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ICI Mond success could hinge on wage claims

by Ann Taylor

ICI Mond Division's actual volume of sales in 1974 was only 1% up on 1973 and below plan, but reduced volume was more than offset by higher prices in export markets. Some 43% of profit came from exports, which were only one-third of total sales volume.

Dr Philip Harvey, division chairman, told the division staff conference that in the first four months of 1975 volume of sales was 85% of that achieved in 1973, costs were still rising steeply and profits being squeezed.

These costs could no longer be passed on export prices, where the division was now meeting intense competition in all the product range. All product groups were suffering a drop in demand.

After another mild winter, the rock salt mine was operating at the absolute minimum production and, in the face of very high stocks, no relief could be expected until next year. Salt was holding up fairly well.

Soda ash was now in free supply throughout the world and export sales were under intense competitive pressure. Demand had fallen in the UK and production was currently about 75% of capacity. Demand for chlorine had been drastically cut by low VCM requirement and, as a result, Mond was short of co-produced caustic soda, which was creating a problem for some customers.

VCM production had been cut back and the VC3 plant closed altogether.

SNPA drugs plan

Société Nationale des Pétroles d'Aquitaine (SNPA) is planning to acquire a stake of 35% in the French pharmaceutical company Choay.

The company will be the seventh acquisition to be made by SNPA in the health sector. The company has already bought up Labaz, Les Laboratoires Robilliard, the cosmetic company Yves Rocher, the veterinary group Vetagri and the pharmaceutical group Parcour (formerly Castaigne).

Methyl methacrylate, which goes to ICI Plastics Division for Perspex and other customers, is operating at only half the previous rate.

The general chemicals group's speciality chemicals had held up reasonably well, but high tonnage products like sulphuric acid and hydrochloric acid were well down.

In the UK, Harvey said, there was no hope of any growth this year, rather a

decline, and the prospects for 1976 were as poor. The only hope was that world trade would revive and that there would be export possibilities. But the big question mark was "whether the lunatic wage increases in this country will have driven us out of these markets because our prices are uncompetitive."

If Mond Division was to adhere to the 1975 capital plan, it would spend by reinvestment

about £47 million of fixed and working capital. If the division's profits were not maintained somewhere near the 1974 level, it could be short of the cash needed to finance an expanding programme.

"If our present plan to sanction £39 million of new projects in 1975 was achieved, then the new capital, fixed and working, to be invested in Mond next year would be £55 million."

Costs must be held down, Harvey emphasised . . . by higher plant efficiencies and by the reduction of overtime, now unnecessary as the result of reduced demand. And, "we must moderate the demands that we make on our cashflow on our own behalf, that is, our pay."

Control of VCM gas emissions could cost £13 million in UK

The engineering programme carried out by the four UK producers of PVC, BF Chemicals, ICI, BIP and Vinatex, to reduce the levels of vinyl chloride gas in plant atmospheres will cost about £13 million, a conference in London on the problem was told last week.

A. W. Barnes, chairman of the Chemical Industries Association's Vinyl Chloride Committee, said that the industry had tackled the problem first, and counted the cost afterwards. First priority was to establish the extent of the health problem linked with traces of VC gas in PVC plants.

Over the past 18 months, the companies had succeeded, by a massive effort, in reducing exposure levels from the 150-200 ppm levels typical of 1973 to today's levels, below 25 ppm and typically below 10 ppm.

Barnes said: "Many millions of pounds have already been spent and it is now expected that the total cash cost to the industry of all the modifications when completed will be close to £9 million; in addition, process changes have led to a capacity reduction of between 5% and 10%. The replacement of this lost production will require a further investment of at least £4 million."

Describing the work done by the industry so far, Barnes said that the strict control of the amount of VCM gas permitted in the air in UK PVC production plants has meant

rapid development and installation of measuring equipment.

Barnes said that every PVC plant in the UK is now equipped with multiple point sequential area monitors sampling once a minute.

"Thus with every plant producing 10 000 readings every week, this has posed a real problem of how to analyse this mass of data so that immediate action can be taken on any single result," Mr Barnes said.

To meet this, computers have been designed and installed which routinely, or on demand, will print out a wide range of average, trend or individual figures for each area or for the plant as a whole, and will alert personnel to any change.

Barnes pointed out that in the UK system the sampling points are concentrated in the most sensitive areas of the plant, deliberately so that the results can serve the dual purpose of measuring area concentrations and of acting as permanent leak detectors.

"A second important fact," Barnes said, "is that the UK Code of Practice of Vinyl Chloride, wherever it is concerned with monomer concentrations, is built around this monitoring system; this has given some problems on public relations and communications, since the system is designed to be ultra sensitive and pick up even transient high concentrations."

"This is the right philosophy if one's aim is to get

maximum and immediate information on the state of a plant so that action can be taken straight away and workers protected; a monitoring system must first and foremost be a tool to be used by the plant for the purpose of control.

"But the results from it are of little help in answering the simple question which outsiders always ask in complex situations, precisely because the system was not designed to give simple answers. Because of this we have had our difficulties in indicating the immense advances that have been made and in explaining just how tight a regulation the British interim hygiene standard really is. Commentators have fallen into the trap of comparing numbers without reference to how the numbers are obtained: and a number of misconceptions have been born."

Barnes went on to say that the UK interim standard requires that no-one during any 8-hour period should have higher exposure than 25 ppm. It has been shown that this means that the plant atmosphere itself must not exceed an average of about 10 ppm over a somewhat longer period.

"Indeed, if we were to add to the existing UK hygiene standard a requirement that no one should be exposed to a monthly average higher than 10 ppm, this would in no way tighten the standard. It would then make it look like some European regulations."

BPF warns on effects of PVC ban in UK

by Adrian Wright

"The preservation of the PVC industry is not just an exercise in big business, it is the preservation of an important part of the nation's economy," Dr W. A. Holmes-Walker of the British Plastics Federation told a conference on vinyl chloride and safety at work last week.

Holmes-Walker said that from time to time during 1974, following the discovery of the link between exposure to VCM and angiosarcoma, a rare form of liver cancer, there had been suggestions that PVC should be 'banned' because it was dangerous.

"Not only are such suggestions completely irresponsible, but they also ignore the purpose of the very thorough and effective tripartite discussions between industry, government and trades unions in agreeing safety standards which are at the same time both realistic and attainable."

Despite the widespread publicity given to the VCM health problem during 1974, Holmes-Walker said that no reduction in demand for PVC or products made from PVC as result of this had been observed in either the UK or Europe.

General downturn

"Such fall off in demand as there has been in 1974/75 is paralleled in other plastics materials and is due to the general economic climate," he said.

The effect of a ban on PVC in the UK would be a direct loss of production to the chemical industry of some £160-200 million/year, consisting of £110-150 million/year of PVC at the pre-polymer stage; £40 million of compounding ingredients for PVC, and £16 million from the loss of one-third of the UK production of caustic soda. There would also be a loss of some 2 500 jobs in the chemical industry mostly in the development areas, he said.

In addition, there would be a loss of production in the processing and fabrication sector, which would amount to some £250-300 million, with an associated unemployment which could reach as high as 70 000.

There would also be a rapid loss of production in related industries, particularly the building, motor, coal mining and food packaging industries that would be, said Holmes-Walker, 'a national problem'.

Building, he argued, would be harder hit than any other industry by a sudden cessation of PVC production, for almost half the UK PVC consumption is in building. About 90% of rain water pipes and much of the guttering is PVC, together with 75% of soil pipes and 60% of tiles and continuous flooring.

In the motor sector, 100% of motor vehicle wiring is PVC insulated and considerable difficulty could be expected in getting sufficient supplies of alternative wiring which would in any case be more expensive.

The effect on the coal mining industry would also be dramatic, with 15% of the underground conveyor belts being immobilised after six months and 45% after 18 months.

Apart from the direct effect on downstream industries, there would also be severe indirect results of a PVC ban. The production of viscose rayon, and cellophane, pharmaceuticals and chemicals, soap and paper, would all be curtailed because a cessation of PVC manufacture would involve a one-third reduction in caustic soda out-

put, and for many of these applications, there is no practicable alternative.

"The shortage in home supplies of caustic soda would be 15-20% and there would be no readily envisaged practicable means of replacement by import or alternative production in the short term. The related soda ash is on short supply and any resulting pressure on it would react on the glass industry," said Holmes-Walker.

Moreover, elimination of UK exports of caustic soda, currently running at £10 million/year, would be the first effect.

Holmes-Walker said that a total ban on PVC usage, should never need to happen. It was conceivable, however, that legislation or pressure of public opinion, however misguided, could make the use of PVC unacceptable for certain applications. It has been announced by certain US toiletries and pharmaceutical firms, for example, that they are to switch to oriented polypropylene bottles.

On the question of substitution of PVC, Holmes-Walker said that all polymeric replacements for PVC would compete for already established markets, and although capacity existed at present, to a limited extent, this was only due to the current shortage of orders.

Coal overtakes oil in UK

For the first time since 1970 coal has overtaken oil as the UK's main fuel source.

According to the Department of Energy's trends bulletin consumption of coal in March reached 14.2 million tons compared with 13.3 million tons of oil, measured in coal equivalent units.

The eminence of coal partly reflects an increase during March of coal used for electricity generation and a corresponding drop in the use of oil in this sector and the general low level of demand for oil products.

The bulletin showed that refinery output in March amounted to over 6.9 million

tons, more than 25% down on March 1974. Total deliveries of products during the first three months of the year were 10.5% down on the corresponding period of 1974.

Although stocks of oil held by the oil companies fell marginally between March and April, their estimated duration increased from 96 to 106 days.

Erco expansion

Erco Industries, the Albright & Wilson subsidiary, has started up its electrolytic cell line at North Vancouver, Canada, for the production of sodium chlorate. Capacity has been increased by 9 000 tons/year to 50 000 tons/year.

Future for STPP market to 1985 looks bleak

World consumption of sodium tripolyphosphate will fall by 17% to about 2.2 million tonnes this year, against 2.7 million tonnes in 1974, according to the Dynachim report *Phosphor market*.

The survey also argues that consumption should go up slightly in 1976-77, without climbing over 2.5 million tons, but the future looks bleak for sodium tripolyphosphate.

With only a limited substitution, the level of consumption should fall below 2 million tons by 1985, the same level as in 1966, and if what the report calls 'substantial substitution' occurs, consumption could fall to only 1.4 million tonnes, the same level as in 1963, and the equivalent of a 50% drop in consumption within 10 years.

STPP, says the report, was the fastest growing industrial chemical up to 1966 but environmental pressures put a stop to its growth world wide, and even a decline in the US, while the 450% rise in phosphate rock prices during the last 18 months has altered its economic competitiveness.

"Strangely enough," the report continues, "new STPP capacity is coming on stream in Europe this year, next year and even in 1977, despite the fact that the handwriting has been on the wall for over half a decade, and the Moroccan verdict on rock prices has been known since the autumn of 1973."

"This casts a shadow on the management abilities of some leading European companies, the amazing slowness of their planning and decision processes, and particularly their apparent inability to stop projects for which they have no customers, and have few chances of getting any."

Celanese in Europe

Amcel, of Watford, UK, an affiliate of Celanese, has set up a European films division to market the range of Celanar polyester films and the new Celgard range of microporous polyester films. Regional manager for Europe/UK is Gary Battson.