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NORTON LILLY & COMPANY

NEW YORK.

December 11, 1939.

Joint Aust.
Number O.79.

American and Australian Department,
LONDON, E.C.

Dear Sirs,

NEUTRALITY ACT

We refer to your letter of November 20th, F.594.

The hardships placed on British vessels by the discriminatory Section 2 C, of the Neutrality Act have not yet been alleviated. In fact, the continuous change in Governmental requirements have been more exacting. No changes or amendments to the Act can be made until Congress convenes in January. Various committees of the British Ministry Shipping, Conferences, etc. have approached the officials at Washington and have also complained to the Collectors of Customs at various ports, without result.

There is an apparent difference in opinion as to the enforcement of Section 2C. The Administration in Washington has placed the burden of securing proper affidavits, etc., on the Collectors of Customs at the various ports and due to the constant changes of rulings and opinions, the form of affidavit required has been constantly revised. The latest form now required has made it very difficult for many of the Shippers as now title must be transferred before affidavit can be signed, whereas the previous forms of affidavit provided that title would be transferred before the vessel sailed. In many instances, the shippers are unable to sign the present affidavit form as the transfer of title does not take place until after the cargo is delivered and they negotiate their bills of lading through the bank. In order for us to secure this cargo, it is necessary for us to take delivery without the necessary affidavits being filed and depend on the shipper to give us the required affidavits after they have negotiated their bills of lading.

You will appreciate there is an element of risk in doing this and that it may be that it may result in some delay possibly as much as twenty-four hours in obtaining clearance of vessel after loading of vessel has been completed. Should the shipper, through some unforeseen circumstances, or change in conditions be unable to file the necessary affidavits, it might be necessary to locate the cargo and discharge it from the vessel or purchase it, the same as was done on the "ARMADALE".

Up to the present time, we have been able to influence most shippers to continue with us and have given them every possible assistance to overcome the handicap but the requirements of making transfer of title affidavits by shippers in forwarding by British vessels puts a considerable amount of work on them and you will appreciate our difficulties in securing their continued patronage.

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In order for the Act to be revised when Congress convenes in January, and eliminate the discrimination against British vessels, considerable pressure will be required on the Administration by the British Embassy, Conferences representing British Services and others interested.

The class of cargo which has been lost to American flag Services from here and the West Coast has been mostly general cargo.

We agree that the establishing of a Clearing House or the purchasing of the cargo would be impractical, with an exception of a minimum of items such as we arranged on the m.v. "ARMADALE".

We were very pleased that we were able to arrange with shippers to file the necessary affidavits with the Customs on the "ARMADALE", without discharging any of the cargo which had been loaded.

The form of affidavits which the Customs require on bonded cargo in transit from Canada, is not as exacting as cargo originating in the United States and only in isolated cases have we had any difficulty in getting the Forwarding Agents in New York to file the necessary affidavits. We do not look forward to much difficulty in this connection unless the Customs again change the present bonded cargo form of affidavits.

We shall do everything possible in our efforts to secure prompt clearance of future vessels and are trying in every way to make it as convenient as we can for the shippers to continue to use British vessels.

Yours very truly,

AMERICAN & AUSTRALIAN STEAMSHIP LINE

NORTON LILLEY & COMPANY

per H.C. Jager.

New York Agents.