

No. 14.

Mr. Hammond to Mr. Merivale.

Sir,

Foreign Office, May 13, 1854.

I HAVE laid before the Earl of Clarendon your letter of the 12th instant, inclosing two copies of Part 2 of the papers which have been printed confidentially by the Colonial Office relative to the fisheries of British North America; and I am to request that you will express to the Duke of Newcastle Lord Clarendon's thanks for the communication of these papers, but that you will at the same time move his Grace to furnish Lord Clarendon with copies of Part 1, which has not yet been communicated to this office.

I am, &c.

(Signed) E. HAMMOND.

No. 15.

Mr. Peel to Mr. Hammond.—(Received May 16.)

(Confidential.)

Sir,

Downing Street, May 16, 1854.

WITH reference to the instructions to the Earl of Elgin, of which copies were transmitted to this Department in your letter of the 9th instant, on the subject of the projected arrangement with the United States for reciprocal rights of fishery and trade in North America, I am directed by the Duke of Newcastle to state to you, for the information of the Earl of Clarendon, that there are certain points relating to the inclusion of Newfoundland in the arrangement which he thinks, upon consideration, it will be advisable to make the subject of a further communication to Lord Elgin.

2. The duties at present collected in Newfoundland, on the articles proposed for mutual free admission (taking the list in Mr. Marcy's draft Treaty with the additions required by Her Majesty's Government), amount to not much less than 20,000*l.* out of a total revenue of not much more than 60,000*l.* This will be a very heavy amount for the Colonial Legislature to replace. Therefore, in order to reduce the loss of revenue to more manageable proportions, it is desirable, if possible, to stipulate on behalf of Newfoundland for a right to return duties of a certain amount on the several articles, or on a sufficient portion of them; a course which has been suggested by both the Assembly and Executive Government of the Colony.

3. The Duke of Newcastle conceives that there would be no occasion to reserve to the United States, in return, any right to retain duties on the produce of Newfoundland. The exports of its own produce from Newfoundland are, in point of fact, confined (with some insignificant exceptions) to fish and its products, and the free admission of these articles from Newfoundland into the United States, ought in fairness to accompany the admission of United States' citizens to the fisheries of the same Colony on equal terms with British subjects.

4. For the same reason it may be questioned whether there is any occasion for Newfoundland to enter into any stipulation at all with the United States with respect to its duties on imports, fish not being practically amongst these. And if some reduction of the existing duties be proposed, which the Duke of Newcastle thinks will be advisable, his Grace considers that the offer would be altogether liberal on behalf of Newfoundland. His Grace would leave Lord Elgin to consider to what rates of duty and to what articles the offer of reduction should extend.

5. The Duke of Newcastle, however, admits that the right to return duties which he thus suggests, would be, in some degree, a departure from the general principles of the negotiations, and, therefore, if it is impossible to prevail on the United States' Government to accede to this special arrangement as regards Newfoundland, his Grace would give up the point, and consent to a stipulation for the total remission of the duties in Newfoundland as in the other Colonies, rather than prevent the conclusion of the Treaty, or deprive this Colony of an opportunity of joining the rest in a scheme of such great importance.

6. The Treaty, as framed in Mr. Marcy's draft, will remain entirely inoperative, if any one of the several Legislatures concerned, fails to take the requisite steps to give it legal effect. This provision which is no doubt essential as regards the other Colonies, the Duke of Newcastle would not object to, as regards Newfoundland, in the event of easy terms of inclusion being obtained for this Colony. But in the event of a stipulation