

# INVESTIGATIONS AND RECOMMENDATIONS UNDER THE EXPORT TRADE ACT

IN THE MATTER OF

## CARBON BLACK EXPORT, INC., ET AL.<sup>1</sup>

REPORT OF INVESTIGATION, CONCLUSION, AND RECOMMENDATIONS IN RE  
ALLEGED VIOLATIONS OF THE EXPORT TRADE ACT, APPROVED APRIL 10,  
1918

*Docket 202-5. Notice and Summons, October 28, 1944. Report, Conclusions, and  
Recommendations, July 12, 1949*

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<sup>1</sup> The officers, directors and stockholders joined as respondents, follow :

Officers : C. E. Kayser, president and director, 500 Fifth Avenue, New York 18, N. Y. ;  
Reid L. Carr, secretary and director, 45 East Forty-second Street, New York 17, N. Y. ;  
F. R. Cantzlaar, treasurer, 41 East Forty-second Street, New York 17, N. Y.

Directors : Godfrey L. Cabot, 77 Franklin Street, Boston 10, Mass. ; Thomas D. Cabot,  
77 Franklin Street, Boston 10, Mass. ; Oscar Nelson, United Carbon Co. Building, Charles-  
ton 27, W. Va. ; R. H. Eagles, 460 West Thirty-fourth Street, New York 1, N. Y. ; Hans W.  
Huber, 460 West Thirty-fourth Street, New York 1, N. Y. ; Robert I. Wishnick, 295 Madison  
Avenue, New York 17, N. Y. ; L. C. Herkness, Tenth and Lombard Streets, Philadelphia,  
Pa.

Stockholders : United Carbon Co., Inc., United Carbon Co. Building, Charleston 27,  
W. Va. ; Columbian Carbon Co., 45 East Forty-second Street, New York 17, N. Y. ; Godfrey  
L. Cabot, Inc., 77 Franklin Street, Boston 10, Mass. ; J. M. Huber Corp., 460 West Thirty-  
fourth Street, New York 1, N. Y. ; Panhandle Carbon Co., Inc., 295 Madison Avenue, New  
York 17, N. Y. ; Chas. Eneu Johnson & Co., Tenth and Lombard Streets, Philadelphia, Pa.

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## SYLLABUS

Where a Webb-Pomerene Export Trade Act association, the stockholder members of which included six producers of carbon black and which—

- (1) Was organized in 1933 by 8 producers of said product to meet the threat of some 10 or 12 foreign rubber manufacturer consumers of approximately 80 percent of all carbon black exported, who were large enough to be able to act independently and to go into the carbon-black business on their own, and whose actions included the practices of (a) insistence on liberal credit terms, (b) bad faith rejection of merchandise, (c) demand for excessive discounts, and (d) a price-decline clause in contracts which enabled purchasers, upon the allegation of a lower offer, to procure more favorable terms; and
  - (2) Limited its dealings to so-called "channel black" as distinguished from the more recent "furnace black"; provided for stock participation by the stockholding members on the basis of the proportion of export business allotted to each by negotiation as his so-called quota; provided that the stockholders enter into contracts with it to sell carbon black in export exclusively through it; and was authorized by the terms of the contract with its members to purchase not more than 10 percent of its annual export requirements from nonmembers, for the purpose, as testified, of inviting participation in the association's advantages—
- (a) Extended its legitimate objective of maintaining a price policy for its products, to nonmember competitors by way of procuring "intention to cooperate" and "assurance to follow association prices closely" and to observe its terms, in agreements and arrangements entered into with various such concerns;
  - (b) Entered into agreements and arrangements with nonmembers under which it undertook to impose restrictions upon the volume of their exports and production, and upon the source and quantity of their supply of natural gas, raw material of carbon black;
  - (c) Made membership overtures to prospective new stockholders which resulted in trial operations extending from 3 to 9 years, and under which the non-member recipients of such overtures enjoyed "all the advantages of mem-

