V interesting if true!!

ECN marketing information

Tony: I think you should ask Montedison if this is true. Ben

France rocked by oil report scandal

MULTINATIONAL and national oil companies operating in France found a tiger in their tanks last week in the form of a damning parliamentary committee report, accusing them of tax evasion, restrictive practices and abuses of power against the state.

The report also condemns the Ministry of Industry and Directorate of Motor Fuel Supplies, maintaining that "fundamental questions must be asked of the relationships between the state and the oil companies."

Apart from the tax evasion, cartel and state ministry inadequacy aspects of the report, scathing criticism is levelled at the methods adopted by oil companies in evaluating crude oil costs. Companies are accused of basing their crude oil costs purely on OPEC prices, whereas in fact, much of the oil is available at participation prices, considerably lower than those posted.

In this respect, M. Jean Chevenier, president of BP France, is personally accused of providing figures evaluating crude at \$9·42/barrel instead of \$8·64/barrel on a participation basis. On a flow of 850 000 barrels/day, says the report, this represents a monthly differential of \$20m.

The report advocates two priority moves. Firstly, the adoption of an autonomous agency, to control and administer state oil supplies and policies and secondly, considerable simplification of the state petroleum sector, possibly even involving a merger of CFP and Elf-Erap.

Oil companies' reaction to the report has been predictably violent and all involved have refuted the allegations made. With much of France still stunned by the report's far-reaching implications, satisfaction rests only with the delighted French Communist Party, which originally campaigned for the report.

Japanese cutbacks still mount up

THE steady stream of Japanese producer cutbacks continues. Last week, Mitsubishi Chemical announced that it will reduce output of all fibres intermediates, including caprolactam, DMT and paraxylene, by around 30 per cent for the immediate future. Toray Industries has announced similar cutbacks for polyester intermediates, lasting until the end of the year.

The fibre cutbacks have had a profound effect on free market caprolactam prices, now down to around \$1 200-1 300/ton, less than half their levels earlier this year. Even India is paying only around \$1 400/ton for supplies.

The synthetic rubber market slump lies behind a new move by Mitsui Petrochemical, which will close its 10 000 ton/year ethylene-propylene rubber plant at Chiba in March next year.

Japanese PVC production will also be cut throughout the industry by about 40 per cent.

Gelpke turns down Chemitrade offer

UK trading circles have been alive with comment over the past few weeks on an abortive offer by the major trading company Chemitrade, part of the Steuber group, for the privately-owned chemical merchants, Gelpke & Bate.

The offer, for an undisclosed sum, was made some time ago and considered at length by Gelpke & Bate before being turned down.

UK trading sources maintain that Gelpke & Bate, a medium-sized, well-established and successful trading company, was unconvinced that its future lay within the much larger Steuber group. It is believed that the possible loss of identity engendered by any move into the Steuber group was regarded as being potentially damaging to the long-established nature of much of Gelpke & Bate's business.

Observers are also commenting that Chemitrade, although profitable, has yet to match the success of its parent group. With a wide product range and a number of agencies, Chemitrade is thought to have regarded Gelpke's well-founded solvents and aromatics business as a valuable asset.

A comment from the Steuber group runs as follows: "There have always been close commercial relationships between the Steuber group and Gelpke & Bate. Naturally both companies assess from time to time whether a closer relationship would be mutually beneficial. The reports circulating in the industry can only relate to one of such assessments".

BP raises UK phenol prices

BP Chemicals is expected to increase UK phenol prices on November 18 by around £15/ton. The move is expected to take prices into the £235-250/ton region.

With free market phenol supplies still commanding around £325-350/ton, the BP price increase is expected to stick. Market sources report that phenol business, in contrast to other sectors, remains fairly steady. Even the SIR phenol stored in a 1 000 ton tank at Barry is moving—slowly.

Bayer-Rickman hits fluorine trouble

BAYER-RICKMAN, producing vitreous enamels at Brugge, Belgium, has run into trouble over fluorine emissions. Local authorities have clamped down on fluorine levels at the plant after a cow was found to have been poisoned by the emissions.

Fluorine levels must now be reduced to 5 kg/hour until March, rising slightly to 7 kg/hour after construction of a new chimney in April. New electric furnaces will come into operation in September 1975, reducing levels to 1 kg/hour. The entire anti-pollution investment will cost Bayer-Rickman around BF60m.

DSM completes PVC de-bottlenecking

DSM stated this week that its PVC capacity at Beek, the Netherlands has now been de-bottlenecked to 150 000 from 120 000 ton/year, which has been achieved somewhat earlier than originally announced. Unit reactor capacity of the four line plant was originally 25 000 ton/year.

The company also says that vinyl chloride levels, which are continuously monitored and displayed on recorders at various points in the plant are about 8ppm in the production areas and about 5ppm in the bulk handling sections.

Unconfirmed reports from Italy this week indicate that Professor Maltoni is now of the opinion that 20ppm is a safe level for vinyl chloride in plant atmospheres. He has apparently come to this conclusion after repeating his exposure tests with a different strain of rats from that used originally.

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Netherlands sets legal limits for VCM concentrations

THE Netherlands' government, through its Ministry of Social Affairs (*Volksgezondheid*), last week adopted a resolution from its factory inspectorate department (*Arbeids Inspectie*) that permissible vinyl chloride monomer levels in the working atmospheres of PVC plants must not exceed 10 ppm. The current level of 50 ppm was introduced earlier this year from the then existing level permitted of 200 ppm.

DSM, one of the two Netherlands PVC polymer producers, has stated, in a message to its staff, that the lowered standard will not affect the continuity of production at its Beek PVC complex.

As concentrations of more than 10 ppm level may occur in certain plant areas for short periods of time. DSM has now decided that in these situations the workers will be obliged to wear protective respiratory devices. Formerly these were only used at concentrations above 50 ppm.

Based on Sumitomo Chemical technology, DSM's 120 000 ton/year PVC facilities have been in operation only two years, and the company states that vinyl chloride monomer (VCM) levels are comfortably below 10 ppm, although not as low as 1 ppm, which has been established as the future permissible limit in the USA.

Shell, the other Netherlands PVC producer, operates a 160 000 ton/year PVC facility at Pernis, based on BASF technology. Nearly half of this capacity has been in operation since 1967 and Shell may have difficulties in ensuring that this older plant meets the new 10 ppm limit. Shell states however that it can comply in all its plants.

DSM has also stated that it is taking measures to ensure additional protection during certain operations in the plant, such as the provision of special clothing, and that people directly engaged in the production of PVC will be instructed at special meetings.

At the same time, irrespective of legal requirements, the company will continue working towards further reduction of VCM concentrations in PVC plants and of the total VCM emission, according to the statement.

Commenting on the cases of illness that have been reported in PVC plants outside the Netherlands, DSM stated that periodic medical examinations have not furnished any medical evidence of diseases amongst DSM workers that might have been caused by VCM.

All DSM workers are regularly subjected to medical examinations in which special attention is given to abnormal conditions of the blood indicative of liver disease, as well as to afflictions of fingers and skin, the statement added.

Trades Union Action

Apart from the request that health and safety matters should be incorporated into the annual work contract (the *cao*), the Netherlands unions are also having discussions with the Netherlands government on legal requirements in general for chemical plants, and on the need for a "compendium" on chemicals.

The chairman of the Netherlands Trades Unions, Mr. Arie Groenevelt, has written to the Netherlands Minister of Social Affairs, Mr. Boersma, on the need for legal requirements for chemical plants.

He has suggested that a system should be set up whereby permission is required to sell new chemical products, and also that a catalogue or compendium should be established which lists process characteristics, toxicity levels and safety requirements, for example, for all chemicals produced.

This is in addition to the assertion that the collective work contract, the *cao*, should be extended to cover health and safety matters (*ECN*, November 8, page 32).

ICI Australia develops water de-salting

ICI Australia's *Sirotherm* process for desalting brackish water using thermally re-generated ion-exchange resins is now attracting world-wide interest from the process industry and water authorities.

A report from the State Government of Australia indicates that a European authority has sought ICI Australia's assistance in evaluating a project to recover better-quality drinking water from the highly salted river Rhine, and also that Japan has begun a market study of the possible uses of the process.

ICI Australia, which jointly developed the process with the Commonwealth Scientific and Industrial Research Organization, has offered its *Sirotherm* process for applications such as a 75m. gallon/day municipal water scheme and the preliminary demineralization of boiler feed water.

ICI offers new polyester resin curing system

A NEW ICI resin-with-catalyst system that cures when exposed to a special bright light and stops when the light is removed has been added to the *Impol* range of unsaturated polyester resins which came on to the market in February, 1974.

Impol K [illegible] a number of advantages to the handling of unsaturated polyester resins. It permits greater flexibility of workshop and production planning because the operator has complete control of when curing starts and when it stops. There is no weighing, mixing or handling of catalysts or accelerators, no waste of catalyst or resin, and no need to clean equipment during breaks in work. Curing is not dependent on workshop temperature, it takes place as quickly or slowly as the operator decides, ICI stated.

The process is expected to bring the greatest advantage to traditional contact moulding, in both hand lay up and spray lay up processes widely used in the manufacture of boats, land transport and prefabricated building units. Another application will be in the mechanical process of filament winding. Many other applications are expected to be developed by industry.

ICI Petrochemicals Division has a full range of standard unsaturated polyester resins. In addition, new resin systems have been developed in ICI's research laboratories. These are based on pure terephthalic acid and include chemical-resistant resins, heat-resistant resins, and a range of flexible and rigid gel coats of good gloss and durability.

A specially designed plant with a capacity of the order of 20 000 ton/year of *Impol* resins, is being built at Wilton, Cleveland (formerly Teesside) at a cost of over £1 million and is scheduled to be on line in 1975.

The new plant utilises new ICI technology and is being built by ICI's Engineering Services (Wilton) Ltd.

Interim production for test marketing purposes is available from an existing multi-purpose plant at Billingham.

UK consumption of unsaturated polyester resins is currently around 50 000 ton/year and has shown good historical growth, although generally lagging behind levels on the continent and in the USA. Major consuming industries are marine, transport, building, and corrosion-resistant plant such as tanks and pipes. The resin is usually reinforced with glass fibre, but may be unreinforced, as in castings or lacquer. The major producers are Scott-Bader, Synthetic Resins, Freemans, BP, BIP, Pinchin-Johnson, Cray Valley Products, and Mitchell and Smith.

marketing information

Consumer campaign against PVC bottles builds up in France

THE highly-developed French PVC bottle and container industry is coming under withering fire in the large circulating daily press over the cancer risk issue. With French PVC producers still staying silent over VCM emission levels at the PVC production stage and the possible risks arising during fabrication, the French government may soon be drawn into the controversy.

French PVC bottle production totals around 3 000m. units/year, accounting for a large proportion of 650 000 ton/year PVC production. The highly-evolved status of the PVC bottle market rules out any large-scale reversion to glass, according to the major manufacturers. BSN, a major producer of PVC bottles but previously a glass-container specialist, recently judged a return to glass as "completely impracticable".

Cost Problems

Cost problems are clearly part of the case against glass but the extent to which producers can use these arguments in the context of a prickly social issue is questionable. Early this year, a Shell study estimated the cost of a 1 litre glass bottle at F 0·23, a returnable glass bottle at F 0·36, while a 1 litre PVC bottle cost only F 0·16.

The major French PVC producers, including Rhône-Progil, Solvay and ATO, have joined other European producers in contacting the EEC Commission over the adoption of legislation on plant VCM emission levels and the French producers are also discussing the problem between themselves.

On their part, the major PVC bottle manufacturers are issuing statements in an attempt to allay public fears, stressing that the problem at the consumer stage is very different to that in the PVC plants. "Somebody drinking 3 litres of water every day from PVC bottles would only absorb 3·5 grams in their whole life while in a plant, a worker absorbs 10 kg".

But after the decision taken recently by Vittel, the large French mineral water company, to abandon the use of PVC bottles, an extensive public campaign is building up which could eventually disrupt a large sector of the PVC processing market.

US aromatics prices slip, benzene may firm in Europe

IN the USA, Corco is reconsidering its planned 318 000 ton/year styrene plant project in Puerto Rico. Poor profitability (the company recently reported a $14m. third quarter loss) and the slowing styrene market are blamed. US sources say the project could still re-emerge in the form of a joint venture.

Styrene imports from Europe and Japan are placing heavy pressure on US contract styrene prices, with sizeable parcels on offer at around $400/ton. Material thrown up in the domestic market in the form of uncommitted toll parcels is also on offer at low prices.

In Europe, toluene and xylene prices are continuing to fall. Eastern Europe is now offering larger tonnages, with the USSR becoming increasingly active in benzene and toluene.

● But the distinct possibility of a UK coal miners' strike has provided the peg on which to hang industry talk of stronger benzene prices. With refineries maximising heavy fuel throughput, the reduction in light fractions has slowed the erosion of benzene prices and, throughout Europe, there appears to be considerable effort directed towards stabilization of prices for the aromatics market's main building-block.

Rhône-Poulenc bows to fibres slump

MEASURES so far announced by Europe's major fibre companies to combat the demand slump pale beside the new moves announced by France's Rhône-Poulenc this week.

The company's 25-30 per cent fibres cutback has been found "insufficient" and Rhône-Poulenc will close the 18 plants in its textile division, producing 70 per cent of French fibres output, for 14-28 days between December 1 and January 12, 1975. Nearly 21 000 workers are involved.

Around 500 textile workers aged between 57 and 65 will be put on the retired list, 300 scheduled vacancies will not be filled and another 1 000 workers belonging to outside companies employed on cleaning, maintenance and temporary work will be replaced by Rhône-Poulenc staff.

With a 25 per cent fall in turnover, Rhône-Poulenc faces the prospect of a severe deficit this year.

UK Next?

Although the UK's fibre producers have so far remained immune from the traumatic market conditions ruling in Europe, time is clearly running out. Shortages resulting from the Flixborough disaster and various strikes have created a demand backlog and returns from export markets have been high.

But the gap between UK and European fibre prices has fallen to around 5 per cent and with domestic supplies easing, ICI and the other major producers are finding it hard to make hard-won price increases stick.

Overcapacity also threatens European fibre markets from the middle of next year. Rough estimates suggest that new acrylics, polyester, nylon capacity will be available to make 1973's booming output equivalent to only 60-70 per cent of overall capacity by that time.

US producers raise paraxylene prices

RECENT negotiations have taken US paraxylene contract prices to around 16-21 cents/pound. Producers previously selling at 14 cents/pound reportedly raised their prices by 2 cents/pound, rather less than expected.

US sources maintain that producers now selling at the top 21 cents/pound end of the range are under considerable pressure to reduce their prices as polyester demand slows rapidly, in line with other world markets.

Shell isoprene plant partly operable next month

SHELL Nederland Chemie's Pernis isoprene rubber plant, damaged by fire on October 14, will be brought back into operation sooner than was initially estimated.

By mid-December, the part of the plant that was less seriously damaged will be re-started to restore around half of the total 75 000 ton/year capacity. Repairs to the remainder of the plant should be completed in the New Year and the unit is expected to be fully operable again early in February 1975.

ICI enters anti-depressant drug market

ICI is to enter the UK's anti-depressant drug market, estimated at around £10m. annually, with its new product *Vivalan*.

The new drug, viloxazine hydrochloride, marks a new pharmaceutical departure for ICI, which has previously confined its efforts to drugs for heart conditions and anaesthetics.

According to ICI, clinical trials have shown the drug to take effect after three-four days, instead of several weeks with other anti-depressants.