

Inclosure in No. 17.

Extract from the "New York Sun" of July 23, 1899.

Duty on Canadian Lumber.—There is considerable satisfaction in Canada over the increased value of lumber, which has enabled the export of considerable quantities of it to the United States, despite the 2 dollars import duty imposed by the Dingley Act. The Tory press of this country gloats over the matter as though a victory had been gained over American diplomacy, and in a manner quite offensive enough to invite retaliation in the shape of a higher Tariff. The Georgian Bay region of the industry is in a high condition of prosperity. All of the cut that was carried over from last season has been cleared out, and handsome prices were realized on it. The common lumber and coarse grades of the district, which were expected to be rendered unsalable by the 2 dollars American duty, have been sent across the line because prices rose 1 dol. 50 c. to 2 dollars better than last year's, a fact that would seem to justify the imposition of a higher import duty by the United States, unless the American owners of timber lands in Canada are more fairly and more equitably dealt with than at present in the matter of their own logs.

No duty, however, was involved on part of the lumber exported to the United States this season from the Georgian Bay district, as it was imported by American manufacturers to be made into boxes, doors, sashes, &c., which, in turn, were to be exported, and the exporter entitled, in consequence, to a refund of the duty paid on the imported material; but American dealers are dealing more extensively and more profitably than this in Canadian lumber. A good deal is shipped this season through Buffalo for the West Indies. The export traders of New York have also been building up of late a British branch of their business, so that Georgian Bay lumber going to Buffalo and New York finds its way to the United Kingdom.

The supporters of the Canadian export duty on American logs assert that this restriction has much to do with the present success of the lumber trade in the Georgian Bay district. They point to the fact that Michigan lumbermen, who cut logs last winter in Ontario limits, are having them manufactured in Georgian Bay mills, and that lumber dealers from Michigan have contracted for supplies from the Georgian Bay manufacturers. The Tory press is now engaged in calling the attention of the High Commissioners to its own statement that the present status is hurting the Americans far more than it is the Canadians. Instead of deducing from this contention that the Americans might reasonably be expected to increase the import duty on Canadian lumber, the Tory newspapers are employing it as a reason why the Canadian Commissioners should be still less inclined than before to come to any compromise short of free lumber for free logs, and why the American Commissioners should be less tenacious than hitherto of the import duty provision of the Dingley Act.

No. 18.

Colonial Office to Foreign Office.—(Received October 5.)

Sir,

Downing Street, October 4, 1899.

I AM directed by the Secretary of State for the Colonies to transmit to you, for the information of the Marquess of Salisbury, with reference to the letter from your Department of the 29th July, a copy of a despatch from the Governor-General of Canada on the subject of the suggestion made by Mr. John Charlton to Her Majesty's Chargé d'Affaires at Washington, that it would be advisable to obtain the suspension of the Ontario Lumber Act.

I am, &c.

(Signed) EDWARD WINGFIELD.