May 7, 1943

MEMORANDUM TO MR. T. A. HAMILTON:

Re: Raw Asbestos Distributors, Ltd.

You will find attached letter for your signature requesting the subject firm to forward documents as requested in your memorandum of April 20. The letter mentions that forwarding the documents in the manner outlined will facilitate clearance and handling of the material and expedite payment of the drafts.

I would like to suggest that when the documents you receive direct are found in order that you notify the bank promptly authorizing payment of the draft when presented. This will eliminate the delay which occurs when the bank communicates with us for instructions upon receipt of the drafts.

S. H. Petterson

SHP HW

FILE COPY

METALS RESERVE COMPANY

WASHINGTON, D. C.

April 29,1943

MEMORANDUM TO MR. BRIDGMAN:

At our request the OPA on March 4, established selling prices for Rhodesian and South African asbestos received by Metals Reserve Company under its contracts with the Cape Asbestos Company and Raw Asbestos Distributors. These selling prices reflected the purchase price of the material to Metals Reserve Company plus freight, commercial insurance, war risk insurance at the War Shipping Administration rate of 4%, and a 5% overhead charge.

In calculating the freight, we used a charge per short ton of $17.10 from Beira and of $15.10 from Lourenco Marques or Capetown. These rates were based on advices which we received from the asbestos companies.

It has subsequently developed that the freight charges are not in all instances those quoted to us at the time we submitted the figures to the OPA. In the case of rates from Beira, the present charge will range as high as $24.86 a short ton and in the case of shipments from Capetown the rate goes as high as $20.40. We are now advised by WSA that these rates will apply only to May 15, and that after that date new rates will be in effect, which are also somewhat higher thant those used in calculating the OPA price ceilings. For your information, I tabulate the effect of the difference in rates on our ceiling price:

		Present Price	Prior to May 15 Shipment	Subsequent to May 15 Shipment
CGC No. 1		$330.00	$338.37	$332.02
No. 2		236.00	241.12	237.96
No. 3		146.00	146.66	148.29
No. 4		101.00	101.56	103.47
Amosite B-1		149.00	148.38	150.64
B-3	D-3	123.00	122.82	126.09
3-D	M-1	118.00	118.40	119.66
	M-1	113.00	113.17	114.62
Blue	MS	147.00	147.18	148.44
	S	186.00	198.64	188.09

You will note that the added cost to us is as high as $8.30 a ton in some instances.

We have discussed this question informally with Mr. Woolfson of the OPA. Mr. Woolfson states that OPA will be prepared to consider an application from us for a revision in the price ceilings based on the higher freight rates but points out that the asbestos industry may take the view that any upward

File Copy - Cape Asbestos

METALS RESERVE COMPANY

WASHINGTON, D. C.

adjustment of price ceilings on raw asbestos might cause a request for a similar adjustment on prices of asbestos textiles which OPA desires to avoid. He further pointed out that the asbestos trade has objected to the 5% overhead charge which was included in the Metals Reserve Compan calculations of price (which, incidentally, was revealed to the trade by Mr. Gardner of the WPB over our objection.

One of the reasons advanced in support of the 5% overhead charge was the fact that MRC might have to absorb excess transportation costs. Mr. Woolfson, therefore, suggests that we consider the variations in freight as being a charge which should be absorbed by us under the 5% overhead. The 5% overhead is in all cases more than sufficient to absorb the added costs. Moreover, you will observe that in the case of the rates after May 15, the difference, compared with present prices, is in no case more than $2.50 a ton.

The Traffic Department points out the desirability of making a prompt application to OPA if we decide to apply for a higher price schedule, since substantial quantities of asbestos are afloat.

It would be my recommendation that we do not request an amendment of the present price schedule, for the reasons given by the OPA. What are your wishes?

S.D.Strauss

SDS:eg
cc Mr. T.A.Hamilton
Mr. Reed
Mr. Levinson
Mr. Patterson