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TOMOE ENGINEERING COMPANY, LTD.

(ANNEX OFFICE)
SHIN SHIN KAIKAN BUILDING
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TOKYO, JAPAN

MAIN OFFICE:
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9-2, NIHONBASHI 3-CHOME, CHUO-KU
TOKYO, JAPAN

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October 23, 1976

RECEIVED
OCT 28 1976
UCC-CALIDRIA

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NOV 1 1976

Mr. J. L. Myers
Marketing Manager
Union Carbide Corporation
Metals Division
P. O. Box 579
Niagara Falls, N. Y. 14302

Subject: Current Status of Calidria Asbestos

Dear Mr. Myers:

Against our earlier expectations that the recovery of the home building business would come around September, the business still remains stagnant at present.

But the special bill for financial aids having passed the diet lately (Oct. 15), we anticipate the disaster rehabilitation and other public construction works would be stepped up, increasing the demand for Calidria Asbestos, though in slow pace.

What makes major obstacle to our sales efforts is the outcome of a new regulation governing use of asbestos. Because of this new rule our development of new customers has become increasingly difficult. However, thanks to your supplies of the airborne fiber count and other information, our major customers are not likely to stop the use of our products for the present moment, though some companies, such as Mitsui Toatsu Co., gave up their plans to use because of this regulation.

No formal announcement is yet made regarding price increase of Canadian asbestos, but a rumor holds that there would be about 7% price up for 7 Class.

(1) SG100 for Vinyl Asbestos Tile

Nittobo has adopted SG100 for a new grade tile it developed in September, Should this new tile commercially succeed it will undoubtedly increase amount of SG100 used but for this year they would have to concentrate on its market development.

Contact was made again with Toyo Linoleum, the largest vinyl asbestos tile maker, to sell SG100, but because of our failing to offer help to the supply shortage this company experienced last year, they hold to a policy that they won't switch from Carey to SG100 unless the latter offers a large cost merit.

	September	October	November (Forecast)
Nittobo	40 tons	40 tons	40 tons
Matsushita	20	20	20

(2) AS200 & HPP for Ceiling Tile

Eidai Co. has formally announced its discontinuance of the ceiling tile production. There appears to be a plan to have Nittobo fabricate the products under Eidai's brand name, but not concrete. Eidai plans to produce wall material from next year using the current ceiling tile machine (using HPP).

Under the government's financial aid, we anticipate an increase in the demand for HPP.

Daiken Kogyo is studying improvement of its ceiling tile, and factory tests are underway to determine whether to add more AS200 or to add SG100 to the currently produced board. Either way will increase amount of asbestos, but they are yet to decide on whether they should go by either of AS200 or SG100 alone, or AS200 plus SG100.

	September	October	November (Forecast)
Nittobo	57 tons	57 tons	65 tons
Matsushita	65	55	60
Daiken	90	80	90

(3) HPP & T135 for Paper

In the paper industry, the business is at last picking up after protracted recession. Along with the recovery an increase in the use of Calidria asbestos is anticipated, but the paper still holding its current price, its raw materials cannot justify much price raise.

As regards T135 price, at present its gross increase is difficult but in view of the current trend of high yen value, may we kindly ask you to hold the increase to ¢26/lb effective December shipment. An increase of such a small scale would not induce users to switch from T135 to HPP, as did Honshu Seishi upon the previous occasion of the price up, and would permit our further efforts for new customer development. While we think the new price of TiO_2 would begin penetrating into the paper industry from around December, we will then urge Honshu to take up T135 again.

At Sanyo Kokusaku Pulp Company having large T135 potential, T135 is under test at two plants. In the mill trial conducted by Komatsujima Plant, there was no proper place to add T135 pellets (they cannot add before the refiner) and they could not beat sufficiently to make uniform dispersion, the result being failure in making paper. So the open type was introduced next but this could not produce satisfactory material dispersion either. (Yet the company has another facility,

namely Yufutsu Plant, where a different type of paper making equipment is used. Therefore we count on this plant to produce better results.) If successful results could be obtained at this plant, we would be able to attack Komatsujima Plant again. Incidentally, in Lot No. 212 of T135 we found two bags in which particles of other grade were mixed with T135, a sample being enclosed for your review. Please check and take necessary steps to prevent recurrence of such contamination.

	September	October	November (Forecast)
HPP	26 tons	24 tons	30 tons
T135 (P)	18	17	18

(4) RG244

In this market there are competitive materials such as Aerosil and Cab-o-sil (Cabot started to export to Japan through Tokyo Zairyo Co.) and hence our RG244 is under direct influence of the asbestos control regulation; Showa High Polymer was first to stop using RG244, followed by Mitsui Toatsu where RG244 was technically appreciated but opposed by the parties concerning occupational hygiene and safety. Under such situation we are trying to make up these losses with sales to smaller fabricators but their demand is too small to offset the losses due to withdrawal of those large users.

	September	October	November (Forecast)
Hitachi Kasei	2.3 tons	2.3 tons	2.3 tons
Others	5	4.5	5

The outline of this regulation is discussed in the later part of this report.

(5) RG144

The Nippon Tokushu Toryo Company during the months of September and October increased their production of paint for containers. The use of RG144 for sealant at the Cemedine Company and for putty at the Meiko Company is being continued smoothly.

	September	October	November(Forecast)
Nippon Tokushu Toryo	5 tons	5 tons	5 tons
Cemedine	1.5	1.5	1.5
Meiko	1	1	1
Others	2.5	2.5	2.5
Total	10	10	10

From December Toray Company plans to use about 1 - 4 tons per month on a new application, to prevent dripping on PBT.

(6) HPO

Nittobo is constantly using about 10 tons per month of rockwool for a spraying material. About 7 tons per month is being used for phenol.

	September	October	November (Forecast)
Nittobo	10 tons	10 tons	10 tons
Showa High Polymer	4	4	4
Taihei Paper	2	2	2
Others	4	4	4
Total	20	20	20

The Toa Gosei Chemical Engineering Company had evaluated HPO and SG130 as an anti-sagging agent for an acrylic type spray material. Currently this company is using about 5 tons per month of Carey's 7TS. HPO rather than a replacement of 7TS is being studied for a new product. If early we anticipate the first HPO order within the year. The amount to be used is assumed at about 5 tons per month.

(7) SG130

	September	October	November (Forecast)
Nichiasu Kosen	0	0	16 tons
Koshin Chemical	5	5	0

Nichiasu Kosen as a viscosity agent for a rockwool spraying product is using SG130, but as it is related to public works they cannot help that the project has been greatly delayed. Consequently, for the SG130 shipped in September, the delivery has been postponed until November. At present no Canadian asbestos is being used, so when the project starts we believe they will use SG130 at least 8 tons per month. Concerning the restriction on the use of asbestos, for a potential customer to have them hesitate in its use, it was a great loss to us, but for a user who had been accustomed in the use of Class 7 asbestos, due to fact that if the Calidria is used as compared to the Canadian material less additives may be necessary, consequently they are providing us the opportunity for evaluation.

Asbestos Dust Regulation

The following is the present regulation in Japan as related to dust control under the regulations concerning labor safety and sanitary law, lung dust law, and law for special designation on chemical materials for the prevention of disabilities.

1. Installation of exhaust facilities, and periodic inspection thereof.

2. For person responsible for work to establish means of attending lecture and eventually take a test to become qualified.

3. Periodically (over 2 times a year) to measure the dust situation.

4. By averaging the time weight to within 5 fibers/cc (over 5 microns) for 15 minutes of ceiling value of 10 fibers/cc with movement change of 2 fibers/cc at the time weight average.

5. Concerning special class dust masks as designated by the labor bureau, the number of masks available must at all time be more that the actual number of workers on duty.

6. In the worksite words of care and caution must be posted.

7. Words of caution must be indicated on the bag for the asbestos.

8. For any material having over 5% of asbestos added, the percentage of addition must be indicated.

9. A wet mat and brush for clothing must be available.

10. A special health check must be held (at least 2 times a year).

11. Working records, and health check records must be maintained. (over 30 years)

The law is as stipulated above, however the lower organizations under the Labor Bureau such the Labor Standard Division, and the Labor Standard Supervision Office, they are instructed to persuade the evaluation of materials which may replace the use of asbestos, and for new application of asbestos the enterprises are guided to suspend the use of asbestos, and consequently as this is beyond our influence of convincing we are confronted with a most difficult situation.

We have so far lost four users owing to this problem, namely DIC, Showa High Polymer, Mitsui Toatsu and Mishima Seishi. This restriction also poses a large obstacle to our efforts in the development of new customers.

Under such adverse circumstances, however, we are doing our utmost to retain the existing customers and develop new ones by offering such services, for instance, as free manufacture and supply of field sign boards and measurements of fiber dust. Particularly the latter as conducted by UCC and Tomoe in joint effort is

very effective. We plan to conduct all fiber count analysis on our part from half a year later, but at present due to lack of proper equipment and official qualification needed for it we have to fully count on UCC's assistance for the time being. With much appreciation, may we ask for your kind continual assistance in this regard.

Yours very truly,

TOMOE ENGINEERING CO., LTD.

H. Fukuma

H. Fukuma

HF/mh

Encl.

RG-600 ?

cc: Mr. F. S. Wada
Mr. M. Kanno