

1938.
NEW ZEALAND.

DEPARTMENT OF INDUSTRIES AND COMMERCE

(TWENTY-FIRST ANNUAL REPORT OF THE).

Presented to both Houses of the General Assembly by Command of His Excellency.

YOUR EXCELLENCY,—

Wellington, 25th July, 1938.

I have the honour to submit for your Excellency's information the report of the Department of Industries and Commerce for the past year.

I have, &c.,

D. G. SULLIVAN,

Minister of Industries and Commerce.

His Excellency the Governor-General of the Dominion of New Zealand.

SIR,—

Wellington, 13th July, 1938.

I have the honour to submit the annual report of the Department of Industries and Commerce. This report deals with the work of the Department since the previous report was placed before Parliament, and covers generally the period ended 31st March, 1938. In certain instances, however, matters subsequent to that date are also referred to.

I have, &c.,

L. J. SCHMITT, Secretary.

To Hon. D. G. Sullivan, Minister of Industries and Commerce.

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GENERAL TRADE REVIEW.

FOLLOWING the usual custom, the overseas trade of New Zealand for the calendar year 1937 is briefly reviewed.

The year ended 31st December, 1937, marks a record so far as the total external trade of the Dominion is concerned, imports and exports aggregating £122,874,074, compared with £100,886,266 in 1936. Exports were valued at £66,713,379, as against £56,751,940 in 1936, an increase of £9,961,439; whilst imports in 1937 were £56,160,695, as against £44,134,326 in 1936, an increase of £12,026,369. Exports are the highest ever recorded, whilst imports have been exceeded on only one occasion—in 1920.

The foregoing figures are exclusive of specie, exports of which during 1937 amounted to £3,500, as compared with £45,245 in 1936. Specie imports during these two years were £318,508 and £36,601 respectively. Specie is given at its face value.

Table I.—External Trade (excluding Specie).

Year ended 31st December,	Exports.	Imports.	Total External Trade.	Excess of Exports over Imports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1928	55,570,381	44,844,102	100,414,483	10,726,279
1929	54,930,063	48,734,472	103,664,535	6,195,591
1930	44,940,517	44,339,654	89,280,171	600,863
1931	34,950,698	26,498,151	61,448,849	8,452,547
1932	35,609,919	24,646,006	60,255,925	10,963,913
1933	41,005,919	25,581,366	66,587,285	15,424,553
1934	47,342,847	31,339,552	78,682,399	16,003,295
1935	46,538,678	36,287,544	82,826,222	10,251,134
1936	56,751,940	44,134,326	100,886,266	12,617,614
1937	66,713,379	56,160,695	122,874,074	10,552,684

EXPORTS.

Table II hereunder sets out the quantities and values of the principal commodities (excluding specie) exported from New Zealand in each of the past two calendar years:—

Table II.—Principal Exports (excluding Specie).

Item.	1936.		1937.	
	Quantity.	Value.	Quantity.	Value.
		£(N.Z.)		£(N.Z.)
Butter Cwt.	2,796,145	15,317,576	2,976,085	16,986,477
Cheese "	1,658,206	5,122,438	1,647,255	5,371,878
Beef "	735,997	989,847	851,850	1,246,445
Lamb "	2,603,805	8,417,209	2,769,788	9,380,363
Mutton "	883,844	1,672,522	870,264	1,636,024
Pork "	605,317	1,601,811	599,545	1,733,903
Hides and calf-skins .. No.	1,608,789	761,511	1,670,112	1,031,076
Rabbit-skins "	16,928,931	763,961	12,050,438	557,132
Pelts "	10,847,249	1,245,993	10,759,059	1,619,103
Wool Bales	909,132	13,293,583	835,573	19,093,291
Tallow Tons	26,095	628,310	25,940	647,969
Kauri-gum "	3,237	96,161	3,226	151,589
Gold (including re-exports) Oz.	168,914	1,404,973	172,652	1,438,492
Sausage-casings Lb.	4,416,070	641,393	4,244,227	760,264
<i>Phormium tenax</i> Tons	5,707	106,942	5,193	127,284
Apples Lb.	44,806,173	552,902	36,082,757	452,335
Grass-seed Cwt.	69,290	197,022	47,084	143,817
Timber Sup. ft.	26,993,334	265,108	17,641,718	200,575
Milk (dried and preserved) Lb.	23,742,354	405,801	24,713,648	364,676
Other items "	..	3,266,877	..	3,770,686
Total exports .. ..	..	56,751,940	..	66,713,379

Increases in quantities and values over 1936 figures are recorded in butter, beef, lamb, hides and calfskins, and gold, while increased returns are shown for cheese, pork, pelts, wool, tallow, kauri-gum, sausage-casings, and *Phormium tenax*. The most notable variation occurred in the case of wool, where there was a decrease of 8 per cent. in the quantity exported, but the aggregate return was £5,799,708, or 42 per cent., greater than the previous year's figures.

DIRECTION OF TRADE.

In order to give some indication of the direction of our export trade, Table III sets out the distribution of the merchandise shipped from New Zealand for the past four years, expressed both in value and as a percentage of total exports:—

Table III.—*Direction of New Zealand's Export Trade.*

	1934.		1935.		1936.		1937.	
	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.
British possessions, protectorates, &c.—	£(N.Z.)		£(N.Z.)		£(N.Z.)		£(N.Z.)	
United Kingdom	38,629,240	81·59	38,921,568	83·63	45,492,989	80·15	50,724,550	76·03
India	65,161	0·14	60,956	0·13	125,826	0·22	135,730	0·22
Ceylon	393	0·00	1,528	0·00	1,401	0·00	1,074	0·00
South African Union ..	29,152	0·06	27,504	0·06	21,855	0·03	29,554	0·04
Canada	697,865	1·46	656,984	1·41	1,103,008	1·96	1,667,449	2·49
Australia	1,882,516	3·98	1,781,811	3·83	1,843,475	3·25	1,824,183	2·74
Fiji	85,493	0·18	86,191	0·19	102,076	0·17	95,214	0·14
Other British countries ..	190,581	0·42	241,999	0·52	272,736	0·52	304,244	0·46
Total, British countries	41,580,401	87·83	41,778,541	89·77	48,963,366	86·30	54,781,998	82·12
Foreign countries and possessions—								
United States of America ..	1,250,364	2·64	2,468,071	5·30	2,877,752	5·07	4,796,039	7·19
France	1,228,699	2·60	484,610	1·04	1,646,168	2·90	1,014,941	1·52
Belgium	612,646	1·29	647,212	1·39	618,356	1·09	700,964	1·05
Germany	944,310	2·00	165,304	0·36	272,481	0·48	918,171	1·38
Japan	856,014	1·81	432,495	0·93	1,554,837	2·74	3,131,986	4·70
Dutch East Indies	2,548	0·01	2,235	0·01	1,894	0·00	4,053	0·00
Other foreign countries ..	867,865	1·82	560,210	1·20	817,086	1·42	1,123,571	1·68
Total, foreign countries	5,762,446	12·17	4,760,137	10·23	7,788,574	13·70	11,689,725	17·52
* Ships' stores .. ..	..	..	..	..	..	..	241,656	0·36
Totals, all countries ..	47,342,847	100·00	46,538,678	100·00	56,751,940	100·00	66,471,379	100·00

* Prior to 1st January, 1937, "ships' stores" were classed as an item of export to the country of destination of the vessel purchasing stores in the Dominion.

While direct comment on the variations shown in the preceding table will be made under paragraphs relating to countries, it is pertinent to observe the reduced proportion of our total exports absorbed by the United Kingdom, Australia, and France, and the increased proportion taken by the United States of America, Japan, and Canada.

IMPORTS.

The quantities and values of the principal items imported into New Zealand during the past two calendar years are set out in Table IV:—

Table IV.—*Principal Imports (excluding Specie).*

Item.	1936.		1937.	
	Quantity.	Value.	Quantity.	Value.
Wheat .. ..	.. Bushels	407,141	1,577,650	489,019
Sugar .. ..	.. Cwt.	1,751,243	1,851,403	723,225
Tea .. ..	.. Lb.	11,242,534	10,682,222	822,571
Whisky .. ..	.. Gallons	316,519	340,491	420,719
Cigarettes .. ..	.. Thousands	408,596	508,608	481,314
Tobacco .. ..	.. Lb.	3,082,200	3,315,663	439,800
Seeds .. ..	.. ..	..	..	207,838
Hosiery .. ..	.. ..	..	..	447,354
Apparel, n.e.i. .. ..	.. ..	..	..	1,814,116
Boots and shoes .. ..	.. Doz. prs.	219,650	267,035	708,024
Drapery, n.e.i. .. ..	.. ..	..	..	450,871
Carpets, &c. .. ..	.. ..	..	..	915,635

Table IV.—Principal Imports (excluding Specie)—continued.

Item.	1936.		1937.	
	Quantity.	Value.	Quantity.	Value.
Piece-goods—		£(N.Z.)		£(N.Z.)
Cotton .. .. .	..	1,829,589	..	1,944,289
Silk .. .. .	..	1,088,344	..	1,215,265
Woollen .. .. .	..	852,338	..	1,132,846
Cornsacks Dozen	364,089	125,628	536,158	163,756
Other sacks .. .. .	..	203,200	..	165,823
Woolpacks Dozen	45,776	54,085	48,089	59,351
Kerosene Gallons	6,076,443	88,949	4,712,073	86,788
Motor-spirit Gallons	86,423,750	1,633,396	85,665,508	1,856,209
Mineral lubricating-oil Gallons	2,911,504	281,066	4,037,650	405,070
Crude petroleum Gallons	30,075,252	230,415	43,039,234	332,390
Coal Tons	111,078	105,340	116,499	111,975
Iron and steel—				
Bar, bolt, and rod Cwt.	647,209	411,956	822,347	547,575
Galvanized plate Cwt.	541,166	513,665	560,122	676,259
Hardware .. .. .	..	802,411	..	1,034,939
Electrical apparatus .. .. .	..	1,841,500	..	2,595,178
Wireless apparatus .. .. .	..	440,604	..	607,099
Timber—				
Sawn Sup. feet	20,062,369	276,021	26,971,846	382,740
Other .. .. .	..	154,210	..	179,788
Paper—				
Newsprint Cwt.	794,558	446,505	566,776	344,133
Printing, other Cwt.	144,363	238,963	177,710	331,992
Other .. .. .	..	677,196	..	884,391
Manures—				
Phosphates Tons	310,691	493,865	404,157	672,992
Other Tons	16,823	117,693	23,574	157,187
Motor-vehicles Number	30,264	4,547,065	36,782	5,791,132
Tires for motor-vehicles Lb.	6,603,969	669,746	8,548,025	871,987
Dried fruits Lb.	20,511,833	450,727	25,460,332	519,181
Fresh fruits Lb.	40,504,753	296,990	48,407,208	396,515
Wine Gallons	195,466	115,207	219,897	134,195
Yarns .. .. .	..	302,876	..	378,147
Hats, caps, and millinery .. .. .	..	181,772	..	232,594
Paints and varnishes .. .. .	..	415,592	..	465,968
Tinware and tin manufactures .. .. .	..	381,876	..	495,771
Artificers' tools .. .. .	..	340,674	..	359,673
Machine tools .. .. .	..	186,203	..	335,721
Agricultural machinery .. .. .	..	301,383	..	369,051
Leather .. .. .	..	271,150	..	263,950
Manufactures of leather and leather substitutes .. .. .	..	159,475	..	203,739
Earthenware and chinaware .. .. .	..	278,890	..	339,240
Glass and glassware .. .. .	..	382,038	..	419,684
Books, papers, music printed .. .. .	..	518,139	..	604,361
Stationery .. .. .	..	232,361	..	304,451
Fancy goods .. .. .	..	260,350	..	335,047
Parts for motor-vehicles .. .. .	..	283,072	..	388,645
Railway and tramway material .. .. .	..	222,340	..	351,426
Other items .. .. .	..	14,524,888	..	18,792,796
Total imports .. .. .	..	44,134,326	..	56,160,695

The range of articles imported into New Zealand is very wide and in almost all cases have increases taken place as compared with the previous year, one noteworthy feature being the increase recorded in imports of luxury items and capital goods. The higher prices now ruling for imported lines is a factor contributing to the increased aggregate of our imports, but the volume of imports has increased very substantially. This is not to be wondered at in view of the increased purchasing-power of the public.

ORIGIN OF IMPORTS.

Table V hereunder sets out the sources from which New Zealand obtains her imports over the past four years, values and percentages of total imports being shown:—

Table V.—Source of New Zealand's Imports (excluding Specie).

	1934.		1935.		1936.		1937.	
	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.	Value.	Per-centage.
British possessions, protectorates, &c.—	£(N.Z.)		£(N.Z.)		£(N.Z.)		£(N.Z.)	
United Kingdom	15,789,761	50·38	18,283,884	50·39	21,852,347	49·51	27,866,857	49·62
India	667,552	2·13	571,627	1·58	554,102	1·26	580,224	1·03
Ceylon	585,689	1·87	633,594	1·75	750,982	1·70	823,469	1·47
South African Union	56,092	0·18	55,800	0·15	119,385	0·27	131,971	0·23
Canada	2,098,610	6·70	2,450,616	6·75	3,325,692	7·53	4,564,051	8·13
Australia	3,238,124	10·33	3,955,677	10·90	4,941,313	11·19	6,594,572	11·74
Fiji	103,166	0·33	80,084	0·22	95,802	0·22	95,564	0·17
Other British countries	600,619	1·92	571,401	1·57	558,435	1·26	693,110	1·23
Totals, British countries	23,139,613	73·84	26,602,683	73·31	32,198,058	72·95	41,349,816	73·62
Foreign countries and possessions—								
United States of America	3,749,559	11·96	4,534,086	12·50	5,525,431	12·52	6,960,191	12·39
France	240,813	0·77	221,982	0·61	215,115	0·49	232,450	0·42
Germany	482,644	1·54	534,442	1·47	748,374	1·70	972,743	1·73
Belgium	137,139	0·44	217,516	0·60	409,102	0·91	545,950	0·97
Japan	836,595	2·67	1,100,177	3·03	1,328,199	3·01	1,629,979	2·90
Dutch East Indies	1,381,974	4·41	1,437,379	3·96	1,722,802	3·90	2,238,105	3·99
All other foreign countries	1,371,215	4·37	1,639,279	4·52	1,987,245	4·52	2,231,461	3·98
Totals, all foreign countries	8,199,939	26·16	9,684,861	26·69	11,936,268	27·05	14,810,879	26·38
Totals, all countries	31,339,552	100·00	36,287,544	100·00	44,134,326	100·00	56,160,695	100·00

The table does not disclose any marked variation in the source of our imports as compared with previous years, and it is satisfactory to note that the proportion of our requirements obtained from Empire countries is slightly in excess of last year's figure.

TRADE WITH UNITED KINGDOM.

The trade of New Zealand with the United Kingdom in the calendar year 1937 marks a record so far as exports, valued at £50,724,550, are concerned, and on only one occasion have imports been valued at a figure in excess of £27,866,857, the value of imports in 1937. These figures represent increases of £5,231,561 and £6,014,510 respectively over the previous year's figures. The excess of exports over imports was £22,857,693.

In our trade with the United Kingdom it is interesting to note that, of our total exports, 76·03 per cent. was absorbed by the Mother-land, against 80·15 per cent. in 1936, and this notwithstanding the increase mentioned above. On the import side, 49·62 per cent. of total imports into New Zealand were obtained from the United Kingdom, as against 49·51 per cent. in the previous year. At this juncture it is interesting to note that, per head of population, New Zealand ranks first in consumption of the produce and manufactures of the United Kingdom with £12 15s. 5d. sterling, or £15 18s. approximately in New Zealand currency, the next greatest consuming country being the Irish Free State with £7 5s. 9d. sterling.

When speaking of the value of our export trade with the United Kingdom it must always be remembered that owing to several factors, notably lack of direct shipping to the Continent, much of our produce shipped to the United Kingdom is destined for other countries. In 1935 this entrepôt trade was valued at £3,885,986 sterling. Wool, hides and skins, and butter form the greatest bulk of this trade, and in 1935, owing to the very greatly reduced quantity of wool re-exported, the figure given above is substantially below normal.

It is recognized that imports from the United Kingdom comprise a huge variety of manufactured goods. Of these, motor-vehicles again show a substantial increase, being valued at £3,416,124, or £741,969 in excess of 1936 figures. Other marked increases have been in carpeting, imports in 1937 being £816,701; textile piece-goods, cotton £1,710,596, woollen £1,105,420, silk and artificial silk £430,032; iron and steel, plate and sheet, £1,371,568; tubes, pipes, and fittings, £432,665; cigarettes, £464,214; electrical machinery, including apparatus, £1,678,787.

The more important of our exports to the United Kingdom are set out in Table VI hereunder, which shows for the two calendar years 1936 and 1937 the quantity and value of our exports, together with the percentage of total imports into the United Kingdom of such items:—

Table VI.—Principal Imports into the United Kingdom of Products of New Zealand Origin, with Percentage of Total Imports of such Commodities into United Kingdom.

Item.	Unit.	1936.			1937.		
		Quantity.	Percentage of Total Imports.	Value.	Quantity.	Percentage of Total Imports.	Value.
				£(stg.)			£(stg.)
Chilled beef	Cwt.	228,263	2·6	320,301	307,451	3·4	547,648
Frozen beef	"	277,900	18·6	344,007	247,059	14·0	364,264
Boned beef	"	210,453	31·6	285,586	271,319	31·7	450,613
Tongues, &c.	"	23,299	3·18	49,820	23,686	3·2	45,562
Mutton, frozen and chilled	"	888,864	66·1	1,616,778	861,832	57·5	1,637,168
Lamb	"	2,641,880	53·3	8,266,051	2,741,204	51·6	8,754,457
Pork, chilled or frozen	"	579,086	56·5	1,500,208	592,648	56·0	1,740,074
Cheese	"	1,681,147	62·8	4,773,989	1,730,770	58·9	5,392,128
Butter	"	2,791,914	28·6	13,445,227	2,950,963	31·3	15,352,026
Apples	"	377,480	6·67	434,136	279,799	5·08	315,172
Wool, raw, sheep and lambs'	1,000 lb.	233,595	25·6	9,358,333	180,570	23·0	12,036,197
Tallow	Tons.	10,316	61·3	254,884	13,224	62·4	336,489
Hides and skins—							
Ox and cow	Cwt.	59,419	5·6	150,475	33,669	3·4	108,428
Sheep and lamb, woolled	"	62,884	13·96	258,512	44,754	10·5	291,083
Other than woolled	No.	2,890,356	58·3	314,435	2,658,843	52·4	374,143

This table discloses some variations, among which are an increasing proportion of New Zealand chilled beef entering into the Home market and a falling-off of the frozen-beef trade; a decrease in the proportion of frozen and chilled mutton which we supply; a slight fall in the proportion of lamb, although some increase in the actual quantity shipped; a fall in the proportion of cheese of New Zealand manufacture; an increase in both the quantity and proportion of total imports of butter supplied by New Zealand.

With the reorganization of the British agricultural and pastoral industries which is now being undertaken with a view to a greater production of foodstuffs care must be exercised in predicting future requirements of the Mother-country in these primary products.

Tariff adjustments on footwear imported from the United Kingdom and all other countries were made on 1st March, 1938, with a view to enabling local manufacturers to meet the very severe competition being encountered.

TRADE WITH AUSTRALIA.

The marked increase in the total trade between Australia and New Zealand in 1937 is very clearly set out in Table VII hereunder, and from this it is seen that the increase has been in imports from Australia, which were £1,653,259 in excess of the previous year's values, while exports decreased by £19,292.

Table VII.—Total Trade with Australia.

Year ended 31st December,	Total Trade.	Exports to Australia.	Imports from Australia.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	3,969,403	1,393,311	2,576,092	1,182,781
1934	5,120,640	1,882,516	3,238,124	1,356,608
1935	5,739,209	1,781,811	3,957,398	2,175,487
1936	6,784,788	1,843,475	4,941,313	3,097,838
1937	8,418,755	1,824,183	6,594,572	4,770,389

The proportion of our total imports which were of Australian origin increased to 11·74 per cent., as compared with 11·19 per cent. in the previous year, while Australia absorbed only 2·74 per cent. of our total exports, compared with 3·25 per cent. in the previous year. The excess of imports over exports has shown a progressive increase over recent years, and stood at £4,770,389 in 1937.

Australia, pursuing an expansionist policy in industrial matters, is rapidly developing into a manufacturing nation. Unfortunately for New Zealand Australia's vast spaces enable her to produce most of her requirements in the way of primary produce, which form the great bulk of New Zealand's export surplus.

Imports comprise a fairly wide range, particularly of manufactured and semi-manufactured goods, among the chief of which are the following, figures in parenthesis relating to 1936: Wire, £281,451 (£233,195); paints and colours, £93,291 (£84,966); boots and shoes, £76,732 (£82,379); iron and steel, £443,142 (£314,842); dried fruits, £338,860 (£329,523); canned fruits, £121,829 (£62,165); oranges, £157,197 (£83,767); wheat, £426,850 (£52,561); timber, £348,812 (£271,021); electrical machinery, £195,722 (£140,787); wireless sets, £124,823 (£97,609).

Table VIII hereunder sets out in some detail the nature of our export trade with Australia for the two years 1936 and 1937 :—

Table VIII.

Commodity.	1936.		1937.	
	Quantity.	Value.	Quantity.	Value.
		£(N.Z.)		£(N.Z.)
Timber, sawn Sup. ft.	25,693,632	242,570	16,072,627	174,329
<i>Phormium tenax</i> Tons	2,965	59,202	2,788	72,244
Tow "	217	2,372	154	1,973
Grass and clover seeds .. Cwt.	32,409	68,020	23,630	55,203
Peas Centals	33,778	33,675	37,600	38,144
Oats "	1,952	961	1,835	1,013
Fish, frozen Cwt.	53,029	130,403	43,486	138,906
Sugar of milk lb.	393,120	10,558	442,064	12,192
Wool "	9,232,465	313,809	5,992,283	325,002
Tallow Tons	479	10,183	270	6,110
Sausage-casings lb.	292,221	16,215	215,146	11,720
Hides, pelts and skins—				
Calf-skins No.	66,387	23,994	62,461	24,885
Cattle-hides "	87,616	139,442	93,877	177,022
Sheep-skins without wool .. "	143,054	15,247	52,786	5,969
Sheep-skins with wool .. "	6,518	1,863	7,757	1,636
Pumice and sandstone .. Tons	2,995	8,210	2,633	7,220
Gold—Bar, dust ingot, and sheet	31,186	248,632	40,650	325,746
Dairying machinery		15,246		21,018

It is seen that there has been some increase in the quantity of sugar of milk exported but reduced quantities of timber, fish, wool, casings, and sheep-skins, but increased prices obtained for fish and wool have offset the reduced quantities in these items.

The development in Australia of major secondary industries such as aeroplanes and munition manufacture is of paramount importance to New Zealand.

Towards the latter part of 1937 the Australian Government, at the invitation of the New Zealand Government, sent a delegation headed by the Hon. T. G. White to discuss trade matters. The need for increased production within the Dominion necessitated additional protection for certain industries, and following the discussions, by the Trade Agreement (Australia) Order 1938, effective as from 1st March, 1938, certain alterations in the tariff on goods the produce or manufacture of the Commonwealth of Australia were made.

TRADE WITH CANADA.

Again there has been a notable increase in the total trade between New Zealand and Canada, exports from New Zealand rising in 1937 by £564,441, or 51 per cent., compared with 1936, while imports from that source increased by £1,238,359, or 37 per cent., over the previous year's figures. Table IX sets out the position for the past five years :—

Table IX.—Total Trade with Canada.

Year ended 31st December,	Total Trade.	Exports to Canada.	Imports from Canada.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	1,825,807	560,875	1,264,932	694,057
1934	2,796,475	697,865	2,098,610	1,400,745
1935	3,107,600	656,984	2,450,616	1,793,632
1936	4,428,700	1,103,008	3,325,692	2,222,684
1937	6,231,500	1,667,449	4,564,051	2,896,602

Canada in 1937 took 2.49 per cent. of our total exports, as against 1.96 per cent. in 1936, while we imported goods of Canadian origin to the extent of 8.13 per cent. of total imports, as against 7.53 per cent. in the previous year. It is interesting to note that from Canadian statistics imports of New Zealand origin represent 1 per cent. of total imports into Canada and New Zealand absorbs 1.5 per cent. of the total exports from Canada. These percentages relate to the year ended 31st March, 1938, during which period, again quoting Canadian statistics, exports to New Zealand improved by 43.3 per cent. and imports from New Zealand by 37.4 per cent. compared with the 1936-37 year.

The major items entering New Zealand from Canada show increases as follows, 1936 figures being shown in parentheses: Motor-vehicles, £1,555,776 (£907,887); rubber tires, £429,441 (£261,886):

electrical machinery and apparatus, £157,040 (£100,770); boots and shoes, £155,816 (£126,318); hosiery, £130,788 (£126,318). A substantial decrease occurred in importations of printing-paper, £294,345 (£432,721).

The export trade to Canada, so far as the principal items are concerned, is shown in Table X below; wool, hides and skins and pelts, and casings all showing very substantial increases over the previous year's figures:—

Table X.—Principal Exports.

Item.	1933.	1934.	1935.	1936.	1937.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Butter	31,320	23,277	8,951	13,013	11,134
Cheese	2,133	201	4,731	3,082	14,358
Sausage-casings	129,129	156,645	223,633	157,483	266,733
Wool	149,245	301,058	197,163	613,766	957,721
Hides, pelts, and skins	196,562	153,764	161,837	257,665	307,969
Seeds	3,363	6,919	8,813	12,607	30,437
Frozen meat	4,143	2,299	2,403	554	768
Apples	13,358	25,280	23,686	12,445	23,750
Kauri-gum	2,146	2,960	1,709	4,938	13,375
Phormium fibre	604	793	1,094	970	2,544
Tallow	525	..	5,207	852	20,772

In previous reports attention was drawn to the necessity on the part of producers to suitably grade and classify export hides, sheep-skins, and calf-skins. With the introduction of the standard specification for the treatment, grading, and classification of hides, yearlings, and calf-skins, there should be considerable improvement in the quality of our skins destined for the Canadian market.

From official Canadian sources statistics of imports of principal items from New Zealand for the two calendar years 1936 and 1937 are set out in Table XI below:—

Table XI.—Principal Imports.

	1936.		1937.		
	Quantity.	Value.	Quantity.	Value.	
		\$		\$	
Apples, green .. .. .	.. Brl.	21,368	82,797	28,550	110,716
Casein .. .. .	.. lb.	116,936	10,290	349,618	42,609
Cheese .. .. .	.. ..	133,978	15,976	157,388	18,080
Gelatine, edible .. .. .	.. ..	10,080	2,247	45,360	9,005
Gums .. .. .	.. ..	314,600	13,667	660,300	55,639
Hides, raw .. .. .	.. Cwt.	56,652	1,132,693	79,819	1,474,663
Sausage-casings .. .. .	.. ..	..	658,242	..	1,065,516
Seeds .. .. .	.. ..	..	70,487	..	171,450
Flax .. .. .	.. Cwt.	1,907	8,807	2,045	9,411
Wool, raw .. .. .	.. lb.	12,053,396	2,488,044	13,207,483	4,476,244

Butter.—Sales of butter to Canada by New Zealand have been almost negligible during recent years consequent upon the "dump" duty which the Canadian Government reserves the right to impose in excess of the treaty-rate of 5 cents. In November, 1937, it was apparent that supplies of butter available in Canada were low, and on 1st December it was estimated that the shortage was approximately 6,000,000 lb. Negotiations were therefore immediately commenced by the New Zealand Trade Commissioner in Toronto and the New Zealand Government for direct sales of our product. In January the Canadian Government decided to admit 25,000 boxes from New Zealand without "dump" duty and to extend this quantity if necessary. In all, some 35,500 boxes were despatched; but the Canadian Government adhered to the quantity of 25,000 boxes mentioned above free of "dump" duty, but agreed to prorate the dumping-duty amongst importers in the ratio that 25,000 boxes will bear to the total quantity purchased prior to 1st February and imported between 1st January and 1st April, 1938.

Lamb and Mutton.—A trial shipment of 5,900 carcasses of lamb and mutton was made early this year consequent on the reduction in duty from 3 cents to $\frac{1}{2}$ cent per pound. This shipment, followed by a further one of 3,000 carcasses of lamb, was made to Eastern Canada (Montreal and Toronto), and ready sales were made at prices comparable with London. Mr. Forsyth, the London Manager of the New Zealand Meat Producers' Board, co-operated with Mr. J. W. Collins, the New Zealand Trade and Tourist Commissioner in Toronto, in arranging displays and generally placing the meat in consumption. The superior eating-quality of the New Zealand lamb was freely commented on by butchers, and the trial augurs well for the success of future shipments during a limited period extending from February to May. Mutton is not a popular meat in Canada.

Trade Treaty.—Some extensions to the trade treaty with Canada were made as the result of Hon. Mr. Nash's visit to Canada in July, 1937, and, of these, reductions in the duty on meats, canned meat, hops, canned whitebait, Karitane products, and edible gelatine should improve our sales in Canada of these products.

On 1st March, 1938, the Trade Agreement (Canada) Order 1938 became effective, increases in duty on certain goods the produce of Canada being made with a view to protecting our local industries.

TRADE WITH UNITED STATES OF AMERICA.

The total trade with the United States is set out in Table XII hereunder, and the increase of almost £2,000,000 in the value of our exports is very gratifying. Imports increased by £1,434,760. The United States took 7.19 per cent. of our total exports in 1937, as against 5.07 per cent. in 1936, while 12.39 per cent. of our total imports were of American origin, compared with 12.52 per cent. in the previous year.

Table XII.—Total Trade with United States.

Year ended 31st December,				Exports to the United States.	Imports from the United States.	Excess of Imports over Exports.
				£(N.Z.)	£(N.Z.)	£(N.Z.)
1931	..	..	..	920,931	4,227,550	3,306,639
1932	..	..	..	690,015	3,565,846	2,875,831
1933	..	..	..	1,188,972	2,952,009	1,763,037
1934	..	..	..	1,250,364	3,749,559	2,499,195
1935	..	..	..	2,468,066	4,534,086	2,066,994
1936	..	..	..	2,877,752	5,525,431	2,647,679
1937	..	..	..	4,796,039	6,960,191	2,164,152

From official Washington statistics Table XIII has been compiled, and from that it may be seen that in 1937 the predominating credit enjoyed by the United States was very materially reduced, being only \$1,619,000, or approximately £(N.Z.)400,000. Indications during the first two months of 1938 are, however, that imports from New Zealand are in value only 20 per cent. of 1936 figures, however, due to the recession now apparent in that country.

**Table XIII.—Total Trade with New Zealand.*

				Exports to New Zealand.	Imports from New Zealand.
				\$	\$
1933	..	..	..	8,229,000	4,793,000
1934	..	..	..	12,999,000	5,592,000
1935	..	..	..	15,610,000	10,359,000
1936	..	..	..	19,499,000	11,572,000
1937	..	..	..	23,876,000	22,237,000

* From official statistics supplied by the Department of Commerce, Washington.

Imports comprise a wide range of manufactured goods, and of these the most important is machinery, £2,168,004, an increase of £799,233 over 1936 figures.

Table XIV below sets out the principal exports from New Zealand, and of these it will be seen that wool accounts in a large measure for the growth in our exports to the United States. Sheep-skins without wool present another marked rise. Butter has fallen considerably, as also have the exports of seeds, tallow, and rabbit-skins.

Table XIV.—Principal Exports.

Commodity.	1934.	1935.	1936.	1937.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	104,005	302,476	660,777	2,281,082
Tallow	39,907	339,858	77,993	12,583
Calf-skins	43,684	56,931	86,240	180,123
Cattle-hides	17,360	32,766	30,567	65,063
Rabbit-skins	187,287	348,784	642,932	369,925
Sheep-skins, with wool	43,862	41,414	114,883	186,825
Sheep-skins, without wool	372,824	528,778	814,588	1,167,018
Sausage-casings	312,626	345,279	178,906	304,011
Grass and clover seeds	33,066	44,377	61,056	14,194
Butter	4,693	226,020	102,353	11,694
Kauri-gum	18,426	25,325	22,462	48,095

The President's power to conclude trade agreements under the Trade Agreements Act has been extended to 12th June, 1940, and great interest attaches to the negotiations at present taking place between the United States and the United Kingdom for an Anglo-American agreement. Figures illustrative of the growth of trade with those countries with which agreements have been made under the Trade Agreements Act are interesting:-

United States exports to all trade-agreement countries: Increase, 1937, over 1936	Per Cent.
40.6	
Total, all non-agreement countries: Increase, 1937, over 1936 ..	33.7
United States imports from all trade-agreement countries: Increase, 1937, over 1936	18.1
Total, all non-agreement countries Increase, 1937, over 1936 ..	34.1

TRADE WITH BRITISH WEST INDIES.

Perusal of Table XV, showing the total trade with the British West Indies, shows that our direct exports to that colony increased, and in 1937 reached the highest point ever recorded, surpassing the 1935 figure by £976.

Table XV. Total Trade with British West Indies.

Calendar Year.	Total Trade.	Direct Exports to Jamaica.	Imports from Jamaica.	Excess of Exports over Imports.
	£	£	£	£
1933	37,021	20,864	16,157	4,707
1934	69,911	42,228	27,683	14,545
1935	109,973	53,966	56,007	2,041
1936	93,773	48,796	44,977	3,819*
1937	105,591	54,942	50,649	4,293*

* Excess of imports over exports.

Imports from Jamaica comprise chiefly oranges, £12,786 (£16,671); grapefruit, £1,379 (£1,190); cocoa-beans, £11,187 (£6,455); rum, £15,144 (£8,213); asphalt and bitumen, £2,021 (£5,654); and spices, £2,834 (£2,275). Other items of minor importance are coffee, fruit-juices, spirits, cigars, dyes, and essential oils.

The principal exports are shown in Table XVI hereunder, and of these it is seen that butter accounts for over 95 per cent. of our total exports to the colony.

Table XVI.—Principal Exports.

Item.	Principal Exports.	
	Calendar Year, 1936.	Calendar Year, 1937.
	£(N.Z.)	£(N.Z.)
Butter	45,866	52,353
Cheese	213	394
Frozen meat	1,079	614
Tinned meat .. .. .	..	27
Dried and condensed milk	460	507
Tallow	806	..
Other items	372	1,047
Totals	48,796	54,942

TRADE WITH SOUTH AMERICA.

Our trade with South American countries showed a very remarkable growth in 1937, due, so far as exports were concerned, to the failure of the potato crops in the Argentine and Uruguay. Of the £203,563 representing exports to all South American countries, no less than £165,529 was accounted for by exports of potatoes, other exports being apples and live sheep.

Total trade with these countries is shown in Table XVII, which follows:—

Table XVII.—Trade with South America.

	Exports.			Imports.		
	1935.	1936.	1937.	1935.	1936.	1937.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Argentina	3,401	11,795	50,331	16,586	18,746	41,190
Bolivia .. ..	..	..	..	3,576	1,413	2,009
Brazil	11,517	5,937	12,501	27,559	15,955	34,009
Chile	76	2,520	1,369	10,625	7,560	16,543
Ecuador	281	1,161	150	5,003	6,624	4,907
Paraguay .. ..	..	..	..	10	20	20
Peru .. ..	..	72	2	196	161	85
Uruguay	14,268	36,081	126,910	..	..	..
Totals	29,543	57,566	203,563	63,555	50,504	98,764

Imports comprise undressed hides, pelts and skins, tanning-materials, seeds, edible nuts, cocoa-beans, nitrate of soda, &c.

ISLAND TRADE.

Generally speaking, the trade with islands in the Pacific is a growing one, and details are given hereunder of the trade with the more important islands:—

FIIJI.

From Table XVIII below a picture of the trend of trade with this colony is given, and it is to be noticed that, while imports from that source have been maintained, some slackening-off of our exports has taken place as compared with 1936.

Table XVIII.—Total Trade with Fiji.

Year ended 31st December,	Exports to Fiji.	Imports from Fiji.	Total Trade.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	88,693	116,645	205,338
1933	87,435	106,096	193,531
1934	85,493	103,166	188,659
1935	86,191	80,090	166,281
1936	102,076	95,802	197,878
1937	95,214	95,564	190,778

Exports comprise a number of items no one of which is very large. Among these are meats' salted, frozen and tinned, £18,273 (£17,785); potatoes, £5,002 (£5,845); soap, £3,501 (£5,089); sugar refined, £3,040 (£4,301); tallow, £3,632 (£3,289); bacon and hams, £3,947 (£3,787); baking-powder, £2,085 (£2,126); butter and cheese, £2,101 (£2,382); onions, £1,352 (£1,607); lard, £934 (£1,199); and timber, £1,065 (£1,987).

Imports consist mainly of bananas, £61,427 (£72,499); mandarins, £3,849 (£1,809); oranges, £1,784 (£326); molasses, £2,714 (£1,489); raw sugar, £12,395 (£9,058); and potatoes, £5,185 (£4,201).

WESTERN SAMOA.

The calendar year 1937 marks still another year of increase in total trade, which, at £620,304, has exceeded the £500,000 mark. Both exports and imports increased by approximately £100,000 to record figures.

Table XIX.—Total Trade of Western Samoa.

Year ended 31st December,	Imports into Samoa.	Exports from Samoa.	Total Trade.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
1932	150,902	183,028	333,930
1933	150,856	173,837	324,693
1934	92,784	128,117	220,901
1935	135,757	189,298	325,055
1936	167,020	263,255	430,275
1937	267,868	352,436	620,304

The origin of Western Samoa imports is interesting: New Zealand, £71,396 (£53,218); United Kingdom, £42,365 (£31,165); Australia, £40,857 (£27,530); Japan, £39,613 (£17,781); United States of America, £21,252 (£11,636); Canada, £14,306 (£7,239); Dutch East Indies, £9,166 (£5,959); Fiji, £7,143 (£4,464); India, £6,551 (£4,114); Germany, £3,760 (£1,176); China, £2,139; and Burma, £5,354. Figures in parentheses relate to the year 1936.

The destination of exports from the Mandated Territory were, in 1937: United Kingdom, £66,578 (£64,570); New Zealand, £75,054 (£56,869); Germany, £11,366; Holland, £19,124 (£17,682); United States of America, £56,445 (£14,762); and Australia, £4,716.

New Zealand ranked first both as a supplier of goods to Samoa and as a purchaser of that territory's products in 1937, the chief commodities imported being bananas, 188,320 cases, valued at £70,447; and cocoa-beans, 57 tons, valued at £3,450. Exports from New Zealand were principally tinned meats, £19,822 (£13,732); sugar, £11,529 (£10,381); butter, £3,360 (£2,422); vegetables, £1,754 (£1,115); and dressed timber, £1,245 (£1,017).

Principal items exported to the United Kingdom were copra, £23,254 (£38,540); and cocoa-beans, £39,048 (£24,417).

The principal exports from Western Samoa during the past five calendar years are shown in Table XX, both quantities and values being shown:—

Table XX.—Principal Exports from Western Samoa.

Year ended 31st December,	Copra.		Cocoa-beans.		Bananas.	
	Tons.	Value.	Tons.	Value.	Cases.	Value.
		£(N.Z.)		£(N.Z.)		£(N.Z.)
1933	11,526	101,347	899	41,813	81,983	26,999
1934	8,948	60,654	1,027	29,498	96,225	35,796
1935	12,501	108,695	576	19,639	109,000	38,146
1936	13,014	156,873	1,065	46,607	128,045	46,737
1937	13,340	199,747	1,253	71,138	188,320	70,447

COOK AND NIUE ISLANDS.

Here, again, a marked increase in trade is apparent from Table XXI hereunder, increases being recorded in both exports and imports:—

Table XXI.—Total Trade, Cook and Niue Islands.

Year ended 31st December,	Exports.			Imports.		
	Cook Islands.	Niue Islands.	Total.	Cook Islands.	Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
1933	73,983	11,542	85,525	76,716	13,123	89,839
1934	59,307	12,341	71,648	61,449	13,372	74,821
1935	53,599	12,076	65,675	61,676	15,288	76,964
1936	67,556	22,992	90,548	72,576	24,662	97,238
1937	86,333	23,321	109,654	86,534	29,309	115,843

The distribution of the trade is shown in Table XXII hereunder:—

Table XXII.—Direction of Trade of Cook and Niue Islands, 1937.

Country.	Exports.			Imports.		
	From Cook Islands.	From Niue Islands.	Total.	Into Cook Islands.	Into Niue Islands.	Total.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
New Zealand	57,996	..	..	60,563	11,144	71,707
Australia .. ..	..	..	..	9,227	391	9,618
United Kingdom	986	..	..	8,228	541	8,769
United States of America	27,351	..	..	4,322	302	4,624
Japan .. ..	..	..	..	2,368	72	2,440
Canada .. ..	..	..	..	620	..	620
Western Samoa .. ..	..	..	..	77	588	665
Other countries .. ..	..	..	..	1,129	16,271	17,400
Totals	86,333	23,321	109,654	86,534	29,309	115,843

TONGA.

Table XXIII, setting out the trade with Tonga, shows an increase of £12,919 in exports to Tonga in 1937 as compared with 1936, and a decrease of £3,087 in imports from the Kingdom.

Table XXIII.—Total Trade with Tonga.

Year ended 31st December,	Exports to Tonga.	Imports from Tonga.
	£(N.Z.)	£(N.Z.)
1933	19,407	8,331
1934	12,948	13,282
1935	19,104	15,200
1936	27,215	11,296
1937	40,134	8,209

The principal imports were bananas £7,193 (£10,645), and potatoes, £194 (£374), while exports from New Zealand included tinned meats, £15,809 (£10,248); sugar, £2,744 (£3,107); timber, £1,324 (£2,063); and butter, £1,421 (£2,014).

TRADE WITH THE CONTINENT OF EUROPE.

Trade with European countries other than the United Kingdom is given in Table XXIV below, for the three years 1935-37:—

Table XXIV.—Trade with Continent of Europe.

	1935.	1936.	1937.
	£(N.Z.)	£(N.Z.)	£(N.Z.)
Exports to—			
Germany	165,304	272,481	918,171
France	484,610	1,646,168	1,014,941
Belgium-Luxemburg Union	647,212	618,356	700,964
Italy	21,092	1,767	10,322
Netherlands	79,615	112,539	111,300
Switzerland	2,892	1,360	746
Sweden	47,142	64,936	92,765
Norway	569	656	3,164
Poland	103,321	173,159	166,255
Czechoslovakia	12,969	20,064	58,141
Denmark	12,098	11,219	38,056
Finland	9,977	1,212	7,822
Spain	24,283	15,158	13,925
Other European countries	13,750	73,640	50,563
Totals	1,624,834	3,012,715	3,187,135
Imports from—			
Germany	534,674	748,374	972,743
France	222,049	215,115	232,450
Belgium-Luxemburg Union	217,513	409,102	545,950
Italy	225,157	45,279	174,920
Netherlands	161,480	210,397	266,465
Switzerland	97,208	140,776	181,476
Sweden	285,792	343,985	368,897
Norway	64,918	72,041	76,421
Poland	5,596	8,607	18,202
Czechoslovakia	120,590	142,215	194,709
Denmark	16,600	17,822	17,594
Russia	169,756	192,080	42,272
Finland	31,694	46,608	109,523
Spain	63,054	70,511	71,961
Other European countries	63,507	85,551	143,296
Totals	2,279,588	2,748,463	3,416,879

The most important feature brought out by the table is the increase of £668,416 in imports from all European countries. Exports to those countries show only a slight increase over 1936. Increases in imports from all the countries mentioned, with the exception of Russia, and Denmark to a small extent, are apparent.

On the export side the most noticeable changes are Germany, a substantial increase, and France, a substantial decrease. These changes are due in a large measure to increased direct purchase of wool by Germany and smaller purchases by France.

It must be remembered, of course, that considerable quantities of goods shipped to the United Kingdom are re-exported to the Continent.

The chief direct exports to the European countries listed above are as follows:—

Table XXV.—Direct Exports to European Countries listed above.

Commodity.	1936.	1937.	Commodity.	1936.	1937.
	£(N.Z.)	£(N.Z.)		£(N.Z.)	£(N.Z.)
Wool	2,513,943	2,693,783	Seeds, grass and clover	7,648	5,409
Sheep-skins, with wool	78,847	64,131	Casein	8,148	10,091
Pelts	72,630	9,749	Tallow	16,928	18,848
Cattle-skins	112,299	143,976	Rabbit-skins	11,431	12,445
Calf-skins	46,343	71,270	Sausage-casings	320	4,966
Apples	32,613	36,375	Fish	3,704	618
Kauri-gum	14,322	9,746	Butter .. .. .	..	65,000

During the year under review trade agreements have been concluded with Germany, Switzerland, and the Netherlands, while negotiations are taking place with France. A modification to the Belgian agreement was also made in respect of gloves.

As the result of these agreements and the activities of the New Zealand Trade Commissioner in Europe larger quantities of our butter and apples are now being marketed on the Continent.

TRADE WITH THE EAST.

Trade with Eastern countries is set out in Table XXVI below, and is noteworthy in that it shows a very marked growth in exports and a smaller though substantial increase in imports from those countries:—

Table XXVI.—Total Trade with Eastern Countries.

	1934.	1935.	1936.	1937.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Exports to—				
Dutch East Indies	2,548	2,235	1,894	4,053
British Malaya	49,727	63,771	71,383	78,869
Burma	208	618	946	584
Ceylon	393	1,528	1,401	1,074
Hong Kong	16,238	11,249	22,176	27,115
India	65,161	60,956	125,826	135,730
China	19,099	7,718	32,854	82,068
Japan	856,014	432,495	1,554,837	3,131,986
Philippine Islands	2,493	3,945	5,983	9,304
Totals	1,011,881	584,515	1,817,300	3,470,783
Imports from—				
Dutch East Indies	1,381,974	1,437,379	1,722,802	2,238,105
British Malaya	64,826	81,457	97,246	108,934
Burma	11,622	9,679	11,361	10,014
Ceylon	585,689	633,594	750,982	823,469
Hong Kong	9,681	10,356	17,695	25,688
India	667,552	571,627	554,102	580,224
Japan	836,595	1,100,150	1,328,199	1,629,979
China	98,454	97,244	151,299	143,637
Philippine Islands	13,268	10,837	14,824	27,644
Totals	3,669,661	3,952,333	4,648,510	5,587,704

Of the exports, Japan obtained a greater quantity of wool from New Zealand. China increased her imports from New Zealand by £49,214: Wool, £46,303 (£18,081); tallow, £8,761 (£2,136); butter, £22,895 (£7,988). India took butter, £19,142 (£15,743); tallow, £103,432 (£89,751). Hong Kong: Butter, £16,564 (£13,480); fungus, £6,253 (£5,616); and apples, £458.

In imports, increases are noticeable from all countries other than China and Burma. From China we obtain walnuts, rice, brushmakers' materials, tea, silk, and artificial silk piece-goods. From Hong Kong: Boots and shoes; electric lamps; wood, cane, and wicker manufactures. Netherlands East Indies; Motor-spirit, kapoc, peanuts, sugar, &c. Tea from Ceylon. Canned pineapples from Malaya.

With the direct shipping services to these Eastern countries the trade should increase, and it is pleasing to record the growth in exports to the Dutch East Indies from £1,894 in 1936 to £4,035 in 1937. The trade, while still small, is more than double that of the previous year.

The marketing of apples in the territory is being pursued, and good work is being done by our honorary representatives stationed in the East.

TRADE WITH JAPAN.

Total trade with this country is given in Table XXVII below, and it is noteworthy that, with the exception of 1935, there has been a surplus of exports over imports for the last four years. This surplus reached £1,502,007 in 1937, the year under review.

Table XXVII.—Total Trade with Japan.

	Exports.	Imports.	Percentage of Total Imports.	Excess of Imports over Exports.
	£(N.Z.)	£(N.Z.)		£(N.Z.)
1932	236,799	478,000	1.9	241,201
1933	354,462	677,000	2.6	322,538
1934	856,014	836,000	2.7	20,014*
1935	432,000	1,100,150	3.0	668,150
1936	1,554,837	1,328,199	3.0	226,638*
1937	3,131,986	1,629,979	2.9	1,502,007

* Excess of exports over imports.

Imports from Japan comprise a wide range of manufactured and semi-manufactured goods, the major ones being silk and artificial silk piece-goods, £431,618 (£416,005); cotton, linen, and canvas piece-goods, £265,730 (£268,884); and sulphur, £131,522 (£66,626).

Exports of the principal items are shown in Table XXVIII below:—

Table XXVIII. Principal Exports to Japan.

	1934.	1935.	1936.	1937.
	£(N.Z.)	£(N.Z.)	£(N.Z.)	£(N.Z.)
Wool	689,851	241,697	1,265,836	2,705,946
Casain	92,342	128,667	142,124	173,257
Tallow	24,424	8,536	49,865	60,082
Butter	2,419	446	469	24,928
Hides, pelts, and skins	21,222	27,016	48,376	54,300
Scrap metal	18,418	18,990	24,870	56,727
Frozen meat .. .. .	..	377	10,131	8,323

From this table it is seen that wool dominates our export trade with Japan and shows an increase over 1936 by £1,440,110. Other items entering the trade all show increases, with the exception of frozen meat.

The direct shipping services have maintained regular sailings throughout the year, and no doubt this has assisted considerably in the growth of trade not only to Japan, but to certain other Eastern countries.

TRADE TREATIES.

The year under review marks a most important one so far as the conclusion of trade arrangements with overseas countries is concerned.

Following upon discussions which the Hon. Mr Nash had with foreign Governments during his visit abroad, trade arrangements have been made with the countries mentioned below:—

The Netherlands.—An arrangement on a most-favoured-nation basis was concluded with the Netherlands, and came into effect on the 14th January, 1938. Under this arrangement duties on a limited range of goods imported from the Netherlands were reduced, and the Netherlands agreed to the importation of a quantity of fresh apples not exceeding 1,400 metric tons at the reduced monopoly fee of 2 cents per gross kilo during the period 1st March to 30th June, inclusive, in each year. The Netherlands also agreed to grant a quota for the importation of 1,000 metric tons of raw animal-fat per annum.

Switzerland.—A trade arrangement was concluded with Switzerland on a most-favoured-nation basis, duties being reduced on a limited range of articles, including certain machinery, metals, pipes, medicinal preparations, &c., being the product of Switzerland.

Switzerland agreed to the importation of a quantity of apples and pears not exceeding 1,500 metric tons.

Germany.—A trade and payments agreement was concluded with Germany, and became effective on 12th October, 1937.

Under this agreement mutually most-favoured-nation treatment as regards Customs and other charges is agreed to. Reductions in duty were made on a limited range of articles produced or manufactured in Germany, including photographic goods and cameras, musical instruments, artificers' tools, field-glasses, medicinal preparations, wine, &c. Germany agreed to devote the whole of the proceeds of her exports to New Zealand in the purchase of New Zealand products, a special provision being made for the purchase of butter, apples, and pears.

Belgium.—Under the Trade Arrangement (Belgium) Order 1938, amendments are made in the duties applied to gloves imported into New Zealand from Belgium.

Australia.—Under the Trade Agreement (Australia) Order 1938, increases in duty were made on certain articles the product or manufacture of Australia, such action having been taken with a view to protecting New Zealand industries.

Canada.—A modification of the New Zealand trade agreement with Canada was effected, whereby certain of New Zealand's products were granted more favourable terms of admission into Canada than had been the case prior to the modification. Among these items were lamb and mutton, canned meats, hops, edible gelatine, and Karitane products. The agreement was extended until 30th September, 1938.

Under the Trade Agreement (Canada) Order 1938, duties were raised on a number of items the produce or manufacture of Canada, with a view to protecting New Zealand industries which were adversely affected by competition from goods produced in that Dominion.

United Kingdom.—By Customs Amendment Order 1938, No. 1, duty on footwear other than children's sizes 0 to 9 was increased, with a view to protecting the New Zealand industry, which was suffering from the competition of imported footwear.

France.—Negotiations are at present in train for the conclusion of a trade arrangement between New Zealand and France.

General.—By the Customs Tariff Amendment Order 1938, No. 2, duties on a number of items were increased, with a view to protecting our local industries.

The increases made therein had general application and covered imports from countries to which specific orders did not apply.

STEAMSHIP SERVICES.

There have been no new steamship services inaugurated during the year reviewed, but progress has been noted both in the tonnage of cargo handled by the main lines trading to and from New Zealand and in the provision of new and faster vessels.

The direct monthly service between New Zealand and the Netherlands East Indies, inaugurated last year with the "Maetsuycker" and "Van Rees," has been maintained, and cargoes carried have shown a progressive gain both on the inwards and outwards journeys. Advice is now to hand that the "Tasman," a larger vessel equipped with refrigerated space, is to go on the run with the "Maetsuycker."

Regular services to Japan and the East have been maintained by the two Japanese steamship companies, the Osaka Shosen Kaisha and the Yamashita Kisen Kaisha.

The Shaw, Savill, and Albion Steamship Co. has advised that a new and fast vessel, the "Dominion Monarch," will shortly be on the run between New Zealand and the United Kingdom, and this will provide a service to South Africa which should promote some growth of trade with that Dominion.

AIR SERVICES.

The year under review is a notable one in New Zealand for the expansion of air services, which have grown in popularity both with regard to transport of passengers and of mails.

Probably the most important events so far as air services are concerned were the visits during the year of the Pan-American Airways four-engined Sikorsky Clipper Ship, and the visit by the Imperial Airways "Centaurus," which arrived in Auckland on 27th December, 1937, on a survey flight over the whole Empire route from England to New Zealand.

The trans-Pacific service was inaugurated by Pan-American Airways on the 29th December, 1937, but owing to the disaster which occurred to the aircraft on the return journey on 11th January, 1938, the service has been discontinued until new aircraft have been delivered to the company from the factories.

In New Zealand there are four companies regularly operating over seven different routes, while, in addition, there are three taxi services available. These commercial aircraft services in the year under review covered 1,501,345 miles, carried 51,556 passengers, and transported 216,238 lb. of mail and 91,703 lb. of freight.

The services operating are—

Union Airways of New Zealand—

(a) Palmerston North—Blenheim—Christchurch—Dunedin;

(b) Auckland—New Plymouth—Palmerston North—Wellington;

East Coast Airways, Ltd.

(Gisborne—Napier—Palmerston North);

Cook Strait Airways, Ltd.

(a) Wellington—Blenheim—Nelson;

(b) Nelson—Greymouth—Hokitika;

Air Travel (N.Z.), Ltd.

(a) Hokitika—Haast—Okuru;

(b) Inehbonnie—Hokitika—the Glaciers,

while taxi services are afforded by Waikato Aviation Co. (Rotorua); New Zealand Aerial Mapping, Ltd. (Hastings); and Southland Airways, Ltd. (Invercargill).

EXHIBITIONS OVERSEAS.

During the year under review New Zealand has participated in two major exhibitions—the Empire Exhibition in Glasgow and the Canadian National Exhibition in Toronto—while, in addition, the New Zealand Trade and Tourist Commissioner in Toronto arranged a comprehensive display at the Nova Scotia Provincial Exhibition in Halifax.

Empire Exhibition, Glasgow.—Bellahouston Park, Glasgow, is the site of a great Empire Exhibition which was opened by His Majesty the King on 3rd May, 1938. A comprehensive range of exhibits was forwarded to the High Commissioner for New Zealand in London, who is in charge of the Dominion's Court, and various produce Boards are also closely associated with the High Commissioner to ensure that products on view represent as wide a range as possible of the best that can be produced in New Zealand. In addition to dairy-produce, meat, fruit, wool, flax, hemp, tallow, and other primary produce, some of the products of our manufacturing industries such as rugs, canned goods (meat, fruit, fish, jams, &c.), and other specialty products are being displayed. Government Departments have co-operated with this Department in providing attractive exhibits illustrative of the progress made within the Dominion, while dioramas indicative of the wealth of scenic and sporting attractions in the Dominion are also displayed.

Canadian National Exhibition.—For the eighth successive year New Zealand arranged an exhibit at the Canadian National Exhibition, held in Toronto in August and September, 1937. A most attractive display was arranged by the New Zealand Trade and Tourist Commissioner stationed at Toronto from material supplied by the Department and also by representative New Zealand manufacturers. On the tourist and sporting side large dioramas depicting Milford Sound and Native life at Rotorua, together with Maori carvings, weapons, clothing, &c., and also other scenic attractions with mounted samples of trout and swordfish, were displayed. A range of New Zealand floor and travelling rugs excited considerable favourable comment, while other manufactured goods such as canned and bottled foods, rennet for commercial and household purposes, and a wide variety of jams were also shown. The average daily attendance of the public at the exhibition approximated ninety-six thousand, which gives some indication of the publicity value of participation in the leading annual exhibition in Canada.

Nova Scotia Provincial Exhibition.—An invitation was extended to New Zealand to participate in the Maritime Provinces Exhibition, held at Halifax, and for the first time New Zealand took advantage of this invitation to exhibit. The Trade and Tourist Commissioner at Toronto was enabled, with material in hand, to provide a most attractive exhibit, which was considered by many to be one of the most outstanding displays at the exhibition. It is hoped that as a result of the display the eastern provinces of Canada will absorb a greater portion of our products.

During the next two years New Zealand will be arranging for suitable displays at the Golden Gate International Exposition, to be held in San Francisco from 18th February to 2nd December, 1939; the New York World's Fair, to be held in New York from May to October, 1939; and for the ninth successive year at the Canadian National Exhibition, to be held in Toronto in August and September of this year. This year marks the diamond jubilee of this great annual event in Canada, and it is anticipated that a very special effort will be made on the part of the exhibition authorities to suitably mark the occasion.

STORES CONTROL BOARD.

As in past years, the Department is represented by an officer on the Advisory Committee of the Stores Control Board, and, in addition to the ordinary duties devolving upon him as a departmental representative, he looks to the interests of the New Zealand manufacturers in the matter of Government purchases of stores.

Arising out of increased costs to certain contractors for Government supplies, the Department has been called upon to investigate the extent to which these costs have affected these contractors. Following upon a consideration of such reports, the Stores Control Board has recommended relative increases in the contract prices as from stipulated dates.

MANUFACTURERS' ASSOCIATIONS.

The Department has continued to co-operate with the manufacturers' associations in the four centres. The following notes summarize several features of interest in regard to each association.

The membership of the Auckland association, which last year stood at 525, has increased by 35 new members. Nineteen trade groups have been formed, which are linked with similar groups in other centres and co-ordinated through the federation for the purpose of providing an effective organization for representing the views of industry or affording any assistance which may be desired through the association. The annual Winter Exhibition, held in conjunction with the Auckland Agricultural and

Pastoral Association, took place in August last, when the exhibition proved a huge success, the space being fully booked and the attendances being the largest for ten years. In other ways the association has adopted further methods of affording publicity to Dominion-made goods.

In its forty-second annual report the Wellington association recorded a membership of 378, representing an increase of 55 members for the year. The decision of the association to form branches in provincial centres was carried into effect, and branches are now representative of Hawke's Bay, Wanganui, and Manawatu interests. The work of organizing trade groups within the association has made steady progress. Members are availing themselves of the industrial service offered by the association.

In its report presented to the fifty-eighth annual general meeting the Canterbury association records that 67 new members have been enrolled. It has been decided to extend the services of the association to cover the whole of the Canterbury, Marlborough, and West Coast districts. The formation of trade groups has been proceeded with steadily, in line with the action which is being adopted by other associations in this direction. An important medium of affording publicity for New Zealand-made goods are the radio talks given by members from station 3YA. Visits to factories by schools and by retailers, and the utilization of publicity matter in factories and workshops, are also included in the publicity efforts of the association. The New Zealand Industries Fair, held in August last, proved an outstanding success.

The last annual report of the Dunedin association records a membership of 163, 26 new members having been enrolled during the year. The formation of trade groups has also been proceeded with steadily by this association. The association's "Made in New Zealand Week" was again organized with marked success, support being forthcoming from all sections, including retailers, newspapers, and the City Council.

STATISTICS RELATING TO MANUFACTURING INDUSTRIES.

The latest available statistics relating to the manufacturing industries of the Dominion cover the year ended 31st December, 1937.

The betterment in industrial conditions generally during immediate past years has been referred to in the two previous annual reports of this Department. This improvement has continued during the year covered by the latest figures, which reveal in a marked way the development and expansion which has taken place during the past year in the manufacturing industries of the Dominion. The 1936-37 statistics indicate that new record high levels are recorded in every principal feature of the statistics.

The following table summarizes the statistics under each principal head in respect of the years ended 31st March, 1936 and 1937. For purposes of comparison, index figures are shown illustrating the extent of the development during the past year:—

	Year.		Index Numbers, 1936-37 (1935-36 = 100).
	1935-36.	1936-37.	
Number of establishments	5,536	5,728	103
Number of persons engaged	86,588	96,401	111
Salaries and wages paid	£ 14,844,367	£ 18,333,077	124
Cost of materials used or operated upon ..	£ 59,940,393	£ 70,668,075	118
Other expenses	£ 9,606,824	£ 10,751,543	112
Value of products	£ 90,014,748	£ 105,941,722	118
Added value	£ 30,074,355	£ 35,273,647	117
Value of—	£	£	
Land and buildings	23,985,510	24,445,338	102
Plant and machinery	43,453,369	45,151,927	104
	67,438,879	69,597,265	103

Included in the aggregate figures shown in the above table are figures relating to such industries as meat-freezing, butter and cheese making, &c. In the following table the figures are shown as they relate to groups according to general character of industries and the nature of the operations carried on. In this way the position of the real manufacturing industries of the Dominion is more clearly indicated, as distinct from those industries closely associated with the primary industries or representing the provision of public utilities under monopoly conditions, including gasworks and electricity generation and supply.

The following table provides the basis of comparison of the classification of industries into four groups:—

Table showing for the Years ended 31st March, 1935, 1936, and 1937, Figures relating to the Various Industries classified into Four Groups as stated.

Year.	Persons engaged.	Salaries and Wages paid.	Cost of Materials used.	Value of Products.	Value added by Manufacture.	Land, Buildings, Plant, and Machinery.
<i>Group 1.</i>						
Group 1 includes industries such as meat-freezing; ham and bacon curing; butter, cheese, and condensed milk; sausage-casings; fellmongering and wool-scouring; boiling-down and manure-making.						
	Number.	£	£	£	£	£
1934-35..	12,730	2,557,906	31,459,836	37,213,253	5,753,417	8,921,964
1935-36..	13,175	2,748,360	37,559,333	43,512,567	5,953,234	9,078,347
1936-37..	13,458	3,217,821	41,296,344	51,139,656	6,843,312	9,305,107
<i>Group 2.</i>						
Group 2 includes industries such as gas making and supply, electricity generation and supply.						
1934-35..	4,637	1,058,881	4,170,349	6,004,384	1,834,035	34,214,699
1935-36..	4,789	1,143,208	4,248,815	6,248,748	1,999,933	33,609,706
1936-37..	5,120	1,278,172	4,554,257	6,563,185	2,008,928	34,526,759
<i>Group 3.</i>						
Group 3 includes such industries as fish-curing; log-sawmilling; lime-crushing and burning, &c.; brick, tile, and pottery making; concrete block or pipe and fibrous-plaster making; flax-milling; pumice-products preparations.						
1934-35..	8,523	1,477,768	1,147,420	4,225,557	3,078,137	3,649,326
1935-36..	9,965	1,823,952	1,570,068	5,340,289	3,770,221	3,774,949
1936-37..	11,404	2,363,626	1,864,514	6,488,431	4,623,917	3,875,066
<i>Group 4.</i>						
Group 4 includes industries of a type not included in the above classifications, such as grain-milling, iron-smelting, motor engineering, &c.						
1934-35..	53,468	8,149,815	15,307,136	31,881,279	16,574,143	20,482,461
1935-36..	58,659	9,128,847	16,562,177	34,913,144	18,350,967	20,975,877
1936-37..	66,419	11,473,458	19,952,960	41,750,450	21,797,490	21,890,333

It will be noted that in every case an improvement has become apparent in the position of the industries during the last year as disclosed in the above table.

The comparison provided by Group 4 above is of particular interest, in view of the fact that the industries included in this group may be regarded as genuine manufacturing industries. In the 1936-37 year the number of persons engaged increased by 7,760 in number, or by 13 per cent.; salaries and wages paid increased by £2,344,611, or by 26 per cent.; while materials used and value of output both advanced by 20 per cent.; "added value" advanced by 19 per cent.; and the value of land, buildings, plant, and machinery increased by 4 per cent.

Set out below is a summary of the principal variations in the comparison of the figures for 1936-37 with those of the previous year as affecting individual industries:—

Number of Establishments.

Increases.—Coachbuilding and motor engineering, &c., 68; furniture, 30; sawmilling, 19; clothing, 18; concrete block and fibrous plaster, 17; joinery and woodware, 14.

Decreases.—Aerated waters, 13; saddlery and harness, 5.

Persons engaged.

Increases.—Clothing, 1,532; coachbuilding and motor engineering, 1,454; sawmilling, 798; furniture, 545; general engineering, 401; boot and shoe, 320.

Decreases.—Sausage-casing, 41; meat freezing and preserving, 27; electrical engineering, 19.

Salaries and Wages paid.

Increases.—Coachbuilding and motor engineering, £461,756; sawmilling, £348,754; clothing, £296,878; meat freezing and preserving, £231,097; butter and cheese, £192,209; printing and publishing, £173,939; general engineering, £172,239; furniture, £152,306.

Value of Output.

Increases.—Butter and cheese, £3,504,049; meat freezing and preserving, £3,255,820; coachbuilding and motor engineering, £1,111,610; sawmilling, £679,895; fellmongering and woolscouring, £632,082; clothing, £573,080; agricultural machinery, £399,134; printing and publishing, £366,690; furniture, £350,544; general engineering, £311,716.

Decreases.—Sausage-casing, £73,626.

Added Value.

A reliable guide to the relative importance of an industry from an industrial viewpoint is gained by the examination of the "added value" created by the manufacturing operations of that industry. This "added value" is arrived at by deducting the cost of materials used in an industry from the gross value of the products which result from manufacturing operations.

Increases.—Coachbuilding and motor engineering, £773,928; sawmilling, £497,416; meat freezing and preserving, £493,050; clothing, £305,177; butter and cheese, £300,478; printing and publishing, £263,838; general engineering, £198,452; furniture, £191,486.

Decreases.—Tobacco and cigarette making, £98,291; sausage-casing, £11,939.

COST OF LIVING, PRICES, AND CONTROL.

A constant watch has been kept by the Department on the trend of prices during the year. Particular attention has been paid to movements in retail prices and every endeavour made to prevent such prices rising more than was fully justified. The extent of the movements in the various groups, as expressed by the official index numbers, comparing the 31st March, 1938, with the same date in 1937, are as follows:—

Retail Prices.—The "all groups" index number rose by 4·3 per cent. In this group foodstuffs showed the largest increase with 6·5 per cent., made up of meat, 8·6 per cent.; dairy-produce, 6·5 per cent.; and groceries, 3·4 per cent. The next largest increase was in the case of clothing, drapery, and footwear group, with 6·4 per cent. Rents were 2·8 per cent. higher, and fuel and light showed the relatively small increase of 1·3 per cent. The miscellaneous groups index was higher by 1·9 per cent.

Wholesale Prices.—The "all groups" index number of wholesale prices in March, 1938, was 3·4 per cent. higher than it was a year previously. To this increase the index of locally produced goods contributed 3·7 per cent. and that of imported goods 3 per cent.

Of the various groups which went to make up the average for the whole, the group showing the largest increase was that for meat, which was 16·2 per cent. higher than it was a year earlier. The only item which recorded a reduction was "semi-manufactured animal products (not foods)." This heading includes wool, hides, skins, and tallow, and the index was 38·7 per cent. lower. Wood and wood products were 7·4 per cent. higher, and agricultural produce had advanced by 3·6 per cent. "Other foodstuffs and groceries of animal origin" were higher by 5·7 per cent., as were metals and their products by 5·1 per cent., and textile manufactures by 2·8 per cent. Other recorded increases were chemical and manures, 1·2 per cent.; mineral oils, 1·1 per cent.; coal, 0·9 per cent.; other non-metallic minerals and their products, 1·3 per cent.; mixed agricultural products, 0·9 per cent.; other vegetable products and groceries, 0·5 per cent.; and leather, 0·4 per cent.

Export Prices.—The "all groups" index of prices for goods exported showed a slight fall of 0·4 per cent. This relatively small decline, however, was made up of large increases and decreases. The index of dairy-produce prices in March, 1938, was 21·5 per cent. higher than it was a year earlier, and meat prices showed a corresponding rise of 9·3 per cent. The only other increase was in the case of minerals, the index for which was 2·7 per cent. higher. All the other groups recorded a fall in their indices, the largest being that of wool, which was 33·2 per cent. lower. The other "pastoral produce" index was 19·0 per cent. lower, that for agricultural produce was down by 5·0 per cent., and the timber index was 10·4 per cent. lower.

Effective Wage Rates.—On the base 1926–30 = 1000 the nominal wage-rate index in March, 1938, stood at 1063. This was 205 points higher than the index for the year 1935, and represented an increase of 23·9 per cent. Over the same period retail prices advanced by 105 points, from 837 in 1935 to 942 in March, 1938, an increase of 12·5 per cent.

On the 1926 = 1000 base the effective wages-rate index stood at 1025 in 1935, but by March, 1938, this index had risen to 1128, an advance of 103 points, or 10 per cent. Thus, on the basis of wage rates, the above figures show that the standard of living of the workers rose during the two years by 10 per cent.

Control Measures.—Control over prices has been exercised by the Department partly through the fixation of the prices of certain commodities under the provisions of the Board of Trade Act and also through the administration of the Prevention of Profiteering Act. Other sections of this report cover the various commodities the prices of which are fixed under the Board of Trade Act.

The prevention of Profiteering Act is designed to prevent prices from being raised to a greater extent than is warranted by any additional costs which are incurred by a seller, either for the actual goods or services supplied or in the general expenses of operating his business. Under the provisions of this Act a large number of investigations have been conducted into the prices of many commodities and services and covering a wide range of industries and trades. In a number of instances, where it appeared that a particular price had been raised more than was reasonably justified on account of increases in costs, a reduction in prices was made, and in some cases refunds of portions of purchase-money have been made.

In addition to the special investigations which are being made all the time under the Act, a continuous check is maintained on the prices of the items which figure largely in the household expenditure of families, such as foodstuffs and clothing. The existence of the Act and the continual investigational work carried out by the Department has provided a powerful check on any tendency for exploitation of the consuming public through the device of raising prices.

BUREAU OF INDUSTRY.

INDUSTRIAL EFFICIENCY ACT, 1936.

REPORT FOR YEAR ENDED 30TH APRIL, 1938.

Ordinary Members—

- Mr. L. J. Schmitt (Chairman), Secretary, Department of Industries and Commerce.
 Mr. F. Johnson (Deputy Chairman), Assistant Secretary, Department of Industries and Commerce.
 Mr. E. J. Fawcett, Assistant Director-General, Department of Agriculture.
 Mr. E. D. Good, Comptroller of Customs.
 Mr. E. L. Greensmith, Chief Inspector, the Treasury.
 Mr. J. S. Hunter, Secretary, Department of Labour.
 Mr. L. J. McDonald, Secretary, New Zealand Standards Institute.
 Dr. E. Marsden, Secretary, Department of Scientific and Industrial Research.
 Mr. G. A. Pascoe, Technical Advisory Officer, Department of Industries and Commerce.
 Mr. G. C. Rodda, Secretary to the Treasury.
 Mr. A. Tyndall, Director of Housing Construction and Under-Secretary for Mines.

Special Manufacturers' Representatives—

- Mr. C. M. Bowden, Public Accountant, Wellington.
 Mr. I. Matheson, Matheson and Wilkinson, Ltd., Wellington.

Special Farmers' Representatives—

- Mr. T. C. Brash, Secretary, New Zealand Dairy Board.
 Mr. H. Morrison, Sheep-farmer, Awatoitoti, Masterton.

Secretary.—Mr. D. W. Woodward, Department of Industries and Commerce.

INTRODUCTORY.

Since the presentation of the last annual report the Bureau of Industry has continued to expand its activities under the Industrial Efficiency Act, 1936, by which the Bureau is constituted and its duties and functions defined. At the present time there are a large number of problems being considered and investigated by the Bureau, all of which affect to a greater or lesser degree the industrial development and organization of the Dominion. One of the most important matters completed by the Bureau during the year was the successful preparation of an industrial plan for the pharmacy industry. An Industrial Committee has been set up to administer the plan, and it is anticipated that widespread benefits to pharmacists and consumers alike will result from the operation of the plan. Through its powers to administer the licensing provisions of the Industrial Efficiency Act the Bureau has been able to exercise a beneficial measure of control over a number of important industries. The Bureau has many activities, however, besides industrial planning and licensing, and one of the most important of these is in the direction of making recommendations to the Government upon important economic problems. Among these latter, during the year under review, was the question of the additional tariff protection granted by the Government to certain domestic industries. The Bureau has a number of important investigations under way at present, and it is hoped that these inquiries will result in the setting-up of new industries and the further development of industry in the Dominion. Because of their nature and importance, however, it is possible that, in regard to a number of these proposals, the completion of the investigations will occupy some time.

A brief review of the activities of the Bureau as far as they concern the more important work carried out during the past twelve months is now given.

MEETINGS HELD: WORK OF COMMITTEES.

During the twelve months ended 30th April, 1938, forty-four meetings of the Bureau were held. In order to facilitate and expedite consideration of the wide range of matters coming before the Bureau, committees are usually appointed to investigate the various problems and to bring them to a final stage. There are over thirty such committees, and these consist of appropriate members of the Bureau and technical officers of the various Departments of State directly concerned in the subject under consideration. Most of these committees meet fairly frequently, and during the year the total number of meetings held by all committees was approximately two hundred and thirty. It will be seen, therefore, that the Bureau is actively engaged in the very responsible work with which it is charged.

LICENSING.

The powers of licensing given by the Industrial Efficiency Act are designed to secure greater efficiency in any industry, to the benefit of both consumer and producer, by regulating the entrance of new units into the industry concerned in accordance with economic considerations, and so preventing the establishment of redundant units. This does not mean a maintenance of the *status quo*, as the governing aim of the Bureau in its administration of the licensing provisions is to ensure a maximum measure of service to the consumer.

The question of whether or not any industry is brought within the licensing provisions of the Act is entirely at the discretion of the Hon. the Minister of Industries and Commerce. The Hon. Minister, however, as a general rule, follows a policy of referring all applications for the invocation of the licensing provisions to the Bureau of Industry for consideration and report before giving his decision. Although the Bureau has considered a number of such applications from industries and individuals desiring the protection which licensing affords, there have been only two of these granted during the

year ended 30th April, 1938. In every case a full examination of the particular industry is made, and the Bureau has only recommended that an industry be brought within the licensing provisions of the Act where it was convinced that licensing would be in the best interests of the industry itself and the consuming public in general. One industry (manufacture of phosphatic fertilizers—see section of report on this industry) was “de-licensed” during the year.

The industries now subject to license are as under :—

- Manufacture of products consisting of a combination of asbestos and cement.
- Manufacture of batteries or cells, commonly known as dry cells.
- Manufacture and/or assembly of secondary or storage cells and batteries, commonly known as wet batteries, or any part or parts thereof.
- Manufacture of cement: Portland and other structural or building cement.
- The business of any chemist or druggist carried on by the keeping of any open shop or place for the compounding or dispensing of prescriptions.
- Taking of fish for purposes of sale (not salmon, trout, whitebait, or oysters).
- Export of fish, whether fresh or preserved (not salmon, trout, whitebait, or oysters).
- Manufacture of gas-meters.
- Importation and/or wholesale distribution of motor-spirit.
- Retail sale and distribution of motor-spirit.
- Taking of oysters from oyster-beds.
- Manufacture of pumps, or the assembly of parts thereof, for the distribution of motor-spirit.
- Manufacture of electric-ranges, including the assembly of parts thereof.
- Manufacture of rennet.
- Manufacture of rubber tires and tubes for all types of vehicles.
- Manufacture of wooden heels for footwear.

APPEALS.

The Industrial Efficiency Act provides that appeals may be made to the Minister of Industries and Commerce against any licensing decision of the Bureau. This right of appeal has been exercised by a number of applicants for licenses and by persons considered to have been materially affected by decisions of the Bureau. The Hon. Sir Francis Frazer, who, in accordance with powers given in the Act to the Minister, was appointed to inquire into and report upon the subject-matter of any appeal has heard seventy-nine such appeals during the year and reported thereon to the Minister. Of these appeals, seventeen were allowed and the Bureau's original decisions reversed.

INDUSTRIAL PLANS.

Two industrial plans, prepared in accordance with Part II of the Industrial Efficiency Act, have been put into operation, and Industrial Committees to administer those plans have been appointed. The industries concerned are flax and pharmacy.

FLAX.

The preparation by the Bureau and the acceptance by the industry of an industrial plan for the rehabilitation of the flax industry was mentioned in the last annual report. Since then the following Industrial Committee has been appointed by the Hon. Minister in accordance with the plan :—

Nominees of—

Government.—Dr. E. Marsden (Chairman), Department of Scientific and Industrial Research ; Mr. F. Johnson, Department of Industries and Commerce ; Mr. E. J. Fawcett, Department of Agriculture ; Mr. P. T. Robinson, Employment Bureau, Palmerston North.

Millers.—Mr. L. A. Neiderer, Gorge Road, Southland ; Mr. B. B. Wood, Christchurch.

Growers.—Mr. A. H. Long, Kaingaroa, North Auckland.

Manufacturers of Flax Products.—Mr. S. H. Maddren, Christchurch.

Workers.—Mr. H. H. Podmore, Foxton.

Unfortunately, the overseas market price for hemp fell to an extraordinarily low level shortly after the Committee commenced its duties, and much of the Committee's work has been concerned with the question of temporary assistance to growers and millers by way of subsidies and other aid during the period of low prices. There is still no indication of the market recovering. The Committee, however, has made good progress in regard to research and planting, although the benefits to the industry of this work cannot be enjoyed immediately.

PHARMACY.

The question of the preparation of a plan of reorganization for the pharmacy industry in New Zealand arose as a result of the parliamentary inquiry which was held in relation to petitions lodged by various interests, praying for protection against company or chain-store pharmacy.

After the passing of the Industrial Efficiency Act the Bureau of Industry was requested to prepare a plan of reorganization for the industry, having in view the various problems which had been raised, and to make any recommendations to the Government for the taking of measures which would be of benefit to the industry while, at the same time, protecting the interests of the consuming public. In the meantime, and so as to hold the position until a plan could be prepared and placed before the industry for adoption or rejection, the industry was made subject to license under the Industrial Efficiency Act, 1936.

After many discussions with the principal interests concerned, the Bureau presented a provisional plan which was given general publicity in accordance with the provisions of the Industrial Efficiency Act. This plan is primarily in respect of retail pharmacy, to which the difficulties being faced mainly apply; and the Bureau, in presenting the plan, stated that it was a difficult matter, and, in fact, in some cases impossible, to reconcile the various conflicting interests. The plan was prepared with the primary aim of serving the public interests while at the same time being of distinct benefit to those engaged in the industry. The Bureau stated that it was confident that the operation of the plan would achieve a large measure of stability and order in the industry in lieu of probable disorder and destructive competition.

Details of the material proposals of the plan were given in *News Bulletin* No. 49, issued by the Department under date of December, 1937. One of the most important aspects of the plan is naturally in respect of the position of chain-company pharmacy, and the Bureau came to the conclusion that applications from company pharmacies should be considered on their merits as provided in the Industrial Efficiency Act in the same manner as other applications, having particular reference to the public interest and the social implications involved.

The complete plan was circulated to all retail pharmacists and was approved in no uncertain terms. Out of a total of 602 shops, principals operating 568 shops recorded their vote, a return of 94 per cent. Of the votes recorded, 544 were in favour of the plan, 19 against, and 5 informal. This gave a favourable vote equal to 96 per cent. of the votes returned and 90 per cent. of all principals engaged in the industry.

Following upon the submission of the provisional plan to the industry and its approval thereof, the Government decided to adopt the plan and to bring it into operation. For this purpose, and in accordance with the provisions of the plan itself, the following Industrial Committee was appointed:—

Nominees of—

Government.—Mr. E. R. Myers (Chairman), Department of Health; Mr. D. W. Woodward, Department of Industries and Commerce; Mr. W. H. Stevens, Wellington.

Pharmacy Board.—Mr. H. J. S. Rickard, Wellington; Mr. D. S. Dodds, Christchurch.

United Friendly Societies' Dispensaries.—Mr. J. A. Race, Dunedin.

Employees.—Mr. G. P. Adams, Wellington.

Under the plan, a Director of Pharmacy was to be appointed to act as chief executive officer of the Committee, and upon Mr. E. R. Myers being selected for this position the Committee, with the approval of the Hon. Minister, appointed Mr. W. H. Stevens to act in Mr. Myers' place as Chairman of the Committee. In having the services of Mr. Myers available as Director of Pharmacy the Committee is fortunate, because of his long experience and extensive qualifications in health matters, in administration, and particularly in regard to the problems before the pharmacy industry.

Since its appointment in March last the Committee has been actively engaged in carrying out its duties under the plan. In particular, it has considered a number of applications for licenses for both new pharmacies and transfers of existing businesses, and is formulating a national drug list to be observed by all pharmacists. In preparing this list extensive investigation and inquiry has been necessary, so that when the whole scheme is presented to the Government with a request for its adoption it will be based upon sound principles and accurate costings. In this manner the Committee hopes to give a maximum degree of service to the consuming public while at the same time giving a measure of stability and security to the industry.

It may be stated confidently that the progress made with the pharmacy plan during the past year has been most gratifying, and under the direction of the industry's own Committee pharmacists may look forward to considerable benefits accruing in future with a degree of stability and security which has been lacking for some years.

STORAGE BATTERIES.

Following upon the formation, under the auspices of the New Zealand Manufacturers' Federation, of a "trade group" of storage-battery manufacturers and assemblers, a request was placed before the Hon. the Minister of Industries and Commerce for the licensing of the industry. The Hon. Minister was not prepared to agree to this request until at least the basis of a plan had been prepared and submitted to him. The Committee of the industry was able to formulate such a basis or outline, and the industry was then made subject to licensing as from 19th May, 1938. The Hon. Minister intimated that licensing was to operate for a provisional period of, say, six months, during which the representatives of the industry are to co-operate in the formulation of a satisfactory plan.

In order to have adequate information to consider the matter fully, and also that all persons concerned may be consulted, the Bureau has been directed by the Hon. Minister to compile a register of the industry, and for this purpose notice has been given under section 13 of the Industrial Efficiency Act, and forms prepared for completion and lodgment with the Bureau. Action is also being taken for a special committee of the Bureau to collaborate with a committee of the industry in the preparation of the industrial plan, which, if brought to finality, will be placed before the Government and the industry for consideration.

CLAY AND CONCRETE PRODUCTS.

The question of the preparation of an industrial plan for certain sections of the clay and concrete products industry is at present before the Bureau. Some time ago application was made by a special committee set up by the North Island branch of the New Zealand Brick, Clayworking, and Concrete-pipe Manufacturers' Association for the provisional licensing of the industry in the North Island, but the Hon. Minister indicated that he was not prepared at that stage to bring the industry under license unless and until a satisfactory industrial plan had been formulated by the industry.

Following upon this decision, the committee of North Island interests prepared a draft plan which was placed before the Bureau. It was then decided to call a conference of all concerned, and at this meeting an outline prepared by the Bureau of the basic principles to be incorporated in any plans formulated for the industry was laid before the representatives. It was agreed by the meeting that the preparation of two plans—one for the brick industry, and the other for the earthenware and concrete-pipe industry—should be proceeded with, and it was arranged that the New Zealand Manufacturers' Federation should secure nominations from all interests for the appointment of committees to consider these matters.

At the present time these nominations have been made and the Hon. Minister has requested the committees to proceed with the development of the plans. These plans will, at present, concern only the North Island, as South Island manufacturers have indicated that they do not wish to participate.

PHOSPHATIC-FERTILIZER MANUFACTURE.

The manufacture of phosphatic fertilizers was one of the first industries to be gazetted as being subject to the licensing provisions of the Industrial Efficiency Act, 1936. Two applications were received for new works—one at Napier and one at Whangarei—and these applications were carefully considered and investigated by the Bureau of Industry. The existing manufacturers in the North Island proposed the formation of a central sales organization and the introduction of a flat freight-paid price for superphosphate to all railway-stations and ports in the North Island. Difficulty was experienced in obtaining agreement of the South Island manufacturers to a similar scheme, as in the South Island a central sales organization was already functioning and superphosphate was being quoted at a flat price at 10 points throughout the South Island. It was also found impossible to reach agreement as to the amount of the increase in price to cover the difference between the existing "ex-works" price and the "freight-paid" price, largely owing to the difficulty of forecasting the increasing volume of superphosphate which would be consumed by outlying districts once a freight-paid price had been introduced.

Existing works are not ideally placed as regards distribution to consuming areas, and the greatly increased demand of the 1937 season indicated that there might arise a very real need of further works being erected in certain areas unless a sound rationalization scheme could be introduced. As agreement on essential points of the proposed industrial plan could not be reached, and in the absence of an acceptable industrial plan for the rationalization of the industry, having especially in mind the interests of the consumer, the Hon. the Minister of Industries and Commerce revoked the licensing provisions so far as this particular industry was concerned.

OTHER INDUSTRIES.

Application has been made by a number of other industries for the preparation of industrial plans under the Act, and investigations are being carried out and discussions being held in regard to these matters.

FINANCIAL ASSISTANCE TO INDUSTRIES.

Some twenty-five applications for financial assistance from various persons and firms engaged in industry were considered by the Bureau during the year, and reports and recommendations submitted to the Hon. Minister. Funds for the assistance of industry are available from the Employment Promotion Fund, administered by the Labour Department; and power is also given under section 29 of the State Advances Corporation Act, 1936, to advance on loan or by way of share capital. In several instances during the year the Government, acting on the recommendation of the Bureau, was able to assist certain businesses to develop or to carry on when they might otherwise have been forced to restrict their operations. The Bureau makes a full investigation in regard to each application not only of the particular business concerned, but also of the industry of which it may form part. It is one of the cardinal points of the Bureau's policy that it shall at all times have full regard for the economic welfare of New Zealand as a whole, and all matters pertaining to the financing of individual units of industry are considered in this light.

STANDARDS.

It is being evident to an increasing degree that the greater use of standards in New Zealand is a vital necessity if industry is to operate on more efficient lines and to give greater service to the consumer. The question of the use of standards is allied to practically every subject considered by the Bureau, and in consequence the closest collaboration has been maintained with the New Zealand Standards Institute. In regard to a number of applications received for licenses, it has been necessary to refer the question to the Standards Institute for recommendation or action. The Secretary of the Institute is a member of the Bureau, and it has been found that this liaison is a very advantageous one. In addition, the Chairman, Secretary, and a number of other officers of the Bureau act on various committees of the Institute.

Noteworthy during the year, and following upon preliminary action taken by the Bureau, was the formulation by the New Zealand Standards Institute of standard specifications for the grading and classification of hides, yearlings, and calf-skins. The provisions of the specifications were agreed to by a committee representative of all major interests, and define the practice to be employed in the treatment, grading, and classification of hides, yearlings, and calf-skins acceptable to all parties. The specifications are designed to establish uniform grades as a basis of trade that will have a common meaning to buyers and sellers. This is particularly important to overseas buyers, by whom representations have been made on numerous occasions, and it is anticipated that the development of these standards will be of the greatest value in this direction by not only protecting existing markets, but also increasing our trade in hides and skins.

RETAIL SALE AND DISTRIBUTION OF MOTOR-SPIRIT.

The industry of the retail sale and distribution of motor-spirit is subject to license and is one in which a large number of operators are engaged. During the year over eighteen hundred applications connected with this industry were considered either for new reselling sites, installation of additional pumps, transfer of ownership or premises, or variation in the method of distribution. During the year the *Gazette* notice licensing the industry was amended to require all persons engaged in the industry to apply for a license at 1st April, 1938, and at the same time regulations were issued prescribing fees to be paid and procedure to be followed. These regulations were also designed to co-ordinate administration of the two forms of licensing—namely, the storage of dangerous goods, and industrial efficiency.

The question of the preparation of a plan within the meaning of the Act for this industry is now under consideration.

FISHING INDUSTRY.

The industries of the taking of fish (by use of boats) for sale, the export of fish, and the taking of oysters from oyster-beds are subject to the licensing provisions of the Industrial Efficiency Act. During the year some four hundred applications in regard to these industries were considered by the Bureau. Until the issue of the report of the Sea Fisheries Investigation Committee the policy of the Bureau in respect of the fishing industry was designed to hold the position as far as possible, especially where any action might conflict with the recommendations of the Committee. This report has now been issued, and the position is being re-examined in the light of the recommendations made therein. It is anticipated that some action will shortly be taken to arrange for the preparation of an industrial-efficiency plan for the wholesale and export side of the industry.

DEVELOPMENT OF EXISTING INDUSTRIES.

In addition to its activities evidenced in the actual preparation of industrial plans or by the administration of licensing, action is also being taken along various lines to assist the development or better organization of industry. A number of the industries affected are—

Kauri-gum.—During the year continual investigation has been carried out in England in regard to the production of refined gum, and especially as to the prospects of marketing. As stated in the last annual report, competition of synthetic resins presents a considerable problem, but the Bureau is seeing that every effort is made both in regard to manufacture and marketing, to endeavour to re-establish this industry on what will amount to a new basis. The results of these investigations are now more hopeful, and if these hopes are maintained it is anticipated that new life will be given to this once-important industry.

Radio.—Close contact has been maintained with the radio-manufacturing industry, which has shown considerable development and now constitutes a major industry in the Dominion. The Bureau carried out a comprehensive investigation in regard to this industry, and its recommendations were of great value in considering the factors for the granting of additional protection against competition from those countries which were seriously affecting the local producer.

General.—During the year the Bureau has made a considerable number of reports and recommendations to the Government regarding measures for the development of domestic industries and, in particular, recommending tariff protection in certain directions. During the trade discussions with Australia the Bureau's opinions were of considerable assistance in the Government's discussions with the Australian Trade Delegation so far as the industries reported on were concerned, and which finally resulted in additional protection being given leading to further development and increased employment.

NEW INDUSTRIES.

The Bureau has also made extensive investigations into numerous possible industries for the Dominion, and it is hoped that as a result of the Bureau's efforts several new industries may be started in the Dominion. Included among the possible industries, the establishment of which is at present under consideration, are the preparation of unfermented fruit-juices, the manufacture of cream-separators, linen fibre, leicester goods, beet-sugar, power alcohol, wallboards, and rubber tires. No decisions have yet been come to in regard to these industries. Reference was made in our last annual report to licenses issued to two companies to manufacture asbestos-cement products in the Dominion. It is expected that one factory will be commencing production very shortly, and the other is still actively engaged in developing a mine for the production of raw asbestos, which, it is hoped, will be utilized in the manufacture of asbestos-cement and other goods.

In addition to the industries enumerated as being directly subject to investigation by the Bureau, there have been numerous cases where assistance and advice given by the Bureau staff has facilitated either the setting-up of new industries or the expansion of existing industries to include processes and lines of manufacture not previously undertaken in this Dominion.

GENERAL.

Much of the work undertaken by the Bureau of Industry necessarily involves extensive investigation, with benefits to be secured in the long-run rather than in the immediate future. A considerable proportion of the work carried out is also in the direction of recommending, or arranging for, other organizations or State Departments to undertake research or inquiry into a particular problem or to take certain action. In this connection it may be mentioned that the past year has shown evidence once again of the valuable function carried out by the Bureau in co-ordinating the activities of Departments of State in regard to industry, and in providing, through its committee

system, the machinery for bringing to bear united experience and judgment upon any particular problem. As evidence of the widespread activities of the Bureau, it may be mentioned that almost a hundred different subjects or industries were considered during the past year. Many of these matters, of course, have not been finally disposed of.

Included in the subjects and industries under examination at present are the technical education of foremen and managers, and the shortage of skilled tradesmen; certain aspects of industrial research; the marking of merchandise; the manufacture of agricultural implements; the manufacture of cement; and the important subject of cheaper electric power for electro-chemical or large-scale industries.

It is apparent that there are many urgent problems to be solved if our Dominion is to expand industrially, and the Bureau is conscious of the complicated nature of these problems. The Bureau is confident, however, that if industry generally gives that full measure of co-operation which is hoped for considerable progress will be made towards the solution of many of these problems.

WHEAT, FLOUR, AND BREAD.

During the year the wheat, flour, and bread rationalization scheme has functioned without major alteration. The scheme has worked smoothly, and has given satisfaction to growers, millers, and bakers.

Unfavourable weather in 1937 again interfered with sowing operations, and as a result the acreage sown to wheat was the lowest for eleven years. The deficiency in the crop, which was entirely due to unfavourable weather, has made it necessary to import fairly large quantities of wheat. The weather during the growing season and the harvest was favourable, and wheat of the 1938 harvest is of a high quality. There has been no reappearance of difficulties associated with high moisture content.

By agreement between the Wheat Committee and the grain-merchants, fowl-wheat prices have been fixed at a price, for good whole fowl-wheat, which is 4d. below the price of milling-wheat of Tuscan grade. There is insufficient fowl-wheat available to supply North Island requirements, and the deficiency is being met by bringing in Australian wheat of milling grade.

The wheat-price was increased by 6d. per bushel for the 1938 crop, so that when the final payment is made at the end of the season the price paid will be based on 5s. 9d. per bushel for March sales of Tuscan grade, f.o.b. South Island ports.

To enable higher wheat-prices to be paid without increasing the price of wheat products, the wheat industry was subsidized from the Consolidated Fund, the amount of subsidy required being £165,574. Had the increases been passed on in the price of bread, the lowest increase that could have been made in our currency would have been $\frac{1}{2}$ d. per 2 lb. loaf. An increase of $\frac{1}{2}$ d. per 2 lb. loaf over all bread sold would have amounted to £300,000, so that by the payment of the subsidy there was a substantial net saving to the consumer of bread.

The members of the Wheat Committee for the 1938 season are: Hon. D. G. Sullivan (Chairman); L. J. Schmitt, Esq. (Deputy Chairman). Members: Alan Grant, Esq., W. W. Mulholland, Esq., H. F. Nicol, Esq. (representing wheatgrowers); J. P. O'Connor, Esq., H. Worrall, Esq. (representing flourmillers); C. H. Cowan, Esq. (representing master bakers).

TOBACCO-GROWING INDUSTRY.

The Department has continued to co-operate closely with the Tobacco Board and with both the growing and manufacturing sides of the industry in the efforts that are being made by the Board and the Government to encourage and develop the industry.

The Board of Trade (Raw Tobacco Price) Regulations 1937, which fixed a minimum price of 1s. 2d. per pound for leaf of the 1936-37 season, expired on the 31st March, 1938. On the recommendation of the Board, the minimum was again fixed at 1s. 2d. per pound for leaf of the 1937-38 crop, this being done by further regulations issued under the Board of Trade Act, 1919. These regulations are entitled the Board of Trade (Raw Tobacco Price) Regulations 1938, and they were passed on the 12th April, 1938.

Following upon representations being made to the Government and to the Board regarding prices to be paid for leaf of the 1937-38 season and regarding the measure of protection afforded to the industry, an investigation of the manufacturing side of the industry was carried out jointly by officers of the Departments of Industries and Commerce, Customs, and Labour.

Manufacturers were asked by the Board to open the 1937-38 season on the basis of an average price of 1s. 8d. per pound for flue-cured leaf. Even with prices on the same basis as in the 1936-37 season, the return to growers this season would be substantially higher than last season, due to the crop being outstanding, both in respect of quantity and quality of leaf. It is understood that the average production for flue-cured leaf will be in the neighbourhood of 1,000 lb. to the acre. An average of 1s. 8d. per pound represents an advance on last year's price, so that under the circumstances of a slightly higher price and at the same time of a better and larger crop growers of average efficiency should not be under any disability in so far as the 1937-38 crop is concerned.

Through the efforts of the Board an organization representative of all tobacco-growers in New Zealand, and called the New Zealand Tobacco Growers' Federation, was brought into being in 1937, and this is proving a useful medium through which growers can express their opinions and make representations regarding matters affecting the industry to the Board, and, if desirable or necessary, through the Board to the Government.

Representations were made to the Board during the year regarding the desirability of introducing uniformity in the methods of purchase and delivery of the leaf. At the present time part of the leaf of

each year's crop is bought in the district where it is grown and the other part is bought in the locality where the manufacturing establishments are situated. There has been, and still is, a considerable divergence of opinion amongst growers concerning the relative merits of these two systems, and there has been a desire on the part of a section of the growers to bring about the purchase of all leaf in the district where it is grown. The Board has been negotiating with the principal manufacturers concerned along these lines, and it is anticipated that as a result of the negotiations some improvement will shortly be effected in the present arrangements which it is hoped will be the means of removing the dissatisfaction and the divergence of opinion in regard to this particular question which exists in the minds of a section of the growers under present conditions.

In the 1936-37 season the area planted in tobacco was 2,132 acres and the yield was 1,514,124 lb. The number of licensed growers was 508. In the 1937-38 season the number of growers licensed was 441 and the acreage for which licenses were issued was 2,563. The crop of the 1937-38 season is exceptional, both in point of quality and quantity, and it is anticipated that the yield will be in the vicinity of 2,250,000 lb.

BOARD OF TRADE (ONION) REGULATIONS 1938.

Reference was made in last year's annual report to the passing of regulations in March, 1937, under the Board of Trade Act, 1919, to give effect to a scheme of control for the purpose of assisting and encouraging onion-growers and of developing the industry generally. These regulations were designed to cover onions of the 1936-37 season's harvest.

A meeting of representatives of the onion industry with representatives of the Departments of Agriculture and Internal Marketing was held in January, 1938, for the purpose of considering the question of the marketing of the 1937-38 crop, and it was resolved at that meeting to recommend the Government to continue the operation of the Onion Regulations with certain modifications found as a result of the administration of the scheme of control during the 1936-37 season to be desirable or necessary.

Action in this direction was accordingly taken by the Government. New regulations were prepared, submitted to growers for approval, and finally passed by the Government on the 24th February, 1938, under the title of the Board of Trade (Onion) Regulations 1938.

The regulations generally follow upon the lines of those in operation in the preceding season, providing for the grading of onions by the grower, the fixation of a minimum price at which f.a.q. onions can be sold by and bought from growers, for the fixation of merchants', auctioneers', and brokers' margins of profit, and for the making of returns of sales and purchases by growers and by merchants, auctioneers, and brokers.

Under the new regulations the place of the two advisory committees—one in the North Island and one in the South Island—set up under the previous regulations for the purpose of advising the controlling authority on matters affecting the industry is taken by one committee composed of two Government representatives, four representatives of the onion-growers, and three representatives of the wholesale onion-merchants of New Zealand, and called the New Zealand Onion Marketing Advisory Committee.

Like the 1937 regulations, the 1938 regulations are administered by the Department of Agriculture, the Board of Trade Act merely being the vehicle for the passing of the regulations.

SEA FISHERIES.

The Sea Fisheries Investigation Committee, which comprised as members Mr. Jas. Thorn, M.P., Mr. M. W. Young, Marine Department, and Mr. E. Sheed, Department of Industries and Commerce, completed its investigation towards the end of 1937, and its report was laid on the table of the House on the 15th March.

The order of reference submitted to the Committee by the Hon. the Minister of Industries and Commerce was sufficiently wide in its scope to permit of all aspects of the industry being investigated, and the report as now submitted will serve as a firm foundation upon which to build up the industry to a degree of efficiency and service consistent with its importance as a unit of our production and food-supply.

Apart from a large number of related issues, the report is broadly divided into a consideration of matters dealing with (a) production, and (b) marketing.

The findings in respect of the production side of the industry dispel to a large extent the popular contention that the waters round the New Zealand coast are teeming with marketable fish. The evidence tendered by fishermen and others, together with the Marine Department's particular knowledge of the conditions, shows that depletion of certain grounds has occurred and that there is need for conservation at many points in order to ensure the continuity of supply of a product the food-value of which has been expressed in no uncertain terms by the Committee. Upon the production side, also, particular attention is directed upon matters concerning the fishing fleet, the methods employed in fishing, harbour facilities, refrigeration, utilization of offal and waste fish, earnings of fishermen, and fisheries administration.

In regard to marketing, with which this Department is more directly concerned, the Committee directs attention to the lack of co-operation which exists amongst the various wholesale units in the trade, and stresses the need for a closer unity in all matters concerning internal distribution and export. Arising out of difficulties encountered in the past in the matter of securing profitable returns upon export to Australia, the Committee has recommended that steps be taken to co-ordinate export activities and thus eliminate the competitive element, which had often forced prices down to uneconomic levels.

Close consideration has been given by the Committee to the better and more economic distribution of fish within the Dominion in order that this article of diet may become more readily available to all inland centres. Bound up with the question of distribution is that of retail prices, and it is expected that if the relative marketing recommendations are implemented, then it may be possible to bring about simultaneously some reduction in wholesale and retail prices.

Other matters dealt with and concerning the marketing side of the industry are the organization of wholesale markets (and their reduction in numbers in some centres), the overlapping in supply, the activities of the retail distributors, the abolition of the auction system, loss by wastage, prices paid to the fishermen, wholesale and retail prices, the price spread between the return to the fishermen and the retail price, and the crayfish and the dredge and rock oyster branches of the industry.

Mention should also be made of the fact that the Auckland Fish Export Committee (comprising trade and Governmental representatives), which was set up in September, 1937, by the Hon. the Minister upon the recommendations of the Committee, is operating efficiently and carrying out the duties with which it was charged in regard to the co-ordination of export activities from Auckland and Thames.

WOOLPACKS.

During the past year the Government has maintained its interest in the activities of the company at Foxton engaged in the manufacture of woolpacks from New Zealand hemp, *Phormium tenax*, and has in a practical manner afforded assistance to the company to enable it to continue in operation. It is considered a matter of national interest that the Foxton company should continue to operate. Employment is found for upwards of two hundred workers at the factory, and consequential labour is provided in flax areas and flaxmills of approximately one hundred men. The overproduced and depressed state of the world market for hard fibre has made it increasingly difficult for New Zealand flax-millers to continue operations, and this factor alone emphasizes the importance of the existence in New Zealand of a textile industry using native fibre. The present works afford scope for extension of its operations to supply not only a greater quantity of the Dominion's woolpack requirements, but also to manufacture bags, sacks, matting, &c. With such a field, the usage of at least 10,000 tons of fibre per annum is not improbable.

Reference was made in the last annual report to provision which has been made for the purchase of certain additional machinery designed to enable manufacturing operations to be carried on with greater efficiency. It was confidently anticipated that this new plant would be in operation in July of last year, but delays due to abnormal activity in the heavy industries in Great Britain protracted delivery and it is only now that the benefit of the installation is being reaped. The new plant has resulted in the modernizing of the preparing and spinning departments by the installation of machinery of the latest design of high speed and efficiency, and it is evident from this installation that a better and more even yarn can be produced with greater ease and more efficiency. The general improvement in the quality of the finished product has been observed in all sections of the trade and very favourable reports in this regard have been received from time to time, while in some quarters an expression of preference for the New Zealand flax pack has been made.

The Government has again sought the co-operation of stock and station agents and freezing companies in regard to the distribution of woolpacks during the 1938 season, and as a result of negotiations the following scheme has been formulated:—

- (a) Importation of woolpacks into New Zealand is prohibited except under license.
- (b) All importers of jute packs are required to purchase flax woolpacks in the proportion of one flax pack for each two jute packs imported.
- (c) Prices of both imported jute packs and New Zealand flax packs are fixed by Order in Council under the pooling arrangement with stock and station agents.

The Department wishes to place on record its appreciation of the co-operation and assistance received from all sections of the trade, which has made possible the smooth running and success of the scheme outlined above.

TIMBER.

During the year timber-prices throughout the Dominion have received the close attention of the Government. The Timber-price Committee, which consists of representatives of this Department and the Forestry Department, has had occasion to examine several requests from millers, boxmakers, and merchants for adjustment in price due to changes in industrial awards. Various associations have undertaken not to increase prices until the Government Timber-price Committee has had an opportunity of thoroughly examining their representations. An intensive investigation is conducted into each case that is presented, and in all the applications that have been received, after consultation with the association concerned, an amended price-list has been finally submitted which has been found to be reasonable.

The question of supplies of white-pine requires special reference by reason of the utilization of this timber for the manufacture of containers for the export of our dairy-produce. Practically the whole of the white-pine requirements have had to be drawn from the South Island. In order to ensure that cheese-crates and butter-boxes are made available to the dairying industry at as reasonable a price as possible, the price of white-pine has been the subject of the closest examination.

The Government has for the coming dairying season standardized the type of container to be used for export purposes at $\frac{3}{8}$ in. This has been done as, in the considered opinion of the Government, such a container would prove best in the interests of the marketing of our produce overseas and will

eliminate to the lowest possible degree any suggestion of the produce arriving at its destination in any other than first-rate condition. The standardization of the container will, of course, facilitate the manufacture of butter-boxes by the boxmakers.

One problem that has been before the Department during the past year is that concerning the greater utilization of all classes of timber produced. The North Island millers have indicated to the Government that if they could obtain a greater utilization of their log it is more than likely that adjustment in prices in a downward direction can be made. At the present time there is an unbalanced demand for the classes produced and endeavours are being made to secure recognition of the use of those classes of timber for which to-day there is little, if any, demand.

CEMENT.

The price of cement has been closely watched by the Department, and as a result of a comprehensive examination of the accounts of the companies' operations a reduction in price has been effected. It was found during the course of the inquiry that there had been an increase in the turnover of this commodity, and with the existing zoning system the companies generally have benefited. It was satisfactory to be able to report a reduction in the price of cement, and all the more so when it is recognized that account has been taken of advances in wage-costs that the cement companies have made during the year. The actual reductions varied from 1s. 6d. per ton to as high as 9s. per ton, and as a result of the adjustment of prices in various areas there has been a more uniform list put into operation in several districts. The cement companies to-day are unquestionably enjoying better trading-conditions, with a consequent lowering of price to the consumer.

The Bureau of Industry has before it at the present time applications for new works, and the customary comprehensive investigation into applications of this nature has now been practically completed. As one of the applications is from overseas, the inquiries have been somewhat protracted, but it is anticipated that all the details in respect of each application will be before the Bureau for early consideration.

LIME.

During the year under review Cabinet instructed that an investigation be made into the production and distribution of lime throughout the Dominion, such investigation to be carried out jointly by the Department of Industries and Commerce and the Department of Agriculture.

Acting under this instruction, questionnaires were submitted to all known lime companies seeking information of production, prices, areas supplied, costs, &c., and from the returns, together with other data of amounts railed, a comprehensive report was jointly prepared by the two Departments for submission to the Government.

Any reorganization of the industry presents numerous difficulties, and before a solution can be put forward it is necessary that the problem receive very full consideration.

Lime is absolutely essential to the farming community, and it is the desire of the Government to overcome the difficulties of obtaining delivery to farmers at reasonable prices and with the minimum delay.

COAL.

The Department continues to keep closely in touch with movements in the cost of coal-mining, distributors' margins, and retail-prices in various centres. The Department's operations have been in the direction of restraining the tendency to increase merchants' margins. In certain cases it has been found that, owing to fierce and uneconomic competition during the depression years, the merchants have been forced to reduce their charges to an unprofitable level. With the return of better conditions and the formation of merchants' associations in certain centres there has been a tendency for increases in merchants' margins to be greater than justifiable.

Whenever the wholesale price of coal is raised by mine-owners there is the necessity for a recalculation of retail-prices and an opportunity for increasing the merchants' margins. By closely watching the position and making representations when necessary the Department has exercised a restraining influence on rising prices.

The services of the Department have been availed of by the Stores Control Board and the Railways Department in the matter of investigating increases in prices and variation of coal contracts.

SUPERPHOSPHATE.

The cost of production of superphosphate throughout the Dominion has for a number of years past been the subject of investigation and inquiry by the Department, the price being fixed by agreement between the Government and manufacturers from October, 1931, to July, 1934, and since that time by Board of Trade regulations.

In 1931 the price ex-works was reduced from £4 17s. 6d. per ton to £3 17d. 6d. per ton, the Government paying a subsidy of 11s. per ton. In 1932 the price was increased to £4, the subsidy being progressively reduced from time to time until it ceased altogether on the 31st May, 1935, the Government having paid £430,717 subsidy on 1,419,179 tons in less than five years.

The selling-price of superphosphate was fixed by Order in Council under the Board of Trade Act on the 12th July, 1934. The price in the North Island was fixed at £4 and in the South Island £4 5s.—both based for delivery on trucks, ex-works.

These prices continued to operate until 30th June, 1936, when by Board of Trade (Fertilizer) Regulations 1936 the price was reduced to £3 16s. (North Island) and £4 2s. (South Island), ex-works, on trucks.

The Order in Council also fixed the margin of profit for North Island merchants at 4s. 6d. per ton, and 6s. 6d. as merchants' margin in the South Island. The margin was also fixed for dairy factories in the North Island at 2s. per ton, and for storekeepers in the South Island at 4s. per ton. In addition, the Order in Council fixed the rate of commission which could legally be added to the landed cost of imported phosphatic fertilizers. The rate of commission fixed in the North Island was 6 per cent., and in the South Island 8 per cent.

The reason for the variations in margins of profit in the North and South Islands is explained by the fact that the North Island has a very much greater output, and, while the rate is smaller, the amount of profit earned is larger than in the South Island.

In the South Island the manufacturers have several free-delivery points, and the loss in railage incurred by the companies accounts for 5s. of the difference between the price fixed in the North and South Islands for superphosphate. Allowance is also made for the higher merchants' margins which are allowed in the South Island.

The Board of Trade (Fertilizer-price) Regulations 1938, which came into operation on the 25th February last, did not affect the retail-price to consumers, but enabled the co-operative dairy companies and farmers' co-operative organizations to purchase from manufacturers at the same wholesale prices as merchants. These regulations also clarified the position regarding the offence of passing on direct to consumers any part of the distributors' margin by any method of discount or rebate directly related to the tonnage of superphosphate purchased.

In regulating the price of superphosphate the object of the Department has been to make available to the farming community supplies of this important fertilizer at prices which are fair and reasonable to all parties concerned.

Reference to the licensing of the industry of the manufacture of phosphatic fertilizers, and steps which were taken to prepare a plan for that industry, are referred to in the Bureau of Industry section of the report.

PETROL.

The policy in fixing the price of motor-spirits in those areas where price-cutting has so disturbed the retail trade as to make it uneconomic has been pursued during the past year. Additional regulations covering Wairarapa, Hawke's Bay, Wairoa, Otago, Southland, Nelson, Blenheim, Auckland, Waikato, Thames, Rotorua, and Tauranga districts have now been gazetted. Each district that has been brought in under the scheme has been the subject of a separate inquiry and investigation. As the various inquiries progressed it was found that each district had its own peculiar problems, and every endeavour has been made to establish a uniform set of regulations. For the most part this has been accomplished, but there are still one or two minor anomalies which it is hoped can be overcome so that the public generally will know and become fully conversant with the conditions wherever they may be.

One or two of the recent regulations have, at the express wish of the resellers concerned, contained a provision whereby they have been able to compete with city prices although, due to the distance from the city, an oil company differential charge has been justified. Such provision has merely stabilized existing conditions, and has no doubt materially assisted toward a much happier condition within the industry in those localities where this provision has been introduced.

During the year the Government was faced with a request from the oil companies for an advance in the wholesale price of motor-spirits. It was pointed out by the companies that their application was entirely due to overseas conditions and in no way to recent industrial changes within the Dominion. The Department conducted a very intensive investigation into the claims of the oil companies, and from inquiries made overseas it was found that the increases which the companies had to meet were entirely beyond Government control. As a result, the price of petrol was advanced. Subsequently, however, there has been an easing of overseas costs and tanker freight rates, and in May a reduction in price was effected. The whole question of petrol-prices is being most closely watched, and as occasion warrants it further adjustments will be made.

MOTION-PICTURE INDUSTRY.

During the year twenty-four applications for exhibitors' licenses to show motion pictures in various centres have been dealt with by the Department. All have been the subject to the usual departmental investigation, and, in accordance with the customary procedure, referred to an independent Magistrate for his recommendation and report to the Hon. Minister. Of the number received, nine applications have been granted and fifteen declined.

In the course of the customary investigation it became apparent that certain phases of the licensing situation did not come within the scope of the regulations as originally issued, and it was thus necessary to introduce an amendment to protect the industry from the development of a practice which would inevitably seriously affect a great number of licensed exhibitors. This amendment has been introduced, and deals with the terms of the license as issued by the Chief Inspector of Films being strictly adhered to, in that where an exhibitor applies for a second-run theatre license the terms of his license will only permit him to show that class of film. This provision is particularly desirable by virtue of the film situation generally and the buying-capacity of various of the major units engaged in the industry, and will give a definite protection to the individual operator.

CHATELS TRANSFER ACT, 1924.

Section 57 of the Chattels Transfer Act is administered by the Department, and during the year several applications for the inclusion of certain chattels to the Seventh Schedule to the Act were received. Once a chattel has been included in the Seventh Schedule there is no necessity to register the agreement, and the bailee still retains his protection under the Bankruptcy Act by reason of the fact that the agreement becomes a "customary hire-purchase agreement" and one which is recognized under the Bankruptcy Act without registration.

Before additions are made to the Chattels Transfer Act, however, it is necessary for applicants to establish that a sufficiently notorious custom exists of disposing of the class of chattel by hire purchase as to warrant its inclusion in the Schedule.

During the year applications were received for the inclusion of electric vacuum cleaners, electric refrigerators, radio sets and equipment, bicycles, fire-proof safes, steel cabinets, vault doors, steel chests, and metal shelving.

An investigation into the trade customs existing in each of the four main centres was made in respect of each chattel, and the evidence disclosed that in the case of electric vacuum cleaners, electric refrigerators, radio sets and equipment, and bicycles a sufficiently notorious custom did exist which warranted the inclusion of these chattels in the Seventh Schedule. The appropriate Order in Council was consequently gazetted. In the case of the other chattels the trade custom did not indicate such justification, and the applications were declined.

At the present time further applications are before the Department for investigation, and the customary inquiries are being undertaken in the four main centres.

TRADING-COUPONS.

Under the provisions of the Trading-coupons Act, 1931, the redemption of trading-coupons otherwise than for cash is an illegal offence. The Department investigated the few cases which occurred last year in which breaches of the Act were alleged, but the circumstances did not render it necessary for a prosecution to be taken.

GAS REGULATIONS.

The Board of Trade (Gas) Regulations, administered by the Department, are designed to provide protection in respect of calorific value, purity, pressure, measurement, and price.

All the large undertakings, both municipal and private, have been brought within the scope of the regulations, and the number now covered by them is nineteen.

The work of the Gas-examiners and Inspector of Meters has been carried out efficiently during the year, and official relations with the gas companies and municipal undertakings have, without exception, continued to remain most satisfactory.

DEVELOPMENT OF THE IRON AND STEEL INDUSTRY IN NEW ZEALAND.

The Government has for a considerable time had very careful investigations made into the possibility of establishing a large-scale steelworks in this country, which works would represent a basic industry from which would flow many ancillary industries and at the same time provide increased avenues of employment.

Besides the investigations which have been carried out by Government officers, the Government also consulted H. A. Brassert and Co., Ltd., of London, Metallurgical and Consulting Engineers, and when all the data had been collected the prospects of successfully establishing the industry were distinctly encouraging.

As a result, during the second portion of the 1937 parliamentary session, power was taken in the Iron and Steel Industry Act to establish a State industry for the production of iron, steel, and steel products.

Attempts by private enterprise have been made in the past to raise the necessary finance to establish a works, and one enterprise was carried to the point where a blast furnace was erected and pig iron and iron pipes were produced. This enterprise failed, however, and is in the course of liquidation.

Although very careful investigations were made before the Government reached its decision to introduce the Bill into the House, the passing of the Act was only one stage further in the development of this basic industry. It was still necessary to carry out many surveys and tests, and to consult further on technical aspects with H. A. Brassert and Co., Ltd. This work is in hand at the present time, and no major commitment is being made until the results of these surveys are known.

NEW ZEALAND CENTENNIAL EXHIBITION.

The preliminary activities of last year have been continued with further preparation for the Centennial Exhibition, and the Department has been closely associated with the company formed to undertake the work. In view of the possibilities arising through the regulations of the convention relating to international exhibitions, it was decided to designate the exhibition "Empire."

His Majesty the King has graciously extended his Royal Patronage to the exhibition. His Excellency the Governor-General has consented to act as Patron, and the Right Hon. the Prime Minister Vice-Patron, with the Hon. the Minister of Industries and Commerce as Honorary President.

The Government is contributing to the capital of the company by a loan, free of interest, of £25,000 and a subsidy of £1 for every £2 of capital subscribed up to £50,000.

Following the selection of Rongotai for the site, contracts for the buildings have been let and the erection of pavilions has been commenced.

Applications for shares are coming in steadily and a quarter of the total space available has already been reserved for exhibits. The Prime Minister has extended invitations to Empire countries to participate in the exhibition, and overseas representatives of the Government are generally assisting in creating an interest in the event.

The pavilion reserved for the display by Government Departments affords a space of 96,000 square feet, and will be housed by twenty-six Departments. To deal adequately with the work involved, a Committee was set up in October, 1937, constituted by representatives of the following Departments: Agriculture, Education, Internal Affairs, Industries and Commerce, Public Works, Railways, National Broadcasting Service. Convenor: Industries and Commerce Department.

The Committee has made a full investigation of proposals for the layout of the Government court, and the Departments have been divided into four main groups: Transport and communication, agricultural and industrial development, social and cultural services, and defence. The interests of the Maoris, as well as Samoa and the Cook Islands, will be represented by composite exhibits.

Each group has its committees, and satisfactory progress has been reported.

Owing to pressure of work on the Government Architect, the architectural work involved in the court has been entrusted to Mr. Edmund Anscombe, who is architect to the exhibition company and has a long experience of exhibitions.

The Committee has decided to light the court artificially and install a system of pressure ventilation.

The work involved in the setting-up of the court entails regular meetings of the various committees, and general enthusiasm is evident.

It is anticipated that the court, when finished, will afford an excellent review of the work accomplished by Government Departments over the last one hundred years, as well as giving an indication of present activities.

PUBLICATIONS.

The Department has continued to issue during the past year information relative to industrial and commercial subjects. The quarterly bulletins on the finance, trade, and industry of New Zealand have been improved by the addition of further information relating to the economic position of the Dominion and by the inclusion of graphs dealing with the value of production and trade and banking.

The issue of a *News Bulletin* has been resumed, and several numbers have already been published. By means of this bulletin the Department hopes to disseminate to business men of the Dominion items of economic and commercial interest and relating particularly to general development in overseas countries. To this end the New Zealand Trade and Tourist Commissioners supply articles on trade and other matters which are regularly published.

These bulletins are widely distributed throughout New Zealand to the press, chambers of commerce, and individual business executives, while the quarterly bulletin on finance, trade, and industries has, in addition, a considerable overseas circulation. The numerous expressions of appreciation and requests for the bulletins received by the Department indicate that the information contained therein is of value to the business community.

MISCELLANEOUS ACTIVITIES.

Reference has been made in the foregoing pages to the major activities of this Department. The work of the Department is necessarily varied in character, touching as it does on all phases of commercial and industrial activity as affecting the Dominion. Because of this, and the fact that many of the inquiries undertaken are of a confidential nature, it is not possible to outline in detail in a report of this nature the whole of the work carried out during the past year. In general, it may be mentioned that inquiries and investigations carried out in relation to all phases of the Department's work have increased both in volume and extent when compared with the position in regard to former years.

The following is a list of subjects covered by this Department during the past year of a miscellaneous nature and in respect of which reference has not been made previously in this report. The list is by no means complete, being merely given to indicate in a general way the variety of subjects with which the Department has had to deal in the conduct of investigations and inquiries of this nature.

Overseas Trade.—Inquiries connected with overseas trade development and relating to markets for wool, frozen rabbits, scrap leather, fruit, fish, crayfish, toheroas, oysters, &c., meat of all descriptions, hides and skins, manures, potatoes, butter, cheese, ox-gall, tallow, flower bulbs, canned goods, wool yarn, whale oil, leather, floor-rugs, travelling-rugs, mats, &c., onions, vegetables, animal hair, provisions &c., plants, horns and hoofs, sugar of milk, potato flour and starch, kauri-gum, fungus, woollen waste, sheep-casings, seeds of all descriptions, timbers, specialty goods, curios, &c., pumice, casein, sports goods, and liver-meal.

Inquiries relating to imports of articles of the following description: Bamboo poles, canned pineapples, cocoa-beans, steel wire, granite, hemp, orchids, seeds, wheat, dried fruits, olive-oil, and coconut fibre.

Industrial Investigations, Inquiries, and Surveys.—A variety of investigations, inquiries, and surveys were undertaken in relation to many industries and articles of manufacture. The following is a list of subjects covered under this heading: Gas-stoves, afforestation, coal, woollens, clothing, footwear, agricultural implements, paint and oils, soap, brush and broom, tanning, furnishings, wool-grease, canned peas, tinplate clippings, cash-order trading, thyrodone, woolpacks, fruit, meat-meal, cosmetics, shellfish-powder, glass-silver and mirror manufacture, machinery for applying plaster, iron fencing-standards, baby-carriages, cork, cordage and rope, fellmongers and exporters of pickled pelts, roofing-tiles, lime-works, prices of sisal and manila hemp, Australian hardwoods, sheet iron for enamelling, New Zealand wheat harvest, lime for top-dressing, agricultural implements, utilization of scrap iron, &c., tailoring trade, emulsion, glass jars for pastes, coal and electric ranges, milk, oranges, wood-pulp, terrazzo work, nails, advertising, bricks, cement, coal lime, sulphur, sand shingle, metal, sheet lead, sugar, tobacco, accoustical material, aerated waters, aluminium ware, auto-economizers, benzol, bottle-wrappers, bran and pollard, calomine and distemper, camelback rubber, canned pineapples, canning of crayfish, cases for packing crayfish, cattle-food from sea-weed, certificates of origin for shipments of casings, chrome leather, cinematograph projectors, clothes-pegs, coal-sacks, concrete products, corn brooms, crown seals, copper pipe fittings, cube sugar, deaf appliances, fibre board, fibrous plaster, glass-manufacture, gypsum, implement-manufacture, machinery, Japanese goods, knitted ware, electric-light bulbs, magnesite, shoe-socks, metal products, microscopes, milking-machines, shearing-machines, parchment lamp-shades, phosphate and soda, kauri-gum, sound heads, steel supplies, sugar boundaries, surgical footwear, swordfish-liver oil, tiles, tung-oil, variation of Government contracts, vinegar and brandy, wool-scouring, canned rabbits, gloves, hair waving equipment, leather belting, marble, vitreous enamel signs, flexible cords and appliances, wool-tops, ammonium polysulphide, Christmas crackers, and ghee.

In connection with many of the investigations, &c., mentioned it was necessary to extend the scope of the inquiry to embrace several localities, and in certain cases the whole of the Dominion.

Other of the activities not previously mentioned in this report embrace inquiries undertaken on behalf of the organization for national security; visits by departmental officers to factories in order to acquaint the Government with new developments and with certain problems facing manufacturers, and to lend all possible assistance and advice to the manufacturers concerned; the compilation of data respecting manufacturing industries; placing possible buyers in touch with manufacturers of certain goods; furnishing letters of introduction to manufacturers requiring contacts overseas; generally implementing the policy of fostering a buyer's preference for New-Zealand-made goods; and in other directions seeking to assist manufacturers and traders, with the object of increasing the efficiency and extent of the manufacturing industries.

CONCLUSION.

In presenting this report covering the main features of the work of the Department of Industries and Commerce during the past twelve months I desire, in conclusion, to acknowledge the helpful co-operation which has been received at all times from the various Consuls, Vice-Consuls, Trade Commissioners, and other representatives of overseas countries resident in the Dominion. The ready assistance received from other Government Departments is also gratefully acknowledged.

The year has been marked by further expansion in the work of the Department which has necessitated considerable pressure of work on the New Zealand and overseas staff throughout the period.

During the immediate past year, 1937, a record was established in relation to the external trade of New Zealand, with exports the highest yet recorded, and imports only exceeded on one occasion, the year 1920. Similarly, the latest figures relating to the manufacturing industries of the Dominion indicate new record high levels in regard to production and labour employed, and illustrate strikingly the marked expansion which has taken place in the manufacturing industries. The monetary position is sound; and in the distributive field increased activity is apparent; and a general betterment in industrial conditions prevails.

Finally, reports which have been received from the various centres indicate that in regard to trading and manufacturing conditions most trades and industries experienced a good year. While in some instances difficulties were experienced, the protection afforded by tariff adjustments towards the close of the period provided considerable stimulus to most of these.

It can be said that, in general, the year covered by this report has been a good one both industrially and commercially.

APPENDIX.

MANUFACTURING INDUSTRIES.

NOTE.—In every case the factory-production statistics of each industry detailed hereunder relate to the twelve months ending 31st March, 1935, 1936, and 1937 (the latest year for which statistics are available).

The comments appearing below the statistics relate, however, to the twelve months ending 31st March, 1938, the period covered by this report.

Fruit-preserving and Jam-making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	12	17	16
Employees (number)	371	425	427
Salaries and wages paid	£48,994	£56,328	£64,123
Value of output	£302,142	£361,151	£387,494
Value added by manufacture	£122,795	£148,250	£159,820
Imports, calendar years—			
Jams and preserves (including preserved ginger)	£(N.Z.) 13,218	£(N.Z.) 13,653	£(N.Z.) 17,982
Fruits, bottled and preserved in syrup—			
Apricots	19,111	18,260	21,514
Peaches	29,093	31,413	62,686
Pears	849	2,574	20,504
Fruit pulp, n.e.i.	4,610	10,049	25,795

In the South the past year has been satisfactory, with some slight increase in turnover; and the fruit season was good, although crops came in rather too quickly to suit manufacturers. In the North, however, sales compared somewhat unfavourably with the position disclosed by last year's figures, certain fruits and peas being in short supply, the chief unfavourable feature being brown-rot, which affected the stone-fruits. Generally speaking, the year for the Dominion as a whole may be regarded as satisfactory.

Boot and Shoe Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	76	75	71
Employees (number)	2,541	2,788	3,108
Salaries and wages paid	£344,504	£360,684	£438,084
Value of output	£1,102,950	£1,140,646	£1,384,186
Value added by manufacture	£540,663	£534,340	£648,442
Imports, calendar year: Boots, shoes, and slippers—			
Dozen pairs	211,165	219,650	267,035
Value	£472,056	£508,778	£708,024

The year commenced with large orders being placed with manufacturers, but it later became evident that retailers had acquired stocks in anticipation of higher prices, this subsequently operating unfavourably on the industry. Costs rose as regards both raw material and labour, and the position of the New Zealand manufacturer became difficult when, as the year progressed, orders placed overseas earlier in the year began to arrive. With Government action in the direction of introducing tariff amendments, however, the position eased considerably, and a rapid increase in production resulted.

At the close of the period it was ascertained that retailers, while reducing stocks, had still considerable quantities on hand, and as the winter demand had not yet set in, owing to exceptional weather conditions, this factor operated to some extent to discourage retailers from placing orders. A feeling of optimism is becoming increasingly apparent, and in general it is felt that the tariff amendments will contribute largely to the solution of the difficulties which have confronted the trade in the past. The full benefits of these adjustments will not be felt until retail stocks become liquidated. It is stated that the exclusion of "shoddy" footwear will be of great benefit to the industry as well as to consumers. In certain directions attention is being given towards manufacturing lines not previously catered for in New Zealand. Some little difficulty was being experienced in one centre in obtaining skilled labour, but it is thought that this matter will soon adjust itself.

Lime and Cement.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	50	57	60
Employees (number)	704	759	953
Salaries and wages paid	£144,617	£165,592	£212,657
Value of output	£582,784	£703,724	£836,048
Value added by manufacture	£459,483	£549,831	£670,057
Imports, calendar years—			
Cement, building (cwt.)	9,275	17,920	24,085
Value	£5,161	£10,312	£13,700

The position regarding the above industry is dealt with in other sections of this report. Some increase in sales has taken place.

Engineering.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	196	204	206
Employees (number)	2,772	3,326	3,727
Salaries and wages paid	£502,118	£602,668	£774,907
Value of output	£1,413,701	£1,784,274	£2,095,990
Value added by manufacture	£855,960	£1,055,050	£1,253,502

Considerable activity has generally been experienced throughout the year in all engineering trades, and reports indicate that employment has increased slightly in some centres. Competition was generally keen but healthy. Difficulty was experienced earlier in the year in obtaining supplies of steel, but such delays are now of shorter duration. Much new commercial machinery was installed, whilst in jobbing-work, repairs, and renewals considerable activity was observed. Certain new departures in manufacture are reported. The outlook appears good.

Sauce, Pickle, and Vinegar Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	18	18	16
Employees (number)	236	250	254
Salaries and wages paid	£38,345	£41,583	£47,263
Value of output	£192,219	£217,209	£222,264
Value added by manufacture	£108,125	£120,920	£127,231
Imports, calendar years—			
Pickles (gallons)	944	2,375	5,870
Value	£731	£1,501	£2,804
Sauce and chutney (gallons)	8,702	11,057	16,938
Value	£10,781	£12,615	£15,625
Vinegar (gallons)	12,670	18,346	18,274
Value	£4,068	£5,656	£4,843

The industry has enjoyed a successful year, and despite keen competition both from overseas and local sources sales have shown increases ranging up to 10 per cent., which is attributed chiefly to the better spending-power of the public. In some cases there is a tendency to increase staff and to add to equipment. Prospects are considered good, especially as a large share of the market is assured to manufacturers as the result of tariff adjustments.

Soap and Candle Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	23	23	22
Employees (number)	513	492	553
Salaries and wages paid	£86,817	£89,187	£107,259
Value of output	£536,235	£574,191	£578,569
Value added by manufacture	£299,695	£296,128	£279,091

Conditions have, for the most part, been steady, and in the North an improved demand has been experienced. Employment appears on a par with last year. Several new lines of toilet preparations have been undertaken, with encouraging results. The production of candles continues to diminish.

Coach and Motor-body Building and Cycle-works.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	1,077	1,150	1,218
Employees (number)	5,473	6,731	8,185
Salaries and wages paid	£889,439	£1,138,974	£1,600,730
Value of output	£2,570,963	£3,222,626	£4,334,236
Value added by manufacture	£1,453,249	£2,002,383	£2,776,311

Motor-body builders have experienced an excellent year, and in many cases turnovers were appreciably above those for 1937. Production and sales appear to have increased upward of 30 per cent. New plant has been installed in some factories, and increases in employment up to 20 per cent. are reported, in order to cope with improved conditions.

Biscuits and Confectionery Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	57	60	60
Employees (number)	2,591	2,862	3,127
Salaries and wages paid	£273,078	£314,717	£392,606
Value of output	£1,481,575	£1,688,191	£1,964,130
Value added by manufacture	£734,421	£813,122	£992,743

Generally, excellent trading conditions were experienced with considerable expansion in business taking place, and some increase in staffs resulting. The public was spending freely, although, in regard to confectionery, it was ascertained that in some centres, owing to the unusually hot summer, a lull in sales was apparent during late months. Local competition remains keen.

Furniture and Cabinet Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	285	308	338
Employees (number)	1,874	2,262	2,807
Salaries and wages paid	£285,081	£376,261	£528,567
Value of output	£773,810	£1,029,948	£1,380,492
Value added by manufacture	£414,012	£539,765	£731,251

In Wellington, trade was considerably better than that in previous years. Other centres report that at the commencement of the year conditions were good, but towards the end of the period business slackened somewhat. Over the whole of the year turnovers showed some increase.

Ham and Bacon Factories.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	43	49	52
Employees (number)	395	450	506
Salaries and wages paid	£79,993	£92,444	£112,014
Value of output	£805,113	£918,500	£1,183,507
Value added by manufacture	£228,608	£281,963	£294,519

Conditions have been good, in some cases excellent, with increased turnovers generally prevailing. Employment has been maintained, and in certain instances, owing to the seasonal nature of the trade, skilled men have been difficult to procure. Prospects are favourable.

Bricks, Pipes, Tiles, and Pottery Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	54	58	62
Employees (number)	618	777	772
Salaries and wages paid	£111,988	£142,242	£190,038
Value of output	£285,164	£347,562	£429,891
Value added by manufacture	£264,729	£320,554	£394,311

The continued activity in the building and allied industries has permitted steady conditions in the brick and tile industry, and the year's trade should compare reasonably well with that for the previous year. In the South the concrete-pipe industry has continued to improve, following upon the elimination of certain difficulties which had been experienced previously. The manufacture of pottery, which is a relatively small branch of the above industry, has not disclosed any marked improvement, and sales have been difficult.

Flaxmilling.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	21	29	32
Employees (number)	316	506	540
Salaries and wages paid	£42,160	£69,367	£92,202
Value of output	£80,711	£138,336	£179,323
Value added by manufacture	£68,911	£118,430	£160,656

Conditions obtaining in the flaxmilling industry are referred to in an earlier section of this report.

Rope and Twine Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	6	8	7
Employees (number)	228	243	243
Salaries and wages paid	£36,052	£39,747	£44,118
Value of output	£128,506	£159,925	£180,796
Value added by manufacture	£69,668	£87,362	£91,214

Reports indicate that business during the past year in relation to rope and twine was fair, with normal employment prevailing in this section of the industry. The output of shop twines and soft fibre goods appears to have shown some increase, but some recession is noticeable in binder-twines.

Clothing.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	290	318	336
Employees (number)	9,394	10,296	11,828
Salaries and wages paid	£952,844	£1,025,510	£1,322,388
Value of output	£2,958,508	£3,090,027	£3,663,107
Value added by manufacture	£1,391,877	£1,508,550	£1,823,727
Imports, calendar years : Apparel and ready-made clothing	£1,101,887	£1,261,804	£1,814,116

During the early part of the year the conditions of the industry were considered good and increased sales were the general result of better spending-power, with some increase in the demand for better-quality goods. Later on it was ascertained that orders placed overseas earlier in the year

were arriving in the Dominion, causing some slackness in New Zealand factories. This slack period varied with different firms, and to some extent with different centres. In many cases factories were working to capacity up to January of the present year. In certain instances the slack period lasted for one month only. The period closed, therefore, with some degree of slackness apparent in the industry. The recent alterations in the Australian tariffs has afforded some relief. It is probable that over the year as a whole trading results were satisfactory.

Agricultural and Dairy Machinery and Implement Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	44	46	54
Employees (number)	689	880	1,152
Salaries and wages paid	£127,124	£166,227	£257,084
Value of output	£492,925	£692,141	£1,091,275
Value added by manufacture	£239,354	£352,041	£526,134

Conditions in general have been good throughout the year, with increased sales recorded in the majority of cases. More intense competition is stated to have been experienced from overseas, and competition is also keen on the local market, but despite this it has been found possible to increase staffs to some extent. Certain new lines of manufacture have been developed. Some difficulty was experienced in one quarter in obtaining skilled workmen. Prospects appear fairly good.

Woollen-manufacturing.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	12	12	12
Employees (number)	2,532	2,632	2,792
Salaries and wages paid	£345,591	£360,782	£405,484
Value of output	£1,048,849	£1,005,830	£1,230,829
Value added by manufacture	£588,448	£592,741	£653,292

Imports of Piece-goods (Calendar Years).

	1935.	1936.	1937.
Silk and artificial silk	879,544	1,088,344	1,215,265
Woollen	652,693	852,337	1,312,846
Cotton	1,667,074	1,854,589	1,944,289

In general, conditions were good, and in some cases excellent, during the first half of the year. In the second half and towards the close of the period there was some falling away in demand, increased importations having proved an unsettling factor owing to overstocking on the part of retailers. Employment varied with individual units, although in the case of one centre, Wellington, considerable difficulty was experienced in obtaining sufficient staff. Certain benefits were derived from the alterations in tariffs.

Printing and Publishing.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	373	384	381
Employees (number)	8,079	7,727	7,903
Salaries and wages paid	£1,513,478	£1,575,707	£1,749,646
Value of output	£3,758,937	£4,040,114	£4,406,804
Value added by manufacture	£2,795,309	£2,963,172	£3,227,010

Business was very brisk throughout the year and an increased quantity of work was handled, as reflected in increased turnovers. Competition remained keen, however, and price-cutting tended to disrupt the trade in many cases. Lack of organization within the industry appears to have nullified much of the advantage accruing from increased demand. Employment has remained constant in most cases, although shortage of skilled workmen was experienced at times. Generally, trade was such that most firms enjoyed a good year. Manufacturers of ink report a good year, sales being on an average 10 per cent. higher than for the previous year.

Brush and Broom Making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	15	17	18
Employees (number)	253	302	335
Salaries and wages paid	£37,008	£43,156	£50,198
Value of output	£118,251	£145,863	£192,332
Value added by manufacture	£61,910	£74,941	£100,737
Imports, calendar years : Brushes, brushware, and brooms	£54,242	£70,833	£84,664

Reports indicate that trade during the past twelve months has not been quite as good as during the previous year, overseas competition being a contributing factor, while competition on the local market is also keen.

Superphosphates and Chemical Fertilizers.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	8	8	8
Employees (number)	644	690	753
Salaries and wages paid	£138,257	£149,020	£186,208
Value of output	£1,358,108	£1,360,123	£1,498,228
Added value	£511,552	£539,428	£597,020

Reference is made in a previous section of this report to the operation of the Board of Trade (Fertilizer Prices) Regulations 1938. Manufacturers of fertilizers enjoyed a good year, sales having shown great expansion. The total sales from the eight works during the year ended 31st December, 1937, were 434,732 tons, as against 365,349 tons in the previous year. The improvement has continued into the present year, as may be evidenced from the fact that 129,586 tons were sold during the three months ended 31st March, 1938, as against 86,932 tons for the similar period in the previous year. The figures illustrate in a striking manner the fact that a consciousness of the advantages of fertilizers is developing considerably amongst farmers. The outlook for this industry appears favourable.

Aerated-water and Cordial Factories.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	127	129	116
Employees (number)	531	529	544
Salaries and wages paid	£99,878	£102,698	£115,519
Value of output	£321,176	£327,106	£375,082
Added value	£232,256	£230,269	£258,404

The conditions in this industry have been good. Owing to the hot summer, sales have shown a marked improvement, although price-cutting has affected conditions to some extent. Employment has shown a slight improvement.

Iron and Brass Foundries.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	41	42	44
Employees (number)	674	791	883
Salaries and wages paid	£113,215	£137,764	£168,710
Value of output	£263,844	£338,951	£427,736
Added value	£174,405	£214,739	£260,009

Generally, satisfactory conditions have prevailed during the year.

Hosiery-factories.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	33	33	35
Employees (number)	998	1,012	1,226
Salaries and wages paid	£111,551	£114,379	£146,623
Value of output	£440,089	£461,653	£564,990
Added value	£214,178	£248,236	£258,715
Imports (calendar years)	£196,630	£246,536	£429,525

Production expanded, and the industry, although faced with certain difficulties, experienced a satisfactory year. Competition was keen, especially from overseas, so that operating margins were fine on many lines. The recent tariff alterations have benefited this industry.

Tinned-plate and Sheet-metal Working.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	130	127	128
Employees (number)	1,452	1,384	1,554
Salaries and wages paid	£214,918	£204,118	£270,608
Value of output	£763,682	£792,461	£1,032,347
Value added by manufacture	£358,577	£344,107	£451,464

The year has been a very busy one for this industry, with sales showing some increase. Prospects are good.

Electrical Engineering.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	53	69	74
Employees (number)	355	617	598
Salaries and wages paid	£52,683	£90,080	£94,837
Value of output	£162,755	£302,056	£321,306
Value added by manufacture	£86,944	£172,614	£181,541

Business throughout the year was exceptionally good. Prices of raw materials exhibited violent fluctuations in the first quarter, but since then showed a tendency to ease. A decided shortage of skilled workmen was evident in some cases, and this hampered production to some extent. In many instances increases were made in both factory and shop space to cope with demand. On the year as a whole, production has shown a good increase, and employment has increased also.

Range-making.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	11	8	11
Employees (number)	408	436	683
Salaries and wages paid	£69,748	£74,650	£125,517
Value of output	£199,920	£206,527	£319,650
Value added by manufacture	£136,511	£148,044	£219,759

In connection with the manufacture of gas-ranges, conditions have been stated to be difficult owing to the increasing use of electric ranges and to overseas competition. In regard to the manufacture of electric ranges, a much healthier state of affairs has prevailed and production and sales have shown considerable expansion, with a corresponding increase in employment. Competition is, however, keen.

Wireworking.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	19	20	23
Employees (number)	160	195	231
Salaries and wages paid	£26,993	£34,235	£50,104
Value of output	£125,618	£154,868	£227,411
Value added by manufacture	£68,152	£79,788	£107,305

The year has been a fluctuating one for manufacturers, considerable difficulty having been experienced in procuring raw materials from overseas.

Tanneries.

Official statistics, year ended 31st March—	1935.	1936.	1937.
Establishments (number)	15	16	14
Employees (number)	531	543	571
Salaries and wages paid	£100,668	£104,888	£117,755
Value of output	£492,604	£519,157	£614,113
Value added by manufacture	£198,454	£210,692	£217,565

This industry has felt the effects of the slackness which obtained for some time in the boot and shoe industry, but it is hoped that conditions will improve as the result of the recent tariff changes.

Manufacture of Baths, Basins, Sinks.

Conditions appear favourable, and the recent tariff adjustment against Australian porcelain enamelled baths is of substantial benefit to this industry.

Manufacturing Chemists.

Reports indicate an improvement in conditions, and indications appear to point to a continuance of steady business for some time to come.

Ice-cream Manufacture.

An excellent year is reported, with sales showing substantial increases, and employment also increasing.

Canvas-goods and Tent Manufacture.

General business conditions were good, with some increase in sales. Employment has been steady throughout. Prospects are considered bright.

Manufacture of Matches.

Demand was steady throughout the year, and trading conditions were satisfactory.

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