

REPORT ON THE WORK

OF THE

IMPERIAL SHIPPING COMMITTEE

1920-~~to~~ 1922.

- XXVIII - 2
~~B~~ - 26 B

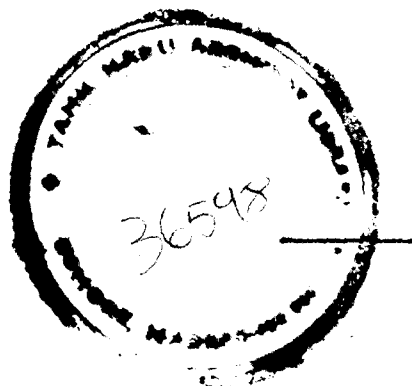
INSTRUMENT OF APPOINTMENT OF THE IMPERIAL SHIPPING COMMITTEE.

CONTENTS.

	PAGE.
MINUTE OF APPOINTMENT	3
REPORT	6

The Imperial Shipping Committee have already issued the following Reports :—

- (1) On the Limitation of Shipowners' Liability by Clauses in Bills of Lading and on certain other matters relating to Bills of Lading. (Cmd. 1205.)
- (2) On the Functions and Constitution of a Permanent Imperial Body for Shipping Questions. (Cmd. 1483.)
- (3) On the Deferred Rebate System as obtaining in the trade between the United Kingdom and Australia [Interim Report]. (Cmd. 1486.)
- (4) On Rates of Freight in the New Zealand Trade. (Cmd. 1504.)
- (5) On the Deferred Rebate System [Final Report]. (Cmd. 1802.)
- (6) A Report on the Economic Size and Speed of Vessels for the Australian Trade and on the Subsidies necessary to maintain speeds in excess of the economic speed is in course of preparation.



[NOTE.—The expenses of the Committee in preparing the present Report are nil. The cost of printing and publishing the Report .]

WHEREAS the Imperial War Conference, 1918, passed on the 6th July 1918, the following resolution :—

1. That in order to maintain satisfactorily the connections, and at the same time encourage commercial and industrial relations, between the different countries of the Empire, this Conference is of opinion that shipping on the principal routes, especially between the heart of the Empire and the Overseas Dominions, including India, should be brought under review by an Inter-Imperial Board on which the United Kingdom and the British Dominions and Dependencies should be represented.
2. That for this purpose an Imperial Investigation Board, representing the various parts of the Empire, be appointed, with power to enquire into and report on all matters connected with ocean freights and facilities, and on all matters connected with the development and improvement of the sea communications between the different parts of the Empire, with special reference to the size and type of ships and the capacities of harbours; the Board to include, in addition to representatives of the Governments concerned, persons with expert knowledge of the problems involved, including representatives of the shipping and trading interests;

AND WHEREAS it has been represented to me, the Right Honourable David Lloyd George, Prime Minister and First Lord of the Treasury, by the Secretary of State for the Colonies after consultation with the Governments of the Dominion of Canada, of the Commonwealth of Australia, of the Dominion of New Zealand, of the Union of South Africa and of Newfoundland, by the Secretary of State for India and by the President of the Board of Trade, that it is now desirable that a Committee should be appointed under the title of the Imperial Shipping Committee, with the following functions, viz. :—

- (i) To enquire into complaints from persons and bodies interested with regard to ocean freights, facilities and conditions in the inter-Imperial trade or questions of a similar nature referred to them by any of the nominating authorities, and to report their conclusions to the Governments concerned.
- (ii) To survey the facilities for maritime transport on such routes as appear to them to be necessary for trade within the Empire, and to make recommendations to the proper authority for the co-ordination and improvement of such facilities with regard to the type, size and speed of ships, depth of water in docks and channels, construction of harbour works and similar matters.

Now I, therefore, do hereby appoint the following persons to form the Imperial Shipping Committee and to exercise the functions hereinbefore set forth:—

Sir H. J. Mackinder, M.P. (*Chairman*).

Sir A. H. D. Ramsay Steel-Maitland, Bart., M.P., nominated by the Secretary of State for the Colonies.*

Sir W. S. Meyer, G.C.I.E., K.C.S.I., nominated by the Secretary of State for India in Council.†

Sir Hubert Llewellyn Smith, G.C.B., nominated by the Board of Trade.

Hon. Sir George H. Perley, K.C.M.G., nominated by the Government of the Dominion of Canada.‡

Mr. H. B. G. Larkin, nominated by the Government of the Commonwealth of Australia.

The High Commissioner for New Zealand, nominated by the Government of the Dominion of New Zealand.

Captain G. Bowden, M.C., nominated by the Government of the Union of South Africa.

Hon. Sir Edgar R. Bowring, nominated by the Government of Newfoundland.

Sir Kenneth Anderson,
Bart., K.C.M.G., § .

Sir Alfred Booth, Bart., ||

Mr. W. Lionel Hitchens,

Mr. Kenneth Lee,

Mr. J. W. Murray,

} being persons experienced in
shipping and commerce.

I further appoint Mr. E. J. Elliot, ¶ of the Board of Trade, to be Secretary to the said Committee.

(Signed) D. LLOYD GEORGE.

June 15th, 1920.

* On July 26th, 1922, Sir Gilbert Grindle, K.C.M.G., C.B., was appointed a member of the Committee in the room of Sir Frederick Butler, K.C.M.G., C.B., who resigned on joining the Foreign Office. Sir Frederick Butler had on October 2nd, 1920, succeeded Sir A. H. D. Steel-Maitland, who had resigned on the ground of ill-health.

† On February 13th, 1923, Mr. J. W. Bhore, C.B.E., I.C.S., was appointed a member of the Committee in the room of Sir W. S. Meyer, who died on October 19th, 1922.

‡ On April 15th, 1922, Hon. P. C. Larkin was appointed a member of the Committee in the room of Sir George Perley, resigned.

§ From January 19th, 1921, to June 7th, 1921, Mr. William J. Noble (now Sir William J. Noble, Bart.), served on the Committee during the absence from the country of Sir Kenneth Anderson.

|| On May 9th, 1921, Mr. T. Harrison Hughes was appointed a member of the Committee in the room of Sir Alfred Booth, who had resigned on the ground of ill-health. From February 3rd, 1922, to May 1st, 1922, Mr. L. C. Harris served on the Committee during the absence from the country of Mr. T. Harrison Hughes.

¶ Mr. R. D. Fennelly, of the Board of Trade, was appointed Secretary on February 13th, 1923, on the resignation of Mr. E. J. Elliot.

REPORT ON THE WORK OF THE IMPERIAL SHIPPING COMMITTEE

1920 TO 1922.

TO THE RIGHT HONOURABLE A. BONAR LAW,
Prime Minister and First Lord of the Treasury;

TO THE RIGHT HONOURABLE W. L. MACKENZIE KING, C.M.G.,
Prime Minister of the Dominion of Canada;

TO THE HONOURABLE S. M. BRUCE, M.C.,
Prime Minister of the Commonwealth of Australia;

TO THE RIGHT HONOURABLE W. F. MASSEY,
Prime Minister of the Dominion of New Zealand;

TO GENERAL THE RIGHT HONOURABLE J. C. SMUTS, C.H., K.C.,
Prime Minister of the Union of South Africa;

TO THE HONOURABLE SIR RICHARD A. SQUIRES, K.C.M.G.,
K.C.,
Prime Minister of Newfoundland.

TO THE RIGHT HONOURABLE THE VISCOUNT PEEL, G.B.E.,
Secretary of State for India;

TO THE RIGHT HONOURABLE HIS GRACE THE DUKE OF
DEVONSHIRE, K.G., G.C.M.G., G.C.V.O.,
Secretary of State for the Colonies.

REPORT.

1. In view of the forthcoming Imperial Economic Conference, we, the Imperial Shipping Committee, consider it opportune to present to the Governments of the Empire a short account of the work which we have done since our appointment. Much of this has not been of such a nature as to warrant separate published reports, but in the aggregate it embraces many aspects of Imperial shipping and affords, it may be, a not inadequate view of the general situation.

2. We were appointed, as the Minute of Appointment shows, in June, 1920, by the Rt. Hon. David Lloyd George, O.M., as Prime Minister, with the two-fold duty of enquiring into complaints in regard to inter-Imperial shipping and of making a general survey of the material facilities for inter-Imperial commerce. The Committee consists of representatives of the Imperial, Dominion and Indian Governments, of the Colonies and Protectorates, and of shipping and commerce, under the independent chairmanship of Sir Halford J. Mackinder.

3. The Committee has held over 50 meetings, apart from those of the several Sub-Committees which have been appointed from our own body for special questions, such as matters of procedure or to give preliminary consideration to problems which subsequently came before the main Committee. Further, Sir Halford Mackinder, assisted by such of our members as the occasion required, has presided, in his capacity as Chairman of the Imperial Shipping Committee, over several Conferences held between shipowners, shippers and other interested parties to discuss particular problems.

4. All the meetings of the Committee have been held in London—by the courtesy of the Board of Trade at their offices. Considerations of expense have precluded what we recognise might otherwise have been desirable, that some of our members should have proceeded as a Sub-Committee or Delegation to overseas portions of the Empire, there to take evidence on certain of the complaints which we have investigated and otherwise to increase their familiarity with overseas views and requirements. At the same time, the Committee was specially constituted to include members of full experience in shipping and commerce and members reflecting overseas opinion and it is not felt that the concentration of their activities in London has seriously impaired their usefulness.

5. As a result of our deliberations we have presented five reports, as follows:—

- (1) On the Limitation of Shipowners' Liability by Clauses in Bills of Lading and on certain other matters relating to Bills of Lading. (Cmd. 1205.)

- (2) On the Functions and Constitution of a Permanent Imperial Body for Shipping Questions. (Cmd. 1483.)
- (3) On the Deferred Rebate System as obtaining in the Trade between the United Kingdom and Australia [Interim Report]. (Cmd. 1486.)
- (4) On Rates of Freight in the New Zealand Trade. (Cmd. 1564.)
- (5) On the Deferred Rebate System [Final Report]. (Cmd. 1802.)

6. It is noteworthy that all these reports were unanimous and signed by all members of the Committee, except where, in one or two instances, it has been impossible to obtain the signature of a member owing to his absence from the country.

(1) COMPLAINTS.

7. As indicated above, under our terms of reference our work falls into two main categories, which may be briefly referred to as (1) Complaints and (2) Survey of Maritime Facilities. It is in dealing with complaints as to ocean freights and facilities that by far the larger proportion of our time has been occupied, as is evidenced by the fact that four out of our five reports deal with such questions. These complaints have been concerned mainly with certain questions which go to the root of the commercial relations between the merchant and the shipowner, notably the deferred rebate system and the practice in regard to liability for the loss of, or damage to, goods carried at sea. In addition to questions of such universal application, others, such as the use of Received for Shipment bills of lading and the reasonableness of rates of freight, have been dealt with by us in so far as they related to a particular trade or commodity.

We propose to deal briefly with each class of complaint and to indicate the main developments which have taken place.

(a) Questions relating to Bills of Lading.

8. Our first report was on shipowners' liability under clauses in bills of lading and recommended uniform legislation throughout the Empire on the general lines of the Canadian Water Carriage of Goods Act, 1910. This report was adopted by the Imperial Conference of 1921.

9. As arising out of this report we have watched the sequence of events in relation to the movement for legislation on the subject of shipowners' liability under bills of lading and have conceived it to be part of our function as a body bringing together representatives of all the self-governing portions of the Empire to study these developments—in the shape of The Hague Rules and the draft International Convention adopted at the Brussels Diplomatic Conference of October 1922—and, as occasion seemed

to us to demand, to make representations, for example, as to the promotion of legislation in Great Britain which might serve as a model for the proposed uniform legislation throughout the Empire.

10. In the case of the questions relating to the use of "Received for Shipment" bills of lading, which arose in connection with particular trades, namely, the Far East homeward trade and the New Zealand wool trade, a Conference of the shippers, shipowners and bankers interested was arranged in each case by the Committee for the discussion of the practical commercial difficulties involved. We are glad to say that following these meetings, a satisfactory settlement was arrived at in both cases.

(b) Deferred Rebate System.

11. We have fully investigated the question of the Deferred Rebate System during the past two years and have presented two reports. The first was an interim report dealing in particular with the Australian outward trade and the other a final report making recommendations of general application.

12. We originally undertook this enquiry at the instance of the Government of the Commonwealth of Australia and in our Final Report we made certain recommendations which we hoped would lead to the Commonwealth Government Line and the lines comprising the Shipping Conference serving the trade in amicable concurrence. In this connection, we are glad to say that prior to the publication of the Report, our Chairman presided over a special Conference on February 2nd, 1923, between representatives of the two interests at which accord on all cardinal points was reached between them along the lines we suggested, thus ensuring their friendly co-operation and eliminating all possibility of a rate war which, there was reason to believe, might otherwise have broken out.

13. There is another important matter to which we may conveniently refer here. In our report on the Deferred Rebate System we emphasise the necessity for the formation in every ocean trade of a thoroughly representative Association of shippers which could discuss questions relating to that particular trade authoritatively with the shipowners who are already organised in their Conferences. We based that recommendation not only on the evidence given to us in regard to the rebate system, but also and in a large measure on our experience in dealing with other complaints. For example, we received complaints regarding freights and other matters in the East Africa trade from various bodies and firms both in this country and in East Africa. At a meeting of these complainants our Chairman, who presided, after hearing their several representations, came to the conclusion and urged upon them that the first step must be the formation of a representative Association. We are pleased to say that steps were thereupon taken accordingly and the formation of a thoroughly representative Association on the lines of those already

existing in the South African and Australian and New Zealand trades is now assured.

(c) Freights.

14. We have received and investigated numerous complaints on the subject of freights among which, for the sake of example, we may cite the rates on hemp and hemp tow from St. Helena, on cotton from Turks Islands and on certain products from Trinidad, all to the United Kingdom. The most important of our investigations in regard to freights was, however, that undertaken at the instance of the New Zealand Government into the general level of freights in the New Zealand homeward trade which formed the subject of our fourth report. In this case we had before us audited information as to the incomings and outgoings for a continuous series of round voyages in that trade and from this and other sources we were able to arrive at certain definite conclusions.

15. In the case of complaints relating to particular commodities, it is naturally very difficult to arrive at any satisfactory conclusion as to whether a freight is or is not excessive without a prolonged and difficult investigation which is likely to be justified only in very exceptional cases. We have in these smaller cases communicated the complaints to the shipowners concerned asking for their observations and we desire to record our appreciation of the helpful attitude which the shipowners have invariably adopted in connection with these matters. At times, as in the case of certain complaints from the West Indies, the complainants were met by reductions in the freights complained of. In other cases the shipowners furnished full statements of the grounds on which the level of the existing freights was based and after careful consideration these have been found satisfactory to the Committee. They were then communicated to the complainants and in no case have the latter returned to the question.

16. It is noteworthy that a large number of the complaints which have come before us have been from outlying parts of the Empire and relate to the homeward trades.

(d) Other Inter-Imperial Shipping Questions.

17. Besides matters falling specifically under the above heads we have had before us certain questions of a more miscellaneous character affecting Inter-Imperial Shipping. We were asked, for instance, by the Chamber of Shipping to take up the matter of the serious detention of steamers chartered to load coal at Calcutta; we received from a firm in Burma a complaint as to an alleged monopoly in the Burmese rice trade which it was stated prevented outside shippers from obtaining cargo space; and we were consulted by the Colonial Office in regard to the exemption of certain shipping from dues in the port of Kingston, Jamaica. In these and similar matters, although, of course, we had no powers to enforce a settlement, we were generally enabled after du-

consideration to point the way to a settlement or to means of effecting some improvement in the matter.

(2) GENERAL SURVEY OF MARITIME FACILITIES.

18. We have not yet found it practicable to complete a full and general survey of the maritime facilities of the Empire, such as shipping services, docks and the like which would have enabled us to recommend the setting up where necessary of new standards in the matter of the size and speed of vessels, the depth of harbours and other factors of similar importance.

19. This has been due to the fact that since the war, conditions have been and still are so unstable that it has seemed to us unlikely that the facts and statistics we might have obtained would have furnished results upon which any reliable conclusions could be based. Such an enquiry would moreover have made large demands on the time of shipowners, officials and others, and would have involved additional Government expenditure which we did not consider would, under the circumstances, be justified.

20. Nevertheless, we have obtained sufficient information to put us in a position to appreciate the main factors in the general shipping situation of the Empire so far as this is dependent upon material facilities. A questionnaire was circulated among shipowners which elicited important information as to the number, size and speed of vessels, frequency of services and the like in inter-Imperial trades and this has been of much use to the Committee in connection with the study of some of the specific questions which are referred to below. Evidence was also taken from harbour and dock authorities at London, Liverpool and Glasgow in regard to the facilities, development and policy of these several ports, and steps were also taken to bring up to date the whole of the information contained in the Memorandum and Tables issued in 1917 by the Dominions Royal Commission on the Chief Harbours of the World. On the ground of economy the Committee has not thought it desirable to publish this fresh information but it is available as and when it may be wanted.

21. These enquires have largely been centred about the question of the probable developments in the dimensions of the largest commercial ships in the near future and on the relation of these developments to the facilities provided by the chief harbours of the Empire. This question, it will be remembered, was studied by the Dominions Royal Commission, who reached certain conclusions in regard to it which are given in their final report of 1917, their main recommendation in this connection being that, where necessary, ports on the chief Imperial mail routes should be deepened to allow for the accommodation of vessels drawing 33 feet on the route from Great Britain to Australia and the East *via* Suez; 34 feet on the route from Western Canada to Australia and New Zealand; and 38 feet on the routes from Great Britain

to Eastern Canada, to Australia and New Zealand *via* South Africa, and to New Zealand and Australia *via* Halifax, Jamaica and the Panama Canal.

22. These conclusions were reached before the full effects of the war upon the position of shipping could be foreseen. The Departmental Committee on Shipping and Shipbuilding, which reported in March, 1918, considered that, in view of the gravity of the shipping position then existing, the first post-war desideratum was the restoration of those tramp and liner services on which the bulk of Imperial trade depended and in which the vessels were of a size able to make use of existing harbours and ordinary routes. They accordingly recommended that the deepening of harbours for large mail steamers should be reserved till after the transition period.

23. Such evidence as we ourselves took at the end of 1920, though not exhaustive, seemed to show that there was certainly no strong tendency to any very considerable increase in the size of commercial vessels. At the outset, therefore, we found no reason to depart from the attitude of the Departmental Committee and we regarded the programme of the Dominions Royal Commission for the provision of improved harbour facilities as one that could be, without disadvantage, postponed for the time being.

24. In arriving at this view, we assumed, as did the Departmental Committee, that existing Imperial ports in general provided sufficient facilities to meet the immediate requirements of shipping, apart from any large scheme of Imperial development. There will, however, inevitably be ports which find it necessary to undertake new works in order to meet such immediate needs; in their case the problem takes on a different aspect and we consider that there is some advantage in planning ahead for larger ships than those at present in the particular trade or known to be ready to use the port in question. This is especially true in the case of wet and dry docks which are very expensive, take several years to construct and are expected to meet all requirements that can reasonably be foreseen for many years. Here, we think, the right policy has been pursued in providing facilities for larger ships than visit the port at present. As an instance of such works we may refer to the new dry dock under construction at Durban, which will be large enough to accommodate the largest ships now afloat. Obviously, however, it would be a considerable advantage if the Empire could co-ordinate its needs in the way of increased harbour facilities and the Imperial Shipping Committee recognise their responsibilities in this matter.

25. As a particular example of our work in this connection, we may mention certain proposals of the Government of Jamaica which were brought before us by the Colonial Office, for deepening the channel to Kingston Harbour, Jamaica, in pursuance of the Dominions Royal Commission's recommendations. We informed the Colonial Office that on the whole the evidence we had received

did not point to an increase at present in the draft of vessels trading in Caribbean waters, or even on the mail route to New Zealand *via* Panama, to such a figure as 38 feet, that being the maximum draft for which it was proposed to provide. We accordingly advised that the work contemplated should be postponed, especially as once the necessity became clearly apparent, the work could be completed in the relatively short period of two years.

26. More recently there have been some indications that it may be necessary before very long to resume the consideration of the problem of the co-ordinated development of Imperial harbours. In this connection, we may refer to the fact that Mr. Hughes, the late Prime Minister of Australia, asked us to report on the economic size and speed of vessels in the Australian trade and on the subsidies necessary to maintain various speeds in excess of the economic speed. We are enquiring into this matter which is, of course, closely connected with the question of port facilities and we hope to present a report on it in due course.

27. Other particular matters relating to the need for increased facilities for shipping in various parts of the Empire which have been referred to us are the question of further harbour accommodation on the South-West coast of India; the desirability of making North Sydney, Nova Scotia, a port of call for mail and passenger services between Canada and the United Kingdom; and the proposed establishment of a light-house on the Komari Reef, Ceylon, and of a directional wireless installation on the Pilot vessel at the Sandheads near the Hooghly.

28. A number of representations have been made to us regarding the lack of shipping facilities in certain parts of the Empire. These representations, though in the nature of complaints, really fall under our survey work. Typical examples relate to the services which connect Cyprus with the United Kingdom and with Canada and to the service between India and Seychelles. In both of these cases the shipowners concerned were ready to meet the shippers' requirements. In other cases such as that of the need for direct services between the United Kingdom and certain West India islands, after a careful study of the trade of the islands concerned, we were of opinion that we could hardly press upon shipowners the necessity for making calls at these places, though we drew attention to the possibilities opened out by the Canada-West Indies subsidised service as a means of increasing inter-Imperial trade. The whole problem of providing better shipping facilities for the West Indies was referred to us, but as that involved the question of granting a subsidy we treat it below, *see* para. 30.

29. A further case was that of the Falkland Islands, which though provided with a monthly direct outward mail and passenger service, had no similar homeward service except about Cape Horn and through the Panama Canal. We found, however, that the shipowners concerned, while recognising the desirability of such a direct service, were practically compelled by competition to use the Panama route homewards, and we came to the conclusion that in the

circumstances they could hardly be expected at present to make other arrangements.

SHIPPING SUBSIDIES.

30. We have not made any direct investigation of the desirability or otherwise of any general scheme of subsidising British Shipping for Imperial purposes, though we have gathered particulars of the nature and extent of the subsidies paid by the British and Dominion Governments and Colonies. As stated above, however, the policy of shipping subsidies has been before us in relation to the West Indies. In July 1920, we first, at the request of the Colonial Office, enquired into the effect of the high price of bunker coal on the cost of running the Royal Mail Steam Packet Company's passenger service to the West Indies and found that the passing of the Mining Industry Act, 1920, had made it impracticable to seek a remedy for the situation in altering the price of bunker coal. Subsequently, the shipping company felt compelled to stop their service and the Colonial Office brought proposals for a subsidy before the Committee. After careful consideration we informed the Colonial Office (with one dissentient, Sir Alfred Booth) that without prejudice to the general question of shipping subsidies, we raised no objection to a call for tenders provided His Majesty's Government considered the proposed subsidy necessary on Imperial grounds. As one of the Colonies concerned was not prepared to contribute to the proposed subsidy the call for tenders was abandoned.

PROPOSED PERMANENT BODY.

31. At the appointment of the Committee, Sir Robert Horne, the President of the Board of Trade, asked us specifically, as one of the main objects of the Committee, to recommend what permanent organisation is desirable to carry on similar functions to those described in our terms of reference. As soon as our experience enabled us adequately to deal with this question we made a report upon it, in which we recommended the constitution, under Royal Charter, of a permanent Committee to carry out certain duties, of which the more important are to enquire into complaints generally in regard to inter-Imperial ocean freights and facilities, to exercise conciliation between the interests concerned and to promote co-ordination in regard to harbour and other facilities necessary for inter-Imperial Shipping. The report was discussed at the Imperial Conference, 1921, and although the representatives of the British Government and of the Governments of New Zealand and India were ready to adopt it, the representative of Canada did not agree, and those of Australia and South Africa reserved the question for further consideration. A resolution was, however, adopted to the effect that pending the constitution of a permanent Committee on Shipping, the existing Imperial Shipping Committee should continue its enquiries.

32. In two of our previous reports we have referred to the services of our Secretary and our Assistant Secretary, Mr. E. J. Elliot and Mr. R. D. Fennelly, but we would like, in this general report on the whole of our proceedings thus far, to place once more on record our indebtedness to these two gentlemen for their ability, industry and courtesy.

H. J. MACKINDER (*Chairman*).

G. GRINDLE.

J. W. BHOORE.

H. LLEWELLYN SMITH.

PETER C. LARKIN.

H. LARKIN.

J. ALLEN.

GEO. BOWDEN.

KENNETH S. ANDERSON.

W. L. HICHENS.

T. HARRISON HUGHES.

KENNETH LEE.

JAMES W. MURRAY.

R. D. FENNELLY (*Secretary*).
28 February 1923.



NOTE.—Owing to his absence from this country, Sir Edgar Bowring has been unable to sign the Report.