

house their goods at Montreal, but that it would not be legal to re-export such cargo in an American vessel, Montreal being only a warehousing port for the warehousing of goods brought by land or inland navigation, or imported in British ships, and from whence they can only be taken in British ships, either for the purpose of being forwarded to the United States, or removed to another warehousing port in Canada, under the 57th section of the Act of 8 & 9 Vict., c. 93, or exported to parts beyond the seas. Independently of the legal impediment, as already shown in the former part of our report, to an American vessel taking on board goods for the purpose of being exported to the United States, we are advised that the provision contained in the 54th section of the Act of 8 & 9 Vict., c. 93, which permits warehoused goods to be delivered under the care of the proper officers for exportation, applies only to the delivery of goods from the warehouses without payment of duty for the purpose of being exported in British ships from Montreal to parts beyond the seas, and could not be deemed or taken as authorizing the delivery of goods without payment of duty for the purpose of being carried by inland navigation by American vessels to the United States, even if no legal impediment of the nature herein-before adverted to did not exist.

With respect to your Lordships request to be informed, whether we are aware of any opinion having been given by the law officers in this country, to the effect that American vessels are wholly excluded from navigating the St. Lawrence below Montreal; we have to state, that we are not aware of any such opinion having been given. In our report of 17th June 1843, herein-before referred to, after pointing out what had been your Lordships policy in preventing foreign vessels from proceeding up the River St. John's beyond the port of St. John's, New Brunswick, and the River St. Lawrence beyond Quebec, we submitted that the expediency of constituting Montreal a free port in the most unrestricted sense for all the purposes mentioned in the British Possessions Act, was a question of serious political importance, and that the same appeared to be more immediately for the consideration of Her Majesty's Government. A similar view of this question appears from Lord Stanley's despatch, dated 29th September 1843, to the Governor-general of Canada, herein-before adverted to, to have been taken by his Lordship, and it is not improbable that it is in consequence of the opinions expressed by Lord Stanley on this important question, that an impression has prevailed that an opinion to the same effect has been given by the law officers of the Crown in this country.

Before we conclude this report, it may be proper to remark that the distance between Fort Covington to Rouse's Point on Lake Champlain, would appear to be about 52 miles in a direct line; whereas the distance proposed to be traversed from Fort Covington to Montreal, and thence down the St. Lawrence to Sorel, and up the River Richelieu to Lake Champlain, is above 158 miles. It would seem, therefore, that the privilege now sought can hardly be required for the sole purpose of facilitating the conveyance of goods from one American port to another, and that other and ulterior objects may be contemplated by the parties, to which, however, it is unnecessary for us more particularly to advert, as such considerations more properly belong to and will not fail to engage the attention of Her Majesty's Government.

(Signed) THOS. F. FREEMANTLE.
EDW. SAURIN.
GEO. DAWSON.
CULLING CHAS. SMITH.

Custom-house,
14th November 1846.

No. 8.

(No. 42.)

COPY of a DESPATCH from Governor-general the Right honourable the Earl of ELGIN to Earl GREY.

My Lord,

Government House, Montreal, 10th May 1847.

REFERRING to your Lordship's despatch (No. 38.) of the 19th of March last, I have the honour to enclose for your Lordship's information a copy of a communication which I have this day addressed to Her Majesty's minister at Washington, and of the regulations established by an Order in Council issued on the 8th instant, permitting vessels of the United States to pass through the River St. Lawrence between Lake Champlain and Fort Covington.

I have, &c.
(Signed) ELGIN & KINCARDINE.

No. 8.
Earl of Elgin
to
Earl Grey,
10th May 1847.