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Asbestos builds for steady growth

World markets are paced by use in building products; accent on pollution control buoys pipe business and aids asbestos growth in this country

Asbestos producers have problems. They are concerned about being cited as a potential source of environmental pollution. And they don't like the thought of losing markets to other materials that are more expensive but less objectionable in terms of health (*CW, May 13, p. 69*). Yet, while good for the environment and health does not seem to be at all bad for asbestos.

The market is firm and prices are moving up. The highest-priced material, No. 1 crude, is now $1,525/ton (Canadian dollars), 8% above the price two years ago. And No. 4 shingle fiber—a large-volume product—sells at $218-369/ton, compared with $201-234/ton in spring '68.

U.S. companies, which control over 65% of Western world output, have been boosting their production about 5%/year the past few years, should produce about 170,000 tons domestically this year. This will meet only 15% of domestic needs. Most of the rest comes from Canada, which produces 75% of Western countries' output, exports about 95% of its production (about 15% of which comes to the U.S.).

New capacity being readied will add about 10% to Western world output during the next two years. And that will just about match the anticipated increase in demand. But the continued market growth over the long term may put pressure on available supplies, has already attracted new faces.

For example, Freeport Sulphur is evaluating Mexican deposits estimated at 25 million tons, which it hopes to develop for the Latin-American building market (*see also p. 67*). And Cerro Corp. is planning a Greek project for production of 40,000 tons/year. It will require at least $15 million to get this venture under way.

Small Loss, Bigger Gain: Asbestos producers actually expect to gain larger markets than they may lose because of environmental and health problems. On the minus side: sprayed-on insulation. The New York World Trade Center project may take as much as 5,000 tons for this application. But few building projects will use as much as 10% of that amount. And loss of the sprayed-asbestos business because of the health hazards it presents would remove a market that is less than 5% of total consumption.

On the other hand, the market for asbestos-cement drainage and sewage pipe, has been growing at a 5%/year rate, could increase as the emphasis on pollution control accelerates. And this could help total U.S. market growth—now only 2%/year, compared with 5%/year for the rest of the world.

Building Markets: One reason for the slower U.S. market growth rate is that about 45% of the asbestos produced is used in pipe. The biggest, fastest-growing market is in asbestos cement building products. (It is used as a reinforcing material, at a level of 10-30% of product [illegible] products find its local market in developing countries with warm climates. They can be made easily with unskilled labor and inexpensive, simple equipment. They are lightweight, strong, waterproof and will not rust or rot. And they resist attack from insects and fungi.

Asbestos sheet is also a major building material throughout Europe. And it is a basic construction material in Japan, where the asbestos market is now approaching 300,000 tons/year and growing at a rate of 15%/year.

Although Western Europe's asbestos production is growing, it depends on imported material (mainly from Canada) to supply more than 80% of its needs. Japan is less self-sufficient, has only 20,000-tons/year domestic production.

Russia, which produces about 2.2 million tons/year of asbestos (mined primarily in the Urals), has domestic requirements of about 1.8 million tons/year. Soviet exports, mostly to Western and Eastern European countries, grew rapidly from '65 to '68. They dropped in '69, prompting some observers to speculate that Soviet production has remained relatively static over the past two or three years, following a build-up during the mid-'60s.

However, Russian exports—particularly to France, Germany and Japan—have risen recently, are now at a level of about 200,000 tons/year. But U.S. producers are not concerned about further expansion of Soviet exports. They say that demand within Russia is high and that the rapid growth of Eastern European markets will sop up any excess production.

Moreover, it is unlikely that the Russians will want to dump asbestos on the world market, says one observer. Reason: a complaint made in a Soviet trade journal that Canadian exporters were competing unfairly in Eastern European markets by granting confidential discounts on long-term contracts.

But another marketer points out that much of the Soviet's asbestos export has a political purpose. This makes it difficult to gauge future Soviet export policy.

Competitive [illegible] problems are complicated by the characteristics of the material. It varies physically and chemically. For example, different fiber lengths, fiber stiffness and resistance to acids can restrict the markets of some product.

Processing can change the fiber characteristics. And industry must find markets that will fit a particular fiber, rather than trying to tailor a fiber for a particular market.

As a result of the necessity to find a market, producers often must stockpile tuffs of different lengths and types for use at a later time.

Much of the development of new markets is being channeled into areas that put a premium on one or more characteristics of an asbestos fiber. Example: Union Carbide's Coalinga, Calif., mine produces a fiber that is used for filling plastics, thickening surface coatings and opacifying fine papers.

In another case, a change in market demands has led Johns-Manville to reclaim large tonnages of asbestos for its Jeffrey, Que., mine tailings.

With development of new uses and the increasing emphasis on pollution control, the steady growth of asbestos markets seems assured. END