

lation of the two Provinces is very different, both on account of their respective habits and local position. 3d—Because the extent and openness of the Frontier of Upper Canada towards the United States renders smuggling and other importations of dutiable Goods from the United States much more easy and advantageous than into Lower Canada. 4th—Because strong liquors and salt, which furnish the greatest amount of the duties which it is inconvenient to levy on Goods imported into Lower Canada are imported into Upper Canada from the United States notoriously manufactured in large quantities in that Province for home consumption and even partly for exportation.

The undersigned finally observe that the mode of ascertaining the proportion of duties which may be claimed by Upper Canada by actual entries of Goods passing from Lower Canada into Upper Canada, has been found liable to difficulties and misunderstandings, and has been abandoned as no longer suitable, by the Legislatures of both Provinces, and that the delays which have already occurred in two instances from the expiration of the existing agreement before another could be made, leave just grounds of apprehension that the same may again occur, which in the end might lead to serious misunderstandings, destructive of the interests of the two Provinces which are so intimately connected by the ties of Allegiance to the same Sovereign and their local position.

The Commissioners on the part of Lower Canada conformably to the powers vested in them by the Act by which they are appointed, viz: to treat of and concerning the establishing of Regulations for the Collection of the Duties or the payment of drawbacks to be imposed or allowed by the Legislature of each Province respectively, on Goods, Wares, and Merchandize, passing from one Province into the other, and also of and concerning any proportion to be received or paid of any duties already imposed or hereafter to be imposed, finally propose,

1st. The adjustment in the mode aforementioned of the proportion of duties which may be equitably due to Upper Canada on Goods, Wares and Merchandise, which have actually passed into Upper Canada from Lower Canada, from 1st July 1819 to 1st July 1821.

2d. That the proportion of duties accruing to Upper Canada from the 1st July 1821 to the 1st April 1822, be ascertained in the same manner.

3d. That from the 1st April 1822, the Legislature of each Province respectively shall allow all Goods, Wares and Merchandise proceeding through either Province into the other to pass free of duty, on entry being made at the nearest Custom House, and Bond given that the same will not be sold, opened or consumed, as the case may be, within the Province through which they are passing, which Bond shall be cancelled only on certificate of entry in the Province into which they may be introduced.

4th. That a drawback equal to the amount of the duty paid in each Province respectively be allowed on Goods purchased in either Province, and carried into the other under similar formalities and securities; the expense of collection being first deducted.

J. L. PAPINEAU,
AUSTIN CUVILLIER,
JOHN DAVIDSON,
J. NEILSON,
GEORGE GARDEN.

(Signed)

Montreal, 11th July, 1821.

No. 3.

The Commissioners on the part of Upper Canada have had the honor of receiving from the Commissioners appointed on the part of Lower Canada their Communication dated the 11th Instant, and observe that they are equally aware with the Commissioners of Lower Canada, of the propriety and justice of the remark, from which it was never the intention of the Commissioners of Upper Canada to deviate,—

That every agreement once ratified should be final for the period which it embraces: recognising this principle, the Commissioners of Upper Canada have always claimed and do still claim the arrearages of Drawbacks on Goods actually ascertained to have passed the Coteau du Lac in the year 1813 and 1814, during which period there was a ratified agreement existing between the two Provinces, and

continued by the Legislatures of each Province, until the 1st May 1816, and acted upon by the said Provinces to the 1st January 1817, without any new Agreement, during which period Upper Canada was entitled to receive drawbacks on all Goods ascertained to have passed from Lower Canada into Upper Canada, besides arrearages on large quantities of Goods passing the Coteau du Lac in those years without Entry,—and until those arrearages are settled, the Commissioners of Upper Canada do not conceive the former Agreement fulfilled.

For the settling of the said arrearages, the Commissioners of Upper Canada have heretofore applied to former Commissioners of Lower Canada, and to the Executive Government of that Province without effect, they still entreat the present Commissioners on the part of Lower Canada, to enter into arrangements for the final adjustment of those arrearages, but should they decline this solicitation it is hoped they will agree to recommend to their Legislature the propriety of settling those arrearages by Arbitration as heretofore suggested.

The Commissioners of Upper Canada, also remark that in Document marked A, transmitted to the Commissioners of Lower Canada, on the 9th Instant, it was there stated, that £4858 0 5 Sterling of the said arrearages had been paid to Upper Canada, but which was never contemplated or accepted by the Executive Government of that Province to be in full. The Commissioners of Upper Canada have reason to believe, that frequent applications have been made to the Executive Government of the Lower Province by the Lieutenant Governor of Upper Canada since the above sum was paid, for the residue of the said arrearages.

The Commissioners on the part of Upper Canada observe that the sum of \$1585 Currency, paid over to Upper Canada by Lower Canada for the arrearages of Drawbacks of Provincial Duties, in the year 1816, was the sum *not alledged*, but ascertained by the Commissioners on the part of the two Provinces, as per instrument signed by them, bearing date the 7th day of June 1817, and the said sum so ascertained, was paid in conformity to an Act of the Province of Lower Canada, passed the eighth day of March 1817, entitled, An Act to authorize the advance of a certain sum of money for the causes therein mentioned to the Province of Upper Canada.

With regard to the proportion of Duties due to Upper Canada for the two years ending the 1st July 1821, the Commissioners in claiming one-fifth of the amount collected in Lower Canada for those years, have maturely considered the principle heretofore acted upon by the two Provinces, which has been a continuation of the same Rate until a new Agreement was entered into, and this proportion the Commissioners on the part of Upper Canada are convinced is to the prejudice of the Upper Province: to elucidate and support this claim, a reference may be had to the returns of the Inspector at Coteau du Lac for the years 1814, 1815 and 1816, when the Entries made therein the two last of those years, were more regular than in time of war, and will shew the proportion of the following articles entered at the Coteau du Lac *alone* to the whole entered into Lower Canada, to be nearly as follows, viz: of Rum 3-8; Brandy and other Foreign Spirits 7-16; Muscovado Sugar 5-18. The Return for the year 1816 being the only one which the Commissioners of Upper Canada have at present access to, shews the proportions to be nearly as follows, viz:—

of Madeira Wine more than	1-4
Port do. do.	1-5
Teneriffe and other Wines	1-6
Rum and Whiskey more than	1-4
Brandy and other Foreign Spirits	5-6
Loaf Sugar	1-4
Muscovado do.	3-7
Teas	2-3
Coffee	1-9
Ad Valorem Goods more than	1-6

It may be also remarked that the Population of Upper Canada consumes a much greater proportion of British Dry Goods, than an equal number of the Population of Lower Canada, the latter being principally clad in their own manufactures.

As an additional proof for the claim of 1-5 for the Province of Upper Canada, the undersigned Commissioners have seen documents of Goods having passed Coteau du Lac and entered there in 1817 amounting to more than one-fifth of the dutiable Articles entered in Lower Canada.