

Only when the European Recovery Programme has done its work may we look forward to a stage when the nations of the world, co-operating within the framework of the International Trade Organization, can achieve a full measure of productivity and international exchange of commodities which is essential to a general improvement in standards of living and the attainment of lasting peace.

#### **Long-term Contracts**

The Dairy Products Marketing Commission, continuing the war-time policy of the Government, has recently entered into a new contract, covering seven years' dairy exports, with the United Kingdom Ministry of Food, and a contract for the same period has been arranged between the two Governments with respect to meat. The price fixed for the first year for butter is 235s. sterling per hundred-weight and the price for cheese is 133s. sterling per hundredweight, representing in both cases an increase of approximately 15 per cent. over the previous season's prices. The meat prices for 1948-49 have been advanced by 18 per cent. over the prices in the 1947-48 season.

The contracts provide for the sale to the United Kingdom of our export surplus subject to availability of quantities which may be required to maintain New Zealand's connections with other markets.

The prices to be paid under both dairy and meat contracts are subject to annual negotiation, but a limit of 7½ per cent. is set on the price movement up or down in any one year.

I have already stressed the vital interest New Zealand has in assisting in every possible way the economic recovery of the United Kingdom. The long-term contracts recently concluded will make a substantial contribution to this end, for they guarantee to the United Kingdom the supply of a substantial proportion of her requirements of imported foodstuffs. Furthermore, the long-term market and stability of price which the new contracts provide are specifically designed to give confidence to our farmers in taking steps to expand production. An undertaking to the United Kingdom Government has been given to endeavour to increase production and in particular, in the case of meat, to aim at a target of 50,000 tons additional production by 1955. Such expanded exports will not only aid Britain by adding to the food-supply of her people, but also will increase New Zealand's export receipts (and thus our ability to import) and afford obvious benefits to individual farmers and to the community generally. At the same time the United Kingdom Government has indicated its intention of doing everything possible to supply New Zealand with adequate quantities of commodities essential to our economy, and particularly to facilitate measures to ensure availability of tractors, fencing-wire, and other equipment to our farming industry.