PLAINTIFF'S EXHIBIT

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Québec planning to fight U.S. asbestos ban

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MONTREAL

Québec will take legal action to try to overturn a decision by the U.S. Environmental Protection Agency to ban the use of asbestos in most products, provincial Mines Minister Raymond Savoie says.

Mr. Savoie said yesterday that Québec will also step up its lobbying efforts and encourage other countries to distance themselves from the "eminently political" U.S. decision.

EPA administrator William Reilly announced in Washington yesterday that the United States will phase out the production, import and use of asbestos over seven years, beginning in August, 1990. The detailed regulations are published in a 220-page book.

The fireproof mineral is still in widespread use in shingles, roof-coating, cement pipe and brake linings for automobiles. Mr. Reilly said 94 per cent of current uses of asbestos will be outlawed; no suitable replacement exists for the remaining 6 per cent.



William Reilly

He estimated that the ban on asbestos, a cancer-causing agent, could save 1,900 lives by the turn of the century.

Mr. Savoie swiftly and angrily denounced the U.S. ban, which he said flies in the face of worldwide scientific evidence and consensus on the proper use of asbestos. "This was an eminently political decision taken in bad faith and without scientific foundation and, dammit, it makes me angry," he said in an interview.

Mr. Savoie said the EPA ruling will have no effect on the Canada-U.S. free-trade agreement and Québec will not retaliate. But he said the decision will be appealed in a U.S. court in the near future.

He said the Québec government believes the best way to contain the risks of asbestos to workers, the general population and the environment is to control its use strictly, not ban it outright. He said this position is shared by the World Health Organization and the International Labor Organization.

Only 10 per cent of asbestos products will be prohibited in the United States by next August, another 18 per cent in 1993 and the final 66 per cent in 1996. There are no plans to recall products containing the material that have already been sold.

Canada's annual exports of raw asbestos fibre to the United States slipped from 700,000 tonnes in 1973 to about 85,000 tonnes last year. Sales to the United States account for less than 10 per cent of worldwide asbestos exports.

"Exports of asbestos from Canada to the United States are not so significant that the impact should be terribly disruptive," Mr. Reilly said. "There is plenty of time to prepare for the impact."

Mr. Savoie said the phase-out announced by the EPA will have very little effect on Québec industry in the short term, but he predicted the ruling could cost Québec asbestos producers up to $40-million in annual sales by the time the phase-out is complete.

He said, however, that his biggest fear is that other countries will follow the U.S. example.

"The European Community, which will review its legislation pertaining to the use of asbestos in coming months, could, following the U.S. decision, adopt analogous regulation. We also fear the impact of the EPA decision on development projects in countries receiving American economic aid," Mr. Savoie said.

Jean Dupéré, president of LAB Chrysotile Inc. of Thetford Mines, Que., echoed those sentiments.

"If it's only the U.S., that's one thing. But a ripple effect — of which we have no indications so far — would be far more negative," he said.

Mr. Dupéré said the largest market for Québec asbestos exports, about 35 per cent of sales, is the Pacific Rim. Europe accounts for another 22 per cent, 20 per cent is shipped to the rest of Asia, 10 to 15 per cent to South America and the remainder to countries in North Africa and the Middle East. Canadian sales worldwide total about $400-million annually.

Mr. Dupéré said the U.S. market for the mineral has been crumbling for a decade since the EPA began its campaign to ban asbestos. (In 1978, the U.S. health secretary labelled asbestos a cancer-causing agent and a strong contributor to lung disease.)

James O'Rourke, president of Cassiar Mining Corp. in Vancouver, said he was "disappointed" in the EPA decision but it would have little effect. The company derives half its income from asbestos sales but its share prices remained stable after the announcement.

Claude Gingras, president of the Centrale des Syndicats Démocratiques, which represents more than 1,000 workers in the Québec asbestos industry, said the EPA caved in to lobbyists promoting the use of asbestos alternatives.

Noting that there is only one asbestos mine in the United States, the union leader warned other countries not to be "duped by the phony concerns" of the U.S. administration.

"This really looks like a decision dictated by the financial interests of a select number of influential companies," Mr. Gingras said. "By banning the use of asbestos, the U.S. government has opened the door to the production of substitute products.

"It will probably be 20 years before we know the health risks associated with these 'better' products and the precautions required for their safe utilization. In the meantime, workers and members of the general public will have to handle these unsafe products and suffer the consequences," he said.

In Québec, the asbestos industry employs about 2,400 workers, about 1,400 at LAB Chrysotile, the largest asbestos producer in the non-Communist world. The industry employed more than 7,000 workers in 1980.

Jake Epp, the federal Energy, Mines and Resources Minister, said the announcement "will be a blow to all the workers in the asbestos industry." But he said the Canadian government "will not abandon them and we will continue to promote the controlled use of asbestos."

He said the EPA regulations are neither necessary nor desirable, "based on solid scientific evidence."

Terence Ortslan, mining analyst at Deacon Morgan McEwen Easson Ltd., said "$40-million is nothing to sneeze at in a small market like asbestos."

But he said a more serious threat to investors is if the U.S. edict becomes fashionable and sets off a chain reaction around the world. "I'd be far more concerned about that than any immediate impact of the U.S. decision."

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