

The main metal-working shops, including machine, erecting, and tool shops, the forge and pipe shop, and the boiler and shipfitters' shop, together with the shed for the storage of steel, will be placed end on between the dry-dock and repair-wharf. The general storehouse, foundry, woodworking shops, subsidiary buildings, and office building will be built parallel to the line of the dry-dock and water-front, north-east of the main shops. Two lines of railroad-tracks will extend past each end of the main metal-working shops, and one track through their centre. The main shops will be provided with overhead travelling cranes, the crane runaways being extended through each end of the buildings over the railroad-track. As far as possible, the present machinery will be utilized in the new shops. All of it will be electric-driven, including both individual and group drive.

It is proposed to retain the dry-dock shops, for making repairs on the Atlantic side, until sufficient experience is had to determine the extent and character of repair facilities necessary.

Floating Equipment.

For the handling of the lock-gate leaves, as well as for other canal requirements and commercial and general working purposes, one or two powerful floating cranes will be purchased. For handling vessels of the largest size at Christobal and Balboa two high-power harbour tugs will be provided, and for the transportation of coal, fuel oil, and fresh water alongside of vessels a sufficient number of barges and lighters will be placed in service. The steel barges now in use by the Canal Commission can be used to good advantage, after the necessary modifications have been made, in the barge and lighter service. A tender for passengers and mail will be furnished at each terminus also, provided the business justifies it.

New Zealand, No. 39.

MY LORD,—

Downing Street, 17th January, 1913.

With reference to my despatch, No. 384, of the 19th December last, forwarding copy of a Proclamation issued by the President of the United States of America prescribing the rates of toll to be paid by vessels using the Panama Canal, I have the honour to request you to inform your Ministers that His Majesty's Ambassador at Washington has been instructed to send you direct copies of a report by Professor Emory Johnson on Panama Canal traffic and tolls, on which the schedule of tolls embodied in the President's Proclamation is stated by the Government of the United States to have been based.

I have, &c.,

Governor the Right Hon. the Earl of Liverpool, &c.

L. HARCOURT.

New Zealand, No. 47.

MY LORD,—

Downing Street, 24th January, 1913.

With reference to my despatch, No. 376, of the 12th December, I have the honour to transmit to you, for the information of your Ministers, two copies of a parliamentary paper containing the text of a despatch from the Secretary of State at Washington to the United States Chargé d'Affaires respecting the Panama Canal Act, which was communicated to His Majesty's Secretary for Foreign Affairs on the 20th instant.

I have, &c.,

Governor the Right Hon. the Earl of Liverpool, &c.

L. HARCOURT.

DESPATCH FROM SECRETARY OF STATE AT WASHINGTON TO THE UNITED STATES CHARGE D'AFFAIRES RESPECTING THE PANAMA CANAL ACT, COMMUNICATED TO HIS MAJESTY'S SECRETARY OF STATE FOR FOREIGN AFFAIRS, 20TH JANUARY, 1913.

SIR,—

Department of State, Washington, 17th January, 1913.*

I enclose a copy of an instruction from Sir Edward Grey to His Britannic Majesty's Ambassador at Washington, dated the 14th November, 1912, a copy of which was handed to me by the Ambassador on the 9th ultimo, in which certain provisions in the Panama Canal Act of the 24th August last are discussed in their relation to the Hay-Pauncefote Treaty concluded the 18th November, 1901; and I also enclose a copy of the note addressed to me on the 8th July, 1912, by Mr. A. Mitchell Innes, His Britannic Majesty's Chargé d'Affaires, stating the objections which his Government entertained to the legislation relating to the Panama Canal, which was then under discussion in Congress. A copy of the President's Proclamation of the 13th November, 1912, fixing the canal tolls, is also enclosed.

Sir Edward Grey's communication, after setting forth the several grounds upon which the British Government believe the provisions of the Act are inconsistent with the stipulations of the Hay-Pauncefote Treaty, states the readiness of his Government "to submit the question to arbitration if the Government of the United States would prefer to take this course" rather than to take such steps as would remove the objections to the Act which His Majesty's Government have stated. It therefore becomes necessary for this Government to examine these objections, in order to ascertain exactly in what respects this Act is regarded by the British Government as inconsistent with the provisions of that treaty, and also to explain the views of this Government upon the questions thus presented, and to consider the advisability at this time of submitting any of these questions to arbitration.

* This despatch was cabled to the United States Chargé d'Affaires for communication to Sir E. Grey.