

## A Surface Finishing Government Relations Update



Christian Richter & Jeff Hannapel, The Policy Group, LLC, Washington, DC

### ***OSHA Chrome Standard, Senator Joe Lieberman to Highlight Launch of New Industry Event in Washington DC—May 11–12***

New global pressures, technology innovation and unprecedented regulatory developments are recasting the manufacturing landscape and introducing new complexities for surface finishing operations. To keep industry experts and executives prepared for what comes next, the Surface Finishing Industry Council (SFIC) and the industry's Government Relations program are introducing a brand new event—the SFIC Washington Forum—to bring the finishing industry and national policy leaders together for an exchange on vital issues facing the surface coatings industry.

The Forum's agenda comprises two days of activity in Washington, DC, and fuses technical offerings of the AESF-USEPA Conference for Environmental Excellence with cutting edge policy topics from the SFIC's annual Washington "fly in." Connecticut Senator Lieberman has been invited to deliver the keynote address on U.S. manufacturing and the future. Among the topics covered at the session are:

- Globalization and Small Manufacturing
- OSHA, the European Union and the Future of Metal Finishing
- U.S. Nanotechnology Strategy and the Coatings Industry
- Emerging Environmental Regulatory Trends

Register today electronically and check event updates for the SFIC Washington Forum at [www.sficwashingtonforum.com](http://www.sficwashingtonforum.com). This is an event you cannot afford to miss!

For further questions, please contact Christian Richter or Jeff Hannapel at The Policy Group at (202) 457-0630—or [crichter@thepolicygroup.com](mailto:crichter@thepolicygroup.com).

### ***Finishers Comment On OSHA Chrome Limit***

The finishing industry in early January submitted a substantial set of comments to OSHA outlining a range of problems with the proposed Chrome exposure limit of  $1.0 \text{ ug/m}^3$ . The document advances major arguments recently made by Government Relations to the White House and Congress. In essence, the industry asserts that OSHA's technical justification for such a stringent standard is strained, that the rule will pose substantial technical feasibility hurdles for firms, and that costs imposed on the finishing industry will deal a severe blow to operations across the nation, forcing more than 50 percent of affected facilities to shut down.

Issues covered at OSHA's administrative hearing on the proposal in February included key problems with OSHA's analytical work anchoring the new limit, the actual compliance costs on both chrome operations as well as other processes drawn into the rule, such as zinc plating using chromate conversion, plating on plastics, passivation and others. Also discussed was the implications of the standard for compliance with EPA's chromium NESHAP, the primary federal air emissions rule governing chromium finishing operations.

### ***Pentagon Develops Steering Committee for 2005 Surface Finishing R&D Workshop***

Finishing industry discussions with the Department of Defense have prompted environmental R&D officials to advance plans for a strategic workshop on environmentally preferable metal finishing processes. The two-day event—planned for August 2005—will bring together for key discussions senior researchers and engineers within the Department of Defense, academia and industry. Development of papers and a final report from the event will help guide future DoD research investments and improve the DoD's ability to address its pollution prevention and compliance requirements.

A steering committee has been formed to plan the workshop, which will:

- Examine the current state of practice within the defense manufacturing and maintenance community;
- Identify the current and emerging regulatory and other pressures both within the US and abroad;
- Identify the current state of science and engineering for alternatives to and control technologies for current metal finishing and plating practices;
- Identify the gaps in knowledge and technology which limit both the transition of emerging technologies and the development of new approaches;
- Prioritize those gaps where investments in research and development can have the greatest impact on DoD's practices; and
- Prioritize those gaps where investments in field demonstrations or related activi-

ties could have the greatest impact on the transition of technologies.

The outcome of this workshop will be a strategic plan for the two primary environmental R&D programs at DoD—the Strategic Environmental Research and Development Program (see [www.serdp.org](http://www.serdp.org)) and the Environmental Security Technology Certification Program ([www.estcp.org](http://www.estcp.org)).

### ***Finishing Industry to Participate In National Dialogue on Manufacturing Policy***

The finishing industry in March 2005 will take part in a high-level policy dialogue on revamping U.S. manufacturing policy with leaders from industry, Congress and the Bush Administration. The event, sponsored by the National Council on Advanced Manufacturing (NACFAM), will take stock of over 50 industry recommendations to the Bush Administration and Congress on trade, tax and energy issues, as well as reform of the health care, legal and regulatory system. The recommendations stem from NACFAM's 2004 "Manufacturers Answer" report and include input from the Surface Finishing Industry Council on several topics.

### ***Industry Engages U.S. EPA on New Air Emissions Rule***

Government Relations continues to work with EPA as the Agency develops a series of new area source or minor source air emissions control regulations for more than 50 industry sectors, including plating and polishing. The new rule would cover all air emissions from all plating and polishing operations, including antimony, cadmium, chromium, cobalt, lead, manganese, mercury, nickel and selenium. The new standards now likely will be based on generally available control technology (GACT), which are generally less stringent than the technology-forcing MACT standards for chrome plating operations.

The industry recently engaged with EPA air officials to recommend the development of a voluntary-oriented compliance program to reduce affected area source air emissions in lieu of a more traditional "command and control" regulation. To this end, the industry has already submitted a proposal to EPA to identify best management practices and pollution prevention practices that reduce air emissions from plating and polishing operations. In the coming months, Government Relations will continue to closely assess EPA's technical work, emerging regulatory options,

and the Agency's overall commitment to avoiding the imposition of more stringent and unnecessarily burdensome regulatory framework.

### ***U.S. Treasury, Other Reports Show Economy is Improving For Small Business***

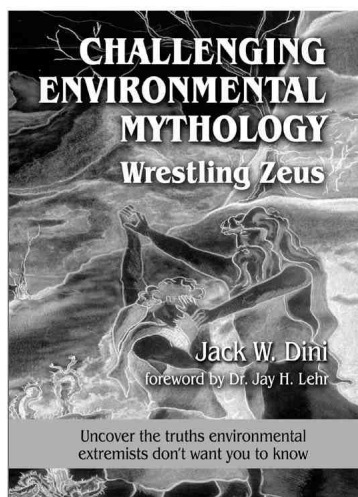
A January report from the U.S. Treasury indicates the U.S. manufacturing sector is picking up momentum. The Institute for Supply Management said its monthly index of manufacturing activity jumped to 58.6 in December from 57.8 in November. The December reading was the highest in four months (readings above 50 indicate the manufacturing sector is expanding). The share of small businesses saying the next three months are a good time to grow jumped to 29 percent, highest in more than five years, according to a recent survey of 574 firms by NFIB. NFIB says 19 percent of firms surveyed plan to hire, up from as few as 11 percent in June. Hiring plans now rival those in 2000.

A full 44 percent of small companies plan to spend on technology and other expensive goods, one of the past year's highest shares, according to a recent PricewaterhouseCoopers survey of 355 firms. The U.S. economy will perform well in 2005, according to a survey of economists' predictions, with healthy growth, subdued inflation and only slight rises in interest rates. The consensus outlook of 56 economists surveyed by The Wall Street Journal was that gross domestic product will expand at a rate of about 3.6 percent in 2005. That pace would be a tad slower than last year's, which was 3.9 percent through the first nine months of the year.

### ***OECD Countries Pressed to Increase R&D Investments***

OECD countries are responding to China's rapid growth in manufacturing capabilities by stepping up investment in research and development. According to OECD's Science, Technology and Industry Outlook, China doubled its spending on R&D between 1995 and 2002 as a percentage of GDP, a higher rate than any other OECD country. In contrast, overall spending in OECD countries on R&D rose only moderately in proportional terms, to 2.26 percent of GDP in 2002 from 2.09 percent in 1995. European Union and Japanese businesses increased their R&D commitments in this period, but spending by U.S. firms fell slightly. See [www.oecd.org](http://www.oecd.org).

For more information, contact Christian Richter ([crichter@thepolicygroup.com](mailto:crichter@thepolicygroup.com)) or Jeff Hannapel ([jhannapel@thepolicygroup.com](mailto:jhannapel@thepolicygroup.com)) or call (202) 457-0630. *P&SF*



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