

Monsanto

FROM (NAME & LOCATION) H. S. BERGEN - ST. LOUIS

DATE : April 5, 1968

SUBJECT : Aroclors - Delayed Orders - Allocation

REFERENCE :

TO : DR. C. E. ANAGNOSTOPOULOS
CANAG

CC: P. G. BENIGNUS-PBENI
R. DAVIS-RDAVI
H. J. DAY-HDAY
F. P. GUIGNON-FGUIG
N. T. JOHNSON-NJOHN
J. J. KAGAN-JKAGA
A. L. KLEMM-AKLEM
W. A. KUHN-WKUHN
CUMMING PATON-CPATO
E. S. ROBSON-EROBS
N. L. SAMPLE-NSAMP
W. E. SCHALK-WSCHA
HOWARD TIPPEE-HTIPP
M. T. WHITE, JR.-MWHIT

Manufacturing and Production Planning and Distribution have indicated that our Aroclor plants are presently operating at approximately 99% of capacity and sales demand has increased recently to such a point that demand is outstripping supply.

We have considered some of the various ways in which we can supplement our Aroclor availability without going on an allocation basis to our customers. Based on Herb Day's recent calculations, it appears as though during the period April and May that we will be short approximately 1M lbs., thus indicating about a 94% allocation basis over these two months. Following are some of the ways in which we can possibly prevent this allocation.

1. Inventory reductions

- Reduce Aroclor 1242 drum inventory
- Reduce all other inventories (plasticizers and functional fluids formulated) to 75% of the minimum inventory
- Make shorter blend runs of formulated products and thus avoid excessive inventory at any one point in time

Attention: Norris Sample and Howard Tippee - Would you do all possible in this area and review this subject and let us know what action can be taken.

- ## 2. Buy or convert biphenyl to chlorinated biphenyl
- from overseas sources such as Prodelac and Bayer. We export approximately 600 to 700,000 lbs. a year of formulated Aroclor products in the Fluids area and the Plasticizer Group exports approximately a million pounds per year. So, we could buy this in France or Germany and ship it direct to our overseas customers or we could bring it into the U. S. and get duty drawback. We would prefer,

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however, to buy it and ship it direct rather than bring it into the U. S. not only because of the excessive freight costs which it incurs but also because it would alert other manufacturers to the shortage of chlorinated diphenyl in the U. S. There are many possibilities; we could blend F-9 and A-200 at Antwerp or at Dalton or we could sell as such as plasticizers.

Attention: Costas Anagnostopoulos & Bill Kuhn - would you please investigate this further as to feasibility, and if you agree, let's get Purchasing and Antwerp Manufacturing working on this. If Antwerp can't do it, then let's consider Dalton.

3. General Electric has contaminated Aroclor from their transformer production which they have offered us to reclaim. This is some 70 to 100,000 gallons per year and it is quite possible that we could utilize this in some of our formulated product blends.

Attention: Paul Benignus - would you please get samples of this as quickly as possible and work with Dick Davis and Bill Richard to determine the quality of this type of material and whether it is usable or not. Also, please negotiate the best possible pricing if it appears that this might be a feasible method.

4. Obtain extra material from MCL production facilities as soon as it is available. We understand they cannot supply material now until the fall but perhaps by some quick de-bottlenecking or closer scrutiny we might be able to get more out.

Attention: Bill Kuhn - suggest you evaluate this possibility still further.

If all of the above fails and we are forced to go on an allocation basis, Waychoff and I have agreed that the order of priority of shipments for both Plasticizers and Functional Fluids will be:

- Customers receive the first priority
- Distributors receive the second priority
- and
- Warehouses the last priority

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Walt Waychoff will provide to Production Planning a list of preferred customers for priority treatment and I will provide the same for Fluids. We hope we do not have to come to this.

There is no need to point out the urgency of this situation because it is most urgent. We are already delaying some customers and causing them to shut down their production. Our salesmen are spending a lot of time placating customers when they could be out doing more productive selling. It is arousing the customer's wrath and there is nothing we need more than for them to get irritated at us to put a second source in business. All of us must realize the consequences of our position and do the utmost to secure additional material. The time is urgent. Herb Day is further defining our shortage deficiencies over the next several months and we are waiting for a computer run on this.

We urge all of you to keep our shortage position as confidential and quiet as possible so as not to arouse our customers or competition more than they are.

W. F. Waychoff
(mh)

W. F. Waychoff

H. S. Bergen
(mh)

H. S. Bergen

/mh

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