

PLAINTIFF'S  
EXHIBIT  
JM-1606  
tabbies

METALS RESERVE COMPANY

WASHINGTON, D. C.

December 10, 1942

MEMORANDUM TO MR. PETERSON:

I attach herewith the telegram from Raw Asbestos Distributors which I discussed with you several days ago.

War Production Board indicates that the ports of discharge for this material should be New York or Philadelphia, since the material probably will be allocated direct to consumers in the general vicinity of those two ports.

I have discussed this proposition with Mr. Hamilton and he feels that payment might be effected through a bank, rather than directly, in view of the plans for future purchases of asbestos.

Do you want to work out some arrangement with one of the New York banks, which can then be used as a basis for our reply?

Mr. Sheehan of the Legal Division is familiar with this matter in case you have questions and I am not available.

S. D. Strauss

SDS:eg

FILE COPY

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PLAIN

London

Dated December 4, 1942

Rec'd 10:58 p.m.

Secretary of State,

Washington.

6874, Fourth.

FOR POTENTIAL, BOARD OF ECONOMIC WARFARE, STRAUS, METALS RESERVE;  
WARFIELD, METALS RESERVE; GARDNER, WAR PRODUCTION BOARD FROM WASHINGTON.

We now cable you drafts three contracts producing companies. Raw  
Asbestos is Turner Newall selling subsidiary and Egner is Cape affiliate  
which sells asbestos. Please cable account your comments and authority to  
execute. Contract quantities may be subject to slight adjustments upon  
check arithmetical computations.

1. Raw Asbestos Distributors contract.

Quantity: The following minimum tonnages, stated in short tons of  
2,000 pounds overburden each, dry basis, plus or minus 5 per cent at  
seller's option: grade one 1,841 short dry tons, grade two 6,499 short  
dry tons, grade three 18,746 short dry tons, grade four 8,768 short dry  
tons.

The quantities set forth above are based upon the estimate that the  
seller will deliver the following tonnages to all destinations in 1943:  
grade one 2,849 short dry tons, grade two 10,498 short dry tons, grade  
three 14,449 short dry tons, grade four 19,030 short dry tons.

-2- 64574, December 4, from London

In the event seller delivers quantities in excess of the aforementioned total tonnages, he further agrees to offer to the buyer, at buyer's option, at prices stated in this contract, the following percentage of quantities delivered in excess: grade one 50 per cent, grade two 37 per cent, grade three 25 per cent, grade four 29 per cent.

Seller further agrees that all quantities delivered pursuant to this contract shall be of the grade commonly known as C and G produced at the Shabani mines. Seller may, however, deliver H.V.L.3 in place of C and G 4, where shipping space is available but there are no supplies of C and G grades at the ports where shipping is then available. Notwithstanding the availability of shipping space, in no event shall seller ship tonnages of the following grades in excess of the following tonnages: H.V.L. 3 XI 1,000 short dry tons.

In no event, except by further written agreement of buyer, shall seller deliver any quantities of grades H.V.L. 2, V.R.A.2, V.R.A.3, or V.R.A.4.

In the event any determination of the Combined Raw Materials Board reduces or increases the quantity of material specified above to be delivered to the United States, the obligations of the seller to deliver the contract quantities shall be correspondingly reduced or increased. In the event any determination of the Combined Raw Materials Board allocates quantities of materials to destinations other than the United States, which allocations, in effect, reduce the quantities that may be available to the United States and the United Kingdom, the obligations of the seller to deliver the contract quantities shall be reduced by the following percentages of the amount of

-3- 6874, December 4, from London

the allocated quantity: grade one 30 per cent, grade two 37 per cent, grade three 38 per cent, grade four 29 per cent.

Seller and buyer further agree that the obligations of the seller to deliver the contract quantities will be altered, upwards or downwards, at any time to reflect adjustments made in the apportionment of chrysotile asbestos between the United States and the United Kingdom by the United States Government and his Majesty's Government.

Quality: The C & G material shall be of quality hitherto acceptable for the specified grades by principal users in the United States. It is understood that 25 per cent of the production of Rhabani mines is produced by pebble grading and conditioning milling methods. The seller represents that the quality and usability of such material is in no way impaired by the use of such methods. N.V.L. grades shall be standard grades produced at mine as shipped to the United Kingdom.

Prices: Payment shall be made at the following British sterling prices per short dry ton f.o.b. ocean-going steamer, destined for the United States, at African shipping ports: C & G 1 seventy pounds five shillings f.o.b. Beira; C & G 2 forty-nine pounds f.o.b. Beira; C. & G. 3 twenty-eight pounds fifteen shillings f.o.b. Beira; N.V.L. 3 twenty-eight pounds fifteen shillings f.o.b. Laurence Marques; C & G 4 eighteen pounds twelve shillings sixpence f.o.b. Beira; N.V.L. XII nineteen pounds twelve shillings sixpence f.o.b. Laurence Marques.

4 14274, December 4, from London

In the event buyer requests seller to deliver any such material f.o.b. ports other than the aforementioned specified ports of shipment, buyer agrees to reimburse seller for the excess of actual transportation charges over transportation charges prevailing at the time to the aforementioned specified ports of shipment.

The prices stated in this contract will be used for all deliveries made in 1943 to the order of Metals Reserve Company but Raw Asbestos Distributors Limited in no way binds itself to continuation of these prices for the year 1944 in the event of costs further increasing during 1943.

Shipments: Shipment to be made as early as possible from Africa as nearly as possible in equal monthly shipments of grade. Shipments to be completed by December 31, 1943.

Delivery: Instructions to be advised by buyer or his nominee.

Title: Title shall pass to buyer at port of embarkation when on-board ocean bills of lading are issued. Seller shall give prompt notice of details of each shipment to buyer or his nominee by cable, but in the event of any mutilation, delay in delivery, or non-delivery of cables, however, caused, seller shall not be responsible for any consequences arising therefrom.

Taxes and charges usual standard provisions.

Payments: Prompt net cash in British sterling in London on presentation of shipping documents to buyer.

Special conditions usual standard clauses. In addition provide "In the event seller is unable to contract for adequate supplies of

-3- 4674, December 4, from London

Canadian fibre, buyer agrees, upon written request of seller, to submit for joint discussion between His Majesty's Government and the United States Government in the Combined Raw Materials Board, the question of a reduction in the quantities to be delivered pursuant to this contract. Any reductions approved by the C.R.M.B. shall release the seller from his obligations under the terms of this contract correspondingly.

"Law governing: all of the provisions of this contract and its performance and execution shall be governed by English law."

2. Cape Asbestos Company contract.

"Quantity: The following minimum tonnages, stated in short tons of 2,000 pounds avoirdupois each, dry basis: blue 1 and C, 6 short dry tons; blue MS and S, 2,925 short dry tons.

The quantities set forth above are based upon the assumption that the seller will deliver to all destinations in 1943 quantities not in excess of the following tonnages: blue MS and S, 5,250 short dry tons.

In the event seller delivers to all destinations quantities in excess of the afore-mentioned 5,250 short dry tons of blue MS and S, he further agrees to offer to the buyer, at buyer's option, at prices specified in this contract, quantities not less than 55 per cent of quantities delivered in excess.

Buyer will notify seller of quantities of MS and S respectively to be delivered, it being understood that such quantities to be delivered will be approximately in the proportions of 7 MS to 1 S.

In the event any determination of the Combined Raw Materials Board

-4- 46574, December 4, from London

reduces or increases the quantity of material specified above to be delivered to the United States, the obligations of the seller to deliver the contract quantities shall be correspondingly reduced or increased.

Seller and buyer further agree that the obligations of the seller to deliver the contract quantities will be altered, upwards or downwards, at any time to reflect adjustments made in the apportionment of blue asbestos between the United States and the United Kingdom by the United States Government and His Majesty's Government.

Quality: The material shall be of qualities acceptable to principal users in the United States for the grades specified.

Prices: Payment shall be made at the following British sterling prices per short dry ton f.o.b. outgoing steamer, destined for the United States, at African shipping ports: blue 43 twenty-nine pounds ten shillings; blue 5 thirty-eight pounds nine shillings two pence; blue 7 & 8 C-11-N all f.o.b. African port, gross for net.

The above prices will remain unaltered to April 30, 1943. Rising costs of production, however, may necessitate a revision of the selling price after that date, and seller reserves to itself the right to increase by a maximum of 5 per cent at its discretion.

Shipments: Immediately from Africa in equal monthly shipments per grade, subject to available shipping and fluctuations in mine production. Seller shall not ship in excess of 200 short dry tons per vessel without consent of buyer. All shipments to be completed prior to December 31, 1943.

-7- #4874, December 4, from London

Balance contract identical Raw Materials except there are no additions to special conditions.

3. Ensoy Limited contract.

Quantity: The following minimum tonnages, stated in short tons of 2,000 pounds avoirdupois each, dry basis: anasite grade B-1 1,200; anasite grade B-2 or B-3 6,000; anasite grade 1/2B-1 3,600; anasite grade B-1 10,000; all short dry tons.

Seller further offers to buyer, at buyer's option, at prices specified in this contract, an additional 2,500 short dry tons of anasite of grades to be specified by seller. This offer is conditioned upon the assumption that total importations of anasite into the United States during 1943 from sources other than the seller will not exceed 2,500 short dry tons.

Seller's obligation to offer such additional 2,500 tons will be reduced, ton for ton, to the extent that importation into the United States from such other sources during 1943 exceeds 2,500 short dry tons, and in the event such other importations amount to 5,000 tons, seller's obligations will be entirely eliminated.

In the event any determination of the Combined Raw Materials Board increases or reduces the quantity of material specified above to be delivered to the United States, the obligations of the seller to deliver the contract quantities shall be correspondingly increased or reduced.

Seller and buyer further agree that the obligations of the seller to deliver the contract quantities will be altered, up or down, as follows,

-S- 6474, December 4, from London

at any time to reflect adjustments made in the proportionment of asbestos asbestos between the United States and the United Kingdom by the United States Government and His Majesty's Government.

Seller may, at his option, deliver an additional 2,000 short dry tons of grade B-3 or D-3 and/or an additional 1,400 short dry tons of grade 3/2M-1, or any portion thereof, and correspondingly reduce the quantity of M-1 to be delivered under this contract.

Quality: The material shall be of qualities acceptable to principal users in the United States for the grades specified.

(X) Price: Payment shall be made <sup>Price shall be</sup> at the following: British sterling prices for short dry ton f.o.b. ocean-going steamer, destined for the United States, at African shipping ports: <sup>C</sup> grade B-1 thirty pounds, B-3 or D-3 twenty-four pounds, 3/2M-1 twenty-three pounds, M-1 twenty-one pounds sixteen shillings four pence, all f.o.b. African port, gross for net.

Shipments: Shipment immediately from Africa in equal monthly shipments per grade subject to available shipping and fluctuations in mine production. All shipments to be completed prior to December 31, 1943.

Balance 7,000 contract identical Cape Asbestos.

In accordance accepted trade practice all contracts with provision weighing, sampling, and inspection United States.

Besides three contracts we anticipate executing memorandum understanding Ministry of Supply along lines diamond memorandum. This memorandum in course clearance with officials here and embodies principles upon which

-4- 60774, December 4, from London

allocation was made. You should not wait for receipt this memorandum to furnish authority execute contracts. In broad outline contracts furnish no quantities beyond expectations at best prices. It was undesirable in our opinion under such circumstances to insist rigid adherence standard contract form. We wish to avoid lengthy discussions minor points after full cooperation given by companies and government here. Your prompt authority to execute and fundamental comments would be much appreciated.

We also await information specifications blue A and C, division between blue M and S, and decision whether to keep prices M3 and F separate or whether to average.

Also wish to inform you that 25 per cent production C & L grades is milled by new process method. This method which incidentally is used exclusively H.V.L. grades will ultimately be used by Turner Newall in all production. At our request Jacobson has inspected fibre produced by this process at plant. He has no objections to quality and in fact feels that fibre itself may ultimately be more desirable because it is cruder.

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(c) Apparent extension (Page 2) top line