

FALL 2018 Edition

IMPACT + POLICY REPORT

For the Specialty & Fine Chemicals Industry



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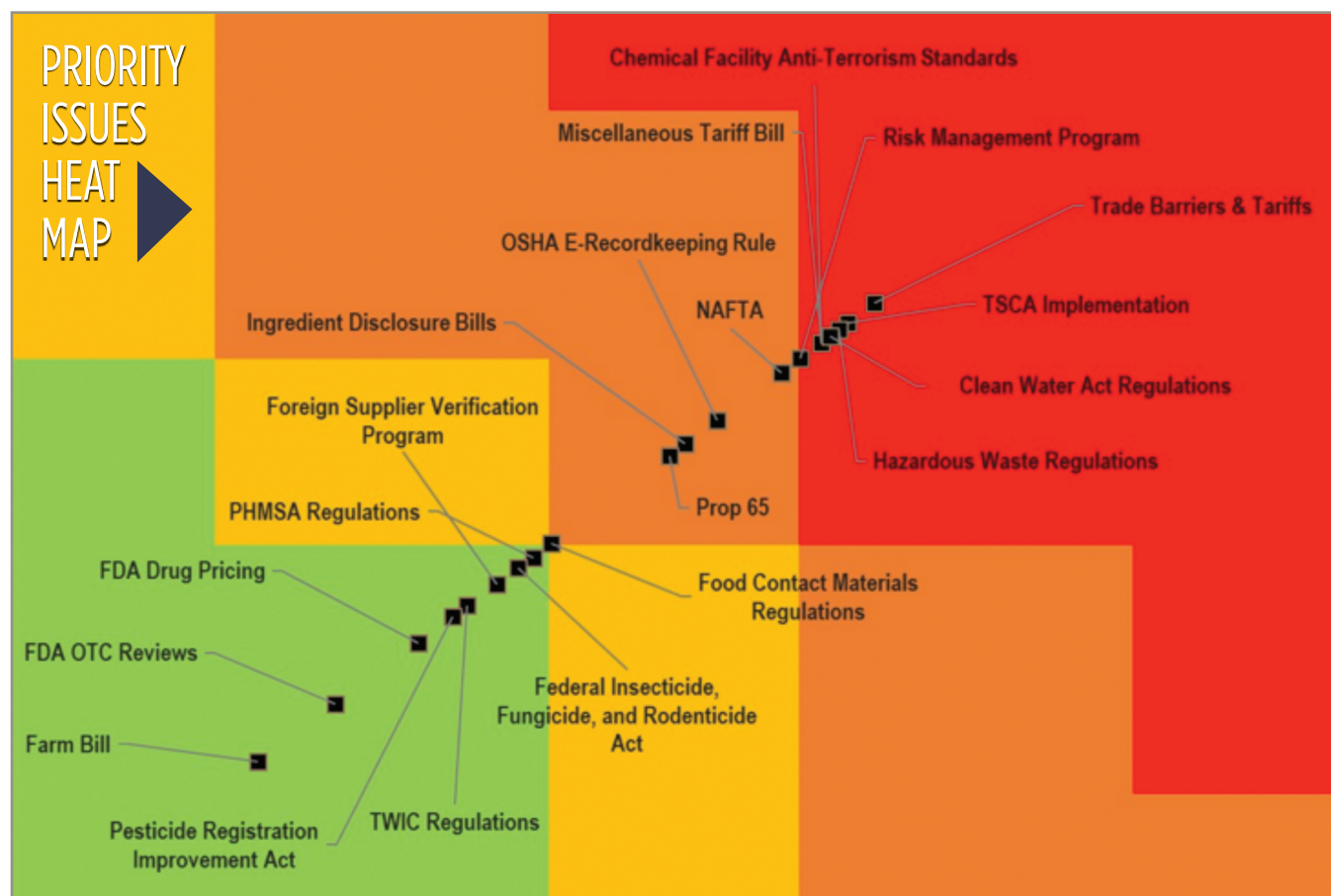
This was an extraordinarily productive and successful year for SOCMA's advocacy. Thanks to the full engagement of the issues committees and government relations team, SOCMA has meaningfully moved the needle on policies critical to the specialty chemical industry.

The fall 2018 edition of *Impact + Policy Report* recaps SOCMA's legislative and regulatory initiatives for the year, highlighting via timeline SOCMA's endeavors, successes and areas of ongoing engagement moving into 2019.

What happens in Washington, DC, directly affects business conditions and growth opportunities for SOCMA members, making advocacy especially important during this time of uncertainty and change.

STRATEGIC DIRECTION & PRIORITIES

A recent survey conducted with the SOCMA membership revealed opportunities to refresh the direction of SOCMA's advocacy and enhance its value to members. The resulting heatmap of members' issue priorities will dictate efforts to be more proactive and aligned with the industry's evolving interests and concerns.



KEY 2018 PRIORITIES

Improving New TSCA: SOCMA remains active and engaged on all aspects of New Toxic Substance Control Act implementation. 2018 brought a number of important TSCA issues to the fore, including the Inventory Reset process, the establishment of user fees, challenges within the New Chemicals Program, and the unfolding prioritization and risk evaluation process. SOCMA has worked to guarantee these EPA regulatory initiatives allow manufacturers to commercialize new chemicals effectively, protect confidential business information, and ensure the evaluation of chemicals in commerce is a transparent, risk-based process.

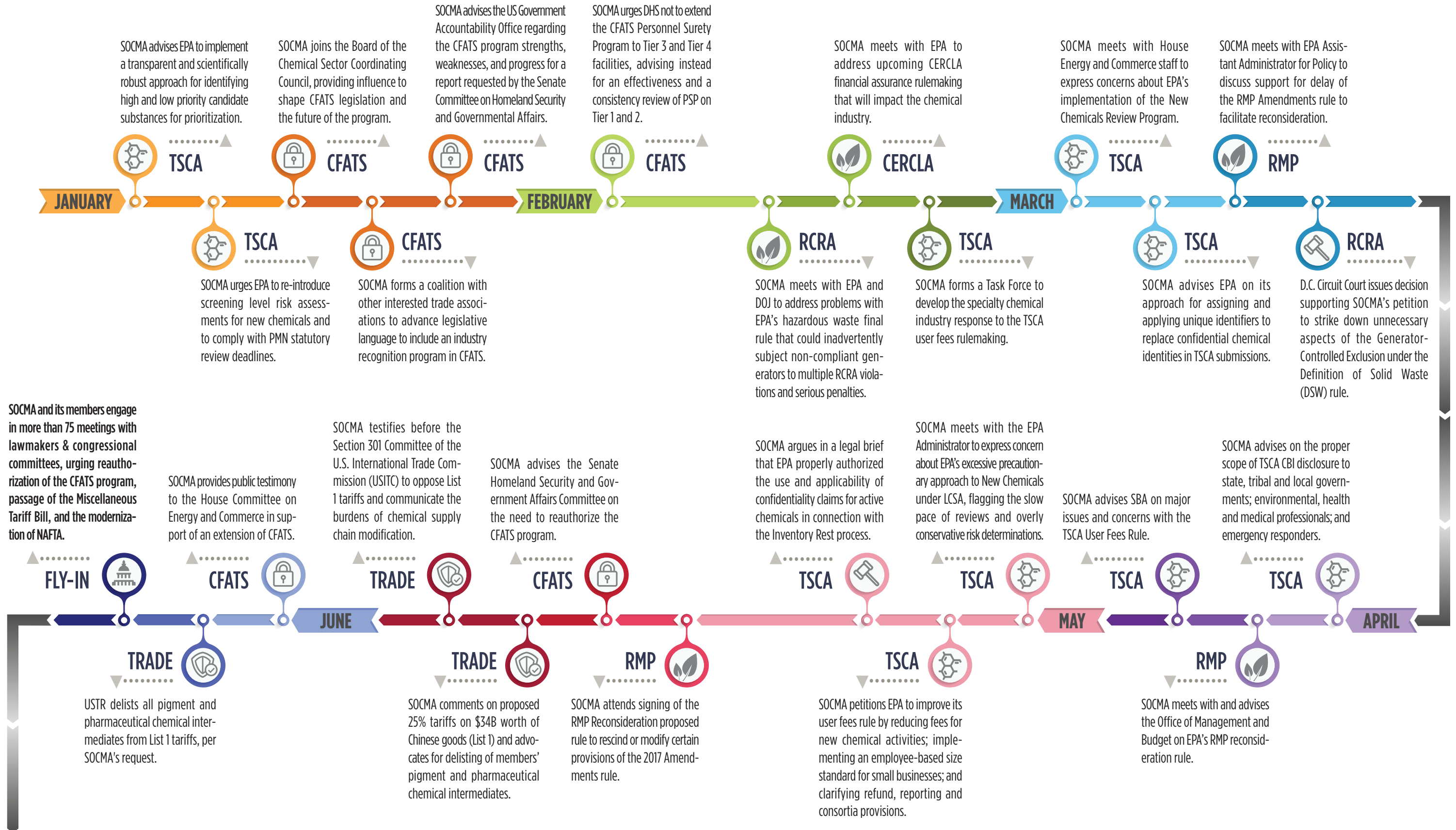
Supporting a New NAFTA: On November 30, The United States, Mexico and Canada agreed to a revised trade pact known as the United States-Mexico-Canada Agreement (USMCA). SOCMA long advocated for the continued existence and modernization of North American trade relations, and this outcome is exceedingly positive for the specialty chemical industry. The agreement promotes greater regulatory cooperation and growth potential in the region. Many favorable rules remain intact like the chemical reaction rule, mixtures and blends rule, purification rule and sample rule. Since Congress will ultimately have to vote on the agreement, SOCMA will continue to advocate for ratification.

Securing CFATS Reauthorization: With funding for the Chemical Facility Anti-Terrorism Standards expiring in January 2019, SOCMA is working closely with congressional lawmakers and Department of Homeland Security personnel to ensure reauthorization of the program. SOCMA has advocated for legislative language to feature recognition of industry stewardship programs such as SOCMA's ChemStewards, maintaining notice and comment rulemaking for any proposed changes to Appendix A chemicals of interest, and a multi-year extension to the program. With legislation now pending in Congress, SOCMA aims to get reauthorization passed while under a very tight legislative calendar for the remainder of the year.

Getting MTB Across the Finish Line: Since its expiration in 2012, SOCMA has worked to renew the Miscellaneous Tariff Bill through meetings, letters and calls to Congress. Specialty and fine chemical manufacturers import various chemical intermediates unavailable domestically, making tariff relief critical to the industry. After extensive advocacy by SOCMA, importers are now able to receive relief on eligible imports under the MTB Act of 2018. Chemicals make up more than 1,000 of the nearly 1,700 products now eligible for tariff relief, making passage a notable win for the industry. In order to receive relief, Customs Brokers must reference HTS 9900 numbers on import declarations.

Shielding Chemicals from Tariffs: With tariffs on 1,517 Chinese-origin chemical products already in effect and talk of more on the way, the U.S. chemical industry faces severe disproportionate economic harm. SOCMA has twice testified and filed extensive comments with the U.S. Trade Representative (USTR) to petition for the removal of tariffs on products members import. Dozens of members provided SOCMA with hundreds of specific chemicals for which reasonable sourcing alternatives to China do not exist. These efforts proved worthwhile when USTR finalized its third tranche of tariffs and nearly half of the delisted tariff lines were chemicals. With tranche 3 rates expected to increase from 10 to 25% in January 2019, SOCMA will continue to assist members with tariff exclusion requests once procedures are established by USTR.

2018 TIMELINE



2018 TIMELINE CONT.

SOCMA presents to DHS Office of Infrastructure Protection leadership on the importance of consistent implementation and enforcement of the CFATS program.



CFATS

JULY



RCRA

SOCMA meets with EPA Associate Administrator for Policy to discuss and seek resolution to the EPA regions' sudden rejection of the RCRA Manufacturing Process Unit (MPU) exclusion during facility inspections.

SOCMA issues support for revised RMP requirements for third-party compliance audits, safer technology and alternatives analysis, and public availability of sensitive chemical facility information.



RMP

AUGUST



RCRA

SOCMA facilitates calls between EPA and SOCMA members that are negatively impacted by the denial of the RCRA MPU Exclusion.

SOCMA presents at the Chemical Industry Councils of California and Illinois on EPA's ongoing denial of the RCRA MPU exclusion.



RCRA

SOCMA hosts member webinar, "Navigating U.S.-China Tariffs, What Specialty Chemical Manufacturers Need to Know."



TRADE

SEPTEMBER



TRADE

In the face of 10/25% tariffs on an additional \$200B worth of Chinese goods, SOCMA again testifies before the Section 301 Committee of the USITC to communicate burdens of chemical supply chain modification.



CWA

SOCMA advises EPA on implementing appropriate and data-driven Clean Water Act hazardous substances spill prevention requirements.

SOCMA comments extensively on proposed 10/25% tariffs on \$200B worth of Chinese goods, petitioning for the delisting of numerous specific chemical products imported by members.



TRADE



OSHA

SOCMA advises OSHA to remove its E-Recordkeeping requirement that establishments with 250 or more employees submit data from their 300 logs and 301 reports on an annual basis.



TRADE

SOCMA and ACC discuss tariff burdens and sector-specific impacts to the specialty chemical industry on Chemical Week webcast, "What the Trade War Means for the Chemical Industry."

SOCMA advises EPA to rescind its extension of refrigerant management regulations, including leak repair and maintenance requirements to non-exempt substitute refrigerants.



CAA

NOVEMBER



TSCA

SOCMA advises EPA on the prioritization of the TSCA Work Plan, requesting the agency not pre-determine that all 73 Work Plan Chemicals will become candidates for high-priority designations.

EPA announces approach for the pre-prioritization of chemical substances for risk evaluation. The approach aligns with SOCMA recommendations for high-throughput and scientifically robust risk screenings.



TSCA



RCRA

SOCMA meets with EPA Acting Administrator Wheeler to bring the RCRA MPU exclusion issue to his attention and request resolution.



CAA

SOCMA participates in a public hearing on EPA's proposed revisions for regulating appliances containing substitute refrigerants.

Final TSCA User Fees rule released. Provisions SOCMA requested for consortia building, refunds and an update of the small business definition are featured in the rule.



TSCA

OCTOBER



CFATS

CFATS legislation is introduced in Congress, and includes SOCMA priority for multi-year reauthorization and recognition of industry stewardship programs such as ChemStewards.



TSCA



TSCA

SOCMA argues in legal brief that EPA has authority to exclude some conditions of use and focus on those that present the greatest potential risk to human health and the environment.



TSCA



TRADE

USTR issues List 3 tariffs; 45% of the delisted tariff lines are chemicals, providing dozens of SOCMA members with immediate relief.

... 2019 ...

MEMBER ALERT:

A MESSAGE FROM ROBERT HELMINIAK, SOCMA VP, LEGAL & GOVERNMENT RELATIONS

RCRA Top Priority for SOCMA

The potential elimination of the Resource Conservation and Recovery Act (RCRA) Manufacturing Process Unit (MPU) Exclusion is a significant issue impacting the specialty chemical industry in 2018. According to the longstanding exclusion, hazardous waste created in the manufacturing unit is not considered as such until removed from the unit. This exclusion is used by virtually every specialty chemical manufacturer as well as many other manufacturing industries.

In recent months, EPA has declined to grant the MPU exclusion to companies, which has led to significant violations and fines. Without the exclusion, companies would be required to change their equipment labeling and their manufacturing processes, which can be extremely detrimental and financially catastrophic. This EPA policy change came with no warning, and more and more members are being impacted each month.

In response, SOCMA has formed a coalition of members to work on the issue and is relaying information to other industries to form a broader coalition. SOCMA is also working with EPA's Offices of Policy, Land and Emergency Management, and Enforcement and Compliance Assurance to resolve the issue.

RCRA is a top priority for SOCMA as the association closes out 2018 and moves forward into 2019. Members should expect to hear more about this issue as SOCMA presses EPA to resolve these regulatory and legal concerns for specialty chemical manufacturers.

If you are being directly impacted by this issue, please do not hesitate to contact me at helminiakr@socma.com, or 571-348-5107.



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