PACO TEXTURES MEMO

TO: Frank Scaggs FROM: Doug Merrill October 8, 1976

SUBJECT: NON-ASBESTOS CEILING TEXTURE

Even though the state agencies in the Northwest have not taken a strong stand on asbestos, I'm sure the day will come. You should consider changing to the non-asbestos ceiling texture before it becomes required.

We have all of our California, Hawaii and Utah customers using our non-asbestos ceiling texture products, either 6373G (32#) or 6374K (40#).

There are some immediate advantages in going to these products, such as a $.46 per bag savings with the 6374K over the 6374H, which you currently buy. The factory would not have to purchase or handle the asbestos. Also, you would not run the risk as is the case with Kaiser in the attached article.

Attach. (1)
DWM/jlb

cc: Bill Harrison
John Winslow

Coating under fire

Federal and New Jersey environmental officials revealed last week that they have found asbestos in dust sampled at a Cliffside Park, N.J., condominium. The material came from the flaking of a decorative ceiling, which contained 5-30% asbestos as applied. New Jersey's Environmental Protection Dept. says it began tests after initial data showing asbestos contamination were supplied by attorneys for condominium owners, who filed suit in Bergen County Superior Court (Hackensack, N.J.) related to charges of contamination in the building.

State tests, which found a "high percentage" of asbestos, confirmed results of an initial study conducted by Mt. Sinai Medical School's Environmental Sciences Laboratory (New York), which is partially funded by the Environmental Protection Agency. EPA observes that while present regulations ban spraying of asbestos for several purposes, such as insulation and fireproofing, the rules do not cover use for decorative purposes.

EPA conducted earlier studies of drinking water and talc for contamination by asbestos, which has been linked with a rare form of chest and abdominal cancer (*CW, May 12, p. 28*).

Kaiser Cement & Gypsum confirms that it is a defendant in the condominium suit and that a Kaiser ceiling texture product, called K-spray, is named in the suit. Other defendants: the condominium developer and the spray applicator.

Europeans buy in

Three European CPI companies—Bayer AG and Schering AG of West Germany and Sandoz of Switzerland—took steps to acquire U.S. subsidiaries last week.

Rhinechem Corp., a U.S. holding company of Bayer, acquired Allied Chemical's organic pigments operations at Haledon, N.J. It has been incorporated as Harmon Colors Corp., will continue to produce and market organic pigments under the Harmon Colors tradename.

The new company will operate as an affiliate of Mobay Chemical, which, along with Cutter Laboratories, is controlled by Bayer. Terms of the deal were not disclosed.

Schering, Berlin-based pharmaceutical and chemical giant, acquired Nepera Chemical (Harriman, N.Y.), a former Warner-Lambert subsidiary, which produces pyridine, methyl pyridines and their derivatives for agricultural, industrial and pharmaceutical applications.

Last January, Schering acquired complete ownership of NOR-AM Agricultural Products Inc. (Chicago), which had been a joint venture of Schering and Morton-Norwich Products Inc. Schering also owns 50% of Knoll Pharmaceutical (Whippany, N.J.).

The West German company says its U.S. sales amounted to \$35 million last year. Terms of the Nepera Chemical transaction were not disclosed by Schering.

Sandoz signed an agreement in principle to purchase for \$19.40/share the more than 10 million outstanding shares of Northrup, King (Minneapolis), a leading producer of corn and vegetable seed for commercial growers. The agreement is subject to approval by the officers and shareholders of Northrup, King and the officers of Sandoz.

Polystyrene glut?

Excess capacity on the order of 1 billion lbs. will plague polystyrene producers through 1980 and beyond, a U.S. Steel official said last week. Richard Sundra of the company's Commercial Research Dept. said capacity for crystal and impact polystyrene will be 5.26 billion lbs. in 1977, with demand estimated at 3.2 billion.

Demand this year is expected to total 2.8-2.85 billion lbs., reach 4.1 billion lbs. by 1980.

"At the present time, the polystyrene industry is operating at 55% of capacity," Sundra told the second annual conference on contingency planning for plastics in New York's Roosevelt Hotel.

As a result, the outlook for producers is low profitability until capacity comes back into balance in the mid-1980s, he said.

Early this month USS dropped prices of general-purpose and impact PS by 3¢/lb., reducing general-purpose to 26¢/lb. and impact to 27¢/lb.

The company's move followed a long downward spiral in prices and was intended to bring list tags in line with price deterioration that had general-purpose grades selling at 23-25¢/lb. in some parts of the country.

With monomer holding steady at 21¢/lb. and general-purpose grade selling at 26¢/lb., producers are left with 5¢/lb. to manufacture resin, package and ship, and realize a profit, Sundra said. "From here on," he added, "if monomer prices increase, they will have to be passed on in resin prices." Some producers may be operating at break even levels.

Rapid wrap-up

J.T. Baker Chemical has begun full operation of an expanded facility at Winchester, Va., for the preparation and packaging of ultrapure reagents marketed under the Ultrex tradename. Cost of expansion: \$250,000. Also the company has increased by 50% ammonium thiocyanate capacity at Phillipsburg, N.J. Capacity figures were not disclosed. . . . Union Carbide's Linde Division has opened a 2,000-tons/day oxygen plant in Burns Harbor, Ind., the largest single-train air-separation unit ever built.

A.E. Staley Manufacturing's "second generation" high-fructose corn syrup (HFCS) will be commercially available by December from its Decatur, Ill., plant. The new 55% HFCS, tradenamed Iso-Sweet 5500, is expected to replace conventional 42% sweeteners used in soft drinks, jams and jellies. Construction of another HFCS plant, in Lafayette, Ind., is expected to be completed early next summer, bringing Staley's HFCS capacity to 1.8 billion lbs./year. . . . Amstar, meanwhile, has deferred its plan to construct a second HFCS facility because of "rapidly changing market conditions in the sweetener industry and developing technology in the high-fructose corn syrup field."

Bechtel has been awarded a preliminary engineering and design contract by the Seattle Board of Public Works for an \$80-million plant to produce ammonia from solid waste. Plans call for Union Carbide to operate the pyrolysis units and for Cayne Chemical to own and operate the \$35-million ammonia production unit.

Zoecon (Palo Alto, Calif.) and its Japanese joint-venture partner Otsuka Pharmaceutical have obtained approval to market Manta insect growth regulator as a treatment for silkworms. The formulation extends the period in which the worms spin silk. It marks the first commercial use of an insect growth regulator for purposes other than pest control.

Anaconda shareholders will meet on Oct. 20 to vote on a plan to reorganize as a wholly owned subsidiary of Atlantic Richfield.

Warner-Lambert's subsidiary American Optical, which has acquired the right to market the soft-contact lens made by Union Corp, will produce the lens at its recently completed Framingham, Mass., facility.

General Tire & Rubber plans to spin off RKO General to reduce television licensing challenges arising from foreign bribe allegations against General Tire.