

Compared with 1948-49 the most significant changes in 1949-50 (in terms of New Zealand currency) occurred in three items—receipts from exports and payments for imports, which increased by £10·8 millions and £13·8 millions respectively, and “Government payments,” which declined by £4·5 millions.

The increase in export receipts was due largely to a favourable export season for all major exports, particularly wool.

The fact that a surplus of only £541,000 was obtained after an export season which yielded record receipts emphasizes the need for continuation of some form of exchange and import control. At the present time overseas funds are relatively large, but they normally fluctuate considerably for seasonal reasons, being highest in May or June, and lowest in November or December. This fact must be taken into account in considering the adequacy of the overseas funds relative to future requirements.

The table set out below analyses New Zealand's recorded balance of exchange transactions with various countries during the year:—

BALANCE OF TRANSACTIONS ANALYSED BY COUNTRIES, YEAR ENDED 31ST MARCH, 1950
(£000)

	Receipts.	Payments.	Balance.
United Kingdom	129,013	115,891	+13,122
Australia	5,905	26,434	--20,529
Other sterling area	3,202	7,038	-- 3,836
United States of America	10,313	17,699	-- 7,386
Other American account	165	29	+ 136
Canada	2,752	4,650	-- 1,898
Belgian monetary area	2,038	416	+ 1,622
Switzerland	253	337	-- 84
France	7,062	255	+ 6,807
French monetary area	169	4	+ 165
Netherlands	3,406	213	+ 3,193
Netherlands monetary area	135	214	-- 79
Sweden	419	605	-- 186
Italy	1,337	149	+ 1,188
Denmark	628	38	+ 590
Norway	202	283	-- 81
Japan	1,006	255	+ 751
China	4	186	-- 182
All other countries	7,632	404	+ 7,228
Total	175,641	175,100	+ 541

This table reveals the pattern of New Zealand's overseas trade and payments. The surpluses with the European countries arise mainly from the sale of wool. These surpluses, together with that with the United Kingdom, were sufficient in 1949-50 to cover the deficits with hard-currency areas and Australia. The large deficit with Australia is the result not only of Australia's small need for our exports, being herself a primary producing country, but is due also to the fact that she is in a position to supply New Zealand with materials and other goods not so readily available from other sources.

The deficit in payments with the United States of America and Canada for the financial year 1949-50 was \$(U.S.)39 millions. Comparable figures for the three calendar years 1947 to 1949 are as shown in the following table.