Reasons for This Price Increase

1. Monsanto has voluntarily gotten out of much of its PCB business to protect the environment and to preserve the continued usage of these products in dielectrics. All of our efforts in PCBs have been made to enable us to continue to supply dielectrics to the electrical industry. As the attached Wall Street Journal article shows (March 6, 1972) the government may make our voluntary ban a permanent one.

2. Increased costs due to reduced plant productivity and severe curtailment of volume. As our published figures show, the withdrawal of PCBs from all except dielectric uses has cut our U.S. sales by over 30 million pounds per year or 44%. In addition, export sales which ran at over 10 million pounds per year and hence helped on volume have also been cut back.

3. Increased manufacturing costs due to pollution abatement facilities to prevent PCB escape into the environment.

4. Heavy expenses due to biodegradation/toxicity testing etc. related to the investigations touched off by the PCB situation.

5. Increased costs (in capacitors) due to the higher cost of manufacture of the more biodegradable Aroclor 1016.

6. Increased costs due to new style, stronger drums.

What of the Future

1. All dielectrics

We are still doing all we can by biodegradation and toxicity studies as well as work on ANSI to insure that PCBs still can be used in the electrical industry.

2. Capacitor Fluids

We would be remiss, however, if we did not look for alternatives. Dr. Munch is actively engaged in this area but we have two areas to be sure of: physical properties and capacitor performance and environmental aspects in its widest sense. It is no good rushing out with another fluid that may have a fairly good LD-50 or that appears to be biodegradable. Environmental protection means much, much more than that. We don't want another PCB situation three years down the road. We don't think the electrical industry wants that either. We are putting together a presen-

tation on our efforts in new capacitor fluids in the next three weeks. We hope to present this to key capacitor manufacturers: management, production, R & D and purchasing representatives should all be there together. Can you identify key capacitor customers where such a presentation would be of benefit. I suggest:

General Electric
Westinghouse
McGraw-Edison
Aerovox
Electrical Utilities
Sprague Electric
Cornell-Dubilier
Universal Mfg. (Electronic Components)
P. R. Mallory

Let's agree on the list by March 13 and then tell purchasing of our intentions when you let them know our new pricing.

Cumming Paton

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U.S. Sales of PCBs

Monsanto Industrial Chemicals Company

(Million Pounds)

	Dielectric Fluids		All Other Uses Now Discontinued	
	M lb.	% Total Sales	M lb.	% Total Sales
1970	40	56	32	44
1969	37	55	30	45
1968	41	73	24	37
1967	41	65	22	35