

United States Trade Zones

The grantee is to provide and maintain adequate docks, slips, wharves, warehouses, fueling facilities, transportation connections, enclosures to segregate the zone from customs territory, and such other facilities as may be required. These zones would be operated as public utilities, their charges for services to be fair and reasonable, and subject to the general administrative control of the Secretary of Commerce.

The bill as finally passed is under my hand.

I think it only fair in this regard, since I am making this statement, to indicate to the house that the matter is nothing new so far as Canada is concerned. In 1908 the movement received its impetus in recent years in Canada from L. D. Taylor, now mayor of the city of Vancouver. He advocated that the city of Vancouver be made a free port. In 1920, twelve years later, the Vancouver board of trade appointed a committee to investigate the problem, and that committee unanimously recommended that a free trade area or free port be established in Vancouver. Mr. H. H. Stevens, who was then member for Vancouver, took up the matter with the then Prime Minister, Mr. Arthur Meighen, but no action was taken. Some consideration was given, however, to sending a commission to visit Hamburg and other European ports, but it ended there.

Then the Montreal harbour board, backed by the Montreal board of trade, recommended a free port system for Montreal around 1919 and 1920. In 1930, only four years ago, the Montreal harbour commission in its annual report revived the discussion, and urged the establishment of a free port in the Montreal harbour area. Similar suggestions were made from Halifax, and in this house on the nineteenth of March, 1929, Mr., now the Hon. Murray MacLaren, referred to the desirability of establishing free ports on the Atlantic seaboard.

A list of free ports throughout the world, so far as I have been able to ascertain from the inquiries I have made, includes Barcelona, Bremen, Copenhagen, Danzig, Gdynia, the new port established by Poland; Genoa, Hamburg, Saloniki and Stockholm. Hamburg, of course, is the most outstanding of those I have named.

There is a rather curious circumstance connected with this. Perhaps those who recall the biography of Sir Alexander Galt will remember that in 1860 he provided for the establishment of free ports at the two extremities of the province. One was to be at Gaspé, to care for the fishing business in the lower St. Lawrence, and the area was to include the town of Gaspé and the district

[Mr. Bennett.]

around it and also the Labrador coast as far into the ocean as the straits of Belle Isle. The other area was to be established at Sault Ste. Marie, comprising the town of Sault Ste. Marie and the district west of it. Permission was to be given to import free goods, just as was provided in the legislation recently passed by the congress of the United States. It also provided for the calling of vessels at Gaspé and matters of that kind. Owing, however, to the difficulties in connection with smuggling and the complaints that were made that it had facilitated smuggling, in the end the matter was abandoned, and nothing further has been done except as I have suggested. I dare say there are members of the house, in view of the interest that has been indicated, who have read *Foreign Trade Principles and Practices*, published in 1930 by Huebner and Kramer, and there is a short extract from their work which might be of value. Without taking up time to read it at length, I will place it on Hansard, if that is the wish of the house, in order that hon. members may have the benefit of it:

Extract from Huebner and Kramer—"Foreign Trade Principles and Practices,"
New York, 1930

The establishment of free zones at American ports would undoubtedly stimulate the reexport trade, and they would probably also benefit foreign trade as a whole to some extent, but their importance should not be overestimated. Domestic exports and imports for consumption have grown and can continue to advance even though free zones are not established, for they are influenced primarily by the many factors other than customs regulations, that have been discussed throughout this volume and they would at most be affected but secondarily by a free zone policy. The full effect upon reexports of foreign merchandise from the United States, which is the primary purpose of free zones, cannot be forecast with precision. The experience of foreign countries is not conclusive, for the reexports of some foreign free ports are very large, while those of others are small. The reexport trade of any port depends in part upon important factors quite aside from relief from customs formalities and a rigid system of drawbacks. Both reexports and direct vessel to vessel transshipment depend partly upon the geographic location of American ports with respect to foreign sources of supply and foreign markets.

Attainment of full effect of the free zone policy upon ocean shipping, likewise, depends upon unknown contingencies. Vessels discharging or transshipping cargo within a free zone would undoubtedly be relieved very largely from customs formalities, but many of them will probably be loaded with much cargo intended for domestic consumption. If they discharge this cargo at piers not located within the free zone, the usual customs regulations will apply. Will they discharge cargo both within the free zone and elsewhere? Will they discharge all of their cargo within the