

prices for 96 degrees centrifugal sugar delivered duty paid refining points.

8. The refiner agrees that it will sell all sugar refined by it at a price not more than 13-10c net per pound of fine granulated sugar in barrels or in 100-pound bags (when used as the standard basis) f. o. b. refinery, above the basic price for 96 degrees centrifugal sugar, as determined by the International Sugar Committee under paragraph (7) above and in force on the day when such sale of refined sugar is made, with such differentials as are shown on its official price list. Said net margin shall include the fee paid to the committee and be exclusive of the 2 per cent cash discount, payment 10 days to the trade. This margin is determined on a delivered duty paid price of from 5½c to 6c per pound, and in case the basic price provided for in paragraph 7 goes below 5½c a pound shall be decreased by the United States Food Administrator in such a manner as to return substantially the same profit to the refiner. In case the basic price goes above 6c per pound, said margin shall be increased by the United States Food Administrator to accomplish the same purpose.

9. It is mutually agreed that said margin is also subject to revision from time to time by reason of changes in costs of refining and of distribution, or in the event of an excise or similar tax.

10. It is further understood that inasmuch as this agreement has been entered into at the urgent request of the Food Administrator for the purpose above recited and notwithstanding the absence of any statutory power on the part of the food Administrator to fix the price of raw or refined sugar and in view of the limitation on the price to be secured by the refiner for its refined product herein agreed to, the said Food Administrator, through the said International Sugar Committee and the American Refiners' Committee, will co-operate with the refiner to prevent, so far as possible, any loss by the said refiner on any sugar purchased as herein provided.

11. The refiner agrees to conduct its cargo export business under the supervision of the United States Food Administrator, and in fixing the price to nations represented by the Royal Commission on the sugar supply will add not more than the net refining margin for domestic business, with drawback allowance to the buyer of 1c per pound for granulated sugar when made from dutiable imported Cuban raw sugar, unless otherwise approved by the United States Food Administration, such drawback being based on present rate of duty upon Cuban sugars, and to be adjusted in the event of any change in the present rate of duty on Cuban sugar.

12. It is understood and agreed by the refiner that a violation of any of the terms of this agreement may result in and be cause for revocation of its license.

13. This agreement shall remain in full force and effect from October 1, 1917, until the existing state of war between the United States and Germany shall have terminated, and the fact and date of such termination shall be ascertained and proclaimed by the President and thereupon this agreement shall end.

#### AUSTRALIAN WOOL SEASON A BUSY ONE.

##### Effect of the government's system of control.

In a review of the wool season, which closed on June 30, a writer in the "West Australian" (Perth) states that the past season has been unique in the history of the trade. Shortly after the Proclamation of November 16, 1916, which prohibited any transaction in wool, the British Government purchased the balance of the Australian clip at an all-round price of 15½d. A system of valuation was evolved, based upon the various types of Australian wool in conjunction with a clean scoured basis, the whole to represent 15½d. per pound for the Australian clip, and the best brains of the wool trade were brought to bear upon the system. Great credit is due to the whole of the trade generally; to those who formed the central, State and sub-committees giving the benefit of their trade technical knowledge and experience; and to those buyers who supplied the inner knowledge of types and the basis of clean scoured values relative to such types.

Taking the appraisement as a whole, and mindful of the fact that the scheme was evolved at very short notice, it must be granted that the results attending the total sale have been extremely satisfactory. The actual purchase of the wool by the British Government has been of far greater benefit to Australia than is generally credited, for had not such purchase by the Government taken place it has been computed that

at least 60 per cent of the Australian clip would, at the moment of writing, remain unsold.

##### SHORTAGE OF SHIPPING.

The shortage of freight and the letter-of-credit difficulty would have created a wool market subject to every variation of the surrounding difficulties, a market upon which a wool would be one day worth 20d. and practically unsalable the next. Even with all the means at their disposal, the British Government has not been able to cope with the shipping shortage, and wool brokers' stores are still taxed to their utmost with the storage of wools appraised and paid for.

The benefits which have accrued from the appraisement scheme, and for which wool-growers of Australia should deem themselves very fortunate, are "the quick sale of wool and prompt payment therefor," "the good all-round price obtained for all and every quality of their wool," and "the absence from the market, due to the scheme of fluctuation in value." The flaws in the scheme have been very few, and wherever such may have shown themselves have quickly been remedied; in fact, the flaws have merely been caused through physical inability on the part of the appraisers and their staff to cope with the tremendous congestion which was caused during the hiatus from the time of opening the market to the Government sales.

Grumblers are always in evidence and are to be found in the wool business of to-day, but at the root of the appraisement scheme stands the great democratic principle that everyone has been treated alike. It has been contended that the scheme eliminates the spirit of competition which creates a value, but under the Government arrangements the wool growers are protected by the valuations of the broker's appraiser, and his estimate of value is competed against by the Government appraisers; the latter, having nothing to gain by a cheap valuation of the wools, loyally appraise them at what is, in their opinion, their true value. Thus it will be seen that, although competition between buyers is eliminated, it is replaced by a desire on both sides to establish a true value. The retention of the 10 per cent of sale value was unavoidable in a scheme of such magnitude, operating for the first time, and the plus or minus of this percentage will show how close the types and their relative values have been gauged to the total sale at 15½d.

##### SCHEME OF APPRAISEMENT.

The fact that the Government has prohibited trafficking in this percentage retention rather shows that they wish to protect the growers generally and may be taken as a good sign that the final adjustment will be slightly in excess of 30 per cent.

So far the types of wool and their respective values have not been made public, but when the whole appraisement scheme is finished, these types and their respective values will serve as a very good educational factor to wool growers. They will serve to show growers those types which have a relatively high value, and will also stand as a basis of general market reports, which would consequently be of far more actual interest than at present. They will provide food for a general discussion, and as such will be an instructive force in the industry.

Notification has been made that the season's clip of 1917-18 has also been taken by the British Government, upon the same terms and conditions, and this should cause gratification in all wool ranks. At present there is no indication as to when the next appraisements will commence, the various staffs being engaged upon statistical work and the compilation of reports upon stock and other branches of the industry. The closing of the books upon such a deal as the purchase of the 1916-17 clip must necessarily take some time, but it is certain that congestion, as existed last year, will be avoided and appraisements will probably be continued in from four to six weeks' time.

#### NEW AUSTRALIAN PLAN FOR WHEAT STORAGE.

##### Bulk of the Expense is to be Borne by Farmer.

(Concluded from page 3.)

bited against all the wheat, it follows that the charge that will be made will amount to only 1-24th of a penny per bushel per month.

The Royal Commission which inquired into the question is satisfied that under existing conditions as to material and labor the average cost of constructing silos complete, with sufficient elevating and handling equipment for storage purposes,

would not exceed one-half per bushel capacity. The inquiries and investigations which have been made into the question indicate that this price will not cover any special foundation difficulties, such as piling or reclamation, and it is assumed that sites will be selected having good foundation qualities.

The Commission is further satisfied that the maintenance of the storage would be so low during the emergency storage period as to be negligible, the maintenance of the silos being nil, and that, as the cost of the elevating equipment was only a small proportion of the total, its maintenance cost would become very small taken over the whole. It is also considered that for a number of years the maintenance of the equipment should be very low. It is estimated that 10 per cent of the construction cost per annum will cover interest, maintenance, provision for obsolescence of equipment and sinking fund, which, on the basis of one-half per bushel construction cost, is 1.4d per bushel per annum, i. e., approximately ¼d per bushel per month, as already stated.

As regards handling, the Commissioners express the opinion that this should not exceed ¼d in the first and ¼d in any subsequent handlings which may be found necessary in order to keep the wheat in good condition.

When the Commission has concluded its work of erecting the silos the whole business will be handed over to and controlled by the wheat pool.

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