



to: D. J. Emery

Subject: U.S. Market for Giant Refined Arsenic Trioxide

Date: April 9, 1979

INTER-OFFICE MEMORANDUM

From: T. J. Desanti

Copies to: PJR, DNZ, file.

A canvas of the major U.S. consumers of refined arsenic trioxide was done early this year to determine the potential market for Giant's projected annual production of approximately 6,000 STPY. Visits were made to all the companies concerned to determine (a) the annual consumption of refined arsenic trioxide and (b) the interest in purchasing this material from Giant commencing January 1, 1980. Following is a list of the companies and their annual consumption requirements:

Company	Location	Refined As ₂ O ₃ ST/year
1. Osmose Wood Preserving Co. of America	Memphis, Tenn.	2,500 - 3,000
2. Koppers Company Inc.	Conely, Ga.	3,000
3. J. H. Baxter	Salt Lake City, Utah	500
4. Pennwalt Corporation	Bryan, Texas	4,000 - 5,000
5. Voluntary Purchasing Groups, Inc.	Bonham, Texas	5,000 - 10,000
6. FMC Inc.	Modesto, Calif.	1,000 - 2,000
		<u>16,000 - 23,500</u>

There are two major markets for arsenic trioxide. These are in manufacture of (a) agricultural chemicals and (b) wood preservatives. The former accounts for approximately 60% of consumption and the latter 40%. Consumption of arsenic trioxide is growing at a considerably faster rate in the production of wood preservatives and it is this growth that has accounted for the current tight market conditions. We expect this tight market to prevail in 1980 and 1981.

Serious interest was expressed by all companies verbally and by the major companies in writing. Based on this stated interest we are confident of selling the full output from the Giant plant. This assumes an acceptable product quality.

Asarco at Tacoma is the only domestic producer of refined arsenic trioxide. Production is about 10,000 STPY. The shortfall of 6,000 - 13,500 ST is imported from Mexico and Europe. Giant's production would displace a portion of this foreign material.

Arsenic trioxide prices have moved steadily upward from a low of US 13¢/lb in 1975 to the current price of US 23.25¢/lb. Some further price appreciation is possible this year. We do not expect any subsequent material change as the Giant production is absorbed in the marketplace.

T. J. Desanti