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RATIFYING THE CHEMICAL WEAPONS CONVENTION: AMERICAN BUSINESS WILL PAY THE PRICE

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By September 14, 1996, the Senate will be voting on ratification of the Chemical Weapons Convention (CWC), a treaty that would ban the production and stockpiling of chemical weapons. The CWC contains serious shortcomings. It is neither reliably verifiable nor enforceable. As a result, it will not serve the security interests of the United States. But the potential damage from the CWC is not limited merely to national security. It also will impose a costly regulatory burden on American businesses and thus harm America's economy. This burden will result from the CWC's requirement that businesses prove to the U.S. government and international inspectors that they are not producing or stockpiling chemical weapons. Failure to comply with these regulations could result in companies' being fined as much as \$50,000 per incident.

What follows is a state-by-state breakdown of the industrial facilities that are likely to be subject to the requirements of the CWC. These data are provided by the Senate Committee on Foreign Relations and are based on aggregate data maintained by the federal Arms Control and Disarmament Agency (ACDA). Following the data on production facilities is a flow chart provided by the Department of Commerce describing the regulatory process governing the data collection effort.

Estimates of the direct cost that implementing the CWC will impose on U.S. businesses range as high as \$200 million annually. The potential indirect costs to businesses, such as those stemming from the loss of confidential information, are difficult to estimate. However, billions of dollars in losses are not out of the question.

It is true that the Chemical Manufacturers Association (CMA) supports ratification and implementation of the CWC. Because the CMA is a prominent trade representative in Washington for the chemical industry, its support for the treaty would appear to suggest that the potential regulatory burden is not excessive. But the CMA does not speak for all chemical manufacturers. In fact, more than 60 percent of the facilities most likely to be affected by the CWC are owned by companies not represented by the Association. Further, small businesses, which are less likely to be represented by the CMA, are the ones most likely to be hurt by the increased regulatory burden, because they do not have the money to cover the added costs that will be imposed by the new regulations. Finally, some-

thing which the CMA does not emphasize is that chemical companies are not the only ones subject to this treaty. So, too, are food processors, brewers, distillers, pharmaceutical companies, paint companies, petroleum companies, and rubber companies.

If the Chemical Weapons Convention served the national security interests of the U.S., it would be reasonable to ask American businesses to assume some portion of the burden imposed by the inspection regime. But to ask American businesses to assume the excessive cost burden imposed by implementing a treaty that actually harms U.S. national security makes neither economic nor security sense.

Table 1

CWC's Impact on Business Widespread

	Facilities Likely Subject to CWC	Percent of Facilities Likely Subject to the CWC Not Owned by CMA-Represented Companies	Facilities Possibly Subject to CWC	All Facilities Either Likely or Possibly Subject to CWC
Alabama	41	39%	64	105
Alaska	2	50%	4	6
Arizona	9	100%	48	57
Arkansas	23	57%	43	66
California	142	65%	672	814
Colorado	11	91%	61	72
Connecticut	42	74%	105	147
Delaware	21	33%	18	39
District of Columbia	0	NA	12	12
Florida	41	68%	292	333
Georgia	60	60%	165	225
Hawaii	3	67%	13	16
Idaho	0	NA	11	11
Illinois	133	68%	300	433
Indiana	34	71%	111	145
Iowa	25	76%	59	84
Kansas	22	50%	69	91
Kentucky	44	48%	58	102
Louisiana	91	43%	64	155
Maine	3	100%	40	43
Maryland	23	78%	58	81
Massachusetts	52	71%	142	194
Michigan	55	65%	187	242
Minnesota	21	90%	104	125
Mississippi	20	45%	51	71
Missouri	41	73%	138	179
Montana	3	33%	7	10
Nebraska	8	100%	19	27
Nevada	1	100%	11	12
New Hampshire	6	83%	10	16
New Jersey	206	65%	391	597
New Mexico	3	100%	14	17
New York	104	66%	456	560
North Carolina	79	67%	114	193
North Dakota	4	50%	3	7
Ohio	140	60%	263	403
Oldahoma	19	79%	43	62
Oregon	20	60%	75	95
Pennsylvania	119	55%	210	329
Puerto Rico	15	67%	61	76
Rhode Island	15	73%	49	64
South Carolina	66	61%	56	122
South Dakota	2	100%	6	8
Tennessee	48	67%	120	168
Texas	212	47%	460	672
Utah	6	83%	42	48
Vermont	1	100%	9	10
Virginia	32	59%	79	111
Virgin Islands	2	100%	3	5
Washington	31	71%	79	110
West Virginia	30	17%	14	44
Wisconsin	31	74%	92	123
Wyoming	6	50%	8	14
Total	2,168	61%	5,583	7,751

Source: Senate Foreign Relations Committee.

The Chemical Weapons Convention Will Force American Businesses Into A Regulatory Maze

