

BAR00010258

PLAINTIFF'S
EXHIBIT

JM-1630

BJ/EAN

Raw Materials Dept.,

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1st December, 1942.

Dear Robertson,

Asbestos

I am sorry that you were unable to come to our meeting at Shell-Mex on Friday last.

The one important point which affects your Government seriously was the price point. The Turner & Newall Company pressed for an increase in price and we accordingly agreed to the inclusion in the Contract of a Price Clause such as would have satisfied the Ministry of Supply had the Ministry and not the Americans been purchasing. The Clause in effect provides that the prices charged in 1942 shall be reviewed in the light of proved increases of costs and the profit experience of the Company. We shall have to be satisfied by the Company not only with the increase in cost if agreed but also that the profits of the Company are such, having regard to the capital employed and the nature of the business, that the Company could not be called upon to meet any part of the increases in costs out of its profit margin.

Without seeing the Company's case (which will be submitted to us personally) I am not able to say that the operation of this Clause will allow the Company to maintain its profits at its R.P.T. standard. If, for example, the investigation shows that the Company has been enjoying an reasonably high level of profit (having regard to capital employed and nature of the business) we should expect it to shoulder some part of the increase in costs. If, on the other hand, the profit margin has been in our view reasonable, we should allow the increase in costs to have full effect of the prices.

/I shall be

T. J. Robertson, Esq.,
Office of the High Commissioner for Southern Rhodesia,
429, Strand,
London, W.C.2.

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I shall be careful to keep you informed of the
source of our investigation and send you this statement
meanwhile to inform you of the principles on which we
shall proceed.

Yours sincerely,