



P&SF's Exclusive Interview with Fred Hansen Updates Stakeholders on CSI Progress & Global Environmental "Insurance" Measures

Prior to addressing attendees at the 17th AESF/EPA Conference, Fred Hansen, EPA's number-two ranking official, granted an exclusive interview. Deputy Administrator Hansen met with Frank Altmayer, CEF, AESF's technical director, and Sylvia Baxley, editor of P&SF, to zero in on specific questions of interest to industry "stakeholders." Mr. Hansen's responses have been edited for publication.

Common Sense Initiative (CSI) Accomplishments

Q *Could you give us a brief assessment of what you feel are some of the accomplishments of the CSI?*

A In terms of successes, first and foremost is that we have a group of all the stakeholders together around the same table, which is one of the basic tenets of the CSI. We've found ourselves being able to work constructively through a different series of issues and really focus on specific projects and find a common ground. We've been able to build trust among the parties that haven't necessarily worked together before—people on the Environmental Committee and the Environmental Justice Divisions, people from the industry. Although we—government and the metal finishing industry—have worked together for a long time, we obviously have a lot of other stakeholders (such as environmental and community groups) who haven't been a part of that, haven't built up the trust. I think we have made great progress over the last year in terms of people coming together and clearly working together on cleaner, cheaper, smarter ways of doing business and coming up with specific projects.

If we could talk about things that maybe didn't happen as well, some have expressed the concern that we have come together and rolled up our sleeves, but things haven't moved quite as fast as they could have. That doesn't trouble me at all. When you have a whole group of people who have not

worked together before, there is, in fact, some level of skepticism about what that other side is interested in, what the motives are, and so on. To be able to build trust—to have a working relationship—that allows us to move forward on a constructive path takes some time. I think that's what's been happening in each of the sectors, but certainly within the metal finishing sector.

Frankly, I think that the metal finishing industry has moved farther along than most, if not all, the other sectors in the CSI. One reason for this is the associations that this conference represents have really been able to carry forward the environmental message and find practical ways for their members to implement environmental protection measures ... not just to tell people they ought to go do it, but to put on workshops and educational seminars, and a whole series of things. I think this has been very effective and has characterized this subcommittee's work. Secondly, there has been a real focus on specific projects and specific facilities. They have been able to demonstrate how it works in a facility—what the constraints and opportunities are. In both these ways, I think the metal finishing sector has done a terrific job.

What May Be Future Benefits of CSI?

Q *Do you see CSI being more successful in the future in changing or shaping policies, or can you identify any regulations that might actually be changed as a result of CSI?*

A I really expect both. The Common Sense Initiative is really based on the concept that if all the parties are at the table and consensus is the goal, then we can work through and find a different way to develop the policies—the fundamental way we approach problems. At the same time, I also believe that the specific work of the metal finishing subcommittee, for example, is to be able to identify specific rules and regulations that, if changed, will allow us to have more

environmental benefits in a more cost-effective way and to lessen the burdens upon industry. I really see in both aspects over the long haul, whether it be in the Common Sense Initiative or if it becomes a part of how we do business in all of our regulatory development processes, that the sense of involving all stakeholders will be key. Out of that, we will see on-going changes in existing regulations and in insuring that any new regulations will reflect the same kind of maintenance—and we'll have more cost-effectiveness.

Impact of Possible Change in Administration

Q *In view of the elections, would a change in administration this fall have an impact on the CSI? Could a new administrator come in and say “This is no longer important at all”?*

A Good ideas are not usually thrown out by another administration. The Common Sense Initiative has received widespread support, and it's not going to be somehow abandoned. Carol Browner and I have said that the CSI is at the centerpiece of all our reinvention efforts. It is the most important initiative we have in terms of how we want to be able to do business. A new administrator would not likely abandon the CSI, but it may not receive as high a priority as it has.



Possible Benefits of ISO 14,000

Q *Another area that's going to be of high interest to the industry—it's kind of simmering right now—is ISO 14,000. I understand EPA is reasonably well-involved in ISO 14,000 certification. What changes might be expected or what benefits could industry obtain from the ISO 14,000 program in terms of regulatory compliance or EPA policies?*

A ISO 14,000 sets up a series of defined management approaches to make sure that environmental protection goals are fully met by participating industries. What it doesn't contain as a concept is a sense of all stakeholders being

involved. ISO 14,000 is really a standardization process principally involving regulated industry and the government—the regulator. There are some places that ISO 14,000 will not deal with in environmental protection, in terms of community involvement. That is obviously one of the things that, as we move forward, we will have to address. We believe ISO 14,000 has great prospects. We are doing work right now—one of our EXCEL projects (excellence in leadership)—involves a company that is experimenting with 14,000. We will evaluate how well that works and see what ways we'll be able to expand it. At the same time, we recognize in our whole series of reinvention efforts that we may find effective systems in place by regulated industries. We think that is one of the true nuances of the new environmental regulations of the next century—that pollution prevention will be a continuous improvement process designed for the environment.

Q *If a company became ISO 14,000 certified, might it see a lowering of the regulatory compliance burden . . . or the reporting burden . . . or the testing burden? Any financial benefits to it?*

A We're obviously still in the exploration stage, but that's exactly what we're seeking. Whether this comes out of ISO 14,000 or our Environmental Leadership Program, it really amounts to identifying special auditing processes. In response to that, we can come back with less regulatory presence, maybe fewer inspections, different types of inspections, lessened reporting requirements—a whole series of things that could produce real financial benefits to the facility and to the community and to the government, if we could be assured that, on an on-going basis, environmental protection would be insured. It has lots of promise.

Q *The metal finishing industry in the U.S. was very concerned with NAFTA and the potential for exportation of manufacturing into Canada and Mexico and possibly other countries. What programs or policies does EPA have in effect or that are going to go into effect to insure that companies that relocate to do manufacturing in Canada or Mexico—for economic or environmental reasons—would face similar regulatory requirements?*

A The Montreal Protocol is a side agreement to NAFTA that requires each country in releasing its full environmental agenda, clearly with the idea that they must be protecting the environment and that they must enforce those environmental regulations. There are really two things we are doing: One is that we are in continual discussions with those countries to be able to insure that environmental regulations really are as parallel as they can be across the borders—not just for trade agreement reasons, but to be aware that we all breathe the same air and share the water, particularly in the border areas. In terms of the commitment at the international level, we will continue to negotiate with those countries and impress upon them that it's important to be able to achieve a "like" level of environmental protection. It's a very high priority. The second thing is that within the Montreal Protocol itself are two mechanisms that are allowed to address imbalances. One is the ability for individuals or companies to petition and have an evaluation made on whether specific rules and regulations are not being implemented and providing for that same level of protection and an economic level

playing field. Likewise, if the governments—Canada, Mexico or the U.S.—feel there is a pattern that is reflective of a deeper problem, we can raise those issues and arbitrate them. We're hoping that with a good, on-going commitment to environmental protection, use of those mechanisms will be relatively rare.

More Involvement on the "Front End" of Regulations

Q *The Metal Products and Machinery regulations that were proposed last year, at least in my opinion, seemed to disappoint the industry from the standpoint that the database the regulations were based on wasn't what it should have been in terms of scope and quality. What can our industry do to be more involved in the "front end" of the regulatory process? We seem to be relatively well-involved once a regulation is proposed, and CSI also seems to be looking back. Maybe it is also going to look forward. What can we do to get ahead of the proposal of the regulations so that our concerns and input would be considered by the process?*

A One of the things that Carol Browner and I are both absolutely committed to is to bring people in much earlier in the process. That helps everyone understand what is being contemplated and how best to resolve it. Likewise, we're looking at ways to be able to involve all the parties and find out what the data gaps are; to be able to determine what the best first steps are in gathering the information; and then, on the basis of that information, how best to proceed. In the whole series of areas, we are committed to making our regulations smarter. That means making them smarter the first time one thinks of a potential problem, the data gathering, the analytical work on it, and in the development of the actual strategies used to address that problem. We think we have to do a much better job in these areas. Historically, we have often been told by Congress . . . that a rule or regulation be developed for such a pollutant and such an industry, telling us what kind of timeframe we have to develop it. We just have to be behind the eight-ball all the while. We think there is a much better way to do that. It's to be able to have a broader look at what the problems are and develop solutions cooperatively with the various interested parties. The key to all this is good science. The fact that Bob Huggett (EPA's Assistant Administrator, Office of Research and Development) is down here with David Gardiner (EPA's Assistant Administrator, Office of Policy Planning and Evaluation) and me indicates our commitment in the metal finishing area. Science is very important. We want at least 50 percent of our research budget aimed at longer term basic research, because it is only by doing that, that 10 years from now, long after Carol Browner and I are gone, we'll be able to have an information base on which to make good, intelligent decisions rather than to be able to make them on faulty—or at least limited—information.

Research Funding

Q *I've never seen so much EPA funding of projects to develop and identify technologies that will not only identify environmental problems, but that will present technologies that will solve them. I like the approach that you've been willing to spend some monies to evaluate those*

technologies. Will this philosophy continue, assuming this administration gets re-elected, and do you have any numbers you can toss my way in terms of what EPA plans to continue to spend in this area?

A We're absolutely committed to the idea that environmental technology is the key. Not only is it key to be able to assist industry—in this case, to be able to develop new approaches to environmental problems that can be developed in action technology—but also to be able to transfer that technology. It's also very important to be able to export and make money on that technology. That commitment is a strong one, particularly with the Vice President. Congress doesn't think so. We had a \$120-million budget for environmental technology last year, and that's what we proposed for this year. Congress has dramatically slashed that. The House took it to zero. The Senate left it at \$20 million, and the Conference Bill was at \$10 million. That is about eight percent of what we think is necessary. That bill was vetoed by the President. Our perspective: We think it's very important. We'd like to see it continue to be funded at the level it was last year. I can't tell you the specifics of what that means to the metal finishing industry, but clearly the \$3-plus-million we put into the industry—these areas are at risk—given what Congress wants to do with our environmental technology.

About Fred Hansen— EPA's Deputy Administrator



As EPA's Deputy Administrator, Fred Hansen (sworn in on October 18, 1994) assists the Administrator in formulating environmental priorities and organizing day-to-day management of the Agency. He is also responsible for management of the Agency's regulatory agenda, and in leading implementation of EPA reinvention efforts.

Before accepting this appointment, Mr. Hansen served as the Director of the Oregon Department of Environmental Quality for more than 10 years. During that time, he managed the State's environmental programs and served on a number of national groups working on environmental policy, including the national Commission on Superfund, the SAB Relative Risk Reduction Committee, and the EPA/NGA Air Implementation Task Force. He also served as the Deputy State Treasurer in Oregon, and from 1970–78 worked in Washington, DC on Capitol Hill and in the Executive Branch. This included positions as the Executive Assistant to the Director of the Peace Corps and Deputy Director for President Carter's special project on federal cash management.

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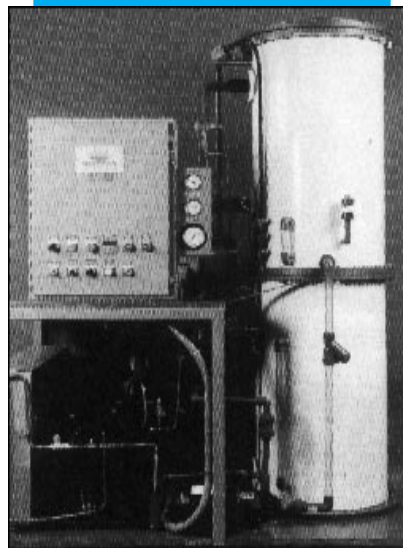
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