

REPORT OF MEETING WITH PRODELEC, PARIS, AUGUST 5 1970

PRESENT FOR PRODELEC : M. Gilon
P. Jay
W.F. Smend

FOR MONSANTO : D.S. Cameron
J. Thévenin

COPIES : H.N. Dahlstrom - BRUSSELS
P.J.A. Marsh - BRUSSELS
R.A. Onians - BRUSSELS
W.B. Papageorge - ST LOUIS
J. Thévenin - PARIS
H.A. Vodden - RUABON

C O N F I D E N T I A L

SUMMARY

The objective was to determine Prodelec's position on a voluntary withdrawal of PCB from uncontrollable applications by all West European manufacturers, and their reaction to possible unilateral action by Monsanto. To ensure there were no misconceptions, I explained precisely what action Monsanto had taken in North America to control the PCB problem. Gilon thought it would be difficult for Prodelec to act differently from Monsanto, and his personal view was that all European producers should act together and quickly follow the Monsanto lead. On the other hand, Smend thought it over-optimistic to expect all the European producers to act together quickly by, say, January 1, 1971.

In the event of our taking unilateral action, I believe we could get Prodelec's assurance to refrain from offering their Phenoclor products to North American and UK customers we cut off from Aroclor, but it might be more difficult to persuade them to do so with continental customers and, particularly, within France.

.../2

DETAIL

I handed over a selection of recent US press cuttings which showed how the degree of adverse comment upon PCB's had increased during the past six months, and also handed over copies of our three US press releases and of Congressman Ryan's press release. Our proposal was that the West European manufacturers should act together to follow the Monsanto lead taken in North America. If that were not possible, it might be necessary for Monsanto to take unilateral action.

Gilon thought that all three French suppliers should act as one and he personally favoured our suggestion for joint action. He also favoured quick and discreet action and he anticipated problems for the other producers if Monsanto acted unilaterally. I pointed out that withdrawal from the uncontrollable applications should help to protect the continued use of PCB's by the electrical industry and in other "closed system" applications.

Since there is not yet a PCB problem in France, Gilon suggested that a withdrawal programme could be more easily implemented if it were ostensibly based upon the recommendation of some international authority - he suggested the BIT. In fact, the scale of the problem facing Prodelec is a good deal smaller than our own, since only around 10% of their sales are for non-electrical applications. These are all outside France, since the French domestic market for plasticiser grades is handled by Progil and Kuhlmann. In an aside remark we thought we heard a figure of 900 tons quoted as the sales of plasticiser grades by Prodelec and Progil, but excluding Kuhlmann.

We were asked about the Japanese situation and agreed to seek information from St. Louis. Prodelec have not accepted any business from former Monsanto customers in North America, and they think they could continue to turn down enquiries from that market and from the UK. However, they indicated it would become progressively more difficult to turn down enquiries from the continent and especially from within France.

We know that Jean Montet, President of Progil, is planning to visit St. Louis in early September and is hoping to meet with top Monsanto executives. Gilon stated that if Montet could be convinced that the PCB problem was real and that the

.../3

European producers should jointly follow the US lead, then the problem of persuading the three French producers to co-operate with us would be immediately solved.

Smend asked if we were continuing research work and whether technical co-operation amongst the Askarel suppliers would continue in the future. I confirmed we were still working in areas such as biodegradation and toxicity and that continued exchange of information would partly depend on what decisions were reached for joint or unilateral action in Europe. Because of Coquillon's grave illness, Jay has not yet had an opportunity of visiting Utrecht for discussions with Professor Van Genderen and his colleagues.

Smend put forward a third alternative to the two mentioned above, but I believe it to be totally impracticable. He suggested that an ostensibly unilateral withdrawal by Monsanto should be accompanied by some compensation deals with the other producers who would continue to supply their Aroclor equivalents to former Monsanto customers.

ACTION

WBP - Advise on situation in Japanese market. Arrange for appropriate briefing of Jean Montet during St. Louis visit.

DSC - Send copy of Congressman Ryan's news release to Smend.

DSC/jk
19.8.70