Working File

CHEMICAL MANUFACTURERS ASSOCIATION
EXECUTIVE BRIEFING
Witco Corporation

10:00 am - 12:30 pm
Friday, September 13, 1996

Executive Conference Room
CMA Headquarters Office

REVIEW WITCO'S BUSINESSES AND PRIORITIES AND CMA STRATEGIC PLAN AND STRUCTURE

10:00 a.m.

Gary Cook, Chairman, President and CEO, Witco Corporation
Carl Soderlind, Senior Vice President, External Affairs, Witco Corporation
Fred Webber, President and CEO, CMA
Charles Van Vlack, Executive Vice President and COO, CMA

CMA STRATEGIC GOAL NUMBER ONE: EARN THE PUBLIC TRUST

10:30 a.m.

Objective A: Deliver on the Responsible Care® Commitment

- Witco's Implementation of Responsible Care®
- Management Systems Verification Opportunities and Benefits
- Value of Responsible Care®: Results of Discussions with the Insurance Industry
- Board Committee on Responsible Care®: Expected Direction

Dick Doyle, Vice President, Responsible Care®

10:45

Objective B: Improve Public Perception of the Chemical Industry

- Status of Public Outreach Efforts
- Benefits Message Development: How to Communicate the Chemical Industry's Key Role in the Economy and Chemicals Importance to the Quality of Life

Jon Holtzman, Vice President, Communications

11:00

Objective C: Manage Research to Promote Risk, Product Stewardship and Advocacy

- Board Committee on Health and Environmental Effects Research

Jon Holtzman and David Zoll, Vice President and General Counsel

CMA STRATEGIC GOAL NUMBER TWO: IMPROVE ADVOCACY IMPACT

11:15

Objective B: Represent CMA Members Interests in Global Forums

- International Council of Chemical Associations
- North American Council of Chemical Associations
- United Nations Environment Program

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FINANCIAL TIMES

About 180,000 South Africans work in the chemicals industry, which accounts for 5 per cent of gross domestic product. The Department of Trade and Industry, which has set up a task force to examine growth prospects for the sector, would like it to contribute about 8 per cent.

The task force is developing proposals for a number of measures which might benefit the industry, such as technical innovation, investment in capital equipment and training initiatives. It is also identifying a number of constraints on the industry, including disincentives to foreign investment, such as foreign exchange controls and high transport costs, which make it difficult for companies to compete as exporters outside Africa.

Although the task force has set 150,000 new jobs as a target, some observers believe constraints on the industry's growth make that figure much too optimistic. "My initial reaction is that 150,000 jobs sounds too high," said Mr Paul Carter, analyst at ING Barings in Johannesburg.

Downstream customers believe their ability to create jobs is severely hampered by Sasol's monopoly position. Mr Doug Dejager, chairman of Lenco Holdings, a plastics packaging company based in Cape Town, said: "When there were sanctions, a siege economy developed, and people tended to build their infrastructure based on the protection they received from the government. Now they still have a protectionist mentality."

He said raw material manufacturers – namely Sasol and Polifin, a chemicals company formed when Sasol and AECI, the Anglo-American subsidiary, merged their petrochemicals and plastics interests – were able to charge domestic customers higher prices than those charged to export customers. But transport costs and import tariffs still made it prohibitively expensive for downstream converters to purchase their raw materials as imports.

Sasol says global chemical producers in Europe and the US nearly all charge their local customers higher prices than are charged in the export market. In order to compete in markets outside South Africa, Sasol and other commodity suppliers must sell their chemicals at the prices being charged by other global exporters. But in order to make its margin targets, it must charge higher prices to its domestic customers.

"This is a normal economic feature of the international petrochemicals market," said Mr de Toit. "If we sold in the local market for the export parity price, we would go bust."

It will take some time for downstream converters to adjust. Dr Vince Lovel, executive director of Sentrachem, the chemicals manufacturer, believes it is partly a matter of scaling back expectations. "We have to limit our aspirations in chemicals and concentrate on those areas where we can compete. This means I cannot honestly say we have a great petrochemical future in this country, but we have a *good* chemical industry future."

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