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**PLAINTIFF'S
EXHIBIT**

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SUMMARY

MEETING: Specification and Testing Industry Advisory Committee
for African Asbestos Fibres

DATE: September 25, 1942 **POLICY DOC. FILE**

TIME: 10:00 a.m. to 1:00 p.m. **LOG NO.**

PLACE: Room 3109-A, Social Security Building, Washington, D. C. **CLASS NO.**

**GOVERNMENT
PRESIDING
OFFICER:** Fred W. Gardner,
Cork and Asbestos Branch
War Production Board

PRESENT: Representing Industry (Committee Members)
~~E. S. Crosby, Johns-Manville International Corp.~~, New York, N. Y.
 A. M. Ehret, Jr., Ehret Magnesia Manufacturing Co., Inc.,
 Valley Forge, Penna.
 Ernest Muehleack, Keasbey and Mattison Co., Ambler, Penna.
 J. F. D. Rohrbach, Raybestos-Manhattan, Inc., Passaic, N. J.
 L. J. Silverman, Union Asbestos and Rubber Co., Chicago, Ill.

Representing Government (WPB)
 Lester F. Hall, Cork and Asbestos Branch
 R. Matthes, Conservation Division
 R. Newcomb, Conservation Division
 Utley W. Smith, Cork and Asbestos Branch
 George F. Stone, Cork and Asbestos Branch
 Kai G. Winkelhorn, Division of Industry Advisory Committees

Representing Government (Others)
 Henry A. Behre, Board of Economic Warfare
 Karl C. Pearson, Lieutenant, Navy Department
 S. D. Strauss, Metals Reserve Company
 E. Warfield, Reconstruction Finance Corporation
 W. S. Wasserman, Board of Economic Warfare
 R. O. Wayland, Lieutenant, Army and Navy Munitions Board
 A. P. Woofson, Office of Price Administration

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PURPOSE OF THE MEETING

The committee met to discuss specifications for African asbestos fibres and a program concerning the procurement of African asbestos fibers to insure an adequate supply for 1943.

INDUSTRY ADVISORY COMMITTEES

Industry Advisory Committees collect information and furnish advice to the War Production Board. Committee members, whose function is solely advisory, may not reach an agreement or understanding among themselves regarding action to be taken by the industry. Policy decisions are made and enforced by WPB, a procedure which avoids conflict with antitrust laws.

FUTURE POLICY CONCERNING PURCHASES

Under the provisions of M-63, the Board of Economic Warfare will negotiate 1943 contracts for the purchase of African asbestos fibers. Before entering into such negotiations, information is needed by that agency on the quantity and grades of material that should be bought. Each buyer already has indicated the quantity of material that he would normally contract for during 1943. Added to these figures will be an additional amount for a reserve stock pile, plus an allowance to cover shipping losses or unexpected changes in shipping schedules. It is estimated that the over-all shipping loss to the industry during the contract year 1942 averages 17 percent.

So that the Board of Economic Warfare may be properly guided in making contract arrangements, background information on acceptable grades must be furnished. After contracts have been placed, it will be necessary to develop a procedure for testing and inspection of shipments arriving in this country. The next step would be the allocation of fiber to users, which will be undertaken by the Cork and Asbestos Branch.

The Board of Economic Warfare is anxious that Mr. W. S. Wasserman, who will be sent to London to negotiate the contracts, be accompanied by some one from the industry. This would enable Mr. Wasserman to carry out instructions furnished him by the committee through the Branch.

DISCUSSION OF THE PLAN FOR NEGOTIATING CONTRACTS

Comments by the Committee.--In its previous buying arrangement, the industry has never prepared detailed specifications for African asbestos fibers, and all shipments have been received in accordance with samples offered by the firms with whom transactions have been made, Mr. Crosby said. Upon arrival in this country, fibers are run through what is known as a comparison test to determine whether they are comparable with grades previously received. There has been practically no deviation in quality and manufacturers in this country have been able to maintain a simple buying arrangement that has worked to the industry's complete satisfaction. Any departure from the present scheme would merely give rise to unnecessary difficulties.

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The two chief suppliers, Cape Asbestos and Turner & Newhall, have been furnishing standard products over a long period of years and full reliance has been placed upon them to ship uniform grades. There are only about 9 buyers of African asbestos in the industry, all of whom have dealt with one or both of these firms for some time. Mr. Crosby did not see the necessity for sending a member of the industry to England and suggested that all important details could be handled by cable. His sentiment on the plan presented before the group was reflected in statements made by other members of the committee.

The general feeling on the part of the industry representatives was that establishment of standard specifications was unnecessary, as standards had already been established on a "like sample" basis and that as long as the shipments were like the grades now being shipped they would meet their needs. They believed, however, that comparison tests of each shipment should be made as soon as received. They did not believe that it was necessary for an industry representative to go to London.

Comments by Representatives from the Board of Economic Warfare and Metals Reserve Company.--Of principal concern is the matter of getting companies to increase production of African asbestos fibres, a venture which would involve a substantial capital investment. Without the assurance that there will be an adequate market, producers are not apt to enter into the program, Mr. Strauss said. Problems relating to plant expansion and financial expenditures cannot be settled satisfactorily by cable, he added.

The Metals Reserve Company does not wish to stockpile material that cannot be used in the future or to enter a contract the provisions of which might later meet with industry's dissatisfaction. It is of utmost importance, therefore, to determine the proper quality and grade of fiber at the time of negotiating contracts. For this reason, a representative from the industry competent to furnish expert advice is wanted. The Metals Reserve Company and the Board feel that, without the benefit of the industry's assistance, it would be impossible to reach a decision on grade and quality. Mr. Wasserman told the group he was of the opinion that, by having some one with him who could speak authoritatively for the industry, the Board of Economic Warfare would be better able to carry out negotiations.

According to recent statements made by the British Embassy, suppliers are urging the purchase of certain fibers not presently being used by the industry, but which are presumably satisfactory. An expanding production, it was pointed out, might result in a variety of grades. The Metals Reserve Company must rely upon the knowledge and experience of the industry for advice on whether nonstandard grades should be purchased. The two interested Government agencies are reluctant to agree to the acceptance of materials that might not adequately serve the war program. Furthermore, there is a danger in bringing in unsatisfactory products, of wasting shipping space that could be used for essential supplies. Producers of South African asbestos may be unwilling to open up certain mines without assurance of the opportunity to dispose of their products. The presence of an industry representative during the time of contract negotiations would lend a feeling of confidence to the producers. The fact that industry's previous relations with the suppliers have been harmonious would further help the situation.

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Impossibility of Reaching an Over-All Decision.--Members of the committee explained that, because of the difference in processing and testing methods and the variation in equipment, it would not be possible for one man from the industry to pass judgment upon what fibers would be adaptable to industry-wide production. The mere physical appearance of a fiber does not determine its suitability; tests must be run of individual samples. Fibers that might prove acceptable to production in one firm may not lend themselves to applications by other companies.

With reference to the availability of grades that are not in current use by the industry, committee members said they had no knowledge of other acceptable fibers. Some experiments have been made with other grades, but it was found that they could not be used successfully without incurring great waste. One of the most important problems that must be settled, the committee stressed, is the quantity of grades now in use that will be available in 1943. Industry representatives further said they have been doing everything possible to urge upon their suppliers the need for expanded production to meet growing demands. Any increase in production achieved in 1943, Mr. Muehleck felt, would be accomplished only through added man-hours. It is doubtful whether merely the installation of additional equipment would result in expanded production before 1944.

Suggested Procedure.--A recommendation was offered that industry prepare a specific list of suitable grades of African asbestos fibers that are wanted. Negotiations would be conducted on the basis of that list and Mr. Wasserman would determine what quantities of material can be provided in 1943. Samples of other grades offered by the suppliers would be presented to the industry for testing. If it should not be possible to match supply against demand, consideration will then be given to the use of substitutes or blends, and an effort will be made to adjust requirements in some satisfactory manner.

Present Acceptable Grades.--In accordance with the recommendation outlined above, the following grades of African asbestos fibers were indicated as being acceptable:

Grade	Comments
C & G/1	
C & G/2	
C & G/3	
C & G/4	
VRA/2 --	This grade might possibly be used in place of C & G/2 for some work. The committee thought it should be included in the stockpile, but suggested that an allowance in price be made.
EVL/2 --	The industry will advise on the suitability of this grade upon the completion of test runs.
EVL/3XX --	Mr. Muehleck indicated that his company would be willing to take a certain quantity of this grade in place of C & G/4. In order to make it possible to obtain larger amounts of the more superior grades, it may be necessary to accept some EVL/3XX.
B-1	
B-3)	
DM-1-3)--	The designation for this one grade varies among the
D-3)	different companies.

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<u>Grade</u>	<u>Comments</u>	(Continued)
M-1 --	A recommendation was made that Mr. Wasserman inquire about grades somewhat shorter in length than M-1 that might be adaptable to the needs of the industry. A grade slightly inferior to M-1 might be suitable.	
Cape Blue)	These two grades are the same and price should not vary.	
"S")	Some quantity of "MS" blue could probably be used in diluting the better grades of cape blue. The value is	
Cape Blue)	considerably lower than that of "S" or "MS," but prices are higher. Cape Asbestos had indicated it would be able to supply only 100 tons monthly, but could probably be encouraged to furnish an additional quantity. "MS" blue could be used for blending purposes but not as a direct substitute for the other grades.	
"MS")		

Possibilities of Other Sources of Supply.--With reference to a question raised on whether consideration should be given to sources of supply of amosite other than Cape Asbestos, Mr. Strauss said it is doubtful whether Mr. Wasserman will be in a position to negotiate with other than the two companies previously mentioned. He agreed, however, that it might be well to explore other possibilities of supply at some future time. The committee brought out that Cape Asbestos is the chief producer of amosite and the production of other companies is scattered. The small mines do not have the equipment to properly grade the fibers. Mr. Crosby reported that his company has tested samples of fibers from different suppliers and has found that larger shipments do not compare with the original samples. This experience is true of other companies in the industry. In order to maintain the quality of its product, the industry cannot afford to undertake the risk of receiving haphazardly produced grades of amosite.

Australian blue, if properly graded, is a good fiber, one of the committee members said. Australian No. 1 and No. 2 are excellent spinning fibers.

Mr. Crosby said that the asbestos lodes were located on the face of a cliff about 250 feet above the ground. Because of the cost of mining, only the very long grades were recovered in such small quantities that their use could not be depended on.

Shipments of asbestos fibers from Russia have not been altogether reliable, Mr. Crosby said. Tests, however, look promising for certain grades, particularly with respect to O/3, which holds some possibility as a substitute for Canadian J/3. A shipment of 2,000 tons from Russia is expected at San Francisco and will include those grades: J/3, J/5, G/4, G/5, and O/3. The "G" combination is presumably a substitute for G & G/5 and 4, and could be blended with other fibers or set aside for stockpile purposes.

CONCLUSION:

Representatives from the Metals Reserve Company and the War Relocation Authority reiterated the importance of sending an industry representative to London with Mr. Wasserman and said they hoped that the committee will reconsider the original proposal. Although one man from the industry may not be able to arrive at an over-all solution of the problem, his assistance in carrying out negotiations would be invaluable. Mr. Strauss said he believed the same of

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discussion at the meeting indicated that complex problems are apt to arise which will definitely require help from the industry.

While Mr. Gardner was inclined to agree that some one should accompany Mr. Wasserman to London, he pointed out this would not solve the whole problem. Industry representatives were unable to recommend one person who would be familiar with all of the products manufactured in the industry. They suggested that a representative from the Cork and Asbestos Branch, who would be well acquainted with all grades of fiber presently used and the end products into which they are manufactured, be sent with Mr. Wasserman.

One of the WFB members suggested that, before negotiations are entered into, a cable be sent to the two suppliers in London to determine the quantity of each grade available in 1943 of the grades used by Industry, and also the quantity of substitute grades that have already been tried.

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