

REPORT

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On the subject of a despatch from Lord Knutsford inviting an expression of the views of the Canadian Government upon the complaint of alleged discrimination on the part of the Government of Canada against citizens of the United States in the matter of Canal Tolls.

CERTIFIED COPY of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council on the 17th June, 1892.

The committee of the privy council have had under consideration a despatch, hereto annexed, dated 4th November, 1891, from Lord Knutsford, inviting an expression of the views of the Canadian government upon the complaint of alleged discrimination on the part of the government of Canada against citizens of the United States in the matter of canal tolls.

The minister of railways and canals, to whom the despatch was referred, submits the following observations thereon:—

By article 27 of the treaty of Washington, the imperial government undertakes to urge Canada to secure to the citizens of the United States the use of the Welland, St. Lawrence and other canals in the Dominion, on terms of equality with the inhabitants of the Dominion.

The tariff upon freight of all kinds passing through the canals from the upper lakes to Montreal, fixes the rate of toll at 20 cts. per ton.

By an order in council, passed on the 4th of April last, following the immediate precedent, the government provided that a refund be made for a portion of the canal tolls collected on wheat, Indian corn, pease, barley, rye, oats, flax-seed and buckwheat carried through the Welland canal and the St. Lawrence canals to Montreal, or any port east of Montreal, in all cases where these products were exported, and in such cases only; the refund to be such as to reduce the tolls in that case to 2 cts. per ton on the above-named products. The same order provided that products on which the rebate could be claimed should be shewn to have been originally shipped for Montreal, or some port east of Montreal and carried to such point and actually sent out of the country; with the proviso that the right to this rebate should not be lost by reason of intermediate transshipment—provided that the place of such transshipment is one within the dominion of Canada.

The effect of this order in council is to fix the rate of toll on all of the designated products passing through the Welland canal and the St. Lawrence canals, without distinction as to nationality. If any wheat, Indian corn, pease, barley, rye, oats, flax-seed or buckwheat are carried by the St. Lawrence route to Montreal for foreign shipment, they receive a rebate, which rebate is payable to vessels of both nationalities. Permission is impliedly given to vessels to tranship, provided such transshipment is made at a Canadian port, the result of which is that if the transshipment takes place at a United States port the vessel loses its right to rebate of tolls. And this loss of rebate would apply equally to a Canadian vessel transshipping at a United States port, and to a United States vessel transshipping at a similar port.

In framing the rules under which tolls shall be payable for the use of its canals, the Dominion government has kept in view the encouragement of ocean shipping *viâ* the St. Lawrence, and it is with that purpose that it has granted to carriers a