

CANADA.

St. Lawrence, both above and below Montreal, for a considerable distance, where that river flows uninterruptedly through the British territories, not for the purposes of availing themselves of the limited privileges which have been granted to them by law to enable them to carry on an inland trade with Canada, but of passing through British waters with the view of trading from one inland port situated in the United States, with another inland port of the American union.

That after a careful consideration of all the circumstances, and having conferred with our solicitor, we have to submit our opinion that the qualified permission which has been granted to the vessels of the United States to import or bring goods by inland navigation into Canada can give the vessels of that country no claim or right to enter the British waters of the province for any purposes other than those pointed out in the provisions of the Act of 8 & 9 Vict., c. 93, granting certain limited privileges in regard to the inland trade to be carried on by American vessels and the British possessions in Canada, and under which it is imperative for the American vessels to proceed to some place where a custom-house may have been established in Canada for the purpose of landing their cargo and paying the duty thereon, or warehousing the same under the established regulations; and we have further to submit our opinion, that such qualified permission to trade with Canada cannot be construed in any manner as conferring upon the American either a claim or right to make the River St. Lawrence, where it flows entirely between the British territories, a high road for the purpose of passing from a distant inland port in the United States to another port in his own waters, without landing his cargo, for which purpose alone, as before observed, the exception from the general rule, which would otherwise exclude the Americans from navigating any part of the St. Lawrence above Quebec, has been granted in favour of the inland craft of that country.

We would, upon the present occasion, beg to call your Lordships attention to Lord Stanley's despatch to the Governor-general of Canada, dated 29th September 1843, copy of which we annex, wherein his Lordship declares that to throw open not only to the vessels belonging to the United States, which are at present employed in navigating the lakes and the internal waters of Canada, but also to the shipping belonging to the sea-ports of that country, and of all other countries entitled to trade with the British possessions, the unlimited right of navigating the St. Lawrence, from Quebec to the junction of that river with lake Ontario, passing as it does 250 miles through the British territories, would be a proceeding so irreconcilable with the policy of this country, that Her Majesty's Government must decline to accede to the wishes of the Board of Trade at Montreal on the subject. We would also request your Lordships attention to that part of our report, dated 4th September last, wherein, after adverting to the local situation of Fort Covington, and its very limited export trade, we stated that it appeared from the report of Mr. Hale, the collector of Customs at Montreal, an able and intelligent officer, having great experience and local knowledge of Canada, that the tolls to be derived from the Chambly and St. Lawrence Canals, in the event of the request being acceded to, would be small in amount when compared with the loss which the province would sustain from a way being opened by which quantities of goods might, and no doubt would, be introduced into the province without payment of duty; the peculiar nature of the country through which the proposed route must pass being one of the most thickly-inhabited parts of the British territories in Canada, affording the greatest facilities for the introduction and sale of goods upon which duty had not been paid, there not being a single individual in any way connected with the revenue stationed at any of the numerous villages lying along the line of route; and, under all these concurrent circumstances, we have to submit our opinion that no such right as that sought for exists, and that, on grounds of general policy and revenue consideration, it ought not to be conceded.

With respect to that part of Mr. Northcote's letter, signifying the desire of your Lordships to be informed whether there is any impediment to an American vessel proceeding under the provisions of the 43d section of the Act of 8 & 9 Vict., c. 93, from Lake Champlain, either to Montreal or Quebec (a question which, it is to be observed, differs in every respect from that which had been raised by Lord Cathcart), we have to state, for the reasons herein-before given, that it would be legal for an American vessel to import from Lake Champlain into Quebec goods the produce of the United States, but that it would not be legal for such American craft to carry goods from Quebec to Montreal, or *vice versâ*, inasmuch as such a voyage would be a direct violation of the 20th section of the Navigation Act of the 8 & 9 Vict., c. 88, which enacts that no goods shall be carried from one part of a British possession to another part of the same, except in British ships. And with reference to your Lordships further inquiry, viz., whether, supposing American vessels to be permitted to trade between Lake Champlain and Montreal, it would not be legal for them to warehouse their cargoes at Montreal under the 48th section of the 8 & 9 Vict., c. 93, and then to re-export them to any American port by inland navigation, we have to state, that for the reasons which we have already given, it has been shown that American vessels cannot, in the extended sense, legally trade between Lake Champlain and Montreal, inasmuch as the law has only granted to the vessels of that country the restricted privilege of bringing or importing goods to Montreal by land or inland navigation. We have therefore to submit our opinion with reference to Mr. Northcote's question, that it is legal for American vessels to bring from Lake Champlain and warehouse