GAR 00012

ASBESTOS TEXTILE INSTITUTE

Minutes - General Meeting - October 8, 1971

The Savannah Inn & Country Club, Savannah, Ga.

In attendance:

AMERICAN ASBESTOS TEXTILE CORP.
C.H. Armstrong
J.W. Christenbury
C.S. Fabel
Wm. Kasskant
J.L. Rainey
E.E. Walters

CAFLOCK INC.
S.G. Dixit
Alex. Kurmuk

JOHNS-MANVILLE CORP.
M.D. Brown
K.S. Lindstrom
K.A. Roberts
C.L. Sheckler
M.W. Hendry (Canadian J/M Co.)

NICOLET INDUSTRIES, INC.
Geo. Griswold, Jr.
E.W. Russell

H.K. Porter Company, Inc.
E.C. Bratt
D.E. Childers
J.W. Pehard
J.L. Mitchell

RAYBESTOS-MANHATTAN, INC.
J.A. Bettes, Jr. (Retired)
J.W. Hawkins
E.W. Oliver
M.Q. Scoveroft
E.P. Stafl

UNIROYAL, INC.
D.T. Austin, Jr.
E.E. Carden
L.F. Dieringer
R.C. Hunt
E.A. Morris
S.J. Poole, Jr.
F.C. Phillips

ASBESTOS CORPORATION LIMITED
P.E. Leclerc

BELL ASBESTOS MINES LIMITED
Marcel Dorais
Walter E. Smith
Wm. J.W. Smith

CASSIAR ASBESTOS CORP., LTD.
E.A. Kuntze

LAKE ASBESTOS OF QUEBEC, LTD.
E.A. Farrell
C.E. Stiefken

MANUFACTURAS MULTIPLES S.A.
Rafael E. Arnal

NIPPON ASBESTOS CO., LTD.
Y. Sato

CADWALADER, WICKERSHAM & TAFT
E.C. Roosevelt (Legal Counsel)

ASBESTOS TEXTILE INSTITUTE
E.E. Sunbury (Secretary)

Note: Total attendance at the Oct. 6-8th meeting was 65 persons, which included 23 wives and 42 men!

***** Minutes *****

1. Vice President M.Q. Scoveroft called the meeting to order at 8:30 A.M. and explained that he was substituting for President Moody whose illness prevented his attendance at this meeting.

2. Introductions: - Each person was asked to stand and give his name and company affiliation.

3. The minutes of the last meeting were offered for reading. On motion by Mr. Geo. Griswold, seconded by Mr. H.C. Roosevelt, it was voted to omit the reading of same.

4. The Financial Report was presented by Treasurer Kuzmak, who stated that the Annual Audit of the Institute's books had been made as of September 9, 1971 under the supervision of Mr. R.E. Jeffery, Controller, Garlock Inc. and found to be in order. Mr. K.A. Roberts moved that the report be accepted, seconded by Mr. S.J. Peele,Jr., and so voted unanimously. The Report is attached.

5. In his Legal Counsel Report, Attorney Roosevelt discussed the economic freeze now in effect by Presidential order, and the Economic Stabilization Act of 1970 which authorized same. The full resume of his remarks is attached to these minutes.

6. The Fibre Producer's Report was given by Mr. M.W. Hendry, General Sales Manager, Canadian Johns-Manville Asbestos Limited. This is a regular feature of a General Meeting and we are indebted to Mr. Hendry for his comprehensive review of the world situation regarding production of asbestos fibre and the overall market. A resume' of his remarks is attached.

7. Chairman Scovcroft announced that the Board of Governors had elected officers for the coming year: -

President - L.E. Moody of H.K. Porter Company, Inc.
Vice President - N.Q. Scovcroft of Raybestos-Manhattan,Inc.
Treasurer - Alex. Kuzmak of Garlock Inc.
Exec. Sec'y - H.E. Sunbury

8. New committee chairmen: - Mr. Scovcroft announced that Mr. K.A. Roberts of Johns-Manville Corp. had been appointed chairman of the Air Hygiene & Mfg. Committee; and Mr. J.W. Echerd of H.K. Porter Company, Inc. as chairman of the Technical Committee. Deferred temporarily was the appointment of a new chairman for the Fiber Testing Committee.

9. New Edition - Fibre Test Manual: - Mr. Scovcroft said that the QANA had approved a Third Edition of the manual entitled: - "Testing Procedures for Chrysotile Asbestos Fibre" to be sponsored by the Asbestos Textile Institute, Asbestos Cement Products Assoc. and the Quebec Asbestos Mining Association. Preparation of the new edition to be under the supervision of the ATI Fiber Testing Committee.

10. Pending Legislative Developments: - Mr. C.L. Sheckler, Manager, Accident Prevention and Health Administration, Johns-Manville Corp., reviewed recent developments under the Occupational Safety and Health Act (OSHA) and activity related to the Environmental Protection Agency (EPA). During his informative talk, Mr. Sheckler

mentioned that it was presently uncertain what agency would establish a standard TLV (Threshold Limit Value) for asbestos. He is very apprehensive that an impossibly low TLV will be adopted and so make it impossible for asbestos manufacturers to stay in business if it is to be enforced. In respect to OSHA, confusion exists how to advise employees of standards, what records to keep, etc. Stressed the need for background data from industry to use in fighting back against adverse publicity directed at asbestos-containing products.

11. The committee reports were given by the respective chairmen: -

Air Hygiene & Mfg. Committee - K.A. Roberts (Acting Chairman)
Asbestos Advisory Committee - E.A. Morris, Chairman
Technical Committee - S.C. Dixit, Chairman
Fiber Testing Committee - D.E. Childers, Chairman

Their reports are attached to these minutes.

Certificates of Appreciation were presented to retiring chairmen S.C. Dixit and D.E. Childers by Vice President Scowcroft who thanked them for their valued contribution to the work of the Institute during the past two years.

12. Chairman Scowcroft said that we were very proud to have four former presidents of ATI in attendance at this meeting, namely: -

Geo. S. Fabel - 1949 - 1950
John A. Bettes, Jr. - 1957 - 1958
Staton J. Peele, Jr. - 1963 - 1964
John L. Rainey - 1967 - 1968

All of these men expressed their pleasure in attending, and their gratification to know that ATI continued to be an important factor in our industry.

"Jack" Bettes, author of "The History of the Asbestos Textile Industry in the United States," now appearing serially in the ASBESTOS Magazine, expressed his appreciation for the historical data supplied to him by many people (approx. 100) without whose help he would have been unable to compile as complete a history. He spoke most highly of the ASBESTOS Magazine, and recommended that it be given company advertising on a continuing basis in appreciation of the fact that it is the only media devoted to the asbestos industry, and its files are a valuable storehouse of information pertaining to our industry. The magazine will have Reprints of "History" if orders warrant, and suggests orders be sent them promptly (he receives no profit from same).

13. Mr. E.A. Morris moved that Mr. John A. Bettes, Jr. be made "OFFICIAL HISTORIAN OF THE ASBESTOS TEXTILE INDUSTRY" by acclamation, and this was done by a round of applause and a standing ovation!

14. Chairman Scowcroft expressed our pleasure in having a representative of our newest member, MANUFACTURAS MULTIPLES S.A., Caracas, Venezuela, in attendance, and welcomed Mr. Rafael E. Arnal on behalf of all those present.

15. Locations for future meetings were announced:-

February 2-3, 1972 - The Mills-Hyatt House, Charleston, S.C.

June 7-8, 1972 - Key Bridge Marriott Hotel, Washington,D.C.

16. There being no further business to come before this meeting it was moved by Mr.K.i. Roberts, seconded by Mr. J.A. Morris, that it be adjourned. So voted.

Respectfully submitted,

H.E. Sunbury
Secretary

ASBESTOS TEXTILE INSTITUTE

Report of Funds — September 9, 1971

Balance on Hand at last report (May 10,1971)

General Fund	$ 3070.04	
Reserve Fund	15179.73	
Petty Cash Fund	27.25	
Total On Hand		$18277.02
Receipts		
To Reserve Fund (Interest to 6/30/71)	$189.73	
To General Fund (Book sales)	72.20	
To General Fund (1971 dues)	400.00	
To General Fund (Reimbursement)	50.00	
Total received		711.93
Total On Hand and Received		$18988.95
Disbursements		
Legal Retainer (3 mos. ending 6/30/71)	$ 878.00	
Legal Expenses (3 mos ending 6/30/71)	59.99	
Secretary's salary (4 mos.)	948.00	
F.I.C.A. Tax (2nd Qtr 1971)	78.00	
Secretary's travel expense (June ATI mtg.)	50.00	
Office rent (4 mos.)	300.00	
A.T.I. meeting expense (June 9-10,1971)	929.73	
Printing & Office Supplies	92.64	
Telephone (4 mos.)	167.24	
Membrane Filter Instruction Booklet (1 M)	467.27	
Health Safety Practices Folder (25 M)	1247.40	
Insurance (Workman's Comp.)	18.00	
Petty Cash (Vouchers 529 - 550 inclusive)	103.18	
Total Disbursements		5339.45
Balance On Hand as of September 9, 1971		$13649.50
Funds		
General Fund (Bank Statement of 9/9/71)	$ 788.54	
Reserve Fund (With interest to 6/30/71)	12769.46 (*)	
Petty Cash Fund	91.50	
Total Funds		$13649.50
Assets as of September 9, 1971		
Total Funds as listed above	$13649.50	
Accts Receivable (Book Sales)	22.68	
Postage On Hand	11.67	
Furniture & Equipment (Nominal value)	1.00	
Total Assets		$13684.85
Liabilities		
Accounts Payable as of 9/9/71		none
Net Worth		$13684.85

(*) $2600.00 transferred to General Fund on July 2,1971

Respectfully submitted,

H.E. Sunbury

Asst. Treasurer

REMARKS OF COUNSEL

Asbestos Textile Institute - General Meeting - October 8, 1971

The legal authority by which the President was able to put the economic freeze into effect is Public Law 91-379, as amended -- the Economic Stabilization Act of 1970--whereby "the President is authorized to issue such orders and regulations as he may deem appropriate to stabilize prices, rents, wages, and salaries at levels not less than those prevailing on May 25, 1970." This is a limitation imposed by Congress and means, simply, that regardless of what occurred prior to the freeze during the base period, prices are not required to be set at less than what they were on May 25, 1970. The level of prices prevailing on May 25, 1970, is determined as follows:

(1) the average (mean) price at which transactions were made on that day (as borne out by appropriate records);

(2) if no actual transactions took place on that day, then the average (mean) price at which transactions took place on the nearest day prior to May 25, 1970 may be taken as the "prevailing price level for May 25, 1970"; and

(3) ceiling prices for goods not in existence on May 25, 1970 can only be calculated using the base period described in the Guidelines.

A second limitation imposed under the Congressional grant of authority is that the President's authority to issue and enforce orders and regulations under the Economic Stabilization Act expires April 30, 1972. The President cannot continue the freeze beyond that date without additional legislation enacted by Congress.

If one is dealing in the American market, how then does one determine the price he may charge? Under the President's Executive Order, prices are stabilized "at levels not greater than the highest of those pertaining to a substantial volume of actual transactions" during the base period of July 16 to August 14, 1971. In cases where no transactions occurred in the 30-day base period, the base period will be the nearest preceding 30-day period in which a transaction did occur. A "30-day period" is defined as a 30-day block of time prior to July 16. Hence, moving back from July 16, the nearest 30-day period would be June 16-15, and preceding that, May 17-June 15, and so on. The ceiling price is the price at or above which ten per cent of the actual transactions during the base period were made, except that in cases of increases in posted or effective prices during the base period, the base period itself will be considered to have begun at the time of the increase in posted and effective prices.

A transaction takes place when a seller ships the product to a buyer, not when an order is received. Each commodity is treated separately and, if shipments are made to different classes of purchasers under different terms, separate ceilings are calculated for each commodity for each class of purchaser.

The ceiling price is based on the record of all the units of each commodity shipped to each class of purchaser during the base period, and is calculated as the highest price at or above which ten per cent of the units were shipped to a particular class of purchaser during the base period.

Under the terms of the Executive Order, the price freeze applies to the seller, not the buyer. The buyer is not required to police a seller's compliance with the Executive Order. But records must be kept of the highest prices charged during the base period, and must be available for public inspection.

If a product or service is "new", the ceiling price is determined by the seller applying the percentage mark-up he received during the base period on the most nearly similar product or service to the direct unit or net invoice cost of the new product or service. The ceiling price for a product or service that is new to the seller, but not to the market, is the price realized on the same or comparable product or service by the most nearly comparable competitor during the base period.

We turn now to two specific problem areas: discounts and long term contracts. What is the selling price for a material if there have been dual price situations, i.e., a published price and a discounted price at which actual transactions were made? The answer is that sales may be made at the highest price at which a substantial volume of actual transactions were made during the 30-day period of time ending August 14. If products have been selling at a discounted price and not at the published price during the base period, the maximum price would be the highest discounted price at which substantial transactions were made. Thus, assuming that during the base period bags of insulation were selling at the list price, and also at a discount of six sixes, if a substantial number of transactions were made at the list price, then the list price, and anything below the list price could be charged, including a discount of four sixes, because the price freeze does not fix prices at their highest permissible level -- it prohibits sales at a price higher than the permissible level. However, if all sales during the base period were made at the discounted price of six sixes and there were not in fact substantial actual transactions at a higher price, then the price would have to be frozen at the six sixes discounted price, and it would not be permissible to decrease the discount to four sixes, as that would raise the price over the highest level during the base period.

Where different prices are offered to different territories, or different kinds of customers, price ceilings are to be set on the basis of the normal procedures used in establishing the market prices. Market price ceilings must be established at no greater than the highest price at which substantial volume transactions were carried out in the firm's individual normal pricing areas, regardless of whether these pricing areas are national, regional, or individual.

If quantity discounts are offered, can a customer who purchased large volumes and was previously eligible for the discount be charged the applicable higher price if he reduces the amount of his purchases and thus falls into a lower quantity and higher price bracket? In other words, may prices be changed so long as the rate structure on which they are based is not changed? The answer is yes. During the 90-day freeze, customers may be charged in accordance with rate of price schedules established in the base period prior to August 15, 1971. However, the charges applicable to the various categories of rates or prices set out in the effective schedules may not be increased. Furthermore, if it has been the practice to give discounts under certain circumstances, these discounts cannot be discontinued during the freeze.

The rule with respect to long-term contracts is that if the contract was made before the freeze, and there are no deliveries scheduled until after the freeze, the freeze does not apply. If any deliveries are to be made during the freeze period, the seller may charge no more than his ceiling price determined by the price charged for deliveries made during the base period. If the shipment price on a contract made prior to the freeze and calling for delivery during the freeze is above the ceiling price, the seller may elect not to perform at all, but he is not permitted to perform at a contract price above the ceiling price. Nor may he force the buyer to accept shipment deferred to a date after the freeze. If the seller does make delivery, the buyer is obligated to pay no more than the ceiling price.

Hewen C. Roosevelt, Atty.
Cadwalader, Wickersham & Taft

ASBESTOS TEXTILE INSTITUTE PRESENTATION
BY N. W. HENDRY
FRIDAY, OCTOBER 8TH, 1971

Shipments of Canadian asbestos fibre for the first seven months of 1971 were 302,004 tons or 3.3% higher than for the same period in 1970.

The availability of all grades of spinning fibre is good and this situation can be expected to continue for some time in the future.

The application of the U.S. surcharge does not apply to asbestos fibre, but indirectly the surcharge will affect sales of asbestos fibre to such countries as Japan and West Germany. Prior to the application of the surcharge some weakness in demand was evident in many of the International markets.

World production of asbestos fibre in 1970 was 3,022,040 tons versus 3,033,250 tons in 1969 or an increase of approximately 5%.

The problems related to asbestos and health are of continuing concern to the asbestos fibre producers. It is unfortunate indeed that the press representatives continue to take statements out of context and to be more interested in sensationalism rather than facts.

Finally, the following comments are pertinent to the status of some new asbestos producers, viz:

a) The new producer in Australia is forecast to be in production in early 1972 at a rate of 75,000 tons per year.

b) The asbestos producer in Brazil, located north of Brazilia, is expected to be increased from 13,000 to 27,000 tons.

c) The Colombian asbestos fibre prospect could reach the production stage at a rate of approximately 25,000 tons per year.

d) Work is being continued to develop an asbestos producer in Central Colombia. If financing can be arranged the production rate is expected to be 25,000 tons annually.

e) Work is being continued by Cerro Corporation toward the evaluation of an asbestos deposit in Central Greece.

N. W. Hendry
General Sales Manager
Canadian Johns-Manville Asbestos Limited