

41. In regard to the first of the foregoing propositions I may observe that, as will be gathered from what has been said above, the question of admitting colonial produce into the United Kingdom on more favourable terms than the produce of foreign countries, is a question which Her Majesty's Government are not at present prepared to take into consideration; and if, at any future time, it were to come into practical discussion, it could be approached with equal freedom whether the treaties with Belgium and the Zollverein were in force or not.

42. As regards the second proposition, the opinion formed by Her Majesty's Government as to the interpretation of Article XV. of the Treaty with Belgium is in conformity with an opinion expressed by the Law Officers of the Crown, to the effect that the words "Similar articles of British origin," or in the French text "produits similaires originaires de la Grande Bretagne," relate to the produce of the United Kingdom alone.

43. It must, however, be recollected that in the construction of any treaty the interpretation of one of the parties alone does not necessarily prevail.

44. In regard to the third proposition, it seems clear that under the terms of Article XV. of the Belgian Treaty, and of Article VII. in the Treaty with the Zollverein, the British Colonies cannot grant to the produce of the United Kingdom any preferential treatment as to customs duties without such treatment being also extended to Belgium and Germany, and through them to other countries which have ordinary most-favoured-nation clauses with Great Britain.

In these circumstances the question arises whether it is desirable—

- (a.) To endeavour to obtain the abrogation of Article XV. of the Belgian Treaty and of Article VII. of the Zollverein Treaty separately, without the denunciation of the entire treaties; or
- (b.) Failing the abrogation of these particular clauses alone, to denounce the treaties themselves, which can be done by giving twelve months' notice.

45. In regard to the separate denunciation of these articles, it may be stated that both the Belgian and German Governments have been asked whether they would consent to the abrogation of these particular clauses without the rest of the treaties being terminated, and the reply in both cases was to the effect that the clauses could not be denounced apart from the rest of the Treaty.

46. Her Majesty's Government have no treaty right to demand the abrogation of these articles separately, and in view of these replies, there would evidently be no use in further approaching either Government in this direction; and the only method of getting rid of these clauses would be the denunciation of the treaties themselves.

47. Such denunciation would be a step of the greatest gravity, and whilst Her Majesty's Government are fully alive to the desirability of removing any treaty stipulations which may hamper the action of the Colonies in regard to trade relations, they consider that the advantages to be derived from such a step should be very clearly shown to outweigh the disadvantages before it could properly be resorted to.

48. It has been shown above that the United Kingdom could, if it were at any time judged proper, grant preferential terms to colonial produce