With the works in full operation this disbursement would be very much increased, probably by 75 per cent.

The iron produced is of finer quality than has hitherto been usually imported. This is due to the character of the ore, which does not admit of the manufacture of inferior iron at any reduction in cost, but the benefit of the quality goes at present entirely to the consumer, who naturally declines to pay a higher price than that at which he can obtain the foreign iron, which hitherto he has been compelled to use and to which he is accustomed.

The competition which the Company encounters in the disposal of its products is:—

1st. With iron from Great Britain brought out as ballast, or at nominal rates of freight; say 2s. 6d. stg., per ton and upwards.

2nd. With iron from the United States, which, during the past twelve months, has been offered in Canada with little regard to cost, and in some instances with the avowed intention of shutting up the Steel Company's works.

With respect to the former, the rate of freight charged on the Steel Company's iron from Londonderry, N.S., to Montreal, the chief market of the Dominion, is $3 per ton, and it is evident that it stands at a disadvantage in competing with the European manufacturer, whose product is transported to the same point at a lower rate.

With respect to competition from the United States, if no duty were levied on iron in that country, the Steel Company's works, situated close to the Bay of Fundy, would find an outlet for a large portion of their product in the New England States, but they are effectually shut out from that market by duties of $7 per ton on pig iron, and 35 per cent. *ad valorem* and upwards (mainly 1c. to 1½c. per lb.,) on bar iron; and such being the case, it is manifestly unfair that they should have to compete in their own market (especially in Ontario, which is at a distance) with iron from New York, Pennsylvania, Ohio, &c., admitted free of duty or at only 5 per cent.

Before the Londonderry iron was put on the Canadian market, American pig of somewhat similar character, sold in Ontario and Quebec at $2 to $3 per ton above the price of good Scotch iron, but to meet the competition of the home made article this difference has been entirely thrown off. It is, therefore, evident that the establishment of the Steel Company's works has already effected an actual reduction in the price of iron in Canada, which would be lost were they to suspend operations.

The present consumption of coal in the Steel Company's works exceeds 1,100 tons per week. If they were fully employed it would be 2,000 tons per week or more. In the encouragement of the home manufacture of iron, therefore, the best means of developing the coal mines of Canada will be found.