

3. Your Ministers will observe that the treaties with Bolivia, Colombia, Costa Rica, Mexico, Norway, and Peru have not been made the subject of despatches in this connection. A new treaty is now being negotiated with Bolivia, which contains the clause now customary providing for the separate accession and withdrawal of dominions and colonies. Separate negotiations are in progress with Colombia, with the object of giving effect to the Conference resolution in the case of that country. Action on the treaties with Norway, Costa Rica, and Peru has been suspended for the moment pending further consideration of certain points of difficulty in regard to them. As regards the treaty with Mexico, I have to refer to my despatch (No. 305) of the 1st September, from which it will be seen that the Mexican Government have agreed to the Commonwealth of Australia withdrawing from the treaty. Correspondence as to the withdrawal of the other dominions, if they desire, is proceeding. The treaty with Muskat (19th March, 1891) has not been included in the list, as it is doubtful how far it is affected by the Conference resolution, and as there is in any case a prospect of its early termination.

4. It will be seen also that the list of treaties does not include the Austro-Hungarian treaty of navigation (30th April, 1868). It will be remembered that the resolution of the Conference referred in terms only to commercial treaties, the primary purpose of the dominions being, as His Majesty's Government understand, to secure in respect of the old treaties the same liberty of action in regard to Customs arrangements which they possess under modern treaties owing to the operation of the clause providing for their separate accession and withdrawal, the effect of such withdrawal being to enable a dominion to strike foreign goods with any duties which it sees fit to impose, subject, of course, to the same liberty on the part of foreign countries.

5. The despatches, of which copies are enclosed, accordingly contain no reference to navigation, which is not mentioned in the Conference resolution, and which raises questions of much difficulty. At the desire of the Government of the Commonwealth of Australia the Government of Austria-Hungary was asked to allow the Commonwealth to withdraw from the navigation treaty of 1868, but that Government inquired, in reply, whether the object was to prepare the way for the preferential treatment of British vessels as against those of other nations. To this inquiry the Commonwealth Government has not, as Sir E. Grey pointed out at the Conference (p. 337, Cd. 5745), replied, while the Italian Government, when approached in a similar manner, declined to permit withdrawal. So long as the Italian Government persist in this attitude, it would appear that the liberation of the Commonwealth (or the other dominions) from the Austrian treaty would be of little value, as, indeed, the Premier of the Commonwealth expressly said at the Conference (p. 339). Further, if the reply of the Commonwealth to the Austrian inquiry is to be in the affirmative, the policy is one which, in view of the danger of retaliation to British shipping, would require most serious consideration. In this connection I may with advantage again refer to the proceedings of the Imperial Conference, 1911 (pages 135, 137, 144). In view of the above considerations, His Majesty's Government have thought it proper to deal with the question on the commercial side only, and to make no reference to the Austro-Hungarian navigation treaty of 1868.

6. I have to add that a despatch in identical terms is being addressed to all the Governments represented at the Conference.

I have, &c.,

L. HARCOURT.

Governor the Right Hon. Lord Islington, K.C.M.G., D.S.O., &c.

### Enclosures.

#### XIX. COMMERCIAL TREATIES.

THAT His Majesty's Government be requested to open negotiations with the several foreign Governments having commercial treaties which apply to the overseas dominions, with a view to securing liberty for any of those dominions which may so desire to withdraw from the operations of the treaty without impairing the treaty in respect of the rest of the Empire.