PLAINTIFF'S EXHIBIT
UC-1352

ASBESTOS FIBER

SUPPLY AND DEMAND

1975-1980

AND

A J-M PRICING POLICY

Union Carbide trial exhibit UC-1352: Asbestos Fiber Supply and Demand 1975-1980 and A J-M Pricing Policy (und...
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Let us look at the facts again, and refer to the supply-demand situation. It is known that by the end of 1977 the Clinton Creek Mine of Cassiar and the Normandy Mine of Asbestos Corp. will close down. On the other hand, we know of a dozen or more new A/C machines being erected around the world, primarily in the developing countries of Asia, Africa, Latin America and Eastern Europe.

We know also that despite the recent very major price increases, the industry is unable to meet the demand for Asbestos even during a period of general worldwide economic recession. Not only have our prices increased dramatically, but freight rates have nearly doubled over the past 3 years. Yet the industry is far from being dead.

Millions of dollars have been invested around the world in various Asbestos using industries and no major user of Asbestos has threatened to close down his operation because of price increases, The growth may be slowed down, but there is really insufficient Asbestos available to-day to keep the present facilities operating at full capacity.

Our analysis of the Asbestos industry brings us to the following conclusions. It is not the judicious increases in the price of Asbestos fiber, but rather it is the eventual drying up of sources of supply and the unavailability of Asbestos that will force the closing of manufacturing operations and the development of competitive materials.

The exploration for and discovery of new Asbestos deposits outside the U.S. & Canada, closer to the Major A/C markets, would obviously relieve the supply situation. Assuming that a deposit containing Group 4 can be found, we can make it viable and achieve an R.O.I. of 20% through price increases and by incorporating part of the freight savings from Canada into the price of the Asbestos. We know, for example, that fiber produced in Australia and in Brazil is more expensive than our Canadian fiber because the former prices are aligned to the delivered prices of Canadian grades.

As a final policy recommendation, we believe that our customers, who have been exposed to frequent and heavy price increases over the past 3 years, need to consolidate their competitive position. Generally, they accept the facts of life and they recognize that if they are to remain in business they must provide the producers with the necessary profit incentive not only to maintain existing operations, but to expand them and to bring to production new deposits. From the marketing viewpoint, we share their concern and propose that we consider, within the limits of our ability, the adoption of a pricing policy based on a single increase annually. The amount of such an increase would naturally be dictated by cost factors, inflation rates and etc., but if our estimate of future demand is correct, and we have no reason to doubt it, then we would suggest that increases of 10 to 20 percent per year can be born by the industry without killing it.

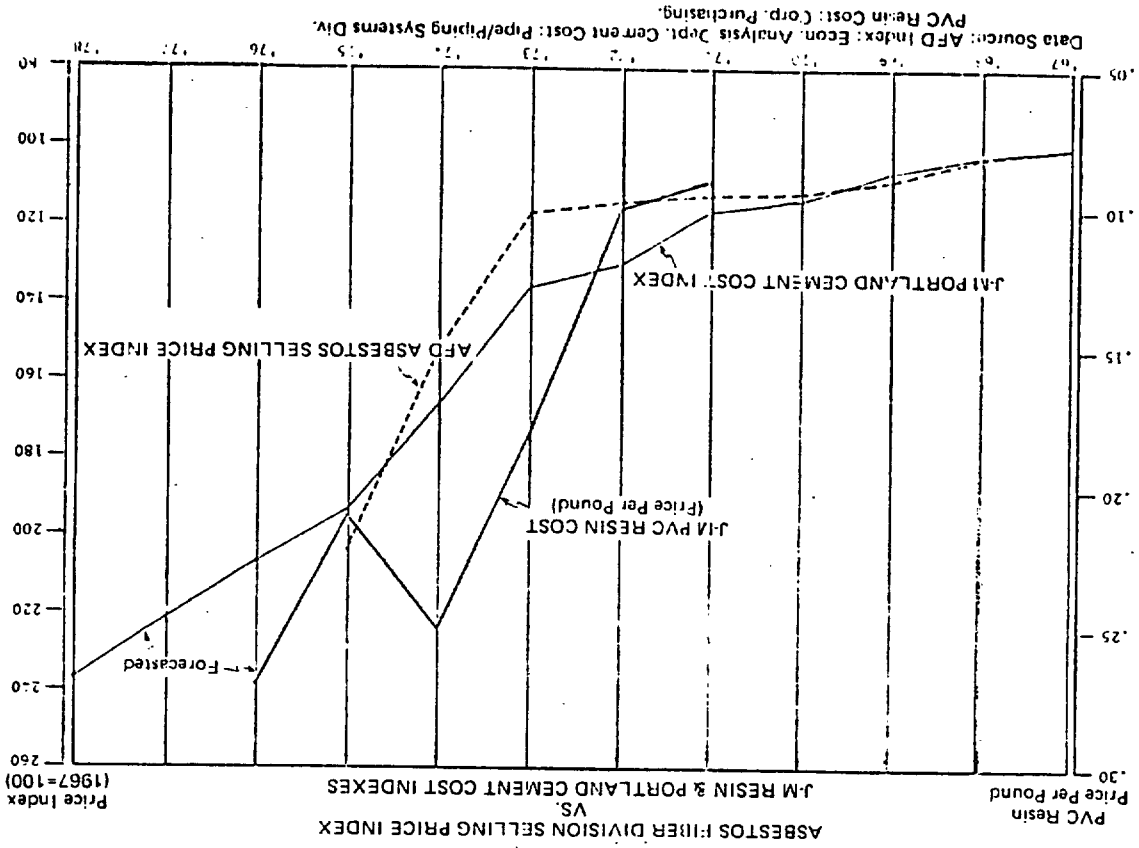
CHART 1

WORLD ASBESTOS CAPACITY 1975–80
(ALL TYPES & GRADES)

PRODUCING COUNTRY	SHORT TONS (THOUSANDS) 1975	1980
CANADA	2,026.0	2,191.0
U.S.S.R.	1,500.0	1,800.0
AVAILABLE FOR EXPORT	550.0	850.0
UNITED STATES	111.9	146.9
SOUTH AMERICA	65.0	140.0
MEXICO	–	50.0
AFRICA	506.4	606.4
EUROPE	193.0	293.0
CHINA	145.0	145.0
AUSTRALIA	40.0	75.7
OTHER COUNTRIES	36.0	36.0
WORLD TOTAL	4,623.3	5,484.0

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CHART 3



FORECASTED WORLD ASBESTOS SUPPLY & DEMAND BY 1980
(ALL TYPES & GRADES)

	SHORT TONS (THOUSANDS)	
	1974	1980
WORLD DEMAND	4,623.3	6,020.7
WORLD SUPPLY	4,623.3	5,484.0
SHORTAGE	–	(536.7)

GROWTH: DEMAND AT 4.5% BASED ON CONSERVATIVE ESTIMATE USING HISTORICAL COMPOUNDED RATES.

SUPPLY BASED ON ANTICIPATED CAPACITY CHANGES.

CHART 2

CHART 5

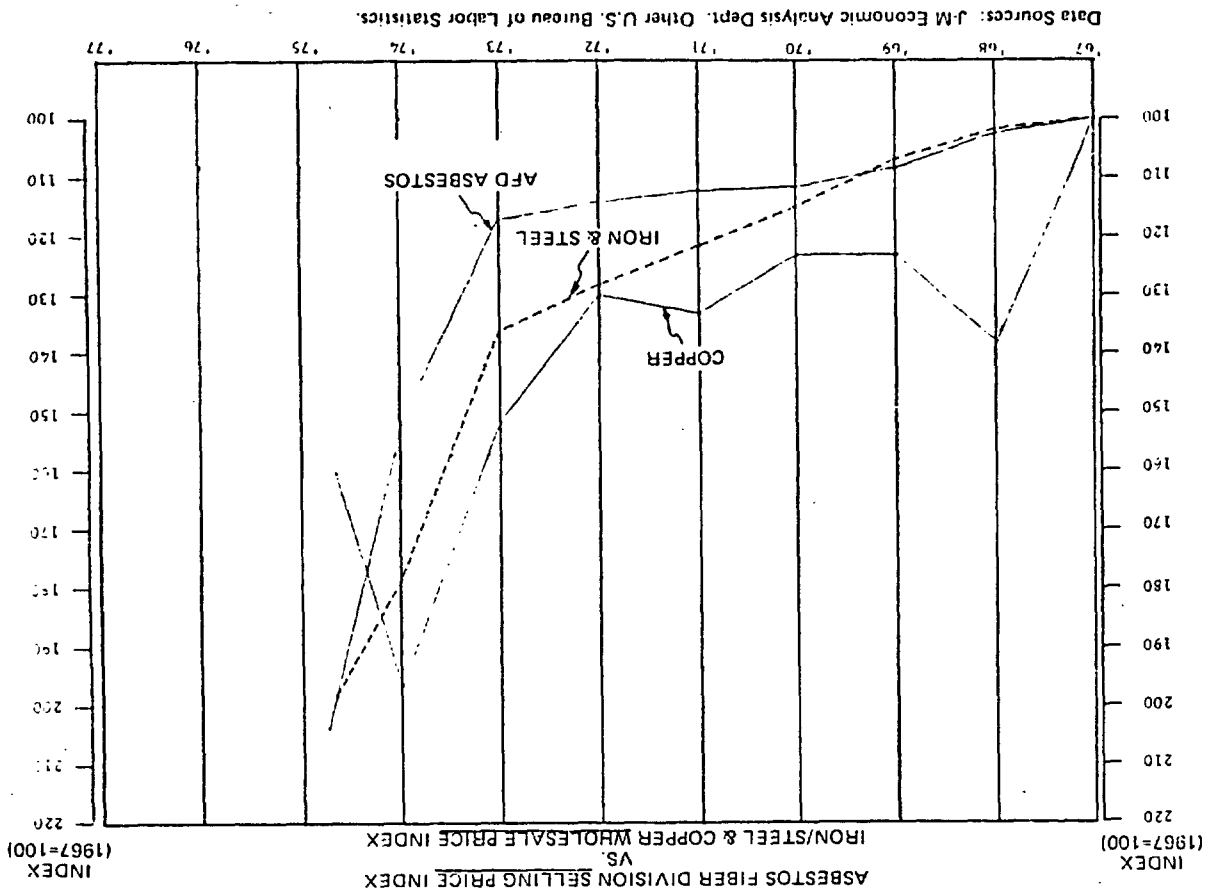
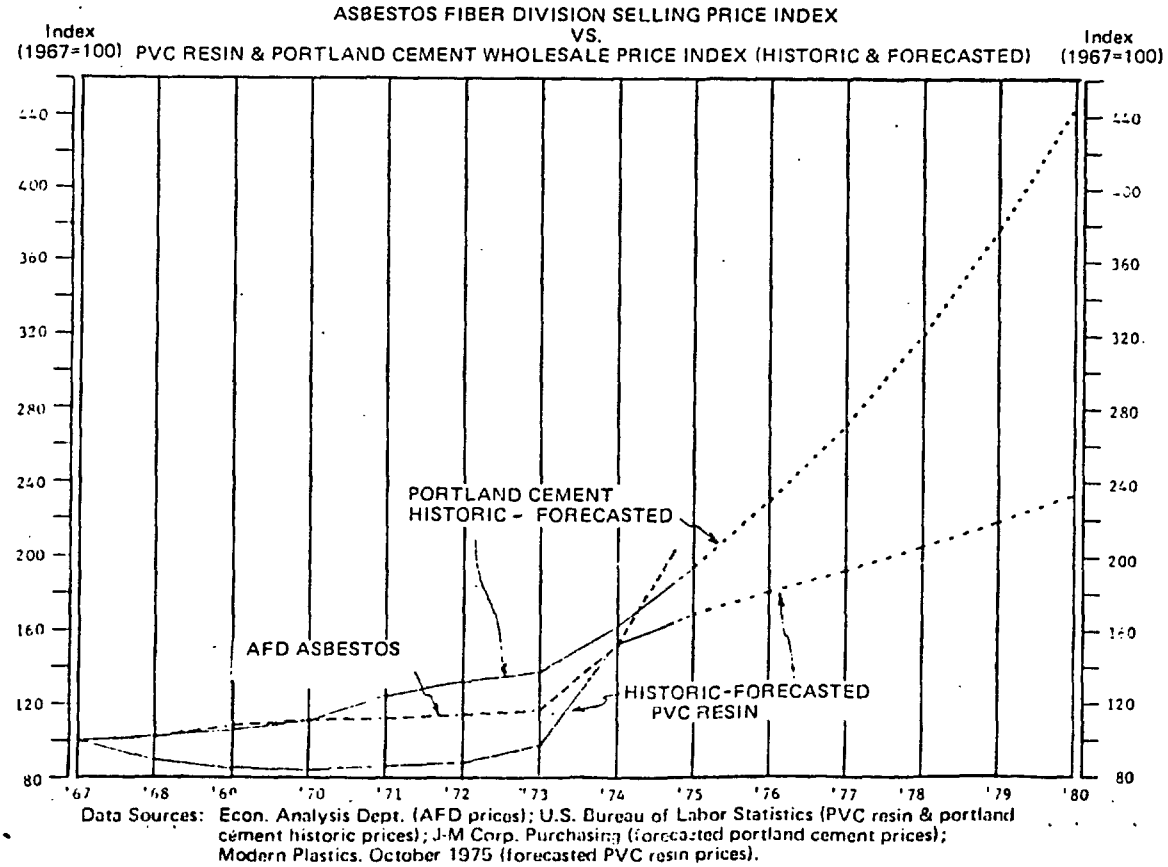


CHART 4



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CHART 7

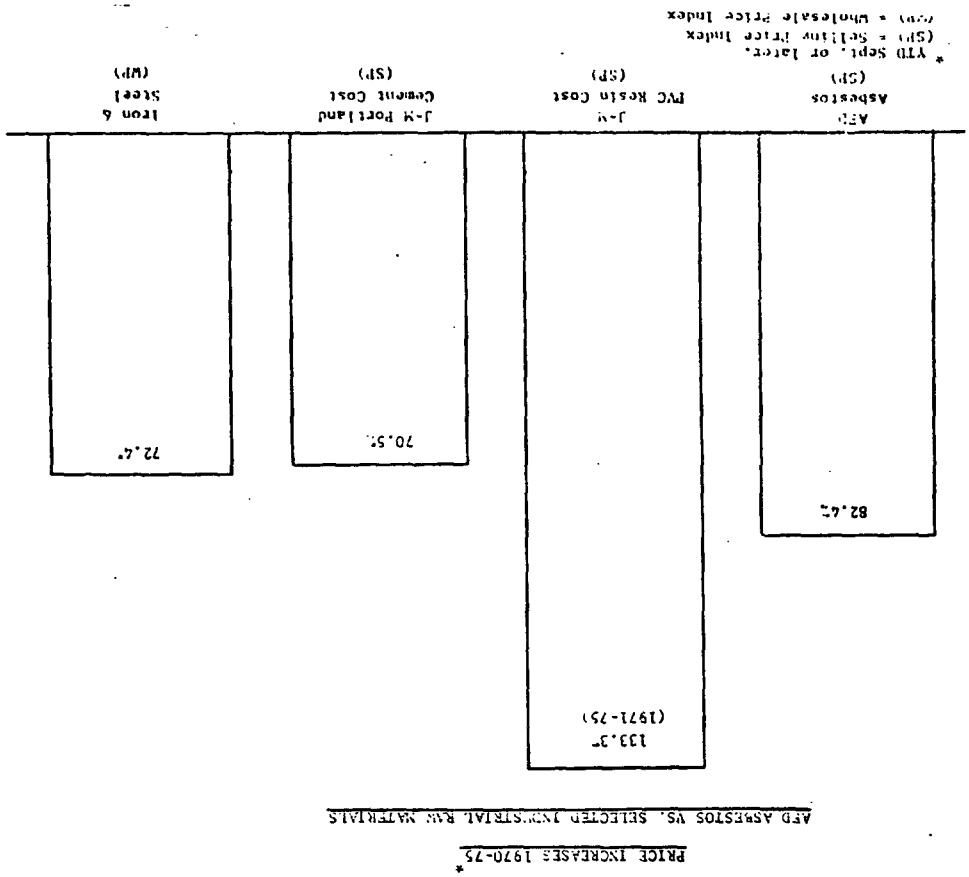
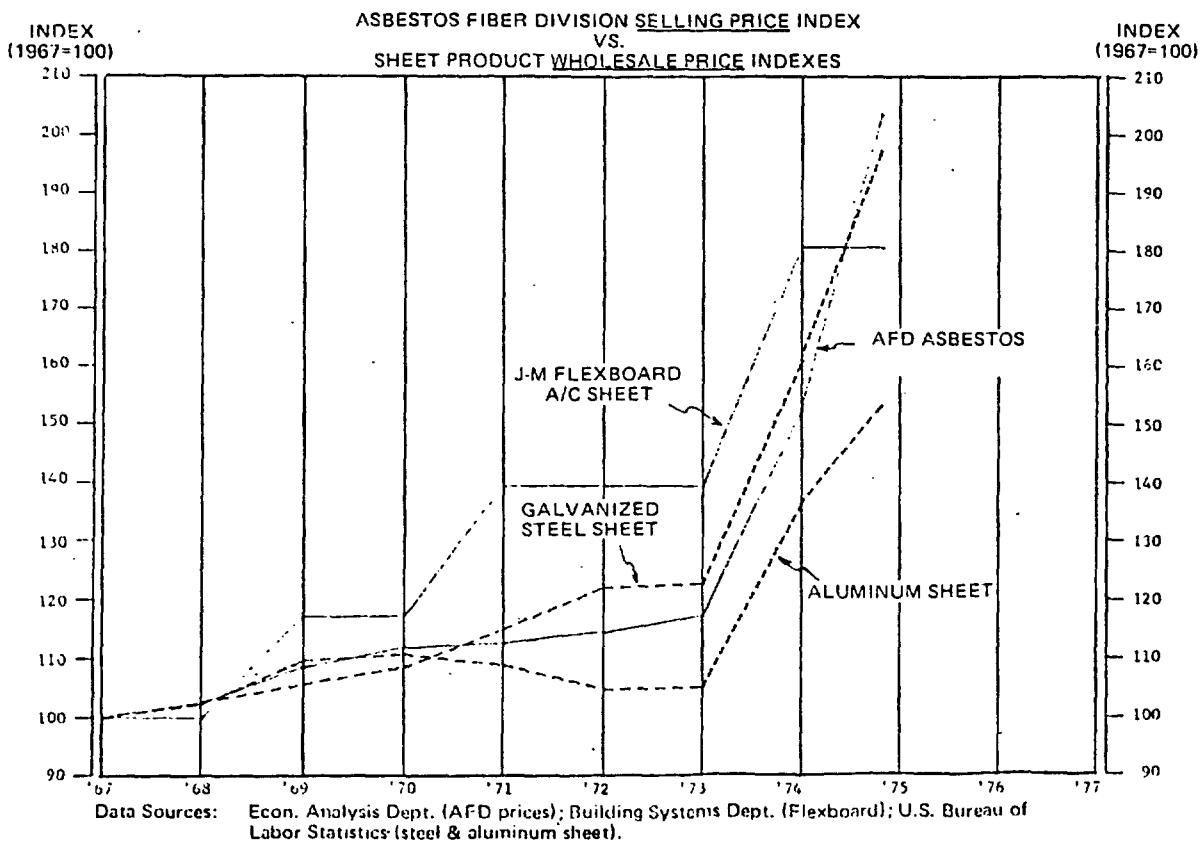


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CHART 9

	4T	PERCENT INCREASE	6D	PERCENT INCREASE
JANUARY 1963	$190		$ 95	
JANUARY 1973	227	19.5%	120	26%
JANUARY 1976	492	116%	236	97%

CHART 8

PRICE INCREASES 1970-75*

AFD ASBESTOS VS. SELECTED FINISHED PRODUCTS

* YTD through Sept. or later.
** Includes shingles, roll roofing, and "other" asphalt products.
(SP) = Selling Price Index
(WP) = Wholesale Price Index

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