CHEMICAL MANUFACTURERS ASSOCIATION

STANDING COMMITTEE OFFICERS AND INCOMING COMMITTEE MEMBERS
for 1986-87

1. Communications Committee
Chairman: Michael E. Thompson, Amoco Corporation
Vice Chairman: Norman R. Angell, Chevron Chemical Company

Term ending May 31, 1989:
Joseph W. Bereswill, Celanese Corporation
Dan R. Bishop, Monsanto Chemical Company
Robert W. MacDonald, Exxon Chemical Americas
Kenneth Jacobsen, E. I. du Pont de Nemours & Company
Howard H. Babcock, PPG Industries, Inc.

2. Distribution Committee
Chairman: Ronald M. Jacobson, Rohm and Haas Company
Vice Chairman: Robert A. Christman, Mobay Corporation

Term ending May 31, 1989:
Keith J. Bunting, The Dow Chemical Company
Roy W. Mayeske, Minnesota Mining and Manufacturing Company
Jay A. Best, Koppers Company, Inc.
William A. Talmadge, Borden Chemical Division of Borden, Inc.
Philip C. Alling, CIBA-GEIGY Corporation

3. Engineering Advisory Committee
Chairman: Ray E. Olsen, Exxon Chemical Company
Vice Chairman: John E. Master, ARCO Chemical Company

Term ending May 31, 1989:
J. T. Blackburn, Phillips 66 Company, A Subsidiary of Phillips Petroleum Company
Judson W. DeLany, The Procter & Gamble Company
James M. Grover, Dow Engineering Company
Richard C. Lietzau, Air Products and Chemicals, Inc.
John E. Master, ARCO Chemical Company, Division of Atlantic Richfield Company
4. Environmental Management Committee
Chairman: Frank W. Berryman, Chevron Chemical Company
Vice Chairman: Vincent J. Marchesani, ICI Americas Inc.

Term ending May 31, 1989:
V. A. Bowman, Mobil Chemical Company
James K. Grant, Mallinckrodt, Inc.
Robert T. Jackson, Union Carbide Corporation
R. R. Kienle, Shell Chemical Company, A Division of Shell Oil Company
Charles T. Seay, Exxon Chemical Americas

5. Government Relations Committee
Chairman: Kenneth E. Davis, Rohm and Haas Company
Vice Chairman: A. Allen Noe, Chesebrough-Pond's Inc.

Term ending May 31, 1989:
David S. J. Brown, Monsanto Company
Richard L. Fischer, Amoco Corporation
Jeremiah J. Kenney, Jr., Union Carbide Corporation
R. Gary Wilson, PPG Industries, Inc.
Gordon E. Wood, Olin Corporation

6. Health and Safety Committee
Chairman: J. Ronald Condray, Monsanto Company
Vice Chairman: George A. Rodenhausen, Celanese Corporation

Term ending May 31, 1989:
Michael M. Marshall, Lonza Inc.
James M. Norwood, Air Products and Chemicals, Inc.
Gary A. Sunshine, ICI Americas Inc.
Gary L. Ter Haar, Ethyl Corporation
Frank A. Ubel, M.D., Minnesota Mining and Manufacturing Company,
   Chemical Division

7. International Trade Committee
Max L. Turnipseed, Ethyl Corporation
Vice Chairman: Robert E. Lory, Exxon Chemical Company

Term ending May 31, 1989:
Kenneth R. Adams, Cabot Corporation
Robert E. Lory, Exxon Chemical Company
Kenneth Y. Millian, W. R. Grace & Co.
Max L. Turnipseed, Ethyl Corporation
8. Patent and Trademark Committee
Chairman: Patrick L. Henry, Allied-Signal Inc.
Vice Chairman: Eugene G. Seams, FMC Corporation

Term ending May 31, 1989:
Larry W. Evans, The Standard Oil Company
Karl Jorda, CIBA-GEIGY Corporation
John M. Sheehan, ICI Americas Inc.
Robert C. Sullivan, Stauffer Chemical Company
Richard C. Witte, The Procter & Gamble Company

9. State Affairs Committee
Chairman: D. H. Brewer, Olin Corporation
Vice Chairman: C. Robert Ball, Exxon Chemical Americas

Term ending May 31, 1989:
William T. Wood, Jr., E. I. du Pont de Nemours & Company
D. H. Brewer, Olin Corporation
Ronald N. Roberts, Borg-Warner Chemicals, Inc.
Jerry L. Chambers, American Cyanamid Company
Robert J. Christie, ARCO Chemical Company, Division of Atlantic Richfield Company

10. Tax Policy Committee
Chairman: James C. Pugh, PPG Industries, Inc.
Vice Chairman: Cornelius P. Powell, Air Products and Chemicals, Inc.

Term ending May 31, 1989:
William M. Bellamy, Jr., Union Carbide Corporation
John J. Hill, Atlantic Richfield Company
Robert J. Moody, FMC Corporation
Robert A. Palsegede, Nalco Chemical Company
Richard S. Payne, Celanese Corporation
Richard A. Overton, Monsanto Company
Paul E. Sullivan Exxon Chemical Company
## Schedule of Meetings 1986-87

### Board of Directors, Executive Committee and Finance Committee

#### 1986

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<th>Time</th>
<th>Event Description</th>
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<tr>
<td>Thursday</td>
<td>June 5</td>
<td>4:30 p.m.</td>
<td>Organizational Meeting of the Board</td>
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<td>Organizational Meeting of the Board</td>
<td>The Greenbrier, White Sulphur Springs, WV</td>
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<tr>
<td>Sunday</td>
<td>September 14</td>
<td>3:00 p.m.</td>
<td>New Board Member Orientation</td>
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<tr>
<td>Monday</td>
<td>September 15</td>
<td>9:00 a.m.</td>
<td>Board of Directors</td>
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<td></td>
<td></td>
<td>1:30 p.m.</td>
<td>Executive Committee</td>
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<tr>
<td>Tuesday</td>
<td>September 16</td>
<td>8:00 a.m.</td>
<td>Board of Directors</td>
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<td>Silverado Country Club</td>
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<td>Napa, Valley, California*</td>
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<tr>
<td>Sunday</td>
<td>November 16</td>
<td>1:30 p.m.</td>
<td>Executive Committee</td>
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<tr>
<td>Monday</td>
<td>November 17</td>
<td>1:30 p.m.</td>
<td>Board of Directors</td>
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<td>Palmer House and Towers</td>
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<td>Chicago, Illinois</td>
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#### 1987

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<tr>
<th>Day</th>
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<th>Time</th>
<th>Event Description</th>
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<tr>
<td>Monday</td>
<td>January 26</td>
<td>9:00 a.m.</td>
<td>Board of Directors</td>
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<td>1:30 p.m.</td>
<td>Executive Committee</td>
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<tr>
<td>Tuesday</td>
<td>January 27</td>
<td>8:00 a.m.</td>
<td>Board of Directors</td>
<td>The Ritz Carlton Hotel</td>
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<td>Naples, Florida*</td>
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<tr>
<td>Monday</td>
<td>March 2</td>
<td>9:00 a.m.</td>
<td>Finance Committee</td>
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<tr>
<td></td>
<td>March 3</td>
<td>9:00 a.m.</td>
<td>Executive Committee</td>
<td>CMA Headquarters</td>
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<td>Washington, DC</td>
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<tr>
<td>Tuesday</td>
<td>April 7</td>
<td>8:30 a.m.</td>
<td>Executive Committee</td>
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<td>10:30 a.m.</td>
<td>Board of Directors</td>
<td>CMA Headquarters</td>
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<td>Washington, DC</td>
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<tr>
<td>Tuesday</td>
<td>May 5</td>
<td>9:00 a.m.</td>
<td>Executive Committee</td>
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<td>CMA Headquarters</td>
<td>Washington, DC</td>
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<tr>
<td>Wednesday</td>
<td>June 3</td>
<td>3:30 p.m.</td>
<td>Executive Committee</td>
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<td>5:30 p.m.</td>
<td>Board of Directors</td>
<td>The Greenbrier</td>
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<td>White Sulphur Springs, WV</td>
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*Indicates meetings to which spouse is invited

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<th>C. Technical Department</th>
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CMA 075712
ASSOCIATION PROGRAM AND ISSUE REPORT

I. ADVOCACY OVERVIEW

A. Congress

The Gramm-Rudman budget balancing law continues to dominate Congressional attention. Although the February 7 ruling by a Special Panel of the U.S. Court of Appeals for the District of Columbia invalidated the Gramm-Rudman sequestration procedure, it is unlikely that a serious blow was dealt to deficit reduction or that the impact of Gramm-Rudman will be seriously affected. The Special Panel's order was stayed pending an appeal to the Supreme Court, which is expected to decide the case by June.

Many of the essential features of Gramm-Rudman remain. There will be one budget resolution, which is required by law to provide for a deficit not exceeding $144 billion in FY 87. The budget resolution will spin off a reconciliation bill, which is Congress' first attempt at meeting the deficit target. There will still be a CBO-OMB deficit "snapshot" which will serve as the guideline for action. Thus, Congress will still have an opportunity in September to enact legislation as an alternative to the across-the-board cuts. But, at last resort, the across-the-board cuts will still be produced. Congress could refuse to pass the joint resolution, but this is an unlikely outcome. Passage of the joint resolution by both Houses and signature of the President will be necessary.

House and Senate Superfund conferees are meeting twice a week to work on solutions to the programmatic issues. If progress continues, differences could be resolved in the next four to six weeks. The April 1 "deadline" of EPA Administrator Lee Thomas is fast approaching. He has stated that if Superfund is not refinanced by this date, he will have to begin terminating cleanup contracts and notifying personnel of terminations.

On other issues of importance to the chemical industry -- CMA testified on March 11 before the Senate Commerce Committee on product liability and tort reform legislation. Patent Term Restoration was reported by the Senate Judiciary Committee March 11, and could be moving through Congress. Progress is also being made on the Safe Drinking Water Conference.
B. Federal Regulatory Agencies

**Department of Transportation.** The Secretary of Transportation established a Safety Review Task Force to analyze safety programs of each operating division of DOT. The Task Force produced a report concerning the review of the Research and Special Programs Administration (RSPA). The report includes five recommendations ranging from the issuance of regulatory planning documents to general management initiatives.

**Federal Energy Regulatory Commission (FERC) and the Department of Energy (DOE)**

A public conference is set for April 10 and 11 on the DOE proposal to eliminate the numerous ceiling prices under the Natural Gas Policy Act. The proposal would raise "old gas" price ceilings. Although the Administration considers legislative decontrol to be the best way to eliminate market distortions, the action is being recommended to assure that the lowest-cost supplies are developed fully.

On a parallel path, the Secretary of Energy has reaffirmed the Administration's commitment to comprehensive natural gas deregulation legislation, despite numerous obstacles in Congress. Following discussions with producer, pipeline, distributor and user groups, draft legislation is being circulated in an attempt to reach an acceptable compromise.

**Environmental Protection Agency (EPA).** The primary emphasis of EPA's regulatory program has been in two areas -- air toxics and RCRA land disposal prohibitions. EPA recently proposed a major rule that would establish a methodology for determining which hazardous wastes ultimately may or may not be banned for disposal on the land. This methodology will hopefully aid EPA in making timely decisions so that statutory schedules are met and the undesired statutory "hammers" (automatic prohibitions for land disposal) do not go into effect. The second area of increased EPA activity is the Agency's air toxics strategy. The Agency has committed to expedite the decision making process, as much as technically feasible, on whether or not to list certain air pollutants under Section 112. The Agency remains committed to its "intent to list" process and intends to fight NRDC's judicial challenge of the procedure. In addition, EPA is formulating a long-term strategy for regulation of hazardous air pollutants.

C. International

The House is making a strong effort toward reporting out an omnibus trade bill by mid-May. Speaker O'Neill is committed to it and has appointed Majority Leader Jim Wright to coordinate the House efforts. The Ways and Means Committee held a retreat in March to get started on a bill. A potential jurisdictional dispute between that committee with the Commerce Committee has been cooled for the present. CMA is little affected by most of the issues in the bill and...
will work primarily for a provision to exempt import sensitive
products from tariff cuts that are expected to be authorized in a new
GATT negotiation.

The President has informed the Congress of his intent to
negotiate a free trade agreement with Canada. Both the Senate and
House have requested comments on such an agreement. CMA will forward
its comments to both bodies, possibly jointly with other members of
the Office of the Chemical Industry Trade Advisor (OCITA).

A Committee of the General Agreement on Tariffs and Trade (GATT)
is preparing an agenda for the start of multilateral trade
disputes in September. There is a major dispute within the
Preparatory Committee on several agenda items. CMA's views that (1)
import sensitive products should be exempted from tariff cuts and (2)
intellectual property rights violations in other countries should be
stopped are being expressed to the Department of Commerce and the
Trade Representatives Office.

D. States

Just as states had achieved some financial stability and had even
reduced some taxes, along comes Gramm-Rudman. As contrasted with the
federal government, states generally operate with balanced budgets.
Even with a less than robust economy, twelve states were able to cut
income taxes last year. A half dozen states repealed corporate
unitary taxation and others are considering repeal in 1986. However,
the reduction of federal support for environmental protection, welfare
programs, etc. by Gramm-Rudman will lead to increased funding of these
functions by states and, hence, a reversal of the current state tax
trend.

For example, state superfunds are already surpassing the federal
fund in overall costs. And if the public cry for help is not heard at
the federal level for whatever reason, the states could easily expand
the effort and costs. State Affairs has just completed a preliminary
study of state superfunds and found that the potential industry
liability ranges from $3 to $9 billion - not counting continued
operating and maintenance costs following cleanup or victims' compensation costs. The latest state to propose an increase in state
superfunds is Pennsylvania which would more than triple the old
proposal.

Massachusetts has a special commission on Liability related to
hazardous wastes and they are trying to quantify the numbers of
"victims". New York also has a legislative program involving
liability. State Affairs is working on model tort reform legislation
with the American Tort Reform Association and other coalitions.

Right-to-Know issues continue to expand at the state level, often
being included in broader legislation involving air toxics and
emergency response. CMA, in conjunction with the New York Business
Alliance, testified at the state's hearing on emergency planning.
Many states are currently considering programs to regulate air toxics including Connecticut, Massachusetts, Florida, Maryland, Kentucky, and North Carolina.

Finally, a possible new trend from one of the trend setters-California. State Affairs is working with the Chemical Industry Council of California to develop an alternative to the employee health surveillance bill being considered in the Assembly.

E. Media

ABC's movie about an American Rhopal, "Acceptable Risks," seems to have subsided with nary a ripple. The network's policy and standards division—to their credit—agreed to include an announcement at the end of the program advising interested citizens to write EPA, CMA or Environmental Action for more information.

There has been no perceptible increase in inquiries about emergency planning that we can credit to the movie. This may be because the audience was so limited for the film. It ran last in all major markets.

Member companies across the country participated in local television follow up programs. A number made special efforts to inform employees before the film was shown. One opened a telephone bank to respond to community questions.

The Superfund communication program that moved back into high gear with visits scheduled with editorial boards across the country. CMA Chairman George Sella conducted a March 12 news conference in Washington calling for immediate reauthorization with a broad-based tax to fund and expanded program.

Reaction from editorial boards thus far has shown basic support for broadening the tax base.

March 13 Chairman Sella publicly announced CMA's Air Toxics control policy during a speech to industry air coordinators in New Orleans. The announcement was distributed to over 1000 news contacts and videotaped for release to CMA's 500 Television/3500 radio station network.

F. Courts

Supreme Court Decision in Exxon v. Hunt. On March 10, the Supreme Court held that a state may not levy a state Superfund tax to fund the same type of expenses that may be covered by the federal Superfund program. In so holding, the Supreme Court stated that the provision of Superfund on which it based its decision reflected "Congress' concern about the potentially adverse effects of overtaxation on the American petrochemical industry." (Slip opinion at p. 15) The Court noted that Congress was aware that the funding
level of the federal Superfund was insufficient to clean up more than a few of the nation's worst hazardous waste sites. However, remedying these problems was not the sole policy choice reflected in CERCLA. Because of Congress' concern about the effect of taxation on the chemical industry, the Court concluded that Congress intended to place some restrictions on the ability of states to impose taxes to fund state cleanup programs.

Specifically, the Court held that New Jersey's Spill Fund was partially pre-empted by § 114(c) of Superfund which provides that "no person may be required to contribute to any fund the purpose of which is to pay compensation for claims for any costs of response or damages" that may be compensated under Superfund. The Court interpreted this phrase as a "shorthand for the authorized uses of Superfund" (at p.12).

The Courts, however, did rule that some state Superfund uses are valid. The Court directed that the National Contingency Plan (NCP) be used as the criteria to determine which expenses are eligible for Superfund money. By statute, the state's 10% matching share of remedial costs is not an eligible cost under Superfund and therefore may be funded by a state Superfund. In reviewing the uses of the New Jersey Spill Fund, the Court held that those "parts of the statute that permit Spill Fund expenditures beyond this state share for remedial costs for sites on the National Priority List, or for removal cost that are eligible for Superfund compensation under the terms of the NCP, are pre-empted by § 114(c)." (at p. 19) The uses of the Spill Fund which were upheld as valid are to pay for (1) compensation of third parties for damages resulting from hazardous substances discharges, (2) personnel and equipment costs, (3) administration costs, and (4) research.

II. ISSUES AND PROGRAM STATUS

A. Hazardous Waste (Superfund)

1. Congressional Developments and Response

Representatives from the nine House & Senate Committees that worked on the Superfund legislation, convened the conference February 26. They will work toward the resolution of the program issues and to restore the taxing authority which expired September 30, 1985. Representative John Dingell (D-MI) was elected chairman of the conference committee to resolve the program issues. In other action, the tax conferees elected Representative Rostenkowski (D-IL) to chair the meetings on the size and source of funding. The tax conferees have not set a date to meet on the funding issues.

The program conferees decided to meet every Tuesday and Thursday. These meetings will continue until March 21 when they will evaluate their progress and the work needed to complete the
conference. If final resolution is near by March 21 then they will not consider a short term extension. This is because EPA Administrator Lee Thomas has stated if Superfund is not refinanced by April 1, he will have to begin terminating cleanup contracts and begin the process of notifying some 1,500 employees of termination by September or October.

The conferees have met over the last two weeks and resolved about thirty non-controversial program issues. They still have about two hundred program issues to resolve including such important issues as cleanup standards and state standards; settlements and liability issues and right-to-know including emissions reporting. But the key to concluding the conference and having a five year Superfund reauthorization is the resolution of the controversy over the source of funding.

The Government Relations Committee's Superfund Task Group has distributed to the conferees a side-by-side analysis of the two bills exploring the most desirable position on each of the program issues. The task group members continue to express the unfairness and inequity of the House-passed funding proposal. They are using EPA's Potentially Responsible Party (PRP) list and economic data on the impact of increased feedstock taxes to press for a broad based source of funding.

Also, members of the CMA Executive Committee and Board of Directors have contacted key Administration officials, selected Members of the Senate and are in the process of contacting all the Members of the Ways & Means Committee to press for a broad based tax.

2. Grassroots Activities

The Grassroots Program continues to keep its contacts up-to-date on the latest Superfund developments. Specific requests for constituent contacts will be made as directed by the Government Relations Committee Superfund Task Group.

3. Communications

A press conference was held March 12 in Washington to release the EPA's list of 6,000 "PRPs" at Superfund waste sites. CMA Chairman George Sella, who conducted the press conference, also urged Congress to complete reauthorization of the law with broad-based tax. Television and radio newsfeeds of the press conference were distributed to broadcast outlets in key states.

Media tours are under way in selected Congressional districts/states represented by House-Senate conferees. Tours have been scheduled in Knoxville, Long Island, Houston, Dallas, Ft. Worth, New Orleans, Baton Rouge, Lafayette, La., and Lake Charles, La.

CMA 075718
Seven radio newsfeeds were developed and distributed to the "Report" and "Lifestyle" networks on Superfund issues.

B. Hazardous Waste Management (RCRA)

1. Congressional Developments and Response

It appears that there may be upcoming legislative activity over the next few months in the RCRA area, as both the House and the Senate have held oversight hearings on EPA's proposed regulations of the 1984 law.

A key area of legislative concern will be the effects of the loss of interim status on RCRA sites. Other areas that may be the subject of future oversight hearings are groundwater monitoring regulations, inventory requirements and insurance availability.

The other major area of concern is the EPA proposed land disposal ban regulations (see below). The Senate Environment and Public Works Committee and the House Energy and Commerce Committee both held hearings on the proposed land disposal ban regulation. A letter was sent from key Members of Congress to EPA Administrator Lee Thomas indicating that EPA has misinterpreted the RCRA amendments in their proposed rule on land disposal restrictions. CMA will be meeting with Congressional staff to discuss EPA's proposal and any future legislative activity.

2. Regulatory Developments and Response

RCRA Land Disposal Restrictions. EMC's RCRA Regulations Task Group has developed comprehensive comments on EPA's proposed regulatory framework for implementing the land disposal restrictions contained in the Hazardous and Solid Waste Amendments of 1984. The comments also address proposed levels and methods of treatment and compliance deadlines pertaining to the land disposal of certain hazardous wastes containing dioxins and spent solvents. CMA's comments strongly support: the overall approach selected by EPA for implementing the land disposal restriction provisions; the proposal for establishing a screening level as a first-step determination of those land disposal practices that are not protective of health and the environment; and EPA's interpretation of a migration standard. CMA's comments also address specific technical concerns with the components of EPA's methodology and in how the laws were applied to make specific technical decisions regarding spent solvent and dioxin-containing wastes.

C. Air

1. Congressional Development and Response
Congressman Henry Waxman (D-CA), Chairman of the House Health and the Environment Subcommittee, and Senator Robert Stafford (R-VT), Chairman of the Senate Environment and Public Works Committee, continue to state that clean air is on their agendas this year. In a March 10 speech, Waxman described the air toxics bill that he introduced last spring as necessary and still under consideration by his subcommittee. Waxman has been on the verge of introducing an acid rain bill since last summer. Recently, he has been considering a bi-partisan compromise. CMA is monitoring for any effort to combine Waxman's air toxics bill with an acid rain bill in the House. In addition, Stafford has been planning to introduce acid rain legislation, which reportedly provides for control beyond sulfur dioxide and NOx. Current stimulation of acid rain bills is the U.S./Canada meeting scheduled March 18.

2. Grassroots Activities

The Grassroots Program continues to work closely with the Air Toxics Team in the development of appropriate messages and targets to support the Association's new air toxics policy and program. It is anticipated that meetings with selected Congressmen and Senators will begin this spring. Analysis of selected congressional districts and states is underway to determine CMA company presence. The Grassroots Program is participating in the current Air Toxic workshops in order to introduce participants to the program.

3. Policy Development, Analytical and Program Activities

Air Toxics Control Policy Implementation. The EMC's Air Toxics Coordinating Group has developed an initial work plan that supports member companies' implementation of the air toxics control policy. A series of workshops, for member companies, are being conducted to discuss the new policy and its implementation. Four workshops have been held. Five additional workshops are scheduled in March and early April. The workshops are being co-sponsored by the local chemical industry councils. The New Orleans workshop featured a luncheon speech by George Sella, Chairman of the Board, that was open to invited local media, industry, and governmental officials. The talk tied together the industry's commitment to CAER, NCRIC, and the new air toxics control policy.

D. Surface Water

1. Congressional Developments and Response

Clean Water Act. In mid-February, Congressional staff to the conferees on the Clean Water Act Amendments (S. 1128 House and Senate versions) began preparations, but their meetings were suspended when the Superfund conference began. During the brief period of movement toward the Clean Water conference, CMA representatives met with House committee staff and reviewed recommended improvements for S. 1128.
These recommendations originally were provided to Congressional staff last September.

2. Policy Development, Analytical and Program Activities

   Environmental Monitoring. The Environmental Monitoring Task Group has completed a white paper on environmental monitoring that is intended to present the capabilities and limitations of environmental monitoring. The 12-page booklet is written in layman's language for use in various external forums.

3. Communications

   Two radio newsfeeds were produced and distributed to the "Report" networks on surface water.

E. Groundwater (Includes Safe Drinking Water Act)

   1. Congressional Developments and Response

      Safe Drinking Water Act

      The House/Senate Conference Committee continues to try to work on reauthorizing the Safe Drinking Water Act. Conference did begin, with conferees resolving 18 differences between the House and Senate bills. But, strong differences remain on the issue of groundwater protection, and it will be difficult to reconcile the House and Senate positions in this area. Senate and House conferees are more hopeful, however, that they will be able to reach a compromise on the groundwater provision.

      The Senate bill (S. 124) is sponsored by Senator Dave Durenberger (R-MN). The House bill (H.R. 1650) was introduced by Rep. Edward R. Madigan (R-IL). Both bills would set deadlines for the Environmental Protection Agency to regulate drinking water contaminants, require monitoring for unregulated contaminants, and establish a demonstration program for planning to protect aquifers that are the sole or principal source of a community's drinking water.

      Conferees were able to agree on other differences between the two bills.

      A key agreement reached by the conferees was to adopt language requiring the Environmental Protection Agency to set binding standards for a list of 85 contaminants within three years of enactment, based on the health effects and cost criteria specified in current law.

      Conferees also agreed to split the difference between the funding levels in the two bills, resulting in authorization of about $135 million for Safe Drinking Water Act programs in fiscal 1987.
On the groundwater issue the House (H.R. 1650) would create a new federal program of grants to states to develop plans and regulations as needed to protect groundwater within their boundaries. The Senate bill (S. 124) would authorize funds only to protect aquifers that serve as the only available supply of drinking water for a community. The Senate continues to prefer keeping the groundwater issue separate from the Safe Drinking Water Act.

CMA has supported the Senate bill over the House version on three issues: standard setting, no comprehensive groundwater protection program, and the Senate critical aquifer demonstration program instead of the House sole source.

Groundwater

In the fall, Senator Dave Durenberger (R-MN) held a series of hearings leading toward the introduction of his groundwater protection bill. Senator Durenberger plans on introducing his bill, with bipartisan support, sometime this spring.

Senators George Mitchell (D-ME) and Max Baucus (D-MT) introduced their groundwater protection bill, S. 1836, on November 7, 1985, primarily to begin the discussions in the groundwater debate. This bill would require states to have their own groundwater protection programs and to establish groundwater quality standards, with assistance from the Federal government. CMA is currently working on an analysis of the Mitchell/Baucus bill.

The National Groundwater Policy Forum, led by Gov. Bruce Babbitt of Arizona, announced its legislative recommendations. These recommendations, together with Senator Mitchell's and Senator Durenberger's bills, will probably serve as the initial focal point for the groundwater legislative debate this year. CMA is in the process of completing an analysis of the Forum's proposal.

Activity in the House appears to be picking up in the groundwater area. A House version of the Mitchell/Baucus bill was introduced (H.R. 3608) and hearings will be held in the spring on various groundwater initiatives. Progress will most likely be slow in the House, however, due to jurisdictional problems. The Energy & Commerce, Public Works and Transportation and Interior Committees will all be playing a role in the groundwater debate in the House.

2. Grassroots Activities

The Grassroots Program will begin to address the Groundwater issue as the need for district level communications becomes more timely. At this time, however, most of the attention of the Grassroots Program is being directed toward the Air Toxics program.

3. Regulatory Developments and Response

CMA 075722
Recommended Maximum Contaminant Levels. The EMC's Groundwater Management Task Group has submitted comments to EPA on the Agency's proposed recommended maximum contaminant levels (RMCLs) for synthetic organic chemicals, inorganic chemicals, and microbiological parameters in drinking water. The final RMCLs will be the basis for establishing maximum contaminant levels that could affect drinking water systems maintained by member companies. Although CMA's comments generally support the basis for selecting contaminants for regulation, CMA has major concerns with EPA's approach for setting RMCLs. In this regard, CMA disagrees with EPA's approach for setting RMCLs at zero for known or probable carcinogens.

Maximum Contaminant Levels. The EMC's Groundwater Task Group developed comprehensive comments on EPA's proposal to establish Maximum Contaminant Levels (MCLs) for eight volatile synthetic organic chemicals in drinking water and to set monitoring, reporting, and public notification requirements for those VOCs and 51 other unregulated VOCs. CMA's comments support EPA's decision to establish MCLs for eight regulated contaminants rather than to prescribe treatment technique regulations. In addition, CMA's comments support the concept of setting MCLs at the practical quantitation level or the recommended maximum contaminant level, whichever is higher, provided that these levels have been properly established and treatment techniques are available. CMA's comments also address technical concerns with packed tower aeration treatment technique, granular activated carbon, and proposed compliance monitoring test methods.

4. Litigation and Related Legal Activities

Underground Injection Control (UIC) Activities. CMA's outside counsel for UIC matters has prepared a memorandum analyzing the application of the RCRA land disposal ban provisions to underground injection. That memorandum has been approved by the UIC Management Group and will be sent to EPA shortly. We believe that counsel's analysis will support an effort by EPA to develop an approach to regulating underground injection which will protect public health and the environment without imposing unnecessary constraints on existing, safe disposal practices.

NPDES Regulations Litigation. Oral argument in the NPDES litigation took place on March 3 and March 4 before the U.S. Court of Appeals for the D.C. Circuit. This complex case consumed over 7 hours of oral argument time. CMA's outside counsel presented an overview of the industry positions and argued the issues of toxicity limits, bypass, toxics used or manufactured, and EPA authority. A decision is expected within 3-6 months.

F. Regulation of Chemicals (TSCA and related)

1. Regulatory Developments and Response
Revision of TSCA Test Guidelines. The Hazard Assessment Task Group filed comments for CMA on EPA's proposed revisions in TSCA test guidelines. The intent of the revisions is "...to provide more explicit guidance on the necessary minimum elements for each study" (51 FR 1522, January 14, 1986). CMA comments reflected several concerns. If these proposed revisions were made final, the "guidelines" would become enforceable test standards whenever they were incorporated in chemical-specific test rules. Such a move from reasonable flexibility to a standardization stance is inappropriate, specifically when EPA failed to respond to CMA's 1979 comments on the original test guidelines. EPA was asked to explain their position on the guidelines revisions and give ample time for comments in future proceedings. CMA also suggested the development of industry-government workshops to assemble recognized authorities with expertise in specific test methodologies.

Assessment and Regulation of Chemical Categories

On March 11, Don Clay, Director of the EPA Office of Toxic Substances (OTS), met with the Product Management Task Group to explain the OTS approach to the assessment and regulation of chemical categories. He explained that OTS has begun to develop a category approach as a way to save time and resources and as a way to be more systematic in their assessments and regulations. The basic concept of the category approach is to assess, test, and if necessary, regulate a group of chemical substances at the same time. Categories, or groups of chemical substances, are structured differently depending upon the type of hazard and the circumstances of use or exposure.

In his briefing, Don Clay mentioned several different types of category approaches: Chemical structure categories; use categories (e.g. consumer uses); discharge categories (e.g. release to water); exposure source categories (e.g. groundwater); and, combinations of these approaches. OTS has begun several projects with the category approach. Acrylates and chlorinated solvents were two categories mentioned that OTS may initiate regulatory action on within a year. The task group will interact with OTS as the category approach develops.

2. Policy Development, Analytical and Program Activities

National Toxicology Program's Carcinogen Classification Scheme.

On January 17, 1986, NTP published its "Levels of Evidence of Carcinogenicity Used to Describe Evaluative Conclusions for NTP Long-Term Toxicology and Carcinogenesis Studies" (51 FR 2579). The Hazard Assessment and Risk Assessment Task Groups developed comments for submission by CMA to NTP. The letter expressed dissatisfaction with NTP's classification system because of the potential for erroneous communication to regulatory groups about the degree of hazard and risk. Additionally, CMA suggested that NTP accept more responsibility for communicating the limitations of study results as they are applied to human health standards. The OSHA Hazard Communication Standard and
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certain state Right-to-Know laws routinely provide for potential regulatory misuse of NTP findings. CMA hopes that its comments along with those of AIHC will induce a reexamination of NTP's carcinogen classification system.

3. International Regulation

European Community Preparations Directive. The United States Department of State has transmitted its official response to the European Community on the Proposed EC Directive Relating to the Classification, Packaging and Labelling of Dangerous Preparations. These comments are a compilation of those submitted to the Trade Representative's Office by EPA, OSHA, the chemical industry, and other independent organizations. These comments will precede any formal discussions between the U.S. Trade Representative and the European Community, but during the next six months, our Trade Representative's Office expressed a desire to discuss in more detail the comments contained in the State Department cable.

Australian Chemical Law. The IAG has received from the Australian Minister of Arts, Heritage, and Environment a copy of a news release describing the Australian Inventory of Chemical Substances (Guidelines for Nominating Chemical Substances to the Inventory), a copy of the Minister's statement to the press, summary of key information, and copies of nomination forms. These products resulted from a lengthy deliberation between the Australian Chemical Industry, its Government, CMA's International Affairs Group, and the U.S. Government. The nomination process will end August 15, 1986.

G. Public Compensation (Risk, Health and related issues)

1. Product Liability Developments and Response

Danforth Bill

On February 12, 1986, CMA submitted written comments on S. 1999, the product liability bill introduced by Senator John Danforth (R-MO). The comments express support for the uniform product liability standards in Title III of the bill. However, the alternative claims mechanism in Title II presents serious difficulties and cannot be supported as drafted.

The most serious problems with the Title II claims procedure involve determinations of causation. Good science is not required in these determinations and an inappropriate statistical presumption has been added. As a result, liability would be imposed on a manufacturer even though there is only a small likelihood of actual responsibility. Also distressing is that liability can be imposed on the basis of causation determination by a Health Effects Panel that lacks due process and is beyond legal review.
The Senate Commerce Committee held hearings on product liability on February 27 and March 12. CMA testified on March 12. No further action has been scheduled.

In addition, CMA is still working closely with the Product Liability Alliance, a coalition of more than 250 businesses and trade associations seeking product liability reform. Comments developed by the Alliance reflect CMA's concerns with the Title II alternative claims mechanism.

H. Occupational and Public Safety

1. Congressional Developments And Response

Community Right-to-Know (RTK). The House and Senate Superfund conferees are working to complete most of the programmatic issue discussions by the end of March. (See separate section on Superfund in this report.) It is possible that the right-to-know, emergency response and emissions/discharge reporting provisions may be conferenced in that timeframe. CMA is working within a broad coalition of allied industry groups on hazardous air pollutants to achieve more reasonable reporting provisions. We are urging Members of Congress to oppose "mass balancing" and to support the concept that any reporting requirements should be on a pilot basis, for a limited number of substances. EPA will review the pilot program and report back to Congress with recommendations on a workable and effective emissions/discharge reporting program. In addition, we are urging the conferees to keep right-to-know and emissions/discharge reporting separate from CERCLA to prevent diversion of Superfund monies to other than dump site clean up activities.

Worker Right-to-Know.

In February, Senator Howard Metzenbaum (D-OH) introduced his High Risk Occupational Disease Notification and Prevention Act of 1986 - S. 2050. This is Senate companion legislation to Congressman Joe Gaydos' (D-PA) H.R. 1309, to identify and notify workers at elevated disease risks. Although it appears quite similar to the Gaydos bill, a few differences are as follows. The Metzenbaum measure would:

- provide Federal government immunity from liability for actions taken or not taken to notify at-risk;
- adopt a single 30% definition of population at risk;
- change the role of health centers from monitoring and surveillance to providing training and technical assistance.

Organized labor is behind this legislation and will be attempting to promote action on it in both bodies. No hearings have been scheduled in the Senate as yet. A CMA technical task group has it under review.
2. Regulatory Developments and Response

OSHA Handling and Storage of Hazardous Chemicals Standard

OSHA has continued work on a possible standard addressing the handling and storage of "hazardous" chemicals. Agency officials have advised CMA that an ANPR (Advance Notice of Proposed Rulemaking) and a request for participants in a "mediated" rulemaking can be expected in the Federal Register in late spring or early summer.

The Safety Programs Task Group continues to monitor these developments, assuming a cooperative attitude while also developing proposals to limit the scope of the Agency's contemplated regulation. Staff are maintaining communications with other industry associations.

Amendments to the Hazard Communication Standard

The Health and Safety Committee's Right-to-Know Task Group submitted comments to OSHA on three amendments to the Hazard Communication Standard.

In response to the Interim Final Rule on Trade Secrets, CMA supported OSHA's trade secret definition. While CMA supported employee access to trade secrets, we strongly emphasized that employees must demonstrate a clear need for access to the information and be bound by confidentiality agreements.

To achieve uniformity in employee hazard communications, CMA also supported the Advance Notice of Proposed Rulemaking (ANPR) that would expand the scope of the standard to include the nonmanufacturing sector.

Finally, CMA supported the proposed rule's provision that would allow occupational health nurses to have access to trade secrets.

3. Policy Development, Analytical and Program Response

EPA's Office of Policy, Planning and Evaluation has asked CMA's Safety Programs Task Group (SPTG) to prepare a plan for significantly improving that Agency's "Hazardous Events Data Base." SPTG is developing a protocol for such an activity.

SPTG is also evaluating the desirability of a guidance document addressing the safety implications of drug abuse in the plant and means of combating the problem.

The same task group has just finished the Site Emergency Response Planning document and is preparing to turn it over to the CAER Program. A series of seminars/workshops are being considered on this material. Additional "safety guide" titles will become available over the next 30 to 60 days.
The Process Safety Analysis Task Group (PSATG) has just completed its third highly successful Process Safety Overview Seminar. The PSATG is now evaluating the practicality of more detailed seminars or guidance materials addressing specific elements of the discipline.

Public Review of Progress on ANSI 2129.1 Revision. At the American Conference on Chemical Labeling (March 5 and 6, 1986 at the Hyatt Regency in Crystal City), members of CMA's Health and Safety Labeling Task Group presented topical reviews on the revision of the American National Standard for Hazardous Industrial Chemicals - Precautionary Labeling. Presentations were well received and stimulated constructive comments from attendees on the inclusion of symbols and chronic hazard labeling language in the 1987 revision. The Conference also sponsored informative discussions on international labeling issues by Dr. Klaus Krisor of EEC and Dr. Bernhard Broecker of CEFIC.

I. Community Awareness and Emergency Response (CAER)

1. Policy Development and Program Activity

At the request of the Board of Directors, CMA President Roland sent a letter to member companies that have designated a CAER coordinator, but have not supplied information about their progress in CAER. That letter triggered additional responses, bringing the total number of companies reporting to 133. These companies have identified 1,289 sites that are participating in the program.

On February 14, 1986, Mr. Richard Lesher, President, U.S. Chamber of Commerce, wrote President Roland indicating that the Chamber's Board of Directors had voted to endorse the CAER program and will encourage state and local chambers of commerce to help implement the program.

The CAER Task Group has initiated the following projects to help companies and communities that have just started, or are well into, a CAER effort:

- Emergency response drill training module. Working with a consultant, the task group is developing a booklet and other course materials that will help communities conduct emergency response simulations to test their contingency plans.

- A CAER videotape library. The task group and the CMA communications staff are preparing a series of videotapes including the following subjects: a 15-minute CAER overview that will be used in federal agency workshops for local emergency response officials; and three videotapes that cover how plant managers can set up local coordinating groups, and how coordinating groups can work with the media and handle local politics.
2. International Aspects

Recent discussions with the Mexican Asociacion Nacional de la Industrias Quimicas (ANIQ) resulted in a briefing by CMA in Mexico City on March 4th. This session was attended by 20 Mexican and U.S.-owned companies (ANIQ members). All were extremely enthusiastic and agreed that a number of additional briefings and discussions should occur on implementing a CAER Program for the Mexican chemical industry. During that meeting it became clear that the ANIQ members also favor discussions on establishing a cooperative agreement with CMA on CHEMTREC. They have an interest in entering into an agreement with CMA on that subject in the not too distant future. Finally, the ANIQ Director General, Mr. Carlos Pani, suggested that the ANIQ and IAG should meet on a regularly scheduled basis, similar to the meetings we have with Canada and CEFIC, to better facilitate the mutual exchange of current information.

3. Outreach Activity

CMA is continuing its work with state organizations to enhance the implementation of the CAER program. Proposals to develop specific programs to assist state CIC's in implementing CAER are expected from New Jersey, Michigan, Florida and California. Programs will focus on first responder training workshops, development of state-specific CAER brochures, and various outreach activities designed to reach small communities and other manufacturers and users of chemicals.

CMA was invited to present the CAER and NCRIC programs at four regional hazardous materials emergency management conferences. The conferences are sponsored by Environmental Protection Agency, Federal Emergency Management Agency, Department of Transportation, Health and Human Services, United States Coast Guard, and Occupational Safety and Health Administration. The agencies and industry are using this opportunity to bring together leaders of state chemical organizations, local industry and federal, state and local emergency response planning initiatives.

Three conferences have been held to date. The first conference took place in San Francisco, California, and both CMA and the California CIC participated. The second conference was conducted in Dallas, Texas, on February 19-20 and both CMA and the Texas Chemical
Council participated. The last conference was held in Chicago, Illinois on March 4-5 and CMA, the Michigan Chemical Council, Illinois CIC and John Jones representing Dow Chemical participated. A last conference was held March 18-19 in Cherry Hill, New Jersey.

CMA was also invited to present the CAER and NCRIC programs to; the Department of Natural Resources in Springfield, Missouri; the Chemical Specialties and Management Council in Austin, Texas; Witco Chemical in Newark, New Jersey; and the Connecticut Business and Industry Association in Hartford, Connecticut.

The Texas Chemical Council sponsored a CAER workshop on February 26, 1986. About 140 industry representatives attended. Speakers described local CAER initiatives, and a CMA representative outlined the national effort. Also, an Environmental Protection Agency spokesman discussed the agency's Chemical Emergency Preparedness Program.

On March 7, 1986, CMA described the CAER effort to nearly 200 public and private sector executives at an "Executive Management Conference on Industrial Accidents" in New Orleans, Louisiana. The conference was sponsored by the Louisiana Chemical Association (LCA), Louisiana Office of Emergency Preparedness and others. This program was the culmination of the LCA's intensive one year program to implement CAER in Louisiana.

4. Communications

A series of videotapes are being produced as training materials for the CAER program. Taping for the initial tape, which describes how to get CAER program started and the establishment of a community coordinating group, has been completed. Productions on working with the media and local politicians are in the planning stages.

CMA produced a special edition of the CAER Newsletter to help local chemical company personnel respond to community reaction to ABC's film "Acceptable Risks". The newsletter included a list of possible questions and answers and points to make as well as suggested ways to advance the concept of community outreach. The CAER leaflet was updated in preparation for inquiries following the showing of the film.

J. Chemical Product Distribution Advocacy

1. Congressional Developments and Response

Shipping Act Amendments. CMA was successful in getting an amendment eliminating antitrust immunity for chemical parcel tankers to collectively set rates included as a rider to H.R. 2466, Miscellaneous Changes In Laws Affecting U.S. Coast Guard. This bill, and a similar one in the Senate, has passed Congress. It was vetoed by President Reagan due to other unrelated provisions that would have
adversely affected plans for reducing the federal budget. CMA intends
to continue its efforts to get this amendment to the Shipping Act
adopted into law.

has introduced a bill, H.R. 4038, that would in effect permit U.S.,
Canadian and Mexican marine carriers to discuss rates. CMA does not
believe that such antitrust immunity should be extended to contiguous
carriers.

2. Regulatory Developments and Response

National Hazardous Materials Transportation Advisory Committee
(NHMTAC)

This DOT Advisory Committee submitted to Secretary Dole numerous
recommendations for improving the safe transportation of hazardous
materials. CMA responded to each, providing full support for national
regulatory uniformity; the establishment of a license for operators of
vehicles transporting hazardous materials; registration of industry
participants; development of a database to identify regional flow
patterns; enhanced public awareness; state enactment of Good Samaritan
laws; and continued technical assistance from industry to emergency
response officials.

CMA took exception to the NHMTAC recommendation calling for the
establishment of an industry-financed federal emergency response
fund. CMA maintained that an adequate assessment of emergency
response needs must be conducted before any fund should be
established. State and local taxes in this area should also be
preempted. Other recommendations opposed by CMA include:
establishing a permitting system; furnishing Material Safety Data
Sheets with each shipment; and prenotification of the movement of
hazardous materials.

Service Contracts. The Federal Maritime Commission has
published a Notice of Proposed Rulemaking that would, if adopted,
reduce the flexibility chemical shippers have to contract for ocean
transportation. The action would reaffirm that a shipper cannot
commit all or a fixed portion of its cargo to a carrier or carrier
conference. The proposed rule also would require additional filings
to the FMC. The reported purpose for these additional filings is to
aid the Commission in its surveillance of the contracting procedure,
and to make the essential terms available to similarly situated
shippers. Comments are due April 21, 1986. CMA's Ocean and
International Work Group is developing comments.

Section 18 Study. The Federal Maritime Commission has
requested CMA to solicit assistance from member companies in a study
of the need for changes to the Shipping Act of 1984. Areas of
interest to the shipping community are whether antitrust immunity for
conferences should continue, whether service contracts and independent
action should be expanded, and whether cargo reservation remedies should be strengthened.

K. National Chemical Response and Information Center (NCRIC)

1. CHEMTREC

CHEMTREC closed out February with a 14% year-to-date increase in overall activity over that of the same period in 1985. Requests for assistance with transportation emergencies have increased 35% for the same period.

Loading of the CHEMTREC Chemical File Database (CHEMS) has commenced. Final loading, testing of programs and data checking are expected to be completed by April 30.

2. CHEMNET

The CHEMNET Program added one new member in March. This new member brings the total membership to 65. A CHEMNET manual describing the program for the members was produced by the CHEMTREC/CHEMNET Work Group. The manual was distributed to the membership at a workshop on March 12, 1986.

To date, CHEMNET has responded to 13 CMA member transportation incidents. Ten of those incidents were responded to by industry teams and three by contractor teams.

3. Chemical Referral Center

146 chemical producers are currently participating in the Chemical Referral Center (CRC). In its first two months, CRC operators have responded to over 1500 calls. Approximately 75% of the inquiries are from chemical users who are seeking assistance in obtaining further information on the chemicals in the workplace. Private citizens requesting health and safety information on household products (pesticides, cleaners), and government officials are also frequent callers to the Center.

As a result of an agreement between trucking management and teamsters, the CRC has been identified as the primary source of non-emergency health and safety chemical information for motor carriers.

4. Emergency Response Training

First Responder Training Program

The videotape training program "First on the Scene", that was produced by CMA is being distributed widely. The program became available for distribution on December 1, 1985. In a three-month
period, the Lending Library has handled 270 requests to borrow the program. Over 500 copies of the program have been sold at the cost of reproducing the program and 200 copies have been distributed free to: State Fire Instructors; State Law Enforcement Instructors; 10 FEMA regions and the National Fire Academy; Fire Training Schools; other associations; and federal agencies.

Since there are no restrictions on reproducing the program, many member companies have duplicated the tape and distributed copies to emergency response personnel in their areas. Most organizations that borrow the program from the Lending Library also copy the tape.

The program has been shown to representatives of the Department of Transportation, Office of Technology Assessment, Environmental Protection Agency, Federal Emergency Management Agency as well as other federal and state agencies, emergency response organizations and other trade associations. It was also shown at the International Society of Fire Service Instructors meeting in Cincinnati, Ohio in March. Comments on the quality of the program have been extremely complimentary.

Requests for the program have also been received from several foreign countries including England, Canada, Australia and Brazil.

Lending Library

The Lending Library has been operational for six months. During this period, 678 training programs have been loaned to the emergency response personnel in the public sector. The organizations borrowing the training aids have indicated that over 33,600 people have viewed the programs. Approximately 30 requests are received each week and there is a waiting list to borrow some of the programs. The majority of requests are received from fire departments (70%), hazardous materials teams (20%), law enforcement departments (4%), State agencies (4%) and emergency medical services (2%).

Three new programs have been added to the library and a new brochure listing these additions has been printed and is being distributed.

Recommended Terms For Personal Protective Equipment. This bulletin, developed to encourage the use of consistent terminology when referring to personal protective equipment, is also receiving wide distribution. CMA has distributed 5,000 copies and other organizations including AAR, API and Union Pacific Railroad have printed copies and made them available to their members and emergency response personnel. Transport Canada is adding a French translation and then will distribute the bulletin in Canada.

CHEMTREC Workshops. The CHEMTREC Emergency Response Team Workshop held in Mobile, Alabama on February 25 and 26 was very well attended. 116 students received the "hands on" training on how to respond to chemical incidents. The majority of the students were from chemical companies, however, the carrier industry, state health, fire

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and environmental groups were also represented. Four of the students were from chemical companies in Puerto Rico.

The next workshop will be held on May 28-29 at the Association of American Railroads' Transportation Test Center in Pueblo, Colorado.

5. Communications

Media activities are underway to promote the Chemical Referral Center (CRC). Information items have begun to appear in national consumer publications, among them: U.S. News and World Report and Changing Times magazines. Media tours are also scheduled, with emphasis on broadcast outlets. The first of these tours have been completed, in Indianapolis. Tours are also scheduled for San Francisco and Los Angeles in late March. Public service announcements are also being developed on CRC for television.

Leaflets have been produced on the Chemical Referral Center (CRC) and the “First on the Scene” training program. A general booklet on NCRTC will be produced next month in April.

L. Energy and Petrochemical and Feedstocks

1. Congressional Developments and Response

Oil Import Fee

On February 28, Ronald Wishart of Union Carbide Corporation testified before the Senate Finance Subcommittee on Energy and Agricultural Taxation. He spoke on behalf of CMA, the Society of the Plastics Industry, the Man-made Fiber Producers Association and the Petrochemical Energy Group to encourage the Subcommittee to withdraw proposals for an oil import fee. An oil import fee is one of the worst tax alternatives for our industry because it would price energy and petrochemical feedstocks above world-competitive levels.

CMA is working with the coalition in contacting Members of Congress. In March, the coalition testified before the House Republican Energy Task Force, the House Energy and Commerce Subcommittee on Fossil and Synthetic Fuels and the Senate Committee on Natural Resources.

CMA is also working with a coalition of fifty-five associations, representing business, labor and consumer interests to oppose new energy taxes. A letter was sent to the President and key Members of Congress. A press conference was also conducted.

2. Regulatory Developments and Response

FERC Docket RM86-3. On February 25, CMA indicated support for a proposed DOE rule that would raise price control ceilings on "old
gas. Although comprehensive legislative action is preferred, CMA supports the regulatory action as a means to further eliminate market distortions, and to ensure that the lowest-cost supplies are developed fully. FERC has scheduled a public conference for April 10 and 11.

3. Policy Developments. Analytical and Program Activities

Oil Import Fee Impact Analysis. CMA updated an economic impact analysis to reflect lower world oil prices. The study indicates that a $5.00 per barrel oil import fee is actually a revenue loser due to reduced economic growth, lost employment opportunities, higher inflation and adverse impact on federal, state and local costs. The information was communicated to Congress and appropriate members of government.

Natural Gas Legislation. CMA has also indicated support for current DOE efforts to introduce comprehensive natural gas legislation to deregulate natural gas, to provide nondiscriminatory pipeline transportation and to remove market restraints such as the Fuel Use Act and incremental pricing policy.

M. Taxation

1. Congressional Developments and Response

Tax Reform Legislation

After the Senate Finance Committee completed its hearings on tax reform in February, Chairman Bob Packwood (R-OR) directed the Committee’s staff to prepare a draft options paper that would be the basis of markup sessions beginning as early as mid-March.

The Finance Committee staff held a series of briefings in February and March to determine what specific problems the members of the Committee had with H.R. 3838, the House-passed tax revision bill. One key problem in meeting the objections of both the Administration and Senate Finance Committee members is how to obtain sufficient tax revenues to offset the cost of proposed changes in the House bill.

At the request of the Finance Committee, the Treasury Department finished a 26-page analysis of the revenue estimates of several alternative revenue sources. In this respect, the major new sources of revenue to finance tax reform were items of major significance to the chemical industry - an oil import fee and additional energy taxes.

Senator Malcolm Wallop (R-WY), Chairman of the Finance Subcommittee on Energy and Agricultural Taxation, held hearings on oil import fee legislation February 27 and 28. Ronald Wishart, Vice President - Public Affairs, Union Carbide Corporation, testified against the oil import fee on behalf of a coalition consisting of CMA, Petrochemical Energy Group, the Society of the Plastics Industry and the Man-Made Fiber Producers Association (see Energy report above).
After the Subcommittee hearings were concluded, the Administration announced that it would no longer consider the use of an oil import fee to finance revenue-neutral tax reform legislation.

Although CMA supports President Reagan's stated goals of economic growth, fairness and simplicity, the current tax reform proposals would penalize capital intensive enterprises and those that engage in substantial international trade. Thus, CMA opposes H.R. 3838 and other tax revision proposals that would substantially increase the industry's costs of capital and production.

H.R. 3838 as passed by the House would have serious and adverse impact on the U.S. chemical industry. CMA has established as part of the Superfund debate in the Senate that precipitous increases in the cost of producing feedstocks (by Superfund taxes) would render key segments of the chemical industry non-competitive in U.S. and foreign markets. By repealing or revising tax provisions like the investment tax credit, ACRS, and the minimum tax on corporations, H.R. 3838 would greatly increase the chemical industry's costs of production and would have an equally harmful impact on its relative competitive position. CMA continues to stress the specific defects of H.R. 3838 that would

N. Plant Management and Design (Engineering Codes and Standards)

1. Regulations, Standards, Codes and Technology

   Inspection and Maintenance. The Inspection and Maintenance Task Group will meet April 17 to make further preparations for the CMA forum on safety and reliability improvement through application of advanced inspection and maintenance techniques. This forum will emphasize those techniques that directly influence safety of plant and community. It is scheduled for the fall of 1986.

   Process Control. The Process Control Task Group met March 18 to wrap up arrangements for the Fifth CMA Process Computer Users Forum to be held May 5-7, 1986. This forum will emphasize safety aspects of control systems design and operation.

   Electrical Equipment. The Electrical Codes and Standards Task Group will meet in conjunction with the NFPA Annual Meeting in Atlanta, May 19-22. Purpose of this meeting is to prepare for floor action on the 1987 National Electrical Code at the General Session. CMA submitted 114 proposals for revision of the 1984 code, and submitted 68 comments during the public review period. Safety and costs are the principal concerns.

   Pressure Equipment. The Pressure Equipment Task Group met March 11 to further develop issue papers on Toughness Evaluation of Pressure Relief Vessels; Authorization for Repair on Safety Valves and Safety Relief Valves; and State Legislation, Rules, and Regulations involving Pressure Equipment. Safety and costs are the principal concerns.
In conjunction with the Health and Safety Committee, the Engineering Advisory Committee is developing CMA comments on this draft standard, which includes general requirements for design and construction of chemical process units, maintenance and repair, employee training, and emergency procedures.


O. International Trade/International Competitiveness

1. Congressional Developments and Response

Omnibus Trade Bill

The House Ways and Means Committee has yet to introduce its version of an omnibus trade bill. Such a bill is anticipated in the very near future. The entire Ways and Means Committee attended a retreat from March 14 - 16, during which international trade was the only agenda item. Only general issues of international trade were discussed at the retreat. Specific legislative proposals were not addressed.

The Ways and Means bill can be expected to contain many of the provisions which are in the Danforth bill (S. 1860) and the Chiles bill (S. 2033). Changes to trade law which these bills address include MTN authorization, changes in the escape clause law (S 201), and changes in laws which allow retaliation for export barriers (S 301).

Rep. Sam Gibbons (D-7-FL), Chairman of the House Ways and Means Trade Subcommittee, and Rep. John Dingell (D-16-MI), Chairman of the House Energy and Commerce Committee, are reported to be resolving their jurisdictional differences over trade issues. The Energy and Commerce Committee has reported out an omnibus trade bill (H.R. 3777), but it is unlikely to receive serious consideration. While attempting to accomplish some of the same things that other pending omnibus trade legislation proposes, it sets up an additional bureaucracy in the Commerce Department parallel to present U.S. Trade Representative functions in a number of areas. This is presumably done to ensure Energy and Commerce Committee jurisdiction over trade matters.

2. International Negotiations/Agreements

MTN. The CMA Board of Directors approved a position on the upcoming Multilateral Trade Negotiations at its January, 1986, meeting. Since that time, CMA has been an active participant in an Ad Hoc Group which is focusing on the need for exemptions from tariff cuts for import sensitive products. Other associations

It is presumed that the MTN will include tariff cuts and eliminations. The TEC, with the aid of CMA counsel, has developed legislative language which addresses how items should be exempted from tariff cuts. The TEC is not preparing a list of items to be exempted or even suggesting that no tariff cuts occur for chemicals. Rather, the proposed legislative language deals only with a procedure which individual companies can use, as needed, to exempt specific products from consideration of further cuts in existing tariffs.

Copies of this proposed language have been distributed to members of the GRC Trade Legislation Task Group. Assignments have been made for a number of Washington representatives of CMA members to present the language to members of the House Ways and Means Committee. A member of that Committee is being sought who would be willing to sponsor the language as an amendment to trade reform legislation.

P. State Legislative and Regulatory Advocacy

1. Superfund

Pennsylvania

House Democrats in Pennsylvania have introduced far reaching legislation which would require increased enforcement of hazardous waste laws by the Department of Environmental Resources. The three-bill package which was prepared at the direction of House Majority Leader James Manderino would:

- establish an office of Prosecutor General within DER to be an independent investigator, prosecutor, and enforcer of environmental law.

- set mandatory minimum performance levels by DER in inspecting and enforcing hazardous waste violations.

- create a compensation and clean-up fund derived from per ton surcharges on the generation and disposal of hazardous waste.

The Democratic proposal would provide $45 million per year for cleanup and site assessment or more than three times what the Thornburgh administration proposes to spend in the 1986-87 budget year. Another $15 million a year in the proposal would compensate for personal injury from hazardous waste at $15,000 per claim, while $30,000 would be the claim limit for property damage.
The state funds raised by this proposal would supplement the federal Superfund program. The compensation measure also empowers the state to seek recovery for funds advanced to victims.

2. Public Compensation

In Massachusetts the Special Legislative Commission on Liability for Releases of Oil and Hazardous Materials is planning to focus this year on determining a method to quantify the number of victims of hazardous materials and/or hazardous waste exposure. They are also considering what to do with the unresolved issues from their Interim Report of September 1984.

In New York there has been a legislative program introduced focused on public entities that can be rolled over to a broader coverage. This program creates true joint and several liability, non-cancellation, sixty-day notification, scheduled attorney fees, non-jury trials, special classification and control of underwriting premiums and staggered payments for awards over $250,000.

Model legislation for use in the states is being developed by the American Legislative Exchange Council and The American Tort Reform Association.

3. Right-To-Know

The right-to-know issue in the states has encompassed many related legislative initiatives including workplace hazard communication, public access to chemical hazard information, and chemical emergency preparedness. In Michigan a package of three bills is expected to be signed into law soon. The workplace requirements for manufacturers are virtually identical to the OSHA Hazard Communication Standard, and the bills expand this coverage to include all employers in the state. There is also a community right-to-know component which allows public access to chemical hazard information, and requires fire departments to get MSDS's. Right-to-Know bills are also being considered in Indiana, Colorado, and Kansas, which track the OSHA standard for manufacturers.

Legislation requiring the development of emergency response plans for manufacturing facilities is being debated in Oklahoma, South Carolina, and Wisconsin. In California amendments are being considered to an emergency planning law which was enacted in 1985. Hearings have been held on a package of bills in New York which are intended to prevent chemical-related accidents. In each of these states the chemical industry and other related manufacturers and business groups are involved with the legislation.

Good Samaritan legislation has passed both houses in the states of Ohio and West Virginia. Good Samaritan legislation has also been introduced in Alabama.

5. Toxic Air

Implementation of the new Air Toxics Policy is the main focus of the State Affairs Air Toxics Task Group. The Task Group has been actively assisting the Technical Department in planning the regional workshops and has been consulted on the development of the work plan related to the policy.

A number of states are currently considering programs to regulate air toxics. The Task Group is monitoring these activities in Connecticut, Massachusetts, Florida, Maryland, Kentucky, and North Carolina.

6. Chronic Health

The State Affairs Committee has assisted the California Chemical Industry Council in developing an alternative to an employee health monitoring and medical surveillance bill that is being considered by the California Assembly. The industry recommendation is to mandate that the Department of Industrial Relations conduct a study to assess the status of health surveillance programs in the state. The Department must report to the Legislature by January 1, 1988 and make recommendations on the needs and priorities in this area. This issue has been given a high priority within CMA and is being closely monitored.

Q. Specific Chemical Research and Advocacy

1. Research and Advocacy Highlights

Benzene. The Benzene Panel submitted comments to OSHA on the proposed standard for occupational exposure to benzene. If adopted, the new standard would lower the workplace permissible exposure limit (PEL) from the current 10 ppm TWA_8 to 1 ppm. An action level of 0.5 ppm is also included.

The Panel's comments focus on health effects issues, risk assessments for benzene, feasibility, medical surveillance requirements and respirator use. Although the significance of several health studies which OSHA cites to support lowering the standard is challenged, the Panel is not opposed to a reduction in the present PEL. Feasibility concerns and support for the position that no significant health risks would exist with a 1 ppm standard dominate the Panel's comments. The Panel favors a 2 ppm never-to-be exceeded PEL or a 1 ppm standard considered as an average of several TWA_8 determinations.
Butadiene. The Butadiene Program Panel is working with EPA in an attempt to quantify air emissions of 1,3-Butadiene production. The Agency is also interested in "short-term" emission and recently sent a letter to 1,3-Butadiene producers. The Ethylene Oxide and Ethylene Dichloride producers have also received a similar letter.

The Butadiene Panel recently entered into a contract with Dr. Joseph Rodericks of Environ Corporation. The contract will provide the following information for the Panel: numerical risks estimates from animal data and a full-scale risk assessment, including an evaluation of the relative merits of the various risk estimates. This information will assist the Panel in further discussion with OSHA and EPA.

Ethylene Oxide. The Ethylene Oxide Industrial Council (EOIC) strongly recommended to CMA that CMA intervene in the NRDC/EPA "intent to list" suit on hazardous air pollutants. The Butadiene and Ethylene Dichloride Panels also echoed this recommendation. The EOIC is following issues at OSHA, FDA and EPA.

Ketones. EPA's Final Test Rule on Mesityl Oxide was published, thereby impacting producers of MO who are members of the Ketones Panel. The Rule applies to all manufacturers and processors of the chemical including formulators of pesticides containing MO as an inert ingredient.

Concurrent with the appearance of the Rule was a notice of Proposed Test Standards applicable to the testing requirements. The Panel submitted comments on the proposed standards to EPA on February 28. Testing will not begin until EPA finalizes the test standards in 4-5 months.

In the interim, the Panel will seek judicial review of the Rule, challenging the applicability to companies that only manufacture MO as a non-isolated intermediate and disputing EPA's finding that exposure to MO may present an unreasonable health risk. The Panel is also exploring other means to facilitate withdrawal of the Test Rule.

Lubricant Additives. The Lubricant Additives Panel has initiated aquatic testing of 26 additives representing the many classes of this diverse group of chemicals. Static renewal tests (96 hr.) are being conducted in the sheepshead minnow. The Panel will use the data to support international marine shipping classifications of lubricant additives under MARPOL 73/78. The Panel has been invited to present its findings at the May meeting of the Group of Scientific Experts on the Scientific Aspects of Marine Pollution.

Also of interest to the Panel is the classification of Annex I/II mixtures, i.e., those which contain oil and chemical components. The Panel has worked with the OCIMP and CEFIC on drafting a position paper to be presented before the international Bulk Chemical Handling Committee in April. A CEFIC representative will make the presentation.
Rubber Additives. The Rubber Additives Panel submitted comments to EPA on the Proposed Test Rule on 2-mercaptobenzothiazole (MBT). Citing minimal exposure to MBT in the environment, the Panel opposed EPA’s proposed requirements for chemical fate and aquatic toxicity studies. In the health effects area, the Panel concurred with EPA’s proposal to conduct a dominant lethal assay and developmental toxicity study. The Panel suggested that EPA reserve judgment on the need for neurotoxicity and reproductive effects testing until results from the NTP bioassay on MBT are available and fully evaluated. Proposed pharmacokinetics testing requirements are being addressed by the Panel. A series of five comparative absorption and distribution studies will be conducted using radiolabelled MBT and its disulfide derivative, MBTS. The studies will be completed in the fall. In its comments, the Panel urged the Agency to refrain from issuing a Test Rule proposal on MBTS until these studies are done and the in vivo kinetics of the two compounds are determined.

III. DEPARTMENTAL PROGRAM NOTES

A. Office of the President

1. International Affairs

Recently a series of meetings was held in Tokyo with the Japan Chemical Industry Association and in Mexico City with the Asociacion de la Industria Quimica, A.C. Topics discussed with the Japanese centered on the modifications to their new chemical control legislation, which will be voted on shortly by the Japanese Diet. The Japanese expressed a strong interest in meeting with the IAG to discuss ways to bring about a harmonizing of labeling for hazardous materials and to discuss Air Toxics. It was agreed that a more specific agenda would be forthcoming from the JCIA, with a meeting target date in the United States for sometime during the early part of June 1986.

In Mexico, the discussions held with ANIQ centered around the Community Awareness and Emergency Response Program initiated by CMA in the United States and how that program might be adapted by Mexican companies and U.S.-owned subsidiaries operating within Mexico. Additionally, the ANIQ Director General, Mr. Carlos Pani, identified the strong desire on their part to establish a CHEMTREC Network modeled after the network in the United States. He would like to begin discussions on how they might cooperate with the U.S. chemical industry organizations on information exchange, particularly in health and toxicity testing. Finally, Pani is anxious to establish a closer overall working relationship with IAG and CMA.

B. Government Relations Department
Grassroots The updating and soliciting of new Grassroots Managers continues. There are currently 89 companies with Grassroots Managers. A planning meeting designed to help introduce Grassroots Managers to the new issues of air toxic emissions and groundwater is planned for May 6th in Washington, D.C.

The Grassroots Program is concentrating on organizing a lobbying effort to support the air toxic policy. To the extent that the need arises, the program will continue to support the Superfund and Groundwater advocacy effort.

Increased Coordination of Chemical Industry Political Activities

On March 5th, the Executive Committee approved the recommendation of a program to increase coordination of the industry's political activities. At its January meeting, the Board received a briefing on this proposal by Ken Davis of Rohm and Haas Company and Ken Cole of Allied-Signal, Inc.

As approved by the Executive Committee, the activities will be limited to information sharing, including:

- the status of Congressional races;
- candidates (both incumbents and non-incumbents and their positions on chemical industry issues;
- identification of candidates of particular importance to the chemical industry.

This information will be shared through non-partisan, non-fundraising activities.

Additional activities will involve encouraging wider company participation in the political process. This would include discussions of how to form and successfully administer a political action committee (PAC). Company PAC managers would be asked to share their expertise and experience in managing a PAC with interested companies.

C. Technical Department

The Department's activities remain primarily targeted on implementing CMA's new programs in Air Toxics, NCRIC and CAER. The CMA Policy on Air Toxics Control was made public in mid-March. More than 1,400 Americans who needed quick answers to questions about chemical products have called the new Chemical Referral Center during its first two months of operation. Calls are now coming in at a rate of about 55 a day and we expect that number to grow as more people hear about the Center. Activities in reauthorizing the Hazardous Materials Transportation Act are on schedule.
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D. Office of the General Counsel

The Office of General Counsel assisted CMA's new Special Committee on Insurance in hosting its first Forum on Insurance for all members of the Association, held on March 6-7, 1986 in Washington. Guest speakers addressed various issues relating to the efforts of companies in obtaining insurance coverage; a roundtable discussion afforded participants an opportunity to share information on the problems and successes individual companies are having in meeting the challenges of increased insurance coverage.

The Office also hosted a meeting of all in-house and retained counsel serving the Superfund, RCRA, Groundwater, Safe Drinking Water Act and Underground Injection issues, together with senior Technical and Government Relations Department representation, for the purpose of identifying overlapping issues in CMA's advocacy efforts. Follow up communication will soon be directed to CMA members suggesting that their own environmental management planning take into account the increasingly complex interrelationship of these issue areas.

E. Communications

The CMA Issues Briefing Book has been revised and distributed to 1,300 chemical industry executives. The book reflects new priority issues such as air toxics, groundwater, CAER and NCRIC. Some dormant issues have been eliminated. The information may be used in speeches, press briefings and packages and employee communication. CMA members are urged to duplicate the book and distribute the book internally in quantity.

A booklet on environmental monitoring was produced for the Technical Department.

CMA Catalyst Award Winners have been selected and will be announced on April 1.