

distribution of a DPP or REIT security provide an estimated value for such securities on its customers' account statements where the member believes that the estimated value was inaccurate as of the date of the valuation or is no longer accurate as a result of a material change in the operations or assets of the program or trust.

*Segregation of DPP/REIT Securities—Subparagraphs (b)(3)(B) and (b)(6)*

NASD Regulation considered and ultimately rejected the views of several commenters who objected to the requirement that DPP and REIT securities be segregated from other securities into a separate location on the customer account statement. NASD Regulation believes that investments in non-publicly traded DPP and REIT securities and the estimated values which may be disclosed regarding their performance differ sufficiently from the prices of other securities that customers will benefit from having the securities grouped together for ease of presentation and review.

In addition, NASD Regulation believes that the segregation of DPPs and REITs into a separate location on the customer account statement should lessen the possibility of misleading customers regarding values since they will be distinguished from listed securities. NASD Regulation also determined that the requirement to segregate DPP/REIT securities should apply regardless of whether the security is listed with or without an estimated value. Therefore, proposed subparagraphs (b)(3)(B) and (b)(6) set forth the requirement to segregate DPP and REIT securities.

*Use of Purchase Price—Subparagraph (b)(4)(C)*

In response to the correspondence of the SEC, NASD Regulation amended the proposal published for comment to add a new provision in subparagraph (b)(4)(C) prohibiting members from using the original purchase price of a DPP or REIT security on a customer account statement as the estimated value. NASD Regulation provided additional language to clarify that the same dollar value of the purchase price may be used when a valuation methodology results in the estimated value and purchase price being equivalent.

*Required Disclosure for Unpriced Securities—Subparagraph (b)(6)*

In response to comments, NASD Regulation amended the proposal published for comment to require the following disclosure on the account

statement where a member provides no valuation for a DPP or REIT: that DPP and/or REIT securities generally are illiquid securities; the value of the security may be different than its purchase price; and, if applicable, that accurate valuation information is not available. This disclosure replaces the provision in the proposal published for comment that would have required a statement that the value of the DPP security is not available until the liquidation of the partnership and that no active secondary market exists.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reason for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (a) By order approve such proposed rule change, or
- (b) Institute proceedings to determine whether the proposed rule change should be disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, DC. Copies of such filing will also be available for inspection and copying at the principal office of the NASD. All submissions should refer to file number SR-NASD-97-12 and should be submitted by April 24, 1997.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>12</sup>

<sup>12</sup> 17 CFR 200.30-3(a)(12).

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 97-8470 Filed 4-2-97; 8:45 am]

BILLING CODE 8010-01-M

**SMALL BUSINESS ADMINISTRATION**

**Small Business Investment Company; Computation of Alternative Maximum Annual Cost of Money to Small Businesses**

13 CFR 107.855 limits the maximum annual Cost of Money (as defined in 13 CFR 107.50) that may be imposed upon a Small Business in connection with Financing by means of Loans or through the purchase of Debt Securities. The cited regulation incorporates the term "Debenture Rate", which is defined in 13 CFR 107.50 in terms that require SBA to publish, from time to time, the rate charged on ten-year debentures sold by Licensees to the public.

Accordingly, Licensees are hereby notified that effective the date of publication of this Notice, and until further notice, the Debenture Rate, plus the 1 percent annual fee which is added to this Rate to determine a base rate for computation of maximum cost of money, is 8.38 percent per annum.

13 CFR 107.855 does not supersede or preempt any applicable law imposing an interest ceiling lower than the ceiling imposed by its own terms. Attention is directed to Section 308(i) of the Small Business Investment Act of 1958, as amended, regarding that law's Federal override of State usury ceilings, and to its forfeiture and penalty provisions.

(Catalog of Federal Domestic Assistance Program No. 59.011, small business investment companies)

Dated: March 28, 1997.

**Don A. Christensen,**

*Associate Administrator for Investment.*

[FR Doc. 97-8431 Filed 4-2-97; 8:45 am]

BILLING CODE 8025-01-P

**DEPARTMENT OF STATE**

[Public Notice 2526]

**Bureau of Oceans and International Environmental and Scientific Affairs; International Harmonization of Chemical Safety and Health Information**

**AGENCY:** Bureau of Oceans and International Environmental and Scientific Affairs (OES); Department of State.

**ACTION:** Notice regarding Government activities on international harmonization of chemical safety and

health information, and request for comments and information.

**SUMMARY:** Under the auspices of the State Department, an interagency committee has been working with international organizations and other countries to pursue harmonization of existing regulatory requirements or recommendations for chemical safety and health information. The authority for the State department, OES Bureau to convene this interagency committee is set forth at 22 U.S.C. 2655a. This includes, for example, provisions for classifying chemicals regarding their hazards, and the preparation and dissemination of information about the hazardous chemicals and appropriate safe handling procedures for them through labels, placards, material safety data sheets, or other written materials. Such requirements currently exist in the United States in laws or regulations that address worker protection, consumer protection, transportation of hazardous materials, and environmental protection.

Harmonization of such requirements internationally has been a long-term goal for the United States Government (USG). It was initiated through a 1984 interagency policy on chemical labeling trade issues. This goal became global through an international mandate in 1992 as a result of agreements made by participating countries, including the United States, in conjunction with the United Nations Conference on Environment and Development (UNCED) in 1992. Specifically, the UNCED objective states: "A globally harmonized hazard classification and compatible labeling system, including material safety data sheets and easily understandable symbols, should be available, if feasible, by the year 2000." Recently, countries reaffirmed this commitment at a meeting of the Intergovernmental Forum on Chemical Safety, and recommended that the system be implemented in a voluntary instrument. The purpose of this notice is to update the public on progress made to date, and to allow an opportunity for interested parties to provide comments that may assist USG representatives as well as representatives of stakeholder groups such as industry, labor, and environment, who participate in the international discussions on these issues.

**DATE:** Comments and information should be submitted by June 2, 1997.

**ADDRESS:** Comments and information are to be submitted in quadruplicate or 1 original hard copy and 1 disk (3 1/2 inch) in Word Perfect 5.1, 6.1, or ASCII text to: Office of Environmental Policy,

Attn: David Rabadan, U.S. Department of State, OES/ENV Room 4325, 2201 C Street, NW, Washington, DC 20520.

**FOR FURTHER INFORMATION CONTACT:**

1. For general information related to this notice: David Rabadan, Office of Environmental Policy, U.S. Department of State, OES/ENV Room 4325, 2201 C Street, NW, Washington, DC, 20520; Telephone: (202) 647-8772; FAX: (202) 647-5947; E-mail: drabadan@state.gov. After May 30, OES/ENV contact will be Trigg Talley. Telephone: (202) 647-9266; FAX: (202) 647-5947.

2. For information about activities of the Interorganization Programme for the Sound Management of Chemicals' (IOMC) Coordinating Group for the Harmonization of Chemical Classification Systems: Jennifer Silk, Directorate of Health Standards Programs, Occupational Safety and Health Administration, 200 Constitution Avenue, NW, Room N3718, Washington, DC, 20210; Telephone: (202) 219-7056; FAX: (202) 219-7068; E-mail: jsilk@osha-slc.gov.

3. For information about activities of the Organization for Economic Cooperation and Development's (OECD) Advisory Group on Harmonization: Amy Rispin, Office of Pesticide Programs, Environmental Protection Agency, Washington, DC, 20460; Telephone: (703) 305-5989; FAX: (703) 305-6244; E-mail: rispin.amy@epamail.epa.gov.

4. For information about activities of the United Nations' Committee of Experts on the Transport of Dangerous Goods' (UNCETDG) activities related to harmonization: Frits Wybenga, Research and Special Programs Administration, Department of Transportation, 400 7th Street, SW, Washington, DC, 20590, Telephone: (202) 366-0656; FAX: (202) 366-5713; E-mail: frits.wybenga@rspa.dot.gov.

**SUPPLEMENTARY INFORMATION:**

**Background**

It has been estimated that there are as many as 650,000 hazardous chemical products in distribution in the United States (59 FR 6126). The potential hazards of these chemical products cover a wide range of health, physical and environmental effects. The health hazards that may result from exposure to these chemicals can be relatively minor, such as simple irritation of the skin, eyes, or respiratory tract, or may be serious and lethal, such as carcinogenicity or death from acute toxicity. Physical hazards include such characteristics as flammability and reactivity. Environmental hazards may

cause aquatic, terrestrial or atmospheric effects. A number of federal laws, standards and regulations have been adopted to ensure adequate protection of the environment, workers handling the chemicals at various stages in the distribution chain, and members of the public (including consumers and emergency response personnel) who are potentially exposed to the chemicals during transportation and use. In certain areas, state and local laws supplement federal regulations.

Given the number of chemicals involved, and the limited resources available to address them on an individual basis, many of the U.S. laws are generic, focusing on generating and providing information regarding the hazards and precautions for safe use of chemicals rather than developing substance-specific regulations, such as exposure limits, for each one. The first step in each of these information-based regulatory schemes is the classification of chemicals according to their hazards. This requires development of definitions of hazards, and a means to evaluate information available on a chemical to classify it with regard to its hazard potential (e.g., what type of data are needed to classify the chemical, what test methods must be followed). The rules then require the generation and distribution of information on the hazardous chemical. The required information is generally given to handlers and users of the materials (such as workers, consumers, transport workers, and emergency response personnel) by means of labels, placards, materials safety data sheets, or other written materials regarding the hazardous chemicals. Training may also be required to ensure that those receiving this information can use it appropriately to protect themselves. Provision of complete information allows users and handlers to employ proper protective measures to avoid the occurrence of adverse effects.

It should be noted that this effort to develop a globally harmonized system (GHS) is limited to hazard classification and associated information transmittal requirements. The GHS should be viewed as a collection of building blocks from which the appropriate blocks for a particular part of a regulatory system can be chosen. For example, the system must include criteria for both chronic and acute health effects. However, that does not mean that all of the available criteria will be applied in all parts of the U.S. regulatory system. It may be expected, for example, that chronic health hazard criteria would not need to be applied to the transport sector because exposures

are brief and concerns are primarily directed to emergency situations. Application of the harmonized criteria will be consistent with the current U.S. approaches to regulation in various sectors. There are also situations where regulatory agencies already examine risk and determine that products are safe for use despite the small presence of small quantities of a hazardous chemical. These may include, for example, food which has trace amounts of a food additive or pesticide residue. While these types of chemicals may be hazardous in larger quantities when handled by workers, and are at that point subject to hazard classification requirements, a determination has been made by the government that they are safe for human consumption in their final finished form. They are not subject to hazard classification and labeling at that point in the product's life cycle, and thus the harmonized system will not be applied to them when completed.

Classification criteria refer to test data in establishing the parameters of coverage, but the GHS will not be establishing a testing protocol for chemicals or a testing system for countries to adopt. It is expected that varying test methods can be used as long as good laboratory practices are applied, and the approach is scientifically defensible with statistically significant results. The GHS will also not address downstream risk management decisions, such as packaging requirements or restricting the use of a chemical. Generally speaking, a hazard classification system is not appropriately used for such purposes without some further consideration of risks.

Other countries and international organizations have also adopted requirements to provide information to workers and members of the public potentially exposed to hazardous chemicals. In 1992, the International Labor Organization (ILO) published the *Report on the Size of the Task of Harmonizing Existing Systems of Classification and Labeling for Hazardous Chemicals*. In this report, the ILO indicated that there are two systems in addition to that in the U.S. which have a broad impact globally, and are of major significance to workers and consumers, or users of the chemicals. The European Union (EU) has directives which address classification and labeling of substances and preparations, and material safety data sheets. Canada has also adopted rules, most notably one which requires labels and material safety data sheets for chemicals in the workplace (Workplace Hazardous Materials Information System

(WHMIS)). Other countries such as Australia, Japan, and Switzerland, have also adopted systems to protect workers and consumers.

In the area of transport, many countries' authorities, including the U.S. Department of Transportation (USDOT), follow the recommendations of the United Nations' Committee of Experts on the Transport of Dangerous Goods (UNCETDG). This UN Committee has developed harmonized criteria for hazard definitions and labeling that are applied in the transport sector throughout the world. These definitions focus on physical hazards, and acute health hazards.

Thus, according to the ILO Report, there are four major existing systems that have to be addressed in any effort to develop a harmonized scheme—those of the United States, Canada, the EU, and the UN transport system. While all of these systems are similar in intent (i.e. they are designed to protect people from experiencing adverse effects), there are significant differences in the specific provisions with regard to the criteria used to classify the chemicals, and the warning phrases, symbols, or other hazard communication components used to convey the information. Therefore, a chemical in the United States may be classified as being flammable for purposes of transport, but not for workplace use. Or it may be considered carcinogenic in the United States, but not in the EU.

The result is a patchwork of conflicting and diverse national and international requirements. Because of the variations in classification criteria, the same chemical may be classified as having different degrees of hazard, and thus require different warning statements, depending on the classification system being applied in a given situation. The differences multiply when the warning statements themselves are considered. Symbols and terminology vary from system to system.

The proper protection of the public from the hazards of imported chemicals is a primary concern. Consistency in approach, and provision of complete information will eliminate the confusion that users may experience as a result of receiving conflicting or incomplete data. This confusion can ultimately jeopardize safety; harmonized requirements will, therefore, help ensure that chemicals imported into the U.S. can be used as safely as those which are produced domestically within our borders.

To market or ship a product internationally, companies must grapple with different regulatory systems and attempt to develop labels and material

safety data sheets to satisfy the varying requirements. Currently, that generally means having at least three sets of labels and data sheets for the same product when it is marketed in the U.S., Canada and the EU. There are also other countries that may have different requirements (e.g., Japan). This multiplicity of requirements creates a difficult compliance burden, and one which small companies in particular are not well equipped to handle due to the complexities involved and the extensive costs. These differing requirements may, therefore, constitute a technical barrier to trade, and are problematic for companies wishing to export chemicals from the United States. Small companies may be effectively barred from international trade by their inability to deal with the various classification requirements. These barriers to participation in international trade would be effectively eliminated by a globally harmonized system, and the costs of compliance with varying international requirements would be significantly reduced.

Other benefits that could result from harmonization include a reduction in the need for animal testing. The criteria used to classify hazards generally refer to the type of test methodology to follow in creating the data for purposes of classification. If all systems use the same criteria and acceptable test methodologies, there will be no need to test the same chemical several times for compliance with the differing requirements of the various systems. Centralized maintenance of the globally harmonized system (e.g., updating criteria based on new scientific information) by an international group would also reduce the efforts currently undertaken by the various countries and organizations maintaining different systems, thus freeing limited resources to address other problems.

Additional benefits will accrue in the U.S. since adoption of a globally harmonized system will also result in domestic harmonization. Currently in the U.S., various agencies promulgate requirements for hazard classification and information dissemination for the same chemicals, but may do so in different ways. This is due in part to the varying statutory requirements under which they operate. The result is that there is confusion among chemical users, thus reducing the utility of the information and the potential for protection. It also creates compliance burdens for manufacturers and importers who must classify their products under more than one agency's regulatory requirements. While international harmonization is the

primary focus, the resulting domestic harmonization potentially affects many more producers and users of chemicals in the U.S. Harmonization of U.S. agency requirements would streamline the Federal approach to hazard classification and labeling, resulting in increased protections for users and reduced compliance burdens.

### Interagency Activities

As mentioned at the outset, the State Department coordinates an interagency work group to develop the United States' position concerning international harmonization of chemical safety and health information. Members of the committee include all of the agencies

that regulate in this area: Consumer Product Safety Commission (CPSC), Department of Transportation (DOT), Environmental Protection Agency (EPA), Food and Drug Administration (FDA), Occupational Safety and Health Administration (OSHA), and the Food Safety and Inspection Service (FSIS) of the U.S. Department of Agriculture (USDA). Other agencies that are interested or involved in trade and policy aspects of the issue participate as well, including other regulatory agencies and the Department of Commerce and the Office of the U.S. Trade Representative.

This interagency work group has been meeting for a number of years to discuss

issues related to harmonization, to share information on work being conducted in various international fora, and to develop a coordinated U.S. policy regarding the international harmonization activities. In order to facilitate the work and ensure a coordinated position, a U.S. Government policy paper on harmonization of chemical safety and health information was developed by the interagency group in 1992. As part of that process, principles of harmonization were adopted to guide the participation of the various agencies in the U.S. Government in the international harmonization process. (See Table 1).

TABLE 1.—U.S. GOVERNMENT AGENCIES' GUIDING PRINCIPLES FOR HARMONIZATION OF CHEMICAL SAFETY AND HEALTH INFORMATION

1. The overall goal for the United States should be global harmonization of hazard classification criteria, labels, and material safety data sheets. No products or use categories should be exempted from consideration.
2. While all products/use categories should be considered, it may not be necessary for all authorities to adopt all classes agreed upon, or all hazard warnings, within some parts of their systems. For example, a consumer product labeling system may have broader definitions of toxicity than a workplace labeling system in order to address concerns involving exposure of children.
3. Uniform criteria for classifications should be accomplished first. Use of the classifications for purposes other than labeling and information transmittal should be taken into account. Hazard warnings, symbols, and other information are based on the classifications, and should be considered after agreement is reached on the classification scheme. Hazard warnings should be tested to determine comprehensibility before incorporation into a harmonized system.
4. Testing protocols and classification/labeling systems are closely intertwined, and harmonization may have to include test methods and interpretation of test results.
5. Discussions on criteria should be divided into 4 general groupings: acute health hazards; physical/chemical properties; environmental hazards; and chronic health hazards (e.g., carcinogenicity).
6. The guiding principle should be to adopt the most risk averse approach from the existing systems, taking into account principle (2) described above. A competent authority in any given jurisdiction cannot be expected to adopt a less protective system than it currently has in place. For example, with regard to acute oral toxicity, one of the existing schemes uses a threshold of 25 mg/kg to define the highly toxic category, and two others use 50 mg/kg. A threshold of 50 mg/kg covers more chemicals under the highly toxic category than a threshold of 25 mg/kg. Therefore, the most risk averse approach would be to use 50 mg/kg in a harmonized scheme.
7. Prior to negotiations on particular elements, participants will need the following:
  - (a) An accurate description of existing systems used by various countries.
  - (b) An understanding of the relative discretionary ability for a competent authority or agency to modify its position; i.e., are the requirements policy, regulation, or statutory legislation?
8. Procedures should be developed to "grandfather" test data generated to comply with current classification schemes. Otherwise, there will be extensive new testing to be done to reclassify substances and products that may have been evaluated in the past for specific hazards, and classified accordingly.
9. Plans need to be developed to ensure that all relevant groups are kept apprised of progress or involved in relevant activities when appropriate, i.e., chemical trade associations, public interest groups, labor representatives, Congressional trade and health committees, etc.
10. Activities to work towards harmonization that are trade related must seek to ensure that both general principles and specific recommendations are GATT consistent.

It should be noted that while all chemicals are potentially covered under the scope of this activity, there may be stages of a chemical's life cycle that are not currently subject to hazard classification and labeling requirements of the type being addressed in this harmonization activity. Development of a globally harmonized system would not require that such products be subject to these requirements in the future—that decision will have to be made by individual countries. However, if hazard classification and labeling of these products are added to a country's regulatory provisions, the requirements will need to be consistent with the globally harmonized system once it is developed and adopted. As the international harmonization process proceeds, work will have to be done domestically and internationally to clearly define and delineate existing

requirements to determine where there is interface or overlap, and to identify exemptions as appropriate to accommodate specific concerns regarding certain product types.

For example, the end use of products intended for human intake (by any route, e.g., oral, dermal, or injection), would not be encompassed in this harmonization effort because such products are not currently subject to hazard classification and labeling requirements at that point in the life cycle of the product. If one of these products is defined as hazardous, however, there may be workplace, transport, and environmental hazards associated with it in stages of the product's life cycle before or after the intended use by consumers. Where there are hazard classification, labeling or material safety data sheet requirements to address these

situations, these requirements would be covered in the harmonization process. For example, nurses may be required to mix antineoplastic (cancer treatment) drugs for administration to a patient, and thus be potentially exposed to the hazards of the material. In this case, OSHA requirements for material safety data sheets and training to protect the nurse from workplace exposure apply and are subject to the international harmonization process.

### International Activities

#### Background

An international mandate to pursue a globally harmonized system was adopted at the United Nations Conference on Environment and Development (UNCED) in 1992. Specifically, Chapter 19 of Agenda 21 states that: "A globally harmonized hazard classification and compatible

labeling system, including material safety data sheets and easily understandable symbols, should be available, if feasible, by the year 2000." Chapter 19 further recognized that while there is a globally harmonized system available for the transport of chemicals, a globally harmonized system which promotes the safe use of chemicals at the workplace or in the home is not currently available. It recommended that "[t]he new system should draw on current systems to the greatest extent possible; it should be developed in steps and should address the subject of compatibility with labels of various applications."

Work on a globally harmonized system is proceeding in a number of international organizations. Following the adoption of the international mandate as part of Chapter 19, governments established the Intergovernmental Forum on Chemical Safety (IFCS), a forum of government officials, which also has broad participation from representatives of relevant non-governmental groups. Among the primary charges of the IFCS is monitoring and providing broad guidance regarding the implementation of the various activities called for in Chapter 19, including harmonization. In this role, the IFCS at its second session in February 1997 recommended that the harmonized system envisioned in Chapter 19 Agenda 21 be implemented through a non-binding legal instrument.

Another new group—the Inter-Organization Programme for the Sound Management of Chemicals (IOMC)—was also established with representatives from each of the six international organizations involved in the process of accomplishing the work needed to meet the commitments made in the UNCED agreements.

*IFCS-IOMC Coordinating Group on the Harmonization of Chemical Classification Systems*

Under the auspices of IOMC, the Coordinating Group for the Harmonization of Chemical Classification Systems (CG/HCCS) has been managing the process of harmonization, and the International Labor Organization (ILO) is the Secretariat.

The CG/HCCS comprises representatives of the countries or organizations identified in the ILO report on the tasks involved in harmonization as having the major existing systems (US, EU, Canada, and UNCETDG), other interested countries and international organizations, and stakeholder representatives (primarily industry, labor, and environment). It meets twice a year to ensure that work is progressing, to assign work, and generally to oversee the process. OSHA is the lead U.S. agency involved in the work of the CG/HCCS, and the U.S. currently chairs the group. The CG/HCCS is charged with elaborating the

voluntary instrument recommended by the IFCS.

The CG/HCCS has identified the following core elements as necessary for a globally harmonized classification and hazard communication system:

- (i) Classification criteria for each hazard category and corresponding labeling classes;
- (ii) Internationally recognized testing procedures for each criterion;
- (iii) A procedure for establishing precedence of hazard for the purpose of label selection;
- (iv) A procedure for classifying preparations and mixtures;
- (v) A procedure for the selection of precautionary phrases for inclusion on labels;
- (vi) Labeling symbols;
- (vii) Appropriate risk and precautionary phrases;
- (viii) Chemical safety data sheets;
- (ix) A mechanism for protecting legitimate confidential business information, without compromising health, safety, or the environment; and,
- (x) Appropriate information dissemination systems, provisions for relevant training, and a mechanism to coordinate maintenance of the harmonized system.

The CG/HCCS has also adopted a series of principles for the harmonization process to guide the work of the various organizations involved. These principles are included in the terms of reference for the CG/HCCS. (See Table 2.)

TABLE 2.—INTERNATIONAL PRINCIPLES FOR HARMONIZATION OF CHEMICAL SAFETY AND HEALTH INFORMATION

1. The level of protection offered to workers, consumers, the general public and the environment should not be reduced as a result of harmonizing the classification and labelling system.
2. The hazard classification process refers only to the hazards arising from the intrinsic properties of the chemical elements and compounds, and mixtures thereof, whether natural or synthetic.
3. Harmonization means establishing a common and coherent basis for chemical hazard classification and communication, from which the appropriate elements relevant to means of transport, consumer, worker and environment protection can be selected.
4. The scope of harmonization includes both hazard classification criteria and hazard communication tools, e.g. labelling and chemical safety data sheets, taking into account especially the four existing systems identified in the ILO report.
5. Changes in all these systems will be required to achieve a single globally harmonized system, transitional measures should be included in the process of moving to the new system.
6. The involvement of concerned international organizations of employers, workers, consumers, and other relevant organizations in the process of harmonization should be ensured.
7. The comprehension of chemical hazard information by the target audience, e.g., workers, consumers and the general public, should be addressed.
8. Validated data already generated for the classification of chemicals under the existing systems should be accepted when reclassifying these chemicals under the harmonized system.
9. A new harmonized classification system may require adaptation of existing methods for testing of chemicals.
10. In relation to chemical hazard communication, the safety and health of workers, consumers and the public in general, as well as the protection of the environment, should be ensured while protecting confidential business information, as prescribed by national authorities.

The CG/HCCS is currently planning to make information available on the internet in 1997 about the group's activities, papers developed, and other information regarding the harmonization process.

The technical work of harmonization is being done by different international organizations with specific expertise in the areas involved. There are three areas of technical work currently underway: criteria for health and environmental

hazards; criteria for physical hazards; and hazard communication components.

### *Organization for Economic Cooperation and Development*

Harmonization of the criteria for health and environmental hazards is being done under the leadership of the Organization for Economic Cooperation and Development (OECD). The criteria include acute health hazards (such as irritation, sensitization, corrosivity, and acute toxicity), chronic health hazards (such as target organ effects, carcinogenicity, and reproductive toxicity), and environmental hazards (such as aquatic toxicity). The CG/HCCS recently designated the OECD as the focal point for the criteria for mixtures as well.

The OECD Chemicals Group has primary responsibility for this activity, and has established an Advisory Group on Harmonization of Classification and Labeling which is completing the work. The various criteria or endpoints of concern have been assigned to working groups composed of member countries. Background papers describing existing requirements and position papers with recommendations for harmonization are being developed for each criterion. The goal is to complete this work in early 1998. Industry and labor are represented in all OECD discussions through the Business and Industry Advisory Council (BIAC) and the Trade Union Advisory Council (TUAC). EPA is the lead US agency for the work on health and environmental hazard criteria in the OECD and is coordinating national positions on harmonized criteria through consultation with other affected agencies and the public.

### *United Nations Committee of Experts on the Transport of Dangerous Goods*

Harmonization of the criteria for physical hazards is being done under the leadership of the United Nations Committee of Experts on the Transport of Dangerous Goods (UNCETDG) in conjunction with the International Labor Organization (ILO). The UNCETDG has organized two working groups to address the physical hazards which have been grouped as either reactivity (such as explosive materials, oxidizing substances, and self-reactive substances) or flammability hazards (including solids, liquids, gases, and aerosols). By consensus, the existing transport definitions for physical hazards are the basis for the work, but adjustments are being made to accommodate concerns of other user groups (e.g., workplace and consumers). The work on the physical hazards is expected to be completed in 1997. DOT is the lead US agency involved in the harmonization of physical hazard

criteria and is coordinating US positions through consultation with other U.S. agencies and the public.

### *International Labor Organization*

The third major component to be harmonized is the approach to communicating the hazards determined through the harmonized classification process. This would be the information that goes on a label (e.g., warning statements, symbols) or material safety data sheet (e.g., standardized headings). This work is being done through the International Labor Organization (ILO), and is not expected to be completed until the year 2000. Initial work to ascertain the current approaches used by all countries with existing systems and the state of the scientific literature regarding comprehensibility and effectiveness of hazard communication approaches, is being done now to prepare for receipt of the harmonized criteria and the development of an appropriate approach to conveying information. A major concern is to ensure that the requirements of the globally harmonized system address issues related to the comprehensibility of the information conveyed. OSHA is the lead U.S. agency in the international harmonization of the hazard communication aspects. It is expected that a larger, more formalized ILO work group will be established later this year. Since the ILO is a tripartite organization, the work group will include representatives of government, labor and industry.

### **Prospects for the Future**

Much progress has been made in the past few years with regard to the technical criteria for hazard classification. Work has also begun on development of a nonbinding instrument in which the harmonized system could be made available for adoption or ratification by countries, and consideration of the appropriate maintenance mechanism for the system when it is completed. Work has also begun on consideration of the appropriate approach for classifying mixtures.

It is clear from the time frame for the work described thus far that it will be several years before the system is completed and available for countries to adopt. Determinations will also have to be made about a mechanism for maintaining and updating the system to ensure technical viability in future years.

Within the U.S., decisions will have to be made about how the system will be applied in this country. In addition, legal alternatives for adoption of the

system will have to be developed and considered. Given the differing legal frameworks in the U.S. for existing requirements (i.e., statutory requirements versus regulatory requirements), legislation may be needed to ensure that all agencies can adopt the harmonized system. It is likely that a significant time period will be required to phase in the new system and to train affected users to understand its components.

Thus, while progress has been made, much work remains to be done before the goal of a harmonized system is accomplished. The USG believes that the benefits in terms of increased protection and facilitation of trade are worth the effort required to participate in the development of the system. It is clear that if the process is successful, many countries will adopt the system, and, thus, participation in international trade in chemicals will be largely predicated upon implementation of the requirements. In order to shape the design of the resulting globally harmonized system and ensure that it meets the needs of the U.S., it is advantageous to actively engage in discussions in these areas and participate in the organizations charged with its development.

All of the major existing systems, as well as those that are not as widely used, have strengths and weaknesses. The best approach to harmonization appears to be development of a system that uses the strengths and corrects the weaknesses identified through implementation experiences within the existing systems. A system developed on this basis will result in benefits to the U.S. through increased protections for affected users while facilitating international trade.

As mentioned previously, an ancillary effect in the U.S. will be harmonization of varying domestic requirements—thus benefiting employers who are not involved in international trade but must comply with varying U.S. requirements.

The agencies involved in the harmonization process can provide more information about the specific international organizations they are working with, and the status of the specific work involved. In addition, as mentioned previously, there are organizations which are representing industry, labor, and other stakeholders in the discussions in the various international organizations, and they can be contacted to provide specific input in areas of concern.

### **Request for Comments and Information**

The U.S. government needs to better identify specific aspects of the current

hazardous chemicals labeling regimes which may be posing technical barriers to trade so as to better inform agency decisions with respect to the global harmonization process. The U.S. government has identified seven broad areas of concern:

(1) Chemical hazard information may or may not be received routinely with imported chemicals and products (including mixtures) and may or may not be understandable when received. Hazard information which is received may not be consistent with what is required under U.S. law, (e.g., sufficient to comply with OSHA's Hazard Communication Standard). Without sufficient information, importers must independently take steps to ensure that the chemical or product complies with U.S. law.

(2) When shipping chemicals or products (including mixtures) overseas, problems may have been encountered in determining what is necessary to comply with the laws of other countries. Information about these laws may be difficult to obtain and compliance with them may have led to changes in U.S.-compliant labels or MSDSs. Such changes may involve more than simply translating the U.S. label information into the language of the country to which the material is being shipped.

(3) If national laws or international requirements in this area are harmonized, each country or organization with existing systems will be required to compromise and change its requirements to some extent. In experiences dealing with the rules of different organizations, there may be particular definitions, procedures, or components of existing systems that would be desirable with regard to their inclusion in a harmonized approach. Components of some already existing systems may have been proven to be problematic in terms of either understanding or implementation.

(4) The extent or amount of animal testing that must be conducted in order to classify products may be affected by harmonization. Criteria to assess existing test methodologies to ensure they are equally acceptable in the harmonized approach may need to be developed.

(5) In order to implement a globally harmonized system, changes might have to be made in existing U.S. laws or regulations. How much time would be needed to phase-in any new requirements is not clear.

(6) Issues regarding protection of legitimate confidential business information while maintaining the protection of those exposed to the chemicals would have to be resolved.

(7) Information about experience in these different areas will assist the U.S. government as work progresses on international harmonization and could include samples of different labels and MSDSs for the same substance or mixture when shipped to different countries. This would be helpful to illustrate the kinds of problems encountered. Information about the costs of complying with multiple requirements, and potential cost savings from harmonization, would also help. Information about applying the mixture rules of the existing systems to products would assist in discussions addressing this part of the issue.

In addition to the input received from stakeholder representatives actively involved in the process, the USG agencies are interested in learning more about the experiences of other affected or interested U.S. industry, labor, environment, or consumer groups dealing with hazardous chemicals. Please submit any comments, experiences, information or opinions with respect to the above seven areas of concern or any other issues that may be of relevance.

Signed at Washington, DC, this 28th day of March 1997.

**Rafe Pomerance,**

*Deputy Assistant Secretary of State for Environment and Development.*

[FR Doc. 97-8505 Filed 4-2-97; 8:45 am]

BILLING CODE 4710-09-M

**[Public Notice No. 2525]**

**Shipping Coordinating Committee Subcommittee on Safety of Life at Sea Working Group on Radiocommunications and Search and Rescue; Notice of Meeting**

The Working Group on Radiocommunications and Search and Rescue of the Subcommittee on Safety of Life at Sea will conduct an open meeting at 1:30 PM on Thursday, May 1, 1997. This meeting will be held at the Radio Technical Commission for Maritime Services Annual Assembly, in the Tradewinds Hotel, 5500 Gulf Boulevard, St. Petersburg Beach, FL 33706. The purpose of this meeting is to prepare for the Third Session of the International Maritime Organization (IMO) Subcommittee on Radiocommunications and Search and Rescue which is tentatively scheduled for the week of February 23, 1998, at the IMO headquarters in London, England. Among other things, the items of particular interest are:

—The implementation of the Global Maritime Distress and Safety System (GMDSS).

—Maritime Search and Rescue matters.

Further information, including meeting agendas, minutes, and input papers, can be obtained from the Coast Guard Navigation Information Center Internet World Wide Web by entering: "http://www.navcen.uscg.mil/marcomms/imo/imo.htm"

Members of the public may attend these meetings up to the seating capacity of the conference room. Interested persons may seek information by writing: Mr. Ronald J. Grandmaison, U.S. Coast Guard Headquarters, Commandant (G-SCT-2), Room 6509, 2100 Second Street, S.W., Washington, DC 20593-0001, by calling: (202) 267-1389, or by sending Internet electronic mail to rgrandmaison@comdt.uscg.mil.

Dated: March 17, 1997.

**Russell A. La Mantia,**

*Chairman, Shipping Coordinating Committee.*

[FR Doc. 97-8515 Filed 4-2-97; 8:45 am]

BILLING CODE 4710-7-M

**TENNESSEE VALLEY AUTHORITY**

**Kingston Fossil Plant (KIF) Alternative Coal Receiving Systems, Roane County, Tennessee**

**AGENCY:** Tennessee Valley Authority.

**ACTION:** Issuance of Record of Decision.

**SUMMARY:** This notice is provided in accordance with the Council on Environmental Quality's regulations (40 CFR parts 1500 to 1508) and TVA's procedures implementing the National Environmental Policy Act. TVA has decided to adopt the preferred alternative (Alternative C) identified in its Final Environmental Impact Statement (EIS) on Kingston Fossil Plant (KIF) Alternative Coal Receiving Systems. The Final EIS was made available to the public on January 15, 1997. A Notice of Availability of the Final EIS was published in the **Federal Register** on January 31, 1997. Under Alternative C, TVA would construct a new rail spur from the existing CSX Rail Yard or a direct tie in to the Norfolk Southern (NS) line at Walnut Hill in Harriman to the existing TVA coal delivery yard at KIF. The route would involve crossings of the Emory River and an embayment of Watts Bar Reservoir.

**FOR FURTHER INFORMATION CONTACT:** Harold M. Draper, NEPA Specialist, Environmental Management, Tennessee Valley Authority, 400 West Summit Hill Drive, WT 8C, Knoxville, Tennessee