Reported by CPC 3/23/77 Bd Mtg.

REPORT TO THE MARCH MEETING OF THE BOARD OF DIRECTORS ON THE STATUS OF PCB IMPLEMENTATION PROGRAM

The worldwide action plan on PCBs is being fully implemented on schedule.

1) In the U. S. and Canada all PCB sales have been terminated except those being made under hold harmless agreements. Domestic dielectric users representing in excess of 95% of PCB volume have signed hold harmless agreements and no sales will be made to remaining users unless and until they sign.

2) In all other world areas our program to restrict sales to dielectric uses only is on schedule and sales for all other uses have been terminated. (Exceptions are German coal mining industry and Russian State Purchasing authorities reported at the January Board Meeting.)

As I reported to you last month, it has become apparent that other PCB manufacturers outside the U. S. will not require hold harmless documents from their customers, although it now appears they will restrict their sales to closed system uses.

After assessing the legal situation with our own and outside counsel in Europe, it appears that essentially the same protection to Monsanto can be obtained without hold harmless agreements provided that adequate warning of hazards are given to customers. Therefore, I am proceeding with a program to continue supplying the electrical industry in Europe using the careful warning approach. Further we intend to expand this program into other parts of the world as legal counsel confirm that a warning to customers will prevent us from running any unreasonable risk.

Our worldwide action on PCT phase out is on schedule.

Contact with U. S. Government agencies indicate:

1) FDA is proposing new PCB tolerance levels and restrictions on use.

2) EPA is monitoring PCB levels in surface waters and plant effluents - may attempt forcing disclosure of our customer lists.

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3) OST - Inter-Agency report to issue within 30/60 days probably favorable to Monsanto recognizing appropriateness of our program.

4) U.S./Canada International Joint Commission expected to issue paper commenting on PCBs/PCTs and we are attempting to supply current data on our program.

Silos - In the summer, 1970, two farmers sued Monsanto alleging PCB contamination of milk arising from silage stored in silos coated with a sealant containing PCBs. Since then, primarily since November 1971, three additional farmers have sued and two silo construction companies have claimed reimbursement for taking corrective action on several silos coated with such a sealant. Aggregate claims to date are approximately $1M.

Since 1970 our approach has been to deal case by case with claims as they arose. Since the recent increase in claims, we initiated a more detailed investigation of the silo problems, and into corrective action we might take.

Scoping the problem is difficult because of the absence of detailed records of the silo companies. Recent FDA action in proposing lower tolerance levels for PCBs in milk may accentuate the problem by increasing the number of milk condemnation cases. We are attempting, as quickly as possible, to verify the facts and to make recommendations for what Monsanto's program should be toward existing and potential suits and claims, and whether a warning or other action with respect to silo owners is appropriate.

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