



July 27, 2006

Success Prompts Department of Defense to Plan Second 2006 Event on Surface Finishing Technologies – Industry Experts to Present and Discuss Issues

After a successful conference recently in Washington DC on challenges for surface finishing technologies in the defense arena, the Pentagon's Strategic Environment R&D Program (SERDP) is planning a follow up session this fall with a more specific focus on applying commercial finishing successes to "clean" technologies for defense uses.

The event will be part of SERDP's larger annual Environmental Technology and Research Symposium, which typically attracts more than 800 attendees, and will focus on best approaches for reducing potentially hazardous materials in defense weapons systems and facilities. The event will invite participation from key industry experts from the AESF, aerospace, automotive and other communities to present and provide various perspectives on how emerging commercial materials and processes can be modified and used by the Department of Defense.

The preliminary program will include Dr. Don Snyder (Atotech), Steve Gaydos (Boeing), Keith Legg (Rowan Technologies), John Beatty (Army Research Lab), Peter Gallerani (Integrated Technologies), Christian Richter (The Policy Group) and aerospace consultant Sheldon Toepke. More information will be forthcoming.

Industry Engages OSHA, Discusses Options on Chrome PEL Legal Issues

As most finishers know, OSHA issued its new final workplace exposure standard for hexavalent chromium in February. The new standard raises the originally proposed limit of 1 ug/m³ to 5 ug/m³, sets a regulatory "action level" at 2.5 ug/m³ and provides an exemption from the regulatory requirements for operations with exposures: (1) below 0.5 ug/m³ or (2) less than 30 calendar days a year. These new regulatory requirements became effective on May 30, 2006.

While OSHA has acknowledged that the finishing industry's efforts were primarily responsible for moving the PEL five times higher than its proposed rule, most are fully aware that compliance challenges remain for many in the metal finishing industry. Government Relations has responded to the new regulation with a wide range of activities, including:

Litigation – pursuing a legal challenge to OSHA's new standard;

Settlement – exploring possible "out of court" settlement options with OSHA that would waive full-time respirator requirements in exchange for selected best management practices and clarify key provisions for finishers;

Compliance – identifying the compliance requirements that must be met by the regulatory deadlines, and

Education – assisting the industry in assessing exposures and educating companies on implementing the regulatory requirements.

As litigation on the final rule proceeds, facilities must still meet the regulatory requirements of the new OSHA Chrome PEL by the pending compliance deadlines – November 27, 2006 (for facilities with 20 or more employees) and by May 30, 2007 (for facilities with fewer than 20 employees).

Strategies for addressing the regulation at the plant level and compliance clarifications will be the topic of technical sessions at SUR/FIN 2006 in Milwaukee, September 18-21. Plan to attend this important presentation on the new OSHA Chrome PEL.

Finishers Completing EPA Air Surveys for New Rule – EPA to Address SURFIN on Outlook for Next Chapter of Air Regulations

Government Relations has invited key EPA air emissions staff to address industry at SUR/FIN in Milwaukee, September 18-20, 2006. Dr. Donna Lee Jones, project manager for EPA's emerging proposal on finishing air emissions, will provide a summary of the Agency's preliminary views from information submitted in the surveys. This presentation will be a tremendous opportunity for the industry to understand EPA's direction for the regulation and to provide further input to EPA on plating and polishing operations.

The Policy Group will continue to engage EPA officials in determining whether regulatory controls are needed for emissions from plating and polishing operations or whether a set of best management practices for the industry may be more appropriate. If companies have questions about the questionnaire or the development of the new area source rule, they can contact EPA's Dr. Donna Lee Jones at Jones.DonnaLee@epa.gov, the EPA contractor's help line at epa-platingsurvey-help@rti.org, or the industry Government Relations office at jhannapel@thepolicygroup.com or crichter@thepolicygroup.com.

State of California Proposes to Ban Hexavalent Chromium in Decorative Plating

The California Air Resources Board (CARB) has proposed an air toxic control measure (ATCM) for hexavalent chromium that includes not only an overly-restrictive standard of 0.0015 mg/m³, but also a phase-out provision for hexavalent chromium in decorative chrome plating. CARB's proposed standard is significantly more restrictive than the nation's most stringent standard set by Southern California's South Coast Air Quality Management District (SCAQMD). In fact, the SCAQMD, the Bay Area Air Quality Management District (BAAQMD), and three other major air districts in California that include most of the chrome platers in the state have publicly opposed the proposed CARB ATCM based on faulty scientific data and incorrect assumptions.

The Metal Finishing Association of Southern California (MFASC) and the Surface Technology Association (STA) have been working closely with SCAQMD and BAAQMD to challenge CARB on this potentially devastating proposed regulation. Based in part on these efforts, CARB recently indicated that it may forego the phase-out of hexavalent chromium for decorative chrome plating. CARB does, however, intend to pursue a "phase-in" of control technology to meet the proposed 0.0015 mg/m³ standard that would require nearly all decorative chrome platers,

large and small, to install expensive HEPA systems for all tanks. CARB expects to release its new proposed language for the ATCM in late July 2006.

The industry will continue to actively engage CARB on this matter with SCAQMD and BAAQMD. CARB has scheduled more meetings on this topic on August 21, 2006 in Sacramento and August 23, 2006 at the SCAQMD's offices. For more information on this critical state regulatory proposal, contact the industry's Government Relations office in Washington at jhannapel@thepolicygroup.com or Dan Cunningham in California at mfaschq@socal.rr.com.

Federal Agencies Outline Strategy to Address Toxicity of Nanotechnology

As nanotechnology applications in the surface finishing and other industries continue to grow, the federal government is focusing more attention on assessing the potential toxicity of nanoscale materials. Last week, the National Nanotechnology Initiative (NNI), a collaborative effort of 25 federal agencies, released a report that included a plan for interagency agreement to conduct research on the toxicity of nanomaterials.

In response to requests for more research on the potential impacts of nanotechnology on human health and the environment, the Bush Administration has requested a budget of over \$1.3 billion for the NNI. The NNI report, entitled *The National Nanotechnology Initiative: Research and Development Leading to a Revolution in Technology and Industry*, includes projects of the National Institute of Occupational Safety and Health (NIOSH) and the Department of Energy to investigate the impact that new emission controls for nitrogen oxide and soot from diesel engines have on the toxicity of emitted nanoparticles. The report also notes that the Environmental Protection Agency will focus its nanotechnology research funding on the human health and environmental impacts of nanomaterials and that the National Science and Technology Council's Nanoscale Science, Engineering and Technology Subcommittee is preparing a report on the environmental, health and safety research that is needed for nanotechnology applications. A copy of the NNI Report can be found at http://www.nano.gov/NNI_07Budget.pdf.

With this report the federal government is demonstrating its intent to switch its nanotechnology priorities to focus on assessing the toxicity of nanomaterials. This trend is also consistent with similar efforts underway globally and will be critical as regulatory agencies worldwide grapple with if, and how, to regulate nanotechnology and nanoscale materials.

U.S. Manufacturing Continues Trend of Modest Growth

The Commerce Department reported that orders for durable goods rose 3.1 percent in June. This increase was approximately twice what was expected and was the best showing since March 2006. Much of this gain was attributable to the increased demand for commercial aircraft. The Federal Reserve also announced that industrial production rose 0.8 percent in June with an annual growth rate of 6.6 percent and that manufacturing output rose 0.7 percent in June with an annual growth rate of 5.4 percent. Analysts believe that the manufacturing sector will continue to experience gains, but at a slower pace throughout the remainder of the year.

In other economic news, the Labor Department noted that the manufacturing sector gained 15,000 jobs in June for a total of 14,251,000. The number of Americans filing for unemployment benefits also dropped by 7,000 to a total of 298,000.

