

Encl.

Lloyd's Register of Shipping,

3, Steinhoeft,

Hamburg, 30th Sept. 1935.



Dear Mr. Scott,

Your letter of the 19th instant in regard to the non-payment of the Hamburg fees in the cases of the new tankers "G.S.WALDEN" and "W.B.WALKER" was sent on to me to Schierke from Hamburg. As the matter was one which had been under discussion at the Hamburg Office prior to my going on leave and as we had had some correspondence with Messrs. Fried. Krupp Germaniawerft A.G., Kiel, in June and July in reference to the fees which were being charged for the special survey on the main machinery of the "G.S.WALDEN" I decided to write immediately to the Hamburg Office and gave instructions that Mr. Priess should call on Director Schrödter of Messrs. Krupp and point out to him that the payment of these accounts was now considerably overdue and that the issue of the classification certificates, also the entering up of the records of classification in the Register Book was being delayed on account of the non-payment of the fees.

As a result of the interview with Director Schrödter Messrs. Krupp are now arranging to pay practically all outstanding fees and I am enclosing a copy of Messrs. Krupp's letter in connection therewith, from which you will see in detail which payments are being made. The letter specifically states that these payments are being made under protest and that Messrs. Krupp intend to further discuss with this Society the question as to whether the amount of the fees could be modified so that the amount in Reichsmarks would correspond with the fees in sterling reckoned at the current rate of exchange.

In order that you may be fully acquainted with the attitude which Messrs. Krupp are taking up in the question of the Society's fees I may say that on the 7th June last I had a letter from Messrs. Krupp in which they called attention to the fact that a fee of RM.1930.-- was being charged for the special survey of the main engine for the "G.S.WALDEN". According to Messrs. Krupp's calculations $\frac{4}{5}$ of the machinery fee reckoned on a NHP of 920 amounted to £ 96-16-0, and the letter went on to state that Messrs. Krupp were of the opinion that we had rendered an account in Reichsmarks on the basis of approximately RM.20.-- to the £. I replied to this letter to the effect that all fees for survey and testing in this country were, in accordance with the instructions of the Committee, since the 1st of January, 1934 reckoned on the basis of £1 = RM.20.-- and that the account which had been issued in the case of the main engine of the "G.S.WALDEN" was perfectly correct. On the 25th June Messrs. Krupp wrote a further letter in reply to mine, stating that they could not agree to accept our ruling that in the matter of the Society's accounts a rate of exchange of RM.20.-- = £1 should be adopted. Briefly stated their argument was to the effect that in International business the current rate of exchange is the usual method of dealing with all currency questions and that the Society's practice in adopting a higher rate of exchange than the official current rate of exchange was opposed to all commercial practice. It was further pointed out by Messrs. Krupp that during the inflation period Messrs. Krupp had always paid the Society's accounts in Sterling and this had involved a big financial sacrifice on the part of their firm. They requested that we should for all future accounts again adopt the Sterling basis and also wished the "G.S.WALDEN" account altered accordingly. To this letter a reply was sent on the 1st July to the effect that no alteration could be made in the "G.S.WALDEN" account nor for that matter in the Society's method of dealing with accounts for survey and testing fees. A

copy of a letter which was officially addressed to the Secretary of the Association of German Shipyards on the 18th January, 1934, intimating that the Committee had decided to bring Germany into line with other countries, in which sterling was depreciated in relation to the currency of the country, by adjusting the Society's fees in order to take account of the depreciation in sterling currency, was also enclosed to Messrs. Krupp. It was also pointed out to Messrs. Krupp that this ruling applied not only to German yards or owners but to all clients of the Society, including English clients, who avail themselves of the Society's services in this country.

No further reply was received from Messrs. Krupp but the payment of all accounts was held up and it has been learned from Director Schrödter that the Accounting department of Messrs. Krupp, Essen, has taken up this question of the Society's method of charging fees with one of the Government departments in Berlin, and at the time of the interview with Director Schrödter he was unable to say what the result of the negotiations between the Accounting department Essen and the Government department in Berlin was. The position therefore at the moment is that Director Schrödter of Messrs. Krupp, Kiel, has authorised the payment of the Society's outstanding accounts with Messrs. Krupp, but it is very probable that further correspondence either with Kiel or with Essen regarding the rate of exchange question will take place either with this Office or with London direct in the near future.

I am, Dear Sir,
Yours faithfully

Malcolm K. Scott, Esq.,

LONDON

A. Chisholm

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Lloyd's Register
Foundation

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