

Customs Drawback for Shipbuilding in Canada.

For some years past it has been evident that the Canadian shipbuilders of the Dominion have been placed at a disadvantage in competing with shipbuilders in other parts of the world, and efforts have been made from time to time to induce various governments to encourage the building of vessels within the Dominion, by the payment of a subsidy on a tonnage basis, or in some other manner, but without success. Canadian purchasers generally preferred to place their orders for new vessels in Great Britain, where the cost of production was considerably lower, and better financing arrangements could be made. Apart from the higher cost of labor in local yards, the builder was further hampered by the heavy duty he was compelled to pay on the materials which he imported, and it was mainly to this item that he looked for relief. Numerous deputations have been received by the present Government and its predecessor, and recently it was intimated that the Government intended taking steps to enquire into the situation. This was rendered imperative by the conditions created by the war. It is a practical impossibility to obtain deliveries of vessels from British shipyards, as when they are not already engaged on Admiralty work, they are heavily booked with other orders. The wastage of vessels in war service, in which a number of Canadian vessels are engaged, has made it necessary that a considerable number of new ones be built without delay, and this applies to other countries, which, although neutral, have suffered heavy losses through the illegal sinking of their vessels by the enemy. Of late, Norway has been, perhaps, the heaviest loser in this respect, and British shipbuilders being practically closed so far as new orders are concerned, orders have to be placed elsewhere, and numerous offers have been made to Canadian builders, and some orders placed. There is a restriction on the exportation of Canadian, or Canadian built vessels to foreign countries, but under the circumstances existing the necessary permission has been granted.

An order in council has been passed providing for the granting of a drawback of customs duty on articles used in the construction of vessels built in Canada, dating from Nov. 1, as follows: A drawback not exceeding 99% of the customs duty paid, may be granted and paid by the Minister of Customs on materials used in the original construction of ships and vessels measuring over 500 tons gross tonnage, built in Canada, when such ships or vessels are authorized by order in council to be exported for registry outside of Canada, or are British registered in Canada and are constructed so as to obtain a class in Lloyd's, Bureau Veritas, British Corporation, or other recognized classification satisfactory to the Minister of Customs; provided that the drawback payable under this section shall be in lieu of any drawback based on a specific rate per registered ton. The claimant for drawback must be the builder of the ship or vessel. Drawback shall be paid only on ships or vessels which have within themselves the power of independent navigation, either by means of sails, steam or other motive power. The payment of the drawback shall be subject to the following conditions: The quantity of materials used and the amount of duty paid thereon shall be ascertained; the claimant for drawback shall be required to make a declaration to the effect that he

is the builder and the claimant for drawback, that the vessel was built in Canada and is an entirely new vessel, and giving details of classification; there shall be furnished by the claimant a certificate from the Registrar of Shipping, certifying the main details of construction; the claim for drawback shall be verified under oath before a collector of customs or justice of the peace, to the satisfaction of the Minister of Customs, in such form as he shall prescribe, and the Minister may also require in any case the production of such further evidence, in addition to the usual averments, as he deems necessary to establish the bona fides of the claim; all applications for payment of drawback shall be placed before the Customs Department, with evidence as above mentioned complete, within six months from the date of registration or launching of the ship or vessel upon which the claim is made, otherwise the same shall be rejected. It has also been arranged that vessels which are being built under this order in council, may, upon application of the builders, be built under the supervision of a customs officer, who will carry the responsibility connected with the imported material used in the construction, and under these circumstances it will not be necessary to pay the duty over, as was formerly done.

A study of the terms of the order in council, taken in conjunction with drawbacks previously allowed on material imported for re-export, and of the drawback based on the specific rate of \$1.12 per registered ton, brings out the fact that the benefit under the new order is not so apparent as at first sight. There has always been allowed a drawback of 99% on all materials imported and re-exported, and this applied to vessels of any tonnage, while in the new order the drawback is confined to vessels of over 500 tons gross. Again the drawback is only payable on ships or vessels which have within themselves the power of independent navigation. This eliminates dredges from the vessels on which drawback is payable. Therefore the only actual benefit to be derived from the new order is that drawback will be paid on vessels of over 500 gross tons, having within themselves the power of independent navigation and built for British registration in Canada, and that vessels may be built for registry outside Canada. No drawback will be payable on vessels of less than 500 gross tons, nor on vessels without the independent power of navigation, such as dredges, and the drawback on vessels built for British registry in Canada, based on the specific rate of \$1.12 a registered ton, is eliminated.

The Western Dry Dock and Shipbuilding Co.'s plant at Port Arthur, Ont., which has, since its inception, been practically under U.S. control, has passed into the hands of James Whalen, Port Arthur, who has been President since its organization, and John Burnham, Chicago, Ill., and will in future be under the former's direct management. It is announced that plans for additional berths for increasing the company's output are under consideration, and it is hoped that shortly it will be possible to undertake the construction of four vessels at a time. Mr. Whalen is reported to have stated that it is intended to maintain a permanent organization, and should contracts at any time not be sufficient, it is the intention to build on company's account.

A Welcome Test.

The Interstate Commerce Commission has included the C.P.R. and the Grand Trunk Pacific Coast Steamship Co. in the probe instituted by Delegate James Wickersham, of Alaska, for political effect. The probe covers Alaska rates by water and rail and in itself is hardly worth detailing as the contention is so well known. The U.S. lines, parties to the suit, are amenable to the Interstate Commerce Commission, but the great test, and one that is most warmly welcomed, is the effort of the Commission to include the Canadian steamships in the process of strangulation which the Commission is supposed to conduct under its unlimited powers. From a purely legal and diplomatic viewpoint, the two Canadian steamship companies can, and they certainly should, ignore the Commission's summons. Every law governing maritime commerce is distinctly at variance with an attempt by a U.S. railway regulating body, created and operated upon political lines, to interfere with a foreign steamship. Without any assumption or suggestion that the Canadian lines are guilty or not guilty of error or irregularity, the question resolves itself into one whereby a foreign steamship company, operating between Canadian and U.S. ports, is or is not subject to the heckling laws of a Commission created for the purpose of regulating interior railroad rates within one nation. That the Interstate Commerce Commission has no authority to regulate U.S. steamships in the coastwise trade will undoubtedly be finally passed upon. The point at issue is that the Commission has made the Canadian steamship lines parties to this probe and these Canadian steamship lines have it in their power not only to refuse to obey the summons but can laugh at the Commission and thus administer a well deserved rebuff to this meddlesome body. All they have to do is to file their reply with the British Ambassador at Washington, D.C. Every transportation man is delighted at the turn of affairs, for it is a well known fact that the Canadian lines control a large portion of the South-eastern Alaska business owing to the superior class of vessels operated, and it is a foregone conclusion that they are going to continue such operations without fear of interference from the notoriously inefficient and politically governed Interstate Commerce Commission.—Railway and Marine News, Seattle, Wash.

Nationality of Radiotelegraph Operators.—The following has been added to the Dominion Radiotelegraph Regulations:—88. (a) No person shall be permitted to attend examination for any class of certificate of proficiency in radiotelegraph (1) who is not a British subject; (2) who has at any time been of enemy nationality; (3) whose parents were not of British nationality at the time of his birth; (4) whose parents have at any time been of enemy nationality; (b) Candidates for examination for first class certificates of proficiency must be not less than 18 years of age; (c) This regulation shall take effect Oct. 15, 1916, and shall remain in force until the cessation of hostilities, unless sooner repealed.

Vancouver Dry Docks, Ltd., has been incorporated under the British Columbia Companies Act, with \$100,000 authorized capital, and office at Vancouver, to own and operate docks, wharves, warehouses, elevators, steam and other vessels, dry docks, etc.