EXHIBIT 21

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Your ref	Our ref	Tel ext	Date
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PARAQUAT LABELLING : USA

This is further to our discussion with David Walker last Friday.

Chevron has obtained EPA's approval for detailed wording changes to the Ortho Paraquat CL labelling. This note sets out the details of the proposed changes, the background to them and the comments which I have fed into the system on them.

The proposed changes stem from the recent Ferebee law suit. In that action, the plaintiffs argued, and Chevron replied, along the following lines:

Plaintiffs (P): Mr Ferebee sprayed paraquat. Dr Swan's work in Malaysia showed that small amounts of paraquat can be absorbed during normal occupational exposure to the product. Dr Zavalla showed that as little as one picogram of paraquat in a rat's lung is sufficient to initiate lung fibrosis. Paraquat is well known as inducing lung fibrosis. After using paraquat Mr Ferebee suffered chronic lung fibrosis, from which he eventually died. Therefore paraquat was responsible for Mr Ferebee's illness and consequent death.

Chevron (C): We agree that Mr Ferebee sprayed paraquat. We agree that he suffered chronic pulmonary fibrosis. However paraquat does not induce chronic pulmonary fibrosis. Moreover, the rate of absorption during occupational exposure deriving from use in accordance with our labelling is small and does not lead to adverse health effects (literature cited). There are many causes of chronic lung fibrosis and there is no credible evidence that paraquat was responsible for his illness.

P Yes, but literature sources show that paraquat is absorbed more quickly through broken skin, which could have included any cuts and abrasions on Mr Ferebee's hands. Moreover, we cannot exclude the possibility that Mr Ferebee was particularly sensitive to the effects of paraquat.

C Mr Ferebee admits that he failed to read the label. If he had used the product as recommended, he would not have encountered significant dermal exposure. And in any case, there is no evidence to support the contention that his skin was damaged to the extent that a harmful amount could have been absorbed.

P Your point about his not reading the label is invalid for the following reason. The label warns only that the product may be harmful if absorbed through the skin. It does not warn that the product may be fatal if absorbed. However you know from the literature of instances (of mis-use) which have resulted in death from systemic dermal absorption (through severely damaged skin). Therefore you have been negligent under the law in not warning people adequately of the possible consequences of adsorption.

C We have not been negligent and, in any case, our label complies with EPA requirements.

Judge. It is already established under US law that complicance with a prevailing government standard is not of itself necessarily sufficient to meet all one's obligations regarding public liability.

There were other strands in the arguments in the Ferebee case. However the foregoing are the ones which have influenced Chevron to the view that they should amend their labelling. A key point in the situation is that under US law (as I understand it), not only is one required to specify how a product shall be used but also one is required to warn the user of the possible consequences of failing to use the product as instructed.

[Parenthetically, while the jury at the second hearing found in favour of the plaintiffs, the derisorily small award which the judge made has been noted by many commentators and seems likely to cool the ardour of some of those who had considered taking a place in line behind Ferebee in seeking to obtain personal injury damages from Chevron.]

As a result of these arguments and of an overall re-evaluation of their wording, Chevron amended their labelling to include:

1. "May be harmful or fatal if absorbed through the skin or inhaled".

2. "Symptoms are prolonged and painful. Onset of symptoms may be delayed for up to three days after swallowing".

3. Under the Worker Safety Rules section of the label:

   "IMPORTANT: The hazard from swallowing Paraquat far outweighs the hazard from skin contact or inhalation of spray mist. No opportunity for mist or product to cause serious injury or death should arise when used in strict compliance with these rules but the opportunity may arise in case of gross violations so strictly follow all these rules as if your life depends on it".

The main driving forces for these changes were the Chevron lawyers and the Chevron Environmental Health Centre (CEHC). The lawyers, quite obviously, have concerns for being able to defend Chevron in law as well as possible and CEHC is called upon to provide "expert witnesses" for the toxicological aspects of the defence. Both these groups are separate geographically and administratively from Harry Aroyan's agchem team and, indeed, I am aware of sensitivities with Aroyan's team that actions or decisions are taken by the lawyers and CEHC which relate directly to the agchem work but over which the agchem people consider that they were either not consulted at all or were consulted insufficiently. My information is that the agchem people were consulted on the proposed labelliing changes.

Supporting evidence for my views on who in Chevron is pressing for the changes comes from the fact that, once they had decided to consult ICI, Chevron did so via their lawyers, through Legal Department in ICI America in Wilmington. I commented back (see below), Chevron then wrote to EPA and the first official intimation which I received on the registration side was after that.

The comments on the proposed re-wording which I transmitted back through Wilmington were as follows. At the technical level I was not very happy because there is no practical problem of dermal or inhalational poisoning when the product is used as recommended and in accordance with normal standards of good agricultural practice. I recognized the particular problems Chevron faced in dealing with Ferebee-type situations. Nevertheless, there is no evidence in man to indicate a potential for death following inhalation and I therefore suggested that item (1) be re-written to read:

"May be harmful or fatal if absorbed through skin if not used strictly in accordance with these rules. May be harmful if inhaled if not used strictly in accordance with these rules".

I expressed serious doubts that item (2) would be an effective deterrent, but if Chevron insisted on retaining it, I recommended re-wording to:

"Symptoms <u>may be</u>.....".

I added that I was much against this item. One problem we have is that it is the pet idea of one of the senior men in CEHC.

I did not comment on item (3) since I wanted to leave the emphasis on the more important items. Suffice it to say that I am not favourably impressed by it.

Wilmington phoned my comments to the Chevron lawyers. However, I took the view, the chances of persuading Chevron to change their views by interventions at the waking level (whether by legal or regulatory lines of communication) are remote. If ICI wished to obtain changes, I support the view that we would need to go in at a very senior level and, even then, I am doubtful how much we would achieve.

I need to record that I was asked to comment on wording and had no information regarding the layout or prominence given to the revised wording until recently.

One concern which has been expressed to me relates to the possibility of adverse impacts of Chevron's label. For many years we have lived with the problem that the US labelling is more severe than elsewhere and the recent changes will accentuate the difference further. However we have always been

able to explain away the differences on the basis of the specific and unreasonable requirements of the US system although the recent changes will make that more difficult. Those changes do not alter the overall appearance of the label and they are likely to go unnoticed by all but those who make a specific effort to compare the old and new texts in detail. I do not foresee that the recent labelling changes will affect the current registration negotiations in Western Europe.

The one proposed act of Chevron which I think will cause immense problems for both companies, whether within USA or beyond, is that of circulating a letter to distributors drawing attention to the changes. That letter is certain to find its way into various overseas markets, as we found when we circulated a letter in 1977 announcing the withdrawal of bupirimate from US development. I believe that without such a letter the label changes would pass mainly unnoticed. However I understand that Chevron's lawyers deem circulation of the letter to be mandatory to meet their legal obligations. If we are to use senior level inputs to modify Chevron's behaviour pattern in this whole matter, I would place a high priority in seeking to persuade them not to circulate any such note.

By copy of this note, this is to ask David Walker to rapifax, please, a copy of any letter which Chevron does circulate, in order that OMD Regions can be informed and can take the necessary defensive action. (Thank you in anticipation, David.)

Finally, since the ICI Americas label was obtained via the Chevron registrations, my understanding is that the ICI Americas 'Gramoxone' label will have to be modified in accordance with the changes which EPA has approved to the Chevron labelling.

G A WILLIS