

are banned hazardous products after June 11, 1978.

§ 1304.5 Findings.

(a) *The degree and nature of the risk of injury.* The Commission finds that the risk of injury which this regulation is designed to eliminate or reduce is from cancer, including lung cancer and mesothelioma. In assessing the degree and nature of the risk of injury to consumers, the Commission has reviewed experimental data and human experience information. The Commission noted that in the scientific literature, there is general agreement that there is no known threshold level below which exposure to respirable free-form asbestos would be considered safe. Further, on the basis of such scientific opinion, it appears to the Commission that children are particularly vulnerable to carcinogens because of their longer potential lifetime and their rapid rate of growth. In areas of the country where asbestos may not be prevalent in the environment, the major risk of exposure for children and others may occur in the household. In areas of the country where more asbestos fibers are present in the environment, the public is exposed to additional risks from the presence of asbestos fibers in households and other consumer environments. The Commission concluded on the basis of these factors that consumer patching compounds containing respirable free-form asbestos present an unreasonable risk of injury to the public. In addition, a risk assessment was made. For purposes of this assessment, the Commission considered the use of patching compounds by the consumer, for six hours a day four times a year, to be a high yet reasonably foreseeable exposure. The increased risk of death from respiratory cancer induced by this exposure is estimated at between 10 and 2,000 per million. For five years of exposure at these levels, the risk increases geometrically and is estimated at between 1,000 and 12,000 per million. The lower estimate of 10 per million is closer to the actual risk for a one-year exposure. Nevertheless, in view of the seriousness of the injury and the cumulative effects of asbestos exposure, even this minimum figure represents an unacceptable risk.

The Commission believes that reducing exposure to respirable free-form asbestos in the home represents a substantial decrease in risk to consumers, since, for many people, the major exposure to inhalable asbestos is in the home.

(b) *Products subject to the ban.* Consumer patching compounds as defined in § 1034.3 (d), (e), (f) includes such products as drywall spackling compounds and tape joint compounds (commonly known as "joint cement" or "tape joint mud"). The Commission estimates annual shipments of patching compounds subject to the ban at approximately 30-50 million "units," or individual packages, of various sizes from 0.5 to 25 pounds (dry) or 0.5 to 5 gallons (wet). The Commission believes that about half the patching compounds sold in 1977, and intended for sale to or use or enjoyment by consumers, were formulated with asbestos. Many others containing significant levels of asbestos contamination will also be affected by the ban.

(c) *Need of the public for the products and effects of the rule on their utility, cost and availability.* Patching compounds, though used primarily by commercial construction workers, are also used by consumers, and are used for the patching and sealing of cracks and joints in and around the household and in other consumer environments either by consumers or professional applicators. The compounds are used to cover areas on gypsum drywall which might otherwise be aesthetically undesirable or which might lead to structural damage, energy loss or lower property value. The asbestos in these compounds acts as a structural reinforcing agent which helps to reduce cracking and shrinkage of the compound over time, and which renders the compound more pliable or "workable" upon application.

(1) *Utility.* The elimination of asbestos from these products may result in the increased use or new development of substitutes which have similar properties to those of asbestos, or which impart similar qualities to the product. In current reformulations, asbestos is replaced by a combination of substances, of which the most common is attapulgite, a fibrous clay. Some non-

asbestos formulations are reportedly not as effective as those containing asbestos in controlling shrinkage and cracking over time. The workability of some compounds may be diminished as well. This may adversely affect the utility derived from the product by consumers, and by professional contractors until such time as improved formulations are developed and available to end-users.

(2) *Cost.* Asbestos-free patching compound formulations may require more time to use. This would tend to increase the direct labor costs of residential and other construction and renovation. The expected increase is between 10 and 25 percent. The Commission estimates that the annual labor cost of drywall finishing in these consumer environments is on the order of \$1 billion. The use of nonasbestos patching compound formulations in all applications may increase this cost by \$50-\$125 million, assuming that roughly half the current labor costs (i.e., that portion now associated with the use of asbestos formulations) are affected by the 10-25 percent increase. The burden of this cost is expected to fall directly on owners of existing homes who may engage in some renovation, and on purchasers of newly-renovated or newly-constructed homes. These increased costs are expected to diminish over time as formulations improve and as applicators become more accustomed to using nonasbestos formulations. The use of asbestos substitutes may also lead to cost increases in the manufacture of patching compounds. The Commission estimates this cost, which may vary widely from firm to firm, at an average of 5-15 percent. This is made up primarily of increased costs of raw materials and of formulation research and development. It is expected that the price of many patching compounds may rise as a result. Producers, distributors, and retailers of patching compounds may also have to incur costs associated with the disposal of products in inventory. The Commission estimates that the wholesale value of manufacturers' and distributors' inventories at the time the ban becomes effective will be approximately \$15 million. These costs may be reflected in the prices charged for asbestos-free

patching compound formulations, and in the prices of other drywall and paint products. It appears that, because of competitive pressure from asbestos-containing compounds, producers of asbestos-free formulations have not yet passed on to purchasers their increased costs. If the increased production costs of asbestos-free formulations can be passed on completely as a result of the ban, the total annual price effect for the year following the issuance of the ban may be \$10-\$60 million. The magnitude of this effect may be reduced significantly in successive years following the issuance of the ban as producers' development costs are amortized, as raw materials become more widely available, and as price competition is strengthened because of market pressure and economies of sale associated with production.

(3) *Availability.* The supply of asbestos substitutes, particularly attapulgite clay and relatively uncontaminated talc, for use in the manufacture of patching compounds may be insufficient to meet the short-run demand which is expected to be stimulated by the promulgation of the ban. Further, many small producers probably lack the technical capability to reformulate their products, and may be forced to cease production, at least until formulations of satisfactory cost and performance are developed. This may affect some professional contractors. In the short run, consumers may be indirectly affected by delays in drywall finishing and building completion.

(d) *Any means of achieving the objective of the ban while minimizing adverse effects on competition or disruption or dislocation of manufacturing and other commercial practices consistent with the public health and safety.* The adverse effects of the ban on patching compounds containing asbestos is reduced by limiting the ban to intentionally added asbestos. Other alternatives such as limiting the scope of the ban only to products purchased and used by consumers or to issuing a ban with a later effective date, were considered by the Commission. However, none was found that would cause less disruption or dislocation of manufacturing and other commercial practices, consistent with public health and safety.