

No. 231.—Commercial (45196).

SIR,—

British Embassy, Washington, 15th October, 1912.

I have the honour to transmit to you herewith copies of the summary of a report which is shortly to be issued by Mr. John Barrett, Director-General of the Pan-American Union, on the subject of the Panama Canal and Pan-American trade. I shall not fail to send you copies of the report itself as soon as it is published.

I have, &amp;c.,

(For the Ambassador),

The Right Hon. Sir Edward Grey, Bart., L.G., &amp;c.

A. CLARK KERR.

## SPECIAL REPORT OF THE PANAMA CANAL.—ADVANCE MEMORANDUM FOR THE PRESS.

(Released for newspapers, Friday morning, 20th September, or after, as space permits.)

*Introductory Notes.*—The following is a brief advance summary of the chief points in a special report of Director-General Barrett, of the Pan-American Union, to be shortly published, on the Panama Canal and Pan-American trade. It is based, first, on a careful study during his recent official visit to Europe of what European Governments and commercial interests are doing to get ready for the canal and to develop trade with South and Central America; and, secondly, on reliable reports he has received direct from Latin America and other countries. The Pan-American Union, being an official international organization maintained by all the American republics for the development of commerce among them, keeps in closest touch with the situation not only in North and South America, but in Europe and even Asia. The findings, therefore, of this report have especial authority and significance.

Only about a year and a half remain before the Panama Canal will be open to commercial traffic. Unless the manufacturing, exporting, importing, and shipping interests of the United States exert themselves to the limit during the next eighteen months they will find that they will be distanced from the start by foreign competitors in deriving practical advantages from the canal and the rapidly developing field in Latin America.

From his own study on the ground of European conditions, and from reliable official reports received from both South America and Asia, Director-General Barrett makes the above statement at the beginning of his report, and then gives the following facts:—

1. Every important port of Great Britain, France, Germany, Holland, Belgium, Scandinavia, Spain, Italy, and Austria is being improved to the highest degree of efficiency for oversea commerce.

2. Every European shipbuilding yard of recognized standing is busy to its capacity constructing ocean-going merchant vessels. Old-established steamship lines are adding up-to-date vessels to their fleets, and new companies are being formed and ordering ships.

3. European Governments are instructing their diplomatic and consular agents to study and report upon every phase of trade opportunity expected to result from the canal. Their Chambers of Commerce and their commercial organizations are co-operating along the same lines, and the business schools are educating trained men for the field. Government officials and representative men in private life are showing particular hospitality and courtesies to the visiting representative men of Latin America and all the other countries whose trade they want. Their banking and investment houses are extending their foreign facilities. Their private business companies of already large established trade, and their new companies, are sending agents and scouts to Latin America and all parts of the world affected by the canal to investigate trade possibilities.

4. In Japan three steamship companies are building vessels for the canal. Japanese banks are considering the opening of branches in Latin America. A score of Japanese manufacturing, exporting, and importing houses have numerous agents in Central and South America. One Chinese-owned steamship company is planning to operate a line from Shanghai and Hong Kong to Central and South America. Australia's commercial organizations are sending men to South America to develop trade, while Australia and New Zealand are planning to establish a canal steamship line of their own. A new line of freight vessels is to run from Calcutta or Bombay to South America. Canada will run two new direct lines respectively from Vancouver and Montreal to the corresponding coasts of Latin America.

5. The west or Pacific Coast of South America, reaching five thousand miles south from Panama, is showing great preliminary activity. Chile, Peru, and Bolivia are spending fifty million dollars in opening their interiors with railways. Chile is building, at Valparaiso, a new artificial harbour to cost fifteen million dollars. Guayaquil, the principal port of Ecuador, and one of the best harbours on the Pacific Ocean, is to be made sanitary at a large expense. Callao, the chief port of Peru, is being improved. On the east coast the activity is even greater, for both Argentina and Uruguay will spend nearly thirty million dollars in port-improvements at Buenos Aires and Monte Video respectively. Brazil is putting in first-class condition every port along her three thousand miles of coast-line from Rio Grande do Sul in the south to Para at the mouth of the Amazon. One hundred million dollars are being expended in constructing new railways into the interior of Brazil. Venezuela and Colombia, Central America, Mexico, Cuba, and the other West Indian countries are awakening also to the significance and possibilities of the canal, and sending agents and appointing commissions to study the situation as it affects them.

The conclusion of Director-General Barrett, after this review, is summed up in the statement that while the United States Government and some of its commercial organizations and interests are doing much to get ready for the canal and to develop Pan-American trade, and