

Market Structure (continued)

Manufacturers of friction products fabricate loose fibers or buy these products from the primary manufacturer. The friction product is then fabricated and generally sold directly to an automotive manufacturer or through automotive channels, however, consumers can easily purchase friction products.

The majority of coating and sealant manufacturers are composed of several small firms who either sell through the wholesale/retail channels or sell in large quantities to major firms with a wide distribution area.

The plastic molding material is typically compounded from loose fibers by relatively large firms. The molding material is either used internally or sold to various small specialty molding firms. The finished molded plastic products are widely used by the consumer and are sold to original equipment manufacturers.

Trends

The U.S. asbestos usage is apparently increasing at a rate equalling economic growth. An annual growth rate of 1 to 3.8% is predicted by the Bureau of Mines for the remainder of the century. Significant fluctuations in asbestos use, related to construction activity, are expected to continue in the future.

Continued asbestos utilization is affected by three major factors. First, asbestos has unique properties and any efforts to substitute other materials for asbestos have generally resulted in a cost penalty. Second, the cost of asbestos has increased over the past several years with no break expected in the future. Finally, stringent pressure to limit the hazards associated with asbestos use has been placed upon the industry. These pressures have brought about an increase in the cost of asbestos causing firms to eliminate asbestos usage in their products.

Alternative materials to asbestos in friction products were found to be impractical from both a cost and performance point of view.

Many of the asbestos related coating and sealant products intended for the consumer market are being reformulated. However, products intended for use by professionals have not been reformulated due to the more severe performance demands placed on these products.

Asbestos usage as a reinforcement in molded plastics has diminished considerably over the past two years. This reduction is attributed to the availability of asbestos, increased cost, demanding OSHA controls, and deletion of asbestos from industrial work areas and products.

The selective removal of asbestos as a product constituent appears to be the future trend in products where asbestos is not critical to product acceptance and where asbestos is considered to be hazardous. However, products, in which there is difficulty in duplicating the attributes of asbestos and for which there are no economically feasible alternatives, continue to be produced.

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