D. A. Olson - St. Louis

April 2, 1969

AROCLOR-INDIA

EGREE-E. Greene

PBENI-P. G. Benignus
HBERG-H. S. Bergen
GSPER-G. W. Sperberg
DDANN-D. Danna/W.A.Kuhn
HONG KONG-P.Sala
WWAYC-W.F.Waychoff

The recent news from Chowdhury is disturbing, in that they have intentions of building an Aroclor plant. We do not want to lose this market nor do we wish to enter into a venture with Chowdhury.

There are many options open to us, ranging from regarding it as a negotiating move to get a lower price to thoroughly evaluating putting in our own Aroclor and/or biphenyl facilities. While the latter is not, under normal conditions, an economic proposition at this volume, the specific outlook in India may change this. Completion of the Rubber Chemicals project could enhance our approach.

I feel we should view the total situation as a relatively high priority item, and proceed to obtain the necessary definitive information which will allow us to decide which approach to undertake.

The most necessary immediate step is the market study which Peter has underway. We need to know the total market, who supplies it, size of customers, long-term outlook, duties and tariffs, etc. This should be completed as quickly as possible, since it is the initial key not only to our current sales volume, but also to what we do long-term.

Second, Gordon can make real contributions during his May visit. It seems to me that we must have some preliminary discussions with the Indian government as to their views and actions regarding support or duty changes should production be initiated in India by any party. We will also have to make some assessment as to whether there could be a market for plasticizer Aroclor, should there be production.

This will all be followed by the Benignus visit in November, by which time we should have zeroed in on the most likely alternatives. As information becomes available, we can also begin any required preliminary engineering estimates.

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