


CPSC/OFC OF THE SECRETARY
FURNITURE SECTION
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CPSC MEETING LOG
UPHOLSTERED FURNITURE

Meeting Between: Commissioner Thomas H. Moore and representatives of the American Textile Manufacturers Association

Date of Meeting: February 6, 2001

Meeting Site: CPSC Headquarters, East-West Towers, Bethesda, MD

Log Entry By: Dale R. Ray, Project Mgr., EC, (301) 504-0962 x1323

Participants: Commissioner Thomas H. Moore
Michael Gougisha, Counselor to Commissioner Moore
Pamela Weller, Counselor to Commissioner Moore
Roger Berkley, Weave Corp. (President, ATMI)
Patty Adair, ATMI Ass't. Director, Textile Products & Standards
Robert Barker, American Fiber Mfrs. Ass'n.
Phil Wakelyn, National Cotton Council
Richard Taffet, Attorney, Decorative Fabrics Ass'n.
Cary Kravet, DFA / Kravet
Crans Baldwin, DFA / Bergamo
Alyson Price, Alliance for the Polyurethanes Industry
Dale Ray, CPSC

CPSC 67(b)(1) Cleared
No Mfrs/Pvt Lbls or
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Comments Processed,

Summary:

This meeting was requested by ATMI to present the findings of a textile industry-sponsored study, "An Economic Analysis of the Draft Small Open-Flame Regulation of Upholstered Furniture," prepared by Glassman-Oliver Economic Consultants, Inc., of Washington, DC. The study was funded by ATMI, the Decorative Fabrics Association, the Coalition of Converters of Decorative Fabrics, the American Fiber Manufacturers Association, the National Cotton Council and the American Society of Interior Designers. The purpose of the study was to review a 1997 CPSC staff analysis of economic issues, including potential costs and benefits, associated with a flammability standard. The Glassman-Oliver report is available from CPSC's Office of the Secretary. A list of attendees is attached.

Mr. Berkley, current ATMI President and President of Weave Corporation, a textile manufacturer-member of ATMI, presented the overall findings and conclusions of the study. ATMI's overall concerns were that: a) the small open flame furniture standard developed by the CPSC staff unfairly focused on upholstery fabrics, rather than on the interaction of the various components that make up an article of furniture; and b) the standard would not be cost-justified.

Mr. Berkley discussed a number of points in the Glassman-Oliver report dealing with potential benefits and costs of a standard. He said the CPSC staff had made some flawed assumptions that led to an overstatement of potential benefits. He maintained that: a) the staff incorrectly attributed substantial cigarette ignition benefits to a small open flame standard, and to do so in a cost-benefit analysis of a small open flame standard was unwarranted; b) per-unit benefits were inappropriately applied to the "installed base" of existing furniture in the first year following implementation of a standard; c) future benefits of a standard were under-discounted; and d) the staff overstated the durability and useful life of flame retardant fabric treatments.

Mr. Berkley also said the CPSC staff underestimated the likely costs of a standard, including fabric treatment and testing costs, manufacturer and wholesaler inventory costs, costs of revised showroom sample books, and costs of compliance with state or local environmental regulations regarding flame retardant chemical use. He also expressed concern that higher retail prices would tend to result in delayed purchases of new furniture by lower-income households, thereby further reducing benefits to those most at risk from fires.

Commissioner Moore and his staff asked a number of questions about the textile industry's positions on various issues. In response to Commissioner Moore's question about the technical assumptions inherent in the Glassman-Oliver report, Mr. Berkley stated that flame-retardant (FR) backcoating was viewed as the only option available to manufacturers to meet a standard. Dr. Wakelyn asked that CPSC consider solutions other than FR fabric treatments.

Mr. Gougisha asked about ATMI's position on potential worker exposure to FR chemicals. Mr. Berkley said they were concerned about this issue but had no data or expertise in the area; he stated that the textile industry had a good chemical safety record. Dr. Wakelyn opined that it would be difficult to measure worker exposure and risk. Mr. Ray noted that the National Institute for Occupational Safety and Health (NIOSH) was, at the CPSC staff's request, conducting a study of potential worker exposure directly in manufacturing facilities that produce, process or handle FR fabrics.

Mr. Ray outlined a number of areas of disagreement with the Glassman-Oliver report, based on the CPSC staff's preliminary review (the report was delivered to the agency 3 business days prior to the meeting). He noted a methodological error regarding the installed base of furniture that incorrectly led Glassman-Oliver to divide each year's expected benefits by 14. Moreover, he said the CPSC staff agreed that future benefits were not all attained in the first year of compliance, and must be discounted, but that the staff had already done this in the manner recommended in the report. Mr. Ray also discussed discount rates, and stated that the preponderance of economic literature, supported by the common practice of other health and safety agencies, suggests that the appropriate discount rate is 1-3% (the CPSC staff's 1997 analysis used 2.5%; the staff is currently using 3%). He also noted that the inclusion of cigarette benefits was based on CPSC laboratory data demonstrating that most small open flame-resistant (predominantly cellulosic) FR-treated fabrics were also seen to be more cigarette resistant. These

secondary benefits were included in the staff's analysis, just as secondary costs would be included. Mr. Ray briefly described the CPSC laboratory's durability testing of FR fabrics, and stated that no effects on flammability or chemical migration were observed in those tests. He agreed that benefits would be slowest in accruing to lower-income households, but that the staff did not consider this to be a reason not to issue a standard.

Regarding costs of a standard, Mr. Ray noted that the cost estimates in the Glassman-Oliver report were based on a very small sample of fabric finishers whose estimated costs were skewed toward a very small segment of the U.S. market, and did not reflect the likely (lower) costs for larger fabric production runs characteristic of the mass market; thus, it was inappropriate to apply those small-run costs to all fabric production. He further questioned the report's contention that all stock keeping units (SKU's) of fabric would have to be tested, suggesting that testing of similar fabric types would be sufficient to establish compliance with a standard. Mr. Ray also reiterated Mr. Berkley's statement that most textile producers would not actually do their own treatment and testing, but would instead turn to contract finishers to perform this function; thus, many of the processing cost and environmental considerations would be largely limited to fabric finishing firms.

Commissioner Moore asked the industry representatives for their suggestions on how best to address the small open flame hazard. He also asked if the textile industry representatives were willing to proceed cooperatively in developing possible voluntary alternatives that would take into consideration the industry's concerns while still providing an adequate level of safety to the public. Mr. Berkley and others stated their commitment to developing reasonable alternatives, but said they have not yet found a feasible approach.