

Monsanto

FROM (LOCATION) TAIPEI

cc: P. G. Benignus

DATE

September 26, 1972

R. Klipp

E. Liang

R. K. Louis

K. C. Tomlins

SUBJECT

AROCLOR / TAIWAN

REFERENCE

TO:

C. Paton -
St. Louis

B25C

Eric Liang's monthly report for September, highlights the recent situation on Aroclor and points out a number of problems which we must face up to if we intend to remain in this business, in Taiwan.

1) DELIVERY

- a) In the case of recent tender by the Taiwan Power Co. the business was split among several companies, all our customers. They could not order before they know the result of the tender and the tender calls for delivery of the finished product in two months. Of our customers, only Shihlin carry large stocks (partly because their past business has not been as big as anticipated because of the inroads by their new competitors). The result is that it is almost impossible to meet the customers requirements with shipments from the States.
- b) Our plans for a Taiwan consignment warehouse are held up by lack of warehouse space and we do not know when suitable space will become available. (My letter to C. Paton July 29.)
- c) In the case of L/C shipments, company policy apparently insists on not preparing to ship the goods until receipt of the L/C documents.

Recommendation

We should hold some stocks in Hongkong. This permits direct imports by the enduser with a minimum shipping delay. Also MOFEL Taiwan should be permitted to resell to smaller companies who prefer a local stock arrangement. This however we would try to discourage in favor of shipments direct from Hongkong. Resale would only be permitted to companies which have signed the warning letter.

Also MC please advise the most direct route for the receipt of L/C documents - which bank? where? etc.

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2) ENVIRONMENTAL PROBLEM

- a) We have stirred up the issue here with our action on the environmental pollution front. Taiwan Power Co. has been asked by some manufacturers to change their capacitor specifications to permit the use of mineral oil.
- b) The customers have requested support on the disposal of PCB waste. There is evidence that they are prepared to support a co-operative effort for a suitable disposal furnace (the only alternative of a "dry land fill" does not seem to be practical).
- c) The customers have requested evidence to support Monsanto's claim of improved "biodegradability" of Aroclor 1016.
- d) What major U.S. manufacturers have converted to Aroclor 1016 (G.E.? Westinghouse?)

Recommendation

Monsanto supply design information and handling procedure for a waste disposal furnace. Also provide information on the biodegradability of Aroclor 1016 and its acceptability to other U.S. manufacturers.

3) PRICE

- a) A further price increase is proposed for 1973 - also substantial.

Recommendation

Monsanto provide a detailed explanation on the pricing situation for our local customers.

It will be apparent that the problem areas 2) & 3) tie in with P. G. Benignus memo of August 23 to J. Culver.

Unless we take action to implement the recommendations in the three problem areas above, I do not think that Monsanto is adequately supporting the Aroclor Sales effort in the Taiwan market.

I would appreciate your prompt reply.



R. S. Hill

RSH/sl

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