

British Columbia Lumber and Panama Canal

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Effect of Uniform Canal Tolls and Free Rough Lumber and Shingles Imported into United States Should Stimulate Exportation of the B. C. Lumber Product to Atlantic Seaboard of the Republic.

British Columbia lumbermen have followed with considerable interest the recent legislation in the United States, particularly in connection with the tariff changes and the Panama Canal tolls.

The removal of the duty on rough lumber and shingles and also the repeal of the tolls exemption on American ships using the canal have been opposed strenuously by the lumbermen of the Pacific States on the ground that if these measures were passed they would not be able to meet the competition of the mills in British Columbia. Many erroneous statements and arguments were used in this connection, but though the predictions of general ruin to the Washington and Oregon lumber industries will not be fulfilled, it must be admitted that the opening of a market of 100,000,000 people to British Columbia products cannot do anything but improve the trade. To what extent the benefit will be felt is still a matter of speculation.

Up to date the only improvement noticed as a result of the removal of the duty on rough lumber and shingles has been in cedar lumber and shingles. Little or no fir has been sold across the border.

The growing scarcity of cedar in the United States which necessitates the use of inferior material gives the high grade cedar products of British Columbia a preference in the U. S. markets when they can be sold at anything near the same price as the Washington or Oregon products. For this reason the cedar lumber and shingle manufacturers have been able to sell more of their output in the United States since the duty was taken off.

B. C. fir manufacturers have not, however, been able to take advantage of the removal of the duty for the reason that there is an immense quantity of fir timber in the Pacific States which has been made readily accessible by railroads, and the mills in those States can manufacture fir more cheaply if anything, than the mills in B. C.

For some years the cut of fir has been in excess of the demand in the United States, with the result that the B. C. mills have not only been unable to compete in the United States markets, but the prairie provinces, which should supply a market for B. C. lumber, have been used as a dumping ground for the over-stocked American mills.

As far as fir and pine are concerned the access to the American markets will not do as much good, for the present at least, as the protection of the home market would.

The present dependence on railway transportation has of course limited the distributing area of the coast lumber and has prevented it from reaching the great centres of consumption in the Eastern States. The opening of the Panama Canal will, however, open up practically every portion of the United States for the Pacific woods, and the removal of the duty will then doubtless be advantageous to British Columbia fir and hemlock. It is expected that lumber can be shipped from Vancouver to New York at about the same rate as to Regina and Saskatoon. It will, however, take some time to establish selling connections and to introduce the Pacific woods in the eastern markets, for at present the architects, engineers and builders are not familiar with them, and it will necessitate an educational campaign to get them to specify fir, cedar or hemlock in their contracts in place of southern pine, white pine and other woods to which they are accustomed.

A forty cent per one hundred pound freight rate has already been quoted from Puget Sound to New York, Boston and other eastern ports, and it is likely that even cheaper rates will be offered later, but even on a forty cent rate

British Columbia mills should be able to land lumber in those ports for from \$5.00 to \$10.00 per M. cheaper than the present prices of the same grades of southern pine. This difference in price is certain to awaken the interest of eastern buyers, and of course the large sizes which can be secured for structural timbers cannot be obtained from any place but the Pacific coast.

The repeal of the clause providing for the exemption of tolls on American vessels using the Panama Canal in interstate trade has removed an obstacle which was expected to prevent B. C. lumber from competing in this trade, and the advantage of being able to use ships of any nationality will undoubtedly afford better and cheaper shipping facilities to British Columbia than to the Pacific States. The monopoly granted to American ships in interstate trade in return for the strict regulations imposed by the U. S. Government, has resulted in greatly increasing the cost of both building and operating American vessels and has not as expected encouraged the growth of the merchant fleets. A proof of this is that the U. S. Government finds it cheaper to employ foreign vessels to transport coal for its navy than to use American bottoms.

Mr. Robert Dollar, head of the great Dollar fleet of Pacific lumbercarriers, in a letter to the London Times gave some interesting figures in this connection. He said:

"I will give you some figures which will show that the British vessels will continue to do business at the old stand, and, inasmuch as I own British and American vessels and am engaged in the lumber trade, I am able to give you the data correctly; and, as this is a criterion for all other trades and commodities, it should convince British shipowners that they have nothing to fear from American ships, either coastwise or foreign.

"Timber ordinarily can be bought in British Columbia as cheap as on Puget Sound, so we have only the transportation tolls and duty to consider.

The cost of building a 9,000-ton d.w. capacity tramp steamer in Great Britain at the present high cost is £70,000

Five American vessels are being built on the Delaware of the same size for, each 142,000

A difference of £72,000

The difference in the cost of operating a 9,000-ton American versus a British ship is per annum £ 3,650

Then, as the first cost is £72,000 more, provision must be made on this amount for 5 per cent. interest, 6 per cent. insurance, and 5 per cent. for depreciation, 16 per cent. in all, which amounts per annum to 11,520

£15,170

And, as the trip from British Columbia to, say New York and Philadelphia, will consume about a quarter of a year, that amount is chargeable against the American ship for the voyage (round sum) £ 3,792

The vessel would carry 4,000,000 superficial feet at 30s. This rate I assume would be a fair one for a British ship 6,000

Total cost to the charterer if carried on an American steamer £ 9,792

Then allowing the British steamer the same rate as the American steamer, 30s. for 4,000,000 superficial feet £ 6,000

Canal tolls, say \$1 per net register ton 800

Import duty into the United States, 5s. per 1,000 superficial feet 1,000

£7,800