

conclusions of that note it was necessary for him to examine it and to confer officially with the Canadian delegate. He had thought it proper in consequence to postpone the official negotiations until a date which was to be ultimately fixed upon.

"Since that time there has been no meeting of the Commission; but both Governments have continued to communicate their views to each other, by the exchange of notes emanating from Messrs. Tirard and Hérissou on the one part "and from Sir Alexander Gault on the other part" (see in schedules A., B. and C. of the Minutes of Proceedings the text of the three notes, from Mr. Tirard, on the 20th of March, 1882; from Sir Alexander T. Galt, of the 30th of November, 1882; and from Mr. Hérissou, of the 1st of May, 1883), Mr. President asks whether the High Commissioner for Canada desires to offer a few remarks on the last of these notes.

"Sir Alexander Galt read in answer the following note, of which the original text in English is annexed to the present Minutes of Proceedings (see schedule B)---[Re-translation.]

"The High Commissioner from Canada has the honor to acknowledge receipt of the note of His Excellency, the Minister of Commerce, with regard to a commercial agreement to be concluded between France and Canada.

"He sees with regret that His Excellency has not found in the Canadian proposals sufficient reasons to grant to Canada the treatment of the most favored nations, and that he did not deem it possible neither to abolish the over-tax on goods in bond nor even to make it less injurious by consenting to a common subsidy to steamers for direct service between the two countries.

"The High Commissioner, following the instructions of his Government, is not in a position to extend or modify the proposals which he has already made in behalf of Canada; but he still entertains the hope that a more careful study may perhaps induce the Government of the Republic to think that the position of Canada, contrarily to that of France, compared to that which has been done to other nations, with whom treaties have been concluded, would perhaps ultimately justify the adoption of more liberal measures.

"For over twenty years, and particularly since 1873, Canada, even under the pressure of the general tariff, has not ceased to concede to France the treatment of the most favored nations nor to maintain her products on the same footing as those of Great Britain. Its tariff has been draughted not in view of the negotiation of treaties, but only in view of its own wants. It is therefore impossible to consider that a rebate of duties on the part of France (which has already been made in other cases) could justify a demand for a reduction of Canadian duties—a reduction which would result in diminishing the revenue, while it would at the same time prove detrimental to the interests and the National Policy of Canada—while, on the other hand, the duties in question do not impose any exceptional impediment on French trade.

"Canada, owing to the treaties of Great Britain, in which it is included, is now enjoying the benefit of the treatment of the most favored nations in Belgium, Germany and other European countries; and the Canadian Government is loath to believe that a different treatment should be held in store for them by the French Republic. They have made all their efforts for the last four years to remove the difficulties which impede their trade with France and other nations which have practically excluded the Canadian products from their markets. They deeply regret that their efforts have not met with success.

"The High Commissioner has been instructed by his Government to inform the French Government that it would seem impossible to resist for a long time to public opinion, according to which, in justice to the Mother Country and to the Powers who have admitted Canada to the treatment of the most favored nation, it will be necessary in a near future, to impose an overtax on the entrance of the produce of every country who refuses to grant such treatment to Canada, overtax which would naturally cease as soon as relations of reciprocal agreement would have been re-established.

"In view of this state of things, the Canadian Government have thought it their duty to forego their intention of reducing the 30 per cent. duty on French wines to 15 per cent., and to maintain the first of these two figures.

"The High Commissioner regrets to find that His Excellency the Minister of Commerce has not found in his proposal to establish a line of steamers, sufficient motives to adopt it. He does not see in the note of His Excellency any suggestion which might give hopes of obtaining the same results in another manner; and as it would be difficult for Canada to show more generosity than is shown by the offer of a subsidy to a thoroughly French line, and by accepting as an equivalent the legal bonus, which, in any case, such a line must receive from the Government of the Republic, the High Commissioner comes to the conclusion that His Excellency is no more of the opinion of the Canadian Government, that the line in question would be the means of improving, between the two countries, the relations which have always been a source of deep satisfaction for the Canadian people.

"Mr. President answers that he has no intention to discuss the considerations developed by Sir Alexander Galt. He cannot, however, dispense with making a few remarks, for it would seem to follow, from the note of the High Commissioner and especially from the allusion which it contains with respect to the emergency of an increase of Customs duties, that France has been very unliberal towards Canada. Now, such is not the position.

"On the question of the Customs tariff, it will be sufficient to refer to the note from Mr. Tirard of the 20th of March, 1882. This note compares the high duties which are imposed in Canada on French manufactures, with the free list system or the light duties which are, as far as Canadian products are concerned, the result of the application of the French general tariff. As to the overtax on goods in bond, it constitutes one of

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the basis of French Customs legislation, and the favor asked for by Canada has had to be constantly refused to all powers with which France has been dealing recently.

"Lastly, as concerns the establishment of direct maritime relations, the Government of the Republic would highly appreciate it, contrary to what the High Commissioner from Canada seems to have supposed; but it is in opposition with the principles adopted in France to subsidise any private undertaking except when charged with a public service, such as the carrying of mails. 'His Excellency, Lord Lyons, expresses in his own name and on behalf of the High Commissioner for Canada, the opinion that a new discussion on these various questions would now be devoid of expediency.'

"Mr. President answers that it is also his opinion.

"The representatives of the Government of the Republic regret that it should be impossible to arrive, immediately, at the conclusion of a commercial treaty between the two countries, but they at least retain the desire and hope of such a treaty being ultimately concluded. Besides, they will remember, with the greatest of pleasure, the excellent relations which they have been happy to entertain with the High Commissioner for Canada.

"His Excellency, Lord Lyons, in behalf of Sir Alexander Galt and on his own behalf, thanks the Minister of Foreign Affairs for the sentiments which he has expressed, and for the kind reception with which the representative of Canada has been received by that gentleman and by the French Commissioners. He heartily and sincerely wishes, besides, that a new conference may ultimately succeed to conclude the agreement which is considered to-day as unpracticable.

"The meeting is adjourned at a quarter past two.

(Signed),	J. CHALLEMEL-LACOUR,	(Signed),	LYONS.
	C. H. HÉRISSEAU,		A. GALT.
	AMBAUD,		
	E. MARIE,		
	OLAVERY,		
	RAMOND,		
	The Secretary, (Signed),	RENÉ LAVALLÉE."	

The next day, 11th of May, the French Government, through the agency of Mr. Hérissou, draughted the official note closing the parleys, in the following terms:

"PARIS, May 11th, 1883.

"As had been agreed in the Conference of the 15th of March, 1884, Mr. Tirard, then Minister of Commerce, has conferred with Sir Alexander Galt, High Commissioner of the Dominion, with regard to the proposals of the Canadian Government concerning a certain proposed commercial agreement with France, and has remitted to him officially a note which Sir Alexander Galt has submitted to his Government.

"It appears from this memorandum that the reductions on silks, woollen and other articles, which were asked for by Mr. Tirard, cannot be granted by Canada; which country, therefore, gives up, on its part, the reductions which it claimed on the duties applicable in France to curried and tanned leather, to plain and fine cutlery, and to cows and oxen.

"Consequently, the Canadian Government are simply offering to-day, an immediate reduction of the 30 per cent. duty on wines, to 15 per cent. of the value, and the total abolition of that duty immediately after the conclusion of the proposed treaty.

"They demand in exchange the treatment of the most favored nation, the exemption from the overtax on goods in bonds, in favor of Canadian goods imported in France indirectly; and, besides, the establishment of a line of steamers between France and Canada, which line of steamers would be subsidized by both countries.

"The Canadian Parliament has already voted to this effect, a subsidy of £10,000 sterling (250,000 francs).

"According to the desiderates of the Dominion Government, France should grant an equal amount of subsidy to that line, from which amount the bonuses granted to French vessels, would be deducted, on condition that the amount of the French subsidy would be brought back to the figure of the Canadian subsidy, in case that the aforesaid bonuses would be reduced or abolished.

"Thus, in exchange for the conventional tariff granted to nations with which France has established treaties, and which involves reductions of duties on a considerable number of our French conventional tariff, they also comprise the exemption of the overtax on goods in bond. Now, this overtax, whose only purpose is to favor the direct importation of goods of extra-European origin, has no discriminating character whatever. It is levied indiscriminately on Canadian products, and the similar products from the United States, or from any other country outside of Europe, coming into France in bond through another country, so that its effects are mostly felt in the country through which they pass, but that it is rather beneficial than injurious to the shipping trade of the country; and, so far as it goes, to the establishment of direct commercial relations between France and Canada.

"The French Government have never consented to inscribe in any of the treaties which they have concluded until now, the exemption of this overtax. This rule, which has never been laid aside, precludes the possibility of making any concession on this point.

"As regards the establishment of a regular service of steamers between Canada and France, Mr. Tirard has recognised its usefulness in a letter addressed to Sir Alexander Galt, on the 20th of March, 1882. On this point, Mr. Hérissou holds exactly the same views as his predecessor. Nevertheless, it does not seem to him that that line may become the subject of a conventional stipulation. Moreover, the French Government have never granted any subsidy to steam navigation companies.