

United States and Canadian Coasting Laws.

The Secretary of State, however, adds that such British vessels will become liable to tonnage tax should it appear that a discriminating tax be imposed on United States vessels.

This refers to the complaint alluded to in your lordship's despatches of the political series, Nos. 146 and 161 of the 30th August and 26th September, respectively, which is likewise mentioned in my telegram to your lordship of this day's date.

I have, etc.,

JULIAN PAUNCEFOTE.

DEPARTMENT OF STATE,
WASHINGTON, 14th November, 1895.

Sir Julian Pauncefote, G.C.B., G.C.M.G.,
etc., etc., etc.

EXCELLENCY:—Lord Gough's note to me of 25th July last, on the subject of the imposition of tonnage dues in the United States upon British vessels which have sailed from ports where no light dues are charged, states that if a vessel of the United States puts into a British port merely to fill up her permanent bunkers with coal, she is not charged light dues, and expresses the opinion that, in view of this exemption, it would seem only equitable that a vessel which would otherwise escape the tonnage tax in the United States should not be subject to that tax merely because she has put into a British port for coal.

Attention has been given to this question by the secretary of the treasury, who informs me that under a decision of his predecessor, on 2nd November, 1890, a vessel touching at an intermediate point, at which it neither enters nor clears, and which touching is merely an incident in the voyage, is not deprived of the right derived from sailing from a free port, such being the port of departure.

In accordance with that decision, which was founded on an opinion by the attorney general, the treasury department has ordered that British and other vessels be admitted in the United States without the payment of tonnage dues, if from a free port, notwithstanding they may have touched in Great Britain for bunker coal, if they did not enter or clear there.

This department understands, therefore, that the practice in the United States upon the point in question, is substantially in accordance with that suggested by Lord Gough.

Consideration of this subject has been delayed by the failure up to the present time to receive a final response to this department's note of July 11th, 1895, in which attention was invited to an apparent discrimination against American vessels by the Dominion of Canada. Should it appear that the government of Canada imposes, and shall continue to impose, discriminating taxes on American vessels, under the laws of the United States, British vessels, clearing from free ports but touching at British ports, become liable to tonnage tax.

I have, etc.,

RICHARD OLNEY