

1930.
NEW ZEALAND.

CANADA AND NEW ZEALAND TRADE RELATIONS.

STATEMENT BY THE HON. G. W. FORBES, PRIME MINISTER.

Laid on the Table of the House of Representatives by Leave.

As honourable members are aware, the Government has for some time been in communication with the Government of Canada concerning the trade relations between the two countries.

It will be remembered that in 1925 a trade agreement was made between Australia and Canada under which certain reductions in duty were made on Commonwealth products entering Canada. On the 1st October, 1925, the benefits of this agreement were extended to New Zealand goods. The principal reductions in duty were as follows:—

Goods, being produce of New Zealand.	Rate of Duty on Importation into Canada.	
	Agreement Rate.	British Preferential Tariff Rate (in force prior to the 1st October, 1925).
Meats (fresh)	½ cent per pound.	2 cents per pound.
Cheese	Free.	2 cents per pound.
Butter	1 cent per pound.	3 cents per pound.

The following figures of trade between Canada and New Zealand for the years 1923 to 1929 will show the effect of the alterations on the export trade of New Zealand to Canada:—

Calendar Year.	Imports into New Zealand from Canada.	Exports of New Zealand Produce to Canada.	Difference in Favour of Canada.
	£	£	£
1923	2,950,984	656,299	2,294,685
1924	3,914,404	705,324	3,209,080
1925	3,916,237	413,536	3,502,701
1926	3,431,533	850,362	2,581,171
1927	2,739,826	1,652,067	1,087,759
1928	3,258,828	2,455,337	803,491
1929	4,792,820	3,342,299	1,450,521

It will be noticed, however, that notwithstanding the increase in the exports from this Dominion to Canada the balance of trade was still considerably against New Zealand.

The following are the exports of butter, cheese, and fresh meats from New Zealand to Canada during the year 1924 and the years 1926-29 :—

Year.			Butter.	Cheese.	Meats (Fresh).
			£	£	£
1924	..	..	340,582	19,322	3,022
1926	..	..	230,562	..	1,129
1927	..	..	899,727	4,495	8,948
1928	..	..	1,565,646	10,465	53,440
1929	..	..	2,707,669	13,606	36,197

It will be apparent that during 1929 butter formed over 80 per cent. of our total exports to Canada. As a matter of fact, butter sent to that Dominion formed about 20 per cent. of the total exports of that commodity from New Zealand.

Ever since New Zealand, in 1903, adopted the system of preferential tariffs the benefits of the lower duties have always been extended to Canadian products. It is estimated that the concessions in duty granted by New Zealand to Canada are much greater than those made by Canada on New Zealand products even with the lower rates provided for in the Australian agreement.

In April last the then Canadian Government suggested that discussions should take place between the two countries with a view to the negotiation of a direct trade agreement. At the same time they informed us that after the expiry of six months the benefits of the Australian agreement could not be granted to our products, but that they were willing to extend the British Preferential Tariff rates to New Zealand goods in return for the continued grant of the British Preferential Tariff rates in force in New Zealand to Canadian goods.

Shortly after this (in May, 1930) the Canadian Parliament passed an Act increasing the British Preferential Tariff rate on butter to a minimum of 4 cents per pound, which latter was the rate under the General Tariff in April last. At the same time countervailing duties were imposed on butter, fresh meats, eggs, oats, and potatoes. The effect of these countervailing duties is that if the New Zealand rate on the Canadian goods concerned is higher than that in force in Canada on New Zealand goods the higher rate can be charged on our products if imported into Canada.

Since April last we have been in communication with the Government of Canada with a view to the maintenance of the duty of 1 cent per pound on New Zealand butter until a direct trade agreement could be made and implemented by legislation here.

The negotiations have been delayed owing to the Canadian general elections, which took place towards the end of last month.

The new Canadian Administration has now informed the Government, in effect, that they cannot extend the Australian agreement rates to New Zealand products beyond October, but that they are willing to enter into negotiations for a direct trade agreement.

The Government is, as a general rule, averse to a policy of tariff retaliation, especially with respect to a sister Dominion, but it is felt that the matter is of such moment to New Zealand, and especially to the dairy industry, that some action must be taken. It has therefore been decided that Canadian motor-vehicles and accessories are to be placed on the General Tariff in force in April last. An Order in Council bringing the new duties into force will be gazetted to-day.

It is not proposed to apply the increased rates to goods already exported from Canada, as it is felt that action should be taken so as to inflict as little hardship and inconvenience as possible on our own importers.

The Government is quite willing, pending the completion of a direct trade agreement, to replace Canadian motor-vehicles on the British Preferential Tariff, provided that the Canadian Government will similarly continue to grant to our products the rates fixed by the Australian-Canadian agreement.

As I have already informed the House, I propose to discuss this matter with the Government of Canada when passing through that Dominion on my way to the Imperial Conference.

House of Representatives,
21st August, 1930.

Approximate Cost of Paper.—Preparation, not given; printing (400 copies), £2 5s.

By Authority: W. A. G. SKINNER, Government Printer, Wellington.—1930.

Price 3d.]