

to this will probably be found in American Congress returns, taking care to eliminate the bank, salmon, trout and river fishery, and all fish taken below the 39 deg. parallel.

"Our herring fishery is one capable of being developed to an enormous extent. At present we ship annually from 150,000 to 250,000 barrels. American fishing vessels have been engaged in this trade during the past twelve years. From twenty-five to fifty of their vessels have resorted to Fortune Bay, and have there purchased herrings to supply the New York and Boston markets. During the Reciprocity Treaty there were annually shipped from Fortune Bay 60,000 to 70,000 barrels, intended for the American market; a large portion of these shipments reached them *via* Nova Scotia, and will appear on returns as the produce of that Colony. On the whole, this fishery cannot be estimated at at less than 800,000 dollars annual value, which, in twelve years, would produce 9,600,000 dollars. Until now, Americans who have participated in this trade have been obliged to purchase. In future, this fishery will be open to them.

"*Baiting*.—The fishery in-shore, and more particularly on the banks, cannot be prosecuted profitably without an ample supply of bait. Experience has proved that herrings make the best bait for the banks. Fortune and Placatin Bays are always amply stocked during the fishing season. For many years we have furnished the French with all the bait they require; in fact, did we not supply them, their fishery must die out, or become very limited, in three years.

"The fishing season on the banks is so short that in order to make it pay no time can be lost in procuring bait, and there must be a certainty that it may be had when wanted. Our herring and caplin meet these requirements; and we are paid by the French from 80,000 to 125,000 dollars yearly. The average payment is certainly 100,000 dollars.

"It is only since the Proclamation issued two years ago by the Governor, giving American fishermen the right to participate in all our privileges, that they have resorted to our shores; but since then, and during the present summer, they come weekly to Fortune Bay, and without any delay get what bait they require. I think there are at least 100 sail of American vessels that now get their bait on our south-west coast, and as soon as the Treaty is in force, these numbers will probably be largely increased. This supply of bait must be worth more than one-quarter to the Americans that it is to the French. If we estimate it at 25,000 dollars per annum, this will give value for twelve years, 300,000 dollars."

"However the other privileges may be estimated, I am certain that a round sum of 100,000 dollars for the privilege of bait alone will be a small part of what we are entitled to."

I think before concluding this communication it is proper to observe, in confirmation of his Excellency Governor Hill's telegram of 5th July, upon the subject of the exception taken by the American Government to the Newfoundland Act, accepting the terms of the Treaty, that it was the opinion of the framers of that Act, that the Governor in Council possessed by that Act the power to meet any such contingency as that to which the exception has been taken, and to accept the Treaty in the spirit in which the Imperial Government had negotiated and accepted it; and this I am confident the Legislature of Newfoundland will, without hesitation, confirm by further legislation, if the American Government require it, by expunging the objectionable words, which were so unhappily and so unnecessarily introduced into the Act.

I beg that you will do me the favour of laying this statement before Earl Kimberley, and I regret the delay that has arisen in preparing it.

I have, &c.
(Signed) C. BENNETT.

Inclosure 2 in No. 306.

Mr. Bennett to Mr. Holland.

(Telegraphic.)

July 29, 1873.

IN my statement sent you yesterday I omitted the important fact that mackerel have for the last few years again appeared on the Newfoundland coast, and are increasing annually.