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Relevant Correspondence



Johns-Manville

Internal Correspondence

To: M. Harris

2-13

Date: August 6, 1980

From: D.M. Kelleher

2-13

Copies:

Subject: ETERNIT SUMMIT

Attached is the outline we reviewed last week and the visuals we propose. Let us know if they are satisfactory, or if you think additional visuals are needed. If these are O.K., we will then fill in the numbers.

J.A. MC KINNEY PRESENTATION

You indicated you would review it further. It is my understanding that basically you approve it. We are proceeding to develop the numbers.

ACAPULCO

They still have not pressed us for the mid-July payment. Knowing the Mexicans, we will probably be O.K. til you return later in August.

D.M. Kelleher

DMK:mh

Attachment

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I. THE NEED TO WORK TOGETHER

- J-M AS LARGEST SUPPLIER AND ETERNIT AS LARGEST CONSUMER.
- PROVIDE LEADERSHIP FOR OUR THREATENED BUSINESS.
- HELP US KEEP OUR COSTS DOWN. WE CAN HOLD DOWN FIBER PRICE FOR THE INDUSTRY.

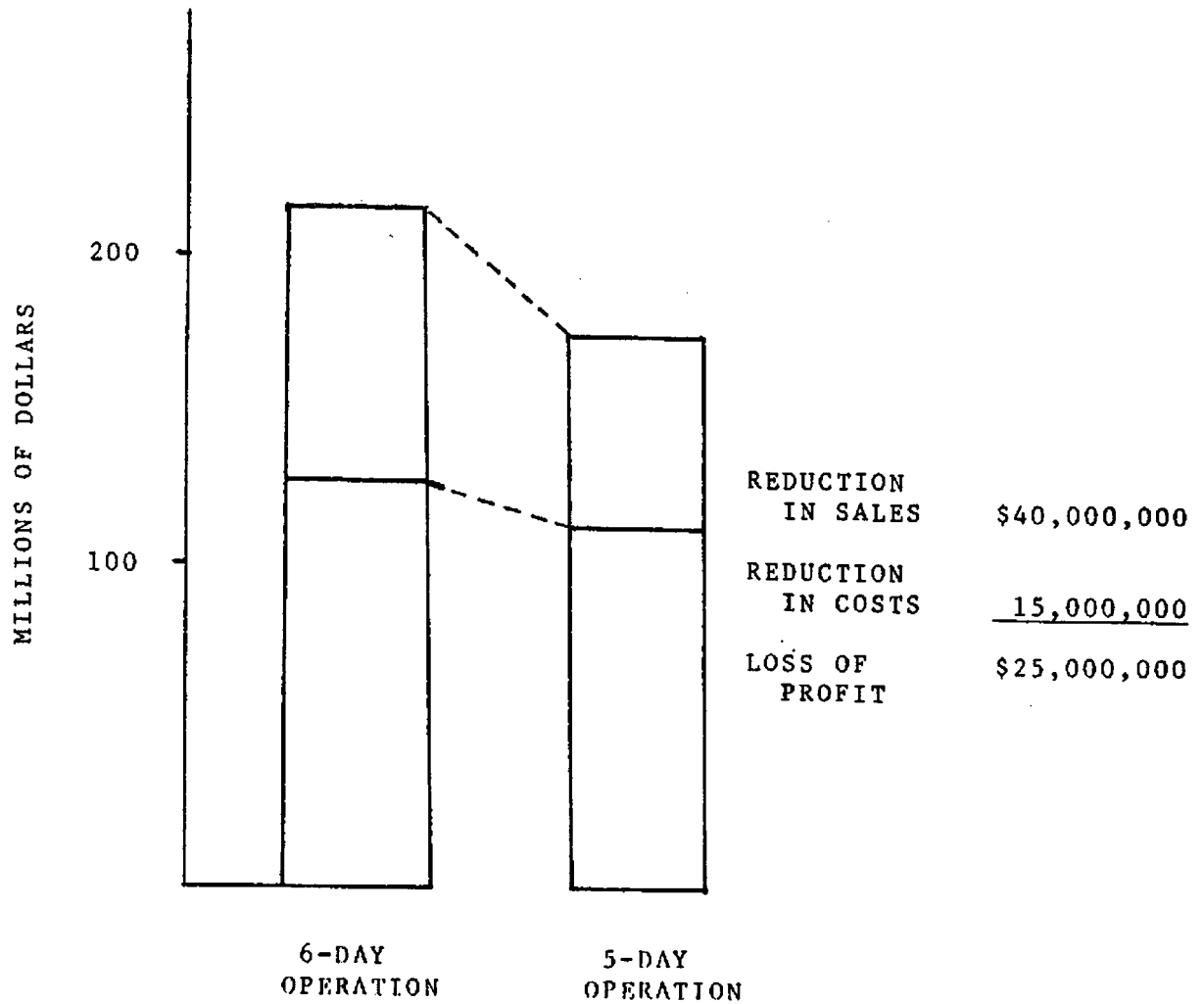
SUPPORT:

- | | | |
|----------|--|--------------------------------|
| CHART I | 1. Show difference in cost of 5 and 6-day operation. | } Values shown are approximate |
| CHART II | 2. Show impact of 100,000 tons of lost sales on 6-day operation (show as 6D30/6D24). | |
| | 3. Get specific amount of fiber we need. | |
- Statement of "order" in tons by grade.

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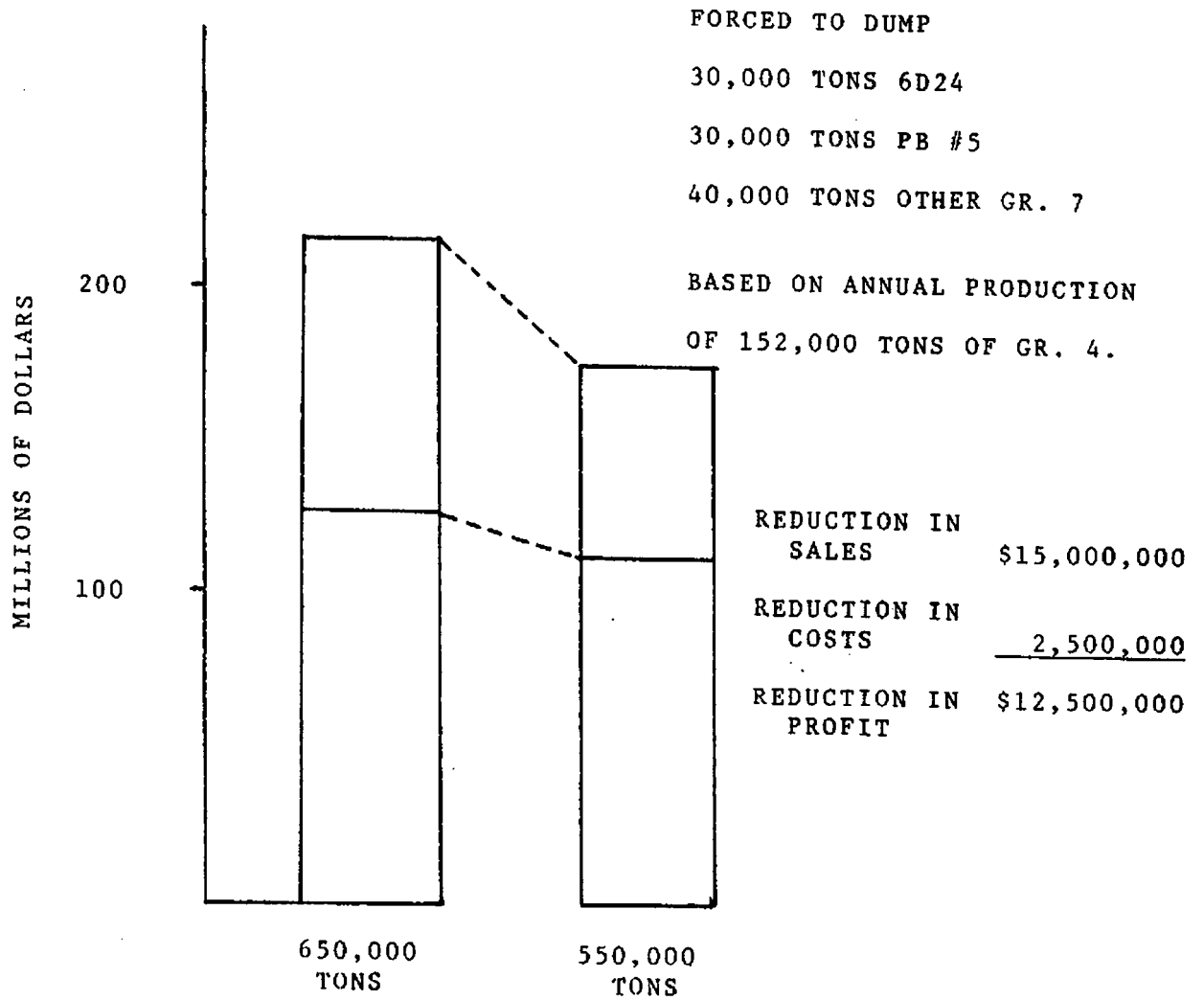
CHART I

SIX DAY VS FIVE DAY OPERATION



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CHART II



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PURPOSE:

BUILD UP THE NEED TO CLEAN UP THE INDUSTRY - BY INDUSTRY
RATHER THAN BY GOVERNMENT.

II. UPDATE ON THE STATUS OF THE ASBESTOS AND HEALTH SITUATION
IN THE U.S.

A. BUREAUCRATIC REGULATORY EFFORTS.

1. OSHA

a. BENZENE CASE IMPACT

b. NEW STANDARD

c. HASSLE US

2. CPSC

a. STRATEGY AND TACTICS (SUBSTITUTE MEETINGS)

b. CVF, AC

3. EPA

a. STRATEGY AND TACTICS

B. INDUSTRY EFFORTS

Get copy of
each.

1. CLEAN UP INDUSTRY, DEVELOP WORK PRACTICES (ALL
INDUSTRIES) RESULTS OF FIBER CONTROL EFFORTS

Do you want the
audio/slide shows?

2. PUBLIC RELATIONS/ADVERTISING (MEDIA AND DIRECT
MAIL), DEVELOP AUDIO/SLIDE (SHOW LINKE AUDIO
SLIDE AND AFD AUDIO SLIDE AND WORKING WITH ASBESTOS)

3. PROBLEM - STARTED TOO LATE TO PREVENT DAMAGE TO
OUR BUSINESS.

4. WHAT WE BELIEVE WILL HAPPEN. INCORPORATE THE
RESPONSE TO THE ETERNIT PAPER.

5. IMPACT ON OUR MARKETS

- F/C LOSS BY MARKET

CHART III

Moke - Consider moving the subject of the discussion of the
impact of asbestos and health on our markets and our
strategies to preserve the business to a location
following the discussion on pricing.

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CHART III
IMPACT OF U.S. REGULATORS

<u>BUSINESS</u>	<u>FIBER USED</u>	<u>1979 SHIPMENTS</u>	<u>B/C 1985 SHIPMENTS</u>	<u>LOST BUSINESS</u>
ROOFING				
FLOORING				
FRICTION MATERIAL				
BLACKLINE				
OTHER				

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6. OUR STRATEGIES BY MARKET

a. PAPER GRADES, BLACKLINE, ETC.

CHART IV ROOFING
CHART V FLOORING
CHART VI FRIC.MTLS.
CHART VII BLACKLINE

b. PIPE - IMPACT ON ADVOCATE (DISCUSS LATER).

Each similar to attached Roofing Strategy.

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CHART IV

STRATEGY - ROOFING FIBER

F/C LOSS 1979 TONS 1985 TONS

REDUCE FIBER PRICE: - \$6.40 FIBER IN \$50 - 4-PLY SQ. OF ROOF
- INSTALLED COST ASBESTOS \$4.00/4-PLY SQ.
HIGHER THAN GLASS (8%)
- PRICE REDUCTION OF LITTLE IMPACT

PERFORMANCE:

NORTH - POORER RECORD THAN GLASS
SOUTH - GOOD LONG TERM PERFORMANCE

STRATEGY:

DON'T CUT PRICE
PLAN ON LOSS OF TONNAGE
CONVERT LOST TONNAGES TO A/C GRADES

NOTE: CHART V FLOORING
 CHART VI FRICTION MATERIALS
 CHART VII BLACKLINE

THESE CHARTS ARE EACH SIMILAR TO THIS ONE. (CHART IV)

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III. STATUS OF ASBESTOS LITIGATION IN THE U.S.

A. LAW SUITS FROM INJURED PEOPLE.

B. HART BILL

C. LONG TERM AFFECT ON J-M. (SUITS WITH
INSURANCE COMPANIES, ETC.)

NO CHARTS

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LONG TERM
ASBESTOS POLICY

CHART XIII I. ASBESTOS POLICY OBJECTIVE:

That those using asbestos or an asbestos containing product do not sustain an asbestos related injury.

II. SUB-OBJECTIVES: (MAKE POINT THAT IF WE DON'T, THAT GOVERNMENT WILL STEP IN. DESCRIBE SHRI DIGVIJAY/BARRY CASTLEMAN SITUATION).

CHART IX

- A. Asbestos will be sold only to responsible users by asbestos producers. Resales of asbestos will only be responsible users. Packaging integrity and labeling will be adequate.
- B. A maximum level of ____ f/cc 8 HR TWA with a peak concentration of ____ f/cc will be considered "safe". A no smoking policy among workers will be encouraged.
- C. Areas to be covered include (in phases):
1. Movement of fiber from the delivering ship's hold, car or truck to the plant - (Phase I).
 2. In Plant conditions - Into the mix - Phase I. Product Fabricating - Later.
 3. Jobsite work practices-(Later Phase).
 4. User sales policies must include:
 - a. Friable products not to be sold except for very essential uses and then only if well labeled. (Phase I)
 - b. "Locked in" products are to be sold with adequate work practices. (Later Phase).
 - c. Encapsulated products can be sold on an unrestricted basis.

CHART X

III. ALTERNATIVES TO BE CONSIDERED:

A. Producer Alliance

A union of sufficient segment of supply to force any user to meet the objective or be forced out of business.

CHART XI

1. Most likely group - J-M, Advocate, Bell, Cassiar, Balengero, Turner and Newall.
2. If the above group formed, then Lake and ACL might join.

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IV. INTERNATIONAL ASBESTOS AND HEALTH

A. DEVELOPED NATION - PATH IS FIXED

B. DEVELOPING ECONOMIES

. INTERNATIONAL ASBESTOS POLICY

SHORT AND LONG RANGE

Discuss Mexican
situation Shri
Digvijay (Pics)

. INTERNATIONAL LABELING POLICY

(LABEL ALL LOCKED-IN PRODUCTS SO THAT
FABRICATOR WILL BE TOLD TO USE WORK
PRACTICES.)

Forming Environ-
mental Activist
Groups.

. WE CAN USE ETERNIT EXPERIENCE IN CLEANING UP PLANTS IN THE 3RD WORLD.

C. EFFORTS TO CLEAN UP J-M PLANTS.

See attached
Int'l Asbestos
Policy for
program

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CHART VIII

ASBESTOS POLICY OBJECTIVE

THAT THOSE USING ASBESTOS OR AN ASBESTOS CONTAINING PRODUCT
DO NOT SUSTAIN AN ASBESTOS RELATED INJURY.

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CHART IX
ASBESTOS POLICY

SELL ONLY TO RESPONSIBLE USERS.

SET REALISTIC SAFE STANDARD.

COVER ALL AREAS (IN PHASES).

CONDITION-ON-ARRIVAL	(PHASE I)
PLANT CONDITIONS	(PHASE I)
JOBSITE WORK PRACTICES	(LATER)
SALES POLICY	(NEXT TRANSPARENCY)

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CHART X

USER SALES POLICIES

NO FRIABLE PRODUCTS - EXCEPT ESSENTIAL	(PHASE I)
LOCKED-IN PRODUCTS WITH WORK PRACTICES	(LATER)
ENCAPSULATED PRODUCTS - UNRESTRICTED	

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CHART XI

PRODUCER ALLIANCE

PURPOSE: ASSURE NO ONE INJURED

SIX PRODUCERS - PRODUCE 50% OF GR. 4, 5 AND 6 FIBER

(J-M, ADV., BELL, T & N, BELANGERO, CASSIAR)

NINE PRODUCERS - PRODUCE 67% OF GR. 4, 5 AND 6 FIBER

(ABOVE PLUS ACL, LAKE AND NORDENHAM)

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B. Producer - User Alliance

Use threat of reduced supply plus ability to put pressure on non-conforming users through their government, plus "it's smart business" sell.

C. J-M "Go-it-Alone"

Threat to reduce supply plus "it's smart business" sell.

D. J-M - User Alliance

Threat of reduced supply, pressure through their governments plus "it's smart business" sell.

IV. PRODUCER ALLIANCE IMPLEMENTATION:

The only alternative considered. Each of the other would weaken our sales position, erode our price leadership position, and cost us share of market.

A. Mandate

Sole role of this organization would be to enforce the asbestos manufacturing industry's compliance to the objective that no one be injured by asbestos.

1. Require each user to achieve the specified fiber levels within a given time frame. Each user not presently in compliance must develop a master plan with long term and intermediate objectives to achieve the plan.
2. Make surprise inspections. If bad conditions are found, issue citations, allow time for correction. If the user believes he has not been dealt fairly with, have available an appeal procedures. Refuse to sell to those who don't comply.
3. Avoid a commercial image or response to commercial pressures (aura of a cartel).
4. Rotate inspectors to avoid payoff problems.
5. Provide guidance and assistance to users in their efforts to comply (provide a technical staff to assist in design and review plans to prevent users mispending funds on poor designs).
6. If a user does not cooperate, refuses access, etc., cut off supply.

CHART XII

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CHART XII
IMPLEMENTATION

ORGANIZATION WITH THIS AS SOLE ROLE

- . NO COMMERCIAL CONFLICTS
- . OFFER TECHNICAL ASSISTANCE
- . EACH USER DEVELOP A PLAN
- . ENFORCE OBJECTIVE (NO ONE INJURED)

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B. Organization

1. Form a council of all producer-members: Each with 1 vote per \$25,000 of sales.
2. Establish an executive committee elected by the council.
3. Designate an administrator appointed by the executive committee.
4. Appoint a sufficient staff to make at least one inspection per year for each plant in countries where the regulations are weak or non-existent (approximately 10 inspectors).
5. Budget \$1,500,000/yr. - assessed against the membership on a ratio to \$ sales.
6. Set up an audit procedure.

CHART XIII

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CHART XIII

ORGANIZATIONAL STRUCTURE

- . CONTROLLED BY BOARD OF PRODUCERS
- . ADMINISTRATOR
- . TECHNICAL STAFF
- . INSPECTORS (ENOUGH FOR ONE
INSPECTION/YEAR IN COUNTRIES
WITH WEAK OR NO REGULATIONS).
- . BUDGET \$1,500,000

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Short Term
Asbestos Policy

I. Short term Objective

CHART XIV Demonstrate responsibility and leadership as largest asbestos producer. Advise and educate customers in the safe and proper usage of our asbestos fiber. Get publicity.

- II. a) Identify areas of greatest need for consultations.
Far East, Africa
- b) Identify applications, set priorities.
- c) Discuss locked in concept, labeling of asbestos containing products, work practices, offer complete in plant handling systems.

III. Action

- a) Send a highly qualified engineer to the Far East, India, Thailand, Taiwan, and visit all our customers. Plan 1 day per customer, visit of plant if possible, asbestos and health presentation, submitting literature and specific information for process.
- b) Follow up all visits by letter to have evidence if necessary.
- c) Plan second follow up visit if necessary.
- d) Do not get involved with government authorities. This is not yet our responsibility.
- e) Extend visits to other areas as Africa after having gained experience with approach.

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CHART XIV
SHORT TERM POLICY

DEMONSTRATE INTENT BY J-M TO IMPLEMENT SALES POLICY

- . VISIT PLANTS, REVIEW CONDITIONS (3RD WORLD)
- . OFFER TECHNICAL ASSISTANCE
 - . DESIGN
 - . PURCHASE
 - . INSTALLATION
- . AVOID INVOLVEMENT WITH LOCAL GOVERNMENT
- . IMPLEMENT FALL OF 1980

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V. FUTURE SUPPLY OF ASBESTOS

. GIVE MINES THAT MAY GO OUT OF BUSINESS ESSENTIALLY
SAME AS LAST YEAR.

. DISCUSS WOODSREEF

NO CHART VI. UPDATE OF PQ SITUATION.

. DISCUSS POTENTIAL NATIONALIZATION OF ASBESTOS CORP.

CHART XV
CHART XVI

VII. PRICING STUDIES

CONSIDER PUTTING THE DISCUSSION ON THE IMPACT OF
ASBESTOS AND HEALTH ON OUR MARKETS HERE AND STRATEGIES
FOR END-USES TO PRESERVE THE BUSINESS.

CHARTS III, IV, V, VI, AND VII.

Do when
Lutz & I
return 8/25.

VIII. NEW ADVOCATE CONTRACT

. IMPACT OF PIPE SLOWDOWN

Do when
Lutz & I
return.

IX. OUR "SUPPLEMENTAL" ORDER

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CHART XV
COST PRESSURES

SPREADING COSTS OVER FEWER TONS

- . PROGRAMS TO EXPAND TONNAGE

MINING COSTS ACCELERATING FASTER THAN CANADIAN
INFLATION

- . PIT DEEPER
- . WASTE DUMPS GREATER DISTANCE

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CHART XVI
LAYED DOWN FIBER PRICE HISTORY

PRICE OF 4T30 IN LOCAL CURRENCY INCLUDING FREIGHT

DEVELOPED ECONOMIES

JANUARY 1977

JANUARY 1979

GERMANY

FRANCE

UNITED KINGDOM

DEVELOPING ECONOMIES

MEXICO

BRAZIL

INDIA

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OTHER ISSUES

1. CHINA - JOINTLY GET INDUSTRY GOING
2. ETERNIT PRODUCE AND MARKET BLACKLINE PRODUCTS IN
DEVELOPING ECONOMIES.
3. CAN WE/THEY PROVIDE MERCHANDISING ASSISTANCE TO THE OTHER
 - . ASBESTOS AND HEALTH
 - . PRODUCT PROMOTION
4. DISCUSS STRATEGY ROOM (SHOW THEM PICTURES).
5. RUSSIA - CONDITION-ON-ARRIVAL
 - PRICE
 - QUALITY
 - OTHER
6. ASBESTOS FIBER SUBSTITUTES - STREIB NOTES.
7. *Joint effort to establish world supply & demand*

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