or chemicals in general, we found:

* Among opinion leaders and politically active individuals, chemical waste disposal was the chief volunteered topic of desired information.

* Among chemical industry neighbors, air and water pollution was the primary area of desired knowledge.

When asked to specify the most pressing overall environmental issue, we saw:

* Most politically active individuals and chemical industry neighbors chose air pollution as their top environmental concern.

* Water pollution was mentioned as the second most important environmental problem by both samples.

* A majority of opinion leaders mentioned issues other than chemically related ones as their chief environmental concerns. About three in ten opinion leaders did offer a chemical-related response.

Communication issues

On the question of general awareness of already existing risk-reduction communications, we found:

* Fifty-five percent of politically active individuals say they are unaware of any efforts to communicate to the public any progress made in reducing the risks of potentially hazardous chemicals.

* Forty-nine percent of chemical industry neighbors are similarly unaware.

* Majorities of all three opinion leader groups say they are aware of such communications efforts.

Shifting our emphasis from general risk-reduction communications to specific advertising, we found:

* Of those who recall having seen such risk-reduction advertising, most remember it as dealing with protection of the environment.

* Majorities of politically active individuals and chemical industry neighbors cannot recall a specific sponsor.

* Of those who can recall a sponsor, most politically active individuals and chemical industry neighbors say DuPont Chemical was the advertiser, while one in five opinion leaders recall Dow Chemical as the sponsor.

* Forty-four percent of the politically active individuals, 32% of chemical industry neighbors and 38% of opinion leaders recalled receiving their risk-reduction advertising through the medium of television.

Turning to the chemical benefits advertising:

* Fifty-four percent of politically active individuals, and 58% of chemical industry neighbors say they are unaware of any such advertising.

CMA 072551

* Majorities in each opinion leaders category said they had seen chemical benefits advertising. In fact, more than three-quarters of government opinion leaders say they recall having seen such ads.

* Primary content recall centered around the following themes: "We can't live without chemicals", "Chemicals help plants and vegetables grow", and "Chemicals are beneficial to humans".

* A majority of politically active individuals (54%) could not recall the sponsorship of chemical benefits advertising they had seen, though among sponsors who could be recalled, DuPont Chemical was the primary choice among all three sample groups.

* Once again, television was the predominant medium for these advertisements, being the prime source of majorities in each category.

Interestingly, recall of specific news stories about chemicals or the chemical industry is relatively low:

* Majorities of politically active individuals and neighbors — 53% in both cases — are unable to remember any news reports or stories they've seen recently.

* The largest single mention in any of the sample groups was Love Canal, with one-quarter of the opinion leaders recalling stories of this incident.

* Chemical dumps and waste disposal were the second and third most frequently recalled topics among the opinion leaders, with slightly less than 1 in 10 mentioning stories they had seen on these issues.

It is significant that strong majorities in every sample group feel that news stories and feature articles on the chemical industry are at least "somewhat unfavorable" in their orientation.

In the area of general communication findings, we see:

* Time and Newsweek are the most frequently read periodicals among all sample groups, with the highest readership among media opinion leaders (70%).

* The New York Times and the Washington Post garner the top readership honors among newspapers tested, with fully 96% of all government opinion leaders "almost always" or "frequently" reading the Post. In addition, eight of ten media opinion leaders say they read the Wall Street Journal at least "frequently".

* In addition, regular readers of these four news sources tend to be slightly more favorable toward the chemical industry than their counterparts who read them less frequently.

Exhibit B

REPORT BY THE DIRECTOR OF GOVERNMENT RELATIONS

WILLIAM M. STOVER

JUNE 4, 1980

SUPERFUND BILLS ADVANCE

A complex jurisdictional and parliamentary picture has developed in the House with respect to two pending Superfund bills. Two separate House Committees have recently reported versions of Superfund bills that establish two industry-supported funds to address dumpsite problems.

The House Public Works and Transportation Committee, chaired by Representative Harold Johnson (D-CA), held a markup on H.R. 85, an oil spill liability and compensation bill, May 7 and reported the bill on May 8, 1980. Representative John Breaux (D-LA), authored an amendment establishing a separate Title III in H.R. 85, setting up a hazardous substance spill liability and compensation regime. The Breaux amendment substantially modifies Section 311 of the Clean Water Act to cover hazardous substances spills and leaching from dumpsites into navigable waters. The amended H.R. 85 would:

- cover hazardous waste disposal sites which leak even trace amounts of Section 311 substances into navigable waters;
- cover in some cases continuous discharges in trace amounts which eminate from fixed facilities;
- set aside money for the retroactive cleanup of in-place pollutants for example, PCB's in the Hudson River;
- make the owner/operator jointly, severally and strictly liable for damages;
- establish liability limits;
- allow compensation for victims who suffered economic loss;
- create a hazardous substances "spill" revolving fund of $100 million with no limit on repletion as money is spent;

- establish a fund wholly supported by industry, derived 60% from a tax on petrochemical and inorganic feedstocks, 20% from a tax on specified substances (such as benzene, Xylene, Styrene, and Toluene), and 20% from a tax on those substances listed on the Section 311 list which have the worst spill records.

The House Interstate and Foreign Commerce Committee, chaired by Representative Harley Staggers (D-W VA), approved its version of Superfund H.R. 7020. The proposal was originally introduced by Representative James Florio (D-NJ) and reported by his Transportation Subcommittee. H.R. 7020 provides for the creation of a fund for emergency response and cleanup of inactive hazardous waste sites.

The proposal:

- provides for a $600 million, four-year fund, 50% financed by appropriations and 50% by a fee on petrochemical feedstocks. The proposal ties amounts of industry fees collected to the amount Congress appropriates. EPA is also required to conduct a study of a fee system based on disposal or generation of wastes and make a report to Congress within two years;

- limits use of money in the emergency response and containment fund so that it cannot be used for EPA administrative and personnel costs;

- requires criteria which the EPA administrator must observe when intervening at an inactive site;

- deletes all third party damages;

- deletes from most provisions of the bill interim RCRA permitted sites;

- applies strict liability with apportionment for damages based upon evidence presented by parties as to their contribution to the damage;

- provides $35 million for a state-by-state survey and inventory of hazardous waste sites.

While not wholly satisfactory the Committee approved version of the Florio bill, H.R. 7020, represents a significant improvement over earlier versions. It appears certain that efforts will be mounted on the House floor to add damaging amendments, especially in the areas of liability and funding.

Also in the House, Representative Al Ullman (D-OR), Chairman of the Ways and Means Committee, has formally requested sequential referral of H.R. 7020 and H.R. 85 to that committee. The May 15 1980 letter to House Speaker O'Neill (D-MA) expresses concern over proliferation of "fee" mechanisms, and contends that such bills are revenue producing measures.

The Senate Environment and Public Works Subcommittee on Environmental Pollution has a new chairman, Senator Mike Gravel (D-AK) who has now replaced former Senator Edmund Muskie, now Secretary of State. With this appointment the Culver/Gravel Subcommittee have scheduled markup for May 22, when minor staff changes are expected to be proposed to S. 1480.

CHEMICAL INDUSTRY LEADERS AT WHITE HOUSE

On Friday, April 11, 1980, President Carter conducted a White House anti-inflation meeting with 24 chemical industry executives. This meeting was one of a series being held with various groups to urge wage and price restraint. President Carter asked the executives to hold down price increases even if it means lower profits. He criticized the chemical industry's recent price increases as "very high" and asked that they "restrain your price increases below what you would have done otherwise."

After the 15-minute session with the President, the executives met separately with Treasury Secretary G. William Miller and COWPS Chairman Alfred E. Kahn. Clearly, the Administration believes that the industry has been raising prices more than needed to cover increased costs, possibly because of fears of eventual wage-price mandatory controls. President Carter reiterated his opposition, however, to such mandatory controls. He felt that action by the food and drug industries to freeze prices were a good model for the chemical industry to follow. He asked the executives to "consider very seriously taking the same action," even though it "may result in some decrease in profits."

The chemical executives, particularly in the meeting with G. William Miller, carried out an effective dialogue on the extreme costs of regulatory burdens on the industry. The Administration representatives agreed that closer cooperation in this area could reduce the cost of compliance for industry and increase its productivity. As the next move to better industry and government cooperation to achieve mutual goals, it was agreed that a working group would be formed.

A further brief meeting with Alfred Kahn was held on Tuesday, May 13 on the occasion of his speech at the CMA Chemical Forum luncheon.

The White House meeting was regarded by both government and industry officals as being cordial. Industry representatives particularly felt that they had a most important opportunity to present their case for more realistic environmental and health controls to the highest level of government.

On April 15, John Henske and Robert Roland, Chairman of the Board and President of CMA, respectively, sent a letter to CMA Executive Contacts. An account of the meeting was followed by a request to forward to CMA examples of problems with the anti-inflation program and unreasonable regulatory burdens. These will be used in further discussions with Dr. Kahn, his staff, and Administration officials.

EEC COMPLAINTS AGAINST U.S. EXPORTS

CMA 072557

The European Economic Community (EEC) continues to press a complaint against U.S. exports to the Market of manmade fibers and petrochemicals. It has had difficulty, however, determining which international trading rule or agreement is being violated and what the remedy should be.

On February 18, 1980, the EEC authorized the UK to impose quotas on polyester filament yarn and nylon carpet yarn. The U.S. has protested the action because it is applied selectively to the U.S., Canada and Japan. The U.S. Trade Representative's Office has asked for $55 million of compensation in the form of trade concessions benefitting manmade fiber producers.

Further, the EEC is considering starting dumping actions on selected products, including petrochemicals; one acrylic fiber dumping case has already been concluded against a U.S. company. In an evasion of both the Italian and EEC governments, Italian manmade fiber producers have won a court restriction against imports of American Cynamide and Carter Moore Corp. acrylic and polyester yarns.

The EEC asserts that U.S. price controls on crude oil and natural gas provide a substantial cost advantage to U.S. producers and are a subsidy. The Market understands that U.S. price controls phase out on crude oil in 1981 and on natural gas in 1985. However, they believe that solution is too long range.

Total U.S. chemical exports of $17.3 billion in 1979 are nearly 50% above last year's record creating a surplus over imports of $9.8 billion. The U.S. government will continue to encourage this level of export activity. Indications are that the problem of high U.S. exports to the EEC will continue in 1980.

Action by the chemical industry: On July 18, a representative from the Office of the Special Trade Representative informed Deputy CITA Myron T. Foveaux of the EEC complaint. Individual discussions were held immediately with representatives from the OSTR, the U.S.

Department of Commerce, and the International Trade Commission. A task group was formed in response to the government's request that we jointly prepare a defense against the EEC charges. On August 28, William S. Sneath, Chemical Industry Trade Advisor, wrote Ambassador and Special Trade Representative Alonzo L. McDonald, assuring him of chemical industry support in this matter. The task group has met a number of times on the problem, frequently including representatives from five government agencies (the U.S. Trade Representative, U.S. Departments of Commerce, Energy, and State, and the International Trade Commission).

The chemical industry believes that U.S. hydrocarbon price controls are only a small part of the competitive problem. The phase out of U.S. price controls will eliminate even this advantage. It is the industry's hope that no further overt actions by the EEC will occur that would bring unfortunate countermeasures.

EXPORT OF HAZARDOUS SUBSTANCES

The chemical industry has been criticized increasingly in the press for exporting products banned in the United States to other countries. In early summer of 1978, an interagency Working Group including:

Consumer Affairs (White House)	FDA
Departments of:	EPA
State	Consumer Product Safety Commission
Agriculture	Export-Import Bank
Commerce	OPIC
Energy	Action
HEW	CEQ
Justice	Nuclear Regulatory Commission
Defense	Office of Management and Budget and other Executive Offices
Labor	
Treasury	

was formed to consider Federal policy on export of hazardoues substances. The catalyst was the controversy over exports of TRIS-treated children's sleepwear. Heading the effort was Esther Peterson, Special Assistant to the President for Consumer Affairs.

The chemical industry was aware of the ongoing work and saw preliminary drafts of the group's work. The fourth draft became available along with a letter from Ms. Peterson, dated February 15, 1980, which solicited reactions from outside groups, including those from industry, labor, consumer, environmental, and health. Her letter made it clear the draft report did not represent the position of the White House or the Administration. It is considered an "evolving document of the interagency working group."

The report calls for an Executive Order to include the following:

1. Notification to the receiving country by the U.S. Senate Department of a first shipment of a product banned in the United States. Information to be forwarded would include:

   a. name of product
   b. summary of any agency's action
   c. summary of risks involved
   d. other documents or facts

2. Special procedures for cases where U.S. shipper is forwarding a product which requires U.S. registration before manufacture, production, use, or sale in the United States but the registration has not been sought.

3. Special authority, including ban, when a firm intends to export a hazardous substance that would endanger citizens or environment of the importing country.

4. Special authority, including ban, of a hazardous substance that would entail severe hazards to the environment or citizens of a country other than the importing counry or to the world environment.

An ad hoc working group from the industry met with representatives of the Consumer Affairs Office, ECQ, Departments of Commerce and State. There was a willingness by the government to listen to industry comments and suggestions for changes in the draft report. The fifth draft is likely sometime in May. CMA will be offered the opportunity to respond to it.

Congressman Mike Barnes (D-MD) has introduced H.R. 6587 as an amendment to the Export Administration Act of 1979. It would restrict the export of goods found hazardous to the public health. CMA will testify on this bill June 5, before the Subcommittee on International Economic Policy and Trade of the House Committee on Foreign Affairs.

CMA has organized a task force under the new International Trade

Group to deal with this issue, with Mr. Ken Davis, Rohm and Haas as Chairman. It will work cooperatively with other interested trade associations.

ENERGY: HOUSE BLOCKS INCREMENTAL PRICING OF NATURAL GAS

The Federal Energy Regulatory Commission (FERC) announced intention to extend the incremental pricing of natural gas to all industrial uses including feedstock, process and other non-boiler uses became a reality when the final rule was submitted to Congress on May 6. That same day FERC Chairman Charles Curtis testified before the House Commerce Energy and Power Subcommittee on the submitted Rule II. House Resolution 655 introduced by Representative Philip R. Sharp (D-IN-10) was passed shortly thereafter disapproving the extension of incremental pricing. The following day the full committee by voice vote unanimously approved House Resolution 655. Floor action took place May 20, and H. Res. 655 was approved 369-34, thus blocking incremental pricing at this time.

Following the veto, the permissive language of the statute allows FERC to come back in six months, but no later than two years.

ENERGY: COAL CONVERSION

The Powerplant Fuel Conservation Act of 1980, H.R. 6930, has been introduced at the request of the Administration to reduce the amount of oil and gas used by electric utilities. Phase I of the proposal contains $3.6 billion for the expedited conversion of approximately 100 coal-capable facilities. Phase 2 contains $6 billion for the development of other alternate energy sources which will displace oil. Hearings were held April 18 and 26 before the Energy and Power Subcommittee of the House Commerce Committee.

In the House there appears to be bipartisan opposition to the present utility oil reduction bill. Energy and Power Subcommittee Chairman John D. Dingell (D-MI-16) may seek to strengthen the bill environmentally, and the subcommittee staff is exploring a scaled down compromise version. The perception is that most utilities have converted or are in the process of converting, and should be doing so without assistance. However, the Administration is pushing for legislative action. At this time it does not appear likely that a bill will get out of subcommittee.

A similar Senate utility oil reduction bill, S.2470, had been introduced by Senator Wendell H. Ford (D-KY). Hearings were held before the Energy Committee on April 23 and 25. Markup has been scheduled for May 21.

CMA is developing a position with respect to the oil backout proposals. A task group of the CMA Energy Committee has also developed proposed changes to the Fuel Use Act in the event that a utility backout measure would provide CMA an opportunity to seek corrective amendments. The suggested amendments are being circulated within the industry at this time.

ENERGY: EFFICIENCY STANDARDS

The report to evaluate the energy efficiency of pumps and motors required under the National Energy Conservation Policy Act was the subject of Department of Energy (DOE) hearings in early May in Washington, D.C., San Francisco and Chicago. CMA testified May 1 before DOE in Washington. The Department has requested additional information from CMA and a questionnaire has been sent to member companies. The House Commerce Energy and Power Subcommittee is waiting to receive DOE findings before deciding whether to schedule any hearings on the Senate-passed energy efficiency measure (S.1398). No Congressional action is expected before late summer, if then.

ENERGY: MOBILIZATION BOARD

On April 23 the House and Senate conferees broke a four month impasse regarding the authority of an Energy Mobilization Board (EMB) to expedite the permit process for priority energy projects. The five-member EMB would decide which projects should be put on a "fast track" and then set deadlines and take other action to assure "streamlining" prompt action by federal, state and local agencies whose approval is needed.

The compromise approved April 23 provides that federal laws may be waived at the request of EMB only with the approval of the President and both houses of Congress. The House broke the stalemate by agreeing in addition that committees having jurisdiction over laws to be waived could bottle up a waiver proposal and not let it go to the floor of the House or Senate for a vote. Only 12 requests for waivers could be made during the two year life of a Congress.

The conferees are meeting in final sessions to draft the technical details. The bill could be passed by both Houses and signed by President Carter by the end of May.

TRANSPORTATION: RAILROAD DEREGULATION

The Senate-passed Railroad Transportation Policy Act (S.1946) substantially reduced government regulation of railroads and provided important protection for captive rail shippers.

Efforts on the House side to provide similarly balanced rail reform legislation have thus far been unsuccessful. An unsuccessful amendment modeled on the Senate language and supported by a group of shipper organizations, including CMA, was offered by Rep. Bob Eckhardt (D-TX), aimed at captive shipper protection. A less favorable substitute offered by Rep. Edward R. Madigan (R-IL) was adopted. Likewise, Rep. John Murphy (D-NY) failed in the effort to substitute the helpful Senate language regarding joint rate surcharges. The House Interstate and Foreign Commerce Committee marked up H.R. 7235 on May 13 and 14. The Transportation and Commerce Subcommittee, under Chairman Florio, had completed its work on the bill April 29.

TRANSPORTATION: TRUCKING DEREGULATION

The Senate-passed Motor Carrier Reform Act (S.2235) generally provides easier and broader access into the trucking industry, eliminates antitrust immunity to meet and set freight rates on single line traffic, and permits truckers to set freight rates within an established range without ICC approval.

The bill under consideration in the House Public Works Surface Transportation Subcommittee, H.R. 6418, has undergone substantial revision and is now closer to the Senate-passed version. CMA has submitted comments to Subcommittee Chairman James J. Howard (D-NJ) essentially urging that the Senate approach be adopted. The subcommittee markup took place May 20, with full committee markup expected May 22. Both Senate and House leadership hope to have legislation on the President's desk by June.

TSCA REAUTHORIZATION BILL MOVING IN HOUSE

Chairman Scheuer's (D-N.Y.) House Consumer Protection Subcommittee completed Toxic Substances Control Act reauthorization and oversight hearings on April 22. Testimony by industry, environmental and EPA witnesses provided a fairly comprehensive airing of issues from various perspectives. CMA's main purpose in testifying was to avoid opening the Act to substantive amendment at this time and to highlight several potentially troublesome areas of TSCA implementation which may require Congressional attention in the future. The Subcommittee agreed that it would be premature to amend the Act at this point. Chairman Scheuer came to understand several key points made by industry, including the competitive disadvantages suffered by U.S. companies as a result of differences between the EEC Sixth Amendment and TSCA.

In addition, the Subcommittee agreed to delete the far-reaching and precedent-setting PCB amendment which had been introduced as part of Chairman Scheuer's original reauthorization bill, H.R. 7003. This amendment to TSCA would have required replacement of all PCB containing electrical equipment used by manufacturers of food or food packaging materials. The Subcommittee also modified its broad compensation study amendment, which originally provided for a $2 million study by the Council on Environmental Quality (CEQ) of the adequacy of compensation for victims of hazardous chemical substance incidents. The Office of Technology Assessment (OTA) was substituted for CEQ in the study provision.

Consequently, on April 24, the Consumer Protection Subcommittee reported its two year reauthorization bill (H.R. 7126) to the full Commerce Committee. H.R. 7126 contains no substantive PCB amendments (though it would require EPA to monitor PCB incinerator facilities), and provides for the compensation study by OTA. On May 6, the full Commerce Committee approved H.R. 7126, with a minor amendment regarding the OTA study funding. The bill is subject to call on the floor of the House anytime after May 15. Thereafter, a conference will be necessary with the Senate, which approved a three year TSCA reauthorization last year.

SENATE OSHA REFORM BILL

The Senate Labor and Human Resources Committee has completed hearin on Senator Schweiker's (D-Pa.) OSHA Reform bill, S. 2153, to exempt firms with good safety records from routine safety inspections. CMA submitted a written statement for the record on May 2, in favor of the concepts of the bill. The Senate Committee is reviewing the record of hearings, with a view toward holding markup of the Schweiker bill in coming weeks. OSHA and organized labor have mounted a serious effort to prevent the bill from being reported by the Committee.

The U.S. Chamber of Commerce and National Association of Manufacturers are campaigning to obtain favorable Senate action on the bill this year. CMA is supporting that effort. On May 8, we sent an actio all letter to member companies requesting contacts with Senate Committe Members to counteract the heavy labor pressure Senators are receiving, and to urge favorable action on the bill. We suggested support of thre key principles: (1) performance based exemptions; (2) targeting of limited OSHA resources; and (3) encouraging a more cooperative and less adversarial approach by OSHA.

WORKERS' COMPENSATION - H.R. 5482

On May 15, Chairman Beard's (D-R.I.) House Labor Standards Subcommittee completed the current phase of hearings on H.R. 5482 to establish uniform national minimum standards for state workers' compensation. On May 20, CMA submitted a written statement for the record expressing concerns about the bill's impact and making constructive suggestions for improving its occupational disease section.

Our statement opposed rigid rules to establish a presumptive causal relationship between occupational exposure and disease. Any criteria for establishing such a causal relationship should be flexible, based on the best available scientific knowledge, and made by experts in the particular field (with appropriate industry participation). In addition, we stressed that workers' compensation should be the exclusive remedy for employees; administration of benefits should continue to be handled by the States; State programs should be self-supporting so as to avoid use of federal funds; and return-to-work attitudes should be encouraged through rehabilitation services.

The Senate Labor and Human Resources Committee has not taken any further action on S. 420 (the Williams/Javits counterpart to the Beard Bill) since its hearings last year. A compromise legislative package, originally envisioned by the Committee and the Administration, has not been pulled together. No further action has been scheduled.

REGULATORY REFORM LEGISLATION

On April 29, the House Judiciary Committee began markup of a regulatory reform bill, H.R. 3263, which had been reported by the Judiciary Subcommittee on Administrative Law on March 27. On May 14, the Committee adopted (16-15) the Glickman-Hughes amendment providing for a two House legislative veto.

Other significant provisions of H.R. 3263 would:

enact into law reforms contained in a presidential executive order and extend those changes to independent regulatory agencies;

require analysis of the economic impact of federal regulations, agendas of upcoming rules and periodic review of existing regulations;

require that an agency specifically justify the choice of a less cost-effective alternative if the final rule is not the most cost-effective alternative;

require that a court reviewing a regulation "expressly determine" whether the agency acted within its statutory jurisdiction in issuing the rule; and

limit intervenor funding to those agencies already having legislative authority for such activity.

The Senate Governmental Affairs Committee ordered reported S. 262

on April 3 and referred this regulatory reform measure to the Senate Judiciary Committee. On May 7, the Judiciary Committee ordered reported S. 262, substituting the text of the "Culver-Laxalt" compromise, S. 2147, for that contained in the Governmental Affairs Committee version. Negotiations are underway between the committees to resolve the differences in the two versions. Provisions in the Judiciary version not included in the Governmental Affairs measure include

establishment of a Regulatory Policy Board;

an environmental venue jurisdiction requirement;

elimination of judicial presumption of validity test in suits against agency rulings;

regulatory flexibility for small businesses; and

a "high noon" provision that sets up a 10 year cycle for a major review of an agency by the newly created board and the President.

The Governmental Affairs and Judiciary Committees hope to resolve their differences in time to permit Senate floor action by mid-June.

There is no legislative veto provision in either Senate version. However, on May 8, the Senate Governmental Affairs Committee approved the Levin-Boren bill, S. 1945, which provides for a two House veto of agency regulations. It is expected that the Levin-Boren bill will be offered as a floor amendment during Senate debate on S. 262.

HOUSE APPROVES SHIPPER'S EXPORT DECLARATION BILL

On May 12, the House passed H.R. 6842, a bill which permanently exempts from disclosure information contained in Shipper's Export Declarations while insuring that nonsensitive export information will be available to the public.

The Senate Governmental Affairs Committee held a hearing on an identical bill, S. 2419, on May 7 and ordered the measure reported on May 8. Senate floor action has not been scheduled, but is expected in the near future. Early action is necessary since the Export Administration Act of 1979 protects the confidentiality of information contained in SED's only until June 30, 1980.

PENDING PATENTS LEGISLATION

The House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice has completed hearings on several bills relating to government patent policy, reexamination of patents and the fee system of the Patent and Trademark Office. Markup began May 27. CMA submitted a statement commenting on specific issues and, subject to certain recommended changes, generally supporting the Administration's proposal to amend the patent laws, H.R. 6933.

The Senate passed a patent reexamination bill (S. 2446) on March 20. On April 23 it also approved a measure to allow small businesses, universities and non-profit organizations to keep the patents on their federally funded inventions (S. 414).

Exhibit C

GENERAL COUNSEL'S REPORT

1. Process Emission Regulations Task Group. CMA submitted written comments on three draft standards for consideration of the National Air Pollution Control Techniques Advisory Committee April 16-17, 1980, meeting. The draft regulations cover: (1) voc fugitive emission new source performance standards, and (2) benzene fugitive emissions NESHAPS and (3) benzene storage tanks NESHAPS. On April 30, 1980, PER Task Group representatives met with EPA to discuss a variety of regulatory activities. We were advised by EPA that based on the NAPCTAC proceedings and further meetings with CMA representatives additional modifications to EPA's fugitive emissions regulations were imminent and would more closely reflect CMA's original work practice proposal. A work session with EPA has been tentatively scheduled for early June in an attempt to resolve all our outstanding issues.

We have retained Wilmer & Pickering to assist the task group in preparing comments on the proposed national emissions standards for hazardous air pollutants for the maleic anhydride process (45 Fed. Reg. 26660 et seq., April 18, 1980). In a closely related matter, Wilmer & Pickering is assisting the benzene technical panel in preparing comments on whether benzene should be listed as a hazardous air pollutant. Benzene is the primary air pollutant emitted from the maleic anhydride process. The Agency at industry's request has rescheduled the public hearing to July 22, 1980, and extended the deadline for submitting formal comments until August 21, 1980, on these related matters.

2. PSD/Nonattainment/SIP Task Group. On May 9, 1980, our outside counsel filed a petition with the U.S. Court of Appeals for the Third Circuit challenging EPA's refusal to delegate to New Jersey the authority to implement the "bubble concept" of alternative emission reductions for existing sources. Joining CMA as party petitioners are the National Paint and Coatings Association, American Cyanamid, Exxon Corporation, Mallinckrodt, Penick Corporation, and Stauffer Chemical Company.

EPA has now confirmed that it will not meet the June 2, 1980, date for promulgation of replacement PSD/Nonattainment regulations and can not estimate when the regulations will be completed. EPA, at the Department of Justice insistence, does not intend to seek an additional stay of the mandate. In order to prevent a period of time when EPA would not be able to issue any PSD permits, industry petitioners plan to file a motion for an additional stay of the mandate. The Agency apparently has not resolved four areas of controversy which have delayed promulgation of the regulations (i.e., potential to emit definition, source definition, de minimis levels, and increment consumption system).

The Agency on May 7, 1980, issued an advanced notice of proposed rulemaking for the prevention of significant deterioration for hydrocarbons, CO, NO_x, ozone, and lead (PSD set II). The Agency is conducting a study concerning the Set II pollutants and is soliciting comments on specific issues and aspects related to this contemplated action. Comments are to be submitted to EPA by July 7, 1980. The Nonattainment/PSD/SIP Task Group in conjunction with the Clean Air Act Revisions Task Group will be developing CMA positions on this matter.

3. RCRA Regulations Task Group. The task group recommends for EMC approval that CMA file a protective petition with the U.S. Court of appeals for the District of Columbia Circuit challenging the RCRA Sections 3002, 3003, and 3010 implementing regulations late on May 26, 1980 (i.e., close of challenge period). If no environmental or public interest group files a timely petition challenging these regulations, we would agree to dismiss our petition. The task group believes it essential for CMA to play an integral part in any litigation and/or settlement discussions involving environmental or public interest groups that may have long term consequences on RCRA regulatory programs and may significantly impact the chemical industry. Outside counsel will monitor the court to ascertain whether any petitions are filed on this matter. I have learned that the American Mining Congress probably will be filing a petition challenging these regulations.

Settlement discussions with EPA/Justice concerning the Subpart D, Sections 4002-4004 litigation are continuing. Significant progress has been made towards resolving most of the procedural issues raised by the Section 4002 regulations. It is conceivable that a final resolution could occur by the end of this month. Since the Section 4004 issues are more substantive in nature, the progress on resolving the matter has been a little slower, although the industry petitioners are still optimistic that the significant issues can be resolved without having to proceed to actual litigation.

On May 2, 1980, Administrator Costle signed the Sections 3001, 3004, 3005, and 3006 implementing regulations. The regulations will appear in the Federal Register May 16 or 19, 1980. The task group has started its review of these regulations in preparation for the full day seminar for member companies on May 20, 1980 as part of the EMC semi-annual update.

Since many of the regulations are "interim final," the task group will be preparing comments for submittal to EPA. In addition, the task group will be reviewing the regulations to identify issues that might be raised as part of any legal challenge to the regulations. Judicial challenges must be filed not later than 90 days after publication of the regulations in the Federal Register.

4. Hazardous Waste Management Task Group. By the date of the May EMC meeting, I expect Bob Roland to have signed off on the model siting legislative proposal prepared by Professor A. Daniel Tarlock of Indiana University Law School and the task group.

5. Hazardous Waste Response Center. Gloria Sodaro is preparing, at the task group's request, a memorandum explaining criminal liability to which individual members of the task groups could become subject for failure to report any potential or known imminent hazards which they find on the waste disposal sites.

6. Effluent Guidelines Task Group. The CMA "white paper" setting forth for EPA an alternative regulatory development program for the chemical industry has been finalized and forwarded to EPA. An initial meeting to discuss CMA's alternative regulatory program has been held with EPA management. A second meeting is scheduled for May 16, 1980, to discuss the concept of a "long term" EPA-CMA monitoring program at a small number of facilities (i.e., five plants).

An ad hoc group will be meeting on May 16, 1980, to refine the second draft of CMA's comments on EPA's proposed addition of ammonia to the Section 307 list of toxic water polluants and review legal comments prepared by outside counsel for incorporation in the final comments. The comments must be submitted to EPA by June 2, 1980.

7. Water Quality Standards Task Group. The task group is refining a white paper setting forth CMA's position as to the proper regulatory relationship of water quality criteria to water quality standards. The intent of the white paper, to be submitted to EPA, is to persuade EPA in developing its water quality standards regulatory policy to recognize the proper state/federal roles specified in the Clean Water Act. In addition, the white paper will be used as a vehicle to update the member companies as to the various issues that have been identified to date in EPA's criteria/standards regulatory development process, and to provide information for use in state proceedings on the development of state water quality standards.

8. NPDES Task Group/Ad Hoc Consolidated Permit Group. The final consolidated permit program regulations covering NPDES, RCRA, UIC, and some Clean Air Act programs were signed on May 2, 1980, along with the substantive RCRA implementing regulations. The ad hoc consolidated permit group will be meeting later this month or early in June to identify issues of concern and recommend whether or not CMA should pursue a legal challenge of any of said regulations. One of the functions of the ad hoc group will be to evaluate whether the issues originally raised in our NPDES litigations have been mooted, satisfactorily resolved, or not changed. If fundamental NPDES issues are not resolved, we will procedurally have to refile challenges to the NPDES regulations in order to remain a party in any litigation and/or settlement discussions.

In a related matter, the NPDES task group has reviewed a "draft" of an EPA guidance document on Best Management Practices regulatory program and is preparing significant legal and technical comments. When this BMP guidance document is finalized, the task group will decide whether this issue should be resurfaced as part of any NPDES litigation and/or settlement discussions. Comments on the BMP guidance document must be submitted to EPA by June 19, 1980.

9. Clean Air Act Revisions Task Group. The task group continues to work closely with the national commission on air quality to assure that the chemical industry's positions are accurately reflected in their various studies. In addition, the task group is working on position papers and strategies on seeking technical amendments to Subtitle C (PSD) of the Clean Air Act. The task group will be developing various positions on various House bills that recently have been submitted and strategies for a more thorough reconsideration of the Clean Air Act during the 1981 session. The possibilities for a more meaningful reopening of the Clean Air Act have greatly increased as a result of Edmund Muskie leaving the Senate to become Secretary of State.

10. RCRA Amendments Task Group. Recent "technical" amendments to RCRA, included as part of the RCRA reauthorization bill, is still "stalled" in a Senate - House Conference Committee. One key amendment would authorize EPA granting interim status to facilities in existence on April 30, 1980 (Senate bill) or October 1980 (House bill) that notify EPA as required by Section 3010 and has applied for a permit. The statute now excludes new facilities, opened after October 21, 1976, from being granted interim status. Since it is illegal to operate a Subtitle C facility without a final Section 3005 permit or have interim status for said facility, many newer sites will have to be closed after the implementing regulations are issued, unless or until the corrective amendments included in the RCRA reauthorization legislation is enacted. There is some indication that the conferees may act on the reauthorization by late May or early June.

11. Labeling Litigation. On March 7, 1980, counsel for CMA filed an administrative appeal and CMA v. OSHA, No. 80-0605 (D.D.C.) to obtain copies of an economic study prepared for OSHA on the cost of labeling. OSHA has agreed to supply an index to the documents at issue in preparation for a status conference.

12. Labeling Developments. EPA staff have held several meetings with industry members to listen to criticisms of the EPA draft labeling rule. CMA has met with OSHA staff and by letter of April 11, 1980, criticized OSHA's draft proposal. OSHA, unlike EPA has not yet agreed to provide copies of the latest drafts of the rule for review and comment.

13. Workers' Compensation. Staff counsel assisted in the preparation of CMA comments on H.R. 5482 which urged that the process for determining whether a particular diseases arise out of and in the course of employment be flexible rather than dictated by rigid national standards.

14. D.O.E. Efficiency Standards for Motors & Pump. To support the Engineering Advisory Committee's efforts at hearings on energy efficiency standards a FOIA request was filed for a research contractor's report to D.O.E. on motors & pumps.

15. Special Projects. In cooperation with the Special Projects Department a review is underway of special projects activities in order to facilitate legal assistance.

16. Fuel Use Act. A task group of CMA's Energy Conservation Committee, with the assistance of outside counsel, drafted proposed amendments to the Powerplant and Industrial Fuel Use Act of 1978. CMA will seek passage of these amendments if an opportunity arises during Congressional consideration of legislation amending the Fuel Use Act with regard to electric utility powerplants. Key areas for amendment include the economic exemption, criteria for issuance of prohibition orders to existing units and Fuels Decision Reports and Environmental Reporting requirements.

17. Premanufacture Notification Matters. CMA and company representatives met, on short notice, on May 1, 1980, with EPA's new contractor on the economic impact of the PMN program and with an EPA representative. CMA informed ICF, Incorporated of the inability of individual companies to answer many of the questions contained in the firm's proposed survey questionnaire for the chemical industry. CMA indicated that among the problems with those questions were the phraseology and terminology, the variations among companies in accounting and recordkeeping procedures, the concern for confidentiality, the availability of the data sought, and the many questions concerning EPA's implementation of the PMN program. CMA informed ICF that much of the information sought appeared to be highly sensitive, competitive information. ICF was referred to CMA and industry representatives to get comments on EPA's proposed PMN program for additional information on the economic impact of the program and get suggestions for less onerous procedures.

CMA informed ICF that ICF's June 15, 1980 deadline for project completion did not provide a sufficient period of time to provide the necessary impact analysis requested by the Agency.

CMA agreed to make individual company representatives available for additional discussions of the difficulties posed by ICF's survey questionnaire.

18. TSCA Section 6. On May 5, 1980, CMA filed comments on EPA's immediately effective Section 6 rule on the prohibition of disposal and requirements of notice of disposed TCDD wastes. CMA objected to EPA's imposition of the rule's requirements on companies other than the single company whose handling of TCDD EPA viewed as posing an unreasonable risk to health. Since EPA in its published rule admitted it did not have information of the nature of the risk posed by other companies, CMA observed that EPA should have utilized its authority to require reports under Section 8(a) of TSCA.

Furthermore, since EPA did not make the requisite finding of unreasonable risk to health it did not and could not make additional findings necessary for issuance of a broadly applicable, immediately effective Section 6 rule, viz., that the actions to be regulated were likely to pose an unreasonable risk of injury to health or the environment before the Agency could promulgate a rule through its regular procedures.

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19. Rail Deregulation. H.R. 7235 passed the Committee on Interstate and Foreign Commerce Committee, and may go to the Floor soon, although no rule has been requested. CMA is concerned about the maximum rate provisions, contract provisions, and a provision allowing for surcharges.

Truck Deregulation. The Senate passed S. 2245 which CMA supported. The House is having markup of H.R. 6418 on May 22, 1980.

20. American Assoication of Railroads: Bottom Outlet Rules. CMA is now responding to communications from the AAR with a view toward eliminating or modifying substantially the bottom outlet retrofit schedule. The Legal Department has worked closely with members of the Technical Department, Task Group members, and attorneys from Wilmer & Pickering in this matter.

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American Assoication of Railroads: Interchange Rules. The Legal Department is working with Wilmer & Pickering attorneys in preparing a legal memorandum concerning the antitrust violations committed by the AAR in imposing upon private tank car owners Interchange Rules which deny chemical company tank car owners fair compensation for damage done to their tank cars.

21. Loading, Bracing, and Blocking. The Legal Department is participating in meetings of the Packaging Advisory Task Group, which is currently analyzing the current technology in providing safe packaging and safe transportation and distribution of chemicals in all modes of transportation. This task group is also cooperating with the AAR in this regard. A meeting in mid-June is scheduled, when certain restraining devices will be tested.

22. Department of Transportation: Application for Inconsistency Ruling on Boston Ordinance Regulating Transportation. On May 9, 1980, CMA filed comments before the Department of Transportation (DOT) concerning an ordinance recently issued by the City of Boston calling for severe restrictions on the transportation of hazardous materials in and around Boston. CMA requested the DOT to find the ordinance inconsistent with the Hazardous Materials Transportation Act.

Exhibit D

Confirmed Dates and Sites for Future Board of Directors Meetings

September 8-9, 1980	Lodge at Pebble Beach Pebble Beach, California

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January 5-6, 1981	Ocean Reef Club Key Largo, Florida

Proposed Dates and Sites for Future Board of Directors Meetings

September 14-15, 1981	Grove Park Inn Asheville, North Carolina

OR

September 28-29, 1981	Lodge at Pebble Beach Pebble Beach, Calfironia

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January 11-12, 1982	Arizona Biltmore Phoenix, Arizona
September 13-14, 1982	Silverado Country Club & Resort Napa Valley, California

Exhibit E

CONFIRMED FUTURE SEMIANNUAL MEETING SITES

October 27-28, 1980	Galleria Plaza Hotel	Houston, TX
November 2-3, 1981	Hyatt Regency Hotel (Capitol Hill)	Washington, DC

PROPOSED SEMIANNUAL MEETING SITE

October 4-5, 1982	The Palmer House	Chicago, IL

1983	New York
1984	Houston
1985	Washington
1986	New Orleans/Chicago

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