

9. These considerations are: the strict observance of existing international obligations, and the preservation of the unity of the Empire. The question, then, to be dealt with is how far these considerations necessarily limit the scope and application of any commercial arrangement dealing with the trade between one of Her Majesty's Colonies and a foreign power, both in respect of the concessions which may be offered by the Colony and the concessions which it seeks in return,

10. It is obvious that a colony could not offer a foreign power tariff concessions which were not at the same time to be extended to all other powers entitled by treaty to most-favoured-nation treatment in the colony. In the Constitution Acts of some colonies such course is specifically prohibited, but, even where that is not the case, it is obvious that Her Majesty could not properly enter into any engagements with a foreign power inconsistent with Her obligations to other powers, and before any Convention or Treaty can be ratified, therefore, Her Majesty's Government must be satisfied that it fulfils this condition, and also that any legislation for giving effect to it makes full provision for enabling Her Majesty to fulfil Her obligations, both to the power immediately concerned, and to any other powers whose rights under treaty may be affected. To do otherwise would be a breach of public faith to which Her Majesty's Government could not lend themselves in any way.

Further, Her Majesty's Government regard it as essential that any tariff concessions proposed to be conceded by a colony to a foreign power should be extended to this country and to the rest of Her Majesty's Dominions.

As I have already pointed out, there are but few nations with which Her Majesty's Government have not treaties containing most-favoured-nation clauses, and to most of these treaties all or some of the Responsible Government Colonies have adhered. Any tariff advantages granted by a colony, therefore, to a foreign power would have to be extended to all powers entitled by treaty to most-favoured-nation treatment in the colony, and Her Majesty's Government presume that no colony would wish to afford to, practically, all foreign nations better treatment than it accorded to the rest of the Empire of which it forms a part.

11. This point has already arisen in connection with negotiations on behalf of colonies with foreign states. When informal discussions with a view to a commercial arrangement between the United States of America and Canada took place in 1892, the delegates of the Dominion Government refused the demand of the United States that Canada should discriminate against the produce and manufactures of the United Kingdom, and the negotiations were broken off on this point. Similarly, when Newfoundland, in 1890, had made preliminary arrangements for a Convention with the United States under which preferential treatment might have been accorded to that power, Her Majesty's Government acknowledged the force of the protest made by Canada, and when the Newfoundland Government proposed to pass legislation to grant the concessions stipulated for by the United States, my predecessor, in a despatch dated the 26th of March, 1892, informed the Dominion Government that they might rest assured "that Her Majesty will not be advised to assent to any legislation discriminating directly against the products of the Dominion."