MJL 381 4/6/72

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HOWARD BERGEN MICC STLOUIS

RE TX AP05, ARTICLE IN JAPAN ECONOMIC JOURNAL RATHER AMBIGUOUS BUT KATAYAMA MEMO OF 3/22/72 IS ACCURATELY WORDED -- PLEASE READ AGAIN.

PRESSURE AGAINST POLLUTION BY PCB IS TREMENDOUS AND NICHIKON IN TROUBLE BECAUSE SAMPLES TAKEN OF SOIL NEAR THEIR PLANT OVER 1000 PPM PCB CONTENT. ALTHO PERMITTED BY MITI ADMINISTRATIVE REGULATION, SEVERAL ELECTRICAL POWER COMPANIES INCLUDING KANSAI POWER (OSAKA) HAVE VOLUNTARILY ANNOUNCED THEIR PLAN TO DISCONTINUE PURCHASE OF SUCH EQUIPMT. CURRENT ARTICLES IN NEWS ALMOST DAILY AND FEATURE PROGRAMS ON TV DISCLOSING SAMPLING AND ANALYTICAL RESULTS AROUND JAPAN -- TOKYO BAY PCB POLLUTION, MILK AND FISH PCB CONTENT, ETC. NO QUESTION MITI REGULATION WILL BE MAINTAINED AND PROBABLY TIGHTENED.

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SMALL VOLUME OF BUSINESS REMAINING AND RISKS OF UNFAVORABLE PUBLIC RESPONSE CONTRIBUTE TO BOTH MMK-S AND KANEKA-S DECISIONS TO GO OUT OF THE PCB BUSINESS.

FOR FUTURE, CERTAIN TYPES SPECIAL TRANSFORMERS SUCH AS FOR PUBLIC RAILWAYS WILL CONTINUE TO BE BUILT WITH PCB AND MC CAN IMPORT AND SELL TO JAPANESE MINISTRIES INVOLVED-- NOT THROUGH MMK. ANTICIPATE SUCH ARRANGEMTS WILL BE RIGIDLY CONTROLLED WITH REPORTING REQUIRED FOR EVERY KG IMPORTED, USED, RECOVERED OR BURNED.

DURLAND