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NOTES FOR AN

DEC 22 1983

ADDRESS

BY

ALLAN E. GOTLIEB
AMBASSADOR OF CANADA
TO THE UNITED STATES

PLAINTIFF'S EXHIBIT

UC-3665

Handwritten initials and a checkmark.

TO

THE ASBESTOS INFORMATION
ASSOCIATION/NORTH AMERICA

OLD TOWN HOLIDAY INN
ALEXANDRIA, VIRGINIA
TUESDAY, DECEMBER 13, 1983

Please check against delivery.

UCC 008632

I AM VERY PLEASED TO BE HERE WITH YOU TODAY TO SPEAK ABOUT THE IMPORTANCE OF THE TRADE RELATIONSHIP BETWEEN OUR TWO COUNTRIES AND, MORE SPECIFICALLY ABOUT THE CURRENT DEVELOPMENTS IN THE ASBESTOS INDUSTRY.

WHEN MAKING SPEECHES ON THE BROAD SUBJECT OF CANADA-U.S. RELATIONS, WE OFTEN HIGHLIGHT THE DIFFERENCES THAT HAVE DEVELOPED BETWEEN OUR TWO COUNTRIES OVER THE YEARS; WE FOCUS ON THE CONTENTIOUS ISSUES THAT INEVITABLY OCCUR FROM TIME-TO-TIME IN THE COURSE OF OUR DAILY DEALINGS. THIS IS NATURAL IN THE CONTEXT OF A RELATIONSHIP WHICH IS UNDOUBTEDLY AMONG THE MOST EXTENSIVE OF ANY IN WORLD AFFAIRS TODAY.

BUT WE MUST REMEMBER THAT WE ARE GOOD FRIENDS AND THAT WE ARE EACH OTHER'S BEST CUSTOMERS. NEARLY 70 PERCENT OF OUR EXPORTS GO TO THE UNITED STATES. GIVEN THE IMPORTANCE OF TRADE IN OUR GNP, THIS MEANS THAT 20 PERCENT OF CANADA'S GNP IS ACCOUNTED FOR BY EXPORTS TO YOUR COUNTRY. AT THE SAME TIME, AND TO USE THE TITLE OF A RECENT U.S. DEPARTMENT OF COMMERCE PUBLICATION, CANADA IS YOUR PREMIUM EXPORT

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MARKET. IT IS ESTIMATED THAT EXPORTS TO CANADA TRANSLATE INTO JOBS FOR 1.3 MILLION AMERICANS.

LAST YEAR, TWO WAY TRADE EXCEEDED 85 BILLION DOLLARS. THAT MAKES OUR TRADE RELATIONSHIP THE LARGEST BETWEEN ANY TWO NATIONS IN THE WORLD.

INVESTMENT IN EACH OTHER'S COUNTRY IS GREATER THAN ANYWHERE ELSE IN THE WORLD. IT IS ESTIMATED THAT U.S. DIRECT INVESTMENT IN CANADA EXCEEDS 50 BILLION DOLLARS. CANADIAN INVESTMENT IN YOUR COUNTRY IS NOW APPROACHING 10 BILLION DOLLARS.

LET ME NOW EXPLORE WITH YOU HOW THERE IS A MUTUALITY OF INTEREST BETWEEN OUR TWO COUNTRIES IN THE AREA OF ASBESTOS.

AS YOU KNOW, CANADA IS THE SECOND LARGEST PRODUCER OF ASBESTOS AND THE WORLD'S LARGEST EXPORTER ACCOUNTING FOR SOME 60 PERCENT OF THE WESTERN WORLD'S REQUIREMENTS. CANADA EXPORTS ALMOST ALL OF ITS ASBESTOS FIBRE. IN 1982 THESE EXPORTS AMOUNTED TO SOME 875,000 METRIC TONNES VALUED AT 480 MILLION CANADIAN DOLLARS. CANADA COULD EASILY PRODUCE AND

EXPORT DOUBLE THIS AMOUNT. HOWEVER, LOWER DEMAND BY THE AUTO AND CONSTRUCTION INDUSTRIES, STRUCTURAL ADJUSTMENTS IN THE MARKET ARISING OUT OF SUBSTITUTION AND CONCERNS RELATED TO HEALTH HAVE LED TO A DECLINE IN THE MARKET SINCE 1979. MORE THAN HALF OF THE INDUSTRY'S LABOUR FORCE IS AT PRESENT ON PERMANENT OR TEMPORARY LAYOFF. AND MOST OF OUR ASBESTOS INDUSTRY IS CONCENTRATED IN THE EASTERN TOWNSHIPS OF QUEBEC. WE ALL KNOW THAT ONE-INDUSTRY TOWNS WITH LACK OF ALTERNATIVE EMPLOYMENT OPPORTUNITIES SUFFER THE MOST WHEN EITHER TRADITIONAL LEVELS OF PRODUCTION ARE NOT REACHED OR INDUSTRY CLOSURE BECOMES NECESSARY.

HOPEFULLY THE SITUATION WILL CHANGE WITH THE ECONOMIC RECOVERY. AS YOU KNOW, THE UNITED STATES IMPORTS OVER THREE QUARTERS OF ITS REQUIREMENTS WITH MOST OF IT COMING FROM CANADA. THE UNITED STATES IS ALSO CANADA'S LARGEST MARKET FOR ASBESTOS TAKING ABOUT A THIRD OF OUR TOTAL PRODUCTION. IT IS NO WONDER THAT DEVELOPMENTS IN THE UNITED STATES HAVE A LARGE IMPACT ON OUR INDUSTRY.

TOTAL U.S. CONSUMPTION IN 1982 DECLINED 29 PERCENT FROM 1981 AND ABOUT 72 PERCENT COMPARED WITH

THE ALL-TIME HIGH SET IN 1973. CANADIAN EXPORTS REFLECTED BASICALLY THIS DECLINE: THEY WERE WORTH ABOUT 65 MILLION DOLLARS IN 1982 COMPARED WITH 100 MILLION DOLLARS IN 1981. AT THE SAME TIME THAT YOU ARE OUR LARGEST MARKET WE ARE YOUR LARGEST EXPORT MARKET FOR MANUFACTURED ASBESTOS PRODUCTS. WE ARE TAKING FULLY ONE THIRD OF YOUR EXPORTS OR ABOUT 44 MILLION DOLLARS WORTH IN 1982.

THERE IS NO DOUBT THAT THE RECENT ECONOMIC RECESSION HAS HAD A LARGE BEARING ON THE POOR PERFORMANCE OF BOTH OUR ASBESTOS INDUSTRIES. THERE IS ALSO NO QUESTION THAT THE PUBLIC CONCERNS ABOUT HEALTH HAVE TAKEN THEIR TOLL. IN THIS CONTEXT, THE U.S. ASBESTOS INDUSTRY IS FACING A PERIOD OF CONSIDERABLE UNCERTAINTY, EVEN BY THE STANDARD OF AN INDUSTRY THAT IS ACCUSTOMED TO UNCERTAINTY.

I SHOULD LIKE TO STATE CATEGORICALLY THAT WE IN CANADA WANT TO DO OUR UTMOST TO ALLAY PUBLIC CONCERNS ABOUT HEALTH. WE FIRMLY BELIEVE HOWEVER THAT WHEN PROPERLY USED, ASBESTOS IS A SAFE PRODUCT.

IN THIS CONTEXT WE HAVE BECOME CONCERNED ABOUT THE DIRECTION ASBESTOS REGULATION IS TAKING IN THE UNITED STATES. FIRST, WE UNDERSTAND THAT THE EPA IS PLANNING TO ISSUE IN 1984 A PROPOSED RULE BANNING CERTAIN ASBESTOS PRODUCT CATEGORIES AND ESTABLISHING A STAGED PRODUCTION CAP ON REMAINING USES OF ASBESTOS. IN OTHER WORDS THE EPA MAY BE CONSIDERING ABANDONING THE "CONTROLLED USE" CONCEPT OF ASBESTOS PRACTICED BY OTHER REGULATORY AGENCIES IN THIS AND OTHER COUNTRIES IN FAVOUR OF BANNING.

THIS APPARENT DEPARTURE FROM THE MAINSTREAM INTERNATIONAL APPROACH HAS IMPLICATIONS FOR THE GENERAL PRINCIPLE OF INTERNATIONAL HARMONIZATION OF REGULATIONS ON ASBESTOS SUPPORTED BY BOTH OUR GOVERNMENTS. THERE IS NO DOUBT THAT GOVERNMENTS SHOULD DO ALL THAT IS NECESSARY TO PROTECT THE INTERESTS OF THEIR CITIZENS. FOR OUR PART WE BELIEVE THAT GUIDELINES CAN BE DEVELOPED IN THE USE OF ASBESTOS THAT TAKE HEALTH CONCERNS FULLY INTO ACCOUNT.

A SECOND AND VERY IMPORTANT ISSUE IS THE RECENT DECISION BY THE OCCUPATIONAL HEALTH AND SAFETY ADMINISTRATION TO ISSUE THE RARELY USED EMERGENCY

TEMPORARY STANDARD (ETS) SETTING WORKPLACE EXPOSURE LEVELS MUCH BELOW THE CURRENT LEVEL. AS YOU KNOW OSHA HAS BEEN MULLING FOR SOME TIME THE PUTTING INTO PLACE OF MORE STRINGENT REGULATIONS ON ASBESTOS; ITS DECISION NOT TO FOLLOW THE ESTABLISHED ROUTE FOR SETTING SUCH A STANDARD TOOK US BY SURPRISE. WE HAVE FOLLOWED WITH GREAT INTEREST THE FILING BY YOUR ASSOCIATION OF A LAWSUIT IN THE NEW ORLEANS COURT ASKING FOR A STAY OF THE ETS PROCESS PENDING JUDICIAL REVIEW ON JANUARY 12. WE UNDERSTAND THAT FOR THE JANUARY 12 REVIEW, THE COURT WILL BE ASKING OSHA TO PROVIDE NEW EVIDENCE THAT GRAVE DANGER EXISTS TO SUPPORT AN ACCELERATED RULEMAKING PROCESS IN ESTABLISHING A NEW ASBESTOS STANDARD AND TO SUPPLY COMPARISONS OF THE ETS ON ASBESTOS WITH ETS ON OTHER MATERIALS.

IT APPEARS THAT THE CONSUMER PRODUCTS SAFETY COMMISSION HAS ALSO HAD ASBESTOS UNDER REVIEW FOR SOME TIME. RECENTLY THIS ORGANIZATION, OSHA AND EPA HAVE FORMALLY SET UP A TASK FORCE TO COORDINATE THE FEDERAL APPROACH ON REGULATION OF ASBESTOS.

THAT SUMS UP THE VARIOUS REGULATORY ACTIONS IN PROGRESS OR BEING CONTEMPLATED. THE EPA INITIATIVE, IF IMPLEMENTED, WOULD IMMEDIATELY ELIMINATE APPROXIMATELY ONE-HALF OF TOTAL U.S. ASBESTOS CONSUMPTION AND ULTIMATELY LEAD TO THE PHASING OUT OF THE REMAINING USES. WITH RESPECT TO THE OSHA INITIATIVE, IT WOULD NOT BE PROPER FOR ME TO COMMENT ON WHAT I WOULD CONSIDER ADEQUATE OR INADEQUATE STANDARDS IN YOUR COUNTRY, NOR WHETHER CANADA WOULD PREFER AN ETS OR REGULAR PROCESS OF RULEMAKING TO SET NEW STANDARDS. WHAT I AM SAYING IS THAT WE ARE HOPEFUL ANY NEW STANDARD WILL REFLECT UNBIASED EVIDENCE AND BEST AVAILABLE DATA ON HEALTH RISKS ASSOCIATED WITH THE USE OF ASBESTOS. BOTH OUR COUNTRIES HAVE A MAJOR STAKE IN THE OUTCOME OF BOTH EPA AND OSHA INITIATIVES.

WE ARE MUCH AWARE OF YOUR ASSOCIATION'S EFFORTS TO DEAL WITH THE PROBLEM OF HEALTH RISK IN THE WORKPLACE -- AND WE COMMEND YOU FOR YOUR CONTINUED EFFORTS IN THIS REGARD. I UNDERSTAND THAT YOU HAVE LONG ADVOCATED COMPREHENSIVE ASBESTOS RULEMAKING DEALING WITH ALL ASPECTS OF OCCUPATIONAL EXPOSURE TO ASBESTOS, ESPECIALLY AS IT PERTAINS TO THE

CONSTRUCTION INDUSTRY. IN THIS CONTEXT YOU HAVE WORKED CLOSELY WITH CONSTRUCTION TRADE UNIONS TO DEVELOP WORK PRACTICES IN CONSTRUCTION AND OTHER NON-FIXED OPERATIONS.

I NOTE THAT IN ADDITION TO YOUR SUBSTANTIAL EFFORTS IN THE DEVELOPMENT OF WORK PRACTICES, YOU HAVE PROPOSED TO WORK CLOSELY WITH OSHA IN THE DEVELOPMENT, ON AN EXPEDITED BASIS, OF COMPREHENSIVE RULEMAKING. WHATEVER REGULATORY PROCESS ENSUES, WHETHER ETS OR THE MORE NORMAL PROCESS, THERE WILL BE HEARINGS AT WHICH ALL RELEVANT DATA AND SCIENTIFIC INFORMATION WILL BE BROUGHT FORTH. CANADIAN INDUSTRY MAY ALSO WISH TO MAKE ITS VIEWS KNOWN AT THAT TIME.

TURNING TO THE POSSIBLE EPA INITIATIVE, YOU ARE OF COURSE AWARE THAT CANADA PRESENTED A NOTE TO YOUR STATE DEPARTMENT UNDERLINING ITS CONCERNS ON THIS MATTER.

IT IS RECOGNIZED IN MANY COUNTRIES THAT ASBESTOS IS NOT HAZARDOUS TO HEALTH WHEN IT IS PROPERLY REGULATED. IN THIS CONTEXT, ALL GOVERNMENTS HAVE THE RESPONSIBILITY TO ENSURE THAT MINIMUM RISKS

BE ASSOCIATED WITH ITS USE WORLDWIDE. THIS EXPLAINS THE EXTENSIVE PROGRAM OF RESEARCH IN CANADA AND ELSEWHERE IN THE WORLD ON MEDICAL, INDUSTRIAL AND REGULATORY PROBLEMS ASSOCIATED WITH ASBESTOS, AND INCREASINGLY WITH OTHER FIBRES OFTEN USED AS SUBSTITUTES FOR ASBESTOS.

AS YOU WILL WELL UNDERSTAND, CANADA HAS BEEN VERY ANXIOUS TO DEVELOP SAFE STANDARDS, ADEQUATE ENGINEERING CONTROLS AND FIRM APPLICATION OF REGULATIONS IN THE USE OF ASBESTOS. IT HAS SOUGHT THE ASSISTANCE OF OTHER COUNTRIES IN DEVELOPING REGULATIONS. FOR EXAMPLE, AT THE WORLD SYMPOSIUM ON ASBESTOS HELD IN MONTREAL IN 1982 AND CO-SPONSORED BY CANADA AND THE COMMISSION FOR THE EUROPEAN COMMUNITIES, AN EXHAUSTIVE REVIEW OF THE ASBESTOS ISSUE WAS UNDERTAKEN AND THE CONCLUSION WAS REACHED THAT BANNING WAS NEITHER DESIRABLE NOR NECESSARY.

IN THE PROVINCE OF ONTARIO, WHICH IS NOT A PRODUCING PROVINCE, A ROYAL COMMISSION WAS FORMED TWO YEARS AGO TO MAKE AN IN-DEPTH STUDY OF THE WHOLE ISSUE OF ASBESTOS; A REPORT OF ITS FINDINGS IS EXPECTED SOON.

NATIONS THAT MAKE UP THE EUROPEAN ECONOMIC COMMUNITY HAVE CONCLUDED, ON THE BASIS OF A LENGTHY REVIEW BY INTERNATIONAL EXPERTS, THAT PROPERLY REGULATED AND LABELED ASBESTOS USED AT MINIMAL EXPOSURE LEVELS POSES NO UNDUE RISK. THIS POSITION HAS THE SUPPORT OF THE INTERNATIONAL LABOR ORGANIZATION. A GROUP OF EXPERTS COMPRISED OF INDUSTRY, LABOUR AND GOVERNMENT REPRESENTATIVES DEVELOPED A CODE OF PRACTICE FOR THE "SAFE USE OF ASBESTOS" WHICH IS GENERALLY CONSISTENT WITH THE APPROACH OF THE EEC.

THE CANADIAN GOVERNMENT'S POSITION THAT ASBESTOS REGULATION AND CONTROL SHOULD BE BASED ON OBJECTIVE AND INTERNATIONALLY RECOGNIZED SCIENTIFIC EVIDENCE HAS RECEIVED WIDE ACCEPTANCE AMONGST VARIOUS INTERESTS GROUPS, MOST NOTABLY IN EUROPE. FEDERAL AND PROVINCIAL MINISTERS INVOLVED WITH THE ASBESTOS QUESTION HAVE ENDORSED THE APPROACH THAT, IN GENERAL, ASBESTOS MINING, MANUFACTURING, TRANSPORTATION AND HANDLING DOES NOT POSE UNDUE RISK TO WORKERS OR THE PUBLIC IF REGULATIONS PLACING LIMITS AT LOW LEVEL EXPOSURES ARE PROPERLY ENFORCED.

CANADA HAS A GREAT DEAL OF EXPERTISE IN THE REGULATED USE OF ASBESTOS AND IS WILLING TO WORK CLOSELY WITH THE UNITED STATES AND OTHER COUNTRIES IN THE INTERNATIONAL HARMONIZATION OF ASBESTOS REGULATIONS. CANADIAN OFFICIALS HAVE BEEN IN CONTACT WITH OSHA OFFICIALS MOST RECENTLY IN AUGUST 1983, TO SHARE INFORMATION ON HOW AND ON WHAT BASIS CANADA WOULD REVIEW ITS OWN ASBESTOS REGULATIONS. WHILE THERE HAS BEEN COOPERATION AT THE TECHNICAL LEVEL BETWEEN OUR TWO COUNTRIES, WE BELIEVE COOPERATION SHOULD BE ENHANCED AND MORE BROADLY BASED. THIS HAS BEEN THE MAIN ELEMENT OF OUR COMMUNICATION WITH YOUR GOVERNMENT SO FAR.

IN GENERAL, REGULATION HAS BECOME AN IMPORTANT ISSUE IN OUR BILATERAL RELATIONSHIP AS OUR RESPECTIVE REGULATORY SYSTEMS HAVE BEGUN TO DIVERGE QUITE SHARPLY. IN THE UNITED STATES REGULATORY AGENCIES TEND TO ENJOY CONSIDERABLE AUTONOMY FROM THE EXECUTIVE BRANCH AND, EVEN, THE LEGISLATIVE BRANCH. IN CANADA POLITICAL TRADITIONS HAVE DEVELOPED IN A WAY WHICH INVOLVES THE GOVERNMENT MORE DEEPLY IN THE MANAGEMENT OF PUBLIC POLICY ISSUES.

IN OUR SYSTEM, IT IS EXPECTED THAT IN MANY AREAS THE GOVERNMENT WILL PLAY A DIRECT ROLE IN THE ACTIVITIES OF ITS REGULATORY AGENCIES. THUS, CABINET OFTEN HAS THE RIGHT TO REVIEW, ALTER OR REJECT DECISIONS IN A NUMBER OF FIELDS. THIS TENDS TO RESULT IN A SOMEWHAT MORE CONSENSUAL APPROACH TO REGULATION IN CANADA, OR AT LEAST A SOMEWHAT LESS ADVERSARIAL AND LEGALISTIC SYSTEM IN GENERAL THAN EXISTS IN THE U.S.

INTERNATIONAL REGULATORY CONFLICTS ARE A RELATIVELY RECENT PHENOMENON AND VERY OFTEN THE PLAYERS DON'T UNDERSTAND THE PURPOSES WHICH REGULATION SERVES IN THE OTHER COUNTRY.

I SEE THIS PROBLEM AS POSING A CHALLENGE OVER THE NEXT FEW YEARS, AS WHOLE INDUSTRIAL SECTORS ARE SUBJECTED TO NEW COMPETITIVE FORCES. WE WILL NEED TO CONSULT CLOSELY TO DEAL WITH THESE NEW DEVELOPMENTS.

THE CHANGES OCCURING IN THE U.S. REQUIRE NEW RESPONSES FROM THE CANADIAN GOVERNMENT AND THE CANADIAN PRIVATE SECTOR. IT IS NECESSARY FOR THE

GOVERNMENT TO DEAL WITH -- INDEED SOMETIMES BE THE FIRST TO IDENTIFY -- A MUCH WIDER RANGE OF PLAYERS IN THE U.S. THAN EVER BEFORE. CONSIDERING THE ROLE PLAYED BY THE U.S. PRIVATE SECTOR IN THE FORMULATION OF U.S. POLICY, WE MUST KEEP IN TOUCH WITH, AND BE SENSITIVE TO THE CONCERNS OF, A LARGE NUMBER OF CORPORATIONS, CONSUMER GROUPS, UNIONS AND SIMILAR ORGANIZATIONS WHICH INCREASINGLY WIELD REAL POWER. WE MUST WORK MORE EXTENSIVELY AND INTENSIVELY THROUGHOUT THE U.S. CONGRESS TO TRY TO PUT ACROSS THE CANADIAN VIEWPOINT ON CRITICAL BILATERAL AND MULTILATERAL ISSUES. ALSO WE MUST IMPRESS OUR CONCERNS UPON U.S. REGULATORY AGENCIES AND THIS HAS EVEN INVOLVED CANADIAN AGENCIES IN FORMALLY PRESENTING THE CANADIAN GOVERNMENT'S VIEWS AT REGULATORY HEARINGS.

THE CANADIAN PRIVATE SECTOR, TOO, MUST BECOME MORE ADROIT IN PURSUING ITS INTEREST IN THE U.S. IT IS IMPORTANT FOR CANADIANS TO BE AWARE HOW MUCH AND IN HOW MANY WAYS THE U.S. GOVERNMENT -- EXECUTIVE, LEGISLATIVE AND REGULATORY -- CAN HELP OR HINDER OUR INTERESTS. WHETHER IT BE TRADE PROTECTIONISM, ENVIRONMENTAL LAW, OR BATTLES OVER

DEREGULATION, OUR INTERESTS ARE ENGAGED AND OUR SENSES AND REFLEXES MUST BE SHARPENED.

IT IS IMPORTANT FOR CANADIAN INDUSTRY -- MANAGEMENT AND LABOUR -- TO MAINTAIN CONTACTS WITH THEIR U.S. COUNTERPARTS IN ORDER TO IMPRESS UPON THEM THE CANADIAN PERSPECTIVE ON MANY ISSUES -- AND TO DO THIS, WHENEVER POSSIBLE, BEFORE THEY BECOME BILATERAL PROBLEMS. REGULATIONS AND, EVEN MORE, LEGISLATION ARE MUCH EASIER TO INFLUENCE OR FORESTALL THAN TO REVISE OR UNDO.

LEGISLATIVE AND REGULATORY CONFLICTS ARE INDICATIVE OF THE TYPES OF PROBLEMS WHICH DEVELOP FROM TIME TO TIME BETWEEN CANADA AND THE UNITED STATES. THERE IS NO SIMPLE FORMULA OR PROCEDURE BY WHICH WE CAN PREVENT OR RESOLVE BILATERAL DISPUTES. AT A MINIMUM, WE MUST TRY TO CONTAIN OUR DIFFERENCES AND PREVENT THEM FROM HAVING UNDUE IMPACT ON THE BILATERAL RELATIONSHIP AS A WHOLE.

I AM OPTIMISTIC THAT OUR RELATIONS WILL CONTINUE TO DEVELOP POSITIVELY, BUT THIS WILL NOT HAPPEN AUTOMATICALLY. THE WORLD IS CHANGING. FOR

CANADIANS AND AMERICANS, IT IS MORE IMPORTANT THAN
EVER ~~THAT~~ WE MAKE THE EFFORT TO UNDERSTAND EACH OTHER,
TO ACKNOWLEDGE OUR DIFFERENCES AND TO BUILD ON OUR
STRENGTHS AND COMMON VALUES.

THANK YOU.