UC 149-2

→ Asbestos File E-2 (RG-244).

UNION CARBIDE

INTERNAL CORRESPONDENCE

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METALS DIVISION

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Date July 26, 1983
Originating Dept. "Calidria" Asbestos
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Subject 1983 Silica Treated Asbestos Sales

The sales of RG-244 and SX-24 for the first half of 1983 are summarized as follows:

	Tons			$M		
	Actual	Budget	% Budget	Actual	Budget	% Budget
RG-244 Domestic	106	170	62	361	580	62
RG-244 Export	144	160	90	490	552	89
SX-24	201	245	82	488	539	90
Total	451	575	78	1,339	1,671	80

N.B. Domestic sales figures for RG-244 presented in the June sales summary are incorrect due to a computer input error.

EXPORT SALES

1. RG-244

The bulk of export sales of RG-244 is now being handled by Tomoe Engineering Co., Ltd. (TEC), especially since April 1 when their geographical marketing area was expanded. Although 10% below budget for the first six months, no major problems exist with RG-244 export shipments. Because of the strong U.S. dollar, TEC is experiencing a pricing problem but still appear to be maintaining an acceptable sales record. UCC-Australia suffered a setback when their biggest customer became a subsidiary of Hercules and asbestos was formulated out of all their products. They are now expected to purchase only 10 tons in 1983 versus a budget figure of 45 tons.

2. SX-24

Sold only by Grace CmbH, this product is 10% below budget for the first 6 months, i.e., 488$M vs 539$M. However, July shipments have been extremely good, and with August orders also on the high side, it appears that they should also approach budget by the end of the third quarter.

DOMESTIC SALES

1. Commercial

Although a relatively minor item in the commercial sales budget, RG-244 has performed far below expectations. The following is a breakdown by individual customers for the first six months.

	Tons			$M		
	Actual	Budget	% Budget	Actual	Budget	% Budget
AVCO	4	6	67	16	21	76
PTI	3	21	14	12	72	17
RIVERAIN	4	6	67	17	21	81
TREMCO (CA)	1	2	50	5	7	71
TREMCO (OH)	4	10	40	16	34	47
Total	16	45	36	65	155	42

It is expected that Avco (protective coatings) and Tremco (CA) will be on budget by the end of the year. Tremco (OH) will probably improve but not reach budget as they have been purchasing some RG-244 from our Cleveland distributor. PTI and Riverain, both in automotive caulks and sealants, are the two problem areas. Because of their order pattern, Riverain could meet budget by the end of the year. However, PTI is purchasing RG-144 at the expense of RG-244, and year end results will undoubtedly not be an improvement over first half results. Both of these customers are faced with the problem that they can not develop any new formulations containing asbestos for the automotive industry. Therefore, their RG-244 usage is restricted to established product lines.

2. Distributor Sales

The major problem area concerns the lack of sales by our distributors. The following summarizes the present situation (figures are in tons (rounded)).

Distributor	1982 Purchases	1983 Budget	1983 To Date
American Industrial	13	22	4
A. T. Callas	20	52	24
D & F	30	51	14
H & C (Canada)	35	40	11
H & C (Pacific)	74	85	53
Lenape Chemical	12	31	14
Technical Products	41	53	0
Total	225	334	120

Comments furnished by Jack Walsh on 7/25/83 are as follows:

1. American Industrial

   Have not performed as well as expected and especially with RG-244 sales. Have lost several customers including: (1) Futura - due to new management who decreed asbestos out of all formulation, (2) Indural - switched to Cabosil when AI put them on a COD basis, (3) National Chemical - went bankrupt.

2. A. T. Callas

   About to reorder and should be close to budget. Their business getting better and he has had no big losses in RG-244 customers.

3. D&F

   Probably purchase about 34 tons this year or 67% of budget. Lost three customers due to corporate edicts not to use asbestos (Ceilcote, International Paint, and Matcote).

4. H&C (Canada)

   Should approach 1982 sales but will not hit 1983 budget. Jack lacks information on H&C's individual customers.

5. H&C (Pacific)

   Expects them to meet budget. Got 5 ton windfall from sales to distributor in Taiwan. Will not be repeated.

6. Lenape Chemical

   Should end up year close to budget.

8. Technical Products

   A disaster account due to over-optimistic budgeting and their loss of several key accounts. Have purchased 4 tons in July against a 1983 budget of 53 tons. Lost Ceilcote due to corporate decree (General Signal) and has run into a problem with Mameco because of moisture in RG-244. Efforts being made to reestablish sales here.

The fact that RG-244 sales to distributors is less than 70% of budget is because of the following: (1) over-optimistic budgeting, (2) loss of several big customers, (3) new customers are all very small, (4) no new RG-244 applications, (5) distributors' business have not improved over last year, and (6) salesmen are meeting stiffening resistance by potential customers to use RG-244. RG-244 is generally regarded as the most profitable product handled by our distributors and effort is being carried out to increase its sale.

G. L. Dickson

GLD:vad