

EAST AFR. PROT

55674

REC'D
DEC 15 2 1915

55674

Frankfield

to US
Reports of goat skins + sheep skins
bearing the hair on the wool

1915

1 Dec

Last previous Paper.

lands correo + other documents setting forth
arrangements under which National Bank of India
will act as representative of Bechtle Alliance at
Mombasa. No objection to proposal to allow
skins for 4 states to go to Senoa + Naples for
transportation under conditions specified. Suggests
that Marsailles be included in this arrangement.

M. Davis

H. J. R.

15 Dec

2/21/15

If Frankfield originally believed
that there should be transportation
also at Marsailles. I have been
no reputation re the transportation
of prohibited goods at French
ports which prevent of goods from the
beliefs intended for the U.S. being allowed
to pass and as a matter of course so
I suggested to W. J. that he should drop
Marsailles. I found that he had
already had his attention called
to the fact that his suggestion would

copy of copy numbers Day sent
copy for above to Mr. Davis
To Mr. Davis
Copy of paper not sent to 70
10 Dec 15 1915

Next subsequent Paper.

70
55704

Give rise to difficulties. He dropped
it accordingly. He also amended
page 4 of his letter (I attach
a private letter received from him
as to the changes made).

Substituted draft.

Can you bring your influence
on J.O. to induce him to deal
with the question of shipping to
France & Italy (see letter
to J.O. of 16 Nov in 57354).

CPD 6.12.15

Give rise to difficulties. He dropped
it accordingly. He also enclosed
page 4 of his letter (I attach
a private letter received from him
as to the change made).

I submit details.

Can you bring your influence
on J.O. to induce him to deal
with the question of shipping to
France & Italy (see letter
to J.O. 4/6/11 in 57354).

(11) 6.12.15

Graphic Address: "FRESHFIELDS STOCK LONDON"

C. O.
55674
REC'D
DEC 15

Se

New Bank

201

31 Old Jewry (E.C.)

1st December

1915

Sir, *for 52952*

We beg to acknowledge the receipt of your letter of the 30th ultimo and accompanying enclosures. You request that we will be good enough to take the necessary steps for the extension to the East African Protectorate of the arrangements made between His Majesty's Government and the Textile Alliance respecting the export of goatskins and sheepskins from the Protectorate of East Africa to the United States of America.

In reply we have the honour to inform you that the National Bank of India have been invited and have consented to represent the Textile Alliance at Mombasa and to supervise the incidental Banking arrangements. We beg to enclose a copy of the letters we have written to the National Bank of India with respect thereto. We also enclose a set of the documents that accompanied these letters. We may add that the National Bank of India sent instructions to their representative at Mombasa on the 25th ultimo with the necessary documents to enable the arrangements to be put into operation. The National Bank of India inform us that the correspondence despatched to Mombasa on the 25th ultimo will not reach that Port until about the 25th instant.

Your Bank Buildings

202

34 Old Jewry (E.C.4)

2

1915

You will observe that the National Bank of India are asked to be concerned with all the commodities now subject to the arrangement between His Majesty's Government and the Textile Alliance as applied to the United Kingdom.

Your letter invites an expression of our views upon a proposal made by the Governor to allow skins intended for the United States to go to Italian ports for transhipment. We understand from the Governor's cable to you of the 26th November, enclosed in your letter, that the transhipments referred to may be effected at Genoa and Naples.

In reply we beg to say that we see no objection to this course provided, first, that the Bills of Lading under which the goods are shipped at Mombasa are through Bills of Lading and state the name of Mr Patterson as President of the Alliance or of one of the Custodian Bankers for account of the Alliance and are destined for a recipient approved by His Majesty's Embassy at Washington, Secondly, that the vessels carrying the goods are trustworthy Steamship Lines who will undertake to accept no Bills of Lading which are not genuine through Bills of Lading, recording that the goods are consigned in the manner indicated, and bear the Number

New Bank Buildings
31 Old Jewry, W.C. 2

203

1915

3

and date of the official licence issued in Mombasa for shipping the goods. ~~Upon this question we venture to ask whether the port of Marseilles might not be conveniently included.~~

In that case we would suggest that

(1) Shipments may be made from Mombasa by any vessel performing the whole journey to New York, Boston, or Philadelphia provided the Bills of Lading are made out for consignment as indicated above and the necessary export licence licence has been obtained from the Colonial Authorities upon the recommendation of the National Bank of India.

(2) Shipments may be made consigned as above on vessels of the following Steamship Lines where the circumstances may necessitate a transhipment at Naples ^{or} Genoa ~~or Marseilles~~

British India Steam Navigation Company

Union & Castle Line

Harrison Line.

Hall Line

Messageries Maritimes (France)

Nav^s Generale Italiana)

Societe Maritima Italiana)

New Bank Buildings

31 Old Jewry, (E.C.)

4.

1945

It is understood that there will be no objection to these skins destined for the United States of America being sent forward from Mombasa on through Bills of Lading either via the United Kingdom or via South Africa provided such Bills of Lading are through Bills of Lading, are accompanied by the Colonial Licence, and have also inscribed on them the Number and Date of that Colonial Licence. If these skins are sent forward on Bills of Lading that are not through Bills of Lading and have therefore to be re-shipped and rebilled on new Bills of Lading either in the United Kingdom or South Africa then, before re-export from the United Kingdom or South Africa, the Licence of the War Trade Department or of the South African Customs Authorities must be obtained in the United Kingdom or South Africa in the usual way.

This arrangement to be considered as experimental and subject to revision in the light of experience gained in the working.

Will you please note that our letters to the National Bank of India related directly to the appointment of that Bank at Aden and that the arrangements with regard to Mombasa are indicated in the postscript to the letter of the 18th ultimo.

Before further communicating with the National Bank of India upon these points we shall await your further instructions.

We are, Sir,

Your obedient servants,

The Under Secretary,
Colonial Office.

Freshfields

Encls:

*had the
checked*

Nat Bank Buildings,

205

31 Old Jewry, 1891

3rd December

1891

My dear Davis,

I enclose page 4 as amended. I have also in my original letter struck out on page 3 the words from "Upon this" down to "included" in the second and third lines, and in paragraph B, third line, I have struck out the word "Marseilles" and inserted the word "or" between "Naples" and "Genoa".

Thank you very much for calling my attention to this.

I have seen the British India Steam Navigation Company and I am going to arrange for a meeting of the shipowners concerned, with the National Bank of India. I am preparing a Memorandum of instructions for their use which I will send to you so soon as it is in proof.

I am, My dear Davis,

Yours faithfully,

S. W. Freshfield

C. T. Davis Esq: C.M.G.

New Bank Buildings. 206

31, Old Jewry, (E.C.)

Cancelled

1915

(5) It is understood that the shipments from Mombasa consigned to or for account of the Atlantic for the United States of America via United Kingdom will proceed upon the existing licensing arrangements by the War Trade Department.

This arrangement to be considered as experimental and subject to revision in the light of experience gained in the working.

Will you please note that our letters to the National Bank of India related directly to the appointment of that Bank at Aden and that the arrangements with regard to Mombasa are indicated in the postscript to the letter of the 18th ultimo.

Before further communicating with the National Bank of India upon these points we shall await your further instructions.

We are, Sir,

Your obedient servants,

Freshfields

The Under Secretary

Colonial Office

(COPY).

C O
55674
REC'D
DEC 15

New Bank Buildings,

31, Old Jewry,

LONDON, E.C.

287

15th November 1915.

Dear Sirs,

I beg to refer to the interview you were good enough to favour me with on the 15th instant when I explained the purpose and scope of the agreement entered into between H.M. Government and the Textile Alliance Incorporated of New York to facilitate the export of wool and hair and woolled and haired sheep and goat skins, from India to destinations in the United States of America approved by His Majesty's Ambassador at Washington and the Textile Alliance.

I now have the honour to invite your Bank to represent the Textile Alliance in Aden.

Your duties will, like those of the Textile Alliance and ourselves, be of a fiduciary character in relation to the Indian Government whose wishes you will consult and give effect to their instructions. These will no doubt be made known to you from time to time after consultation with His Majesty's Government.

The classes of export which the arrangements with the Textile Alliance at present apply to are merino, crossbred, crossbred types, and blackfaced wool, wool waste, bastard, mohair, camels hair wools, flannelette raisings, woolled and haired skins, from sheep, lambs, goats, and kids of all kinds including Angora goats and hair from every description of animal.

Shippers will be instructed by the Aden Customs Authorities to apply for your recommendation that an export licence be granted and no licence will be granted until your approval has been obtained.

We have prepared for your use the accompanying set of forms which you may find it convenient to use. Upon form I wish to point out that it is essential that the applicant

(a) should select and state the name of one of the authorised consignees (b) that he should state the name of the recipient in the United States of America who is ultimately to receive the wool or skins and hair. It will be your duty to see that the named recipient is on the list of approved recipients that will be supplied to you by us from time to time and unless the intended recipient is approved you will not recommend his application. And (c) that the applicant sign a form accepting the conditions upon which the Alliance will give delivery to the recipient.

Your assent to a licence being granted may be conveniently expressed on Form II. By way of record you are asked to kindly fill up Form III in duplicate and send one copy to the Textile Alliance and one to us so that we may have a record of the transaction. It will greatly assist us if you will have a special number for each transaction.

You will observe that your functions are:-

(1) To represent the Textile Alliance in recommending applicants for export licence; in obtaining the number and date of the licence and sending particulars thereof to us and to the Textile Alliance in New York, and in receiving the Bills of Lading consigned to Mr Patterson as President of the Alliance and sending the same to Mr Patterson. For these services the Textile Alliance will pay you \$0/s per licence and your account for this should be sent to us quarterly.

(2) In case of need we may have to ask you to act as Custodian Bankers in Aden and in India. As explained to you at our interview it may be necessary to ask you to act in this capacity where Messrs Little & Co of Bombay represent the Alliance in India. But for the present and so long as shipments continue to be made representing the presentation to the Alliance of Bills of Lading in credit cases as laid down in our letter to the Colonial Office of the 8th November there will be no need to trouble you.

You will understand that in credit cases, that is to say, those cases where a Banker wishes to retain his charge over the goods exported, the goods must be consigned to one of the four Custodian Bankers in the United States of America and not to Mr Patterson.

In these credit cases you will also be entitled to charges first 50/s per case as representatives of the Alliance for recommending the applicant for a Licence and secondly such other usual or special charge as you may make as between your customers and yourselves or the Custodian Bankers in New York who are concerned in the case.

If you employ agents in certain ports you should arrange with them as to the proportion of the 50/s per Licence they are to have. But we take it that in practice you will prefer where possible to employ your Bank's representative and that would be very desirable.

You will of course understand that all your out of pocket expenses will be paid and in case of urgency do not hesitate to use the cable. The Customs Authorities will no doubt assist in supervising the exports so as to ensure that no irregular shipments are made. Any attempt to ship the prescribed articles destined for the United States of America otherwise than to or for account of the Textile Alliance should be at once notified to the Customs Authorities and in due course to me.

The accompanying circular issued to the Shipping Companies may perhaps be usefully adapted if the Aden Authorities so desire or permit.

I am, Dear Sir,

Yours faithfully,

(Sgd) E. H. FRESHFIELD.

The Manager,
National Bank of India, Limited.

New Bank Buildings,

31, Old Jewry,
LONDON, E.C.

18th November 1915.

Dear Sir,

We enclose the proof of Form I for use. We shall not be able to have any more printed in time for your mail to-day but we will proceed with the printing ready for next Friday. In the meantime we will ask you to be so kind as to send these proofs out to Aden with an intimation to your Bank that further forms will follow by next mail. In case of urgency they may make use of these proofs as proofs and get them printed locally.

We send 25 copies of Forms II, III, and IV but in one respect Form I is the most important since it is the acceptance of the Textile Alliance conditions.

We also send six copies of the list of approved recipients. These will be added to from time to time and as the names are received they will be called out to your representatives direct and confirmation of the cable will be sent to you the same day.

The Bank in Aden should understand that in no circumstances should a recommendation be made even at the request of the Authorities at Aden unless the United States recipients are on the list of approved recipients.

We are, Dear Sir,

Yours faithfully,

(Sgd) FRESHFIELD.

The General Manager,
The National Bank of India, Ltd.

Confidential.

P.S. The Colonial Office tell me that communications are passing between them and the Authorities in East Africa which indicate that the arrangements of the Textile Alliance will probably be applied to the British Possessions in the East Coast of Africa

with Mombasa as the centre. Anticipating this decision and assuming that the mail for Aden will afford an opportunity for your communicating with your representative at Mombasa, we venture to ask whether the Bank would, if desired, accept the duty of representing the Alliance at Mombasa upon similar terms to those that they have been invited to accept in regard to Aden. The communications that we refer to suggest in the Authorities apply the Textile arrangements to Mombasa they will wish that they should be available as soon as conveniently possible.

2 S.A.P
55674

[Signature]

8 Dec. 1905

Sir,

I am etc. Thank
you for the 2nd of your letter
of the 1st Dec. and to convey
to you an expression of his
thanks for the hospitality
with which you have made
arrangements for the extension
of the S.A.P. of the Agreement
with the Fostle Alliance
The Com. has been confined
to the land and wooded
skins of goats and sheep etc.
It is understood that there
would be no objection the Gov.
dealing in the same manner
with any of the other commodities

No. 57132. 65

DRAFT.

Leont. Huchfelds

MINUTE.

Mr. Davis 6.12.05

Mr. Mead 7.

Mr.

Mr.

Sir G. Piddles.

Sir H. Just.

Sir J. Anderson

Mr. Steel-Maitland

Mr. Thomas-Law.

*draft of minutes
sent*

3 drafts

*copy for
draft minutes*

*copy comm. with
Huchfelds to Gov
to H*

*copy for
copy for Gov
copy for Gov*

(4) Sheepskins & Lambskins
having the wool (all kinds)

(5) Goatskins having the hair
or the skin or short-haired

(6) Animal hair of all kinds,
including Hps, rats, yards

2. In reference to your desire

that you should be in a position to license

the ship hides & skins from the
shipments of the United States

Produce, I have arranged

with Messrs. Ashfield to represent
of the Pacific Alliance ^{in Tokyo} for the extension

of the arrangements with the Pacific
Alliance U.S.A. This was

discussed with you & your
license for the shipment of the

U.S. of skins of sheep and
goats having the wool or the

hair - ~~the~~ arrangements

have recently been made by the
Embassy at Washington, in
consultation with the leading
industry in the U.S., as regards
import ^{into the U.S.} of hides & skins other
than the above mentioned from the
Empire. These will be communicated
to you in due course.

3. As regards the procedure to be
followed in regard to the grant of
licenses to ship ^{the U.S.} skins of sheep &
goats having the wool or the hair,
or any other ^{of the} commodities falling within
mentioned in para. 1 of this despatch,
I have to invite your attention to the
enclosed work, viz. Messrs. Ashfield's
and in particular their letter of the 11th
Dec. and the documents enclosed
therein. You will observe that some
licenses are the packed export on
the recommendation of the National
Bank of India who ~~are~~ have been

7. 55874

EAP

draft 15436

8 Dec 1915

DRAFT.

EAP Conf.
for Belfast

MINUTE.

- Mr. Davis 6.12.15
- Mr. Reed ?
- Mr. [unclear]
- Mr. [unclear]
- Sir G. Fiddles.
- Sir H. Just.
- Sir J. Anderson.
- Mr. Steel Mainland.
- Mr. Bonar Law.

Sir,

With ref. to my conf. on 892 of your date, I have the pleasure to say, for your info, that of a letter from head of Liverpool dated to the Hon. Assembly relative to the arrangement of the arrangements with the Textile Alliance & of a circular to shippers dated 10th Nov.

(Signed) A. BONAR LAW.

~~Mr. [unclear]~~
 10 [unclear] 3 copies herewith
 [unclear] 45 p

3 drafts

NEW BANK BUILDINGS,

51, GILD JEWRY, E.C.

8th November, 1915.

SIR,

We beg to submit the following documents for your information:

(a) and (b) Reports made to Lord Emmott, C.M.G., as President of the War Trade Department, dated respectively the 26th July and 28th October, 1915; (c) a circular letter addressed to certain steamship and transportation companies, dated 26th October, 1915; and (d) a circular letter dated 28th October, 1915, addressed to exporters and shippers of commodities from British territories destined for the United States of America that have to be consigned to Mr. A. M. Patterson or to certain custodian Bankers for account of the Textile Alliance Incorporated of New York under the agreement made between His Majesty's Government and that Alliance in February last.

The purpose and terms of the agreement with which you are already acquainted are recited and explained in the two reports identified for the purpose of this letter as (a) and (b); the reports therefore are sent to you only for convenience of reference in case of need and to explain the origin of the circular letters (c) and (d) that we now beg to draw your attention to.

Both these circular letters concern the bills of lading upon which the commodities in question are transported. They are intended not to establish new practice, but, so far as possible, to secure the continuance of a current practice that is based upon experience gained in working and has been built up gradually during the past nine months. They are destined especially for those concerned in this trade, who recently, in increasing numbers, are availing themselves of the organisation of the Textile Alliance.

The circular (c) issued to shipping and transportation companies is intended to assure that the commodities are shipped under an official export licence, and, incidentally from the number and date of the licence appearing on the bill of lading, to facilitate identification and delivery of the goods by the Textile Alliance to the approved recipient. It has been issued to 35 of the leading ship-owning firms and companies in the United Kingdom and those who are interested in the Overseas wool trade have sent copies to their agents or representatives in Colonial ports.

The circular letter (d) issued to shippers in the United Kingdom and Overseas Dominions requires more detailed explanation.

It deals mainly with consignments of commodities that are shipped under Bankers' credits, where bills of lading, being the documents of title to those commodities, are, in the usual course of business, held by the financial house concerned in the credit until the monies advanced have been repaid. The concluding paragraph of the letter is inserted incidentally to remind shippers that the bills of lading of consignments to the President of the Alliance must be handed to the representatives of the Alliance. We shall have occasion to refer to this class of consignment presently.

To meet these cases of shipments of commodities consigned under Bankers' credits custodian Bankers were appointed in the circumstances described by the writer on page 4 of the report to Lord Emmott of the 28th July last in the following words:

When the arrangements were first made it had apparently been contemplated that all wool would be consigned to the President of the Alliance, that the licensed exporter would hand the bills of lading to me and that I should send them to the President direct. This made no provision for exporters who wished to ship against Bankers' letters of credit involving the retention by the Bankers of the bills of lading as their security for repayment of the advance.

In many, if not a majority of cases, the exporter here is a dealer who buys on order received from the United States of America. The order is executed on credit on a London Banker, and the bills of lading being the documents of title remain in the hands of the banker and his representative in the United States of America until the money advanced has been repaid.

The Authorities had prescribed a rule that all consignments must be made to the President of the Alliance; but some financial houses pointed out, and with reason, that this rule would in effect prevent the normal course of financial operations, because the documents of title to the wool would not be in the hands of the financial house but in those of an independent person. There were certain legal and practical objections that made it inexpedient that the President or I should receive and hold the bills of lading for any one but the shipper or the recipient or coupled with any notice of lien or trust in favour of a Banker.

To meet these credit cases I proposed that certain financial firms, having houses and partners established both in London and the United States of America, should be approved and permitted to be consignees of wool (for account of the Alliance), the choice of consignees being at exporter's option. It was expected that this approval should be strictly limited to the class of house above indicated, and then only to three, or at most four, of the very highest standing in whom implicit confidence could be placed, and who would stand in the same honorary relation to His Majesty's Government as the Textile Alliance and myself.

Briefly, the interposition of these custodian Bankers was deemed to be essential to avoid imposing upon the Textile Alliance the duty of receiving and holding bills of lading subject to a financial lien or charge a duty that the Alliance could not in the nature of their function under the agreement with His Majesty's Government be properly called upon to perform. This duty is now undertaken by the custodian Bankers in all cases where the consignments are shipped under credits.

Passing now to the practical means of giving effect to this arrangement the special course of financial business incidental to these credit shipments, inaugurated as explained above, was framed with the intention of interfering as little as possible with the normal course of financial business between the shipper and the

28th July, 1915.

MY LORD,

For your Lordship's information and that of your Committee, I am sending with this letter three Registers of the wool and woolen skins, exported from British Territory for destinations in the United States of America, under arrangements made between His Majesty's Government and the Textile Alliance Incorporated of New York, that have now been in operation for six months. This seems therefore to be a favourable moment to acquaint you with the progress that has been made.

These arrangements, applied at the outset to the United Kingdom, have been extended to include the Dominions of Australia and New Zealand, the Union of South Africa and, recently, India. For the Wool Trade between the United States of America and the Dominion of Canada special arrangements exist which I am not concerned with except to the limited extent mentioned hereafter.

There are three Registers. The first records the shipments from the United Kingdom to the United States of America that have passed through my hands. The second and third record shipments made from Australia and the Union of South Africa to the United States of America that have passed through the hands of my representatives, Messrs. Nunn, Smith & Co., of Melbourne, and Messrs. Fairbridge, of Cape Town. Messrs. Brandon, representing me at Wellington, New Zealand, report that there have been no exports under the arrangements with the Textile Alliance from the Dominion of New Zealand to the United States of America, as the wool exported is almost entirely crossbred. The extension of the arrangements to include India is so recent that there is nothing yet to record. Messrs. Little & Co., of Bombay, are representing the interests of the Textile Alliance in India.

At the outset the arrangements contemplated classes of merino and black-faced wools, but, as will be mentioned presently, other varieties of wool and also woolen skins are now included within them.

Your Lordship is, of course, aware that the purposes of the arrangements between His Majesty's Government and the Textile Alliance of New York were, stated briefly, and from the American point of view, on the one hand to meet the demand of American consumers for wool from British territory, the regard being paid to the necessities of British consumers, and, on the other, to ensure that the wool so supplied would not find its way into hostile hands.

An Association was accordingly incorporated under the law of the United States of America with the title of the 'Textile Alliance Incorporated' of New York, composed of six Textile Associations, each nominating a Director on the Alliance Board.

National Association of Wool Manufacturers, represented by John P. Wood, its President.

American Association of Woollen and Worsted Manufacturers, represented by A. M. Patterson, late Vice-President.

National Association of Cotton Manufacturers, represented by William A. Mitchell.

American Cotton Manufacturers' Association, represented by Caesar Deane, its late President.

Silk Association of America, represented by August Lanzker.

Dominion Wool Trade Association, represented by its President, Mr. Arthur F. Gill.

The President is Mr. Albert M. Patterson; the Secretary is Mr. J. J. Nevins; the Head Office are at 45, East 17th Street, New York, and there is a Branch Office at Boston, where Mr. G. Herbert Windeler acts as general agent for the Textile Alliance.

The preliminary negotiations that led to these arrangements were entrusted by the Alliance to Mr. Charles H. Burr of the Philadelphia Bar, who came from America to England for the purpose. Mr. Burr is known to international lawyers as an authority on the Treaty-making powers of the United States.

The proposals made on the 12th February, 1915, by the Alliance to His Majesty's Government, through the Board of Trade, were as follows:

1. Neither the Textile Alliance nor any of its associated bodies nor their members the owners of mills for whom the wool is destined shall re-sell any British wool imported to any dealer or other person or persons, but such wool shall be used in the mill or mills for their own manufacturing purposes only. 2. No part of the wool nor any wool tops or yarn made therefrom shall be re-exported to any destination from the United States of America. 3. Realising that such imports might encourage the export of American grown wool, the Alliance would so far as lies in their power, endeavour to discourage the export of such wool. 4. With the advice and consent of His Britannic Majesty's Ambassador at Washington, the Alliance would take such measures with the several purchasers and importers as would best effectuate this undertaking.

To these proposals the Board of Trade replied on the 18th February as follows:

The Board highly appreciate the action which your Alliance are proposing to take and that they accept on behalf of His Majesty's Government the undertaking you have given.

Having regard to this undertaking the Board will be prepared to entertain applications for licences for the export of merino and black faced wool (including merino noils and tops) to the United States of America which are consigned in the manner indicated in your letter.

It is of course understood that this arrangement must be regarded as experimental and subject to revision at any time in the light of experience in its working.

It is also to be understood that the grant of licences must always be subject to the necessities of consumers in the United Kingdom.

With regard to article 1 of the undertaking in the letter from the Alliance, the Board of Trade subsequently wrote to you on the 25th March concurring in a suggestion made by the Alliance that that article should be interpreted so as to cover the sale of imported wool by an importing dealer to another dealer, both being members of the Alliance or its associated bodies. The second sale was to be made only with the prior consent of the President of the Alliance, who would receive and produce to the British Ambassador signed undertakings from the second dealer and from the manufacturer; to whom the wool was sold, that such wool would be used by the latter for manufacturing purposes only in his own mill and that no part of it nor any tops or yarn made from it would be re-exported.

On the 12th February, 1915, I received general instructions by cable to represent the Alliance in relation to His Majesty's Government for arranging exports of wool from the British Dominions to the United States of America, and to select and appoint representatives for Australia, New Zealand, and the Union of South Africa.

On the 23rd February, Messrs. Nunn, Smith & Co., of Melbourne, were instructed to act in the same capacity in relation to the Government of the Commonwealth of Australia. Similar instructions were given to Messrs. Brandon of Wellington, in relation to the Government of the Dominion of New Zealand, and on the 14th March, to Messrs. Fairbridge of Cape Town, in relation to the Government of the Union of South Africa. The nominations of these gentlemen and the scope of their functions were duly communicated to the Colonial Office for such official notice and confirmation to the respective overseas Governments as might be deemed necessary.

It is not necessary to do more than refer to the practice pertaining in the United Kingdom and the overseas Dominions respecting the issuing of licences for the export of wool prior to these arrangements. The more important and substantial differences between the old practice and the new, as affecting British exporters, concerned the formalities for obtaining a licence, the method of assignment, the functions and responsibilities of the Textile Alliance in selecting and notifying the names of approved recipients in the United States of America, and giving delivery of the wool.

With the assistance of Mr. Frank Windeler, Secretary of the Wool Brokers' Association, I held several meetings of wool merchants and brokers and, having explained the purposes of the arrangements and obtained the views and wishes of the trade in regard to practical details, I communicated with your Lordship's Department and submitted the following matters for your Committee's consideration:

1. The Ports in the United States of America where the licensed wool should be landed.
2. The method of consigning the licensed wool.
3. The notification to your Department and to me and the advertisement to the Trade of the recipients in the United States of

America, who might from time to time be approved by the British Embassy at Washington and the Textile Alliance to receive wool from British territory, and

4. The procedure to be adopted by exporters desiring to obtain a licence.

These matters were disposed of in the following manner:—

1. The United States of America ports selected, and approved by the Alliance were New York, Boston, Philadelphia and San Francisco.

2. When the arrangements were first made it had apparently been contemplated that all wool would be consigned to the President of the Alliance, that the licensed exporter would hand the bills of lading to me and that I should send them to the President direct. This made no provision for exporters who wished to ship against Bankers' letters of credit involving the retention by the Bankers of the bills of lading as their security for repayment of the advance.

In many, if not a majority of cases, the exporter holds a dealer who buys on order received from the United States of America. The order is executed on credit on a London Banker, and the bills of lading, being the documents of title, remain in the hands of the Banker and his representative in the United States of America until the money advanced has been repaid.

The Authorities had prescribed a rule that all consignments must be made to the President of the Alliance, but some financial houses pointed out, and with reason, that this rule would prevent the usual course of financial operations, because the documents of title to the wool would not be in the hands of the financial house but in those of an independent person. There were certain legal and practical objections that made it inexpedient that the President or I should receive and hold the bills of lading for any one but the shipper or the recipient or coupled with any notice of lien or trust in favour of a Banker.

To meet these credit cases I proposed that certain financial firms, having houses and partners established both in London and the United States of America, should be approved and permitted to be consignees of wool (for account of the Alliance) the choice of consignees being at exporters' option. It was expected that this approval should be strictly limited to the class of house above mentioned, and that only to three, or at most four, of the very highest standing in whom implicit confidence could be placed, and who would stand in the same fiduciary relation to His Majesty's Government as the Textile Alliance and myself.

The Textile Alliance is indebted to the Honourable Cecil Baring and Mr. Charles W. Heath, of Messrs. Brown, Shipley & Company, for their assistance in organising the co-operation of the approved Bankers. The Alliance has also to thank them and the other approved Bankers for permitting their representatives to attend frequent conferences with me on matters of administrative detail. Their assistance during the past six months has occasioned no little inconvenience owing to the absence of many members of their respective staffs on military service.

The houses approved and the forms of consignment adopted were as follows:—

- Either A. M. Patterson, President for the time being of the Textile Alliance Incorporated of New York,
- or Messrs. Haring Brothers & Company, Limited,
- or Messrs. Brown Brothers & Company,
- or Messrs. Lee Higginson & Company,
- or Messrs. J. B. Morgan & Company,

in each alternative case for account of the Textile Alliance Incorporated of New York.

For the convenience of shippers from the Cape to the United States of America direct the Standard Bank of South Africa was subsequently added.

Licensed Exporters who wish to ship against Bankers' letters of credit have to select for themselves either of these alternatives. They have to make their own arrangements with their customary Bankers, and the latter communicate with the financial house, being one of those above named, who the licensed exporter may select to consign to. The President and the Textile Alliance assume no responsibility in regard to financial arrangements. A charge of one per cent. on the foreign cost of the property as shown by the Consular invoice has to be paid before delivery.

3. I now pass to the notification of approved United States recipients. The buyers here required to know that those in America for whom they purchased were persons who had satisfied the British Ambassador and the Textile Alliance as to the user of the wool and able therefore to take delivery. The arrangements made for the approval of recipients in the United States of America need explanation.

Your Lordship is aware that the selection and approval of these recipients does not rest with me. Firms in the United States of America desiring to be approved have to apply to the Textile Alliance and the Embassy and, so soon as they have given the guarantees required of them, their names are cabled to me by the Textile Alliance as approved by the Embassy. A suggestion that the approved names should also be cabled by the Embassy to the Foreign Office has I believe been adopted.

The names so-cabled are put on a list that is printed every few days, posted up in this office, and supplied to individual firms who ask for it, to the Chambers of Commerce at Bradford and Glasgow, and to your Department and the Colonial Office and the Board of Trade. The names as and when received are also cabled to the representatives at Melbourne, Wellington, Cape Town and Bombay.

In nearly every case the name of a London agent and, in most cases, the name of a Colonial agent is added. The nominations of these agents has proved to be a convenience as will presently appear, though I am prepared to recommend to your Department for a License any person bona fide in the wool trade (providing the intended recipient is approved by the Embassy and the Textile Alliance, and the consignment is in the prescribed method), whether the applicant is a named agent or not.

The Alliance publish periodically what they call a Bulletin or Notice, and from the following paragraphs appearing in the issue No. 6, dated 21st June,

your Lordship will see what is expected of those who join the Alliance and become approved recipients.

The application signed by importers for permission to import the foregoing articles through the Textile Alliance Incorporated, and subsequent obligations to be signed before possession can be obtained of same, provide specifically that the applicant agrees not to export these articles, or certain products thereof. There is, however, on the part of the Textile Alliance Incorporated and its allied associations a further moral obligation contained in their agreement with the Board of Trade that it will discourage to the best of its ability and by proper means the export from the United States of any wool, tops, noils or yarns, except to Canada.

The Alliance therefore urges those who have applied for licences through it, not only to refrain from transactions which may be open to criticism, but also to use every proper influence within their power to dissuade others from making such shipments. Consumers who benefit indirectly by the privileges granted by the British Government are equally concerned to aid in the observance of the conditions in consideration of which these privileges are granted.

I draw attention to the concluding paragraph because it indicates what the Alliance conceives to be the obligations of its members towards His Majesty's Government. As indicating the President's conception of his duties towards the members of the Alliance I quote the following passage from a letter he addressed to me on the 25th June, 1915:—

With reference to the comment that people are naturally averse to giving up private information to a competitor, it is only fair and we have recognised this difficulty from the beginning. Personally, I avoid seeing details of any transaction as much as possible, and the only documents that come to me are those with which there is some difficulty or irregularity.

In this connection I may remind your Lordship that the accompanying registers contain private information of a strictly confidential character. They are now submitted to your Lordship's Committee for statistical purposes and not for publication.

It is satisfactory to be able to record that only one name has been permanently removed from the list of approved recipients, and only one United Kingdom exporter of alien extraction has been convicted of trading with the enemy and the licence granted to him was accordingly cancelled. There are now 193 persons or firms on the list of United States of America importers approved by the British Embassy and the Textile Alliance. Of this number 127 are approved to receive wool only, 42 to receive woiled skins only, 11 to receive wool and woiled skins. The remainder are approved to receive either of these articles in conjunction with some wool product.

4. The form of consignment and the method of appointing the approved recipient being disposed of there remained for consideration the best method

of carrying out the practical part of the arrangements commencing with the application for a licence, and these I think will be best understood from the two printed forms inserted in the Register of United Kingdom exports.

Briefly, the practice so far as the Textile Alliance is more immediately concerned, has been for the intending licensee to apply on a form addressed to me accepting the conditions of the Textile Alliance for consignment and delivery, indicating the names of the approved recipient in the United States and the nature, weight, value and identification Bale marks of the wool to be exported.

These particulars are transmitted on another form, signed by me and sent to your Department, expressing willingness on behalf of the Textile Alliance that an export licence should be granted.

At the same time I require the applicant to give me the number and date of his licence when obtained, and the Textile Alliance are requested not to give delivery of the wool to the approved recipient until they have notice from me that the licence has been granted, with full particulars of the shipment.

In cases where the wool is consigned to the President a complete set of the bills of lading is deposited with me and forwarded to New York by the first available mail. In cases where the wool is consigned to an approved Banker the bill of lading is deposited with that Banker and he sends it forward to his American house.

In practice this method appears to have worked without inconvenience, the Bankers concerned and traders generally have repeatedly expressed their satisfaction. Upon their compliance with the regulations made the smooth working has largely depended and I gratefully record here the ready co-operation and assistance afforded to me by all the gentlemen connected with this important trade that it has been my pleasant duty to be associated with.

Passing now to the arrangements made in the overseas Dominions for the export of wool consigned to or for account of the Textile Alliance and destined for approved recipients, I may conveniently commence with Australia.

Messrs. Nunn, Smith & Co. were instructed by me to adopt, so far as circumstances permitted, the same procedure as that adopted in the United Kingdom. They inform me that shipments from Australia are being made in four ways: via London, via Panama, and via San Francisco or via Vancouver to the East United States of America.

Concerning the shipments via London, I need only record that some confusion and a good deal of consequent trouble arose in regard to the misuse of the form "through" bills of lading from Australia to ports in the United States of America via London (involving transshipment) when in point of fact the contract between the Colonial shipper and the carriers was to deliver wool in London.

It is worth recording that the class of bill of lading that gave rise to the trouble resulted from war conditions and the unwillingness of the carrier to contract to carry the cargo beyond United Kingdom ports. Consequently, the contract was made for delivery in the United Kingdom, with a clause that "if possible" the goods would be carried on an advantageous "through rate" to the

United States of America. This class of bill of lading was not a 'through' bill of lading. The distinction is obvious, and it involved an important question, now disposed of. Whether a licence was or was not required on transshipment in London. Moreover, subsidiary or pro forma bills of lading were used in connection with these particular bills of lading that made supervision and control extremely difficult, if not impossible. With the assistance of the Board of Trade these incidental difficulties have been satisfactorily disposed of.

Shipments via San Francisco need only be mentioned because the Hong Kong & Shanghai Bank Agency in that City was nominated as an approved Banker to supervise wool shipped from Australia for East United States of America via San Francisco when a through bill of lading could not be obtained and the wool had to be re-billed in that port.

Australian shipments to East United States of America via Vancouver were introduced at my suggestion to enable the Canadian Pacific Railroad's ship and rail service to benefit in the freight. The Dominion and Commonwealth authorities have sanctioned these shipments, it being a condition that they must be made on a through bill of lading and destined for approved recipients in New York, Boston or Philadelphia.

Shipments from the Union of South Africa, whether direct from Cape Town and ports to the United States of America, or via London have proceeded smoothly. For the convenience of shippers in this trade the Standard Bank of South Africa were appointed approved Bankers. The same difficulties that arose in connection with so-called through bills of lading, referred to in the observations on the Australian trade, also arose in the case of the shipments from the Cape. They, too, have now been disposed of satisfactorily. The practical arrangements adopted were similar to those established in the United Kingdom and in Australia, and the Colonial Office were good enough to tell me on the 22nd April that these arrangements had approved themselves to the Government of the Union of South Africa.

The arrangements regulating the wool trade between Canada and the United States of America, issued and dated at Ottawa, May 25th, 1915, are as follows:—

Authenticity has been obtained for the issue of Licences to export wool grown in Canada to the United States, upon application to the Department of Customs at Ottawa, setting forth the name and address of the exporter, the quantity of wool proposed to be exported, and the name and address of the consignee in the United States, and stating that the wool is to be used for manufacturing purposes only in United States Mills, and that no part of the wool or of the yarn made therefrom, shall be re-exported from the United States of America. Upon receipt of this application the exporter is advised in regard to the issue of the Licence. Before the wool is shipped from Canada the importer in the United States is required to guarantee that the wool shall be used only as above stated. The Licence hereof referred to apply only to the exportation of wool grown in Canada.

The Textile Alliance Incorporated requested and obtained permission for shipments of wool, tops, noils and yarns to Canada subject to regulations intended to assure that merchandise so exported is actually to be consumed by consignee

manufacturers in the country in question, and not diverted to other destinations. This assurance is deemed in the case of all wool, tops, noils and yarns, and not merely wool imported under licence through the Textile Alliance Incorporated, or made from such importations.

Shippers at the time of shipment, or prior to shipment, send to the Textile Alliance Incorporated, at its Boston Office, 120, Milk Street, particulars of the quantities and kinds of merchandise to be exported, and the names and addresses of consignees. On arrival a landing certificate is obtained from the Canadian Customs certifying to the arrival of the goods, and forwarded by the exporter to the Textile Alliance Incorporated at the same address. It is not necessary to obtain the approval of the Textile Alliance Incorporated before making the shipment, nor bonds be required so long as the present arrangement works satisfactorily.

The arrangements regulating the wool trade between India and the United States of America are stated in a letter addressed to my firm by the Board of Trade on the 3rd July, 1915, as follows:—

The Indian Government have decided, in consultation with His Majesty's Government, that shipments of wool from India to the United States of America shall in future be consigned only to persons in the latter country who are on the list of approved recipients of British wool.

So far, I have been dealing with the steps taken on behalf of the Textile Alliance to give effect to the arrangements made with His Majesty's Governments in the United Kingdom and the overseas Dominions for the export of wool from British territory to the United States of America. Before referring to one or two matters of detail incidental thereto, I may conveniently here record an extension of these arrangements recently made in the following circumstances.

On the 6th June the Textile Alliance requested me by cable to obtain permission for the members of the Textile Alliance to import tops and yarns into the United Kingdom from the United States. This request was prompted by the desire of the American trade to supply tops and yarns in the English market consequent upon a shortage of skilled hands to work the combing machinery in Bradford and district. As will presently appear, this involved an extension of the existing arrangements made through the Board of Trade, and I accordingly placed the request before that department. I wish here to express the thanks of the Textile Alliance, and to add my own, to the officials of the Board of Trade, for the courteous assistance afforded me on this and many other occasions during the six months' period under review.

On the 30th June my firm received the following letter in reply from the Secretary of the Board of Trade:—

I am directed by the Board of Trade to refer to the arrangement made between this department and the Textile Alliance in February last for the licenced export of British wool to the United States of America,

United States of America. This class of bill of lading was not a 'through' bill of lading. The distinction is obvious, and it involved an important question, now disposed of, whether a licence was or was not required on transshipment in London. Moreover, subsidiary or pro forma bills of lading were used in connection with these particular bills of lading that made supervision and control extremely difficult, if not impossible. With the assistance of the Board of Trade these incidental difficulties have been satisfactorily disposed of.

Shipments *via* San Francisco need only be mentioned because the Hong Kong & Shanghai Bank Agency in that City was nominated as an approved Banker to supervise wool shipped from Australia for East United States of America *via* San Francisco when a through bill of lading could not be obtained and the wool had to be rebilled in that port.

Australian shipments to East United States of America *via* Vancouver were introduced at my suggestion to enable the Canadian Pacific Railroad's ship and rail service to benefit in the freight. The Dominion and Commonwealth authorities have sanctioned these shipments, it being a condition that they must be made on a through bill of lading and destined for approved recipients in New York, Boston or Philadelphia.

Shipments from the Union of South Africa, whether direct from Cape Town and ports to the United States of America or via London have proceeded smoothly. For the convenience of shippers in this trade the Standard Bank of South Africa were appointed approved Bankers. The same difficulties that arose in connection with so-called through bills of lading, referred to in the observations on the Australian trade, also arose in the case of the shipments from the Cape. They, too, have now been disposed of satisfactorily. The practical arrangements adopted were similar to those established in the United Kingdom and in Australia, and the Colonial Office were good enough to tell me on the 22nd April that these arrangements had approved themselves to the Government of the Union of South Africa.

The arrangements regulating the wool trade between Canada and the United States of America, issued and dated at Ottawa, May 25th, 1915, are as follows:—

Authority has been obtained for the issue of Licences to export wool grown in Canada to the United States, upon application to the Department of Customs at Ottawa setting forth the name and address of the exporter, the quantity of wool proposed to be exported, and the name and address of the consignee in the United States, and stating that the wool is to be used for manufacturing purposes only in United States Mills, and that no part of the wool, or of the yarn made therefrom, shall be re-exported from the United States of America. Upon receipt of this application the exporter is advised in regard to the issue of the Licence. Before this wool is shipped from Canada the importer in the United States is required to guarantee that the wool shall be used only as above stated. The Licence herein referred to apply only to the exportation of wool grown in Canada.

This Textile Alliance Incorporated requested and obtained permission for shipments of wool, tops, noils and yarns to Canada subject to regulations intended to assure that merchandise so exported is actually to be consumed by consignee

manufacturers in the country in question, and not diverted to other destinations. This assurance is desired in the case of all wool, tops, noils and yarns, and not merely wool imported under licence through the Textile Alliance Incorporated, or made from such importations.

Shippers at the time of shipment or prior to shipment, send to the Textile Alliance Incorporated, at its Boston Office, 120 Milk Street, particulars of the quantities and kinds of merchandise to be exported, and the names and addresses of consignees. On arrival a landing certificate is obtained from the Canadian Customs certifying to the arrival of the goods, and forwarded by the exporter to the Textile Alliance Incorporated at the same address. It is not necessary to obtain the approval of the Textile Alliance Incorporated before making the shipment, nor bonds be required so long as the present arrangement works satisfactorily.

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So far, I have been dealing with the steps taken on behalf of the Textile Alliance to give effect to the arrangements made with His Majesty's Governments in the United Kingdom and the overseas Dominions for the export of wool from British territory to the United States of America. Before referring to one or two matters of detail incidental thereto, I may conveniently here record an extension of these arrangements recently made in the following circumstances:—

On the 6th June the Textile Alliance requested me by cable to obtain permission for the members of the Textile Alliance to import tops and yarns into the United Kingdom from the United States. This request was prompted by the desire of the American trade to supply tops and yarns in the English market consequent upon a shortage of similar hands to work the combing machinery in Bradford and district. As will presently appear, this involved an extension of the existing arrangements made through the Board of Trade, and I accordingly placed the request before that department. I wish here to express the thanks of the Textile Alliance, and to add my own, to the officials of the Board of Trade, for the courteous assistance afforded me on this and many other occasions during the six months' period under review.

On the 30th June my firm received the following letter in reply from the Secretary of the Board of Trade:—

I am directed by the Board of Trade to refer to the arrangement made between this department and the Textile Alliance in February last for the licenced export of British wool to the United States of America,

and particularly the following undertakings given by the Alliance on behalf of its members:

That no part of the wool nor any wool tops or yarn made therefrom shall be re-exported to any destination from the United States of America.

That inasmuch that such imports might encourage the export of American grown wool we will, so far as lies in our power, endeavour to discourage the export of such wool.

The Board have had under their consideration the proposal received through you from the Textile Alliance for a modification of the arrangements above referred to with a view to relieving the members of the Alliance from the restriction imposed on the export of tops and yarns by them from the United States of America to the United Kingdom.

The Board are prepared to give their assent to this proposal subject to the following conditions; it being understood that the modifications now made must be regarded as experimental and subject to revision at any time in the light of experience of their working.

The tops and yarns must be re-named as follows:

To 'Edwin H. Freshfield, for Messrs. Freshfields, of London,' or

To 'Baring Brothers & Company, Limited, for account of Messrs. Freshfields, of London,' or

To 'Brown, Shipley & Company, for account of Messrs. Freshfields, of London,' or

To 'Higginson & Company, for account of Messrs. Freshfields, of London,' or

To 'Morgan, Grenfell & Company, for account of Messrs. Freshfields, of London.'

as the United States shipper may select.

The approved recipient of British wool in the United States of America must designate his shipment for his named trade agent in the United Kingdom and no one else.

The bill of lading must be submitted to Mr. A. H. Duggan, or other the President for the time being of the United States Textile Alliance, and bear a distinctive number, and also the name and address of the named trade agent in the United Kingdom. The bill of lading will then be sent, as the case may be, either by the President of the Alliance to Messrs. Freshfields, or by the respective Bankers to their London houses. The charge to cover legal or operating expenses of the Textile Alliance will be paid by the President of the Alliance, and must be prepaid in the United States of America by the shipper before shipment.

So soon as the bill of lading arrives in the United Kingdom the named trade agent will be notified, as the case may be, either by Messrs. Freshfields or by the Bankers, and the bill of lading will be handed or sent by registered letter to the named trade agent (and no one else), who will be required to sign an application form and receipt.

It is understood that you will furnish to the War Trade Department from time to time a report giving full particulars respecting the bills of lading which have been given up. It would also be useful if a list of approved recipients in the United States and their named trade agents in the United Kingdom could from time to time be furnished to this Department and to the War Trade Department.

I am to request that you will be so good as to favour the Board in due course with an acknowledgment of this letter.

I trouble your Lordship with this letter because, as you will see, I am directed to acquaint your Department with particulars of the tops and yarns that may be imported into the United Kingdom under the extended arrangements.

The following is the reply made on behalf of the Textile Alliance:—

We beg to acknowledge the receipt of your letter of yesterday's date in which you intimate that the Board of Trade are prepared to give their assent to the proposal received through us from the Textile Alliance for a modification of the existing arrangements with the view of relieving the members of the Alliance from the restriction imposed on the export of tops and yarn by them from the United States to the United Kingdom, subject to the conditions stated in your letter, it being understood that the modifications now made must be regarded as experimental and subject to revision at any time in the light of experience of their working.

In reply we beg to say that we have received a cable from the Textile Alliance of New York, dated the 30th June, and enclose a copy of it. This cable enables us, as representing the Textile Alliance, to say that the conditions specified in your letter to us under acknowledgment are accepted by the Textile Alliance.

It is understood that the present modifications of the existing agreement are experimental and subject to revision at any time in the light of experience of their working.

The War Trade Department will receive from us a report giving full particulars of each separate transaction respecting the bills of lading which have been given up. This course follows on the practice already adopted in regard to the licensed export of wool from the United Kingdom to the United States. We consider that it is, on the whole, better to report on each separate transaction than report periodically.

The Board of Trade and the War Trade Department will be supplied every Friday with a list of the approved recipients in the United States and their named trade agents in the United Kingdom. The list will be in duplicate. List A will contain the name of the approved recipient in the United States with the Textile Alliance numbers that have been given to them, and List B will contain the same names but arranged in alphabetical order with the names of the trade agents in London. It is thought desirable that the names of the trade agents in Australia and the Cape should also be inserted, and their names will appear in smaller type.

The new arrangements recorded in these letters are too recent to have permitted the members of the Alliance to take advantage of them. The practice regulating these imports is framed as closely as circumstances permit upon that pertaining in regard to exports of licenced wool. It is briefly as follows:—

The consignors of all tops and yarns will be the Textile Alliance Incorporated of New York, to whom the approved United States exporter will hand the bill of lading.

For cases where the approved United States exporter does not wish to ship against Bankers' letters of credit the consignees will be myself, or my firm, representing the Textile Alliance Incorporated of New York, and the bill of lading will be sent to us by the Textile Alliance.

For cases where the approved United States exporter wishes to ship against Bankers' letters of credit the consignees will be one of the approved Bankers at shipper's option. These are the same as those approved for the licenced export from the United Kingdom to the United States of America, and the bill of lading has to be sent to them by the Textile Alliance. The name of the approved United Kingdom importer must appear on every bill of lading. Before the consignees hand the bill of lading to the approved United Kingdom importer the latter will be required to sign a letter of acceptance accepting the conditions entered into by the shippers in the United States of America with the Textile Alliance. The Textile Alliance charges are determined in New York and prepaid on shipment.

Those interested have been given to understand that this general procedure has been established to assure that tops and yarns reach approved United Kingdom recipients without the delay, interference, or detention incidental to the shipment of an article declared to be contraband.

In the first Register your Lordship will find the explanatory notice issued to the Trade and a form that will be used to acquaint your Department of each import transaction as it is effected.

On this occasion I do not propose to trouble your Lordship with questions of detail and I conclude this report with the following observations.

Beside the merino and blackfaced wools mentioned in the original letter from the Board of Trade of 18th February, other classes of wool and wool products have now been included in the arrangements, as, for instance, wool waste, bastard, carmel hair, noils, hennette raisings, woolled sheep skins and haired goat skins.

Phanette raisings is a product of cotton, used for making blotting paper; it is a soft grey substance, and was included upon general grounds of expediency since it seemed capable of use, as a substitute for wool products, in the manufacture of ammunition. The inclusion of skins raised at the outset some difficulty in determining whether the animals they came from were sheep or goats, for at that time the latter were not in the arrangements with the Textile Alliance. Attributing to me more technical knowledge than I possess, numerous examples were from time to time brought for my inspection; they included

Cape Bastard woolled skins, undressed Arabian hair sheep skins for glove purposes, raw undressed hair sheep skins, Mombassa or Soudan woolled sheep skins and varieties of skins from all parts of the world including Patagonia, Iceland, and the Gold Coast. Among them I may mention grey Kimmber lamb skins, dressed Thibetan lamb skins, Chinese dressed lamb skins with fur on, raw dry undressed Berbera hair sheepskins, raw dry salted short Amritzar hair sheepskins, haired sheepskins not woolled and many more descriptions of the same kind as these than I have taken from the particulars given on the application forms sent to me. The provenance is literally universal and completely justifies 'ludes' appearing in children's geography books as the product of every country on earth.

In most cases haired sheepskins were scarcely distinguishable from haired goatskins; so for instance the Bastard varieties belong to a sheep, while the Mombassa examples appear to belong to a goat, one or two skins submitted to me closely resembled those of the Corsican and Sardinian mouflon (the ovis musimon). The time at my disposal unfortunately did not admit of pursuing an interesting natural history enquiry, and, in consequence of these difficulties and the inconvenience occasioned by parcels of raw skins being deposited in this office for my inspection, I determined to rely upon the description of the animal supplied by the intending exporter on the form of application sent to me.

780 applications to your Department for licences to export wool or woolled skins from the United Kingdom to the United States have been made with my assent on behalf of the Textile Alliance. Of these, 561 applications have received export licences, 54 applications have been cancelled or refused and 161 are awaiting your Committee's decision.

Under the Textile arrangements in Australia the Commonwealth Authorities have issued 365 licences to export wool, and under the arrangements at the Cape 61 licences have been issued to export wool and woolled skins.

In conclusion, I desire, on behalf of the Textile Alliance, to cordially thank your Lordship for your personal consideration, and also for the courteous and ready help afforded to me by Sir Nathaniel Highmore, K.C.B., and the staff of your Department.

I have the honour to be, My Lord,

Your faithful Servant,

F. H. FREDSTUFELD

THE RIGHT HONOURABLE LORD EMMOTT, G.C.M.G.,
War Trade Department.

28th October, 1915

MY LORD,

On the 28th July I submitted for your Lordship's information and that of your Committee three Registers of the wool and woollen skins exported from British territory for destinations in the United States of America under the arrangements made between His Majesty's Government and the Textile Alliance Incorporated of New York that had, up to that date, been in operation for six months. I now have the honour to submit the same three Registers posted up to the present date, and this may therefore be a convenient moment to acquaint you with the progress that has been made in the past quarter.

The arrangements between His Majesty's Government and the Textile Alliance applied at the outset to the United Kingdom and extended to include the Dominions of Australia, New Zealand and the Union of South Africa, have now been further extended to include Nigeria, and negotiations are in progress to include Egypt. Certain details of the arrangements as applicable to India are now under the consideration of the Board of Trade and the Government of India, and I venture to hope that these may soon be settled. At present some shipments have to be consigned to or for account of the Textile to the approved recipients, others have to be consigned to the approved recipients direct, while others apparently have to be consigned, subject to guarantees, to or under the supervision of His Majesty's Consular Authorities. It should be clearly understood by the Government of India that unless the forms of consignment and other regulations authorised by the Board of Trade are adopted in their entirety the Textile Alliance cannot exercise any control over direct imports into the United States of America from India. The consignment to approved recipients direct affords no opportunity for supervision by the Alliance and consequently no protection to His Majesty's Government.

Your Lordship will remember that on page 5 in my first report I referred to a Bulletin or Notice published by the Textile Alliance containing general information and suggestions for the guidance of members of the Alliance. The remarks made in my report on pages 8 and 9 respecting Canada are quoted from that Bulletin and it was till then the only source of information I had respecting the arrangements made in regard to the wool trade between Canada and the United States of America. I was given to understand that we should not be concerned with these arrangements, and on the 4th October Mr. Patterson informed me that they had been carried on the terms stated in my earlier Bulletin in these words:

Applications have been received for information as to the conditions under which wool, tops, noils, and yarns may be exported from the United States to Canada. The forms of guarantee prescribed for recipients of wool through the Textile Alliance, Incorporated, have hitherto precluded exports to any destination. The Textile Alliance, Incorporated, has therefore requested and obtained permission for shipments of wool, tops, noils and yarns to Canada subject to regulations intended to assure that

merchandise so exported is actually to be consumed by consignee manufacturers in the country in question and not diverted to other destinations. This assurance is desired in the case of all wool, tops, noils and yarns, and not merely wool imported under licence through the Textile Alliance, Incorporated, or made from such importations.

Shippers therefore should, at the time of shipment or prior to shipment, send to the Textile Alliance, Incorporated, at its Boston Office, 120, Milk Street, particulars of the quantities and kinds of merchandise to be exported and the names and addresses of consignees. On arrival a landing certificate should be obtained from the Canadian Customs certifying to the arrival of the goods and forwarded to the Textile Alliance, Incorporated, at the same address. It is not necessary to obtain the approval of the Textile Alliance, Incorporated, before making the shipment, nor will bonds be required so as the present arrangements work satisfactorily.

There appears to be no occasion for the appointment of a representative of the Alliance for the East Coast of Africa at Mombassa, since there are no shipping facilities from that coast to the United States of America direct and the wool and skin articles which the Alliance are concerned with find their way, in the usual course of trade, to London or Liverpool and so become subject to the regulations made for exports from the United Kingdom to the United States.

There are three Registers. The first records the shipments from the United Kingdom to the United States of America that have passed through my hands. The second and third record shipments made from Australia and the Union of South Africa to the United States of America that have passed through the hands of my representatives, Messrs. Nunn, Smith & Co. of Melbourne, and Messrs. Fairbridge, of Cape Town. Messrs. Brandon, representing me at Wellington, New Zealand, report that there have been till quite recently no exports under the arrangements with the Textile Alliance from the Dominion of New Zealand to the United States of America, as the wool exported is almost entirely crossbred. The extension of the arrangement to Nigeria is so recent that there is nothing yet to record.

For the convenience of shippers resident in Nigeria the Bank of British West Africa have been appointed to represent the Textile Alliance Incorporated of New York at Lagos, and the Anglo-Egyptian Bank have agreed to represent the Alliance at Cairo if the arrangements are applied to Egypt.

At the outset these arrangements contemplated classes of merino and black-faced wools only, but gradually other varieties of wool and hair and also woolled and haired skins have been added. The commodities the Textile Alliance are now asked to be concerned with are merino, black-faced, Cape bastard, crossbred, and British wools. The last two classes have been licensed for export to a limited

amount as from the 3rd September. Your Lordship's Committee has been supplied with a separate Register of the applications for licences to export crossbred and British wools that have been referred to me and have received the usual letter of assent given on behalf of the Textile Alliance. Mohair, that is the long hair from an Angora goat, sheep skins and lambskins with wool or hair on them, goat and kid skins including the skins of Angora goats and kids with hair on them, flannelette raisings, wool waste, and Camels' hair noils from the Union of South Africa are also included. Cyprus lambs appear to have some hirsute peculiarity not satisfactorily determined and they continue for the present to be the subject of a difference of opinion between the Government of Cyprus and the Textile Alliance.

As your Lordship is aware the haired skins of goats were not included in the arrangements with the Textile Alliance until experience had shown that in practice it was difficult and in some cases impossible to determine whether the haired skins belonged to a sheep or a goat. It was not till the 18th September that mohair, that is the hair of an Angora goat, and the haired skins of Angora goats and kids, were included, and then only when it was discovered that Angora goat hair, though not required for the manufacture of military clothes in the United Kingdom, was capable of use for that purpose. I am in some measure responsible for mohair and these Angora goat skins being excluded for a time because it did not seem likely that any mistake could be made in identifying an Angora goat skin. But when some examples of military cloth made of mohair were exhibited to me at Bradford and one of the leading firms of London brokers told me that there has been a considerable German demand for this goat hair from Asia Minor, I invited the Board of Trade to reconsider the position of mohair and Angora goat skins, and their decision was eventually conveyed to me in a letter of the 18th September stating that Angora goat hair and Angora goat skins bearing the hair should be treated in future as coming within the scope of the agreement with the Textile Alliance on exportation to the United States of America from this country. The Board added that they were in communication with the Colonial Office with a view to similar arrangements being made in regard to exportation from the Dominions and Colonies concerned. On the 9th October Messrs. Fairbridge reported that this arrangement had been adopted by the Government of the Union of South Africa.

During the period under review there has been a remarkable increase in the applications of Liverpool shippers for my recommendation. The articles they deal in are chiefly wools of all classes from South America and the rougher kinds of wools from (a) the Persian Gulf, (b) Egypt and East Africa, (c) the Levant, and (d) the East Indies, suitable for making blankets, carpets, and felt. The former are described as coming from the States of Peru, Chili, Equador, Brazil and the Argentine; from the cities of Lima, Buenos Aires and Montevideo; from the River-Plate and Punta Arenas in the Straits of Magellan. The latter are described as coming from (a) Bagdad, Basra, Bushir and British Arabia, (b) from Egypt, the Soudan, Abyssinia and Jeddah, and (c) from Syria, Greece and Cyprus.

merchandise so exported is actually to be consumed by consignee manufacturers in this country in question and not directed to other destinations. This assurance is desired in the case of all wool tops, noils and yarns, and not merely wool imported under license through the Textile Alliance, Incorporated, or made from such importations.

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The wools from the East Indies are described by various names, some like Jofia and Bicaere appearing more commonly than others. Research made at the port used for shipping the sheep or goat skins that come in large quantities from the North West Provinces of India. The Dutch East Indies are represented by a single shipment of sheep and goat skins stated to come from Batavia.

On the 19th October the following announcement appeared in the Liverpool Press:

The War Trade Department will be prepared, subject as hereinafter stated, to consider applications for licences to export to the United States of America East India wool purchased at the forthcoming Liverpool Wool sale, up to a maximum of 10,000 bales. Licences will not be granted to the following classes of this wool, which are required for military purposes.

1. Black, grey, and brown wool.
2. Yellow pieces.
3. Low and medium hard white-blanket wool.
4. Ginned wool.

It is essential that persons applying for licences should state in their applications the precise description of East India wool which they wish to export, and should forward a sample of the wool and a certificate from the Bradford Conditioning House.

These persons are also directed to obtain from us the authorisation of consentment to the Textile Alliance.

It will be seen from this notice that some of these wools from the East Indies are useful for military purposes, and I have dealt with them here at some length to justify what I have said in an earlier part of this report respecting the arrangements of the Textile Alliance as applicable to India.

Your Lordship will also have observed that during the period under review there has been a continued and considerable export of blackfaced wool through the trade at Glasgow. This is one of the classes of wool used for carpet purposes that was from the commencement of our operations included in the arrangements with the Textile Alliance.

I wish on this occasion to record the indebtedness of the Alliance to Mr. Frank Buckley, the Chairman of the Liverpool Wool Association, and to Messrs. J. & W. Greig, the Secretaries of the Glasgow Wool Association, for facilitating our operations in these ports by their advice and assistance in practical details.

Applicants for my recommendation continue to supply a remarkable variety of names and description of skins. Among them I note 'Mouflon' skins of Russian origin, Russian dressed and British dyed for fur purposes. This is the first

application made to me in regard to the skins of a wild sheep by name, though, as stated in my first report, some of the African skins seemed to belong to a variety of this animal.

In this case the shippers submitted to me two specimens of these skins one from China and the other from Russian Siberia, and I took the opportunity of exhibiting them to Sir Nathaniel Highmore to illustrate the difficulty of distinguishing between the haired skin of a sheep and a goat. The example from Russia, comes from the mountains and has wool, while the Chinese skin comes from the plains and the hair resembles that of an Angora goat, yet both belong to a sheep. As both examples differ in texture from the wool of the European wild sheep of Corsica and Sardinia, known to naturalists as *gris musimon*, I consulted the Secretary of the Zoological Society upon this class of sheep and the name given to it by the shipper. He was good enough to tell me that the name 'mouflon' though strictly applicable to the European wild sheep, is commonly used by sportsmen to describe Asiatic wild sheep of several varieties; further that the wild sheep from Asia, like those from North Africa, pass through various grades that make it difficult if not impossible, for trade purposes, to determine whether the animal is a sheep or a goat. In confirmation of this I find that naturalists name the Asiatic wild sheep *caprovis*. The use of this nimble term of science seems to justify the decision of the authorities to treat the woolled or haired skins of sheep and goats on the same footing.

In these circumstances the committee of management of the Alliance named in my first report to your Lordship, have associated with them a committee of gentlemen, connected with the skin trade to deal with these skins. Your Committee of course understands that by skins, sheep and goat skins are meant and not hides; hides are not and might not for practical reasons be conveniently included in the arrangements. This committee is known as the Leather Committee and the Alliance give me the following particulars respecting the formation of it.

At the invitation of Mr. Patterson, the President of the Textile Alliance the following gentlemen met on August 5th, to consider the situation brought about by the inclusion of certain British animal articles to be imported through the Textile Alliance, in imported, of goat skins.

- H. O. Allen, of Winslow Brothers and Smith.
 Leopold Rossbach, of J. H. Rossbach & Bro.
 C. F. C. Stone, of John R. Evans & Co.
 D. H. Crompton, of Sarpasa Leather Company.
 Richard Young, of Richard Young & Co.
 J. M. Beck, of Kistler, Lead & Co.

Mr. Patterson and Mr. Nevins were present long enough to explain the general situation, after which they withdrew.

The six gentlemen named and Mr. Alfred H. Burk, of Burk Brothers, were named as a Committee of seven, and any three members constitute a quorum. The Committee thus appointed will co-operate with the Textile Alliance provided the Textile Alliance will indemnify each member of the Committee, or if the member so desire, shall defend such proceeding for him, against any judgment or

costs in any lawsuit or proceeding that may ensue from any action taken as member of this Committee; also that all information that they may furnish or any judgment as to any application which they shall arrive at, shall be held absolutely confidential.

Mr. Orompton was made Chairman of the Committee and Mr. Nevins Secretary.

On this occasion I need not describe the formalities for obtaining a licence, the method of consignment, the functions and responsibilities of the Textile Alliance in selecting and notifying the names of approved recipients in the United States of America, and giving delivery of the wool.

On the 30th July the Bank of British West Africa were invited and agreed to act for the Textile Alliance in relation to His Majesty's Government in Nigeria, and on the 4th October the Anglo-Egyptian Bank were invited and agreed to act for the Alliance in relation to the Government of Egypt. The nomination of these Banks and the scope of their functions, including the duties of approved or 'custodian' bankers in their respective countries as will presently appear, were duly communicated to the Colonial and Foreign Offices respectively for such official notice and confirmation to the respective Overseas Governments as might be deemed necessary.

These Banks will also represent the Textile Alliance for in the particular circumstances of the two countries it seemed desirable that the supervision should be entrusted to British institutions who could combine the duties of representing the Alliance with those of acting as approved bankers. These Banks have no houses in the United States of America, but in cases where goods are shipped on bankers' credits they will act as approved bankers in their respective countries for the purpose of receiving the bills of lading subject to the credits and forwarding them to one of the approved bankers in the United States of America.

It may be expedient in future to speak of the approved bankers as custodian bankers: 'approved' was adopted originally in consonance with the term 'approved recipient.' The change has been suggested by the approved bankers themselves and for an obvious reason.

As I am referring to the custodian bankers I may conveniently here mention the following matter.

Your Lordship is aware that proposals have been made from various quarters to modify the regulations respecting the custodian bankers, and to authorise certain American Banks who have not a banking house in the United Kingdom, to become either custodian bankers or approved recipients of British wool in the United States of America, approved by His Majesty's Embassy. I need not point out the objections to these proposals. Moreover, I think it desirable to explain that there is now no ground for the complaint made at an early stage of our operations that

these regulations might permanently divert old-established business from the smaller class of financial house.

As explained in my first report the Alliance have made a rule that in cases where the consignment is to Mr. Patterson as President of the Textile Alliance, a complete set of the bills of lading must be handed to me by the shipper himself and not by a third party. This rule is made to ensure that bills of lading are handed to me from the shipper himself without giving me direct or indirect notice of lien or charge on the wool under consignment. On handing the bills of lading to me the shipper obtains a printed and signed receipt for them.

It has come to my knowledge that these receipts are sometimes offered by the shipper to his banker, and accepted by the banker, in lieu of the bills of lading, as security for the repayment of the credit. Since no notice is given to me or to Mr. Patterson of the bankers' lien, this so called security is, in law, of no value whatever. But as the banker seems satisfied to treat my receipts in that way and as this practice does not impose any legal duty or obligation on Mr. Patterson, or the Alliance, or myself, and does not interfere with the absolute control the Alliance require to have over the wool while the documents of title are in Mr. Patterson's or my possession, I have raised no objection to it, more especially as it seems to remove the ground for the complaint alluded to above. In adopting this practice bankers are trusting customers, who are also our approved recipients, to discharge financial obligations in the same honourable way that these recipients have discharged trading obligations with His Majesty's Government and the Textile Alliance during the past nine months.

I may add that the general course of incidental financial business has proved to be convenient to the trade and adapted to the requirements of the Textile Alliance; it is obviously inexpedient that this course of business should be disturbed by multiplying the methods of financing the trade. The course of business referred to will perhaps be best understood from the following circular now being issued to exporters and shippers in the United Kingdom and Overseas Dominions:

'We are desired by the Textile Alliance Incorporated of New York to remind you that the Alliance is under obligation to His Majesty's Government to see that all wool, mohair, and wooled or haired sheep or goat skins, and such other commodities as the authorities may from time to time prescribe, are consigned either to A. M. Patterson, President for the time being of the Textile Alliance Incorporated of New York, or alternatively to one of the following custodian bankers in the United States of America as may be selected by the shipper: Messrs. Barling Brothers & Co., Messrs. Brown Brothers & Co., Messrs. Lee, Higginson & Co., Messrs. J. P. Morgan & Co., and the Standard Bank of South Africa; in each case for account of the Textile Alliance Incorporated of New York.'

'This obligation applies not only to the United Kingdom but also to the Overseas Dominions of Australia, New Zealand, the Union of South Africa and Nigeria.'

The purpose of this letter is to invite your co-operation to secure that the bills of lading (when the consignment of the articles above stated are to a custodian banker) are in fact ultimately sent to the house of the selected custodian banker in the United States, to whose order the bills of lading are made out, so that the custodian banker may himself present them to the Textile Alliance. We shall be obliged if you will kindly give suitable instructions to your bankers respecting the presentation of the bill of lading and see that they are given effect to. You will appreciate that the assent of the Textile Alliance is essential before the custodian banker may endorse the bill of lading or delivery of the goods can be obtained by the recipient approved by His Majesty's Embassy at Washington. The Alliance will not themselves recognise any trust or lien on the goods or receive presentation of the bill of lading consigned to custodian bankers from anyone but the custodian banker concerned.

As you are aware the bills of lading when the goods are consigned to A. M. Patterson as President must be handed, without notice of trust or lien, to the representative of the Alliance at the port where the goods are shipped, and will be sent by that representative to the President of the Alliance direct.

Your Lordship will please understand that these arrangements, like the agreement with His Majesty's Government, are regarded as experimental and subject to revision in the light of experience in the working.

Respecting the approved recipients in the United States I have to record that three names have been permanently removed from the list of approved recipients, one of these being removed at the firm's request. There are now 253 persons or firms on the list of United States of America importers approved by the British Embassy and the Textile Alliance. Of these 157 are approved to receive wool only, 63 to receive woolled and haired skins only, 13 to receive wool and woolled or haired skins, four for waste only and two for rags only. The remainder are approved to receive either of these articles in conjunction with some wool product.

Passing now to the arrangements made in the Overseas Dominions of Australia, New Zealand and the Union of South Africa.

Messrs. Nunn, Smith & Jefferson, representing the Alliance at Melbourne, announce that they have made arrangements for the Textile Alliance to be represented at Sydney, and these will be carried out under their supervision by Messrs. Norton, Smith & Co. at that port. They tell me by cable on the 22nd September that the Commonwealth authorities are permitting the export of cross-

bred wool in normal quantities to the United States of America. They also cable on the 18th August that as from that date the export of woolled sheep skins from Australia to the United States of America has been prohibited. I am not told the reason.

Messrs. Brandon, representing the Textile Alliance at Wellington, New Zealand, inform me by cable on the 18th October that the Government of the Dominion of New Zealand have in consultation with His Majesty's Government authorized the export from New Zealand of crossbred wool in normal quantities through the Textile Alliance to approved recipients in the United States of America direct.

The reports I receive from Messrs. Fairbridge, representing the Alliance at Cape Town, show that the arrangements made for the Union of South Africa continue to work satisfactorily. The only outstanding question concerns the inclusion of camels' hair wools among the articles requiring an export licence from the Dominion. No export licence is at present required for that commodity when shipped from the United Kingdom to the United States of America; a change in this respect would be acceptable to the Alliance.

In my first report I quoted the letter written to my firm by the Board of Trade dated the 30th June giving permission of the Textile Alliance to send tops and yarns from the United States of America to the United Kingdom. Several shippers have taken advantage of this permission and as directed by the letter of the Board of Trade, your Lordship's Committee has been informed by me of the details of these imports as and when the bills of lading were presented for my endorsement. About 300 bales of tops, 389 cases of yarn, 331 bags with tops or yarn and 13 bales of brown card-waste have been imported into the United Kingdom under this arrangement. I should not omit to mention that 5 bales of 'War Relief' knitting yarn were consigned free of charge by Messrs. Mauger & Avery, approved recipients in the United States of America, for delivery to Messrs. A. O. Ward & Co. in London on account of Mrs. Erskine Childers, of Crosby Hall, Chelsea, for patriotic purposes.

I trouble your Lordship on this occasion with a matter of detail that caused some confusion and consequent inconvenience to the Alliance, arising out of the congested state of the docks at London and Liverpool. So far as the Port of London is concerned, history has repeated itself, for the records of the London and India Docks show that the same kind of congestion occurred during the Napoleonic war.

In June and July last Mr. Patterson asked me to report upon a number of shipments of wool from British territory that had reached the United States consigned in an irregular manner, that is to say consigned not to him as President or to an approved banker for account of the Alliance, but consigned directly to persons or firms in the United States, including some who were not

'approved' recipients. The report made shows that these shipments of wool were parcels shipped under general licences before the Textile Alliance came into existence, that had been detained in part by lack of shiproom but mainly owing to the congestion at the docks, and subsequently allowed to proceed to the importers in the United States authorised by the general licences.

As the difficulties in supervision and control by the Textile Alliance are considerably increased by irregular shipments the following circular was prepared and addressed to the principal transportation companies. In this circular I explained the purposes of the arrangements between His Majesty's Government and the Textile Alliance and invited the assistance of these companies in the following words:

'We are writing on behalf of the Textile Alliance and the purpose of this letter is to ask your co-operation to secure that no wool, woolled or haired sheep or goat skins are sent forward on any bills of lading by your vessels unless the number and date of the War Trade Department licence appears on the face of the bill of lading. These particulars should be inserted by the shipper, and we venture to ask you to insist upon this regulation being strictly complied with.

'The above observation applies not only to bills of lading which are issued in the United Kingdom, but also to bills of lading which have been issued in the Colonies and are either through bills of lading or bills of lading capable of being treated as through bills of lading by agreement between the parties. If these Colonial bills of lading when received by you are not accompanied by Colonial licences for the export of wool (and we may here say that the arrangements made with the Textile Alliance for the United Kingdom have been made to apply to Australasia, the Cape, India, and the West Coast of Africa) we ask you to request the shipper to see that application is made for a licence from the War Trade Department in the usual manner.

'We regret to have to trouble you with this request, but the Textile Alliance are under obligation to His Majesty's Government to see that the above goods do not reach the United States in an irregular manner and consigned otherwise than as above stated and under licence. The Textile Alliance inform us that there have recently been several irregular and unlicensed shipments. We have drawn the attention of the War Trade Department to the facts, and it is with their knowledge that we are writing this letter to you.'

The concluding sentence is the occasion for my bringing this circular to your notice. It was sent to 35 of the leading shipowners; among them I have to thank the Managing Directors of the Peninsular & Oriental S.N. Company, Messrs. Ellerman & Bucknall, Messrs. Elder, Dempster & Co., and the Proprietors of the Allan and the Leyland Lines for their courteous assistance.

Mr. Patterson informs me that the accounts of the Textile Alliance are periodically audited and submitted to His Majesty's Embassy at Washington, and I need not therefore deal with them here. It may be of interest to your Committee to know that during the month beginning 27th August and ending 27th October the values stated in the applications made to me by shippers for recommendation to your Lordship's Department total at £3,564,342. The value of the exports recommended on the 6th September amounted to £268,888, the largest figure reached on one day. The Committee may also be interested to know that ten shillings in every one pound sterling paid by United States importers to the Textile Alliance for operating fees has been returned to those importers, and a further sum carried forward for return hereafter. It is moreover confidently hoped as the volume of business passing through the hands of the Alliance increases that the charge per cent. (on the value of the goods imported) ultimately found to have been paid by traders for the services of the Textile Alliance during its operations may prove to be relatively a nominal one.

Since the commencement of our operations in February, 1,430 applications to your Department for licences to export wool or woolled skins from the United Kingdom to the United States have been made with my assent on behalf of the Textile Alliance. Of these 73 applications have been cancelled or refused and 300 are awaiting your Committee's decision. Under the Textile arrangements in Australia the Commonwealth Authorities have issued 687 licences to export wool and under the arrangement with the Government of the Union of South Africa 150 licences have been issued to export wool and woolled skins from the Cape.

I conclude by thanking your Lordship, Sir Nathaniel Highmore, K.C.M.G., and the staff of your Department, for a continuance during the period under review of the courtesy and consideration that have been previously shown to me.

I have the honour to be, My Lord,

Your faithful Servant,

E. H. FRESHFIELD.

The Right Honourable LORD BROWNE, G.C.M.G.,
War Trade Department.

NEW BANK BUILDINGS,

31, OLD JEWRY, E.C.

25th October, 1915.

SIR,

As you are no doubt aware since Wool was declared by Royal Proclamation to be an article of contraband, all Wool, Woolled Sheepskins or Haired Skins of sheep or goats cannot be exported to the United States of America without a Licence of the War Trade Department; moreover under the arrangements made between His Majesty's Government and the Textile Alliance Incorporated of New York, these products must be consigned either to or for account of the Textile Alliance. The forms of consignment that are authorised by the Board of Trade are the following:—

1. A. M. Patterson, President for the time being of the Textile Alliance Incorporated of New York.
2. Or to Messrs. Baring Brothers & Company, Limited, for account of the Textile Alliance Incorporated of New York.
3. Or to Messrs. Brown Brothers & Company for account of the Textile Alliance Incorporated of New York.
4. Or to Messrs. Lee, Higginson & Company, for account of the Textile Alliance Incorporated of New York.
5. Or to Messrs. F. P. Morgan & Company, for account of the Textile Alliance Incorporated of New York.
6. Or The Standard Bank of South Africa, for account of the Textile Alliance Incorporated of New York.

Every Bill of Lading for the export of these products should have the form of consignment in one of these alternative ways.

We are writing on behalf of the Textile Alliance, and the purpose of this letter is to ask your co-operation to secure that no Wool, Woolled or Haired sheep or goat skins are sent forward on any Bills of Lading by your vessels unless the number and date of the War Trade Department licence appears on the face of the Bill of Lading. These particulars should be inserted by the Shipper, and we venture to ask you to insist upon this regulation being strictly complied with.

The above observation applies not only to Bills of Lading which are issued in the United Kingdom, but also to Bills of Lading which have been issued in the Colonies, and are either through Bills of Lading or Bills of Lading capable of being treated as through Bills of Lading by agreement between the parties. If these Colonial Bills of Lading when received by you are not accompanied by Colonial licences for the export of Wool, we may here say that the arrangements made with the Textile Alliance for the United Kingdom have been made to apply to Australasia, the Cape, India, and the West Coast of Africa; we ask you to request the Shipper to see that application is made for a licence from the War Trade Department in the usual manner.

We regret to have to trouble you with this request, but the Textile Alliance are under obligation to His Majesty's Government to see that the above goods do not reach the United States in an irregular manner and consigned otherwise than as above stated and under licence. The Textile Alliance inform us that there have recently been several irregular and unlicensed shipments. We have drawn the attention of the War Trade Department to the facts, and it is with their knowledge that we are writing this letter to you.

We are, Sir,

Yours faithful Servants,

FRESHFIELDS.

To

J. OLD JEWRY,

LONDON, E.C.

28th October, 1915.

Sir

We are desired by the Textile Alliance Incorporated of New York to remind you that the Alliance is under obligation to His Majesty's Government to see that all wool, mohair, and wooled or haired sheep or goat skins, and such other commodities as the authorities may from time to time prescribe, are consigned either to A. M. Patterson, President for the time being of the Textile Alliance Incorporated of New York, or alternatively to one of the following custodian Bankers in the United States of America as may be selected by the Shipper: Messrs. Baring Brothers & Co., Messrs. Brown Brothers & Co., Messrs. Lee, Higginson & Co., Messrs. J. P. Morgan & Co., and The Standard Bank of South Africa: in each case "for account of the Textile Alliance Incorporated of New York."

This obligation applies not only to the United Kingdom but also to the overseas Dominions of Australia, New Zealand, the Union of South Africa and Nigeria.

The purpose of this letter is to invite your co-operation to secure that the Bills of Lading (when the consignment of the articles above stated are to a custodian Banker) are in fact ultimately sent to the house of the selected custodian Banker in the United States, to whose order the Bills of Lading are made out, so that the custodian Banker may himself present them to the Textile Alliance. We shall be obliged if you will kindly give suitable instructions to your Bankers respecting the presentation of the Bill of Lading and see that they are given effect to. You will appreciate that the assent of the Textile Alliance is essential before the custodian Banker may endorse the Bill of Lading or delivery of the goods can be obtained by the recipient approved by His Majesty's Embassy at Washington. The Alliance will not themselves recognise any trust or lien on the goods or receive presentation of the Bill of Lading consigned to custodian Bankers from anyone but the custodian Banker concerned.

As you are aware the Bills of Lading when the goods are consigned to A. M. Patterson as President must be handed, without notice of trust or lien, to the representative of the Alliance at the port where the goods are shipped, and will be sent by that representative to the President of the Alliance direct.

We are, Sir,

Your faithful Servants,

(Signed) FRESHFIELDS.

To

Banker who gives the credit. The interposition of the custodian Bankers necessitated some interference with that normal course of business; but in consequence of the co-operation of all persons concerned in these transactions, the shippers, non-custodian bankers and custodian bankers, the special course of financial business has developed during the nine months of operation into a practical working arrangement that seems to give general satisfaction.

In the particular working of the business the non-custodian Bankers have (1) either with their shipper customer, or (2) with their shipper customer in conjunction with the custodian Bankers established two alternative practices. Both practices fulfil the condition that the Textile Alliance require to enable the Alliance to maintain its position and discharge the obligations it has undertaken with His Majesty's Government.

(1) The practice established between the shipper and the non-custodian Banker is explained in the Report to Lord Emmott of the 28th October on pages 6 and 7. This practice applies to the class of consignments, referred to in an earlier paragraph of this letter, where the goods are consigned to the President of the Textile Alliance and where the bills of lading must be handed by the shippers to the representatives of the Alliance. The bills of lading pass therefore directly into the hands of the representatives of the Alliance and remain in the hands of the Alliance until delivery is required to be given. The non-custodian Bankers are, it will be observed, content to accept the receipt given to the shipper by the representatives of the Alliance, in the circumstances explained in the Report, without imposing any duties or obligations on the Alliance. We have not interfered with or objected to this practice for the reason stated in the Report, but we are not disposed to encourage it since it needs continual care and attention to ensure that no notice of a lien direct or implied is given to the representatives of the Alliance by the shipper or his Banker and no obligations placed on the Alliance. For this reason the practice is confined to the United Kingdom where it can be controlled under our personal supervision. It has apparently proved acceptable to those concerned, as the conditions made in regard to it, that no notice of a lien shall be given, have been complied with.

(2) The alternative and common practice between the shipper, the non-custodian Banker and the custodian Banker (and the latter must in credit cases as explained above be named in the bills of lading) is the subject of the circular now under consideration, and this alternative practice pertains both in the United Kingdom and the Overseas Dominions.

The practice provides that the bill of lading shall ultimately be presented to the Textile Alliance by the custodian Banker concerned, leaving the bill of lading, from the time that it is prepared and becomes a document of title up to the time when the delivery of the goods under it is required, in the hands of either the non-custodian or the custodian Banker as those Bankers may agree between them. So long as the bills of lading are ultimately presented the Alliance by the custodian Banker concerned, we consider that this practice affords the Alliance the complete control over delivery that the agreement with His Majesty's Government requires. The purpose of the circular is to ask the shipper to give directions to his Banker to see that this

practice is adopted, and it is issued as we have said in consequence of the considerable increase in the volume of business passing through the hands of the Alliance and the accession of new firms and persons both as approved recipients in the United States of America and as shippers in British territory, who, as new comers, are not familiar with the practice.

It will, of course, be understood that these special arrangements made to try and meet the financial requirements of the trade, must continue to be considered as experimental and, like the agreement between His Majesty's Government and the Alliance, liable to revision in the light of experience in working.

If the present arrangements do not work satisfactorily, it may be necessary to make more stringent regulations for the custody of the Bills of Lading covering consignments made upon Bankers' credits, between the time they become documents of title and the time they are presented to the Textile Alliance. The past experience, however, justifies a confident hope that there will be no need to alter the present arrangements, and that they will continue to work satisfactorily.

We are, Sir,

Your faithful Servants,

(Signed) FRESHFIELDS.

THE UNDER SECRETARY,
Colonial Office,
S.W.

NEW BANK BUILDINGS,
31, OLD JEWRY,
LONDON, E.C.

18th November, 1915.

SIR,

The following observations are made for the information of shippers of wool, wooled and-haired skins and hair destined for the United States of America under the arrangements made between H.M.'s Government and the Textile Alliance Incorporated of New York.

LICENCES.—1. The attention of shippers is drawn to the paragraph in our letter acknowledging their application where we state that the granting of a licence rests with the War Trade Department and not with us. It must be understood that as a general rule we do not intervene with the War Trade Department after we have recommended an application for licence. In future we shall only intervene in cases of doubt, difficulty or clerical error, but not in cases where the shipper merely wishes the granting of his licence to be expedited. To obtain expedition the shipper must write to the War Trade Department direct stating his reasons.

2. In this connection we may point out that a licence is valid for three weeks from the date named in it, and for a further period of three weeks provided the Customs Authorities at the port of shipment raise no objection. It may be assumed that in practice a licence is valid for six weeks from the date named in it. It sometimes happens that a convenient opportunity offers for shipping the goods licensed a day or two before the date named in the licence. Shippers can usually obtain leave to do so from the Customs Authorities at the port of shipment on written application stating their reasons.

When a shipment cannot be made within the six weeks the licence is valid for, the shipper should apply to the War Trade Department for an extension of the licence. The licence already granted should accompany the application. In all cases where a licence cannot be used it should be returned to the War Trade Department, and we should be notified for purposes of record and to inform the Alliance in America. The Authorities exercise a discretion in granting extensions, and they may require the applicant to apply for a new licence. It is particularly requested that the War Trade Department number given to the new or extended licence should be communicated to us.

3. Will shippers be good enough to send us the number and date of their licence as soon as obtained. We may remind them that the Textile Alliance will not give delivery till they are advised by us of the number and date of the licence.

BILLS OF LADING.—4. Bills of lading for consignments to Mr. Patterson must be sent to us and not to the Textile Alliance direct; no exception can be made to this rule.

5. In the event of a shipper wishing to change the name of the consignee or approved recipient stated in his original application to the War Trade Department and to us, a fresh application will have to be made to the War Trade Department and to us.

6. It is particularly requested that the number and date of the War Trade Department licence should be clearly written on the bill of lading for the purpose of facilitating delivery in America. Bills of lading should be made out to one of the four approved ports of disembarkation—New York, Boston, Philadelphia, or San Francisco—and not elsewhere. Shipments to the United States of America and Canada are not permitted except from Australia *via* Vancouver in bond.

7. The enclosed is a circular addressed to shippers requesting them to give certain instructions to their bankers. It may be convenient for you to have this document before you and we should be obliged if you will kindly give instructions to your bankers as desired therein. Shippers must bear in mind that in credit cases consignments must be made to one of the custodian bankers in the United States of America.

8. We may remind shippers that recipients in the United States of America are approved by His Majesty's Embassy in Washington, and that an intimation of the approval is conveyed to us by the Textile Alliance by cable from day to day. If a shipper wishes to have his friends in America placed on the Approved List he should request them to apply to the Textile Alliance for recommendation to the Ambassador. We make it a rule to notify the shipper by telegraph so soon as we hear from the Alliance that the recipient he is concerned with has been approved by the Ambassador.

9. The correct trade description of the commodity to be consigned, and whether raw or wholly or partially manufactured should be stated in the forms of application sent to us. These forms can be obtained here on application.

We are, Sir,

Your faithful Servants,

FRESHFIELDS.