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Letter from the Secretary of the Treasury, in compliance with a resolution of the House of Representatives of the United States, calling for information concerning the inland trade with Mexico.

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INLAND TRADE WITH MEXICO.

LETTER

FROM

THE SECRETARY OF THE TREASURY,

IN COMPLIANCE

*With a resolution of the House of Representatives of the United States,  
calling for information concerning the inland trade with Mexico.*

APRIL 17, 1840.

Referred to the Committee on Commerce.

TREASURY DEPARTMENT, April 15, 1840.

SIR: I have the honor to submit the following report in answer to the resolution of the House of Representatives of the 6th instant, directing the Secretary of the Treasury "to communicate to this House whether, under existing laws, drawback of duties is, or, in his opinion, can be, allowed on goods used in carrying on an inland trade between the United States and the Republic of Mexico; and whether any, and what plan could be most conveniently adopted for that purpose. Also, any information in his power in relation to the annual amount of said trade, the route or routes by which it is carried on, and in what the same consists."

In regard to the first inquiry contained in the resolution, "whether, under existing laws, drawback of duties is, or, in my opinion, can be, allowed on goods used in carrying on an inland trade between the United States and the Republic of Mexico," I would observe that no drawback of the duties is at present allowed on goods used in the trade mentioned, nor can such drawback be allowed, in the opinion of the department, under the provisions of existing laws regulating that subject.

With respect to the second inquiry, "whether any, and what plan could be most conveniently adopted for that purpose," I would, in answer thereto, respectfully refer the House to the accompanying copy of a communication, addressed by the department in January, 1835, to the Committee on Commerce of the House of Representatives, covering a report from the Comptroller of the Treasury, suggesting a plan, with suitable regulations, for the allowance of drawback on goods carried over-land from Port Independence, on the Missouri river, to Sante Fe, in the province of New Mexico. These papers are marked A and B, and were printed by order of the House, and are contained in document No. 116, vol. 3, 2d session, 23d Congress. The committee before mentioned reported a bill on the 21st of December, 1835 (No. 48), embracing in its provisions the plan suggested by the Comptroller, for a particular route therein specified; which, with suitable modifications,

might include such other routes through which the trade over land to Mexico is, or may be, contemplated to be carried on. It is believed that the action of the committee grew out of a memorial from the General Assembly of the State of Missouri, on the subject of an inland trade to the provinces of Mexico, and an allowance of a drawback of the duties on goods used therein.

The last inquiry is in regard to "any information in my power in relation to the annual amount of said trade, the route or routes by which it is carried on, and in what the same consists."

In answer to this, I have to remark that the department possesses no other information in reference to the routes through which this trade is pursued, or in what the same consists, than that contained in the accompanying copy of a communication addressed to it by the chamber of commerce, at New Orleans, marked C. Respecting the annual amount of the trade, it is to be observed that the department has no information in its possession on which an opinion can be based. As the answers given to the chamber of commerce at New Orleans, by the department, have a bearing on the subject under consideration, I deem it proper to transmit copies of the same, with this report: they are marked D, E, and F.

All which is respectfully submitted.

LEVI WOODBURY,  
*Secretary of the Treasury.*

HON. R. M. T. HUNTER,  
*Speaker of the House of Representatives.*

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A.

TREASURY DEPARTMENT, *January 23, 1835.*

SIR: In regard to the subject contained in the resolution of the House of Representatives of the 11th ultimo, accompanying your letter of the 8th instant, making inquiry in behalf of the Committee on Commerce of the House, whether, in the opinion of the department, any regulations can be conveniently prescribed without endangering in too great a degree the safe and regular collection of the revenue, for the accomplishment of the objects proposed in the resolution, to wit: The expediency of allowing drawbacks on all goods, wares, and merchandise, of foreign growth and manufacture, subject to the payment of duties, transported by land through the interior of the United States to the Mexican provinces; and also upon merchandise of foreign manufacture, intended for Indian trade west of the Rocky mountains, and within the supposed limits of the territory of the United States; and also with respect to the expediency of establishing a port of entry at Port Independence, in the county of Jackson, Missouri, I have the honor to transmit, for the consideration of the committee, the enclosed report, made to the department by the Comptroller, under date of the 20th instant, pointing out the mode in which the objects specified in the foregoing resolution can be accomplished without, it is conceived, injuriously affecting the interests of the revenue. Should the committee deem it expedient to recommend the legislation of Congress upon this sub-

ject, I would respectfully suggest that the regulations enumerated in the Comptroller's report should be specifically provided for by law.

I have the honor to be, very respectfully, your obedient servant,

LEVI WOODBURY,

*Secretary of the Treasury.*

Hon. S. C. PHILLIPS,

*Member of the Committee on Commerce,*

*House of Representatives.*

B.

TREASURY DEPARTMENT,  
*Comptroller's Office, January 20, 1835.*

SIR: You have referred to me, for my report thereon, a resolution of the House of Representatives, "that the Committee on Commerce be instructed to inquire into the expediency of allowing drawbacks on all goods, wares, and merchandise, of foreign growth and manufacture, subject to the payment of duties, transported by land through the interior of the United States to the Mexican provinces; and also upon merchandise of foreign manufacture, intended for Indian trade west of the Rocky mountains, and within the supposed limits of the territory of the United States; and that the said committee be instructed to inquire into the expediency of establishing a port of entry at Port Independence, in the county of Jackson, Missouri."

Upon inquiry as to the manner in which the trade in question is intended to be carried on, I have been informed that the traders, in their purchases of goods, would confine themselves to the ports of New York, Philadelphia, Baltimore, and New Orleans, or would import them directly into St. Louis; that they would then be transported principally by water to the town of Independence, near the western boundary of the State of Missouri; and thence be conveyed 800 miles by land carriage to the city of Santa Fe, the capital of New Mexico, where the Mexican Government has a custom-house; with the requisite officers to superintend the same, and where there is a consul of the United States.

According to the 75th and 92d sections of the collection law of 2d March, 1799, goods to be entitled to drawback are required to be exported to some foreign port or place, other than the dominions of some foreign state immediately adjoining to the United States; and the exportation must be made by sea, and in vessels of not less than 30 tons burden; but the 2d section of the act of January 5, 1805, entitled "An act concerning drawbacks on goods, wares, and merchandise," makes an exception to the rule by allowing the benefit of drawback on goods exported to any foreign port or place, *situated to the westward or southward of Louisiana.*

It is believed, that if the following regulations and conditions be prescribed, to entitle goods transported to Santa Fe to the benefit of drawback, the safety of the revenue will be equally as well protected in such trade as in the case of goods exported to the westward or southward of Louisiana, viz:

1. The goods to be transported to Santa Fe in the original packages of importation, with the additional custom house mark put on them, "for Santa Fe."

2. The goods to be accompanied by a certificate of the custom house officers at the port where purchased, specifying the marks, numbers, and contents, of the packages; value of articles paying ad valorem rates of duty—weight, gauge, or measure, of articles paying specific duties. Rates of duty, and amount of duties, and names of owners, given in separate columns, respectively, together with the name of the vessel of importation, the date of importation, and place where from.

3. These certificates to be presented to the surveyor at St. Louis at the time of the arrival of the goods at that place, who is to examine the packages, and compare them with the certificates; and upon being satisfied that the contents of the packages are the same as they were at the time when, and the place where, purchased, he is to endorse and sign a certificate accordingly, on the certificate of the custom-house officers, No. 2.

4. A similar course to be pursued when the goods arrive at the town of Independence; for which, and for other purposes, it may be deemed expedient that that place may be made a port of entry, with a surveyor to reside thereat, with the same powers as those of the surveyors of the ports specified in the act of March 2, 1831.

5. These several certificates to be presented to the consul of the United States at Santa Fe, on the arrival of the goods at that place, who is thereupon to examine the packages, and upon being satisfied upon evidence from the Mexican custom house officers that the contents thereof are the same as they were at the time and place of purchase, is to give a certificate to the owner of the goods containing the following particulars: "I, A. B., consul of the United States at Santa Fe, do hereby certify that the following packages have been brought to, and deposited in, the custom-house at this place by (here insert the name of the person by whom brought, and if he be not the owner, the name of such owner also); and that, upon examination of them and upon evidence received from the Mexican custom-house officers, they contain the identical goods which, according to the certificates of the custom house officers (here insert whether New York, Philadelphia, Baltimore, or New Orleans), were in them at the time when they left the said port of (here again insert New York, &c.), and that they were imported on the \_\_\_\_\_ day of \_\_\_\_\_, on board the \_\_\_\_\_, viz:

Name of vessel of importation.	Date of importation.	From what place made.	Marks and numbers.	Contents.	Value of articles paying ad valorem duties.	Weight, gauge, or measure, &c., paying specific duties.	Rates of duty.	Amount of duties.	Names of owners of goods.

SANTA FE, January, 1835.

A. B., Consul of the U. S.

6. The drawback to be paid to the owner of the goods or to his order, provided the duties on the same shall have been previously secured by the collector, on the presentation at the custom-house of the port or place where the goods were purchased, of the certificate issued thereat, together with the consular and other certificates, all of which certificates are thereupon to be cancelled by obliterating the signatures thereto, and are to accompany the account of the collector, in which a charge for the said drawback may be made, together with the receipt of the party to whom payment may be made.

7. The certificates which may be issued by the consul of the United States at Santa Fe, to be regularly recorded by him in a book to be kept for that especial purpose.

The documents referred to me are returned herewith.

Respectfully,

JOS. ANDERSON.

HON. LEVI WOODBURY,  
*Secretary of the Treasury.*

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C.

NEW ORLEANS, *September 10, 1839.*

SIR: The chamber of commerce of this city have had under consideration the advantages which would result to the trade and revenue of the United States by such modification of the revenue laws as would admit of allowance of debenture on merchandise exported by land to countries west of Louisiana. With the view of bringing this subject under the consideration of the Government, they appointed a committee to draught a memorial to Congress, praying that the revenue laws in relation to drawback and debentures should be so modified, with such restrictions as may appear proper and necessary, as to allow the export by land the same debenture now granted on exports by sea. The committee being under an impression that it was probably within the power of the Secretary of the Treasury, under the laws of 1805, to permit the export of merchandise, for the benefit of drawback, by steamboats, to countries lying west of Louisiana, respectfully submit the subject to your consideration, previous to resorting to a memorial on the subject, which might create more publicity than they deem judicious, as the Mexican Government, with their *jealousy* toward our citizens, which has already prohibited the importation of nearly every article of domestic manufacture of the United States, might take more effective steps to prevent their introduction through this, the only channel left. On reference, we find the law of 1799 (section 75) prohibits the allowance of drawback on goods exported to any foreign state immediately adjoining the United States; and article 92 (same law) prohibits the allowance of drawback on goods exported otherwise than by sea. The law of 1805 (section 2) amends, or alters, the law of 1799, and allows the drawback on goods exported to ports westward and southward of Louisiana, but says: "exported from the United States, or district of Mississippi, in the manner prescribed by law." Now, whether it requires that the goods should positively go by sea beyond the limits of the United States is to be decided; and, as many think that, as the law says westward of Louisiana, it clearly admits of a consideration that would grant the drawback, as, on reference to the map, a westward di-

rection will not reach the sea before striking the Pacific, thereby rendering the present construction a nullity.

The subject has been more immediately brought to the notice of the chamber of commerce of New Orleans, by the fact of the arrival recently of a large caravan from the province of Chihuahua, at a point on Red river above the raft, and thence by steam conveyance to this city, bringing a large amount in bullion for investment in merchandise. Chihuahua being one of the richest districts of Mexico in valuable mineral productions, its mines producing a large proportion of the precious metals exported from Mexico; and, isolated as it is from direct communication with the ports on the Pacific and on the bay of Mexico, you, sir, will readily perceive the importance to the United States of securing a direct trade in bullion with that and the adjoining provinces. The benefit of inland drawback would measurably, if not entirely, direct that trade by the Red river route instead of the circuitous one through the Mexican ports on the bay.

This will more readily appear by a comparison of the distances from Chihuahua to the following places, and the cost of transportation from them, respectively; and also a view of the heavy charges and duty payable on bullion before exportation:

The distance from Chihuahua to Matamoras is 1,200 miles; cost of transportation \$17 per 100 pounds.

The distance from Chihuahua to Tampico is 1,400 miles; cost of transportation \$23 23 per 100 pounds.

The distance from Chihuahua to Vera Cruz is 1,600 miles; cost of transportation \$25 per 100 pounds.

The distance from Chihuahua to the city of Mexico is 1,200 miles; cost of transportation \$16 per 100 pounds.

The distance from Chihuahua to Shreveport, on Red river, is 800 miles.

The distance from Chihuahua to Santa Fe is 600 miles.

The distance from Chihuahua to Quaymas, Pacific, is 500 miles.

This route is considered impracticable for transportation. From Santa Fe to St. Louis, Missouri, the distance is computed to be 1,400 miles. The laws of Mexico prohibit the exportation of bullion: it is subject to 5 per cent. for assaying; coinage at Government Mint 5 per cent.; export duty on dollars  $3\frac{1}{2}$  per cent.; making  $13\frac{1}{2}$  per cent. to which bullion is subject before it can be legally exported through the Mexican ports.

Requesting the favor of an early reply, I am, respectfully, your obedient servant,

J. W. ZACHARIE,

*Chairman, Committee N. O. Chamber of Commerce.*

Hon. LEVI WOODBURY,

*Secretary of the Treasury.*

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D.

TREASURY DEPARTMENT, September 27, 1839.

SIR: I am in the receipt of your letter of the 10th inst., in behalf of the committee appointed by the chamber of commerce of the city of New Orleans to make inquiry upon the subject of exporting merchandise (entitled to debenture) "by land to countries west of Louisiana," &c.

In answer to your inquiry, whether it is "within the power of the Secretary of the Treasury under the law of 1805 to permit the export of merchandise for benefit of drawback by steamboats to countries lying west of Louisiana," to wit, "to be carried by steamboats from New Orleans to a point on the Red river, and from thence by land across the country to the province of Chihuahua in Mexico." I would remark, that the department, on due examination of the subject, does not consider itself authorized under the existing laws, regulating the manner in which goods shall be exported, to entitle them to drawback, to sanction the arrangement proposed. In this opinion the Comptroller of the Treasury also concurs.

To accomplish the object desired by the chamber of commerce, some change or modification of the existing laws by Congress must first take place, and the subject has already been before that body for several years.

I am, very respectfully, your obedient servant,

LEVI WOODBURY,  
*Secretary of the Treasury.*

J. W. ZACHARIE, Esq.,  
*Chairman, Com. Chamber of Commerce, New Orleans.*

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E.

NEW ORLEANS, *October 8, 1839.*

SIR: Your letter of the 27th ultimo in reply to mine of the 10th of September, has been duly received, and on referring it to the chamber, several of the members are under the impression that the question has not been properly put to you, whether goods shipped per steamboat to a foreign country, that is, to Jonesborough or Pecan Point, on the Red river, in Texas, without being landed at any intermediate point of the United States, could not be entitled to drawback.

I am, very respectfully, your obedient servant,

J. W. ZACHARIE,  
*Chairman, Committee of the New Orleans  
Chamber of Commerce.*

HON. LEVI WOODBURY,  
*Secretary of the Treasury.*

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F.

TREASURY DEPARTMENT, *October 30, 1839.*

SIR: Your letter of the 8th instant, in explanation of the inquiry submitted in your former communication of the 10th ultimo, was duly received.

The inquiry now proposed by you, in behalf of the chamber of commerce of New Orleans, is, "whether goods shipped per steamboat to a foreign country, that is, to Jonesborough or Pecan Point, on the Red river, in Texas, without being landed at any intermediate point of the United States, could not be entitled to drawback."



You will perceive, by the accompanying copy of a letter from the Department of State, that, owing to the boundary line between the United States and Texas not having yet been surveyed and marked, it cannot be determined, at this time, whether the places mentioned in your letter are embraced within the limits of the United States, or of Texas.

Under these circumstances, the department does not feel justified in the expression of an opinion as to the right of drawback on goods shipped to either of the places mentioned.

I am, very respectfully, your obedient servant,

LEVI WOODBURY,

*Secretary of the Treasury.*

J. W. ZACHARIE, Esq.,

*Chairman of the Committee of*

*the Chamber of Commerce, New Orleans.*

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DEPARTMENT OF STATE,

*Washington, October 25, 1839.*

SIR: In answer to the inquiry in your letter of yesterday, I have to refer you to the treaty with Mexico, according to the stipulations of which, the boundary between the United States and Texas is to be defined and marked. As that boundary has not yet been surveyed, it is not in the power of the department to say at what point the due north line, from the intersection of the Sabine river with the thirty-second parallel of latitude, will strike the Red river, nor, consequently, whether Pecan Point and Jonesborough will, when the line is surveyed and marked, be left within our limits, or those of Texas. By the arrangement between the United States and Texas, however, all places, over which we have heretofore exercised jurisdiction, are to be deemed within our territory until the boundary line is run and marked.

I am, sir, respectfully, your obedient servant,

JOHN FORSYTH.

HON. LEVI WOODBURY,

*Secretary of the Treasury.*