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Board of Trade, Whitehall,  
January 3, 1867.

The Right Honourable the Lords of the Committee of Privy Council for Trade give notice that the "Moniteur" of the 29th December last, contains a report by the Minister of Commerce and Agriculture, together with an Imperial Decree, relative to the suppression of tonnage dues in French ports.

## REPORT TO THE EMPEROR.

Paris, the 27th December, 1866.

Sire,

The law of the 19th May, 1866, upon the Mercantile Marine suppresses in principle the tonnage duty in all the ports of the Empire, from the 1st of January, 1867, and only maintains exceptionally its collection in the cases of the nations which in their ports subject French vessels to differential tonnage duties, that is to say, to charges from which their own vessels are exempted.

Under the influence of the legislation still in force, and anterior to the law of the 19th May, 1866, the tonnage dues in French ports are differential, that is to say, levied only upon foreign vessels, whilst French vessels are not liable to them. The Treaties of navigation which France has concluded with different maritime Powers have generally had the effect of according in our ports to the vessels belonging to those Powers, national treatment, that is to say, immunity from tonnage dues. But certain of these Powers levied tonnage rates at home, not only upon foreign vessels, but also upon their own vessels, so that in according to us in their countries, by reciprocity national treatment, they gave us less than they received, our vessels having to continue to pay tonnage dues in their ports whilst their ships were exempted therefrom in ours.

For this reason the Treaties referred to stipulated, that countries placed in this situation, should pay a special tonnage duty termed *compensation-tax*.

We have even gone so far as to have the compensation-tax paid in France not only to English ships, but to French ships themselves, and to those of all assimilated nations coming from England.

The Government of your Majesty has asked itself whether this complicated system ought to subsist in presence of the exact terms of the law of the 19th May, 1866, and of the liberality of the doctrines which have guided the drawing up of that law, and it has taken into consideration whether, with regard to Powers allied to us by special maritime conventions, there was room to subordinate the immunity conceded by the new mercantile marine system, not only to the abolition of all differential tonnage dues in the ports of these Powers, but to the abolition of the duties of a like nature which they collect upon their own navigation, so that the freedom should be everywhere absolute and reciprocal.

An attentive examination has induced us to decide this question in the negative.

Upon the one hand, in fact, the provisions of the law of the 19th May, 1866, are conclusive in spirit and in letter, to show that freedom from tonnage duty in French ports ought to be complete, from the 1st of January next, except with regard to nations which, in their waters, impose differential taxes upon our navigation.

It is to be remarked, in fact, that the abolition of the tonnage dues has not for its motive the interest of foreign nations, but the interest of French maritime commerce, which has everything to gain by seeing the greatest possible competition of ships of all nations drawn into our ports by intelligent liberties.

From another point of view, if, conformably to the conventional duty which, it must be admitted, subsists in principle, independently of the general law, it were decided to maintain in France the special taxes successively established with the consent of the different Powers who have entered into agreements with us, we should arrive at this singular result, that the ships of the countries remaining outside the conventional duty, would be better treated than the ships of Powers who have drawn near to us by the tie of a contract.

In fact, it is in conformity with the spirit as well as the terms of the law of the 19th May, 1866, only to require from foreign Governments reciprocity of national treatment, even when, in consequence of the application of this principle, foreign vessels should, like French vessels, enjoy complete immunity in France, whilst French vessels should remain subjected, like all national and other vessels, to navigation dues in a foreign port.

This principle once established the execution of the law upon the Mercantile Marine could not meet with any difficulty, and nothing would remain to consider but the form in which the application ought to be made.

It has appeared, Sire, that a decree of your Majesty was necessary to regulate the questions which are connected with our conventional system. In fact, as Treaties of commerce and navigation can only be applied in the Empire by virtue of Imperial decrees, nothing but an act equally emanating from the Sovereign can modify those same Treaties, even although the modification is an advantage and not a burden to the contracting party.

It is in this sense that the hereunto annexed project of a decree has been prepared, and I have the honour to submit it for the approbation of your Majesty.

Art. 1 replaces in the common duty all the countries which had consented to the establishment in our ports of a compensating tax for the duties levied upon our vessels as upon their own in their ports.

Art. 2 suppresses the tonnage duty which French and English vessels, as it has been said above, pay in our ports by virtue of the Treaty of January 26, 1826, and which equally affects all flags assimilated to ours by conventional Acts.

The Government of Her Britannic Majesty, having undertaken to present to Parliament in its next session a Bill for the purpose of abolishing all local taxes impressed with any differential character, there was no longer any motive for maintaining a tonnage duty which affected our flag quite as much as the English flag. It is, besides, to be observed that the English Government does not dispute our right to re-establish tonnage duties in the improbable event of the Bill in question not receiving the sanction of Parliament.

Finally, Article 3 retains upon all vessels of the United States of America arriving in our ports the duty of 5*fr.* per ton, established by the Treaty of June 24, 1822. There is no question of reprisals, Sire; it is purely and simply the maintenance of an existing fact, which it depends upon the Government of the United States to