

STATEMENT FROM:
MONSANTO COMPANY
ST. LOUIS, MO.

Oct. 29, 1969

Late in February, 1969, a West Coast newspaper carried a major feature about "a menacing new pollutant" found in the San Francisco Bay area. The article was based on marine life research carried out by Dr. Robert Risebrough of the University of California. The article stated that residues of pesticides (DDT and DDE) and polychlorinated biphenyl (PCB) were threatening the welfare of certain birds and posed a long-term threat to humans.

Monsanto manufactures polychlorinated biphenyl and markets it under our Aroclor trade name. (There are other manufacturers in Europe and Japan.) We, therefore, would like to present some additional facts.

The work done by Dr. Risebrough dates back to earlier research by other scientists who, while analyzing pesticide residues in wildlife, soil and water, encountered unknown or "interfering" substances in the parts-per-million range.

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Several years ago, two Swedish scientists at Stockholm University's Institution of Analytical Chemistry, Professor Gunnar Widmark and Soren Jensen, reported they had identified these other substances. They said some of the materials were polychlorinated biphenyl or PCB. Since PCBs are not "broadcast" or spread around the land as are pesticides, the scientists theorized that the source must be the industrial wastes of PCB users.

In addition to the work of Dr. Risebrough and the Swedish scientists, there have been other studies which indicate the presence of PCBs in the environment. Monsanto is concerned over the situation and is cooperating fully with these studies.

The common uses of commercial PCB would not normally lead to its release into the natural environment.

A principal market for PCB is in electrical applications where they are used as insulating fluids for transformers and capacitors. In this use, the chemical is completely sealed in metal containers. Another market is for heat-transfer applications where the PCB fluid functions in a closed system.

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PCBs are also used in several applications where the chemical is incorporated into a polymer as an integral part of the solid material. Such polymers are used in highly specialized applications as an adhesive, elastomer or surface coating.

Polychlorinated biphenyls are not sprayed or dusted on crops, woodlands or any other areas, as are pesticides. To our knowledge, they are not used in tires, house paints, household products, epoxy resins or major vinyl plastics, as has been charged.

Therefore, conclusions as to the source of PCB found in the environment are difficult to make. Some qualified scientists, using the latest laboratory equipment, have correctly identified the substances as being PCB. However, most scientists are not yet willing to indict commercially produced PCB as a pollutant.

It has also been implied that polychlorinated biphenyls are "highly toxic" chemicals. This is not true. Just like other industrial chemicals and home products now in widespread use, PCBs are not hazardous when properly handled and used. During more than 30 years of U.S. production and use, cases of any toxic effect have been extremely rare -- and then only where the simple precautions recommended for use were not followed.

Monsanto has research programs under way to identify the compounds, reported to be PCB, and locate their source. The programs involve precise analysis of environmental samples of water and soil. Also under way are studies to determine the biological effects of deliberate dosage of PCBs on fish, birds and mammalian animals. Special emphasis is being paid to endocrinological effects, mineral metabolism and reproduction physiology.

Some preliminary biodegradability studies are under way. Further studies to clearly demonstrate this phenomenon are contemplated.

Very early results of chronic toxicity studies confirm that PCBs are not highly toxic. In 90-day studies on rats and other normal laboratory species, there have been no adverse effects when feedings of up to 100 parts-per-million were administered.

Monsanto has always cooperated on a regular basis with federal, state and university laboratories in their analysis of chlorinated hydrocarbon residues. We will continue to do so. Additionally, Monsanto will continue to exercise the highest degree of control in its manufacturing, shipping and storing of PCB -- as we do with all products. In the functional fluids market, we have carried out a program for several years for the reclamation of used PCBs to reuse these valuable materials.

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The source of the marine life residue identified as PCB is not yet known. It will take extensive research on a worldwide basis, to confirm or deny these initial scientific conclusions.

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PRESENTATION OF THE PCB MANAGEMENT PLAN

Last

On November 17, ~~1969~~ we discussed with you the PCB problem and outlined a program for coping with it.

* (Show transparency on pounds-dollars-return)

On this chart we have summarized the total worldwide business.

Our concern is, ^{indeed} great because of the \$21 M worldwide business involved with gross profits of \$10 M on a net investment of approximately \$9 M.

* (Show transparency on non-degradable Aroclors)

The next chart summarizes the business which now depends on the non-degradable (persistent) Aroclors. Solid Aroclors, which are not an environmental problem and Aroclor 1221 which has been demonstrated in our laboratories to respond to degradation, have been excluded.

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In November, the decision was made to develop a plan to phase out the manufacture of Aroclor 1254 and 1260. Since then, as you well know, the pollution hysteria continues to grow and specifically in the area of PCB's the number of laboratories,

both governmental and university, involved continues to increase as we predicted.

At this meeting, I wish to bring you up-to-date on the latest developments, the progress we have made, the need for modifying our strategy, and our new strategy.

Since November, the press has been relatively quiet except for the recent flurry following Congressman Ryan's Press Conference. Two publications have appeared which implicate PCB. The January-February, 1970 issue of Environment published in St. Louis carried an article by Dr. Robert Risebrough and Virginia Brodine. The presence of PCB in samples of human milk is first publicly reported in this article. An article by Dr. David Peakall of Cornell University appeared in the April issue of Scientific American. In this article, the effect of DDT and PCB on egg shell formation and reproduction is described, and emphasizes that the problem has been apparent since the introduction of

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DDT to the environment. Three newspaper articles were noted, one in the Miami Herald, another in the Tampa Tribune, and the third in the Ann Arbor News, again describing the effects of DDT and PCB on the environment. The Florida papers referred to the effect on shrimp of hydraulic fluid which was traced to our Pensacola plant.

In March, we held discussions with Dr's. Risebrough and Olcutt at Berkeley, California. They are personally convinced PCB's are harmful and were pleased that Monsanto was concerned and cooperative.

Also in March, we participated with about 50 technical representatives representing State, Federal and Canadian Water, Fish, Wildlife regulatory agencies in a very objective discussion in Duluth, Minnesota. Analytical techniques, monitoring of the environment and toxicity of PCB were discussed. Absolute identification of PCB and its effect on the environment were identified

DSW 332911

as requiring considerable research. Concern was expressed by many present that some agency such as the FDA would take precipitous action before adequate information could be gathered; which was believed by many to require at least one year. Monsanto's presence and offer to cooperate was appreciated.

About two weeks ago, we received word from a Dr. Hill, Ohio State Health Department, that his laboratory had found PCB's in milk from an area around Columbus, Ohio. They believed they traced the source of PCB to deteriorating coating applied to silos in 1967. This coating was formulated using Aroclor 1254. We requested samples which our laboratory could analyze and our analytical work has confirmed that chlorinated compounds similar to our Aroclor 1254 are present.

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During our discussions with Dr. Hill, we were told that the FDA was considering establishing a PCB limit of 0.2 ppm in food. In pursuing this further, Dr. Kelly was subsequently told by

the FDA personnel that the FDA will, in a few weeks, advise their offices that PCB contents exceeding 0.5 ppm in milk and 5 ppm in food would subject the milk or food to confiscation.

In the U.K. we are, of course, also experiencing considerable concern. The Ministry of Agriculture, Fisheries and Food has repeatedly requested Monsanto to divulge the names of our major customers. From the U.S. point of view, we were reluctant to divulge this information because of possible adverse consequences worldwide. From the U.K. point of view, divulging the customer's name with assurances that it would be kept in confidence is considered the wiser approach in the long run. We are receiving permission from NCR to divulge their name and will approach the Ministry on a confidential basis.

In Europe, we have assumed worldwide leadership and contacted the representatives of the European producers. Initially, their response was indifferent. Subsequently, Bayer, Germany

DSW 332913

and Prodelac, France have become more concerned, have initiated programs of their own, and are cooperating with information exchange. The Italian producer does not believe he has a problem. MMK, Japan, has been fully informed of our progress.

During our meeting with General Electric representatives in late January, we discussed our decision to discontinue the manufacture of Aroclor 1254 and 1260. GE immediately challenged the decision on the basis that information available was not adequate to incriminate these Aroclors for electrical use, since other non-degradable ingredients used ^{with Aroclors} in dielectric fluids have not been identified in the environment, and that the adverse consequences of fires and explosions far exceed the potential threat to the environment. They also indicated that at the proper time they would be willing to have an officer of their company go on record as stating that the unavailability of these materials would result in serious power blackouts. Without Aroclors the maintenance of existing equipment would be impossible. Replacement of this equipment would be extremely costly, primarily

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because of the increased space required by the replacement.

The power companies could not provide the uninterrupted service expected.

As you can see, we are still very much on the defensive, however, considerable progress has been made. In our plants, control of emissions is progressing extremely well. After initial audits, all plants instituted programs for control of spillage, leaks and disposal. Our Newport plant installed and placed in service this month an interceptor pit to hold major spills. Anniston and the Krummrich plant are proceeding with similar installations. These should be in service by the end of the third quarter. Reduction in PCB contents of our plant streams below the solubility level in water (50-200 ppb) will be achieved only after research work now underway is completed and plant units are designed and installed. Completion of this work is expected to occur in late 1971.

* (Show transparency on plant effluent)

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A major development has been achieved by our research department in refining our analytical procedures to the level that we now possess capabilities far exceeding many laboratories and unsurpassed by any. We are actively communicating our methodology to other laboratories to improve the type of information being generated and published. Our objective is to be considered ^{1a} experts with reliable results.

Toxicity studies are now in the tenth month. Data to date indicate that Aroclors are mildly toxic to mammals, however, it is highly unlikely that this will be a significant factor in any decision regarding the banning or restricting of the use of Aroclors.

Biodegradation studies have, thus far, confirmed our initial beliefs that the lower chlorinated biphenyls would degrade easily. We were disappointed in the resistance to degradation of some of the isomers in Aroclor 1242. This would tend to

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confirm the belief that some of the 5 and 6 chlorinated biphenyls being found in the environment could be residue from degraded Aroclor 1242. We are actively pursuing the possible use of distilled Aroclor 1242 with degradable components as a possible substitute with minimum loss of other favorable characteristics; e.g. fire resistance.

* (Show transparency on Aroclor Applications)

This chart is a summary of the major uses of the Aroclors which have shown resistance to degradation. Solid Aroclors are not included.

A critical review of these uses was completed. We have classified these uses into three categories. Business we discontinue, business we retain and business we retain with product substitution.

Uses in which control to prevent environmental contamination is virtually impossible are being immediately discontinued as shown on this chart.

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* (Show transparency)

The use of Aroclors to extend pesticide persistence, a use developed by the U.S. Department of Agriculture, is not one we have been recommending, however, ^w We still have some extremely minor sales through distributors which we are discontinuing.

We have recommended to the U. S. Department of Agriculture to reject Aroclors as an approved inert material when pesticide reregistrations occur this year.

We are taking immediate steps to terminate the use of Aroclors for cutting oil, medicinal, dental and cosmetic applications.

We don't know where our distributors are selling Aroclors.

To obtain better control of the end uses of Aroclors, we will immediately take steps to terminate distributor selling arrangements as soon as possible.

There are many applications which are extremely difficult to control which we will discontinue, but we will retain the business with acceptable product substitutes.

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* (Show transparency)

This chart is a summary of those applications for which we either have or will have substitutes. The formulations for sealants, coatings and Industrial Fluids consist of biodegradable Aroclors, chlorinated terphenyls (Aroclor 5000 Series) or phosphate esters.

In the NCR paper application, we are applying considerable pressure on NCR to accelerate the conversion to products we manufacture or propose to manufacture. At present, HB-40 appears promising in the U.K. after one month of plant trials. Alkylated biphenyl appears promising for the U.S. application. We can at present satisfy the HB-40 needs for U.K. by sacrificing some low profit plasticizer business. However, capital funding will be required to expand our production capabilities. We do not at present manufacture alkylated biphenyls, but we have the technology. Facilities must be designed and installed to provide for this application.

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Successful control to prevent contamination is possible in systems in which Aroclors are sealed. We are working very closely with our customers to educate and motivate them and have offered technical assistance on their disposal and effluent problems.

Aroclor business which we will retain is shown on this chart.

* (Show transparency)

In summary, we have assumed worldwide leadership in facing the PCB problem. We have educated and pressured our customers and co-producers to fully appreciate the problem. We are leaders in analytical methodology. Our plants are effectively reducing the PCB content of their effluent. We have without waiting for any orders from any agency, selectively and voluntarily discontinued the sale of Aroclors for some uses. We are aggressively developing and introducing product substitutes for uses difficult to control. Where control is possible, we are working hard at making it effective and keeping the business.

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We are doing this and at the same time, maintaining the image of Monsanto as a responsible member of the business world genuinely concerned with the welfare of our environment.

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MONSANTO WORLDWIDE AROCLOR BUSINESS

POUNDS/YEAR	104 M	(70 M in Functional Fluids 34 M in Plasticizers)
SALES/YEAR	\$21 M	(\$15 M in Functional Fluids \$ 6 M in Plasticizers)
GROSS PROFIT/YEAR	\$10.0 M	(\$7.5 M in Functional Fluids \$2.5 M in Plasticizers)
GROSS INVESTMENT	\$13 M	(\$8.8 M net investment)
ROI	10.5%	
WORLDWIDE M/I	62%	
MONSANTO PRODUCTION LOCATIONS:	USA (2 plants, Anniston, Alabama Sauget, Illinois)	
	U.K. (Newport)	
	JAPAN (Yokkaichi)	
OTHER PRODUCERS:	Bayer, Prodelec, Caffaro, Flick, Kanegahuchi, and several Eastern European producers (all ex-USA)	

DSW 332922

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WORLDWIDE AROCLOR BUSINESS

PRODUCTS CONTAINING NON-DEGRADABLE AROCLORS

POUNDS/YEAR	92 M	(70 M in Functional Fluids 22 M in Plasticizers)
SALES/YEAR	\$18 M	(\$15 M in Functional Fluids 3 M in Plasticizers)

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PCB CONTENT
PLANT EFFLUENT

Anniston

June, 1969	50 pounds per day	(5,000 ppb)
Present	5 pounds per day	(500 ppb)
October, 1970	2 pounds per day	(200 ppb)
January, 1971	.5 pounds per day	(50 ppb)
September, 1971	.1 pounds per day	(10 ppb)

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April, 1969	700 pounds per day	(3,500 ppb)
March, 1970	200 pounds per day	(1,000 ppb)
Present	65 pounds per day	(325 ppb)
September, 1970	55 pounds per day	(275 ppb)
October, 1970	10 pounds per day	(50 ppb)
September, 1971	2 pounds per day	(10 ppb)

Newport

Present	30 pounds per day	(3,000 ppb)
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AROCOR APPLICATIONS

<u>APPLICATION</u>	<u>M DOLLARS/YEAR</u>
Industrial Fluids	5,000
Transformers	6,000
Capacitors	3,000
Heat Transfer	1,300
NCR Paper	2,000
Coatings	200
Emulsion Adhesives	200
Sealants	200
Wax Modification	200
Miscellaneous Plasticizers	200

DSW 332925

AROCLOR BUSINESS TO BE
DISCONTINUED IMMEDIATELY

<u>APPLICATION</u>	<u>SALES</u> <u>M DOLLARS/YEAR</u>	<u>COMPLETION</u> <u>DATE</u>
Pesticide Extender	\$10	Completed
Medicinal, Dental, Cosmetic	90	June, 1970
Cutting Oils	50	June, 1970
Distributor Sales - Plasticizers		September, 1970

DSW 332926

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AROCLOR BUSINESS TO BE
RETAINED WITH PRODUCT SUBSTITUTES

<u>APPLICATION</u>	<u>SALES</u> <u>M DOLLARS/YEAR</u>	<u>COMPLETION</u> <u>DATE</u>
Sealants	\$ 200	December, 1970
Coatings	200	December, 1970
Adhesives	200	December, 1970
Wax Modification	200	December, 1970
Miscellaneous Plasticizer	200	December, 1970
NCR Paper	<u>2,000</u>	April, 1971
	\$3,000	
Industrial Fluids		
Pydraul AC	\$ 300	September, 1970
Pydraul AC-WG	5	September, 1970
Pydraul 625	300	September, 1970
Pydraul F-9	700	December, 1970
Pydraul A-200	800	December, 1970
Pydraul 540	50	December, 1970
Pydraul 280	150	December, 1970
Pydraul 135	500	June, 1971
Pydraul 150	500	June, 1971
Pydraul 230	50	June, 1971
Pydraul 312	1,600	June, 1971
Santosafe 100, 150, 300	<u>50</u>	June, 1971
	\$5,005	

DSW 332927

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AROCLOR BUSINESS TO BE RETAINED

<u>APPLICATION</u>	<u>SALES M DOLLARS/YEAR</u>	<u>REMARKS</u>
Transformers	\$3,000	In sealed systems. Can exercise tight control at customer plants and repair shops. Contaminated material to be reclaimed or safely destroyed.
Capacitors	\$6,000	In sealed units. Can exercise tight control at customer plants and repair facilities. Contaminated material to be reclaimed or safely destroyed. Disposal of old capacitors presents problems. Development of degradable Aroclors is underway.
Heat Transfer	\$1,300	Used in closed systems. Control can be exercised. We will discontinue the sale of Aroclors for heating systems used in food preparation.

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