

## SUGAR-SUPPLIES.

## MOVEMENTS OF WHOLESALE PRICES.

The Department's early arrangements in connection with sugar were outlined in previous annual reports; and the whole period of Government control, extending more or less over the past six years, has been recently reviewed in a special report which has been widely circulated. Although this section of the annual report will be confined mainly to a consideration of operations during the past two years, it is of interest to note the upward movement of the wholesale prices of 1A sugar prior to the contract for the 1920-21 season.

					Wholesale Price per Ton.		
					£	s.	d.
Year ended 30th June, 1917	..	..	..	..	..	21	0 0
Year ended 30th June, 1918	..	..	..	..	..	22	0 0
Year ended 30th June, 1919	..	..	..	..	..	22	10 0
Year ended 30th June, 1920	..	..	..	..	..	23	15 0

During these periods the Colonial Sugar-refining Company, Fiji and New Zealand (Limited), undertook to supply all the requirements of New Zealand home consumption of sugar, subject to the condition that nothing happened to prevent the manufacture of the sugar or its transport to the Auckland refinery.

## ARRANGEMENTS FOR 1920-21 SUPPLIES.

Early in 1920 negotiations began for a new agreement, but the sugar company represented that the heavy increases in the cost of production of the raw sugar made it impossible for the company to enter into anything like the old arrangements. The company, however, stated its willingness to sell the whole of the estimated output of the Fijian mills—subject to a small reservation—at £35 10s. per ton f.o.b. Fiji for 94 net titre sugar. At the time these negotiations were in train quotations for Javan raw ranged up to £80 per ton. The Colonial Sugar-refining Company had sold, and could sell freely, at £47 per ton c.i.f.—the equivalent of £42 f.o.b.

Careful inquiries were instituted as to the prices of available supplies of Javan, Mauritius, and Cuban sugars; but not only were the prices prohibitive, but regular freights at reasonable intervals could not be arranged, nor could adequate supplies for the Dominion be guaranteed. On the 5th May, 1920, Mozambique sugar (browns) for shipment August-September was quoted at £96 c.i.f., and Cuban sugars for shipment January-February, 1921, at £96, and Javan whites for shipment June-July, 1921, £66.

## PRICE FLUCTUATIONS.

Negotiations were continued by the Right Hon. the Prime Minister (then President of the Board of Trade) with the sugar company, the result being a definite contract drawn up by the Solicitor-General. Under this the Government contracted with the Colonial Sugar-refining Company for 65,000 tons of raw sugar at £35 10s. f.o.b. Fiji, that quantity being the estimated requirements of New Zealand for one year.

While the New Zealand Government was negotiating with the company the British Government bought 50,000 tons of Javan raw sugar at £53 12s. 6d. f.o.b. Java for delivery between July and September; and a month or two prior to this time an important manufacturer in New Zealand was obliged to obtain Javan sugar (whites) to fulfil his requirements, and for a parcel of 300 tons paid £62 f.o.b.; the landed cost was £67 per ton. For later deliveries in March and April £92 per ton was quoted. Forward quotations for Javan prior to this date ranged from £115 to £120 per ton.

## MAIN PROVISIONS OF EXISTING AGREEMENT.

It should be emphasized that this agreement for the year ended 30th June, 1921, was an entirely new departure as far as New Zealand was concerned. The former arrangements consisted of an undertaking on behalf of the company to supply New Zealand's normal requirements at a fixed price for refined sugar; but under the agreement just expired the New Zealand Government contracted to buy raw sugar f.o.b. Fiji, pay transport charges to Chelsea and the actual cost of refining, and to distribute the resulting refined sugar and by-products through the agency of the company to the consumer. The main provisions of the agreement are given in the following synopsis:—

“The company agrees to sell a maximum of 65,000 tons of raw sugar, the estimated requirements of New Zealand for a year; the price shall be at the rate of £35 per ton of 94 net titre sugar, f.o.b. Fiji, including the present export duty of 10s. [afterwards increased to £1] per ton; freight, at the rate of £1 7s. 6d. per ton, will be paid by the New Zealand Government. The raw sugar will be paid for in accordance with the landing weights and the analysis at the company's refinery at Auckland. If the analysis shows that the sugar is above or below the 94 titre standard the price will be adjusted accordingly. The cost of receiving and weighing the raw sugar, primage, wharfage, and other charges which may be imposed by the Government or any public authority will be borne by the Government. The company, on behalf of the Government, will refine the raw sugar at Auckland ‘in accordance with the now established practice of the company, and with all due care and skill.’ This means that the charge to the Government for this process will be the actual