Monsanto

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FROM (NAME & LOCATION) F. J. Fitzgerald - B3SA

DATE September 3, 1975 cc Mr. H. S. Bergen - B2SL

SUBJECT PCBs

REFERENCE

TO : Mr. H. H. Bible (2)
B2SA

C O N F I D E N T I A L

The fast breaking events surrounding PCBs persuaded me to brief you further on our actions.

Several months ago, a Dr. Kimbrough preliminarily reported carcinogenic results in exaggerated tests involving PCBs. Preparing to put her tests in the proper perspective, Mr. Bergen coordinated throughout the corporation an orderly program to develop a Monsanto position. This includes a Contingency Plan to get out of PCBs.

Other events have recently transpired:

1. The Federal EPA has chosen PCBs as a "bad example" publicly to build up support for toxic substances legislation.

2. PCBs in Hudson River fish have been discovered at high levels. This has prompted intense New York City EPA action, including adversary hearings with major users such as G.E.

3. State of Wisconsin PCB hearings were conducted to examine the need for new legislation (Papageorge reports these were orderly and nonemotional).

As a result, our program has now been broadened to cope with the totally expanding PCB situation.

I am attaching from Mr. Bergen a revised timetable of our actions. Also enclosed are pounds and sales dollars in the major categories. Mr. Bergen has also roughly calculated an approximate $3 million cost to Monsanto in write-offs if we unexpectedly should phase out in 1975. A second write-off contingency through 1977 shows the declining exposure.

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These facts are relevant:

1. We do not believe PCBs are a carcinogen under practical use conditions with fully adequate safety margin.

2. We have replacement fluids that function acceptably in capacitors and transformers. In all cases they are far less fire retardant and resistant than PCBs. Under practical use conditions, the replacements could be used at higher cost in 90% of capacitors. In transformers, the higher temperatures render our present products impractical.

3. G.E. has essentially decided to convert their capacitors to our replacement products. We are urging this conversion along. If they convert, the industry will have to follow.

4. I feel Mr. Bergen's program is thoroughly coordinated throughout the company and corporation. Cooperation has been outstanding.

5. We are setting about to convert to replacement products as rapidly as possible. The growing resource cost to Monsanto of waging a defensive battle to save PCBs is outrunning the benefit. Our future technical programs and our future capital spending recommendations will reflect this changeover.

6. Mr. Bergen has two detailed Contingency Plans for forced withdrawal from the PCB business. One plan assumes a government forced withdrawal within 90 days. The second assumes a two-year withdrawal. The Business Group will keep these plans on a current basis.

F. J. Fitzgerald

/ph

Attach.

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