

It is to be regretted that this important industry, which affords employment for a very considerable number of workers, is still relatively in a state of depression, and improvement of the position in this matter will be of wide importance to the Dominion as a whole.

The Government has recently decided that there is no longer any necessity for the maintenance of the restrictions on the export of timber which were introduced at the end of the war period to preserve for local consumption the supplies then available. A relatively acute shortage of timber-supplies in 1919 and 1920 brought about a general acceptance of export restrictions, which were not, however, by any means so stringent as has sometimes been suggested. The restrictions were of little more than a nominal character so far as certain timbers were concerned, and particularly in the case of white-pine timber no real restriction was ever in operation. In regard to that species the only limitation imposed was for the purpose of assuring that local requirements for butter-boxes, cheese-crates, and fruit-cases should first be met before export orders were executed, and in actual practice the export demand appears to have been fully supplied. So far as rimu is concerned, while export permits were not generally available to mills which had not done an export trade in years prior to 1918, the quota allowed for export and divided among the recognized export mills was never fully availed of. The main difficulty in regard to the export trade has no doubt been involved not in the export restrictions, but in the falling-off in the demand for our main building-timbers in our chief export market, Australia. The factors which have caused increased competition in our home market from imported supplies have undoubtedly given rise to greater competition in our market in the Commonwealth.

In the course of the general revision of the Customs tariff last year, increases were made in the scales of duty levied upon building-timbers which come into competition with the local production. The Department has recently endeavoured to ascertain the extent to which these increased duties might be held to have been of assistance to the New Zealand industry, but for various reasons it has been found extremely difficult, if not impossible, to assess the measure of such assistance.

The facts show that in some instances selling-prices of imported timbers have not been increased since the duties were advanced, and that the increased revenue per 100 ft. has not been secured at the expense of users. So far as that condition of affairs has existed, the competitive position has not really changed, and local timbers still have difficulty in securing a full demand. In other cases prices of imported lines have been advanced—not always by the amount of the increased duty—and the opportunity for the sale of local woods has improved accordingly. It is evident, however, that for some purposes price is not by any means the sole determining factor, and buyers in some instances are prepared to pay higher prices for imported timbers by reason of such alleged advantages as ease in handling, better “working” conditions, and superior natural characteristics. There are, however, very definite cases in which the duties have appreciably and effectively turned business from overseas to local channels.

The real and main difficulty in the trade appears still to be in the fact that the general demand for building-timber, particularly for dwelling-houses, is by no means so strong as it was a few years ago, and as yet no appreciable improvement in the demand is noticeable. While there has been recently some slight reduction in the importations of timber, the local-production figures also indicate a decline, and a position of reasonable productive and trading stability has apparently not yet been reached. With the general improvement in the financial and trading conditions in the Dominion a tendency towards improved conditions in the timber industry may well be looked for. No very decided improvement is likely to find its rise from any such factors as improved export demand or the influence of import duties.

WHEAT AND WHEAT PRODUCTS.

During the past year the Department has not been directly engaged or concerned in the trade in these products, importations being left entirely to ordinary commercial enterprise, with no general restriction on imports other than the duties imposed by the tariff and with no admission of either wheat or its products under duty-free permits.

With the withdrawal of all State action in the matter of import-restriction or suspension of duty, and with the fall in overseas values which took place at the end of 1926, the extent of the protection afforded by the tariff came prominently under consideration during the early part of last year.

The Government was urged to impose a dumping duty against Australian flour, which, it was contended, was sold for export at prices below the home-consumption value. After inquiry it was decided that, under certain conditions, dumping duty should be collected. It was recognized, however, that in conjunction with the general revision of the tariff some effort should be made to readjust the duties on wheat and flour in a manner likely to achieve a position which would not necessitate further Government intervention from year to year.

The primary object of wheat-control and of the various courses of action taken in past years has been to secure a reasonably satisfactory production of wheat and flour within the Dominion and to afford producers a satisfactory return. Under the system of full Government control adopted during the war and immediate post-war years, wheat-growers were guaranteed a minimum price for their product and as a consequence the prices of flour and bread were fixed at appropriate figures. When control was eliminated prices again became subject to the influence of outside-market levels, the duties on importations into the Dominion being, of course, a qualifying factor. These duties had always been levied upon a specific basis, or, in other words, at a definite rate per unit of weight, and quite without reference to value. These specific duties on wheat and flour were found in actual practice to bear an unsatisfactory relation to one another, the duty on wheat being too high relatively to the duty on its chief product, flour. When outside values ruled at comparatively high figures the specific duties provided by the tariff of 1921 were fully adequate to protect the wheat-growing industry, and