JUL 17 1972

Monsanto

FROM (NAME & LOCATION) R.B. Giles - Princes Gate - Melbourne

DATE 13th July 1972

cc: Mr. K.F. Witcombe
Mr. D.G. Roberts
Mr. D. LePage
Mr. J.K. Lilly - St. Louis

TP.31

SUBJECT SANTICIZER 711/NYLEX

REFERENCE

TO Mr. E. Muschick,
ST. LOUIS

Dear Mike,

Thank you for your cables referring to your contact with Geoff Goodwin of Nylex Australia. Let me give you the background to the current situation:

After receiving David Press' memo of 13th June summarising our reply to the Nylex critique of S.711, we arranged for a discussion with Geoff Goodwin and his technical people to take place in Melbourne on 4th July. Before we arrived for the meeting, Geoff was summoned to their Head Office and, after leaving apologies, promised to contact us again when he was free

I then spent the next week in New Zealand and during this time both Graeme Buckley and Dennis LePage tried to contact Geoff and only late in the week were informed that Goodwin was now overseas and would not be available for some weeks. On my return from New Zealand I arranged to meet with their Divisional Manager, Doug Weir, which took place today. Incidentally, whilst in New Zealand, I discussed the S.711 situation with the Nylex technical and commercial people and found that they were changing to S.711 because of its low fogging characteristics, but no details of their evaluation had been passed on to Nylex Australia. Brian Peryer, the Technical Manager of Nylex New Zealand, was quite co-operative and, after reading Goodwin's report of 17th May, which you have read, he stated that he had satisfactorily answered many of the queries raised by Goodwin after evaluating S.711 in their own calendering equipment. He promised to forward a report on his findings to Nylex Australia.

This brings me to today's meeting and the reasons for Goodwin's sudden rush overseas trip.

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PRG getting copy, hope fully in by Monday EM

(a) There have been published in Australia in recent weeks a series of newspaper articles which discuss the possible health dangers of phthalate plasticizers. The actual articles involved have been send by Dennis LePage to Jack Lilly on 4th July and should be available for perusal from Jack's correspondence file. Nylex were aware of previous criticisms on phthalate esters, particularly with respect to blood transfusion equipment contamination that had occurred in certain war zones. Because of this recent publicity, they were most concerned at the possible effect on their vinyl fabric Division, which represents approximately 50% of their Group earning capacity. It was therefore decided to send Goodwin on a fact finding mission to:

(i) Evaluate the intensity of criticism of phthalate esters and,

(ii) Determine the degree of specification of fogging limits by the automobile manufacturers. He is travelling on an open ticket to visit all possible sources of information to gain details on the above two problem areas.

You should understand that since 1969, Nylex have been endeavouring to overcome the fogging problem that occurs under Australian summer conditions. They have submitted a range of modifications to local automobile companies but so far without success, primarily because the companies will not pay the price premium for lower fogging characteristics.

(b) Nylex have run laboratory evaluations on S.711 only. There is no doubt that their criticisms of linear phthalates are based on evaluation essentially of 8-10 alfol series as produced by C.S.R. in Australia. The rest of their criticism appears largely to stem from comparison of published data rather than their own evaluation. I almost finished up in the arena today discussing this point because I cannot see how they can logically agrue against the merits of 711 until they have run a product trial and carried out evaluation tests on typical samples of material produced under normal production conditions. In fact I have asked that they obtain from New Zealand the results that Nylex New Zealand have obtained under such conditions.

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(c) Now to answer the queries specifically listed in your cables.

(i) David Press' comments on S.711 have not yet been relayed to Geoff Goodwin. We are therefore looking to you to cover all these points and as many more as you can think of during your discussions with Goodwin.

(ii) Our current sales to Nylex for 1972 annualised are expected to be:

S.160	-	40M lbs
S.409	-	75M lbs
S.141	-	4M lbs
S.429	-	2M lbs
S.213	-	1M lbs

These should be compared with sales in 1971 which were:

S.160	-	201M lbs
S.409	-	59M lbs
S.141	-	5M lbs

The reason for the decline in S.160 is well known in St. Louis due to the local manufacture of Benzoflex 988, which is classed as a substitute by the local Tariff Act. The potential at Nylex for S.711 must be of the order of approximately 9MM lbs. However, to achieve this would mean complete replacement of DIOP in their film and sheeting market and, quite frankly, unless we are prepared to sell at exactly the same price as DIOP, we are not going to achieve this.

(iii) Nylex production equipment consists of five operational calenders ranging from 72" width to 101" width with a spare stand-by unit. Three of these calenders produce 54" product, one produces 72" width product and one produces 84" width product. In addition to this they have two vinyl foam lines. The make and age of the equipment is not revealed.

(iv) They will not reveal a breakdown of their sales.

(v) Nylex supply all major automobile companies in Australia and, in order of importance, these would be:

General Motors

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Ford
Chrysler

with Ford and Chrysler also being supplied by the other vinyl fabric producer, F & T Plastics. They also supply, in conjunction with F & T, Australian Motor Industries and Volkswagen.

(vi) Our major commercial objective is to obtain their total automobile upholstery market with S.711. Whilst I am not sure of the percentage, this would be at least 60% of their film and sheeting market. To obtain further in-roads into their general sheeting and film market, we would need to overcome Goodwin's suspicions on outdoor weathering, resistance to microbiological attack and water extraction. I would suspect, although Goodwin has not raised this, that the problem of hexane extraction will also be significant because of the possibility of furniture fabric being attacked by body oils. If 711 is more suspect in this regard than DIOP, then this matter should be thoroughly discussed during Goodwin's visit.

NWT

(vii) As I mentioned earlier, they have two vinyl foam lines and use either plastisol or calender technology. I suspect, without being certain, that at the moment they use plastisol technology.

(viii) As with the case of fogging prevention, they have been evaluating systems for maximum flame retardants. There is no requirement in the automobile specifications in Australia and Nylex's attitude is to do nothing until they are forced to because of the additional cost involved. Although I am sure Nylex are aware of our phosphate ester range, the more emphasis placed on this aspect during Goodwin's visit, the better.

(ix) Nylex do have a usage for other polymers, in particular polyurethane and produce a range of vinyl clad urethanes. They are such a diverse plastics orientated company that I am sure Goodwin can give you more details on this aspect than we can.

RWB: I will discuss & set up time slot on 1/24 EM

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Finally, to give you some background on Nylex fabric division:

This is the biggest single group in the Nylex operation in Australia and consists of two separate plants, one of which was purchased from the I.C.I. company in Australia. The products of the division supply the automotive industry, fashion, clothing and building industries and they are easily the largest producer of coated fabrics in Australia. As mentioned earlier, the automotive industry consumes by far the larger outlet for the divisions products. I think it fair to say that whilst the automotive industry provides the bread and better for the division(Chrysler are exerting considerable pressure on Nylex at the moment for reduced costs), the fashion, clothing and footwear industries contribute the most profit. Two fabrics "Tempo" for fashion clothing and "Trend" for footwear were introduced in 1968 and have been widely accepted. Another new product "Doevelle" was developed for the furniture industry and was the first upholstery fabric made in Australia using urethane in place of vinyl. Two other very important products for the division, reinforced vinyl and vinyl cladding have also been successfully promoted. Reinforced vinyl has been widely used as covers for shipping containers and protective covers and outer wear in the mining industry. Vinyl cladding has been extensively used to decorate and finish particle boards and fire board for the building and allied industries.

Congratulations on lasting the distance, but I trust the above is sufficient for you to commence discussions with Goodwin.

Regards,

per D.L. Page

R.B. Giles

RBG:dme

DSW 588329

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