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MR. NEWTON/MR. SOMERVILLE,

ASBESTOS "TOUR D'HORIZON" - NOTES ON MEETING HELD IN BRUSSELS, 25TH FEBRUARY 1981

I attach a copy of the notes I have prepared on our meeting in Brussels last week. I should be very grateful for any comments you may have on this draft before I circulate notes to all those present at the meeting.

When the notes are finalised, I propose to circulate a copy to Mr. Hardie, drawing his attention particularly to the paragraphs concerning activity on asbestos in the EEC and the possibilities of lobbying in support of the asbestos industry at a European level. I assume that Mr. Dixon should also have a copy of the final notes.

J. D. FROGGATT

Att.

PRIVATE & CONFIDENTIAL

Asbestos "Tour d'Horizon"

Notes on Meeting Held in Brussels, 24th February 1981

Present: Mr. J-M. Emsens
Mr. J. Cuvelier
Dr. M. Graf
Mr. A. de Metz
Mr. C. W. Newton
Mr. R.D.N. Somerville
Mr. E. de Bruyn
Mr. P. Audebert
Mr. D. Vast
Mr. R. Dorner
Mr. B. Giboin
Mr. J. D. Froggatt

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11. Asbestos and Envionment

Mr. Dorner reviewed recent developments in the asbestos and health debate. He noted that in many countries the debate had intensified and was becoming increasingly political. Trade unions, including international trade union bodies, were becoming more trenchant and extreme in their demands relating to the use of asbestos. Mr. Dorner tabled various items which illustrated these developments.

In Europe there has been a good deal of adverse publicity, some of it politically motivated, over the last few years. This now applies to Germany and, to a lesser extent, Austria and Switzerland, as well as to Holland and Scandinavia where anti-asbestos lobbies have traditionally been strong. Anti-asbestos sentiment has also been experienced in France, although here a peak was reached about four years ago since when the industry has done much to improve its image and regain credibility. However, there remains a danger of new waves of adverse publicity.

Events in the UK have evolved differently. Mr. Newton pointed out that the report of the Simpson Committee, while leading to more stringent dust standards, has reduced the scale of interest in asbestos. It had led to a feeling that the problem is containable and that the new standards would provide acceptably safe conditions for the manufacture and use of asbestos. It had also reinforced the UK asbestos industry's credibility.

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Mr. Dorner pointed to the work currently in progress at various levels within the EEC. This was summarised in a table: "Asbestos & Health in the EEC - Situation as at 19th January 1981", prepared and circulated by Mr. Dorner. There is still much argument on draft Directives limiting the marketing and use of asbestos and asbestos products (DG III) and concerning worker protection from exposure to asbestos (DG V), which may thus be deadlocked for some time. One of the points at issue concerns proposed discrimination against crocidolite.

The general feeling of the meeting was that there is a need for the industry to fight for asbestos in Europe, at least against the more extreme threats and proposals. (A memorandum of the Asbestos International Association, dated 4th September 1980, copies of which were circulated at the meeting by Mr. Dorner, is also relevant to this issue). Action should include seeking the support of members of the European Parliament, especially those with asbestos plants in their constituencies. It was also felt that action aimed at halting the slow erosion of the confidence of specifiers and users in asbestos products should be taken.

It was stressed that, in mounting campaigns of support for asbestos and in refuting attacks on asbestos, a calm and rational approach is essential. All allegations should be replied to, but this should be done at a time and in a manner of one's own choosing and not in the heat of the moment. There are dangers in counter-attacking in the press, since this can raise emotions and draw public attention to claims and counter-claims out of proportion with the issues involved.

In the USA "excitement" over asbestos and health issues continues to run fairly high. Mr. Newton indicated that much of the publicity concerns litigation arising from bad practices in the past. Nevertheless, a fresh rash of claims for compensation for the ill-effects of working with asbestos has come forward and there are one or two big cases in the offing.

The asbestos and health issue in most developing countries is not yet acute. But the meeting agreed that problems could erupt almost anywhere. It was important that the relevant "home-base" standards should be applied to subsidiaries operating in developing countries so as to forestall any possible host government action against these operations. This applies to mining as well as manufacturing, though the problems are greater and may take longer to solve in the case of mining.

Mr. Somerville raised the problem of split bags (especially from Canada), which is felt particularly acutely in developing countries. Dr. Graf agreed, pointing out that poor port facilities were sometimes partly to blame. The question of the port handling of asbestos is currently being investigated; and the problem is also under discussion in the Asbestos International Association.

2. The Asbestos Market

Mr. Dorner tabled some asbestos fibre production and consumption estimates. Referring to the consumption estimates for 1979, it was suggested that usage probably declined by 500,000 tonnes in 1980 - nearly 300,000 tonnes in North America and around 200,000 tonnes in Western Europe. Consumption in the developing countries would have to increase by 30-40% to offset such a drop; this did not happen in 1980. Demand in Eastern Europe (which is met to only a very small extent by fibre from the West, almost wholly in the higher grades) was probably rather depressed also. Thus, total world consumption almost certainly dropped in 1980.

At the same time, production of fibre is also estimated to have fallen. Production in Canada was reduced by strikes and moves towards a shorter working week, as well as in response to slackening demand. Russian production also appears to have been lower than expected. However, a surplus of fibre accumulated during 1980, leading to some market weakness. This is most apparent in the lower fibre grades where uses such as fillers and road surfacing are tending to disappear.

In the asbestos cement grades it was suggested that prices were not fully reflecting the depressed state of the market. This was ascribed partly to the weakness of several European currencies against dollar-related currencies and to upward pressures on costs, especially in Canada.

It was suggested that at least one Canadian mine with a relatively high output of low-grade fibres was likely to close during the current recession. Other mines could also be under pressure. Mr. Emsens suggested that a small number of mine closures could be in the interests of fibre purchasers, since the remainder could then operate closer to capacity, thus reducing costs per unit of output. By the same token, to ensure adequate prices may be in the long-term interests of buyers; for cash flow is a major key to successful mining ventures, and if it is inadequate after allowing for the capital expenditures necessary for on-going operations, there may be no alternative to closure.

Looking to the longer term, the demand trend for asbestos products in the USA was thought to be downwards. There had been a drop in the a-c market of around 20% in 1980 and this could, at worst, be repeated in 1981. Such a rate of decline will not go on indefinitely; but further falls are probable in a series of steps. The US market is generally worse in the eastern states; there may still be some growth in western states.

In Europe as a whole, long-term demand trends may be little stronger than in the USA. In Eastern Europe there may be some increase in demand for Group 4 fibres from the West - if the funds are available.

Fibre demand in developing countries is expected to continue to rise over the long term. But some disquiet was expressed. For example, the Middle East is not proving the growth market for a-c pipe that was expected. It may be necessary to direct marketing effort more at the head offices of consulting engineers and other specifiers who are responsible for major projects in the region.

There was some discussion of substitute fibres. Some success was reported on substitutes for "non-structural" products, but little for "structural" products.

D. FROGGATT

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