

CERTAIN-TEED PRODUCTS CORPORATION

Notes on Discussions in Montreal

1975 Fibre Requirements

A. Preliminary Discussions - Afternoon of 9th September 1974

Present: Mr. R. W. Miltz
Mr. M. Dorais
Mr. V.J.V. Smith
Mr. M. F. Howe

In June Certain-teed had put their 1975 fibre requirements at 43,000 tons Chrysotile and 5,000 tons Blue. Mr. Miltz now thought that their requirements could be as high as 52,000 tons, largely because of 1974 shortfalls. Partially to offset these and to obtain a better knowledge of Russian fibres, they have ordered 1,200 tons of P3, P4 and P5 for shipment in September; these were ordered through Huxley Development Corporation who are presumably agents of Soyuspromexport in U.S.A. In spite of doubts about consistency of quality, I told Mr. Miltz that, in my opinion, they were right to investigate the possibilities of obtaining a useful tonnage of Russian fibre in 1975, and I promised to find out from Cape details of the contract conditions imposed by the Russians. It is possible that Mr. Miltz will be visiting Moscow later this year in company with Mr. Novak of Huxley.

I gathered also that they have bought a modest tonnage of Rhodesian fibre this year but none is promised for 1975.

In view of their probable need for more tonnage in 1975, Mr. Miltz hoped for a firm commitment by Cassiar for at least 33,000 tons but Mr. Dorais explained again the current problems of Cassiar and stressed the impossibility of a firm commitment above 20,000 tons, although there was a good prospect of at least 28,000 tons being shipped with a slight prospect of more.

Mr. Miltz was again offered 3,000 tons of HVL/3 and HVL/4 and 2,000 tons Bell's 4T-500, although Mr. Dorais stressed that the latter could only be supplied on the basis of a firm five-year commitment. Mr. Smith also confirmed that, in preliminary discussions with Asbestos Corporation, he had their undertaking to offer 5,000 tons of good 4 grades. These would, however, have to be the basis of a five-year contract.

While Mr. Miltz accepted the need for a five-year contract for Asbestos Corporation fibres, he was very reluctant to accept such a commitment for Bell's 4T-500. This is, no doubt, due to the fact that they regard Bell's 4T-500 as markedly inferior to Cassiar grades. For similar reasons he was reluctant to commit himself to the 3,000 tons HVL/3 and HVL/4 until they have had a chance of running the Havelock fibre being shipped in 1974. I stressed that a decision would have to be taken fairly soon about Havelock fibres, although I did not request a long-term contract.

Mr. Miltz wondered whether there was any possibility of their obtaining more than 5,000 tons of Asbestos Corporation fibre on an option basis, since their requirements could grow further if they decide to go ahead with a new plant in Arizona. It was agreed that this prospect would be discussed at the meeting with Asbestos Corporation on the following day.

B. Discussions with Asbestos Corporation Ltd. - Morning of 10th September 1974

Present: Mr. M. P. Carson
Mr. R. W. Miltz
Mr. M. Dorais
Mr. W.J.W. Smith
Mr. M. F. Howe

In his preliminary comments, Mr. Carson mentioned the need for a long-term contract to cover the requirements of Certain-teed, stressing that a large proportion of their future production was being tied to long-term sales contracts. Mr. Miltz confirmed his willingness to accept a firm commitment for 5,000 tons of Asbestos Corporation 4 grades per annum over a five-year period and wondered whether there was any possibility of their contracting for 10,000 tons in 4's and 5's. Mr. Carson felt that this would present considerable problems, although they would do their best to supply in excess of the contract tonnage of 5,000 tons in each year. It was then agreed that Certain-teed would indicate prior to the commencement of each contract year the additional tonnage that they might require and Asbestos Corporation would then determine how far it was possible for them to assist.

Mr. Carson then confirmed the grades and tonnages which would form the basis of the five-year contract. They were:-

N-Ex-326-4J	1,000 tons
BC-4T	1,000 tons
BL-4-110) N-4-110)	3,000 tons*

- * Mr. Carson stated that most, if not all of the tonnage, would be in BL-4-110 but they reserved the right to supply some N-4-110 if necessary.

The current prices of the three grades are:-

	<u>Per Short Ton</u> <u>F.o.b. Cars</u> Can.\$
N-Ex-326-4J	388.00
BC-4T	342.00
BL-4-110) N-4-110)	358.00

Mr. Carson announced that the price of the 4-110 grades would probably rise in relation to 4T, claiming that at present they were underpriced. I suggested that this was not too satisfactory an arrangement for a long-term contract, since the sellers were presumably reserving the right to move this price at will. Mr. Carson said that they had no intention of increasing the price very much more than that of 4T and must reserve the right to some price adjustment. Mr. Miltz appeared to be satisfied with this verbal undertaking.

Mr. Miltz wants to have a carload (50 tons) of each grade (except N-4-110) despatched to the Ambler plant as soon as possible for factory trials. Mr. Carson said that, while their commitments are extremely heavy for the next month or two, they would do their best to arrange these carloads quickly.

Because of an inter-mine discount, Bell are anxious that the Asbestos Corporation fibre should be supplied through them; this is acceptable both to Asbestos Corporation and to Certain-teed. Letters of Intent covering the contract between Certain-teed and Bell and between Bell and Asbestos Corporation will be drafted and approved as soon as possible.

During the discussions with Mr. Miltz, Mr. Carson referred to production at Nordenham. He said that the mill is now on a 3-shift basis and production during 1974 should total between 75,000 and 80,000 tons; in 1975 he is hopeful that the production will be at least 110,000 tons but this assumes a larger proportion of the shorter grades NH-460 and NH-470. With the Thetford production of Asbestos Corporation running at 365,000 tons, Mr. Carson claimed that their combined production now exceeds in value that of Johns-Manville.

He hoped that it might be possible for some Nordenham fibre to be supplied to Certain-teed plants, mentioning that they were already making shipments to Mexico. It would seem, however, that the landed prices of Nordenham grades in U.S.A. would be relatively very high because of Nordenham's pricing policy and their unwillingness to modify their ex mill prices to compensate for the freight from Nordenham to overseas ports.

If Asbestos Corporation offer Certain-teed Nordenham fibres against any excess requirements of Certain-teed, they would probably be of interest only if the fibre supply position of Certain-teed was extremely critical.

M. F. HOWE

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