CORRESPONDENCE.

ARGENTINE REPUBLIC.

DISCRIMINATION AGAINST AMERICAN LUMBER.

Mr. Olney to Mr. Buchanan.

No. 187.] DEPARTMENT OF STATE,
Washington, December 31, 1896.

SIR: I inclose a copy of a letter[1] from Mr. E. F. Skinner alleging a discrimination by the Argentine Government against American and in favor of Canadian lumber.

It is presumed that, if it exists, it is in virtue of a special reciprocity treaty.

The Department would be glad to be advised on the subject.

I am, etc.,

RICHARD OLNEY.

Mr. Buchanan to Mr. Olney.

No. 304.] LEGATION OF THE UNITED STATES,
Buenos Ayres, February 1, 1897. (Received March 19.)

SIR: I have the honor to acknowledge the receipt of your No. 187, of December 31, 1896, with which you inclose a copy of a letter addressed to the Department by Mr. E. F. Skinner, representing the Gulf Coast Lumber Company, in which letter Mr. Skinner states that he is informed that a discriminating tariff exists here against American lumber and in favor of Canadian.

Assuming that the members of the Gulf Coast Lumber Association export yellow pine to this market, I am at a loss to understand the inquiry made by Mr. Skinner, inasmuch as the discriminating duty of which he speaks ceased January 1, 1895.

The discrimination against yellow pine had existed here for several years prior to my arrival in 1894. During that year I devoted my attention toward getting the rate on this class of lumber adjusted in some manner more nearly equitable than the rate then existing.

So that the Department's correspondent may understand the conditions that existed at that time, the difficulties met with in the effort to get the rates changed, and the result obtained, I beg to call your attention to the inclosures accompanying my No. 49, of August 13, 1894, and

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[1] Not printed.

especially to Exhibit C of the "table of comparative statistics" therewith (see Foreign Relations, 1894, pp. 7–12); to my No. 63 of October 5, 1894 (see Foreign Relations, 1894, pp. 14–17); and to my No. 74 of November 19, 1894, and my cablegram of January 10, 1895 (see Foreign Relations, 1895, pp. 3, 4).

From the above correspondence it will be seen that under the Argentine tariff law of 1895 white-pine lumber paid $4.88 per 1,000 feet; spruce pine, $3.48 per 1,000 feet, and yellow pine, $4.18 per 1,000 feet.

No change in these rates was made in the tariff for 1896 and none has been made in the tariff law for 1897.

The benefits secured to our yellow-pine producers by the success of the legation's efforts in 1894 to secure an adjustment of values and tariffs as they had for some years applied to white, spruce, and yellow pine may be seen from the following comparative table showing the rates of duty and valuation of the three classes of lumber for 1894 and 1895:

	Year.	Valuation.		Duty.	
		Sq. meter.	*M. ft.*	*Per cent.*	*M. feet.*
White pine	1894	0.45	41.80	5	2.14
Do	1895	0.35	32.51	15	4.88
Spruce pine	1894	0.45	41.80	5	2.14
Do	1895	0.25	23.22	15	3.48
Yellow pine	1894	0.50	46.45	25	11.61
Do	1895	0.30	27.87	15	4.18

The result of the change thus made in the pine-lumber schedule is seen in the very large increase shown in the importation of yellow pine into this country since 1895. According to the Lamport and Holt Steamship Company's shipping list this increase amounted to nearly 20,000,000 feet during 1895.

As I advised you in my No. 186 of January 10, 1896, the duty on oak was reduced 10 per cent in the tariff for 1896. It remains the same under the tariff law for 1897.

I have, etc., WILLIAM I. BUCHANAN.

DISCRIMINATING DUTY ON COTTON-SEED OIL.

Mr. Olney to Mr. Buchanan.

No. 186.] DEPARTMENT OF STATE,
Washington, December 30, 1896.

SIR: I have to inclose for your information, and for such action as you may find practicable within the language of my letter to Mr. Gorham, a copy of a letter[1] from him of the 22d instant and of my reply[1] of the 30th concerning the statements that the Government of the Argentine Republic has largely increased the duty on cotton oil, thereby unjustly discriminating against an American product in favor of olive oil.

Awaiting your report, I am, etc., RICHARD OLNEY.

[1] Not printed.

Mr. Buchanan to Mr. Olney.

No. 303.] LEGATION OF THE UNITED STATES,
Buenos Ayres, February 1, 1897. (Received March 19.)

SIR: I have the honor to acknowledge the receipt of your No. 186, of December 30, 1896, with which you inclose copy of the correspondence had with Mr. George C. Gorham, representing the American Cotton Oil Company, with regard to the customs duty on cotton oil in this Republic.

Mr. Gorham states that "the Government of the Argentine Republic has largely increased the duty on cotton oil, an American product. The duty has hitherto been the same as that on olive oil, but is now to be increased 20 per cent."

I assume that what Mr. Gorham thus refers to is the fact that such a move was before the last Congress, during which it was discussed at some length and on several occasions. I was familiar and kept in touch with the arguments being made in support of the proposition advanced to increase the duty 2 cents per kilo, and took every opportunity in conversation with members to answer the criticisms and arguments being made. I was at one time inclined to believe the proposition would be carried, but am glad to say that it was not, and that the duty on cotton oil is the same for 1897 that it was for 1895 and 1896, viz, 10 cents specific duty per kilo, the same as olive and other "comestible" oils.

The reason urged in Congress in favor of raising the duty was that cotton oil entered into competition with a home product, "aceite de mani" (peanut oil). The manufacturers of the latter oil clamored to be protected against the American oil, which they claimed would ruin their industry. I explained to members that such a thing was illogical, inasmuch as the price of cotton-seed oil in New York at that time was higher than the price of peanut oil here, so that the home product needed nothing in the line of legislation to protect it.

That you may understand what the peanut-oil industry amounts to here, as it will always be put forward as a reason why the duty on cotton oil shall not be reduced—a thing I wish very much to see done—I may say that the industry is principally confined to the provinces of Corrientes and Santa Fe. There are about 8,000 acres in peanut cultivation in the Republic. The production is about 2,500 pounds per acre. The yield in oil is about 22 per cent. Two-thirds of this is first quality. The total yield of oil in the Republic would be, therefore, more or less, three and a quarter million pounds. There are 13 peanut-oil factories, large and small, in the Republic. Eight of these are in the city.

In Argentine statistics cotton oil is not separated from table oils. All "aceites comestibles" are classified as "olive oil." It thus happens that in the Argentine statistics for the year 1895 291,100 kilos of "olive oil" are alleged to have been imported here from the United States. This, of course, was cotton oil. The figures do not, however, agree with those of the United States Statistical (Bureau?), which gives a higher figure.

There is a possibility that the high duty kept on this oil here results in a considerable quantity finding its way through the custom-house as lubricating oil, which pays a very much lower rate of duty.

I believe an effort should be made to secure a further reduction in the duty on cotton oil strictly on the merits of the case, without reference to the question of olive or any other vegetable oil, with the exception of palm oil, which pays 0.04 specific per kilo and might be used as a leverage to secure a reduction on cotton oil. A reference to the closing

portion of the inclosure which accompanied my No. 49[1] of August 13, 1894, and to Exhibit C of the table of comparative statistics to which I therein referred, which shows that the subject has had my attention more than once. At that time I secured a reduction from 12 cents per kilo to 10 cents. It may be well to state that to secure another reduction it will require a well-directed effort to dislodge the prejudice which exists here against the oil.

It is difficult to make the average person here believe that the oil here is digestible or that it can be and is used as an adulterant of table oils.

Possibly under the circumstances this should not be done. It may be best to treat it as a fine lubricant or crude oil similar to palm oil. The American Cotton Oil Company can best decide that. I believe a large trade can be built up here by them if they will give the subject their careful attention. Especially do I believe this since on the next to the last day of the last Congress linseed oil was put on the tax list at 12 cents specific duty per kilo, a rise of more than 250 per cent in the rate. But this was done to protect the factories now existing in the Republic. While that action will affect our trade somewhat, it will not be so serious for us as for Great Britain, the shipments of this oil to this country during 1895 having amounted to but 2,829 kilos from the United States, as against 268,037 kilos from Great Britain and 5,692 from Germany. Possibly this rise in the rate of linseed oil may be the means of increasing the consumption of cotton oil if the opportunity is made use of.

I am ready to second any efforts that will aid in widening the market for our product, and have already planned a campaign before the next Congress in favor of cotton oil and several other products which we produce to a greater extent than other countries.

I trust the above may throw some light on the subject of your dispatch, and have the honor, etc.,

WILLIAM I. BUCHANAN.

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[1] See Foreign Relations, 1894, p. 7.