

lakes and rivers in question, and not as they furnished communication between ports and places not lying on those lakes and rivers. The use of the Champlain Canal, in this view, could be granted to Canadian vessels destined with cargoes to the southern terminus of the Canal, or to ports or places on Lakes Erie or Ontario."

In your letter of the 11th ultimo you state that you understand Sir Edward Thornton to say that it is not sought on the part of Canadian vessels to obtain the right to navigate the Hudson River, but only to pass to the terminus of the Canal at tide water.

It will be seen that the letter of this Department of October 10 concedes the right of Canadian vessels to pass to the southern terminus of the Champlain Canal, and if desired instructions will be given to the proper Customs officers to lend their aid thereto, upon the same terms as are now accorded to vessels of the United States.

The Department prefers to receive a further communication from Sir Edward Thornton upon the subject, before giving such instructions.

I have, &c.

(Signed) CHAS. F. CORRANT, *Acting Secretary.*

Inclosure 3 in No. 31.

Sir E. Thornton to Mr. Fish.

Sir,

Washington, May 4, 1876.

I HAVE the honour to acknowledge the receipt of your note of yesterday's date, transmitting copy of a letter of the Secretary of the Treasury relative to the navigation of the canals of the State of New York by Canadian vessels. In this letter Mr. Bristowe states "that the letter of this department of October 10 concedes the right of Canadian vessels to pass to the southern terminus of the Champlain Canal, and, if desired, instructions will be given to the proper Customs' officers to lend their aid thereto, upon the same terms as are now accorded to vessels of the United States."

I presume that the city of Albany may be considered to be the "southern terminus of the Champlain Canal," and that Canadian vessels will be allowed to proceed to Albany by Lake Champlain and the Champlain Canal, on the same terms as are now accorded to vessels of the United States.

Neither can I doubt from the tenor of the letter of the 5th ultimo, addressed to you by the Secretary of the Treasury, that Canadian vessels may enter the Erie Canal at Buffalo, and the Oswego Canal at the place of that name, and proceed in like manner to Albany by those canals.

I shall feel much obliged if you will inform me whether the conclusions which I have arrived at are correct.

I have, &c.

(Signed) EDWD. THORNTON.

No. 32.

Lord Tenterden to Mr. Herbert.

Sir,

Foreign Office, May 22, 1876.

I AM directed by the Earl of Derby to transmit to you, with reference to my letter of the 6th instant, a copy of a despatch from Sir E. Thornton,* inclosing copies of correspondence with Mr. Fish, in regard to the navigation of United States' canals by Canadian vessels; and I am to request that, in laying this despatch before the Earl of Carnarvon, you will inform him that Lord Derby proposes, with his Lordship's concurrence, to approve the course pursued by Sir E. Thornton in the matter.

I am, &c.

(Signed) TENTERDEN