

MINUTES of the three hundred fifty eighth meeting of the Board of Directors of the Chemical Manufacturers Association, Inc., held at The Cloister, Sea Island, GA, on April 15-16, 1996.
There were present:

Directors:

Vincent A. Calarco, Chairman	John Peppercorn
John Akitt	Robert Potter
Bernard Azoulay	Thomas Reilly
Richard Barth	Whitson Sadler
Jerald Blumberg	Arthur Sigel
William Cook	Enrique Sosa
Albert Costello	William Stavropoulos
David D'Antoni	J. Dieter Stein
Michael Ferris	F. Quinn Stepan
Darryl Fry	S. Jay Stewart
Bob Gower	Robert Swanson
Ron Haddock	William Toller
Michael Harnetty	Jeroen van der Veer
Richard Hazleton	J. Virgil Waggoner
Alan Hirsig	H. A. Wagner
William Joyce	O. Edward Wall
James Kennedy	Frederick L. Webber
Dale Laurance	Helge H. Wehmeier
Jeffrey Lipton	J. Lawrence Wilson
James Mack	Ronald H. Yocum
Hans Noetzli	

Secretary: John P. Connelly
Treasurer: Gary C. Herrman
General Counsel: David F. Zoll
Executive Vice President: Charles W. Van Vlack

Other Participants:

Godfried Akorli, Bayer Corporation	Graham Jackson, Nalco Chemical Company
David S. Alcorn, Crompton & Knowles Corp.	Thomas R. Jacob, DuPont
Charles Aldag, CMA	Donna Jennings, Velsicol Chemical Corp.
David Buzzelli, The Dow Chemical Company	Peter Lubs, The Lubrizol Corporation
Barbara S. Carmichael, Dow Corning Corp.	Robert v.d. Luft, DuPont
R.M. Julie Archuleta, Occidental International	John McKeogh, Rohm and Haas Company
Paul R. Berry, Bayer Corporation	Mark D. Nelson, DuPont
John Bresland, AlliedSignal	Ray B. Nesbitt, Exxon Chemical Company
W.F. "Walt" Buchholtz, Exxon Chemical Co.	Sharon Noll, DuPont
J. Ronald Condray, Monsanto Company	Don H. Olsen, Huntsman Chemical Corp.
E.J. (Jake) Garn, Huntsman Corporation	O. Keith Owen, BP Chemicals, Inc.
Edward D. (Ned) Griffith, ARCO Chemical	Michael A. Pierle, Monsanto Company
J. Roger Hirl, Occidental Chemical Corporation	Larry Shushan, Chevron Chemical Company
Geoffrey B. Hurwitz, Rohm and Haas Co.	Harry Wiley, Ashland Chemical Company

1. WELCOME AND MINUTES OF OCTOBER 29, 1995, BOARD MEETING

Chairman Calarco called the meeting to order at 9:00 a.m. and the Minutes of the Board's October 29, 1995, meeting were approved as distributed. He noted that the January 1996 meeting had been canceled due to the East Coast Blizzard.

2. REPORT OF JANUARY 29, 1996, AND MARCH 5, 1996, EXECUTIVE COMMITTEE MEETINGS

Mr. Wilson reported on items discussed and actions taken at the January 29, 1996, and March 5, 1996, Executive Committee meetings. These items are summarized in Exhibit A.

3. NOMINATING COMMITTEE REPORT

Mr. Calarco presented for information the Nominating Committee's recommended new Directors, elected Board Officers and Board Committee Chairmen. He noted the Membership would consider the election of the recommended Directors at the Annual Meeting in June and the new Board would consider the Officers and Board Committee Chairmen at its Organizational Meeting in June.

3. RESPONSIBLE CARE® ACTIVITIES

Mr. Doyle reviewed several recent and upcoming activities of the Responsible Care® initiative, including the Responsible Care® Conference, International Council of Chemical Associations (ICCA) Responsible Care® Leadership Group meeting, and efforts to better define the added value of members fully implementing Responsible Care®.

4. RESPONSIBLE CARE® POLLUTION PREVENTION CODE IMPLEMENTATION REPORT

Ms. Noll reviewed the status of member companies' implementation of the Responsible Care® Pollution Prevention Code and challenges members face as they continue to implement the Code. She reported that the members' self-evaluations indicate 72 percent of the membership have achieved practice-in-place for the Code. She also noted that the members have previously indicated that 90 percent of the membership will achieve practice-in-place by the end of 1996. Ms. Noll also noted the difference between larger members and smaller members' rates of Code implementation and noted several steps CMA was undertaking to help smaller members implement the Code.

Ms. Noll highlighted the strong support senior management has provided to Code implementation and encouraged further support for these efforts. She also noted the need to better educate employees about the company-specific benefit of reducing emissions.

Finally, Ms. Noll noted several specific examples of how companies have reduced costs or developed new products as a result of reducing emissions. She also noted CMA's advocacy efforts have benefited from members' pollution prevention results.

5. RESPONSIBLE CARE® EMPLOYEE HEALTH AND SAFETY CODE IMPLEMENTATION REPORT

Mr. Lubs reviewed the status of member companies' implementation of the Responsible Care® Employee Health and Safety (EHS Code) Code. He noted the EHS Code had the highest rate of implementation for any of the Responsible Care® Codes, with 79 percent of members reporting Practice-in-Place. He highlighted that, as a result of this implementation, CMA members continue to see significant decreases in rates of employee incidents and occupational illnesses.

Mr. Lubs noted the varying EHS Code implementation rates by large and small members. He encouraged the individual Directors to continue their strong support for the EHS Code.

6. PROPOSED MANAGEMENT SYSTEMS VERIFICATION PROTOCOL

Mr. Aldag presented the proposed Responsible Care® Management Systems Verification (MSV) protocol. He noted the protocol had improved significantly as a result of the eight pilots CMA had undertaken. He stressed the protocol would be voluntary, systems-based, and that each member would determine the appropriate use of their MSV results. Mr. Aldag also noted that CMA was working closely within the International Standards Organization (ISO) to ensure Responsible Care® MSV and a ISO 14000 certification were compatible and not duplicative.

Mr. Yocum reviewed the results of a pilot MSV that his company had undergone. He stressed the benefits the company gained included: highlighting areas of their environment, health and safety system that could be improved and the ability for his staff to interact with experienced chemical industry subject matter experts in each area the verification covered. He encouraged other members to undergo a MSV.

After discussion which included the role of third parties in the MSV process, plans for future growth in the MSV program and the frequency with which members could undergo follow up MSVs,

ON MOTION, duly made and seconded, it was

VOTED: To approve the Responsible Care® Management Systems Verification protocol as outlined in Exhibit B.

7. REPORT ON THE PRESIDENT'S COUNCIL ON SUSTAINABLE DEVELOPMENT

Mr. Buzzelli presented a summary report on the President's Council on Sustainable Development. He presented the background, mission and organizational structure of the

Council. He noted that one of the Council's major issues was to develop concepts of how economic growth could occur while maintaining environmental protections. Mr. Buzzelli reviewed several specific goals and action steps the Council recommended. Finally, Mr. Buzzelli reviewed three priority areas for implementing the Council's recommendations, including: developing a performance-based regulatory system; tax and subsidy reforms; and intergovernmental reform.

After Mr. Buzzelli answered several questions,

ON MOTION, duly made and seconded, it was

VOTED: To commend Mr. Buzzelli and the President's Council for Sustainable Development for developing a balanced report that addresses significant issues of interest to the chemical industry.

8. CHLORINE CHEMISTRY COUNCIL ACTIVITIES

Mr. Hirl reviewed the activities of the Chlorine Chemistry Council (CCC), including CCC's strategic planning and budgeting process, efforts to expand and coordinate its research efforts, and the increasing emphasis on the global aspects of environmental, health and safety issues. He complimented both CCC and CMA overall on developing and maintaining strong links between the organizations.

9. PUBLIC PERCEPTION COMMITTEE REPORT

Mr. Stewart and Ms. Carmichael provided a brief review of the Public Outreach Program. Mr. Stewart noted the program was entering the final year of its five year initial effort.

Ms. Carmichael explained that when the program was started the Board's strategy was to stop the slide in public opinion regarding the chemical industry within 36 months and start to raise opinion toward the industry during the next 24 months. Ms. Carmichael stated the program was progressing as anticipated, with research showing the public's attitude toward the chemical industry has been steady for two years. She further explained the segmentation of the public into nine target audiences, including: employees and plant communities, media, students and educators, public interest groups, state officials, federal officials, financial community, and the general public.

10. MEMBER COMPANY EMPLOYEES' OPINION TRACKING RESULTS

Ms. Carmichael reviewed the results of the annual survey tracking CMA member company employees' attitudes toward Responsible Care® and the chemical industry. She stated that employees' awareness of Responsible Care® continues to grow, with 72 percent of employees now aware of the initiative. Of those employees familiar with Responsible Care®, most had a more favorable rating of their company and the chemical industry than those unfamiliar with the initiative. Ms. Carmichael reported that 78 percent of employees had a favorable attitude

toward their own company and 65 percent had a favorable rating toward the chemical industry. Ms. Carmichael noted that the CMA Communications Committee is working to further improve the CMA member companies' employees' attitudes toward the chemical industry.

11. ADVERTISING FOCUS DURING CMA FISCAL YEAR 1996/97

Mr. Wiley reviewed the results of several focus groups on the effectiveness of the CMA advertising program with employees and general public. The focus groups indicated that the advertising message of the chemical industry's positive improvements through use of its high technological competence was making a favorable impression on target audiences. Mr. Wiley further reported that the focus groups had positive comments concerning the use of the animated character in CMA's advertising.

12. DEVELOPMENT OF BENEFITS MESSAGE

Mr. McKeough presented the process the CMA Communications Committee has undertaken to support the CMA strategic objective of improving public opinion by highlighting the key economic role of the chemical industry and the benefits of chemicals. He stressed that this new outreach effort would be grounded in extensive research on how the chemical industry can present a positive benefits message to key publics. Mr. McKeough reported the initial research phase would be complete in early Summer 1996 and messages would be developed by mid Fall 1996.

13. REPORT OF BOARD COMMITTEE ON HEALTH AND ENVIRONMENTAL EFFECTS RESEARCH

Mr. Barth reported on the activities of the Board Committee on Health and Environmental Effects Research. He reviewed the Committee's mission, membership, and work process. Mr. Barth highlighted several issues that the Committee is concentrating on, including: determining what third party involvement should exist for setting research priorities; determining how the potential research should be funded; and determining what relationships CMA should develop with research and technical organizations in which CMA members may currently be active.

14. CANDIDACY OF JAMES B. NICHOLSON OF PVS CHEMICALS, INC.

Mr. Webber announced that Jim Nicholson, President and CEO of PVS Chemicals, Inc., a CMA member, was candidate for the Republican nomination for the United State Senate from Michigan.

The meeting adjourned at 11:49 a.m.

Tuesday, April 16, 1996

Mr. Calarco called the meeting to order at 8:30 a.m.

15. REPORT OF APRIL 15, 1996, EXECUTIVE COMMITTEE MEETING

Mr. Wilson reported on items discussed and actions taken at the April 15, 1996, Executive Committee meeting. These items are summarized in Exhibit C.

16. PROPOSED BUDGET FOR CMA FISCAL YEAR 1996/97

Mr. Van Vlack provided background on the direct relationship between the CMA Strategic Plan, the priority issues approved by the Executive Committee and the recommended CMA budget for fiscal year 1996/97. He noted that each program and issue on which CMA will work is directly supporting elements in the Strategic Plan.

Mr. Sigel presented the recommended CMA budget for fiscal year 1996/97 (Exhibit D). Several points were made during the ensuing discussion, including: the appropriate level and possible uses of reserves during fiscal year 1996/97 and plans to further improve the planning and budgeting process for fiscal year 1997/98. Specifically, he noted the Finance Committee, Executive Committee and Board would review the dues schedule for fiscal year 1997/98 in an effort to reduce the rate.

ON MOTION, duly made and seconded, it was

VOTED: To adopt the following:

1. That the CMA General Operations Budget be approved at the level of \$29,500,000.
2. That the fee schedule remain unchanged except that the maximum amount paid by the largest members be increased to a level of \$880,300 consistent with CMA policy that the maximum be increased to the same degree as sales increases are reported by members not at the maximum.
3. That the fee schedule will be reviewed for the 1997/98 Budget.
4. That the Public Outreach Program be continued into FY 1996/97 at the \$10.0 million level.
5. That the mandatory Public Outreach Assessment be continued, but at a reduced rate giving recognition to increased sales and the use of an estimated \$500,000 in unexpended carry-forward funds. The rate would decrease from .0105% and down to .0094%.

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6. In recognition that FY 1996/97 is the fifth year of the five-year Public Outreach Program, the program will be reviewed as to status for the FY 1997/98 Budget.

17. REPORT ON STATE LEGISLATIVE AND REGULATORY ACTIVITIES

Mr. Owen presented a report on the challenges and opportunities facing the chemical industry at the state level in achieving changes in the electricity regulatory framework. He noted the electricity public utilities have developed and implemented a coordinated strategy to defeat legislation at the state level that would encourage electricity choice for consumers. Mr. Owen reviewed CMA's strategy for countering the utilities' efforts, including: identifying priority states in which to introduce proactive legislation leading to electricity customer choice and developing coalitions with retail consumers. He encouraged Board members to become more familiar with the opportunities that access to more competitively priced electricity offers their companies. He further encouraged Directors to direct resources within their companies to ensuring the chemical industry achieves its goal of reduced electricity costs achieved through deregulation.

18. REPORT ON THE FEDERATION OF STATE CHEMICAL ASSOCIATIONS

Mr. Bresland reviewed the activities of the Federation of State Chemical Associations. He reminded the Board the Federation was a cooperative effort between CMA and 20 state chemical associations. Mr. Bresland reviewed the challenges facing chemical manufacturers at the state level, including continued advocacy against onerous or non-risk based environmental, health and safety legislation and regulations.

Mr. Bresland encouraged Directors to support the chemical industry councils (CICs) in several ways. He emphasized the importance of joining CICs in those states where Directors have a facility and where member companies sell their products. Mr. Bresland particularly stressed the latter, reminding the Directors that increasingly the challenges the chemical industry face come not at manufacturing facilities but through attacks on individual products. He also encouraged Board members to become active politically at the state level.

19. REPORT ON FEDERAL LEGISLATIVE ACTIVITIES

Mr. Nelson reviewed the status of various federal legislative activities, including: RCRA reform, legal reform, regulatory reform, and the inclusion of endocrine-related testing in the proposed changes to the Safe Drinking Water Act. He also reviewed the status of Superfund reform, stressing that CMA was active in the Superfund Action Alliance. He stated CMA would support the administrative and financial functions of the Alliance and that no commitments or expenditures would be made on behalf of the Alliance until funds were received for the full amount of the intended commitment(s).

20. REPORT OF BOARD INTERNATIONAL COMMITTEE

Mr. Luft reviewed the activities of the Board International Committee (BIC). He discussed the BIC's recommended plan to implement the international aspects of the CMA Strategic Plan, including developing a model approach for international advocacy. He briefly discussed the impact on CMA member companies of several issues with global aspects, including: prior informed consent (PIC), persistent organic compounds (POPs); and the proposed United Nations Convention on the Safe Handling of Chemicals.

Mr. Luft reminded the Board that the chemical industry in the United States continues to face challenges from global issues. Specifically, he mentioned that environmental activists continue to form global networks to share information and tactics and that trade regimes, such as the Asian Pacific Economic Forum, could construct non-tariff barriers.

Mr. Calarco, on behalf of the Board, congratulated Mr. Luft on his retirement and thanked him for his leadership in developing a greater awareness among the CMA membership of the need to become active in international forums that will impact the chemical industry.

21. REPORT ON MARCH ICCA STEERING COMMITTEE MEETING AND CMA OFFICERS MEETING WITH VCI OFFICERS

Mr. Webber reviewed the results of the International Council of Chemical Associations (ICCA) Steering Committee Meeting held in March 1996, in Frankfurt, Germany. He reminded the Board that the ICCA Steering Committee is comprised of the chief staff officers from the ICCA participants and that the group meets once per year to coordinate activities.

Mr. Calarco reviewed the results of a meeting between CMA's Officers and the Verband der Chemischen Industrie e.V. (VCI) Officers. He reported the meeting was successful, with the group agreeing to coordinate efforts on endocrine disrupters, risk assessments, Chemical Tariff Harmonization Agreement and Responsible Care®.

22. REPORT ON ENDOCRINE ISSUE STATUS

Mr. Holtzman and Ms. Tirey presented a status report on the endocrine disrupter issue. Mr. Holtzman reviewed the media and public reaction to publication of *Our Stolen Future*, a book claiming certain synthetic chemicals mimic hormones in the human endocrine system. He also reviewed the process by which CMA was coordinating its public response to the book with other chemical trade associations. He stated that through mid April 1996 most of the media coverage had been fairly balanced and that CMA would continue to monitor public interest. Mr. Holtzman also reported that several public interest groups were making broad claims connecting potential endocrine disrupters to other health effects, such as breast cancer.

Ms. Tirey reviewed the technical aspects of the endocrine disrupter issue. Specifically, she stated that endocrine disruption was biologically plausible but that extrapolating animal test data to human health effects was a major question. She stated that the endocrine disruption issue is being considered by legislative and regulatory bodies at the state, federal and

international levels. Ms. Tirey reviewed CMA's communications, advocacy, research and product stewardship strategies on the issue.

23. REPORT ON AND TOXIC USE REDUCTION THREAT AND PRODUCT RISK MANAGEMENT STRATEGY

Mr. Whipple provided an overview of the threat to the chemical industry and economy of mandated toxic use reduction (TUR). He reminded the Board that TUR manifests itself in various forms, such as material use accounting proposals, product deselection and government or special interest group attacks on specific products. He reviewed the various venues in which TUR is currently being considered, including: United Nations environmental conferences, various national governments, U.S. EPA and several state legislatures.

Mr. Condray reviewed the CMA Product Risk Management Strategy, which is intended to provide a risk-based alternative to TUR. He requested individual Directors: educate employees, customers, and public advisory groups about the threat of material use accounting; express opposition to a proposed EPA initiative to implement a material use accounting system and; inform Members of Congress of concerns with EPA's material use accounting proposal. He also requested Directors support the Product Risk Management Strategy by implementing it in their companies and encouraging trade associations representing downstream customers of chemicals to support the strategy.

24. REPORT ON PROPOSED NATIONAL AMBIENT AIR QUALITY STANDARDS

Mr. Woolbert reviewed the impact of proposed National Ambient Air Quality Standards for ozone and particulate matter. He emphasized that, if the proposed standard is implemented, then most of the eastern United States would become a Clean Air Act Amendments non-attainment area and be subject to significant restrictions in manufacturing. Mr. Woolbert reviewed CMA's advocacy strategy to ensure EPA understands the impact of the proposed standard and modifies the proposal.

25. PROPOSED POLICY ON MULTILATERAL ENVIRONMENTAL AGREEMENTS

Mr. Burns presented a proposed policy on multilateral environmental agreements. He noted that CMA's Policy on Trade and the Environment encourages nations to exhaust all other remedies prior to imposing trade restrictions.

ON MOTION, duly made and seconded, it was

VOTED: To approve the policy on multilateral environmental agreements as outlined in Exhibit E.

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26. PROPOSED SUMMARY REPORT ON VISION 2020

Ms. Haynes presented the proposed summary report for Vision 2020.

ON MOTION, duly made and seconded, it was

VOTED: To adopt the report of Vision 2020 as summarized in Exhibit F.

27. REPORT OF MEMBERSHIP COMMITTEE

Mr. Yocum reported that the Membership Committee was recommending five candidates for membership.

ON MOTION, duly made and seconded, it was

VOTED: To elect Alpha Owens Corning Company, Daikin America, Mitsui & Company (USA), OCI Chemical Group and Westlake Chemical Corporation as members of the Association.

28. PROPOSED MEETING DATES AND LOCATIONS FOR THE BOARD OF DIRECTORS, EXECUTIVE COMMITTEE AND FINANCE COMMITTEE

Mr. Calarco presented the revised proposed dates and locations for meetings of the CMA Board of Directors, Executive Committee and Finance Committee during CMA fiscal year 1996/97.

ON MOTION, duly made and seconded, it was

VOTED: To approve the CMA Board of Directors, Executive Committee and Finance Committee meeting dates and locations as outlined in Exhibit G.

29. PRESIDENT'S REPORT

Mr. Connelly presented for information the members and leaders for the next class of CMA committees, as approved by the Executive Committee.

Mr. Van Vlack informed the Board that the American Plastics Council (APC) would soon become a separately incorporated organization. He also noted that, after receiving a request from the APC Officers, CMA and APC were discussing various legal issues involving the transfer of APC-related assets from CMA to APC Inc.

Messrs. Mullins and Webber reviewed recent CMA activity on the proposed merger of the Union Pacific and Southern Pacific (UP-SP) railroads and its potential effect on the chemical industry. Mr. Webber reminded the Board that the Executive Committee had approved a

position on the proposed merger at its March meeting. He stated that the position included certain remedies the UP-SP would need to accomplish to ensure competitiveness and the delegation to the Distribution Committee of the authority to evaluate the adequacy of any changes to these remedies. Mr. Webber further reported that senior representatives from UP were to meet with senior representatives of CMA on Tuesday, April 16 to discuss the proposed remedies.

30. TREASURER'S REPORT

Mr. Herrman presented the Treasurer's Report, noting that for portion of the fiscal year through February 29, 1996, the Association had revenues of \$28.1 million and expenses of \$27.1 million. He noted that variance were within expected ranges and the year end contribution to reserves was expected to be \$700,000.

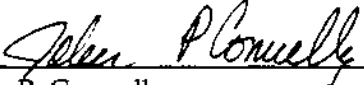
31. PROPOSED CHEMSTAR® POLICY COMMITTEE REPORT

Mr. Fry presented the proposed annual report of the CHEMSTAR® Policy Committee.

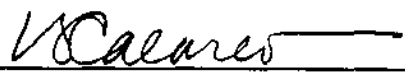
ON MOTION, duly made and seconded, it was

VOTED: To endorse the annual report of the CHEMSTAR® Policy Committee as outlined in Exhibit H.

The meeting adjourned at 11:45 a.m.



John P. Connelly
Corporate Secretary
Director, Member Relations



Certified by:
Vincent A. Calarco
Chairman, CMA Board of Directors