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PLAINTIFF'S EXHIBIT JM-1644

August 4, 1940

ASBESTOS

African Fibre
All Figures in Short Tons
Outline and Purpose of Recommendations

On June 7, 1940, Dr. Oliver Bowles, U. S. Bureau of Mines, wrote Dr. C. E. Leith, National Defense Commission a memorandum stating that only about 6 percent of the asbestos required by this country was produced here, and that substantial supplies of the higher grades were imported from African and Canada. To insure adequate supplies Dr. Bowles suggested the cooperation of importers and Canadian producers was necessary. Dr. Bowles recommended the following action:

Call a conference of importers and asbestos product manufacturers. Primarily, it should include representatives of manufacturing companies who owned asbestos mines in Canada. The more important of these are:

1. Johns-Manville Corp. - 22 East 40th Street, New York City
   represented by Asbestos Fibre Distributors
2. Keasbey & Mattison Co. - Ambler, Pennsylvania
3. Philip Carey Mfg. Co. - Lockland, Cincinnati, Ohio

The conference should include E. T. Bowman, Asbestos Limited, 8 West 40th Street, New York City, and C. J. Stover, Proprietor, Magazine "Asbestos," 16th Floor Inquirer Bldg., Philadelphia, Pa.

The conference should discuss:

1. Means of ascertaining stocks of asbestos by grades on hand in the United States.
2. Advisability of canvassing stocks regularly, for instance, in a monthly or quarterly basis.
3. Means of ascertaining stocks of most essential asbestos products (brake bands, clutch facings and gaskets) available at domestic facilities.
4. Possible measures to insure adequate supply such as increasing importations of selected grades.

Dr. Bowles suggested that the conference be held during the week of June 17, 1940.

On June 27, 1940, the meeting, suggested by Dr. Bowles in his above mentioned memorandum, was held in the office of Dr. C. E. Leith, Consultant on Minerals, National Defense Commission, Room 3610, Interior Building, to discuss "A Plan for Asbestos Procurement to Meet Present Emergency." The meeting was attended by importers and processors of African asbestos and representatives of various Government agencies including the National Defense Commission.

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At the above meeting it was decided to accumulate 30,000 tons of African Rhodesian (Chrysotile) asbestos together with African amosite and blue fibres for a three year emergency. At current prices the cost of the recommended acquisitions would be about $4,500,000.

Those attending the above meeting were as follows:-

Dr. C. K. Leith, National Defense Commission
C. E. Highman, National Defense Commission
Oliver Bowles, U. S. Bureau of Mines
O. C. Ralston, U. S. Bureau of Mines
D. F. Fowett, Geological Survey
John Norton, Reconstruction Finance Corporation
E. J. Grayson, Procurement Division, U. S. Treasury Dept.
S. H. Dalbeer, Wright, Dalbeer and Company, New York
E. E. Newman, Asbestos Limited Inc. New York
W. L. Steffens, Philip Carey Mfg. Co., Cincinnati, Ohio
S. L. Stokes, Philip Carey Mfg. Co., Cincinnati, Ohio
Ernest Muskinsk, Keasbey & Mattison Co., Ambler, Pennsylvania
J. W. Ledebeer, Keasbey & Mattison Co., Ambler, Pennsylvania
Harold Tulloch, "ASBESTOS" Magazine, Philadelphia, Pa.

On October 15, 1940, Mr. A. J. Lund, Mining and Mineral Products Division wrote Dr. Bowles, Bureau of Mines, enclosing a plan for Asbestos Procurement based on the conference between industrial and Governmental representatives June 27, 1940. Included in this plan was the recommendation that the Government purchase for stockpile the following African asbestos fibres.

African Rhodesian Chrysotile	8,500	short tons
African Amosite	8,000	" "
African Blue	3,500	" "
Total	20,000	" "

On October 25, 1940, Mr. A. I. Henderson of the National Defense Commission recommended that Metals Reserve Company buy 20,000 short tons of African asbestos for a Government stockpile for a two-year emergency, this stockpile to be comprised of the following types.

African Rhodesian Chrysotile	8,500
African Amosite	8,000
African Blue	3,500
Total	20,000

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On February 3, 1941, Mr. W. A. Harriman, Chief, Materials Branch, wrote Mr. William S. Knudsen that the requirements and supplies of asbestos had been carefully reviewed with the cooperation of Dr. Oliver Bowles of the Bureau of Mines. As a result of this study Mr. Harriman recommended the amount specified in the original recommendation of October 25, 1940, be changed to the following.

African Rhodesian Chrysotile	3,800 short tons
African Amosite	9,000
African Blue	[illegible]
Total	20,000 short tons

On August 20, 1941, Mr. R. J. [illegible], Miscellaneous Minerals Branch, wrote to Mr. W. L. Clayton, Deputy Administrator, Federal Loan Agency, Washington, D. C., recommending the purchase of 30,700 short tons of African asbestos, divided as to the following grades:

African Rhodesian Chrysotile	
CaC/1	900
CaC/2	[illegible]
Total	[illegible]
African Amosite	
B-1	1,800
B-2 or B-3	[illegible]
Total	[illegible]
African Blue	
A	100
B	100
BB	[illegible]
Total	[illegible]
Total	30,700

This recommendation superseded previous recommendations made by the Advisory Commission to the Council for National Defense or by the Office of Price Administration with reference to the purchase of asbestos for Government stockpile.

As a result of a review completed in June 1942, consumption by Industry and of estimated essential needs for a three-year period, Mr. Fred Gardner, Chief, Cook, Asbestos Branch, wrote Dr. E. Y. Hillett, Chief, Stockpile & Shipping Branch, on June [illegible], 1942, revising the stockpile recommendations as follows:

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African Rhodesian Chrysotile	
CAC/1	2,600
CAC/2	10,000
Total	17,[illegible]
African Amosite	
D-1	2,000
D-3 or D-3	17,000
Total	[illegible]
African Blue	
A	100
G	100
MS	12,[illegible]
Total	[illegible]
Total	[illegible]

This recommendation superseded all previous recommendations.

On September 18, 1942, Mr. Gardner sent a letter to Dr. Elliott, stating that - "As a result of the recommendation by the Combined Raw Materials Board, we understand that .....(2) 6,000 tons of African Rhodesian Chrysotile CAC/3 and CAC/4 asbestos fibre from [illegible] are to be shipped prior to any further delivery of these grades to the United Kingdom. There is no stockpile [illegible] [illegible], we recommend that all of [illegible] [illegible] covered by [illegible] contracts be purchased by the Government for Government stockpile in the ratio of 3 tons CAC/3 to 1 ton CAC/4; in other words, of this 6,000 short tons 4,500 short tons should be CAC/3 and 1,500 tons should be CAC/4." [illegible] 6,000 short tons of CAC/3 and CAC/4 increased our recommendation of June 30, 1942, from [illegible],300 short tons to [illegible],300 short tons.

Around the latter part of September, 1942, it was agreed to achieve a stockpile of six years requirements by December 31, 1943, and to obtain this objective and also to secure the requirements for the year 1943, Mr. Gardner wrote Dr. Elliott on October 8, 1943, recommending the public purchase of 73,742 short tons of African asbestos, divided into the following types:

African Chrysotile	
CAC/1	1,[illegible]
CAC/2	7,[illegible]
CAC/3	17,[illegible]
CAC/4	[illegible]
Total	[illegible]

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African Amosite	
D-1	[illegible]
D-3 or D-5	[illegible]
3/DM-1	[illegible]
M-1	[illegible]
Total	[illegible]
African Blue	
A & C	[illegible]
MS & S	[illegible]
Total	[illegible]
Total	[illegible]

This recommendation was the result of a complete review of Industry's consumption requirements, inventories, and possible [illegible], also, estimated losses in transit, and superseded all previous stockpile or purchase recommendations.

In November, 1942, the Board of Economic Warfare sent a mission to negotiate with [illegible] Ltd. (New Asbestos Distributors Ltd.), and Cape Asbestos Co. Ltd., or [illegible] Ltd., for our entire 1943 supply of African asbestos fibre. The above recommendations were the amount they were to negotiate.

In a cable to the Secretary of State dated November 17, 1942, the Board of Economic Warfare Mission in London advised the quantities outlined in our letter of October 8, 1942, would necessitate certain changes, especially with regard to the African Blue fibre, due to the supply available and the United Kingdom requirements. After several cables trying to adjust this situation, Mr. [illegible] wrote Dr. Elliott on December 12, 1942, recommending the purchase of [illegible] tons divided into the following types and grades:

African Chrysotile	
CAC/1	[illegible]
CAC/2	[illegible]
CAC/3	[illegible]
CAC/4	[illegible]
Total	[illegible]
African Amosite	
D-1	1,800
D-3 or D-5	6,000
3/DM-1	3,600
M-1	10,000
Total	[illegible]
African Blue	
A & C	60
MS	2,800
S	[illegible]
Total	[illegible]
Total	[illegible]

This recommendation superseded all previous stockpile or purchase recommendations.

After several conferences with the representatives of the British Mission of Supply in London the Board of Economic Warfare Mission proceeded to increase our recommendations of [illegible] short tons to [illegible] short tons, without any further recommendations from this branch, and the final contracts signed covered the delivery of the following types of African Asbestos during the year of 1943.

African Chrysotile	
CAC/1	[illegible]
CAC/2	[illegible]
CAC/3	[illegible]
CAC/4	[illegible]
Total	[illegible]
African Amosite	
D-1	[illegible]
E-1 or D-2	[illegible]
1/Ba-1	[illegible]
M-1	[illegible]
Total	[illegible]
African Blue	
MS	[illegible]
S	[illegible]
Total	[illegible]
Total 1943 Contracts	[illegible]

On February [illegible], 1943, Mr. Gordon wrote Mr. Alan M. [illegible], Chief, Metals & Minerals Division, Board of Economic Warfare, outlining the Costa-Asbestos Branch objections to certain phases of the contracts and to the Memorandum of Understanding February [illegible], 1943. Included in these objections were the large amount of CAC/4 and the small amount of African blue purchased by the Board of Economic Warfare Mission. Mr. [illegible] acknowledged this letter on March [illegible], 1943.

Up to and including August 1, 1943, there have been no further recommendations by this office as to African fibre, and no changes were made in the stockpiling or purchase recommendation as of December 12, 1942.

MATERIALS USED

Under the provisions of Conservation Order M-79, Rhodesian Chrysotile Asbestos Grades CAC/1 and CAC/2 can only be used in the manufacture of material

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entering into Navy Specification 17-I-INT or other materials requiring nonferrous fibre. It is estimated that [illegible] percent of CAO/1 and CAO/2 goes to the Navy. Chrysotile asbestos Grade CAO/3 is primarily used in asbestos cement products. Also, a new use has been developed for using CAO/3 to augment the supply of Canadian spinning fibres which are short of our requirements. CAO/4 is used in the manufacture of asbestos cement products and it is the least critical of grades imported from South Africa.

Amosite asbestos Grade B-1 and, by Order M-79 [illegible] used only in woven felt blankets and fittings in installations above [illegible]. Amosite 3/DM-1, B-3 or D-3, and M-1 are used in insulations. This material also is used by the U. S. Navy as molded insulation and the Grades B-3 or D-3 and 3/DM-1 in woven blankets and fittings. In addition to these uses, amosite Grade M-1 in particular is used in the manufacture of 85% magnesia and diatomaceous silica type insulations.

Blue African Asbestos is used in the manufacture of asbestos cement pipe. It is required for this purpose because of its very high tensile strength.

SOURCE OF SUPPLY

The United States produces only about 2½ percent of its present requirements of chrysotile grades asbestos. The chief source of chrysotile grades of asbestos is Canada. The chrysotile grades of Rhodesian asbestos Grade CAO/1 and CAO/2 are equivalent to the better grades of Canadian spinning fibre, and in addition have certain nonferrous qualities the Canadian fibre does not have.

Amosite is found only in the Union of South Africa.

Blue asbestos is found in commercial quantities only in the Union of South Africa with the exception of very small quantities imported from Australia.

CONTROL ORDERS

Order M-79 restricts the use of South African fibres to priority rated orders. In addition there are limitations on the use of CAO/1 and CAO/2 to nonferrous requirements, and the use of Grades B-1, B-3 or D-3, and 3/DM-1 amosite to certain specific uses.

Order M-283 restricts the use and delivery and [illegible] for allocation of all asbestos textiles.

COMMENTS

Since only African asbestos fibres can satisfy certain critical military requirements, the essential problem is maintaining uninterrupted imports from Rhodesia and the Union of South Africa of these critical grades.

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Under a memorandum of understanding between the United States and the United Kingdom, the division of production of African cobertor is carefully determined.

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[illegible]
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