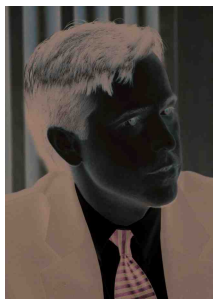


Post Election Analysis



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Election Favors Republicans But Chrome Remains Under Pressure



The long awaited outcome of the November elections surprised many pundits and pollsters, including some Republicans. The GOP recaptured the White House and expanded its majorities in the Senate and House, unseating top Senate Democrat Tom Daschle (D-SD) in the process. Stunned Democratic leaders engaged in some brief soul searching in the election aftermath, but are signaling they're not entirely ready to accommodate to Republicans as the 109th Congress kicks off in January.

For Republicans, an expanded majority means the pressure's turned up considerably to successfully take on issues that largely eluded the 108th Congress. Energy policy, health care costs, the budget, trade and U.S. manufacturing competitiveness are just a few of a range of items that will be on the table come late January when the inaugural festivities subside.

For trend watchers in surface finishing, the industry has experienced an upswing generally, but the recovery has been rather uneven and not enjoyed by all. Does it get any better? Will the immediate future reward or penalize the finishing community?

Outlook for Surface Finishing— OSHA Hex Chrome Rule is Far Reaching

On the regulatory front in particular, some early observations are in order. A key one is that greater Republican control on both sides of Pennsylvania Avenue doesn't automatically translate into regulatory "relief." Just ask OSHA, which is now advancing an exceedingly draconian reduction in the permissible exposure limit (PEL) for hexavalent chromium.

50-fold Reduction

The Agency's recently proposed new limit for worker exposure, pegged at 1 microgram/cubic meter, is 50-times lower than the current exposure requirement. To make matters worse, the actual "action level"—or the point at which a suite of onerous requirements begin to

kick in for facilities—is an astonishing 0.5 micrograms/cubic meter.

To illustrate just how onerous both the new PEL and action level are for industry, the industry's Government Relations program and finishing industry leaders calculated that for the average finishing job shop or small captive operation to operate consistently within the range of 5 to 10 micrograms/cubic meter, that operation would have to spend an estimated \$300,000 in capital and operating costs in the first year of compliance, and nearly this amount annually in subsequent years.

OSHA Underestimates Costs

This figure is in dramatic contrast to OSHA's estimated compliance cost of \$15,000—yes, \$15,000—to meet the new PEL. A facility couldn't possibly spend as little as \$15,000 annually (and many wouldn't have the physical space) to address even some of the proposed requirements, such as:

- Engineering Controls
- Exposure Monitoring
- Respirator Fit & Protection
- Protective Clothing & Equipment
- Change Rooms and Showers
- Medical Surveillance
- Hazard Communication
- Recordkeeping

Beyond improperly costing for these items, OSHA hasn't even considered at all several key items sure to be associated with the new rule, such as:

- Increased Energy Costs
- Increased Health Insurance Premiums
- Increased Workers Compensation
- Treatment of Shower Water
- Loss of Productivity (Respirators)
- Attorneys Fees
- Potential Air Permit & Modifications
- Toxic Tort Liability

Low Limit Would Cover Zinc, POPs, Others

Noteworthy is that for those who believe

the rule is only for traditional chromium processes, it's time to think again. Because the PEL is so low, the regulatory net could cover a wide range of industries. From the finishing front, a surprising array of processes could be affected:

- Hard Chrome Plating
- Decorative Chrome Plating
- Chromic Acid Anodizing
- Chromate Conversion Coatings (e.g., Zn & Cd)
- Plating on Plastics
- Passivation
- Welding and Fabricating
- Polishing and Grinding
- Chemical Mixing & Blending

Among other major rulemaking activities, Government Relations just visited OSHA during November to discuss the industry's substantial concerns about the rule. The industry is also requesting an extension of the rule's abbreviated comment period so that industry can analyze, assemble and submit actual data from key facilities on exposures, potential operational/engineering changes, consequent compliance costs and the overall economic and technical feasibility of even approaching the proposed PEL. Since OSHA's on a record-setting court-imposed deadline to finish the rule by January 2006, agency officials have claimed the rigid schedule will likely keep them from allowing industry additional time for meaningful, informed comments.

Educating decision makers on the technical and policy dimensions of the chromium rule will require a substantial effort. The industry is now collecting data, evaluating impacts and preparing to submit extensive comments to OSHA by January 3, 2005. The industry will be ready to testify at OSHA's hearing now scheduled for February 3, 2005.

At this point, it will require a good deal to convince decision makers to look at a more appropriate standard. Stay tuned for more updates in the coming weeks and months. *P&SF*