

No. 2.

Office of the High Commissioner for Canada, 17, Victoria Street,
5th May, 1899.

SIR,—

We beg to acknowledge the receipt of Mr. Cox's letter of the 1st instant, in reply to the joint communication addressed to you on the 26th ultimo, respecting the proposed increase in the duties on wines imported into the United Kingdom, which we consider will have a very injurious effect on the wine industry in the colonies.

Mr. Cox states that you are fully alive to the considerations we ventured to submit on behalf of the Governments we represent, and that you have the fullest sympathy with any effort for the furtherance of colonial industries, and for the expansion of commercial intercourse between the colonies and the Mother-country.

It is scarcely necessary to observe that these statements have given us the liveliest satisfaction, and have stimulated the hope we entertain that we may rely upon your valuable support in securing favourable consideration for the request we placed before Her Majesty's Government—that colonial wines might not be burdened with the additional duties.

Your general expression of opinion, we observe, however, is qualified by certain statements which, we desire respectfully to submit, are, in our judgment, open to argument. For instance, we cannot admit that the colonial wine industry has grown rapidly on the basis of equal duties. The industry has been in existence for many years, and has not progressed as rapidly as might have been expected, in consequence of the disadvantages under which it has laboured in competition with cheap foreign wines—among others, the equal duties you refer to. And just at a time when further expansion seemed possible, owing to the wines having become popular, and to the extension of the vineyards of Australasia and South Africa, the whole trade is likely to be jeopardized by further duties being imposed which, like the old duties, will weigh more heavily upon colonial than upon foreign wines, for the reasons stated in our previous letter, and at our interview with your colleague, the Chancellor of the Exchequer.

We would point out that no question of economics or fiscal policy appears to be involved, for the reason that wine, similar to that upon which the duties are levied, is not made in the United Kingdom. It may be, as you state, that the colonies principally affected levy a higher duty on wine than the increased duty now proposed in the United Kingdom, but we desire to urge that the wines in question come from foreign countries, and not from the United Kingdom, which is in no sense prejudiced, and that there is no parallel between the two cases.

You conclude by the remark that the colonies principally affected, by means of highly protective tariffs, discourage the consumption of British goods. In this connection it is only necessary to state that, while the total imports of the Australasian Colonies in 1896 were valued at about £63,000,000, no less than £56,000,000 came from the United Kingdom and British possessions—£25,000,000 from the former, and £31,000,000 from the latter—and only about £7,000,000 from foreign countries. The total imports into the Cape were £18,000,000, the proportion from the United Kingdom (£13,000,000) and from British possessions (£811,000) amounting to nearly £14,000,000. (Colonial Office List, 1898.) These figures indicate no discouragement to the importation and consumption of British goods, and we venture to think that, considering the population of the outlying parts of the Empire, there are no other communities in the world which can compare with them as markets for the manufactures of the United Kingdom.

In our former letter we referred to the favourable feeling that has been shown in Canada in the direction of encouraging importations from the Mother-country, and to the fact that the same sentiment is a matter of policy with three of the Australasian Governments. In addition, you now have before you the telegram from the Premier of New South Wales, on behalf of the Australasian Governments, in which he recalls to your recollection the favourable dispositions of the colonial Premiers towards making differences in favour of British goods in future, and to the feelings now prevailing, which, under federation, would, it is hoped, bear practical proof in that part of the world.

In conclusion, we again venture most earnestly to commend the matter to the consideration of Her Majesty's Government, in the hope that they will not discourage the development of an industry which, though relatively small at the present time, is capable of great expansion under favourable conditions in the future, and, as already stated, now gives employment to considerable capital and labour. Such a decision, as we have already mentioned, would, we feel sure, give much satisfaction at Home and in the colonies, and be calculated to encourage and stimulate the sentiment which we believe now prevails universally among Her Majesty's subjects in favour of closer bonds of union between the different parts of the Empire.

We are, &c.,

STRATHCONA, High Commissioner for Canada.
JULIAN SALOMONS, Agent-General for New South Wales.
D. TENNANT, Agent-General for the Cape of Good Hope.
ANDREW CLARKE, Agent-General for Victoria.
J. A. COCKBURN, Agent-General for South Australia.
W. P. REEVES, Agent-General for New Zealand.
WALTER PEACE, Agent-General for Natal.
E. H. WITTENOOM, Agent-General for Western Australia.
HORACE TOZER, Agent-General for Queensland.
P. FYSH, Agent-General for Tasmania.

The Right Hon. Joseph Chamberlain, M.P., Secretary of State for the Colonies.