UNION CARBIDE EUROPE

SOCIÉTÉ ANONYME

Report of Call

Date of call: March 15, 1971 **By:** H. Trautmann, J. W. Rawlings **Department:** CID, UCE Geneva; M & M Div., UCC NY

What did you discuss? What was the reaction? Did I accomplish what I set out to do? What do you plan to do next? When? What's new with the competition?
Arrange in order: Objective · Conclusion · Details · Action required and by whom

Customer	D e g u s s a	**Interviewed (Give full names and titles)**	
Address	Weissfrauenstr. 9 Frankfurt Germany	Mr. Frankenbusch Dr. Fratscher Mr. Weigel	
Prospect for			

Objective:

To determine terms of longterm contract for resin grade asbestos.

Conclusions:

The following proposal will serve as the basis for a 5 year contract:

Prices:

Verdickungsmittel A 28

First 50,000 lbs or part of	$ 0.60/lb	CIF Antwerp
Second " " " " "	$ 0.59/lb	" "
Third " " " " "	$ 0.58/lb	" "
Fourth " " " " "	$ 0.57/lb	" "
Fifth " " " " "	$ 0.56/lb	" "
Sixth " " " " "	$ 0.55/lb	" "
All over 300,000 lbs	$ 0.54/lb	" "

Actually valid freight costs FOB King City to CIF Antwerp: $ 0.15/lb.

Verdickungsmittel A 14

First 50,000 lbs or part of	$ 0.245/lb	CIF Antwerp
Second " " " " "	$ 0.235/lb	" "
Third " " " " "	$ 0.225/lb	" "
Fourth " " " " "	$ 0.215/lb	" "
Fifth " " " " "	$ 0.205/lb	" "
Sixth " " " " "	$ 0.195/lb	" "
All over 300,000 lbs	$ 0.185/lb	" "

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Prices will be subject to escalation of freight rates and labor costs. Changes in freight rates will be passed on to Degussa.

The contract can be terminated by UCC if Degussa does not purchase for the following value (on CIF basis) regardless of product mix:

1971	$ 90,000
1972	$ 120,000
1973	$ 160,000
1974	$ 200,000
1975	$ 260,000

This forecast reflect a 30 % increase per year which Degussa expects to reach during this period.

A clause will be included in the contract giving D. the right of first refusal for manufacturing asbestos in Europe. No contractual coverage will be given for payments of indemnities for claims D. might receive from their customers.

A draft of the new contract will be sent by Mr. Rawlings to D. with copy to UCE during the next days. D. will review and discuss any further questions with UCE with the objective to reach final agreement by April 15, 1971.

Details:

Mr. Frankenbusch immediately referred to the proposal made in Mr. Rawlings' letter dated March 2, 1971. He pointed out that Degussa is only interested to continue the promotion of resin grade asbestos if a longterm agreement could be reached between UNION CARBIDE and Degussa. In addition, a clause should be included in the contract, giving Degussa the possibility to consider the manufacturing of resin grade asbestos in Europe. No objections exist from Degussa's point of view to consider a joint venture of the two companies for the manufacturing in Europe. However, it is Degussa's opinion that this proposal could only be considered once a quantity of about 500 tons per year is reached.

In view of the unclear situation during the past months, Degussa did not continue the active promotion of Verdickungsmittel A 14 and A 28. If UNION CARBIDE is not interested to continue the cooperation with Degussa Mr. Frankenbusch offered that UNION CARBIDE should take over again the promotion of resin grade asbestos. He pointed out that Degussa is ready to increase their efforts in order to develop sales for resin grade asbestos, but that Degussa also expect UNION CARBIDE to support their effort. As a result of a recent sales meeting of the Degussa salesmen involved in marketing Verdickungsmittel A 14 and A 28, a recommendation was made to reduce the actually valid prices of Degussa by another 10 to 15 %. Verdickungs-

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70 tons of A 28 and 10 to 12 tons for A 14. It is expected that the ratio between the 2 products will not change unless new applications will be developed for A 14. Dr.Fratscher used this opportunity to point out the difference of the results found by Degussa in Europe and the sales of UCC in the US. Particularly the problems involved in applying the long fibres of A 28 in lacquers was not yet overcome by Degussa and they would appreciate any comments we could have. A closer technical cooperation is by all means required if an agreement can be reached.

At a price of $ 0.71/lb CIF Antwerp for A 28 as proposed in Mr. Rawlings' letter of March 2, 1971 valid for the first 100,000 lbs, the minimum price at which Degussa could offer the material would amount to DM 8.80/kg ex stock Frankfurt. This price includes freight, storage, capital interst, selling and technical service expenses and a profit margin of 20 % before taxes which is considered to be a minimum for a specialty product like asbestos. Mr. Frankenbusch made it very clear that Degussa cannot accept the offer made in the above mentioned letter and would be forced to abandon the project if we insist on these prices.

We received a report dated March 9, 1971 giving details about the results of their promotional efforts. So far Degussa sent out 5,000 samples.

H. Trautmann

cc: J. W. Rawlings, NY-38 Fl. ✓
J. L. Myers, M & M Div., Niagara Falls
M. P. Ballmer, NY-29 Fl.
M. E. Jösler, Gva.
A. Maris/W. Lind/Customer File