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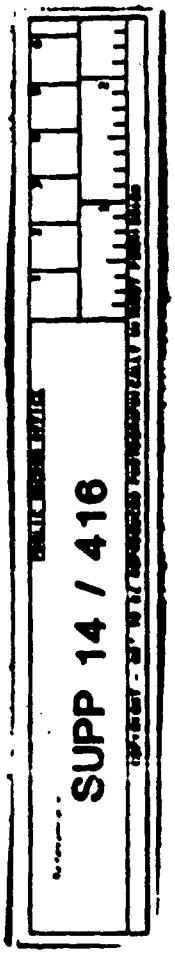

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Agreed Note of Meeting at Shell Kex on 12th November, 194[illegible]

ASBESTOS.

Present:-	Mr. Herbert	R.M.D.
	Mr. Wasserman	B.E.W.
	Mr. Sheriff	B.E.W.
	Mr. Bliss	American Embassy
	Mr. Sayers	R.M.D.
	Mr. Emanison	R.M.D.

1. The U.S. representatives had read our memorandum. They were prepared to answer some of the questions raised, but not all. They had already written to Washington for further information and were awaiting a reply.

2. Introducing the U.S. team, Mr. Wasserman explained that he was not a technical expert on asbestos. Mr. Sheriff was slightly better informed, but for technical information both would rely on Mr. Jacobson who was an encyclopaedia of useful knowledge on the subject.

3. The U.S.

(a) attached the greatest importance to securing their C. & G. programme in its entirety. C. & G. 1 and 2 were used 100 per cent. for naval requirements, not 1 lb. was used for any other purpose. Ships were tremendously vital to the war effort. Canadian could not be substituted because of its comparative metallic content. Rhodesian was much lower in metallic content and was therefore essential to avoid interference especially where ships electrical equipment was concerned. The U.S. must have this low metallic asbestos.

(b) was prepared to discuss the problem of Blue. They did not feel convinced of the same degree of essentiality. Blue is principally used in pipes & but Canadian could be substituted. Apparently Blue shed water much more quickly than Canadian. The use of Canadian would therefore slow down manufacturing processes. Blue is also harsher than Canadian and therefore produced a tougher product. Even so, the U.S. could not regard the use of Blue in [illegible] as a [illegible] war use by comparison with the use of C. & G. for naval construction.

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(c) Regarded Amosite as important as it is used in U.S. primarily in war construction.

The U.S. representative however agreed that the problem was a common one, i.e. U.K. and U.S. must act together and arrive at a solution satisfactory to all parties.

4. Mr. Herbert outlined the U.K. position. The problems were not matters for debate. We should consider only facts and needs. We had no knowledge of the U.S. position beyond what was contained in the B.h.M.M. cables. These cables were alarmist in tone and suggested that the U.K. Companies were obstinately self seeking. We had seen both producing companies and were satisfied that this charge could not be sustained. The companies might have made the point that there was no incentive for them to exploit their mines since all additional profit would be absorbed as E.P.T. In fact they had not made this point; indeed they disclaimed interest when we did. The Companies attitude was that if additional supplies of asbestos were necessary to win the war, all that was possible to increase production would be done. But the companies were not satisfied that increased production was necessary and there was the feeling that the U.S. alarm and their figures were bunk.

5. Mr. Wasserman maintained that the U.S. view was not unreasonable. The C. & G. was restricted entirely to the Navy and if the U.S. Navy required C. & G. it was our joint responsibility to see that they had it without question. He was perfectly willing to concede that the U.S. using Companies were perhaps pressing the case for Blue unreasonably, but he would leave no stone unturned to secure the material required for naval construction.

6. Mr. Herbert offered his assistance, and confidently forecast that the U.K. companies also would co-operate and raise no difficulties provided of course, that the U.S. requirements were proved.

7. Mr. Wasserman said that he must rely upon their expert to prove essentiality. They had no intention of asking for anything unreasonable. If the U.K. Companies could prove that the U.S. demands were unreasonable he agreed we would not be in a position to coerce the companies into doing anything unreasonable.

8. The U.S. acted for adequate stocks as a war emergency reserve; against the possibility of e.g. intensified "U" boat warfare they required 18 months' stocks in all the battle categories. C.& G. and Amosite were vital categories and the U.S. were adamant in their demands for these types. The general U.S. policy aimed at accumulating stocks sufficient for 2 to 2½ years on the grounds that the fortunes of war could not accurately be predicted. Should these be adverse, large stockpiles would prevent interference with vital war production. War requirements were increasing sharply and reference

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was made to astronomical figures for shipbuilding in 1943. However, after careful consideration in Washington, it had been felt that to ask for 2-2½ years stock of asbestos was impracticable and the Mission asked for and secured a revision on the basis of a 12 months stockpile. The aim was to buy sufficient to meet 1943 requirements plus sufficient to provide for a 12 months stock in hand on 1st January 1944. A statement of requirements on that basis had been prepared and is attached as Appendix A.

9. Mr. Herbert stated that B.M.D. would be very happy indeed to have in U.K. sufficient stocks of all vital commodities to meet 12 months requirements. This ideal had not been practicable. However, we might try on asbestos. Shipping presented no difficulty at the moment and we should make the most of our opportunities.

10. Mr. Wasserman suggested that in certain circumstances it might be necessary and desirable for U.S. to ship to the U.K. and that normal Commercial considerations were irrelevant. Mr. Herbert thought the Companies would not disagree. They had not expressed concern at the prospect of large post war stocks in the U.S. Mr. Sheriff thought that the solution of the post war problems in the asbestos field would follow the same general lines as for other materials, but that as it was difficult to forecast exactly it was not possible to give detailed assurances now. It was certain that the U.S. would do its utmost to prevent inflation after the war. However, the main point was that the U.S. stockpile was required as a reserve against ill luck; there was no other motive. There would be no objection to incorporating in an agreed memo a clause specifying free consultation on disposal of post war surpluses.

11. The M.M.C. will be the sole and exclusive buyer for U.K. for 1943. It was hoped that deliveries on their 1943 contracts would begin immediately following completion of existing 1942 contracts, i.e. in 1944 if possible. M.M.C. contracts should contain a cancellation clause safeguarding the C.M.A.B. allocations. This would both protect the Companies and ensure their deliveries.

12. The U.S. were very definitely concerned about the price increase for Rhodesian, and were strongly opposed to granting it, since a price increase in this field would have wide and most unfortunate repercussions. It would have a stimulating effect on the Canadians and generally upset stability; there was no knowing where its effects would end. The U.S. proposed to continue selling to U.S. users at 1942 prices and their view was that 1943 contracts should be at 1942 prices except that where increased production involved uneconomic mining account should be taken of the increased costs. If Turner and Newall maintained their position that the present 7½ per cent. increase represented increased costs of mining, mining and freight, their figures should be expertly examined. Mr. Herbert agreed

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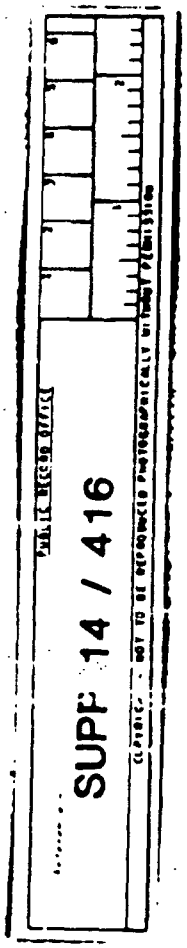

that this would be done but mentioned that extra profit would seem to be meaningless since it would be taken from the Company as [illegible]. Mr. Sheriff offered to assist in the investigation if desired and if the Company offered no objection, Mr. Herbert having explained that whilst we could insist on production of figures of the Ministry's accountants we could not insist on their availability to others. The U.S. were anxious to resolve this price difficulty as quickly as possible.

13. The following arrangements for further meetings were agreed:-

Monday 16th November at Warwick	B.E.W. and R.M.D. to discuss R.M.D. Memo and B.E.W. figures
Wednesday 18th November at Warwick	R.M.D. to discuss main proposals and price situation with Companies.
Friday 20th November in London	Joint Successive meetings with Companies separately. Rhodesian and South African Government representatives to attend their respective meetings.

14. R.M.D. to consider figures in Appendix A before Monday's meeting.

15. The U.S. trade feels that there should be a price differential on U.R.A. grades since this grade was more costly in use than C. & G. This point however was of minor importance. The major problem was the maintenance of prices at 194[illegible] levels.

16. Mr. Herbert referred to the haphazard way in which naval specifications were involved. Rigid specification generally had no technical basis. Mr. Wasserman agreed that other materials, e.g. spun glass, might well be used as substitutes for asbestos, but (a) new plant and new factories would be required and (b) the Admiralty would not easily be moved from their "old Spanish customs". The war would be over before the change could be effective. Meanwhile the Navy required its C. & G.

Appendix A/

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APPENDIX A.

Purchases to be made for 1943 delivery

C & G - # 1	1,750 tons (long)	(actually 1438 but offer to us 91,750 which we are authorised to accept).	
# 2	7,476 tons	"	
# 3	17,967 tons	"	
# 4	6,404 tons	"	
	33,597		
Amosite			
B 1	2,215 tons (long)		
M 1	11,570 tons	"	
# 3	16,154 tons	"	
	29,939		
Blue			
A & C	60		
MS & S	10,458		
	10,518		

The purchases, when added to existing inventories, both Government owned and privately held, and after allowing for estimated 1943 consumption, will leave inventories at January 1st 1944 at a quantity equal, in each grade, to one years supply. For your information estimated inventories at 12/31/42 will be as follows:-

			Months consumption
C. & G.	1	581 tons	8
	2	2216	6
	3	3041	4
	4	688	2
Amosite	B 1	846	6
	# 3	6968	8
	M 1	1955	4
Blue	A & C	2	[illegible]
	MS & S	2951	[illegible]