

S-282
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C O N T E N T S.

X: 5311.20K3.N32

1. Report of the Special Committee appointed by the Legislative Assembly to scrutinize and report on the Trade Agreement made at Ottawa between the Government of India and Government in the United Kingdom, 28th Nov. 1932. (Chairman: J.W. Bhoré)

pp. 1- 14.

92
17022

2. Agreement between His Majesty's Government in the United Kingdom and the Government of India. Supplementary to the Ottawa Trade Agreement of August 20, 1932 (with exchange of Letters) London, Jan. 9, 1935. (Cmd.4779)

pp. 15- 18.

X: 5311.20K2
95

Commonwealth of Australia Reports.

3. Tariff Board's Report and Recommendation on Adjustment of Protective Duties to compensate for the effects of Exchange and Primage, 1932-33. 1933.

pp. 19- 50.

X: 531.8.N32
93

4. Tariff Board. Annual Report ending 30th June, 1933.

pp. 51- 58.

X: 53.88

5. 1934. " " " " " "

pp. 59- 68.

G3-95

6. 1935. " " " " " "

pp. 69- 78.

Canada Reports: (Dept. of National Revenue, Ottawa.)

7. Decisions of the Tariff Board on Appeals under the Provisions of Part II of the Tariff Board Act, 13th July 1933; 12th Dec. 1933; 7th Feb. 1934; and 28th Feb. 1935.

pp. 79- 82.

X: 536.72
95

New Zealand Reports.

8. The Customs Tariff of New Zealand (As at 18th October, 1934.)

pp. 83-141.

X: 531. 937

9. Report of the Tariff Commission, 1933. (Chairman: George Craig.)

pp. 142-189.

X: 531. 937.N33
93

10. Note by the Committee of the Federation of Indian Chambers of Commerce and Industry, Bombay, on "Ottawa Scheme of Preferences" 23rd Jan. 1936.

pp. 190-200.

X: 5311.1-3
96

11. Speech of Mr. A.D. Shroff on "Ottawa Agreement" on 28th April, 1936.

pp. 201-206.

X: 5311.1-3
96

Press Notes published by the Govt. of India on "India and Ottawa," 1936.

12. Article No. 1

pp. 207-211.

X: 5311.1-3
96

13. " No. 2

pp. 212-218.

14. " No. 3

pp. 219-222.

15. " No. 4

pp. 223-230.

16. " No. 5

pp. 231-235.

17. " No. 6

p. 236-241.

18. " No. 7

pp. 242-247.

10 {

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The Government Gazette

PUNJAB AND ITS DEPENDENCIES.

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LAHORE, FRIDAY, DECEMBER 16, 1932.

PART II.

Republications from the "Gazette of India."

FROM THE "GAZETTE OF INDIA," NEW DELHI, SATURDAY, DECEMBER 3, 1932.

LEGISLATIVE ASSEMBLY DEPARTMENT.

NOTIFICATION.

New Delhi, dated the 1st December 1932.

No. F-62-V/32-A.—The following report of the Special Committee appointed by the Legislative Assembly to scrutinize and report on the Trade Agreement made at Ottawa between the Government of India and His Majesty's Government in the United Kingdom, which was presented to the Legislative Assembly on Monday, the 28th November, 1932, is published for general information :—

INTRODUCTORY.

We, the undersigned members of the Committee appointed by the Legislative Assembly to scrutinize and report on the Trade Agreement made at Ottawa between the Government of India and His Majesty's Government in the United Kingdom, have made a careful and thorough examination of the details of the Agreement, with its Schedules, in order to satisfy ourselves whether we can recommend its acceptance by the Legislature. In the course of an intensive examination of the subject, lasting for a fortnight, we have had placed at our disposal the statistical and other data which were furnished to the Delegation by the Government of India, supplemented by such further information of a special kind which we asked to be supplied to us. We have also had the advantage of hearing the opinions of a few gentlemen who, at our invitation, have been good enough to appear in person before the Committee and state their views on the Agreement. As the result of our examination we have arrived at the conclusions set out in the succeeding paragraphs, which we have, for convenience, grouped under certain main heads. We wish to add that the time allot-

ted to the Committee for its work has been insufficient for a full examination of that part of the Agreement which relates to the preferences given on imports into India.

A.—Commodities on which India will receive preference in the United Kingdom (Schedules A to D of the Agreement).

2. In regard to the preferences on certain commodities, while recognising a possibility that some advantage may accrue from them, the importance which is attached to the value of those preferences should not be exaggerated. In this category we place—

Magnesium Chloride.	Cotton Manufactures.
Cotton Yarns.	Bran and Pollard.
Rice Meal and Dust.	

3. With regard to the preferences on five commodities we record the following opinion—

(a) *Wheat*.—Preference on this article is not of immediate value, but we are assured by members of the Committee closely associated with agricultural interests that the inclusion of India within the scope of the preference on wheat which the Dominions will enjoy is a feature of the Agreement to which they attach considerable importance, in view of the expected development of Indian production.

(b) *Coconut Oil*.—The relevant statistics show the possibility of a very great development of the market in the United Kingdom, but we observe that in recent years the volume of exports from India to the United Kingdom has declined. This fact by itself might raise a doubt whether India would in practice be in a position to profit even from a preference of 15 per cent. *ad valorem*. Further examination, however, leads to the following conclusions. A phenomenal increase has been taking place, and apparently still continues, in imports of coconut oil into India, indicating the existence of a very large and growing home market. The local demand has apparently been of such magnitude as to attract part of the Indian production which was previously exported. But, while this explanation would appear to substantiate a conclusion that the preference under consideration would not enable India to enlarge her market in the United Kingdom for coconut oil, we realize that it is necessary to treat the vegetable non-essential oil as a group, in order to arrive at a correct appreciation of the position. India has an important interest in certain vegetable non-essential oils, of which the outstanding example is groundnut oil. These oil can, at least to a very large extent, be used in substitution one for the other. A duty of 15 per cent. *ad valorem* on coconut oil imported into the United Kingdom from non-Empire countries, with free entry for Indian oil, apart from any effect which it may have on the Indian export trade in that commodity, is necessary to render effective the important preference on groundnut oil, rape oil and sesamun oil.

(c) *Linseed*.—While, in view of the large quantity which the United Kingdom at present takes from outside the Empire, there is no doubt that she is in a position to absorb much larger supplies from India than she receives at present, and while we see no reason to think that such result will not take place, we feel some doubt whether in view of selling pressure in the Argentine a preference of 10 per cent. *ad valorem* will lead immediately to displacement on any large scale in the United Kingdom market of supplies from the Argentine by the Indian product. The Delegation's Report recommends to the special attention of Provincial Departments of Agriculture the necessity for rapid expansion of the production of linseed in order to enable the preference on it to be retained, but, in our view, if the preference is to be made really effective and if the fullest advantage is to be taken of it, a prompt and careful examination will also be necessary into the matter of grading, marketing and transport of Indian linseed with the object of securing the greatest possible reduction in costs. India is the sole supplier of linseed within the Empire.

(d) *Rice (whole, cleaned)*.—The average quantity of cleaned whole rice imported into the United Kingdom during the three years ending with 192 was 72,000 tons valued at £1,436,000. Of this quantity India supplies rice to the value of £898,000, the balance, to the value of over £1,000,000 was all supplied by foreign countries. The market is small in relative

to India's total exports (about two million tons) but the degree of preference obtained, which is 2*d.* per lb., or nearly 50 per cent. *ad valorem*, is substantial and has been placed at a level calculated to permit of the capture of the greater part of the market. The potential value of this preference also is enhanced by the fact that India has no competitor within the Empire.

(e) *Paraffin Wax*.—This preference should be of value, for paraffin wax is produced at the Punjab and Assam oil refineries as well as in Burma and production appears to be increasing steadily, if not rapidly. The total production for all India and Burma rose from 588,000 cwts. in 1924 to 1,820,000 cwts. in 1929. The United Kingdom imported on the average of the three calendar years ending with 1929 paraffin wax of the value of about Rs. 2,23 lakhs annually, of which 42 per cent. on the average was supplied by India. The average quantity imported into the United Kingdom for the same three years (77,000 tons) is larger than India's total export in 1929-30 (the highest on record) which was 65,726 tons. There is no appreciable competition within the Empire, so that the potential additional market in the United Kingdom for Indian paraffin wax is substantial.

4. We consider that the preferences given on the following commodities are definitely valuable :—

Coffee.	Woollen Carpets and Rugs.
Coir Yarn.	Tobacco.
Coir Matting.	Castor Seed.
Oilseed Cake and Meal.	Groundnuts.
Spices.	Piglead.
Teak and other hardwoods.	

From the figures available it would appear that the "money value" of the preferences given in respect of these commodities amounts to £1,781,000, or about Rs. 2,27 lakhs. This figure illustrates the value of the preferences assisting these commodities to retain their existing market in the face of severe competition from non-Empire countries. The total value of the trade in the same commodities capturable by Empire countries is estimated at £30,562,000, and, assuming that, when other Empire countries compete with India, India's percentage of the exports from all Empire sources into the United Kingdom remains the same as it is to-day, the value of the additional market in the United Kingdom which is open to India will amount to £10,106,000 or Rs. 13,47,50,000.

5. Of the total exports from India of tanned hides and skins together, over 80 per cent. already go to the United Kingdom, while other countries take only raw hides, and skins from this country. In regard to these commodities and to jute manufactures to which we refer again in the next paragraph, we attach special importance to the fact that they are the products of manufacturing industries, and that any stimulus which can be applied to the export of articles of that class represents a measure of assistance to the process of conversion in India of her own raw materials.

6. In regard to jute manufactures, though the United Kingdom takes on an average annually only some 5 per cent. of India's total exports, the value of this portion of our export trade is very large, for the value of the United Kingdom's imports of manufactured jute goods from India in 1929 was £2,798,000, or about Rs. 3,73 lakhs. The 20 per cent. preference secured by the Ottawa Agreement thus has a "money value" of Rs. 74½ lakhs. But the special value of this preference lies in the fact that the United Kingdom jute manufacturing industry had applied for protection against India on the grounds that its production had fallen to 47 per cent. of the 1924 standard and that the costs of production in India were far below those in Dundee. Retained imports of Indian jute piece-goods in the United Kingdom in 1930 were equal in quantity to 82 per cent. of the total United Kingdom production of jute cloth, and if made up jute bags and sacks be included, this percentage rises to 72. In these circumstances the continuance of free entry into the United Kingdom, which both maintains Indian manufacture on equal terms with British manufacture in the latter's home market, and at the same time gives the Indian industry a preference against foreign jute manufactures, represents no small advantage. Further, jute cloth production on the Continent of Europe has increased by 21 per cent. since the war, and though in 1929 India supplied 77 per cent. (by value) of the United Kingdom's imports of jute manufactures, she has latterly met with increasing competition from Continental competitors. At present, with a forty hour working week and 25 per cent. of the hessian looms sealed, the Indian jute manufacturing industry is only working at 45 to 50 per cent. of its capacity, so that the importance of any measure which can assist it to retain and develop its markets must be readily admitted.

7. The preference given to magnesite, sandal-wood oil and granite sets and kerbs may be of local importance, but the volume of trade in these commodities is small and no large value can, therefore, in our opinion, be set on these preferences in regarding the country's interests as a whole. We cannot, however, leave out of account the fact that special representations to the Indian Delegation asking for preferences to be obtained in respect of these articles were made by the Indian producers themselves.

8. The preference on tea requires special mention for the following reasons. Measured by its value, tea is the most important article of India's exports trade upon which preference has been given. The United Kingdom has already concluded reciprocal arrangements with the British Colonies, and particularly with Ceylon, by which tea from that source will receive a substantial preference in Great Britain and is likely thereby to capture a considerable proportion of the market in that country now held by non-Empire (Java and Sumatra) tea. If India does not receive an equivalent preference, not only will she be excluded from any share in such an additional market, but she will lose to her competitors within the Empire a large portion of the share which she now holds in the import trade into the United Kingdom. Similar considerations apply, though not with equal force, to certain other articles of India's export trade. Among such articles we mention specially coffee and tobacco. The point which we desire to emphasize in regard to these commodities is that the exclusion of India from the benefit of the preferences given by the United Kingdom in respect of them would cause her to lose at least a large portion of the market which she now holds.

9. We consider it a matter for regret that preference was not secured on cotton seed, and we recommend that the Government should, as soon as possible, open negotiations with His Majesty's Government in the United Kingdom with a view to the inclusion of this commodity in the preferential scheme. As regards manganese ore, paragraph 50 of the Delegation's Report indicates the reasons why the question of preference to India in respect of that commodity was not pressed; but we endorse the Delegation's recommendation that the volume of exports from India to the United Kingdom should be carefully watched with a view to the question of a preference being re-opened if India appears to be losing her position in the United Kingdom market.

B.—Supplementary Agreement relating to Iron and Steel.

10. This agreement is, in our opinion, of special value in that it secures an important trade for pig iron in the United Kingdom market. While pig iron from non-Empire countries will pay a duty of 33½ per cent. *ad valorem*, Indian pig iron will be admitted free of duty, and we understand that, as part of the arrangement made between the manufacturing interests in the two countries, upon which the iron and steel agreement is based, Indian pig iron has been guaranteed a certain percentage of the "free" market in the United Kingdom; that is, of that part of their requirements of pig iron which British iron and steel manufacturers do not obtain from their own blast furnaces. We attach particular importance to this feature of the agreement in view of the very high tariff which the Japanese Government have recently imposed on pig iron and which is reported to have resulted now in complete stoppage of India's exports to that country. The figures of pig iron sent from India to the principal importing countries for the last ten years are given in paragraph 71 of the Delegation's Report and show how serious has been the fall in exports to Japan in 1930-31 and 1931-32. For the first six months of the current financial year the comparative figures are as follows:—

Exports of pig iron (in 000 tons) during April to September.

Year.	Japan U.	S. A.	U. K.	All other countries.	Total Exports.
1930 ..	105	52	73	45	275
1931 ..	82	31	26	25	164
1932 ..	33	8	32	19	92

C.—General considerations in regard to the preferences given by the Agreement to India's exports.

11. Many of India's exports are subject to increasingly high tariffs in foreign markets which restrict her trade and tend to keep down the prices she obtains for her goods. We cite in illustration the following instances of high duties imposed by different countries on articles which India produces:—

Approximate equivalents of duties on Indian produce in some Continental countries.

WHEAT ..	..	..	Germany ..	£8-12-0 per quarter.
COFFEE (R.A.W)	..	..	Germany ..	£5-7-0 per cwt.
			Czechoslovakia ..	£8-19-0 per cwt.

TEA	..	Germany	..	2s. per lb.
		Holland	..	9d. per lb.
		Czechoslovakia	..	1s. 9d. per lb.
TOBACCO UNMANUFACTURED	..	Germany	..	£18 per cwt. (unstripped £6 per cwt.).
		France	..	Private importation prohibited.
		Switzerland	..	£6-15-0 per cwt.
CASTOR SEED	..	U. S. A.	..	8s. 3d. per cwt. (\$3.50=£1.)
COIR MATS AND MATTING	..	France	..	3½d. per lb. to 1s. 3d. per lb.
		Germany	..	£4-15-4 to £6 per cwt.
		Czechoslovakia	..	£2-10-0 to £8-6-8 per cwt.
TANNED HIDES	..	France	..	£2 to £8-17-8 per cwt. (General Tariff).
		Switzerland	..	16s. to £2 per cwt.
		Germany	..	From £1 to £1-18-4 per cwt.
		Czechoslovakia	..	£1-5-0 per cwt.
JUTE CLOTH	..	Germany	..	12s. 6d. to £1-18-0 per cwt.
		Belgium	..	8s. 6d. to 9s. 6d. per cwt.
		France	..	£1-17-4 to £7 per cwt.
JUTE FABRICS	..	U. S. A.	..	5s. 2d. to 6s. 6d. per cwt.
WOOLLEN CARPETS AND RUGS	..	Germany	..	8s. 9d. per lb. to 5s. per lb. (minimal tariff).
		France	..	£8 to £15 per yard.
		Czechoslovakia	..	5s. per lb.
		U. S. A.	..	8s. per square foot, or 45 per cent. <i>ad valorem</i> , whichever is higher.
VEGETABLE OILS—				
LINSEED OIL	..	Germany	..	2s. per cwt.
		France	..	13s. 7d. per cwt.
		Czechoslovakia	..	13s. 4d. per cwt.
GROUNDNUT OIL	..	Germany	..	2s. 8d. per cwt.
		France	..	10s. 8d. per cwt.
PIG IRON	..	Germany	..	18s. 4d. per ton.
		France	..	£2-4-0 per ton (minimal).
		Japan	..	15s. 8d. per ton.
LINSEED	..	Italy	..	10d. per cwt.
SPICES	..	Italy	..	£3-9-0 per cwt.
PARAFFIN WAX	..	France	..	£3-9-0 per cwt.

The tariff policies of these, and other, countries suggest that India has little immediate or prospective opportunity of increasing her trade with them, and that even her existing trade with those countries will be difficult to retain against obstacles of such dimensions. It is for this reason of the greater importance for her to retain and develop a market in which her products can secure free entry or entry on favourable terms. The United Kingdom, while offering this advantage, is India's largest and most stable single market.

12. It is difficult to forecast with any accuracy the actual effect which the operation of the preferences contained in the Agreement will have on India's trade with countries other than the United Kingdom and the non-self-governing Colonies. It is possible that in the case of certain commodities expansion in one direction can be achieved only by diversion of the trade from existing channels. But in other commodities, among which we cite in particular linseed, groundnut oil, linseed oil, castor oil and rape oil, in view of India's capacity for enlarged production and the extent of the market available in the United Kingdom, the preference will evidently lead to a definite expansion of the total volume of Indian trade, since the market for these commodities which may be captured by India in the United Kingdom alone is greater than the total volume of Indian exports of the same products to all countries. The following are the relevant figures :—

Commodity.	Total value of trade held by India in the United Kingdom plus the potential additional market in that country. (Rs. 000.)	Total value of Indian exports to all countries, including the United Kingdom. (Rs. 000.)
Linseed	6,58,80	5,72,37
Groundnut oil	90,13	4,02
Linseed oil	1,31,20	4,34
Castor oil	30,67	10,50
Rape oil	23,87	5,85
Total	9,24,67	5,97,08

D.—Preferences which India will give to the United Kingdom (Schedule F of the Agreement).

13. The exclusion of all India's protected industries from the scope of preference is a noteworthy and desirable feature of the Agreement. The Delegation point out, in paragraph 89 of their report, that "Commodities which are the product of a protected industry but are not subject to protective duties at present (and this applies to other protected industries besides cotton and iron and steel) are not excluded from the preference, but if at any time it is desired to bring new commodities within the protective scheme, it will be open to the Government of India to give notice under article 14 of a variation in the Agreement and in this way to bring about the desired result". We understand that the same principle will apply to industries which are not at present protected but which may hereafter be given protection. The result desired can, in their case also, be achieved by means of the provision made in Article 14 of the Agreement and though, under the procedure prescribed in that Article, a long period of time, up to a maximum of one year, must elapse before any change can be made in the margin of preference given by India to the United Kingdom under the Agreement, this delay does not prevent the grant with immediate effect of protection to an Indian industry not at present enjoying it, for the Government of India are left free by the Agreement to impose at any time upon imports from the United Kingdom such rates of duty as they may require so long as the guaranteed margin of preference is not diminished. We consider it essential that the operation of the Agreement should not in any way prejudice the policy of discriminating protection which India has adopted for the development of her industries.

14. On a careful consideration of the import Schedule we find that articles of the same kind as certain of those included in the preferential list are also produced by Indian industries which, though not protected by an Act of the Legislature, have been started or developed behind the shelter of the revenue tariff and which may be detrimentally affected by any lowering of the existing rate of duty on imports from the United Kingdom. It is true that the normal revenue rate of duty in the Indian tariff is 15 per cent. *ad valorem* and that its present level of 25 per cent. is the result of two successive surcharges imposed during the last year as a temporary measure to meet an emergency. Nevertheless we consider that when the tariff Bill required to give effect to the Agreement is referred to a Select Committee, the position of such Indian industries as appear to need special consideration should be carefully examined, and if a *prima facie* case for such treatment is satisfactorily established, the existing rate of duty on the articles which they produce, including the revenue surcharges imposed in 1931, should be retained as the lower preferential rate so long as the surcharges or any portion of them remain. In saying this, however, we do not wish to be understood as in any way supporting the continuance of the existing level of the general tariff any longer than is absolutely necessary for revenue purposes. In our opinion the general level of the tariff after the imposition of surcharges by the Finance Acts of 1931 should in the interests of the country generally be reduced as soon as the financial situation permits.

15. We have considered carefully the question whether the result of the preferences which the agreement gives to the United Kingdom is likely to involve a burden on the consumer in India. In respect of those articles in which the United Kingdom at present holds a small proportion of the total import trade into India, if preference is given by raising the duty, the initial tendency may be towards raising of the price level, and this aspect of the question is one which will doubtless receive full consideration at the hands of the Select Committee on the tariff Bill, but we regard it as impossible to predict generally upon whom the cost of preference will fall. Experience has shown that in many cases the whole of the cost falls upon the producer, who is faced with the necessity to reduce his prices to meet a higher tariff in order to retain his market, and we are disposed to think that in weak market conditions such as prevail generally at the present time, such a result is more probable in the case of manufactured articles than in that of primary produce, since during the general economic depression the fall in the price of primary produce has been relatively very much greater than that of manufactured goods. We recommend that, following the introduction of the new rates of duty, a careful watch should be maintained by Government upon the course of prices of imported articles which have been subjected to differential rates of duty in accordance with the agreement.

16. The effect which the preferences contained in the Agreement may be expected to have on the revenues derived from customs receipts is obviously a question of the highest importance. We have in the course of our discussions received an assurance from the Finance Member that in deciding upon the method by which the preferences to be proposed in the tariff Bill should be given the first consideration by which the Government have been guided is the necessity for ensuring that the revenue from customs would suffer no diminution. At the same time we have been assured—and it is a point

to which we attach considerable importance—that the tariff changes proposed have not been so designed as to increase the revenue from customs as a whole. A summary of the calculations upon which these assurances are based has been presented to the Committee.

17. We are not of the opinion that decision of the question whether the Agreement is in the interests of India or not should depend upon whether India or the United Kingdom is likely to derive the greater advantage from it. On that point we agree with the view expressed by one of the critics of the Agreement, Mr. Ghosh, Reader in Economics in the Bombay University, who also gave oral evidence before the Committee, in his pamphlet entitled "The Ottawa Agreement. A study in Imperial Preference" and whose words we quote:—

"We are not at all concerned with the barren and irrelevant question whether we gain more or less than the other party to the Agreement, whether the additional market that we secure as a result of the preference is greater or smaller than the additional market which falls to the lot of the other party; for it is obvious to the commonsense of everybody except the crude mercantilist that the larger or smaller gain of the other party does not necessarily reduce or expand our gain or loss from the transaction."

18. We recommend that the Government should prepare an annual report reviewing the effect on India's export and import trade of the preferences given in the Agreement, and that there should be included in the report a statement of the Indian industries, if any, which have made representations to the Government in regard to the effect upon them of the import preferences and a statement of the action taken by the Government on such representations.

19. We also recommend that a Committee, consisting of not more than fifteen Members, be appointed by the Legislative Assembly to consider the report referred to in the immediately preceding paragraph, to examine in the light of the information furnished by it and, if necessary, with the assistance of representatives of the interests concerned, the effect which the preferences contained in the Agreement have had upon the agricultural and other industries and on the export and import trade of India, and to report to the Assembly.

20. We further recommend that on the expiry of three years from the date on which the preferences given by the Agreement become operative the Government should place before the Legislative Assembly a detailed report on the course of the import and export trade in the commodities covered by the preferential rates of duty, and that they should undertake to give the notice of denunciation required by Article 14 of the Agreement if the Legislative Assembly, after considering the report, is satisfied that the continuance of the Agreement is not in the interests of India. We wish to add, in order that there may be no misapprehension, that the Government of India's right to give notice at any time of denunciation of the Agreement is not affected by this recommendation.

E.—Preferences given by India to and received by India from the non-self-governing Colonies and Protectorates.

21. The undertakings in regard to these preferences are contained in articles 9 and 12 of the Agreement. The value in 1929-30 of the export trade of India with these countries in the articles included in the preferential list was about Rs. 8.55 lakhs that of the imports into India from the same countries about Rs. 8.44 lakhs. But the Indian Sea-borne Trade Accounts do not give full details of the origin of all minor imports; exact details of the imports into the various non-self-governing Colonies are not readily available, and the character and volume of the entrepot trade in both directions is such as to render impossible any accurate estimate of the quantity or value of goods on which the preferences will actually operate. The point of most importance, however, in this part of the Agreement is the fact that India will secure whatever tariff preferences the Colonies grant to the United Kingdom or to any other part of the Empire at a time when their tariffs are undergoing revision. Of the actual preferences to be received by India the most important, measured by the value of the trade, are cotton piece-goods, fresh fruits and vegetables and pig led exported to Ceylon and cotton piece-goods, jute manufactures and groundnut oil in the trade to British Malaya. In 1930 Ceylon's imports of cotton piece-goods from all sources were valued at Rs. 1.61 lakhs, of which India supplied goods to the value of Rs. 45 lakhs, the United Kingdom Rs. 74 lakhs and Japan Rs. 24 lakhs. In the same year the value of the total import of cotton piece-goods into British Malaya amounted to 28 million (Straits) dollars, of which the United Kingdom supplied goods to the value of approximately eight million dollars and India of four million dollars, or about Rs. 62 lakhs. It may be added that Fiji, British Borneo, Cyprus and the Seychelles already accord preferences to India on cotton piece-goods.

The preferences granted to the Colonies and protectorates are mainly on natural products which India imports to supplement her own production. The only items of any magnitude are spices, betelnuts and coconut products. The preference on unmanufactured tobacco is reciprocal, as India obtains by the Agreement a preference on manufactured tobacco in Ceylon and in Malaya the benefit of the preference on cigarettes and manufactured tobacco granted to the United Kingdom in March 1932.

22. Our final conclusion is that, so far as we are able to judge, it is definitely to India's interests to accept the Agreement. The only certain test is experience of the actual results over an adequate period of time, and we believe that, if the recommendations which we have made to that end in this report are carried into effect, the Government of India and the Legislature will be provided with the material necessary to enable that test to be applied.

F.—Conclusion.

23. We wish to place on record a special word of appreciation of the assistance given to us by the officers and staff attached to the Committee, who have worked throughout the period of our discussions at high pressure and have spared no pains in supplying to the Committee, often at the short notice, all the documents and information necessary for its enquiry.

24. Some of us have appended explanatory notes.

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H. S. GOUR.

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R. K. SHANMUKHAM CHETTY.

B. C. BURT,

Secretary to the Committee.

NEW DELHI;

The 28th November 1932.

Explanatory notes to the Report of the Committee appointed by the Legislative Assembly to scrutinise and report on the Trade Agreement made at Ottawa between the Government of India and His Majesty's Government in the United Kingdom.

NOTE

by

SIR HARI SINGH GOUR, Kt., M.L.A.

I desire to subjoin the guiding factors which have influenced my decision in approving of the course recommended in the Report of the Special Committee to which I have appended my signature. When the Government Resolution on the Ottawa Trade Agreement was under discussion, I pressed for the examination of the question by a Committee of the House with directions to submit its report before a certain date. We have fully utilised the time given to us, but I found that in order to arrive at a considered judgment, the inquiry would entail time necessitating postponement of a final decision on the main question for several months. Some of us, therefore, suggested this course, but finding it not possible we were left with the alternative of reaching an immediate decision upon the materials made available to us. As such two courses readily occur and have been emphasised, namely, that we ratify the Agreement or reject it. But a third course that I have applied my mind to, which seems to me even more preferable, namely,

that we might accord our consent provisionally to the agreement for the short period of three years, at the end of which the Government should place before the Assembly the result of the experience gained and facts collected regarding its operations and it should then give the Assembly a decisive voice upon the question whether the Agreement should be continued or determined, and that meanwhile an effective machinery should be set on foot to examine the trend of the Agreement upon the agriculture, commerce and trade of India upon the data supplied by Government in their Annual Return with power to examine representatives of the interests affected and that this Committee should make a periodical report to the House to enable it to form its judgment upon the utility or otherwise of the said Agreement. We have also made a condition embodied in the Report that the agreement should in no way prejudice the policy of discriminating protection of indigenous industries to which the Government stand committed, and that no additional burden should be thrown on the taxpayer by readjustment of the customs tariff. As an additional precaution the Government of India are to remain free to rescind the agreement at any time within three years by giving a notice of six months' duration as provided in Article 14 of the draft agreement.

In adopting this course I have been impelled by the very nature of the evidence we had called; since, while the witnesses we have examined have given their opinions as to what effect the Agreement is likely to produce, they have candidly admitted the lack of facts, which alone can dispel conjecture. It is one of those questions complicated by the interplay of economic forces which can only be decided *ambulando*.

This was conceded even by the witnesses whose *a priori* conclusions had previously been published against the Agreement. The middle path we have taken escape the Scylla of unconditional acceptance and the Charybdis of its total rejection. In arriving at this decision I am not unmindful of the uncompromising hostility to any treaty with a country which has denied to India her just claim to self-Government, or the Dominions which have denied to the Indian nationals their elementary rights of common citizenship. But these are political considerations which, in my view, should not be permitted to warp our decision in a Trade Agreement. On the other hand, I hope to divine that a friendly gesture at the present juncture may in the end prove a happy augury of a better feeling towards our country and countrymen in the Dominions overseas by assuring them that India can even in a state of great domestic ferment control its feelings and make a decision, which the verdict of time will endorse as made in the best interest of India.

NEW DELHI :

The 28th November 1932.

H. S. GOUR.

NOTE

by

MR. C. S. RANGA IYER, M.L.A.

I attach some real importance to the Assembly Committee (see para. 19) to watch the working of the Ottawa Agreement. In one sense it is a triumph for the Assembly, because its complaint has been—a very true and legitimate one—that it was not consulted in regard to the appointment of the Ottawa delegates. At any rate, it had a right to demand that if it were to ratify the agreement, it must at the same time be given the opportunity of closely watching the working of that Agreement. That right has now been conceded. That opportunity is now given to the Assembly.

Should the working of the Trade Agreement be found to be against the interests of India, the Assembly will be armed with adequate evidence to enable the Government to give six months' notice to denounce the Agreement. That right of six months' notice to denounce has not been taken away by the ratification of the Agreement for a period of three years.

The Assembly has the power to appoint a Committee of fifteen Members, which will consider all available material including the effect of the preferential rates of duty upon both the export and import trade of India, and examine an annual report to be prepared by the Government of India on the working of the Agreement. This Committee will also have the power to examine representatives of agricultural, industrial and commercial interests. Then it will report to the Assembly as to whether the Agreement has worked or not to India's advantage.

Apart from the fact that the Assembly will have adequate time and material before it to study the effect of the Agreement on India's industrial, commercial and agricultural progress, it will also keep alive the interest of the public on the subject from year to year.

If the constitution be changed in the meantime, this Assembly's successor will have enough material to decide as to whether the Agreement should be continued or denounced.

However much attempts may be made to minimize the importance of this Committee, its appointment is a recognition of the fact that the chosen representatives of the Assembly will be taken into confidence by the Government by placing before it all the material they have to study and understand whether the Ottawa Agreement has been working in a manner satisfactory from the Indian agricultural, commercial and industrial point of view. And by securing the assistance of the representatives of the very interests affected who can be invited to appear before the Committee, the Assembly will be armed with impregnable facts and statistics to inform the country and guide the Government as to whether in India's interests, in the light of actual experience, the Agreement should be worked or wrecked.

New Delhi
The 28th November 1932.

C. S. RANGA IYER.

NOTE ON WHEAT

by

SIR ZULFIQAR ALI KHAN, Kt., C.S.I., M.L.A.

Although the bulk of India's wheat export goes to the United Kingdom, it forms only 2 per cent. of the entire import of this commodity into that country and therefore its volume is insignificant. In 1931 it dwindled down to 19,000 tons, which is nominal and indicates that our wheat export to the United Kingdom is negligible and no importance can be attached to it.

No doubt the proposed Imperial preference holds out better prospects inasmuch as it offers 2 shillings per quarter, or Re. 0-3-7 per maund preference against foreign wheat. But this preference is not exclusively given to India as its benefit accrues to all the countries within the Empire. Australia and Canada are our most formidable competitors who can easily undersell us in the British markets.

If wheat can be sold at Lyallpur at the rate of 28½ seers per rupee, then only can we have any chance of equalising prices in England with other Empire countries, but this low rate at Lyallpur will reduce the cultivator to dire straits and he would be unable to meet even the Government demand, much less to reap any profit out of it. Under these circumstances the preference given might bring no advantage to India.

In order to afford India a chance to capture a part of the British market it is necessary to revise—

1. Water rate.

2. Railway freight.

3. Shipping charges.

If the above are sufficiently lowered, then India can hope to secure some profit out of her wheat export to Great Britain.

The Indian producer can derive advantage only if the middleman's gains can be eliminated by the British purchasers placing their orders for Indian wheat in the month of May. It is the duty of the Government to protect the poor cultivator from the unfair exploitation of the middleman and also to stabilise prices during the year by prohibiting artificial fluctuations.

In order to achieve this purpose the Government should appoint a Committee to inquire into the matter and devise means whereby the cultivators in India may take advantage of the Imperial preference.

It cannot be ignored that, in the absence of any help in the way I have suggested above, the apprehension exists that India will not only lose the British as well as the foreign markets, but our home markets will also be attacked by Australian wheat as it has already done along the coast line of India, and therefore the adoption of the measures I have suggested becomes more imperative.

New Delhi
The 28th November 1932.

ZULFIQAR ALI KHAN,
ZIA UDDIN AHMAD.

NOTE

by

DR. ZIA UDDIN AHMAD, C.I.E., M.L.A.

In pursuing the policy of Imperial preference Great Britain has taken a leap in the dark. The British Government, who are responsible for the organisation of the Ottawa Conference, believed that the Agreement arrived at in the Ottawa Conference would lead to an increase in the volume of trade of the United Kingdom and of every other unit in the British Empire. The promoters believe that the trade

with foreign centres will not be perturbed but the increases in the volume of trade of the British Empire will tend to revive the world trade. Sir Arthur Salter who otherwise criticised the Ottawa Agreement subscribed to this view. We cannot decide the question by statistics and theories of political economy on the basis of which alone we can argue at present. The experience of businessmen and the future movement of the import and export trade of the units of the British Empire will decide the issue. Much will depend on the facts, whether the United Kingdom succeeded in regulating the monetary policy of the countries who are of gold standard and taking other countries within the participation of preference. It is impossible to visualise at this stage, by the materials at our disposal, the effect of the Ottawa Agreement on our agricultural products, on our industries, and on the pockets of the consumers.

2. In arguing the whole question we should not overlook two factors: (i) That India is a debtor country as far as U. K. is concerned. She has to pay Rs. 50 crores a year for her various liabilities and she can pay this amount only by her goods, i.e., by the balance of trade in merchandise. It is an accident that she could pay this year by the export of gold, but this export of gold cannot go on indefinitely and India will ultimately fall back upon her export for payment of Rs. 50 crores a year. England is therefore vitally interested that the balance of trade of India should always be a favourable one and should in no case be less than Rs. 50 crores a year. Therefore any measure which will restrict the export trade of India will hit England just as much, if not more, as it would hit India herself. It may be mentioned here that the balance of trade has always been favourable to India, but since April 1932 it has been reversed. In my opinion it is the direct consequence of the export of gold from India amounting to Rs. 95 crores.

Balance of trade of merchandise in crores of rupees

	1913-14	1918-19	1927-28	1928-29	1929-30	1930-31	1931-32	April to September 1932
	78.27	76.31	81.97	86.47	78.98	62.35	34.83	-10.19

Unfavourable trade balance would mean that India will be compelled to raise sterling loan and pay off her liabilities: (ii) England has got a greater stake in foreign countries than India has got. The volume of the trade of England with foreign countries is Rs. 1,688 crores and the volume of the trade of India with the same countries is Rs. 880 crores. Therefore the stake of England in foreign countries is about four times as great as the stake of India. Therefore any measure which may tend to disturb the trade relations between India and foreign countries will also disturb the trade relations of the United Kingdom with foreign countries and will hit her more.

In arguing about the Ottawa Agreement, it is often assumed that the capacity of India to produce agricultural commodities is limited and that there cannot be any expansion in agricultural products. This assumption is not justified by facts or experience. India can produce about 25 per cent. (all the agricultural products taken together) more than she produces now if there be a profitable market for it. There is a large area of cultivable lands which is not being cultivated and there are a large number of people out of employment who will engage their attention to agriculture, if they can find profitable living. The following table gives the amount of cultivable lands now available:—

Classification of area in India. (in millions of acres) for 1929-30

Province	Not available for cultivation	Culturable waste other than fallows	Current fallows	Net area sown	Total
1. Madras	10.6	13.8	10.6	34.4	77.9
2. Bombay	19.7	6.7	10.3	32.9	69.7
3. Bengal	9.8	6.0	5.4	23.4	44.6
4. United Provinces	10.0	10.8	3.6	34.3	58.7
5. Punjab	12.7	14.9	3.9	26.6	59.9
6. Burma	53.8	59.8	3.9	17.8	135.2
7. Bihar and Orissa	8.1	6.9	5.3	25.0	45.8
8. Central Provinces and Berar	4.9	14.3	3.8	25.0	47.7
9. Assam	4.6	19.1	2.2	5.8	31.5
10. North-West Frontier Province	2.6	2.7	.4	2.5	8.1
11. Ajmer-Merwara and Manipal Bargarh	.9	.3	.2	.3	1.7
12. Coorg	.3	.01	.2	.1	.6
13. Delhi	.03	.07	.04		.14
Total (British India)	146.9	156.5	69.7	239.2	592.2
Total (Indian States)	25.6	17.4	12.6	66.5	122.3
Grand Total (India)	172.5	172.9	82.3	294.7	702.5

It appears from the total that India is now cultivating 295 million acres of land and more than half, *i.e.*, 173 million acres of culturable land is still lying without cultivation. Therefore the assumption that there could not possibly be an increase in the quantum of agricultural products in India is not justifiable. It is often argued that the United Kingdom's Import Duties Act of 1932 if applied to India in the absence of any agreement will not affect our export to the United Kingdom as England cannot go on without the raw material from India. This argument can equally be applied to foreign countries and the question of their retaliation will not arise. The facts are that India has practical monopoly only in a few commodities such as jute, skins, myrobalams but in a large number of her products she has to compete with the Empire and foreign countries.

4. I do not subscribe to the view that if the import from any country diminishes then the export to that country should also proportionately diminish. The balance of trade of the whole world is always zero. The balance of trade of creditor countries is always negative and the balance of trade of debtor countries should always be positive or the equilibrium of trade will be disturbed, but it is not possible to equalise the balance of trade of each country with every other country.

5. If the Ottawa Agreements failed to increase the volume of trade, as is now expected, the burden will fall more heavily and more quickly on the United Kingdom than on India and other dominions and she will have to find other avenues for meeting the present depression. It is still more difficult to visualise at present the effect of giving preference on import, on home industry and on price level. This requires constant and careful scrutiny. I give as an illustration one of the few cases that came to my notice. The representatives of the glass industry in Ferozabad in the District of Agra, came to see me and they said that their industry would be benefited by the trade agreements only if we increased the import duty on foreign manufactured glass by 10 per cent., and lower the import duty on chemicals which they require for glass manufacture. They said that England does not compete with them in manufactured articles, but their competition was mainly with Japan and an additional import duty of 10 per cent. on finished articles of glass would be of value to them. The time at our disposal was so short, that it is almost impossible to form a definite opinion about the results of the Ottawa Agreement on the home industry. This we can only visualise after the operation of this Agreement. It is often assumed that the preference given to the United Kingdom will fall on the consumer and the price level would rise. This assumption appears to me very doubtful. I think that the opinion expressed by Prof. Ghosh in his supplementary note is more probable and that the variation in prices will not be uniform in all commodities. In certain cases foreign countries will not like to go out of the market. They would sell their commodities at the price U. K. would demand and in this case the burden of preference would fall on the producer of the foreign countries. This actually happened when we gave a premium of 33 per cent. to England due to the fall in the value of sterling and rupee in world market. If the power of production of the United Kingdom in a particular article is restricted then England would charge the price of foreign countries and in this case the preference would fall on the Indian consumer. Suppose in a commodity we raise the duty by 5 per cent. in the case of foreign goods and lower by 5 per cent. the duties on goods imported from the United Kingdom the price in this case is likely to remain stationary and the producers in the United Kingdom will be benefited at the expense of the producers in foreign countries. The rise and fall of the price level would depend upon a variety of factors which cannot now be determined.

6. There is one other way in which we can examine the Ottawa Agreement, that is, we may put down the monetary value of the preferences given to or received from the United Kingdom. This may be called a balance sheet although I do not use the term in the technical commercial sense. The figures show that we receive preference on commodities to a total value of about twice as much as the values of the articles on which we give preferences by the Ottawa Agreement. The list of articles on which we give preference is certainly long but the value of all these commodities is much less than the value of the commodities on which we gain preference. It may be said that in this profit and loss account I have omitted a number of factors whose effects no one can calculate. It is impossible to say whether the effect of the disturbing factors would be positive or negative. In the absence of any accurate information, a layman like myself can only be guided by the results of the balance sheet. I have added here a column of capturable trade which means the trade which the Empire countries can capture which is the same thing as the trade of the United Kingdom with foreign countries. I have entered into another guess which I admit is purely a conjectural one, and it is the portion of this capturable trade, India is likely to acquire.

Nominal value of preferences granted by United Kingdom to India on the volume of trade in 1929.

Commodity.	Value of trade with India in 1929.	Preferences.	Nominal value of preference.	CAPTURABLE TRADE:	
				Total.	India.
1	2	3	4	5	6
	(£000)		(£000)	(£000)	(£000)
SCHEDULE A.					
Wheat in grain	78	2 s. per quarter.	Nil	38,628	..
Rice	318	1 d. per lb.	209.0	894	878
Castor oil	67	15%	10.0	88	..
Linseed oil	55	15%	..	1,048	..
Cocconut oil refined	11	15%	1.6	1,960	..
Cocconut oil unrefined	22	15%	3.3		129
Groundnut oil	..	15%	..	883	..
Rape oil..	12	15%	..	177	..
Sesamum oil	14	15%	..	1	..
Magnesium chloride	No separate statistics.	1 s. per cwt.	New trade	..	5
Linseed	1,597	10%	159.7	3,334	800
Total Schedule A	2,093		383.6	45,023	1,803
SCHEDULE B.					
Coffee	168	9/4 per cwt.	11.0	2,471	493
SCHEDULE C.					
Tea	20,083	2 d. per lb.	2,556.1	5,296	3,374
Coir yarn	619	10%	61.9	16	14
Coir mats and matting	438	20%	87.6	165	164
Cotton yarn	12	10%	1.2	910	..
<i>Cotton manufactures.</i>					
Piecegoods, grey unbleached	6	20%	1.2	9,314	70
Flags, handkerchiefs and shawls in piece ..	3	20%	.6		
Piecegoods, printed, other sorts	14	20%	2.8		
Dyed in the piece	9.9	20%	1.8		
Coloured cottons	140	20%	28.0		
Flags, handkerchiefs and shawls not in piece—other sorts	4	20%	.8		
Made up cotton goods for household purposes	10	20%	2.0		
Cotton manufactures not elsewhere specified	8	20%	.6		

Commodity.	Value of trade with India in 1929.	Preferences.	Nominal value of preference.	CAPTUREABLE TRADE.	
				Total.	India.
1	2	3	4	5	6
SCHEDULE C— <i>contd.</i>					
	(£000)		(£000)	(000)	(£000)
Leather undressed, hides other than for sole leather.	2,337	10%	233.7	759	736
Leather undressed, skins	2,755	10%	275.5	696	651
Jute manufactures—					
Piecegoods	855	20%	171.0	706	251
Sacks and bags	1,906	20%	381.2		24
Other sorts	37	20%	7.4		
Oilseeds cake and meal—					
Cotton seed	29	10%	2.9	3,337	
Groundnut	710	10%	71.0		500
Linseed	352	10%	35.2		
Other descriptions	15	10%	1.5		
Paraffin wax	910	10%	91.0	831	880
Spices—					
Ginger	21	10%	2.1	778	
Pepper	377	10%	37.7		163
Other sorts	14	10%	1.4		
Teak—					
Hewn	62	10%	6.2	6,945	232
Sawn	308	10%	30.8		
Other hardwoods—					
Hewn other sorts	16	10%	1.6	662	237
Sawn Mahogany	2	10%	.2		
Other sorts	62	10%	6.2		
Woolen carpets and rugs	546	20%	109.2	1,886	135
Bran and pollards	3	10%	.3	662	200
Rice meal and dust	1,389	10%	138.8	479	467
Lead	1,216	10%	121.6	2,635	
Tobacco—unmanufactured—					
Stripped	290	2s. 0½d. per lb.	937.2	16,621	
Unstripped	45				
Manufactured cigars	13	3s. 10½d. per lb.	9.5		
Caster seed	510	10%	51.0	90	90
Magnesite	5	10%	.5	133	35
Sandalwood oil	89	10%	8.9		
Granite sets and kerbs	(new trade)	15%			
Groundnuts	1,456	10%	145.6	579	371
Total of Schedule C	38,186		5,889.0	52,908	9,316

GRAND TOTAL .. £ 100,402,000

NOTE.—I have not included the unscheduled items in Class 1 which obtain a preference by virtue of Article 1.

Nominal value of preferences granted by India to the United Kingdom.

No.	Commodity.	Value of trade in 1929-30.	Rate of preference ad valorem.	Nominal value of preference.	Imports from foreign countries in 1929-30.
		Rs. (000).	Per cent.	Rs. (000).	Rs. (000).
1-3	Schedule F.— Apparel	56,19	10	5,62	66,37
4-6	Arms, etc.	24,69	10	2,47	10,00
7-11	Textile manufactures	27,68	10	2,77	10,68
8	Boots and shoes of leather	16,79	10	1,67	4,52
9-11	Brushes and brooms	5,19	10	52	8,59
12-16	Building materials	61,37	10	6,14	42,71
17	Buttons, metal	1,16	10	12	2,95
18-30	Chemicals, etc.	1,24,59	1	12,47	52,84
31-32	Cocoa, chocolates and confectionery	21,36	10	2,14	17,51
33	Cordage and ropes	5,16	10	51	5,22
34	Cork manufactures	64	10	6	2,34
35	Cutlery (except pruning knives)	8,86	10	89	30,04
36-37	Drugs and medicines	77,71	10	7,77	74,83
38-40	Earthenware and porcelain	18,39	10	1,84	44,44
41-43	Furniture and cabinetware	18,89	10	1,89	15,13
44	Glue	2,10	10	21	6,35
45-54	Hardware	1,07,03	10	10,70	3,17,44
55-75	Instruments, etc.	2,80,89	10*	28,09	1,67,11
76-79	Leather	17,24	10	1,72	21,14
80-83	Liquors	86,23	10	8,62	72,59
84	Machinery	69,59	10	6,96	41,44
85-99	Metals and ores (excluding iron and steel)	1,24,50	10	12,45	5,70,9
101-102	Iron and steel	3,02,62	10	30,26	1,07,11
104-109	Oils	30,55	10	3,05	1,21,6
110	Oil cloth and floor cloth	5,74	10	57	6,53
111	Packing-engine, etc.	2,02	10	20	6,57
112-118	Paints and painters materials	69,02	10	6,90	36,72
119 and 123-126	Paper and pasteboard (excluding printing, writing paper and envelopes)	27,75	10	2,77	1,07,13
121-122	Printing and writing paper and envelopes	11,51	10	1,15	1,06,82
127-130	Provisions	78,84	10	7,88	1,06,82
131-137	Rubber manufactures	1,11,28	10	11,12	1,54,35
138	Smokers' requisites	1,94	10	19	4,20
139	Soap-toilet	38,46	10	3,85	10,68
140-141	Stationery	50,66	10	5,07	45,21
142-143	Haberdashery, etc.	30,38	10	3,04	63,72
144-150	Wool	1,25,91	10	12,59	1,98,20
151	Toilet requisites	27,90	10	2,79	42,79
152-154	Toys, etc.	15,31	10	1,53	49,11
155	Umbrellas, etc.	11,23	10	1,12	31,88
156-163	Vehicles	2,46,30	10-7½ (in case of motor vehicles).	20,98	5,25,42
	Total	23,94,95		2,35,88	
		£17,962,060		1,769,000	

* 7½ percent. on accumulators dutiable under No. 42-A. of the Indian Tariff Act.
 NOTE.—The values of trade with the United Kingdom in respect of items Nos. 100, 130, 131, 122, 141, 156 and 157 are not available in the Trade returns but have been estimated on the basis of the proportion of the United Kingdom to the total trade (both protected and not protected) in respect of each item.

India gave a preferential duty to the United Kingdom on cotton goods and steel in 1930 and 1927. The rate of preference was 6½ per cent. on cotton goods and 22 per cent. on iron and steel. The monetary value of this preference on 1929-30 figures of import is as follows:

On cotton goods at 6½ per cent.	£1,562,500
On iron and steel	£ 352,000
Total	£1,914,000

The monetary value of the preference which India receives from the United Kingdom by the Ottawa Agreement is £6,075,000 or Rs. 7.4 crores, and the monetary value of the preference which India gives to the United Kingdom is £1,769,000 or Rs. 2.35 crores. If we include the preference on cotton goods and iron and steel which we granted in 1930 and 1927, respectively, the total preference which we give comes to £8,689,500 or Rs. 4.91 crores.

I have signed a note with Sir Zulfiqar Ali Khan on wheat in which we demanded an exhaustive enquiry. The position of Jute in Bengal is the same as the position of wheat in Upper India. The primary producers of Jute do not get even a living wage from their jute cultivation. The profit goes entirely to the manufacturers and to the middle men. It is therefore desirable that a Jute Committee may be appointed to enquire into the matter, and find out measures which the Government may take in order to secure the producers may get proportionate profit.

I take this opportunity to press that the export duty on raw hides and the export duty on manufactured jute may be revised. This recommendation has no direct connection with the Ottawa Agreement but it has a direct relation to our volume of export which has substantially diminished. The loss of revenue will be more than compensated by the increase in the volume of our trade. India has got a practical monopoly in skins but there exists very strong competition in the case of hides and the export duty on hides is not justifiable. The following table will show the export of raw hides:—

		Export of raw hides.				
		1913-14.	1929-30.	1930-31.	1931-32.	1932-33 April to September.
		Tons.	Tons.	Tons.	Tons.	Tons.
Raw cow hides		37,200	19,700	17,800	13,600	4,945
Raw buffalo hides		17,300	4,600	4,200	2,700	715
Raw other hides		1,300	1,000	800	400	..
Total		55,800	25,300	22,800	16,700	5,660 (for six months).

The quantity of exports has diminished to less than one quarter and the increase in the tanned cow hides is not commensurate with the decrease of export in raw hides as will be indicated by the following table:—

		Export of tanned hides				
		1913-14.	1929-30.	1930-31.	1931-32.	1932-33 April to September.
		Tons.	Tons.	Tons.	Tons.	Tons.
Tanned cow hides		7,900	12,000	9,900	8,900	4,205
Tanned buffalo hides		800	1,100	700	600	210
Tanned other hides		..	1,200	900	800	..
Total		8,700	14,300	11,500	10,300	4,415

I am strongly of opinion that the export duty on raw hides should be reduced from 5 per cent. to 2½ per cent. *ad valorem* if not abolished altogether. The price of hides has also gone down and it fluctuates every month. The price should therefore be assessed after every three months and the duty may be charged accordingly.

I just say a word on the policy of our customs duty. The customs duties for revenue purposes have been fixed in the past in an arbitrary manner without scientific enquiry. The principle of levying duty for the protection of iron industry has been accepted by the Assembly. But it is not justifiable to tax the consumer for the protection of such industries which have no reasonable chances of standing on their own legs within a period, say 10 years. It is unfair to the consumer to tax him for an indefinite period. If the industries are assured of such protection they would not make sufficient efforts to carry on the administration in most economic manner.

The question of monetary policy was raised by Sir George Schuster and Sir Henry Strakosh in their notes appended to the Report of the Indian Delegation at Ottawa. They both admitted the necessity of raising the price level and especially the price level of agricultural products. I drew the attention of the Assembly to this question in a resolution which I moved in February, 1932. I hope that the Government would take immediate steps to find the ways and means by which the price level of Agricultural products may be raised. If the Government agreed to appoint a Wheat Committee, the question will come up for discussion from practical point of view.

I have repeatedly drawn the attention of the Assembly that the policy adopted by U. S. A. and France in locking up gold and arresting its free circulation will compel the other countries to revise their monetary policy. They cannot leave the currency policy of their country at the mercy of the United States of America. The abnormal fluctuation in the value of their money upsets the equilibrium of their trade. They may adopt silver as the standard coin of transaction and fix the exchange value of the currency of each country to a standard currency. This can be done only under the authority of some Central Bank. I hope that the proposed world conference will consider the questions of raising the world prices of raw materials and devising stable currency for countries that are off gold standard.

NEW DELHI:

ZIA UDDIN AHMAD.

The 28th November 1932.

We have been unable to agree in the conclusions of the majority of our colleagues on the Committee. They say that they made a careful, thorough and intensive examination of the subject lasting for a fortnight and have arrived at the final conclusion that "it is definitely to India's interest to accept the agreement". But they admit that they had no sufficient time to examine fully that part of the agreement which deals with preferences on imports into India. Yet this is at least as important a part of the Agreement as the preferences on our exports and one which is causing great uneasiness in the commercial and industrial circles as well as the general public throughout the country. The Committee sat for six days, three of which were devoted to the examination of four witnesses, and in addition to their evidence the material upon which we had to base our conclusions consisted mainly of trade returns. (Of the four gentlemen who appeared before us, Mr. Vakil (Professor of Economics, Bombay University) deputed to speak on behalf of the Federation of Indian Chambers of Commerce and Industries, Mr. B Ghosh (Reader in Economic, Bombay University), Mr. N. R. Sarkar (President, Bengal National Chamber of Commerce and Vice-President of the above-mentioned Federation), expressed their definite opinion that the Ottawa scheme of preferential tariffs regarded as a whole was not to the advantage of India. Mr. Sarkar told us that his Chamber had considered the Pact in several meetings and the opinion which he expressed represented their considered views and also of those individual businessmen whom he had personally consulted. Mr. Dalal, Managing Director of the Tata Iron and Steel Works, who was examined in connection with the special agreement regarding pig iron and galvanised sheets, said that the arrangement would be to the benefit of his firm, but he offered no opinion on the Agreement generally. Our colleagues evidently attach no importance to the fact that such expert and business opinion as we received was adverse to the Ottawa Scheme of Tariffs. That also is the trend of most of the representations which were made to us individually by several industrial interests. One principal object of the Assembly in appointing this committee was that we should ascertain the views of businessmen and experts, and for our part, we do not think it right to disregard such views so far as we have ascertained them. Almost the entire popular Indian public opinion is also unfavourable to the Agreement.

The Scheme of preferential tariffs under consideration was not thought of by the Government of India as being required in the interest of the country. Further such a tariff pact whenever it was suggested was disapproved. Lord Curzon's Government rejected it in 1903 and the Fiscal Commission's Report held that such an arrangement would not benefit India. Besides, the policy underlying the proposals is in conflict with dis-

criminating protection' which the country has definitely adopted for the last eight years, as we shall presently show. This inter-Empire tariff arrangement is entirely the policy of the Conservative Party in England, inherited from the days of Joseph Chamberlain, and they have now found themselves in a position as the dominating Party in the National Government to carry it into effect.

There can be no doubt that Britain is now in considerable economic difficulties mainly as a result of her industrial decline since the War. She has to meet very heavy war debts, especially to America, while she cannot realise such debts which some European countries owe to her, all countries of Europe and also the Self-Governing countries have been feverishly pushing up their industrial schemes by means of protective duties and other measures, with the result that Britain's industrial position has received a serious set-back. There has been a phenomenal fall in world prices at the same time and many well-established banks collapsed. These events exerted an enormous strain on the international currency system till at last Britain went off the Gold Standard, followed by several other countries. While her trade has enormously declined and she has to make heavy payments in gold, Britain has to maintain a high standard of living for her people,—the highest at least in Europe—with an enormous Civil Budget. The result is that her Government has resorted at last to a policy which the British people hitherto had never accepted. Lord Melchett anticipating the Ottawa Conference suggested in his book on "Imperial Economic Unity" written in 1930, that the Government of Britain should take steps to "make the Empire a real economic unit, subject to the condition that each decision is preceded by a proper investigation to ensure that its results will on balance tend to enlarge British trade and raise the standard of living of the British people". Whether this policy will, in fact, help Britain, is a question on which there is considerable divergence of opinion among British economic thinkers and statesmen themselves. We must however assume that the present British Government must have made careful investigations into the situation and have made this definite proposal in the expectation that thereby she will be able to secure a larger market in India for her industrial products. The standpoint from which we have to look at the question is, whether the scheme will benefit India at the same time. We would repudiate any suggestion that the scheme should not be accepted even if it is advantageous to India because at the same time it is advantageous to Britain.

The main questions upon which we have to make up our minds upon the material available to us are :

- (1) whether by entering into the tariff pact we are likely to expand our export trade on the whole in the near future, or rather, within the next three years, the period which the Majority have in view. In this connection we must observe that mere diversion of our export trade from some particular countries to others without expansion of its volume or rise in prices, would impart no benefit to us. On the other hand, it would entail dislocation of business on a vast scale causing severe losses to numerous traders and shop-keepers with established business connections and in the meantime let loose unhealthy speculations. Under this head, we have also to consider the important question whether our trade relations with foreign countries will suffer ;
- (2) whether by standing out of the proposed arrangements, our trade stands to lose. Here we have to consider how far in that event Britain will persist with any arrangements calculated to injure our export trade with her, and if so, how far we shall be able to make up for the loss ;
- (3) what will be the effect of such preferential tariffs on our industries, both in the factories and the cottages ;
- (4) how and to what extent will the consumers be affected ;
- (5) how will the revenues of Government be affected. We may note that we have not been, during the time at our disposal, able to examine this important aspect with the care that it deserves.

There has been no proper enquiry.—We shall presently state what interpretation we have put upon the figures of the trade returns in estimating the effect of the tariff proposals, but we entirely differ from the suggestion conveyed in the Majority report that there has been a proper enquiry in the matter of this momentous scheme. The Agreement under consideration is so all-embracing in its range, affecting the entire economic structure of the country and raises questions of policy of such vast importance, that we must express our surprise that the Government should not have at any stage consulted commercial, industrial and agricultural interests on the value and effects of the proposed preferences. Even the Delegates were asked to consider Britain's and India's proposals

for the first time in London, where they were cut off from all contact with Indian business houses and public opinion, while, what is evidently the only right procedure, was followed so far as Britain and the Self-Governing Colonies were concerned. This is clear from the speech of Mr. Stanley Baldwin embodied in the Report.

Our colleagues on the Committee say: "The only certain test is experience of the actual results over an adequate period." If this implies that an enquiry such as we have suggested would be of no use, we emphatically disagree. We have in our country a Tariff Board to deal with applications by individual industries for protection and the Board has to make a careful investigation of the entire conditions relating to the industries concerned, before reporting whether the protection sought will benefit the industry and how it will affect the consumers. Our colleagues are evidently conscious that the scheme is bound to create widespread disturbances in the business of the country and for this reason have recommended that the Government would prepare a report every year and after the expiry of three years a detailed report afterwards showing the effects of the preferences on the trade of the country. At the same time, our colleagues recommend that the country should embark on an experiment of such serious import without any previous enquiry worth speaking of. The trade figures in a matter like this indicate at the most certain tendencies, but before we can draw any reliable inferences from such tendencies with reference to the probable effects of the proposals under our consideration, we should know the actual factors which have hitherto and from time to time influenced the course of trade.

General factors of Agreement.—We shall briefly mention the general features of this Agreement. So far as India's export trade with Britain is concerned, she will have to compete with other Empire countries; while in the Indian market, Britain has practically no competitors within the Empire. Therefore, the value of the preferences that is offered to India must remain more or less uncertain in their incidence and will depend upon various factors determining the comparative ability of the competing countries to respond to any increased demand.

The world depression.—Scheme will not help to raise the price level.—Even the Government of India's Delegation does not suggest that the proposals which they have accepted would relieve India to any extent from the effects of world depression. In fact, they scarcely applied themselves to this most important aspect of the question. On the other hand, Sir Henry Strackosh in his statement embodied in the Delegation's report points out in clear terms that the problem of world recovery cannot be solved except by a proper adjustment of the international monetary system, so that the level of prices may be sufficiently raised. The prices of Indian exports have suffered far more than the prices of imported commodities, as will appear from Table A, appended hereto. It is the fall in prices which is causing the greatest sufferings to the primary producers in this country. During the year 1930-31 the value of total imports of merchandise fell by 76 crores as compared with the preceding year (a fall of 31 per cent.), while the exports, including re-exports, showed a fall of 93 crores (a fall of 29 per cent.) and it must be noted that the figures for all the three items, imports, exports and total, were below those of 1913-14. The same tale was repeated during the last year, the decline in imports and exports being 23 and 29 per cent., respectively. These figures leave no doubt in our minds as to the nature of the problem, when we remember the words of the Finance Member, who, while presenting the Budget on February 28, 1931, said, "India may perhaps be said to be going through the worst times now. She has felt the severity of the fall in the case of what she has to sell, but has not obtained a corresponding advantage of the fall in prices of what she has to buy". It will thus be seen that the principal question that affects the Indian agriculturist is how to get a better return for the crops he produces; his income has shrunk to half or even less than half as a result of the fall in prices of wheat, jute, cotton, oil seeds and the rest, while his fixed money charges have remained unaltered. How, as a result the balance of trade of the country has been thoroughly upset, is forcibly and graphically pointed out by Sir George Schuster in his statement at page 65 of the Delegate's report. He shows how hitherto India had a large favourable balance of trade in merchandise and that we are now faced with a very heavy and unfavourable balance of trade. What that signifies to a debtor-country like India which has to meet yearly a debt service and Home Charges between 40 and 50 crores of rupees can easily be imagined. It is obvious that without a large balance of trade in our favour India cannot even meet her obligations.

The Indian agriculturist.—Our colleagues have laid great stress on what they call "money values" of the preferences to Indian goods. In this connection they have failed to consider how far any expansion of trade, if it does take place will benefit the producers. In dealing with the agricultural products such as wheat, cotton, jute, linseed and other oil seeds, etc., we must take into account the various interests engaged in the trade in order to assess the value to each class. The cultivators that are engaged in the production of these commodities number by millions. They are unorganised, illiterate and men of very small

capital and means. In the marketing of their products in Britain there intervene first of all by sowcars, then the exporting houses, the shipping and the Insurance companies and generally speaking, whatever share falls to the producer is small and has to be divided among millions. But they are so poor that we cannot neglect any real advantage to them.

We have to bear in mind that it must take time for agriculturists generally to be able to respond to any increased demand, and this for manifold reasons. In most provinces new land cannot be easily brought under cultivation and the holdings are so fragmented that it is very difficult to apply schemes of scientific intensive cultivation. On the other hand, a well-organised and well-equipped industrial country like Britain can easily expand her products in response to additional demands. But our colleagues do not in their report pay any heed to the actual conditions of India as compared to those obtaining in Britain and proceed upon what we consider to be mere theoretical possibilities, when they talk of capturing the British market or extending our export trade to any large extent.

The nature of our exports.—The Fiscal Commission, after a careful consideration of the value of preferences to Indian products in the British market, pointed out that on the whole they are of a nature not capable of benefiting to any appreciable extent by preferential rate. The position still remains materially unaltered. The following table shows the classes of our exports and their percentages :

Indian Exports (in percentages).

Year.	Live animals.	Articles of food and drink.	Materials raw and semi-manufactured.	Manufactured articles.	Gold and silver specie or manufacture.
1929-30	0.11	21.56	49.90	26.80	1.63
1930-31	0.11	26.83	45.52	25.75	1.77

A substantial percentage of our exports consists of commodities of which India has a monopoly or in respect of which she occupies a predominant position in the British markets relatively to other countries and in which we have no competitors in the Empire. With respect to these commodities preference has no value whatever and must be left out of account.

Effect of linking the rupee to sterling.—We must also note in this connection that the linking of the rupee to sterling when Britain went off the Gold Standard has considerably hampered India in her trade with Gold Standard countries, and we do not find any reference in the report of the Delegation to show whether they have taken this fact into consideration in assessing the value of the preferences given to the United Kingdom. It is this linking of the rupee to sterling that has led to the export of gold of the value of about 100 crores to Britain within the last 10 or 11 months. This will further cripple the purchasing power of India in respect of her trade with the Gold Standard countries.

India's Exports.—Our colleagues have devoted the main portion of their report like the delegation to the examination of some of the commodities on our export list. We shall now deal with them.

They observe that on commodities like Magnesium Chloride, Cotton yarn, Cotton manufactures, Bran and Pollard, Rice meal and Dust, the preference is not of much value in the U. K. market. We agree.

Wheat.—In dealing with wheat they remark that preference will not be of immediate value but may be of some benefit in future. We think this expectation is too remote to be taken into account as an element in favour of the agreement. We cannot compete with Australian wheat in our own market. In any event under Article 5 of the Agreement the preference proposed under the Agreement is conditional on the sellers not charging more than the world prices in the U. K. market. In the case of India this is a prohibitive condition. It is more than doubtful if the Indian producer can ever compete with Australia and Canada or Russia in the U. K. market. The problem of Railway rates and freights makes the position still more hopeless unless Britain is prepared to fix a quota for Indian wheat at economic prices. Otherwise, the Punjab farmers who have been so hard hit will continue to suffer.

Rice.—With regard to the export trade in rice they state that the U. K. market although small in relation to India's total exports what has been given is substantial preference. Export of rice from India is insignificant but from Burma it is of some value, though small. It would appear from Lindsay's report 1930-31, that Burman rice has no

the bold translucent appearance favoured by the European consumer and that the demand of Burma rice in European markets has shown remarkable tendency to shrink from the pre-war level. As the total export of rice would appear to be about 5 per cent. of the production in India and Burma, a loss of preference in U. K. market would not be seriously felt.

Cocoanut oil, Groundnut oil, Sesame oil, Rapeseed oil.—The Majority Report itself admits that the trade with U. K. in Cocoanut oil has fallen and owing to a large and growing home market, the possibility of expansion in the U. K. is almost *Nil*. We are unable to see how the position would be different, if we take it even in a group with other oils. The figures in Table B will show how unimportant is the U. K. market to India with regard not only to cocoanut oil, but groundnut, Rapeseed and Sesame oil as well. We are surprised that the majority of our colleagues attach any value to it.

Linseed.—Much stress is laid both by the Delegation and our colleagues on the value of linseed trade with U. K. Our trade with U. K. was 24 per cent. of the total and showed a decline to 11 per cent. in 1931. While France and Italy have increased their shares. Out of the total imports into the U. K., Argentine supplied 75 per cent. whereas India supplied only 19 per cent. Argentine therefore is our formidable rival. Our colleagues themselves are apparently doubtful that the 10 per cent. preference will enable India to displace Argentine from its entrenched position. We have no figures to show the respective prices of the India linseed and the Argentine linseed nor have we any information as to whether there is any difference in quality. Even on the hypothesis that the price and quality are the same, it is difficult to believe that Argentine will not be able to surmount the small barrier of 10 per cent. *ad valorem* duty. Agricultural conditions in India are such that the prospect of expansion in any case is remote. We agree with our colleagues that a prompt and careful examination should be made into the matter of grading marketing and transport with a view to secure reduction in costs, but under the existing conditions the possibility of improving our position in the British market with 10 per cent. preference is as we have said remote.

Paraffin Wax.—If the argument of our colleagues is correct, the only result will be diversion of a major portion of the trade in this article from Foreign to U. K. market. It cannot be any gain to the producers of Assam and Punjab.

Coir, spices, teak, etc.—In paragraph 4 of the Report our colleagues have mentioned 11 commodities in which the preference accorded would be valuable. There can be no doubt that such preference will be of some value. The question of its value however depends upon our strength in the U. K. market relatively to that of other Empire countries.

On these commodities, coir, spices, teak, oil cakes and meal and pig lead might be grouped separately. The British imports in these commodities are much larger than the total exports of India. But the supply by the other Empire countries of these commodities is more than 70 per cent. of the total Empire contribution while India's contribution is about 30 per cent. As we are not able to get figures for the total exports of these commodities from the Empire countries severally, we are not in a position to estimate the competing strength of each of them. However, preference in this case may result in no more than a diversion. The other commodities dealt with in paragraph 4 are as follows :

Coffee.—From the annual average during 1926-30 of imports into U. K. it would appear that the imports from Empire amounted to 45 per cent. while that from India amounted to 8 per cent. Thus the Empire countries especially British East Africa are better situated in the U. K. market than is India. The demand for coffee in U. K. market during the last 8 or 10 years had been altogether stationary. India has been sending large exports to foreign countries and therefore the foreign countries are our chief customers. Further we have a growing Home market. Even assuming the possibility of some expansion in the production of coffee, preference is not likely to be of great value having regard to the fact that these Empire competitors occupy a much stronger position, while the growing home demand is likely to compensate for any loss of preference that she may incur if Britain chooses to penalise India.

Tobacco.—The Imperial Economic Committee in its report in 1929 classified the Indian tobacco as pipe tobacco. Owing to the change in the nature of demand in U.K. market pipe tobacco has lost considerable ground and it would appear that the pipe tobacco now consumed in U.K. is about 85 per cent. The Empire countries like Canada and South Africa are also suppliers of pipe tobacco. Imports into U. K. from 1919 to 1927 would show that while India was exporting from 3 to 8 per cent. the other Empire countries were exporting from 10 to 32 per cent. This was the case during a period when Empire was enjoying preference. Under the stimulus of preference South Rhodesia and other Empire countries were

able to increase their production considerably, S. Rhodesia increasing it 30 times while India was not able to show any exportable surplus as stated by the Imperial Economic Committee. Therefore it is quite probable that India will not be able to derive any benefit by the preference. If preference were withdrawn the loss to India is estimated to be about 1 per cent. of her total production.

Groundnut.—U. K. takes 6 per cent. while foreign countries take more than 90 per cent. Therefore our principal customers are foreign countries while the share of U. K. is negligible. The capacity of the U. K. market is just another 6 per cent. of our export trade which is shared by the other Foreign countries. Therefore the possibility of expansion would be only 6 per cent. if we could oust every other country from the U. K. market which is doubtful.

Carpets and rugs.—As regards carpets and rugs these being Luxury articles the demand is inelastic with very little competition from Empire countries.

Castor seed.—We have here a monopolistic position as all the imports are from India. We have no Empire competitors or any other competitor. Hence preference is of no value.

Tanned Hides and Skins and Jute Manufactures.—Our colleagues attach special importance to these articles. With regard to tanned hides and skins (excluding goat skins where we have a monopolistic position) we supply to U. K. 73 per cent. The capturable market in U. K. is limited. The Imperial Economic Committee in 1930 said that the Empire produce more than would suffice for the present demands of U. K. and that there is no considerable opening for substituting Empire for Foreign produce. In this article India has to face very little competition from Empire countries and therefore any withdrawal of preference will not affect our trade materially. Our colleagues assert that preference would stimulate the conversion of raw hides into tanned hides for export and consider it a measure of assistance. In view of the fact that there is a growing Home industry in boots, shoes, etc., we would not like to emphasise that view. Regarding jute manufactures India's principal markets are the United States of America and Argentine. We have a monopoly of raw jute and in jute manufactures. India's rival is Britain herself. Besides the value of our trade with U. K. in jute manufactures is only 5 per cent. of our total exports. It would not therefore be difficult for us if Dundee manufacturers are protected against us, to find scope for this 5 per cent. in the markets which are already consuming our 95 per cent. of our exports. It must however be remembered that if we were to lose the 5 per cent. the loss will be confined to the cost of manufacture since the raw material is our monopoly. On the other hand India cannot only protect herself effectively against Dundee but expand her jute manufacturing industry by repealing export duty on jute manufactures. It has also been said that jute is exposed to the danger of synthetic substitutes. But if such substitutes are really produced at a cheaper cost and in sufficient quantities preference will be of no avail, nor is there any guarantee that Britain will not herself take advantage of utilising the substitute.

Magnesite, etc.—The trade in magnesite, sandalwood, granite and kerbes is very small as our colleagues themselves admit.

Tea.—Tea is no doubt an important article in our export trade. It is well established in the U. K. market along with Ceylon supplies. Within Empire our competitor is Ceylon and outside the Empire Java and Sumatra. It is argued that though India may not be able to improve her position against Ceylon, withdrawal of preference will jeopardise it. But a Tea plant takes six years to bear leaf, there is then no possibility of Ceylon increasing her production so as to oust India in the immediate future and the capacity of production of Ceylon compared to that of India is obviously limited. Besides, the exclusion of Indian Tea will inevitably raise the price in the British market and a tax like this is not likely to be approved by the British public, further large British capital is invested in this industry in India.

Our colleagues regret that preference was not granted on cotton seed, we would like to add that Indian hemp should have been protected in the U. K. market.

Cotton.—We share the regret of the Delegation that Britain would not agree to a duty on raw cotton and thus as in the case of wheat the cultivators in this country who number millions were deprived of any benefit under this agreement. The figure supplied by the Secretariat shows that medium staple cotton is more and more largely grown in India and though at present there is little exportable surplus, there can be no doubt that duty on foreign raw cotton would as Delegation itself point out in connection with another article would have tended to stimulate growth of this industry. Medium staple cotton is far more profitable to the producer than the short staple and therefore preferential treatment of Indian medium staple cotton would have benefited Indian agriculture.

Tariffs in foreign markets.—Our colleagues in paragraph 11 state that foreign markets are restricting India's trade and keep down the prices she obtains for her goods. This statement is misleading. Foreign countries have always been and still are our valuable customers. In the Majority Report a list of import duties imposed by foreign

countries is given. But in fact several of these countries are not our customers in the commodities mentioned and the rest buy comparatively very little from us. Our colleagues also ignore the further fact that our trade with foreign countries has not suffered in volume as compared with U. K. Further the shrinkage in some cases was apparently due to other causes such as disturbances in the international, financial and monetary organisations.

To sum up. Our view of the effect of preference on India's export trade is that in the case of monopoly and semi-monopoly commodities, it has no value. In the majority of cases preference would only result in diversion of trade from foreign countries to U. K. with no practical advantages to India. In the case of all raw products generally the possibilities of expansion having regard to the actual conditions of Indian agriculture, are more than doubtful and in any case the benefit of increase in trade for the most part is absorbed by middlemen, exporting houses, shipping and insurance companies. We do not deny that in some cases preference has value but exclusion from it will not entail any serious loss as we have large markets outside the Empire.

Both the Government of India's Delegation and our colleagues lay great stress on the possible injury to India's trade if she stands out of the Ottawa scheme. They are apprehensive that the Empire countries would largely displace her if not oust her in the U. K. market in commodities in which they compete with India. Having given our best thought to the problem we are persuaded that this apprehension, if the entire position is analysed is baseless. Britain in her own interests cannot afford to discourage the exports of India, for in that case India will not be able to maintain her favourable balance of trade. India is a debtor country being heavily in debt to Britain. Unless she is able to maintain a favourable balance, she cannot meet her obligations.

From a purely commercial point of view most of the articles, raw produce and semi-manufactures commodities which India sends to Britain are needed for her own industries. There are other commodities which are in the nature of food-stuffs. Even the Conservative Party in England have to pay due heed to the interests of the British consumer. Further any penalising of India's trade will be an additional strain to the relations between the two countries. We feel sure that if the Indian delegates had not been far removed from contact with the public opinion in this country, they would not have been influenced so much by the threat involved in the Import Duties Act.

We must also note that if there be any considerable displacement of our import trade from Foreign countries into U. K., our exports to Foreign countries are bound to suffer. As Mr. Ains Cough points out "Apart from the working of economic laws there has for many years been a tendency all over the world for a country to purchase its imports from those countries which are the most important consumers for its own produce" (Report, 1930-31). Nor are we convinced that the Foreign countries may not retaliate if we put up high tariff barriers against them. Again it is obvious that there would be a keener competition in neutral markets. This can be easily realised if we bear in mind that a number of countries are to be excluded from the British and Dominion markets. The case of Indian tea in the Australian market cited by the Imperial Economic Committee in its report on that article is an instance in point.

The vital question as to how the preferences accorded to Britain are likely to affect our own industries in the same classes of commodities has been disposed of in a summary fashion by our colleagues. The Delegation did not either think it worth their while or they had not the opportunity even to ascertain what is the nature and potentialities of such Indian industries. India had at one time a vast network of cottage industries which not only supplied all her needs, but also formed the stock of flourishing export trade. Many of these have now disappeared, but there are some valuable ones still left, e.g., shawls, carpets and rugs, brass articles, etc., etc. A number of new industries have also sprung up under the stimulus of revenue duties and the Swadeshi movement and which stand a fair chance of establishing themselves if they are not destroyed by outside competition, e.g., woollen manufactures, toilet soap, safes and strong boxes, cement and tiles, writing paper and envelopes, locks, hinges and bolts, boots and shoes, drugs and medicines, furniture and cabinet-ware, cinematograph films, aluminium manufactures, chemicals, toilet requisites, etc. We have not been able even to obtain any official list or figures of these industries, but it is common knowledge that the above-mentioned Indian manufactures have a growing vogue in the country. Even if preference is given by enhancing the customs duties on foreign articles, assuming such preference has any effect in giving the preferred goods an advantage in the Indian market, it is bound to intensify competition. We have been informed that even a five per cent. reduction of the duty on woollen manufactures in favour

of Britain is likely to hit the home woollen industry which is one of considerable importance both to the manufacturer and the consumer. Our colleagues invoke the aid of Article 14, but neither the procedure laid down in that article nor that of the Tariff Board can prevent the choking of an industry in the early stages of its growth. We observe here that there is a difference between the Agreement with India and the Agreements with some of the Dominions. In their case all industries which have a reasonable chance of success have been taken out of the scope of preference while in the case of India no such provision is made. Besides, having regard to various difficulties in our way the application of Article 14 will be no easy matter, and in any case, the process will take time.

With reference to the protected industries of India, the Majority Report states that they are excluded from the scope of the Agreement and commend this as a noteworthy and desirable feature of the Agreement. This conveys a wholly misleading impression. In fact, in the iron and steel and cotton textile industries—the most important of the protected group—Britain is already enjoying a substantial preference. We all know how this preference came to be conceded and we have grave apprehensions that whatever industries in future may seek protection that protection will be diluted by preference in favour of Britain. We need hardly point out that the policy of Discriminating Protection which we have adopted is to discriminate in the interest of the Indian consumer and not in favour of a foreign producer.

The Supplementary Agreement re. Iron and Steel.—The majority of the Committee have slurred over the significance of this supplementary agreement. The Tata Iron and Steel Works enjoy a large bounty in respect of them. The object the Legislature had in view in supporting this "key" industry was that India would thereby be made self-contained with regard to her steel requirements. We accept the statement of Mr. Dalal that the arrangement in pig iron is under the circumstances, of advantage to his firm. But we feel that the Legislature and the country will not feel happy over the fact that the Tatas have to send their sheet bars to Britain for the manufacture of galvanised sheets to be placed in the Indian market by their agents and the profits to be shared between the British manufacturers and Tatas.

Effects on Consumer.—In paragraph 15 of the Majority Report the very important question as to the effect of the Agreement in increasing the burden on the consumer has been treated in an inconsequential manner. Although it may not be possible to predict with certainty whether in any given particular case the cost of the preference will fall on the producer or the consumer, we have no doubt in pointing out to the Assembly that in case the Agreement is ratified, there will in all likelihood be an additional heavy burden imposed on the already over-burdened Indian consumer. This is a matter to which we invite special attention of the Assembly which we venture to think in this connection will not lose sight of the general economic position of the people described in Sir George Schuster's Statement to which we have already referred. The total value of British articles covered by the preferential scheme averaged during the four years 1926-27 to 1930-31 Rs. 62.20 crores while the total imports of these from all sources averaged Rs. 127.80 crores. It is not to be expected that Britain will be in a position at least in the near future to absorb anything like our entire market though in the case of some specific articles with respect to which she now occupies a predominant position, she may improve it still further. Even a cursory glance at the Schedule F of the Delegation's report will at once show how comprehensive it is, containing almost every class of manufactures that India imports. Even such minor articles as cork manufactures, glue, packing, fish-oil, etc., are included. We shall have therefore to depend for a great many of our requirements on foreign countries until we establish our own industries in these articles. The result will be that the consumers will have to pay more for the imported articles. We may add that on general economic grounds it is extremely undesirable any country to tie up her trade with one single country and that is exactly what the Agreement contemplates, and such an eventuality will have further repercussions of various kinds with the rest of the world. Our apprehensions, in this respect gain further point when we take into account the recent history of British trade and industry in general and the Indo-British trade in particular. The one chief feature, indeed, of our foreign trade has been the marked decline in the share of the United Kingdom in our imports even after making allowance for the Boycott of recent years, we cannot, therefore, escape the conclusion that such a thorough-going preference as is contemplated in the 163 articles would only mean additional burden on the Indian consumer.

The conclusion we have arrived at is that on such survey as we have been able to make of the effects of the preferential scheme, we cannot advise the House to ratify the Agreement. At the same time as we have pointed out, there has not been hitherto a thorough and systematic investigation of the complicated and complex issues involved and therefore it would be for the Assembly, if it so thinks to consider whether it will not

order an enquiry before taking action on the Committee's report especially as the majority of our colleagues themselves admit that they also have not been able to examine thoroughly the Agreement with reference to its effects on preferences to India's imports from Britain. We would like to add that we attach no value to the recommendation of our colleagues providing for safeguards in order to ensure reconsideration of the position. We know from the history of such matters how wholly ineffective such safeguards are in practice. It is to be noted that our colleagues have limited the operation of the so-called safeguards until the new constitution comes into force, this evidently on the assumption that the next Government of India Act will provide for a Government responsible to the Legislature. No one yet knows what the new constitution will really be like.

ABDUR RAHIM,
B. SITARAMA RAJU.
HAR BILAS SARDA.

28th November 1932.

TABLE A.

Decline of Prices of Exports as compared with those of Imports.

Calcutta Index Numbers 11914-100.

				Exported articles.	Imported articles.
1929	..	September	..	133	150
		October	..	130	149
		November	..	125	146
		December	..	123	143
1930	..	October	..	40	131
		November	..	87	127
		December	..	85	125
Fall in December 1930 on September 1929, 36 per cent.—17 per cent.					
1931	..	October	..	77	124
		November	..	80	124
		December	..	81	124
Fall in December 1931 on September 1929, 39 per cent.—17 per cent.					
1932	..	April	..	70	121
		May	..	67	119
		June	..	66	117
Fall in June 1932 on September 1929, 50 per cent.—22 per cent.					

TABLE B.

Exports of Vegetable Oils, 1920-21 to 1930-31.

Quantity in Thousands of Gallons.

		Year.	Total.	To United Kingdom.	To all other countries.
Linseed Oil	1920-21	..	266	..	266
	1921-22	..	40	5	85
	1922-23	..	81	..	81
	1923-24	..	94	14	80
	1924-25	..	81	..	81
	1925-26	..	75	..	75
	1926-27	..	41	..	41
	1927-28	..	78	..	78
	1928-29	..	47	..	47
	1929-30	..	170	..	170
	1930-31	..	77	..	77
Rapeseed Oil	1920-21	..	889	2	887
	1921-22	..	810	5	805
	1922-23	..	427	2	423
	1923-24	..	471	1	470
	1924-25	..	518	2	511
	1925-26	..	441	2	439
	1926-27	..	286	2	284
	1927-28	..	826	4	822
	1928-29	..	270	3	267
	1929-30	..	232	4	228
	1930-31	..	207	4	203

	Year.	Total.	To United Kingdom.	To all other countries.
Cocoanut Oil	1920-21	1,846	896	950
	1921-22	992	615	377
	1922-23	884	354	480
	1923-24	175	82	93
	1924-25	125	64	61
	1925-26	126	62	64
	1926-27	194	82	112
	1927-28	79	31	48
	1928-29	88	17	71
	1929-30	75	15	60
	1930-31	51	13	38
Groundnut Oil.	1920-21	144	26	118
	1921-22	58	..	58
	1922-23	58	..	58
	1923-24	57	..	57
	1924-25	98	..	98
	1925-26	175	..	175
	1926-27	41	..	41
	1927-28	96	..	96
	1928-29	440	..	440
	1929-30	176	..	176
	1930-31	166	10	156
Sesamum Oil	1920-21	108	Nil	..
	1921-22	104	..	..
	1922-23	93	..	..
	1923-24	68	..	..
	1924-25	60	..	..
	1925-26	84	..	..
	1926-27	62	..	..
	1927-28	99	..	..
	1928-29	179	..	..
	1929-30	161	..	..
	1930-31	136	..	..

S. C. GUPTA,

Secretary to the Government of India.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

New Delhi, the 3rd December 1932.

No. 57.—The following draft of a further amendment to the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (4) of the said section for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration on or after the 15th January 1933. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft Amendment.

In the statement in rule 8 of the said Rules, under the head "2.—*Machinery, Plant or Furniture*", in the sub-entry in the first column specifying the machinery in respect of which the percentage on prime cost allowed is 7½ after the words "Cement Works using rotary kilns" the words "plant and machinery used for the manufacture of wire and wire nails" shall be inserted.

RAM NATH,

Secretary, Central Board of Revenue,

DEPARTMENT OF COMMERCE.

NOTIFICATIONS.

COMMERCE.

New Delhi, the 3rd December 1932.

No. 17-C./15/32.—The following draft of an amendment to the Indian Partnership (Fees) Rules, 1932, which it is proposed to make in exercise of the powers conferred by sub-section (1) of section 71 of the Indian Partnership Act, 1932 (IX of 1932), is published as required by sub-section (3) of the said section, for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration by the Governor-General in Council on or after the 31st December 1932.

Any objection or suggestion which may be received from any person with respect to the draft before the said date will be considered by the Governor-General in Council.

Draft Amendment.

In rule 8 of the said Rules, for the words " They shall be paid either in cash or by revenue stamps ", the following shall be substituted, namely :—

" They shall be paid in cash."

TARIFFS.

The 3rd December 1932.

No. 579/T. (3).—In exercise of the powers conferred by section 4, sub-section (3) of the Indian Tea Cess Act, 1908 (IX of 1908) the Governor-General in Council is pleased, on the recommendation of the Bengal Chamber of Commerce, to appoint Mr. A. R. Mellis of Messrs. Balmer Lawrie and Company, Limited, to fill the vacancy on the Indian Tea Cess Committee caused by the resignation of Mr. A. N. Stuart.

T. A. STEWART,

Additional Secretary to the Government of India.

ARMY DEPARTMENT.

Part B.

JUDICIAL.

New Delhi, the 3rd December 1932.

No. 664.—In exercise of the powers conferred by section 118 of the India Army Act, 1911 (VIII of 1911), the Governor-General in Council is pleased to direct that the following further amendment shall be made in the Indian Army Act Rules, namely :—

In rule 7 of the said Rules, item (xxiv) shall be omitted and item (xxv) shall be renumbered (xxiv).

No. 665.—The following draft of a further amendment to the Auxiliary Force Rules, 1920, which it is proposed to make in exercise of the powers conferred by section 80 of the Auxiliary Force Act, 1920 (XLIX of 1920), is published, as required by sub-section (4) of the said section, for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 3rd January 1933.

Any objection or suggestion which may be received from any person with respect to the draft before the said date will be considered by the Governor-General in Council.

Draft Amendment.

In sub-rule (2) of rule 12 of the said rules :—

(i) for clause (a), the following clause shall be substituted, namely :—

" (a) completes in a training year the training specified in Schedule I to the Act for the Active class, subject to any reduction made by the competent military authority, and ";

(ii) for the words " shall receive a bonus equivalent, in the case of the Infantry Branch, to pay for sixteen days, and in the case of other Branches, to pay for twenty days ", the following shall be substituted, namely :—

" shall receive a bonus equivalent to the amount of pay admissible under sub-rule (1) ".

G. R. F. TOTTENHAM,

Secretary to the Government of India.



Agreement

between His Majesty's Government in the United Kingdom
and the Government of India

Supplementary to the Ottawa Trade Agreement of August 20, 1932

[With Exchange of Letters]

London, January 9, 1935

*Presented by the President of the Board of Trade to Parliament
by Command of His Majesty
January 1935*

LONDON

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Cmd. 4779

AGREEMENT BETWEEN HIS MAJESTY'S GOVERNMENT IN THE
UNITED KINGDOM AND THE GOVERNMENT OF INDIA.

Preamble.

His Majesty's Government in the United Kingdom and the Government of India hereby agree that, during the continuance of the Ottawa Trade Agreement, the following undertakings on the part of His Majesty's Government in the United Kingdom and of the Government of India shall be deemed to be supplementary to that Agreement, namely :—

Article 1.

It is recognised by His Majesty's Government in the United Kingdom and the Government of India that while protection to an Indian industry against imports of whatever origin may be necessary in the interests of the economic well-being of India, the conditions within industries in India, in the United Kingdom and in foreign countries may be such that an Indian industry requires a higher level of protection against foreign goods than against imports of United Kingdom origin.

Article 2.

It is recognised by His Majesty's Government in the United Kingdom that, under existing conditions, import duties constitute an indispensable element in the revenues of the Government of India, and that revenue considerations must be given due weight in fixing levels of import duties.

Article 3.

1. The Government of India undertake that protection will be afforded to such industries only as after due enquiries by the Tariff Board have, in the opinion of the Government of India, established claims thereto in accordance with the policy of discriminating protection laid down in the resolution adopted by the Legislative Assembly on 16th February 1923, provided that this undertaking shall not apply to safeguarding of industries under the Safeguarding Act of 1933.

2. The Government of India further undertake that the measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India, and that, wherever possible having regard to the provisions of this Article, lower rates of duty will be imposed on goods of United Kingdom origin.

3. The differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods.

4. The undertakings contained in this Article shall not prejudice the right of the Government of India in cases in which they find it essential, in the interests of the revenue, to impose an overriding revenue duty on imported goods higher than the protective duty required.

Article 4.

When the question of the grant of substantive protection to an Indian industry is referred for enquiry to a Tariff Board the Government of India will afford full opportunity to any industry concerned in the United Kingdom to state its case and to answer the cases presented by the other interested parties. The Government of India further undertake that, in the event of any radical changes in the conditions affecting protected industries during the currency of the period of protection, they will, on the request of His Majesty's Government or of their own motion, cause an enquiry to be made as to the appropriateness of the existing duties from the point of view of the principles laid down in Article 3, and that, in the course of such enquiry, full consideration will be given to any representations which may be put forward by any interested industry in the United Kingdom.

Article 5.

His Majesty's Government in the United Kingdom will give consideration to the steps that might be taken in co-operation with the respective commercial interests to develop the import from India of raw or semi-manufactured materials used in the manufacture of articles of a class which, on importation into India, are subject to differential protective duties. In particular they invite the Government of India to take note of the steps that have already been taken in the United Kingdom in pursuance of Article 8 of the Ottawa Agreement with a view to the widening of the area of consumption of Indian cotton; and they undertake to continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison, and industrial propaganda.

Article 6.

His Majesty's Government in the United Kingdom undertake that, in accordance with the principles of the foregoing Article the privilege of duty-free entry of Indian pig iron into the United

Kingdom will be continued so long as the duties applicable to articles of iron and steel imported into India are not less favourable to the United Kingdom than those provided for in the Iron and Steel Protection Act, 1934, without prejudice, however, to the provisions of subsections 3 (4) and 3 (5) of the Indian Tariff Act, 1894, as amended by section 2 of the Iron and Steel Duties Act, 1934.

Article 7.

His Majesty's Government in the United Kingdom and the Government of India undertake that, in all matters relating to this Agreement, they shall at all times receive and consider any conclusions, agreements or reports which may be framed as the result of conferences between the accredited representatives of industries concerned in the United Kingdom and in India.

Signed on behalf of His Majesty's
Government in the United Kingdom.

WALTER RUNCIMAN.

Signed on behalf of the Government
of India.

B. N. MITRA.

9th January 1935.

No. 1.

LONDON,
9TH JANUARY 1935.

Sir, I am authorised to undertake on behalf of His Majesty's Government in the United Kingdom that if at any time any further or other special steps are taken by the Colonies and Protectorates to facilitate the sale of United Kingdom cotton goods in competition with foreign cotton goods, they will invite the Governments of the Colonies and Protectorates to accord as favourable treatment to Indian cotton goods of any description as may be proposed for similar United Kingdom cotton goods.

The above undertaking shall remain in force so long as the Agreement of 28th October 1933, between the Lancashire Delegation and the Millowners' Association, Bombay, or any subsequent Agreement which may be concluded between the cotton textile industries of the two countries remains in force.

I have the honour to be,

Sir,
Your obedient Servant,
WALTER RUNCIMAN.

Sir B. N. Mitra, K.C.S.I.,
K.C.I.E., C.B.E.

No. 2.

LONDON,
9TH JANUARY 1935.

Sir, I have the honour to acknowledge receipt of your letter (No. 1) of to-day's date.

I am authorised to undertake on behalf of the Government of India that as soon as the second surcharge comes off as a general measure, the tariff rates on United Kingdom cotton piece-goods will be reduced to 20 per cent ad valorem or 3½ annas per pound on plain grey goods, and 20 per cent. ad valorem on other goods, provided that on expiry of the period of the Agreement of 28th October 1933 between the Lancashire Delegation and the Millowners' Association, Bombay, the duties on United Kingdom goods for the remaining period of protection will be fixed on a review of conditions then existing and in the light of such experience as may have been gained. By reference to the second surcharge coming off as a general measure is meant the removal of the surcharge on a reasonably large proportion of, not necessarily all, the items now subject to it.

I have the honour to be,

Sir,
Your obedient Servant,
B. N. MITRA

Rt. Hon. W. Runciman, M.P.

No. 3.

LONDON,
9TH JANUARY 1935.
Sir, I have the honour to acknowledge the receipt of your letter
(No. 2) of to-day's date.

I have the honour to be,
Sir,
Your obedient Servant,
WALTER RUNCIMAN.

^r Sir B. N. Mitra, K.C.S.I.,
K.C.I.E., C.B.E.

1932-33.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

TARIFF REVISION.

TARIFF BOARD'S
REPORT AND RECOMMENDATION

ON

ADJUSTMENT OF PROTECTIVE DUTIES TO COMPENSATE
FOR THE EFFECTS OF EXCHANGE AND PRIMAGE.

13TH APRIL, 1933.

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TARIFF BOARD'S REPORT AND RECOMMENDATION.

ADJUSTMENT OF PROTECTIVE DUTIES TO COMPENSATE FOR THE EFFECTS OF EXCHANGE AND PRIMAGE.

On the 14th December, 1932, the Minister for Trade and Customs referred to the Tariff Board for public inquiry and report under Section 15 (2) (d) of the *Tariff Board Act 1921-1929* :—

The question as to the practicability of evolving some method of varying duties imposed under protective items of the Customs Tariff by reason of the operation of exchange and primage and having regard, *inter alia*, to the following matters :—

- (1) Necessity for maintaining protection to Australian industries (primary and secondary) ;
- (2) Necessity for maintaining margins of preference agreed to under the *United Kingdom-Australia Trade Agreement Act 1932*, and Customs Tariff (Canadian Preference) 1931 ;
- (3) The increase in production costs resulting from—
 - (a) increased charges due to exchange and primage on imported raw materials ;
 - (b) the internal effects of exchange and primage ;
- (4) The advantages and/or disadvantages likely to result to primary and secondary industries through the deduction of some such allowance from protective duties ;
- (5) Effect on Government finance in relation to interest payment on overseas loans ;
- (6) Desirability of any method which may be evolved being—
 - (a) readily understood by importers ;
 - (b) easy of application in the preparation of Customs entries by importers ;
 - (c) free from administrative difficulties.

If the Tariff Board is satisfied that some such method of varying protective duties on account of exchange and primage is practicable, report is desired on the following points :—

- (a) The amount of variation which should be made on account of—
 - (i) exchange
 - (ii) primage ;
- (b) Whether such variation should be applied to ad valorem, specific, and composite duties ;
- (c) Whether the exchange variation should be assessed on a sterling or gold basis ;
- (d) The net effects of the variation on duties on goods imported from countries—
 - (i) with currencies having a higher exchange value than Australian currency ;
 - (ii) with currencies having a lower exchange value than Australian currency ;
- (e) Whether any special provision would need to be made for the purpose of meeting the progressive adjustments of Australian costs to exchange.

PUBLIC INQUIRY.

In pursuance of the Minister's reference the question referred to was made the subject of public inquiry by the Tariff Board at the places and on the dates shown hereunder :—

Sydney—27th January, 1933,
Sydney—30th January, 1933,
Melbourne—2nd February, 1933,
Melbourne—3rd February, 1933,
Melbourne—6th February, 1933.

WITNESSES.

The following witnesses tendered evidence at the public inquiry and were examined by the Board :—

Henry Charles Dobson, Honorary Treasurer of the Australian Association of Glass, China and General Traders at Sydney, 142 Clarence-street, Sydney.

Reginald Dines Westmore, Secretary of the Joint Committee for Tariff Revision, Grosvenor-street, Sydney, which comprises the following organizations :— The Graziers' Association of New South Wales ; the Farmers and Settlers' Association of New South Wales ; the Producers' Advisory Council ; the Fruit-growers' Federation of New South Wales ; the Sydney Chamber of Commerce (Incorporated).

Henry Gordon Bennett, President, Chamber of Manufactures of New South Wales, Sydney.

Albert Edward Barton, representing the Metal Trades Employers' Association of New South Wales, 19 O'Connell-street, Sydney.

William Fleming Gates, Secretary, Tariff Reform League of Victoria, Temple Court, Melbourne.

Harold Daniell, Director of the Dunlop-Perdriau Rubber Company Limited, 108 Flinders-street, Melbourne, rubber manufacturers.

Samuel Fergus Ferguson, Federal Secretary of the Australian Association of British Manufacturers, 84 William-street, Melbourne, and Australia House, London.

William John Francis Collens, Chairman of Importers' Section of the Chamber of Commerce of Victoria, Melbourne.

Louis Leslie Wathen, member of the firm of Wathen and Curnow, Temple Court, Collins-street, Melbourne, tariff advisors.

Lyndhurst Falkiner Giblin, Ritchie Professor of Economics, University of Melbourne.

Latham Withall, Secretary of the Victorian Chamber of Manufactures, Flinders-street, Melbourne.

John Miles Atkinson, 18 George-parade, Melbourne, appearing on behalf of Alexander Gordon Huie, Secretary, the Henry George League of New South Wales, 114 Hunter-street, Sydney.

EVIDENCE.

A copy of the official transcript of evidence tendered at the inquiry is attached.

The evidence taken was voluminous and because of the difficulty of adequately summarizing it, the Board proposes to omit the summary which is usually included in its reports. However, on account of the

importance of the subject and of the prepared statements submitted by witnesses, the Board includes complete copies of the statements as an appendix to the report, and recommends that the appendix be printed with the report.

TARIFF BOARD'S COMMENTS.

It is considered that instead of dealing seriatim with the points raised in the Minister's reference, the better procedure would be to develop the subject in the sequence suggested to the Board when considering the evidence collected and the problems connected with the subject.

It will be noted that the reference relates to the effects of primage and of exchange. The two are quite distinct, and the Board proposes, therefore, to consider them separately and to deal first with the effects of exchange.

EFFECTS OF EXCHANGE ON PROTECTIVE DUTIES.

For some time past the depreciation of the Australian currency has seriously complicated the work of the Board in arriving at its recommendations as to the protection necessary for Australian industries.

It is clear that an adverse exchange between Australia and Great Britain increases in Australian currency the c.i.f. cost of imported goods in direct proportion to the prevailing rate. The increase affects similarly goods imported in condition for ultimate sale and those for further processing by local manufacturers. Besides being adversely affected by an unfavourable exchange rate on imported materials for processing, the local manufacturer is also similarly disadvantaged with regard to local products that are readily exportable, for their Australian value is fixed by overseas prices and hence varies directly with the exchange rate.

In a later portion of this report the reason will be shown for believing that, in spite of the tendency for a depreciated exchange to increase costs, factory costs in Australia have fallen at least as much as those in the United Kingdom. It follows that for a local product of a type which includes nothing imported or readily exportable, an adverse exchange increases the total protection by the full exchange rate on the c.i.f. figure; hence the protection intended to be provided by the Tariff would be maintained if the duty were decreased by the full amount due to exchange. Generally the manufactured product includes imported or exportable materials: then the protective effect of a duty is not increased by the full amount of exchange payable but by a proportion of it dependent upon the relation between the value of the exchange affected materials and the whole. If half the value for duty of an imported article be represented by material an Australian manufacturer would have to import, or for which the local manufacturer would have to pay world parity prices (including exchange) if it were produced in Australia, then half only of the exchange costs becomes additional protection and similarly with other ratios—the degree of effective protection due to exchange receding from the equivalent of 25 per cent. ad valorem towards nothing as the proportion of exchange affected materials in the value for duty increases from zero towards 100 per cent.

The effect of exchange costs in increasing protection has been recognized ever since the initial depreciation of Australian currency, but the Board usually has recommended duties as though that added protection did not exist. This practice was considered to be necessary because either of the following could leave local manufacturers without reasonable protection if

the duty were based on values including exchange costs:—

- (1) A big reduction of the rate of exchange;
- (2) Proportionately increased local costs as a secondary result of the adverse exchange.

Furthermore, it must be realized that a duty rate can only be altered by Parliament and, therefore, only when Parliament is in session, whereas the rate of exchange might be altered at any moment. At the outset the belief that the high rate of exchange was only transient was almost universal and, furthermore, many authorities expressed the view that if the high rate persisted a natural corollary would be a proportional increase in local costs.

Relative to (1) above, the prospective overseas trade position for the current year, taken in conjunction with the present condition of overseas exchange reserves, makes it very unlikely that we shall see an appreciation in the foreign exchange value of Australian currency in the near future. Last year Australia succeeded in meeting all its overseas commitments from current production, and was able to make some small addition to overseas reserves, which had been seriously depleted in the earlier years of the depression. The trade returns for the first eight months of the current year indicate a less satisfactory position. If the experience of the past can be taken as a dependable guide, and if no unforeseen events take place before the end of the trade year, it seems reasonably certain that little or no addition to overseas exchange reserves can be expected. Indeed, the consensus of informed opinion appears to be that current production of goods and gold for export will be hardly sufficient to maintain them at their present level.

A radical rise in export prices would make a material difference to the position, and might justify a lower exchange rate. While we have been continually anticipating or hoping for some recovery in the prices of our export commodities it now appears extremely unlikely that improvement will be at a rapid rate. Furthermore, a big rise would probably be accompanied by an increase in commodity prices generally which would add to the value of our imports as well as our exports.

A reduction in the average rate of interest on external debt would also assist our balance of payments, but while some relief appears to be certain, the probable rate of reduction would not be likely to alter the trade balance sufficiently to affect the exchange rate.

The effect of seasonal conditions upon the volume of exports must not be overlooked. Three successive seasons have been remarkably good, and past experience indicates that a change is due, hence it would be risky to assume that the existing volume of exports will be maintained. If seasonal conditions turn against us it is more than likely that the exchange will need to be temporarily increased, unless the effect is balanced by a rise in prices or reduction of interest. The view that the exchange will continue for an indefinite period at a rate approximately equal to that now operating was expressed by Professor Giblin at the public inquiry in the following words:—

I think we must regard ourselves as on this 125 basis, with comparatively slight variation one way or the other, almost indefinitely—certainly indefinitely from the present point of view.

For more than a year now the rate with sterling has been kept stable at 125, and the Board can see no features in the present situation which are likely to influence those in control of the rate to depart in the near future from their policy of stability. The Board's recommendations in respect of protective duties would,

therefore, be based on false premises if it continued to accept the view that the considerable depreciation of Australian currency is a factor which may be safely ignored.

Relative to 2 above, there would appear to be no doubt that the operation of exchange does maintain costs higher than they would be otherwise, and is not limited to the more immediate effect which is seen in the added cost of imported or exportable material. This view was urged by Mr. H. S. Gordon Bennett and Mr. Latham Withall, who represented the Chambers of Manufactures of New South Wales and Victoria respectively. After giving illustrations of the added costs due to exchange, Mr. Bennett stated:—

It is impossible to assess even approximately, the additional cost due to exchange and primage on account of this increased cost of raw materials, wages, taxation and other charges. The increases are cumulative, percentages being added in each case to the higher figures so that it is impossible to calculate the ultimate effect.

Mr. Withall summed up this point in the following words:—

The direct and indirect implications of a depreciated currency place very heavy burdens upon manufacturing industries. In every element of production costs the exchange factor is discernible. It is, perhaps, not generally recognized that the operation of exchange adds to the cost of locally produced as well as to the cost of imported raw materials. This inflation in prices of locally produced raw materials is not limited to the exportable primary products such as wheat, flour and wool which have a world price basis, and the Australian domestic consumption prices for which are determined by overseas parity plus the premium on exchange. On the contrary, exchange prices also inflate the price level of local goods, which are wholly consumed within Australia, for it is a truism, and not a matter for argument, that the depreciation of a currency results in a general increase of commodity values calculated or measured in the terms of that currency.

In approaching the question of the effects of exchange on the relation between the costs of protected production in Australia and the costs of landing imported goods, the Board has found it impossible, in practice, to isolate completely those effects which have been due directly and exclusively to the depreciation of the exchange. Inextricably associated with them have been the effects of other factors, themselves due not so much to the exchange depreciation as to the conditions out of which that depreciation arose. This remark refers especially to the concurrent deflation in Australia and overseas, to the cessation of oversea borrowing, to the drastic alteration in the terms on which we have been able to exchange our exports for imports, and to the general dislocation of established economic relations both here and abroad.

Even if the effects of all the exchange influences could be assessed, the assessment would still ignore the effects of other closely related but more important disturbances which have operated since the existing rates of duty were framed. The only practical solution of the difficulty, therefore, would appear to be to examine the movement of costs arising from all causes in Australia and compare them with the movement of costs in the United Kingdom. In this connection Professor Giblin, who gave evidence on behalf of a body of economists after consultation, stated at the public inquiry, that running costs had fallen in Australia since the depreciation of the Australian currency at least as much as in the United Kingdom. The Board asked the witness to confer with his colleagues with a view to giving this and other aspects of the matter further consideration. Professor Giblin later handed in a statement to the Board in which he stated:—

The changes in costs and prices of protected manufactures in Australia relative to England during the period during which high exchange has been in operation cannot be at all closely estimated. Prices and all the costs of production have changed in each country measured in its own currency. There is no valid measure of the movement of prices of these

manufactured goods in either country. Some inference can be made from what we know of costs. The wage-index of Professor Bowley shows an average fall in wages in Great Britain since 1929 of only 4 per cent. up to last December. The official wage-index in Australia had fallen 15 per cent. up to last June, and has fallen further since.

On wage rates depend most of the running costs of industry, including the cost of raw materials not entering into international trade. Interest also has fallen at least as much in Australia as in England. The inference must be that, in spite of the depreciation of the Australian currency, the running costs of production in Australia, apart from raw materials imported or exportable, have fallen appreciably more than in Britain. The movement of overhead costs is uncertain and irregular, and it is possible that in some industries under special conditions a relative rise in overhead costs may have more than offset the relative fall in running costs.

This general conclusion is largely confirmed by the numerous examinations which the Board has made of manufacturers' costs during the past two years. It is, moreover, supported by the following table setting out the indexes of average weekly wages, United Kingdom and Australia, which was obtained by the Board from the Commonwealth Bureau of Census and Statistics, Canberra:—

INDEXES OF AVERAGE WEEKLY WAGES. UNITED KINGDOM.

Professor Bowley's Index of Average Weekly Wages:—
(Base, December, 1924—100).

	1929.	1930.	1931.	1932.
January	99.5	99	98.25	96.25
February	99.5	98.5	97.75	95.75
March	99.5	98.5	97.75	95.75
April	99.5	98.5	97	95.75
May	99.5	98.25	97	95.75
June	99.5	98.25	97	95.75
July	99.5	98.25	97	95.5
August	99.5	98.25	96.75	95.5
September	99	98.25	96.75	95.5
October	99	98.25	96.5	95
November	99	98.25	96.5	94.75
December	99	98.25	96.5	94.75

AUSTRALIA.

Commonwealth Statistician's Index of Average Nominal Weekly Wage Rates (Adult Males) payable for a Full Week's Work:—

(Base, Year 1911—1,000).

	1929.	1930.	1931.	1932.
31st March	1958	1973	1814	1680
30th June	1977	1956	1764	1672
30th September	1979	1939	1735	1608
31st December	1974	1887	1694	—

The process of adjustment has undoubtedly taken place more rapidly in Australia than overseas. The Premiers Plan, the Commonwealth Arbitration Court's special 10 per cent. cut in wages, the automatic adjustment of wages to changes in the cost of living, and the pressure of unemployment have combined to effect substantial reductions in costs.

The Board is, therefore, faced with the position that the added cost of landing imported goods has been materially increased by reason of the exchange, while over the same period Australian costs have fallen substantially. The exchange, therefore, has increased the protection afforded local industry well above the rates which must have been considered reasonable when adopted by Parliament.

In its reports on individual industries the Board has given numerous illustrations of the existing high landing costs, amounting in many instances to over 100 per cent. in the case of goods of United Kingdom origin, and not infrequently up to 200 per cent. as regards goods subject to the General Tariff.

The Board has been confronted for many months past by the fact that the duties which it was recommending, while adequate and reasonable if the added cost of landing due to exchange could be ignored, were excessive under existing circumstances, and from time to time has discussed various methods of meeting the

position. Primarily for the two reasons set out earlier in this report, viz., uncertainty as to the persistence of the adverse exchange at the prevailing rate and a fear that local costs might increase proportionately if the rate held for a long while, the Board has continued to recommend duties which would be adequate apart from the exchange.

The protection afforded by the cumulative effect of duty and charges is far in excess of requirements of efficient industry. In fact, some of the more natural of Australian industries can now function under cover of the protection afforded by the exchange alone. For instance, many of the products of the iron and steel industry are now being sold at prices which are either less than or competitive with the existing duty free landed cost of imported goods.

It is recognized that in many efficient industries the price of the output is fixed by local competition or on production costs, and is much below the price of imported duty paid goods; in those cases the risk due to over-protection is slight. In others, however, there is a definite tendency for prices to creep towards the cost of imported goods. This may be due to one or more of a number of causes, for example:—

- (a) Undue profit taking;
- (b) Tendency to lag in efficient production;
- (c) Unwise attempts to produce goods which can only be manufactured locally at excessive cost;
- (d) The extension of the range of goods to lines which are not economic to manufacture;
- (e) An unnecessary expenditure upon plant, leading to over-capitalisation of the industry.

A review of the Board's reports over a number of years reveals that the Board realized the danger of steadily increasing costs of production necessitating increased duties. Pointed and emphatic warnings have been given from year to year. In spite of this recognition of the danger of excessive duties, the Board has, in the past, been reluctantly constrained to recommend higher duties in some instances owing to the steadily increasing Australian costs and prices. These higher duties and prices were capable of being maintained under the relatively prosperous conditions due to high commodity prices and heavy external borrowing. Suddenly, however, these conditions fell away. Almost simultaneously many duties were still further increased, and in some cases doubled, without inquiry and report by the Tariff Board. Thus duties were increased just when the prosperity which previously supported them no longer remained. Then the depreciation of currency took place and primage duty was added. The effect of all these increases in landing charges, together with reductions in wages and interest charges and rent, have been to grossly overprotect many industries. The Board is of opinion that in the best interests of the Commonwealth this overprotection should not be allowed to remain, but must be rectified insofar as practicability permits.

The need for the removal of excessive protection is the more urgent because the export industries are having to meet world competition at very low prices. The nett protective effect of the exchange has made a number of industries temporarily independent of duties. It is surely unwise during this period to ignore the fact that the protection has been duplicated and allow industry to start or expand upon an unsound basis. The Board is, therefore, driven to the conclusion that some adjustment of the duties is called for in view of the existing protective effect of the exchange.

The difficulties of making such adjustments are formidable, but the Board feels that if no action is taken in this regard, other revision of the tariff is very largely rendered nugatory.

A number of proposals were submitted at the inquiry. These can be shortly summarized as follow:—

1. Henry C. Dobson, Honorary Treasurer of the Australian Association of Glass, China and General Traders at Sydney, suggested an alteration of the basis of value for duty. He proposed the adoption of the home consumption price in the country of origin converted into English currency at the recognized par rate of exchange on 1st January, 1929, as the basis for compilation of the amount on which duty should be paid. This would reduce duties on goods from countries whose currencies are appreciated relative to sterling and would increase duties on goods from countries whose currencies are depreciated. No suggestion was made as to adjustment of specific rates.

2. W. J. F. Collens, Chairman of Importers' Section of the Chamber of Commerce of Victoria, suggested that all duties be collected on gold mint par basis. In the case of goods dutiable ad valorem, the value for duty to be converted to gold pounds; this would reduce duties in proportion as sterling was off gold. Specific rates to be collected on the gold parity basis, e.g., a rate of 5s. to be reduced to 2s. 6d. if Australia be 50 per cent. off gold.

Both proposals (1) and (2) would entail amendments to the Customs Act and would be objectionable because of the difficulty of application where it is necessary to differentiate between revenue and protective duties. A further objection to both proposals is that all rates of duty would need to be revised, firstly because no account is taken of the effect of exchange in increasing the costs of material to Australian manufacturers, and secondly, because adjustments of rates of duty would be necessary to maintain revenue.

3. W. F. Gates, Secretary of the Tariff Reform League of Victoria, suggested that the duties be reduced by deducting a percentage of the duty equal to the rate of exchange on London (at present 25 per cent.).

This proposal would have the effect of reducing the margin of preference at present effective on goods from the United Kingdom.

4. Mr. Gates also presented, on behalf of the Ford Motor Company of Australia Proprietary Limited, Geelong, a proposal that the rates of duty be reduced by the figure which represents the exchange on London (at present 25); specific rates to be converted to ad valorem rates for the purpose on each individual shipment.

This proposal, as in the case of Nos. (1) and (2), would reduce the protection previously afforded industry inasmuch as it ignores the added costs of materials used therein, due to the operation of the adverse rate of exchange.

5. R. D. Westmore, Secretary of the Joint Committee for Tariff Revision, New South Wales, proposed that reductions of duties should be made and determined after ascertaining the proportion of exchange affected materials used by local manufacturers.

This proposal was regarded as being much too involved to be applied.

6. L. L. Wathen, a member of the firm of Wathen and Curnow, Customs and Shipping Agents of Melbourne, supported the proposal made by Mr. H. C. Dobson that duties be calculated on the basis of values in foreign currencies converted into British currency at the mint par rate of exchange, but pointed out that this would entail amendments to the Customs Act and also the elimination of specific rates of duty.

7. S. F. Ferguson, Federal Secretary of the Australian Association of British Manufacturers, Melbourne, advocated a deduction from all protective duties of a stated proportion of the British Preferential Tariff rate, the proportion to be fixed from time to time by

Proclamation, but not to be varied unless the exchange rate on London varies 5 per cent. or more in either direction. With the exchange rate at 25 per cent., the deduction should be one-third of the British Preferential Tariff rate.

The objection to this proposal is that in the case of goods dutiable at specific rates, the proposed deduction in some cases could exceed the costs of exchange, thereby reducing the protection which the rate of duty was intended to afford to Australian industry.

L. Withall, Secretary of the Victorian Chamber of Manufactures, submitted that any proposal to reduce customs duties to meet costs of exchange by means of a formula was totally impracticable, and suggested that, if enhanced Federal revenue rendered it possible, taxation on imports might be reduced by the elimination of sales tax and primage duties.

H. G. Bennett, President of the Chamber of Manufactures, New South Wales; A. E. Barton, representing the Metal Trades Employers' Association of New South Wales; and H. Daniell, a Director of the Dunlop Perdriau Rubber Company Limited, Melbourne, contended that it was undesirable to vary the duties by reason of the operation of exchange and recommended that no alteration be made in the method of calculating duties.

The various proposals submitted during the public inquiry have been critically analysed by the Board, as have others made prior to, and since the inquiry, and as a result of close scrutiny of all relevant facts, it has been established definitely that no exact general equation can be developed that would provide for a reduction of duty just commensurate with the added protection provided as a result of adverse exchange. On the other hand, it has been established that it is practicable by the adoption of a simple formula to reduce duties by amounts that will certainly not render Australian manufactures more vulnerable to competition under existing exchange conditions than when sheltered by the duties provided by Parliament with exchange approximately at par between Britain and Australia.

One proposal considered by the Board was for a flat reduction in the duty payable by, say, an amount equal to $12\frac{1}{2}$ per cent. on the value for duty of the goods, as representing half the effect on the exchange charge on imported goods. There would be, however, obvious inequalities in the operation of such a flat rate. The reduction as regards low duty rated goods would be relatively severe and inasmuch as the low rates are to a great extent applicable to goods manufactured largely from imported materials, the nett protection due to exchange would be less on such products than on other goods which, under such scheme, would not be subject to proportional reduction.

In determining a reasonable ad valorem duty rate for a manufactured commodity, its degree will depend upon the ratio of costs and charges in the country providing the protective duty, to the corresponding charges in the country of origin of the imported goods. That portion of the value of the commodity represented by exchange affected material needs no protection, hence the rate of duty necessary for protection depends on the other charges and is generally greater as they become greater. It is plain, therefore, that any reduction of duty as a result of the additional protection due to exchange ought to be a smaller proportion of the value at low duty rates than at high ones.

Earlier in this report, it was made clear that as a result of adverse exchange importers' costs are increased by an amount that is represented reasonably accurately by the exchange costs on the value for duty and that the local manufacturer's costs are increased by an amount representing the equivalent of exchange costs

on his imported raw material, or the added cost to him as a result of the value of local raw material being appreciated through exchange.

Any equitable rebate of duty payment ought not to exceed the difference between these two sums, but though the former is readily ascertainable, the latter depends upon the measurement of the additional cost to local manufacturers of exchange affected materials. This is obviously difficult and adjustment would be impracticable if the scheme necessitated calculations on each line of each importation of competitive goods.

However, the tariff itself provides a means that may be used for the great bulk of cases without fear of its incidence being unreasonable, for critical investigation shows that in general the rate of duty ad valorem necessary to equalize the landed costs of imported goods and similar locally made goods is proportional to the net added protection due to an adverse exchange. In other words, some fixed and constant proportion of any ad valorem duty may be allowed as remission without fear of increasing the vulnerability of local manufacturers to overseas competition.

In evidence Mr. S. F. Ferguson advocated a reduction of duty based on the foregoing reasoning, and of all suggestions put forward at the inquiry the Board considers it the soundest. The proportional reduction suggested by Mr. Ferguson was one-third, a fraction which roughly represents the exchange rate of 25 per cent. (corrected to $22\frac{1}{2}$ per cent. for reasons given in his statement) divided by 65 (65 per cent. being the highest ad valorem rate in British Preferential column of Tariff Schedule). He further claimed that his suggested reduction of one-third was conservative, because rates as low as 45 per cent. (British Preferential Tariff) had been recommended to protect local manufacturers of some products which include practically no imported or exportable material.

After reviewing a large number of tariff items embodying protective duties at British Preferential Tariff rates up to 50 per cent. ad valorem or its equivalent, the Board is satisfied that in all the cases subjected to scrutiny a reduction of one-fourth of the duty is reasonable and does not, in any instance, do more than allow for the nett effect of exchange. In many instances it does not sufficiently reduce the protective effect of the exchange—but a scheme to be practicable must be readily workable and cannot accurately and with equal effect deal with all goods.

The Tariff Schedule contains a large number of protective duties that are specific, or composite specific and ad valorem rates, to which the one-fourth reduction might not equitably apply. Many of these rates have been fixed to cover ranges of quality and to provide adequate protection against importations of low-grade or end-of-season goods, and in many cases, when applied to particular articles, the ad valorem equivalent of the specific or composite duty is deliberately much greater than the duty necessary to give price equality between local and competitive imported goods. For similar reasons specific duties are frequently imposed as alternatives to ad valorem rates, and sometimes the alternative specific rate represents an ad valorem equivalent exceeding 100 per cent. To reduce such duties, or ad valorem duties of over 50 per cent., by one-fourth might result in giving a rebate to importers in excess of the nett amount due to exchange, thereby reducing the nett protection. The inequity can be prevented by limiting the reduction of duty to a prescribed proportion of the value for duty, for an importer pays exchange on a sum approximately equal to the value for duty. After investigation it has been established that half of the total cost of exchange, i.e., $12\frac{1}{2}$ per cent. of the value for duty, would be a safe limit. This would mean that the reduction of one-fourth of the duty would apply to all goods subject to duties up to the equivalent

of 50 per cent. ad valorem, but on goods subject to higher rates the flat rate deduction of 12½ per cent. ad valorem would apply.

It has already been shown that the maximum reduction suggested by the Board, viz., 12½ per cent. of the value for duty, will still leave industries using wholly Australian raw materials with an additional protection due to exchange of nearly 12½ per cent. ad valorem. It remains now to be seen how the reductions will affect those industries using exchange affected materials. For this purpose it may be assumed that duties protecting such industries are absolute minima, i.e., that they merely place imported goods on price equality with those produced in Australia.

The Australian industries using exchange affected materials can be divided into two groups, viz. :—

- A. Those which are protected by duties lower than 50 per cent. ad valorem, in which cases the proposed reductions will be one-fourth of the duty.
- B. Those which are protected by duties of 50 per cent. ad valorem and higher, in which cases the proposed reductions will be 12½ per cent. ad valorem.

The Board has calculated that before the equalizing protective margin given to industries in group A. would be affected by a reduction of one-fourth of the duty, the components (other than exchange affected material) in the local manufacturer's selling price would need to be more than twice the value of similar components in the United Kingdom manufacturer's selling price. In other words, for each £1 of costs (other than exchange affected materials) and profits included in the United Kingdom manufacturer's price the Australian manufacturer could include more than £2 in his price without his margin of equalizing protection being affected by the proposed reduction.

As to group B., the Board's calculations show that the components (other than exchange affected materials) of the Australian selling price may increase from twice to seven times (as the duty increases from 50 per cent. to 300 per cent. ad valorem) the value of similar components in the United Kingdom manufacturer's selling price before the margin of equalizing protection would be affected by the reduction of 12½ per cent. ad valorem.

It is important to remember that the Board in its calculations—the results of which are given above—has assumed that the local industries are protected by minimum, or merely equalizing duties. In actual fact there is almost invariably an additional protective or safety margin which, if included in the calculations, would show the local industries to be in a much safer position than indicated.

Furthermore, the duties recommended by the Board on industries which have been reviewed since the exchange has been adverse to Australia have for the most part been based upon local costs which already included the effect of exchange. Such industries are as a consequence practically in the same position as those using purely domestic raw materials.

When exchange affected materials used by Australian manufacturers are imported from "gold" countries, the added cost due to exchange is obviously higher than the added cost on materials from "sterling" countries. If the competitive imported finished goods are obtained from United Kingdom manufacturers, who obtain their raw materials from the same source, then both the United Kingdom and Australian manufacturers are on parity—in terms of sterling—with regard to material costs and the proposed reduction of duty will be no more disadvantageous to local manufacturers than if the raw materials were purchased in the United Kingdom.

If the competitive imported goods are imported from "gold" countries the added cost due to two exchanges, viz., gold to sterling and sterling to Australian currency—and thus the additional protection—is considerably higher. The proposed adjustment represents a reduction of only a proportion of the added protection due to exchange on sterling and local manufacturers will still receive the whole of the added protection represented by the exchange between "sterling" and "gold" countries. The Board has not attempted to propound any scheme of adjustment which would reduce the margin of additional protection on goods imported from "gold" countries.

However conservative a general scheme such as that proposed may appear to be, there is always some risk that the proposed reduction of duty may adversely affect some industries with peculiar characteristics. Such cases could be referred to the Board for consideration, when not only the justice of the reduction should be considered but also the reasonableness or otherwise of the duties in operation.

A reduction of the duties under both the British Preferential Tariff and the General Tariff by a fixed proportion would reduce the higher General Tariff rate by a greater absolute amount than it would reduce the British Preferential Tariff rate. It would, therefore, reduce the British Preferential margin which in some instances would contravene the United Kingdom-Australia Trade Agreement.

The Board, therefore, recommends that the reduction of duty on goods subject to General Tariff rates, or any preferential rate higher than the British preference rate, shall be determined by using the rates under the British Preferential Tariff. For example, on manufactures of metals n.e.i. subject to duties of 45 per cent. (British Preferential Tariff) and 65 per cent. (General Tariff), the reduction of duty on goods from the United Kingdom would be 11¼ per cent. ad valorem; the Board proposes that the reduction of duty on similar goods dutiable under the General Tariff should also be 11¼ per cent. ad valorem. It will be seen that on this basis the reduction of the higher General Tariff rates will always be less than one-fourth of the duty.

Recommendation I.

The recommendation by the Board may, therefore, be expressed in the following words:—

A deduction shall be made from the duty payable of one or other of the amounts calculated as hereunder set out, whichever is the smaller, viz. :—

- (a) One-fourth of the duty that would be payable at the rates listed under the British Preferential Tariff; or
- (b) 12½ per cent. of the value for duty.

This recommendation shall apply to goods from any country the currency of which on the date of shipment of the goods is:—

- (a) British sterling;
- (b) Appreciated relative to sterling;
- (c) Nominally on a sterling basis. In this case to allow for slight fluctuations due to clearing house conditions a margin of, say, 5 per cent. might be allowed.

The degree of adjustment recommended by the Board has been calculated to meet existing conditions, the position at the moment being that the rate of exchange is stabilized at 25 per cent. The Board considers that in the event of exchange moving not more than 5 per cent. in either direction, the absence of immediate adjustment would have no serious effects, i.e., a further depreciation of the Australian currency to the extent named would not seriously affect the protective incidence of the Tariff Schedule, and on the other hand an improvement in the rate of exchange

not exceeding 5 per cent. would not uncover Australian manufacturers to any dangerous degree, one factor in this instance being that the margin allowed by the Board in fixing the adjustment recommended would partially meet the changed position, and the effect of the remainder would be immaterial.

The finding of the Board is not intended to convey the belief that should the Australian exchange further depreciate there should necessarily be a further adjustment of duties. In this connexion the Board considers that no decision should be arrived at until occasion calls for it, when action would be determined upon after proper inquiry.

An important point for consideration is that any unexpected recovery of the Australian position in regard to exchange might render the Australian manufacturers vulnerable unless a provision be made to meet such circumstance.

The Board, therefore, feels that it is incumbent on it to make some provision against a possible unexpected improvement in the exchange position to an extent exceeding 5 per cent.

Such improvement in the exchange position might happen, for example, when Parliament is not in session and when immediate action by legislation would be impossible.

Recommendation II.

To meet such a contingency the Board recommends that in any legislation designed to give effect to the recommendation made in this report, provision on the following lines should be made:—

In the event of the rate of exchange Australia-United Kingdom receding to a figure below 20 per cent. but not lower than 12½ per cent., in place of the existing rate of 25 per cent., the adjustment of duties on account of exchange should be one-eighth of the duty payable or 6¼ per cent. of the value for duty, whichever is the lesser amount. In the event of the rate of exchange receding below 12½ per cent., the adjustment provided for in the Board's report, or the alternative lower adjustment, whichever is at the time operating, should cease to be applied.

In the event of the exchange rate improving temporarily, and later moving again in an adverse direction, the adjustment should be based on the conditions existing at the date of export of the goods and at rates in accordance with whichever of the three conditions set out above is applicable.

The Board is of the opinion, however, that if the exchange persists at its present level for a period of two years, world conditions as to costs and prices may have altered to an extent which would warrant a re-consideration of the question.

IMPORTS FROM COUNTRIES WHOSE CURRENCIES ARE BETWEEN STERLING AND AUSTRALIAN.

Recommendation III.

Consideration has been given to the effect of exchange in increasing the landed cost of goods from countries whose currencies are depreciated relative to sterling, but less than Australian. The Board considers that no adjustment of duties is necessary in regard to importations from such countries.

IMPORTS FROM COUNTRIES WHOSE CURRENCIES ARE DEPRECIATED RELATIVE TO AUSTRALIAN CURRENCY.

It has already been shown that the existing rate of duty applied to imports from countries with whom the Australian exchange is adverse has the effect of increasing the protection; conversely the application of the

existing rates of duty to goods from a country with a depreciated exchange relative to Australia has a much lower protective incidence than was intended when the duties were fixed. This arises from the following circumstances:—

- (a) The invoice value of the goods in terms of Australian currency is lower; and
- (b) On account of the departmental practice of collecting ad valorem duty on the basis of sterling, the duty on goods so rated is even lower than it would be on the basis of Australian currency.

The Board is not overlooking the fact that the Industries Preservation Act could be invoked in the case of importations from a country with a depreciated currency, but it considers it is only just and logical that a general corrective should be applied to goods from countries with currencies depreciated relative to Australian currency.

In considering what would constitute an equitable adjustment the Board has recognized that the depreciation of the currency of a country exporting goods to Australia would to some extent affect the cost of imported and exportable raw materials in terms of the currency of the country much in the same manner as obtains in Australia.

Recommendation IV.

The Board considers that a reasonable addition to the duty would be a fraction of the value for duty, the fraction to be determined by the following formula, viz.,

$\frac{a - b}{b}$ where a represents the nominal par value in sterling of a unit of the currency of the country of origin of the goods, and b represents the value in Australian currency of the same unit at date of shipment of the goods, and recommends accordingly.

If deemed advisable regulations could be issued to limit the application of the proposed correction to the nearest 1 per cent. or any other limit considered reasonable.

Some examples will illustrate the need for providing additional protection against importations from countries with currencies depreciated more than the Australian, and will also indicate the relativity of the recommendation.

In all cases it will be assumed that the c.i.f. value of goods is equivalent to £2,100 at nominal par exchange, and that the c.i.f. value fluctuates with exchange; it will also be assumed that the c.i.f. value in sterling represents the value for duty—

EXAMPLE 1.

Exchange rate, London-Australia	£
Equivalent exchange rate London-Other Country	Par.
Duty—60%	Par.

Approximate cost of landing goods—
 $£2,100 + 60\% \text{ of } £2,100 = £3,360.$

EXAMPLE 2.

Exchange rate, London-Australia	125
Equivalent exchange rate London-Other Country	150
Duty—60% ad val.	
$\frac{a - b}{b} = \frac{1}{5} = 20\%$	

Approximate cost of landing goods in Australian money—

2,100 x 1.25	+	60% 2,100	
1.5		1.5	
£1,750	+	£840	= 2,590
Difference between 1 and 2			= 770
Recommended addition = 20% of the value for duty			= 280

EXAMPLE 3.

Exchange rate, London-Australia	125
Equivalent exchange rate London-Other Country ..	167
Duty—60% ad val.	
$\frac{a - b}{b} = \frac{1}{3} = 33\frac{1}{3}\%$	

Approximate cost of landing goods in Australian money—

2,100 x 1.25	60%	2,100	
1.67	+	1.67	
£1,575	+	£756	.. = 2,331
Difference between 1 and 3			.. = 1,029
Recommended addition = 33 $\frac{1}{3}$ % of value for duty			= 420

EXAMPLE 4.

Exchange rate, London-Australia	125
Equivalent exchange rate, London-Other Country ..	175
Duty—60% ad val.	
$\frac{a - b}{b} = \frac{2}{5} = 40\%$	

Approximate cost of landing goods in Australian money—

2,100 x 1.25	60%	2,100	
1.75	+	1.75	
£1,500	+	£720	.. = 2,220
Difference between 1 and 4			.. = 1,140
Recommended addition = 40% of value for duty			= 480

EXAMPLE 5.

Exchange rate, London-Australia	Par.
Equivalent exchange rate London-Other Country ..	150
Duty—60% ad val.	
$\frac{a - b}{b} = \frac{1}{2} = 50\%$	

Approximate cost of landing goods in Australian money—

2,100	60%	2,100	
1.5	+	1.5	
£1,400	+	£840	.. = 2,240
Difference between 1 and 5			.. = 1,120
Recommended addition = 50% of value for duty			= 700

Clearly from the examples, if the rate of duty ad valorem were greater, the disparity between the recommended increase and the reduction in landing costs would be greater.

In the case of specific duties the recommendation would increase the landing cost by the amounts shown, but the increase would always be less than the reduction in costs due to exchange, excepting in the extremely unlikely case of exchange between London and Australia improving to nominal par rate, while the currency of the other country remained depreciated relative to Australia.

SCOPE OF RECOMMENDATIONS.

The recommendations made are intended to apply only to "duties imposed under protective items of the Customs Tariff"—*vide* reference from the Minister for Trade and Customs—and should not be applied to revenue items. The Department has already made a classification of the Tariff Schedule into revenue and protective items, and that classification has been used by the Board in estimating the effect of the adoption of the recommendation on revenue and balance of payments.

An adjustment of the Tariff on account of the protective effect of the exchange can be made in at least two ways. A relatively exact calculation can be made in regard to each individual item in turn and adjustments of duty made accordingly. This method taken by itself would be slow, and would also be inequitable in its effect inasmuch as the industries first affected might have to carry unfair burdens on account of the too high margins left on other goods. The Board has, therefore, recommended that at least a partial adjustment shall be made on all protective items at one and the same time. It is recognized that

in order not to act unfairly in regard to some industries, any such general scheme will be definitely under-corrective in regard to others. The advantage of at least a partial adjustment over the whole protective range is, however, important. Not only is this method more equitable, but by being applied generally it will have a prompt and useful effect in its tendency to reduce costs by lowering prices for necessary imported goods, and in some cases forcing down prices for Australian products. Any reduction in costs which is thus achieved will not only help the struggling export industries, but will also be advantageous to protected industries, and will at least partially offset the reduction of duties upon individual lines.

Having made its recommendation for a general adjustment in relation to the Schedule as a whole, the Board in the future will proceed to recommend, in regard to each individual item under review, the duties that in its opinion will be adequate, ignoring the protective effect of the exchange. At the same time it will intimate, with regard to items of material commercial importance in any case where specific inquiry proves the general scheme to be too liberal or too severe to a degree worthy of correction, what rate of reduction will be both safe and adequate while the existing exchange continues to operate, making provision also for any favorable move in the rate of exchange.

In special circumstances, the Board has in the past taken cognizance of the protective effect of exchange when making its recommendations. On galvanized iron, for example, the Board recommended the imposition of certain duties which, with the current rate of exchange, would be just sufficient to give the local manufacturers adequate protection, and, as an alternative, recommended the imposition of higher duties conditionally upon the local manufacturers entering into an agreement with the Government to fix selling prices in accordance with certain recommendations made by the Board. From the fact that the higher duties are now in the proposed Tariff Schedule, the Board infers that a satisfactory price undertaking has been obtained by the Government, in which event the Board considers that the proposed adjustment on account of exchange should not be made in respect of galvanized iron.

Similar alternative recommendations were made in respect of matches, but the lower duties have been included in the new Schedule. When recommending the lower duties the Board acknowledged that the current exchange would form part of the necessary protection and, in the circumstances, the proposed adjustment for exchange should not apply to matches.

EFFECT ON FINANCE.

In its deliberations on the subject-matter of this inquiry, the Board has been faced with three major issues, each of which involves consideration peculiar to itself. While closely related one with the other, clarity of reasoning and the definition of aims alike, demand that they should be treated separately.

The three major issues are—

- (i) the practicability of varying protective duties by reason of the operation of exchange (and primage), subject to the necessity of maintaining protection to Australian industries, and the margins of preference agreed to under the relevant legislative enactments;
- (ii) the effects of any action recommended on Government finance, especially with reference to oversea interest payments; and
- (iii) the effects of any such action on the balance of payments and the rate of exchange.

The Protective Aspect.

It is hardly necessary for this Board to point out that the primary object of protective duties is to protect. They are imposed neither for the collection of revenue nor for the balancing of oversea payments. Accordingly, the Board has confined its attention up to this point to the practicability of evolving a method of varying the protective duties which shall be equitable to protected Australian industries and expedient in the national interest. It has concluded that, from the purely protective aspect, a method of variation is available which is at once practicable, equitable and expedient in present circumstances to apply.

It remains to consider whether this conclusion need be modified on account of the possibility of incidental prejudicial effects on Government revenues and the balance of payments.

The Revenue Aspect.

If protective duties are protective only, and fully effective, they will produce no revenue. Where revenue does accrue from the operation of such duties, either the protection is inadequate and therefore not fully effective, or the nominally "protective" duties extend to lines and classes of goods which it was not intended to protect. Practical difficulties prevent the framers of any Tariff from imposing protective duties which will protect without incidentally producing revenue. Hence any reduction in those duties which are nominally "protective" will probably involve some loss of revenue. If, however, the protection afforded to those industries which it is intended to protect is excessive, the loss of revenue from this incidental source should not be allowed to stand in the way of reduction.

In view of the fact that the total customs revenue derived from protected imports is only about 18 per cent. of the total customs and excise revenue, the effect on revenue following the proposed reduction on the protected imports cannot be very great.

Professor Giblin estimated that the revenue from protective duties during the current financial year would be £5,000,000. The Board has made an independent and detailed estimate which agrees substantially with the figure mentioned. A dissection of the Board's estimate is as under:—

Country of Origin.	Estimated Value for Duty.	Estimated Duty.	
		Amount.	Percentage of Value for Duty.
United Kingdom ..	£ 5,400,000	£ 1,980,000	36.3
Other Countries ..	5,400,000	3,030,000	56.1
	10,800,000	4,990,000	46.2

The maximum reduction of duty on goods from the United Kingdom would, under the Board's proposal, be one-fourth of the duty normally imposed—or an amount of £490,000. The reduction of one-fourth of the duty would not apply, however, in cases where the duty exceeds 50 per cent. ad valorem, or its equivalent, and the difference under this head would probably amount to £40,000, making the net estimated loss of duty on normal importations from the United Kingdom about £450,000.

If there were no correction of the position in regard to countries with currencies depreciated below sterling, the loss of revenue on importations from countries other than the United Kingdom would also be £450,000. But the loss will not be as great as £450,000 for two reasons; in the first place there will be no loss on importations of goods from countries with currencies depreciated to a level between sterling

and Australian currency, and secondly, if the volume of imports be maintained, there will be a gain in revenue on goods from countries with currencies depreciated below Australian currency. The Board has estimated that the net effect of the operation of these proposals would be to reduce the loss of revenue on goods from countries other than the United Kingdom to £165,000. The estimated total loss on the current volume of importations from all countries would, therefore, be about £615,000.

It must be expected that there will be some increase in importations of goods in respect of which the duty concessions would operate. This will tend towards an increase in revenue, and partly offset the loss of £615,000. Professor Giblin estimated the extra revenue from permanent additional imports at £200,000 per annum. It is also reasonable to expect some reduction of imports from countries in respect of which the depreciated exchange duties would operate, and after making due allowance for this and all other factors, the Board anticipates that the maximum loss of revenue would not exceed £500,000.

This loss of revenue might be regarded as material but it must be remembered that consumers, being relieved of the necessity of paying £500,000 as duties will have the capacity of providing a similar amount by some other form of taxation if necessary. In present circumstances there is the risk of the revenue being lost by local manufacturers attempting the production of goods which are not commercially producible in Australia; at the same time there is the risk of consumer's capacity to provide additional revenue being undermined by the necessity of maintaining uneconomic production and by the opportunity given to manufacturers to make excessive profits.

The Balance of Payments Aspect.

The retention of excessive protective duties as a means of securing or maintaining a balance in overseas payments implies confusion of thought. It exposes consumers to the risk of excessively high prices; and as a means to the desired end it is unlikely to be effective. To the extent to which the protective duties are effective, imports will already have been dammed back. The retention of protective duties higher than those necessary to give effective protection can have an ameliorative influence on the balance of payments only by discouraging further the importation of those nominally protected lines which come in over the tariff wall. In 1930-1931, such goods amounted in value to only about £11,000,000 out of total imports of merchandise of £61,000,000. Any alteration of the protective duties could at most, therefore, affect only a small proportion of total imports. More important still, the effects on the balance of payments will not be felt indefinitely. In the long run the costs of export industry will be affected, according to the direction of the alteration, and a larger or smaller volume of imports will tend to be followed by a larger or smaller volume of exports. The effects on the balance of payments will cancel out in the long run, though with a different absolute volume of international trade.

The Board concludes, therefore, that a case for the reduction of protective duties which were found to be excessive could not be upset on the ground that the balance of payments would be adversely affected. So long as the protective duties were not reduced below the level required to maintain local production in those lines where the protection was justified, the reductions could have little appreciable effect in stimulating imports.

The Board does not contemplate the necessity for increase of exchange as a result of the adoption of its recommendations. It has been careful to refrain from

recommending any reductions in the protective duties which would be likely to embarrass Australian producers in those fields hitherto regarded as their legitimate preserves. The revised duties will afford a degree of protection at least equal to that contemplated when the old duties were determined; and in the great majority of cases a wide margin for error will be left. In those cases, which the Board believes to be fairly numerous, where Australian industries are using much less than the full amount of the inflated protection now provided, prices are already on a level at which imports cannot compete. In other cases, where most or all of the inflated protection is being used, prices are being held at unjustifiable levels. Where this is due to the taking of excessive profits by relatively efficient protected industries, the revised duties will force the lowering of prices to a level at which imports cannot compete. Only in those cases where it is due to the extension into lines which cannot be produced except at very excessive cost in Australia will the local producer be less able to compete with imports. Hence it is only in those cases that any permanent increase in imports of goods at present manufactured in Australia is at all likely. Some small increase must also be expected in imports of those nominally "protected" goods at present coming in, though in greatly diminished volume, over the tariff wall, for the price reductions made possible by the revised duties will, in some measure, increase their consumption. In addition to these permanent increases there will probably be some temporary increase of imports, even of those classes of goods in which the local producer will be able to maintain a price advantage; but these speculative shipments are not likely to be appreciable in volume or of lasting significance.

The Board finds some difficulty in placing a definite figure on the anticipated increase of imports. Compared with the fluctuations in overseas trade due to other causes, it will, undoubtedly, be small (e.g., a difference of one penny per lb. in the price of wool exported would make a difference of nearly £3,500,000). Its net effect on the balance of payments, except perhaps in the first few months, will be smaller still. In the first place, the initial increase of unjustified imports will have exhausted itself in the course of a few months. In the second, a lowering of the excess costs of local protected production will have been effected by the enforced reduction of unreasonable prices, and the withdrawal of local manufacturers from fields which they should never have entered. Relief from these excess costs, as well as from any reduction of customs duties will extend the margin of profitable export production and partially offset the effects of the lowered duties on producers competing with imports.

The Board wishes it to be clearly understood, however, that it does not regard unfavorable development in the balance of payments and a rise in the rate of exchange in the not distant future as beyond the bounds of possibility. It merely expresses its considered opinion that the result of the adoption of its recommendations is unlikely to be a material factor contributing to such an event.

The Board is in consequence not perturbed by the suggestion that the adoption of its recommendations would result in the creation of a vicious circle of lowered duties, increased imports, an increased exchange rate, and the need for lowering duties again. Even if the rate of exchange were to rise from other causes, there is nothing in the Board's proposal which would cause a further reduction in the protective duties.

The problem of the balance of payments will remain with Australia for many years to come. The balance will vary from side to side largely in accordance with the volume and prices of our main primary products. It is essential, therefore, that the problem of the amount of protection required for the establishment of industry shall not be tied to the question of the balance of trade.

It is now obvious that not only our return to prosperity but our very solvency is intimately wrapped up with the maintenance and extension of our export industries. In the long run this will be governed by three factors—

- (i) climatic conditions;
- (ii) external price levels;
- (iii) internal costs.

Australia has no control over (i) and (ii) but the matter of internal costs is our care.

If excessive protection is maintained to check imports the general level of cost will be raised and will thereby check exports.

The Board when considering individual industries has taken into consideration the various economic factors, particularly the effect upon total employment, and has recommended rates which in its opinion are in the best interests of the community. Assuming that these recommendations are on the whole just and equitable, it will not increase employment nor assist the balance of trade to allow other conditions to materially add to the protection thus recommended.

United Kingdom Australia Trade Agreement Act 1932.

Clause numbered (2) in the Minister's reference to the Board which directs attention to the necessity for maintaining margins of preference agreed to under the *United Kingdom Australia Trade Agreement Act 1932*, may be construed two ways. It may—

- (a) Indicate that any scheme propounded by the Board must maintain the ad valorem differences between the rates of duty in the British Preferential Tariff and the General Tariff provided as a result of the Ottawa Schedule, or
- (b) Presuppose a need for varying duties as a result of the effect of exchange in reducing the value for duty of goods from countries whose currencies are depreciated relative to that of the United Kingdom and thereby reducing or nullifying the protection provided.

With regard to (a) it has been shown already that the Board's recommendation will not reduce the percentage margins under any circumstances.

With regard to (b), the examples shown when dealing with goods from countries whose currencies are depreciated relative to Australia, establish the need for a variation of duty payments in order to maintain in spirit the terms of the Ottawa Agreement.

Further analysis of examples (1) and (3) will demonstrate the effect of exchange on the preferential margins. It will be seen from example (1) that goods scheduled at 60 per cent. duty General Tariff, valued at the equivalent of £2,100 c.i.f., when the currency of the country of origin was at nominal par would pay duty of approximately £1,260. The corresponding United Kingdom rate of duty would be 40 per cent. and for the landed cost, viz., £3,360, to be the same as for the foreign goods the c.i.f. would be £2,400 and duty £960. Under the conditions assumed in example (3) it will be seen that the actual duty payment on the foreign goods would be only £756, or some £200 less than the duty on the British goods. The correction proposed by the Board in this case would increase the duty on the foreign goods to £1,176.

The Board is convinced that it is not possible to propound any practicable scheme that will maintain under different exchange conditions the absolute preference intended to apply at nominal par rates of exchange, but it is satisfied that the recommendation made will go as far as is reasonable towards that desideratum without unduly penalizing trade.

The application of the recommendations made by the Board certainly conforms with the spirit of the "Ottawa Agreement" and will aid considerably in its implementing for the following reasons:—

- (1) Duty payments on United Kingdom goods will be reduced but without diminishing protection for Australian manufacturers considered reasonable when the respective duties were provided.
- (2) The preferential ad valorem differences provided for under the United Kingdom-Australia Trade Agreement will not in any case be reduced.
- (3) The real preference, i.e., the absolute margins in duties payable, that would obtain but for the effect of exchange, will to a large extent be re-established because of the concurrent reduction in duty payments on goods from the United Kingdom and increased payments on goods from countries whose currencies are depreciated relative to Australian currency.

PRIMAGE.

Recommendation V.

In regard to primage duty, the Board reaffirms its recommendation to the Minister, dated 5th August, 1932, that primage duty be removed from protective items in the Tariff Schedule, and suggests the adoption of such recommendation so soon as the Government considers that revenue considerations permit.

In its original recommendation the Board suggested a definition of "Protective duties". It is considered desirable now to withdraw that definition. Obviously, the classification of "protected items" which is adopted for the exchange adjustment should apply also if the recommendation relative to primage is put into operation.

The Board thinks it desirable to mention that, if the removal of primage be effected in instalments, it is important that when the impost is removed from any protected goods it should simultaneously be removed from any raw materials entering into the manufacture of such goods in Australia.

H. McCONAGHY, Chairman, Tariff Board.
A. D. J. FORSTER, Member, Tariff Board.
H. E. GUY, Member, Tariff Board.
W. S. KELLY, Member, Tariff Board.

Melbourne, 13th April, 1933.

APPENDIX.

The attached copies of evidence and supplementary statements by witnesses comprise the appendix to the Board's report. The attachments are:—

	Pages.
(1) Copy of evidence by Henry C. Dobson ..	13 to 15
(2) " " " " R. D. Westmore ..	15 " 18
(3) " " " " H. Gordon Bennett ..	18 " 33
(4) " " " " Albert E. Barton ..	33 " 35
(5) " " " " William F. Gates ..	35 " 37
(6) " " " " Harold Daniell ..	37 " 39
(7) " " " " Samuel F. Ferguson ..	39 " 51
(8) " " " " William J. F. Collens ..	51 " 54
(9) (a) Summary of Evidence by Professor L. F. Giblin; ..	54 " 55
(b) Supplementary statement by Professor L. F. Giblin ..	55 " 57
(10) Copy of evidence by Latham Withall ..	57 " 60
(11) Supplementary statement by Latham Withall ..	60 " 62
(12) Copy of evidence by John M. Atkinson ..	62 " 63

Evidence by Henry C. Dobson, Honorary Treasurer, Australian Association of Glass, China and General Traders, Sydney.

I, Henry C. Dobson, Honorary Treasurer of the Australian Association of Glass, China and General Traders at Sydney, desire to submit, on behalf of the said association, evidence having reference to section 6 of the inquiry into the practicability of evolving some method of varying duties imposed under protective items of the Customs Tariff by reason of exchange and primage duties.

I definitely submit that a practicable method which would reduce administrative difficulties, be readily understood by importers, and easy of application in the preparation of Customs entries, could be provided by the adoption of the home consumption price in the country of origin converted into English currency at par rate of exchange ruling on 1st January, 1929, as the basis for computation of the import duty.

I further submit, that the primage on goods originating from countries having currencies of higher exchange value than Australia should be abolished.

I claim that if my proposed method be adopted, much time could be saved and accuracy, fairness and uniformity secured. And further I claim that the proposal as outlined would be equitable to all importers, irrespective of the country of origin, and would also maintain the Ottawa agreements.

In support of my statement I submit the following tables:—

Table 1,

showing the extra protection, or vice versa, afforded to Australian industries, by the incidence of foreign exchange, England-Australian exchange and primage.

Table 2,

showing the extra protection afforded to Australian industries by—

- Firstly*—Taking par rate of exchange for computing duty and primage; and
Secondly—Also abolishing primage on goods from countries with higher exchange value than Australia.

Examples—Table 1.

For the purpose of this table, freight and other incidentals are ignored, as same were taken into consideration when the Tariff was compiled. The attention of the Board is drawn to the fact that even these have been increased by the incidence of the England-Australia exchange—

	British.	Continental.	Japanese.
EXAMPLE (1).—TARIFF ITEM 237A—CHINAWARE.			
Cost at par ..	100	100	100
Foreign exchange ..	Nil	45	-39
			61
England/Australia exchange ..	25	36.25	15.25
Duty ..	27.5	79.75	33.55
Primage ..	11	15.95	6.71
Total ..	163.5	276.95	116.51
Actual protection ..	63.5%	176.95%	16.51%
Tariff rate ..	25% plus 10%	50% plus 10%	50% plus 10%

Examples Table 1.—continued.

	British.	Continental.	Japanese.
EXAMPLE (2).—TARIFF ITEM 204B—ALUMINIUMWARE.			
Cost at par ..	100	100	100
Foreign exchange ..	Nil	45	-39
			61
England/Australia exchange ..	25	36.25	15.25
Duty ..	55	111.65	48.97
Primage ..	11	15.95	6.71
Total ..	191	308.85	129.93
Actual protection with duty at par rate ..	91%	208.85%	29.93%
Tariff rate ..	50% plus 10%	70% plus 10%	70% plus 10%

EXAMPLE (3).—TARIFF ITEM 120D—COTTON TABLECLOTHS, ETC.

	British.	Continental.	Japanese.
Cost at par ..	100	100	100
Foreign exchange ..	Nil	45	-39
			61
England/Australia exchange ..	25	36.25	15.25
Duty ..	5.5	39.87	16.77
Primage ..	11	15.95	6.71
Total ..	141.5	237.07	99.73
Actual protection with duty at par rate ..	41.5%	137.07%	-0.27%
Tariff rate ..	5% plus 10%	25% plus 10%	25% plus 10%

Examples Table 2.

	British.	Continental.	Japanese.
EXAMPLE (1).—TARIFF ITEM 237A—CHINAWARE.			
Cost at par ..	100	100	100
Foreign exchange ..	Nil	45	-39
			61
England/Australia exchange ..	25	36.25	15.25
Duty at par ..	27.5	55	55
Primage ..	11	11	11
Total ..	163.5	247.25	142.25
Actual protection with duty at par rate ..	63.5%	147.25%	42.25%
And with primage deleted ..	52.5%	136.25%	42.25%
Tariff rate ..	25% plus 10%	50% plus 10%	50% plus 10%
EXAMPLE (2).—TARIFF ITEM 204B—ALUMINIUMWARE.			
Cost at par ..	100	100	100
Foreign exchange ..	Nil	45	-39
			61
England/Australia exchange ..	25	36.25	15.25
Duty at par ..	55	77	77
Primage ..	11	11	11
Total ..	191	289.25	164.25
Actual protection with duty at par rate ..	91%	169.25%	64.25%
And with primage deleted ..	80%	158.25%	64.25%
Tariff rate ..	50% plus 10%	70% plus 10%	70% plus 10%

Examples Table 2.—continued.

	British.	Continental.	Japanese.
EXAMPLE (3).—TARIFF ITEM 120D—COTTON TABLECLOTHS, ETC.			
Cost at par ..	100	100	100
Foreign exchange ..	Nil	45	-39
			61
England/Australia exchange ..	25	36.25	15.25
Duty at par ..	5.5	27.60	27.50
Primage ..	11	11	11
Total ..	141.5	219.75	114.75
Actual protection with duty at par rate ..	41.5%	119.75%	14.75%
And with primage deleted ..	30.5%	108.75%	14.75%
Tariff rate ..	5% plus 10%	25% plus 10%	25% plus 10%

Résumé of Tables.

1. Percentage paid in duty, primage and exchange, as at present.
2. Percentage to be paid in duty, primage and exchange, if duty is assessed at par rate of exchange.
3. Percentage to be paid in duty, primage and exchange, if duty is assessed at par rate of exchange and primage is waived on goods emanating from countries having currencies of a higher exchange value than Australia.

	British.	Continental.	Japanese.
	Per cent.	Per cent.	Per cent.
Tariff rate ..	25 plus 10	50 plus 10	50 plus 10
(1) ..	63.5	176.95	16.51
(2) ..	63.5	147.25	42.25
(3) ..	52.5	136.25	42.25
Tariff rate ..	50 plus 10	70 plus 10	70 plus 10
(1) ..	91	208.85	29.93
(2) ..	91	169.25	64.25
(3) ..	80	158.25	64.25
Tariff rate ..	5 plus 10	25 plus 10	25 plus 10
(1) ..	41.5	137.07	-0.27
(2) ..	41.5	119.75	14.75
(3) ..	30.5	108.75	14.75

Conclusion.

Duty to be assessed on home consumption values, converted at par rate of exchange.

Primage to be abolished on goods emanating from countries having currencies of a higher exchange value than Australian currency.

It is not contended that this method would fully meet the circumstances, but it would at least go part of the way towards equalization of the relative costs of landing goods from various countries, and at the same time maintain the Ottawa agreements.

That it does not in any way prejudice the position of Australian industries and, in fact, only very partly relieves the excessive imposts on imports is proved from tables supplied herewith. These show that with duty assessed at par rate of exchange and primage deleted, Australian industries are protected by a much greater margin than contemplated by the authors of the Tariff.

I claim on behalf of my association that the method furnishes a perfect answer to inquiry No. 6, being—

- (I) Readily understood by and more equitable to importers, also upholding Ottawa agreements.
- (II) Easy of application in the preparation of Customs entries by importers.
- (III) Free from administrative difficulties.

I, Henry C. Dobson, on behalf of the above association, continuing my previous evidence, reply as follows:—

Your Request.—Give limits for movement of exchange to apply to primage.

My Reply.—This position cannot arise as exchange (no matter how it alters) has no effect on the duty paid, because for the purpose of assessing duty, prices on invoices would be computed at the par rate of exchange (as per my evidence tendered this morning), therefore, it is not necessary to make any limits to primage by reason of exchange altering, because the figures supplied this morning (table 2) provide for the abolition of primage on the assumption that the par rate of exchange would be the basis for computing duty.

In regard to your other request as to how my proposal will effect the cost of imported raw material for local manufactures (and as mentioned by you in particular applying to aluminiumware), also as to its effect on the finished Australian article. I submit this is a matter for the local manufacturers, who are certain to have these figures up to date, but I claim it is obvious that the raw material, if it is an item subject to duty and primage, it should cost less; if not subject to duty and primage it does not come into consideration in these remarks; in any case, if this raw material is dutiable it can then only be effected by the England-Australia exchange.

With regard to a point raised by you, i.e., that imports would increase, I definitely claim (as I did this morning), and it is an economic fact, that increased imports imply increased exports, and it is a further economic fact that unless we import we cannot export.

As stated by me this morning, I propose to stand on my figures and statements then supplied to you, feeling sure that on closer study the objects (par rate of exchange and abolition of primage) on which my statement is based, will fully justify my application.

Evidence by Reginald Dines Westmore, Secretary Joint Committee for Tariff Revision, Grosvenor-street, Sydney.

I, Reginald Dines Westmore, Secretary of the Joint Committee for Tariff Revision, Grosvenor-street, Sydney, desire to give evidence on behalf of that Committee, which comprises the following organizations:—

The Graziers' Association of New South Wales,
The Farmers and Settlers' Association of New South Wales,

The Producers' Advisory Council,
The Fruitgrowers' Federation of New South Wales,

The Sydney Chamber of Commerce (Inc.),

as to the various questions raised in any consideration of the influence of Exchange and Primage on the level of protective duties as under:—

1. I submit that the question of the necessity of maintaining protection to Australian industries, whether primary or secondary, cannot be affected by any deduction from existing duties on account of exchange and primage, which will be advocated in the course of my evidence. This evidence will be based upon the assumption that the protective duties at present in existence were arrived at without taking into consideration either exchange or primage, and that these two factors have increased the amount of effective protection which the Australian manufacturer enjoys.

2. We can see no reason why the margin of preference agreed to under the *United Kingdom-Australia Trade Agreement Act 1932*, and *Customs Tariff Canadian Preference 1931*, can be effected by any adjustment on account of exchange and primage.

3. We submit that the United Kingdom-Australia Agreement provided for preferences by means of rates of duty, and did not take into account varying rates of exchange, and that the same applies to the Canadian Agreement. For the purpose of this inquiry adequate safeguards in this respect would be obtained if it was stated that the deductions, which we advocate should be made on the formula which we will submit, are subject to an overriding understanding that they shall not operate to such an extent as to reduce the required percentage margin of preference.

3A. We submit that the increase in production costs to Australian manufacturers on account of increased charges due to exchange and primage on imported raw materials will be covered by a percentage reduction in the amount deducted from the duty on account of exchange and primage, and this will be provided for in the formula placed before your Board.

3B. As to the internal effects of exchange and primage we submit that for the purpose of this inquiry it is not necessary to consider this question once provision has been made for increased cost on account of imported raw materials.

The internal effects we believe to be negligible, as both the materials bought in Australia and the goods sold in Australia will be dealt with in the same currency, and therefore if subject, either one way or the other, to increased costs on account of exchange and/or primage, they are offset by the sales made at prices which are also affected in the same way.

4. Assuming that the protection already granted to Australian industries was considered adequate at the time the duties were granted, when the question of exchange and primage had not arisen, provided that any deductions made take reasonable account of any increase due to these two factors on the percentage of raw materials imported, and that the deductions in no case exceed the total amount of exchange and primage which actually accrues on the imported goods, there is no disadvantage likely to result to Australian industries, insofar as their costs are concerned, but those costs will be, if anything, lowered, enabling the goods to be sold at a lower price, and a greater volume to be sold on the purchasing power available.

5. As governments have first call upon Australian balances in London, at any rate while the exchange position remains as it is, any deduction from protective duties on account of exchange and primage should have no effect on Government finance so far as it relates to interest payment on overseas loans.

6. It is considered that the method of evolving a formula or series of formulas to take care of any situation which is likely to arise, will be a method by which the requirements of clause 6 will be fully met.

Coming now to the method that should be adopted, and dealing with the various points in your notice of the public inquiry, one by one:—

(a) My committee consider that a variation should be made on account of exchange and primage as follows:—

1. In the case of Australian industries which use Australian materials solely, that the deduction should be to the full extent, which, assuming that freight and insurance increased the f.o.b. cost by 10 per cent., would be approximately 38.5 per cent., made up as follows:—

	Per cent.
Exchange on goods at 25 per cent. . .	25
Exchange on freight and insurance at 10 per cent.	2.5
Primage at 10 per cent.	11
	<hr/>
	38.5
	<hr/>

2. In the case of goods where a proportion of imported raw material is used, and which goods are subject to a revenue instead of a protective duty, that the amount of the deduction on account of exchange and primage should be less than 38.5 per cent. by a percentage which would represent the added cost to the Australian manufacturer of his imported materials on account of these two factors.

(b) We consider that the variation should be applied to all classes of duty; in the case of the specific and composite duties it will be first necessary to reduce them to an ad valorem basis.

(c) We consider that the exchange variation should be assessed on the basis of English sterling, which is the present basis for duty; that in the case of a country whose currency is on the gold basis or is nearer the gold basis than England, that in addition to the deduction of 38.5 per cent., a further deduction should be made equal to the percentage rate of conversion to English sterling.

In the case of a country whose currency has a lower exchange value than Australian currency, the percentage of difference should be added to the duty.

(d) The meaning of this is not clear. The probability is that Australian costs will fall as the exchange rate falls, and will rise as the exchange rate rises.

As the formula which we are placing before your Board makes provision for both a rise and a fall, it seems to meet the requirements of this clause. We would further say that we do not think, in the interests of stability, that there should be any alteration in the deduction made on account of exchange and primage, until there is a movement of 5 per cent. either way.

For instance, whatever may be the deduction made with exchange at 25 per cent., the same deduction should be made if exchange went to 21 per cent. or to 29 per cent., but that when it reached 20 per cent., the equivalent of 5 per cent. less should be deducted, and when it reached 30 per cent., the equivalent of 5 per cent. more should be deducted.

In regard to (r) (i), this case would only arise where exporters decided, for the time being, to charge their Australian representatives only portion of the exchange, which would really amount to an internal arrangement, which may take place on account of other factors, even when exchange was at par.

In respect of (r) (ii), the whole of our evidence has been built up on the basis of telegraphic transfer rates. Any other usance would be merely a matter of interest, and would not affect the formula which we are placing before your Board.

As to (r) (iii), in this case even if payments were made by exchange of commodities, allowance would have to be made for the variation in exchange if the transaction was to be on a business basis, and eventually the exchange would have to be paid by the person or firm importing the goods. On this account such method of settlement would not affect the position. Of course, there may be isolated cases where a firm may be willing to speculate as to whether exchange would go up or down, but this could only occur to a very limited extent, and could hardly be looked upon as a factor in the ordinary business which merchants conduct.

My committee is of the opinion, as already stated, that both exchange and primage constitute additional protection to Australian manufacturers. In regard

to exchange, however, there are grounds for the removal of this additional charge that do not apply, with the same force, to primage, and on that account we set out separately our reasons why they should be deducted from protective duties levied.

Taking exchange first, we do not think there can be any argument against the contention that an importer, having to pay exchange upon the full value of the goods, has to meet charges which the Australian manufacturer does not have to meet when he is dealing with goods manufactured entirely from Australian raw materials, and only to a much smaller extent than the increased cost on fully manufactured goods when a proportion of the Australian manufacture is from imported materials, and varying according to the percentage of raw materials imported.

When Parliament fixed the duties and decided on the measure of protection which the Australian manufacturer should be granted, it did not contemplate and could not, of course, foresee the exchange position. In effect, this means that unless the exchange is deducted, the intention of Parliament is nullified, upset and dislocated, and the whole protective fabric thrown out of equilibrium. Accordingly the deduction of exchange would at least bring the position in accord with the intentions of Parliament when the duties were imposed.

Primage, however, is in a different category, inasmuch as Parliament was fully aware of the position it was creating when primage was imposed. Nevertheless it has a definite effect in increasing the protective incidence of duties, and for this reason should be considered as being additional to the duties that are levied for protective purposes.

We submit that the same arguments that we have advanced from time to time in favour of the lowering of excessive barriers against importations, the principle of which are that they create an artificial level of prices in Australia and cause the consumer to pay more for his goods, apply with equal force to both exchange and primage.

We now come to the consideration of some practicable method by which the protective incidence of exchange and primage can be neutralized, and to see that the duties which are in the schedule for protective purposes are not increased beyond the point at which they were intended to rest.

There is no difficulty in this respect where imported goods are competing with similar goods of Australian manufacture which are made wholly of Australian material, when undoubtedly the whole amount of the exchange and primage paid should be deducted from the duty levied.

The position is not so simple, however, when it comes to those goods where a percentage of the raw material is imported, and again it would appear to be necessary to take into consideration two classes of imported raw material, the first of which would consist of goods which were subject to protective duties, and the second those on which revenue duties are levied.

In the first instance, any increased cost on any raw material which was imported, and which was also manufactured in Australia, would be subject to a percentage deduction in accordance with the formula we will place before the Board. It would not, therefore, need to be further considered, since whatever duty was payable by the manufacturer who imported these goods would be less by the amount of the percentage of exchange and primage and so any increased costs on this account would be taken care of.

This, however, would not apply to the goods which come under revenue rates of duty, and in considering the amount of deduction which should be allowed on

account of the two factors under consideration when dealing with the duty on the manufactured goods in which these raw materials were used, it would be necessary to reduce the amount which was deducted from the duty by a percentage which would balance the cost caused in the first instance by the operation of exchange and primage.

On first considering how a formula should be arrived at it seemed to be necessary to arrive at a figure which would represent, in Australia, the factory cost price of, say, £100 worth of the same goods f.o.b., say, the United Kingdom. This appeared to be necessary in order to arrive at the money equivalent of the percentage of materials as against other costs—the two together making up the Australian factory cost—so that the money equivalent of the imported goods laid down in the Australian factory could be obtained. Calculations, however, showed that the amount of the Australian factory cost price was immaterial, and it did not matter whether the cost in Australia was 50 per cent. more than in England, whether it was 100 per cent. more, or even 200 per cent. This is indicated by the calculation shown on Exhibit "A" attached, where the same percentage is arrived at taking three different figures as the Australian factory selling price.

This being so, all that it was necessary to do in order to obtain a workable formula was to take, as a basis, any one of the three figures referred to in Exhibit "A" as the Australian factory selling price, and prepare a table which gave the percentage increase due to exchange and primage on account of imported raw materials to cover—

- (1) Varying percentages of raw material to factory cost
- (2) Varying percentages of that raw material which consisted of imported raw material.

This table is attached, marked Exhibit "B".

Both these exhibits are based, as will be seen, upon an assumed factory profit on selling price of 15 per cent., and also upon an assumed rate of duty of 5 per cent. There would be no appreciable alteration in the percentage to be deducted if these rates varied 5 per cent. either way.

Both Exhibits "A" and "B" are also based upon the goods being of United Kingdom origin, whether fully manufactured or consisting of raw materials for an Australian industry.

It would be necessary, in order to provide for countries on the gold standard, or nearer the gold standard than England, to add to the 38.5 per cent., representing exchange and primage, a further percentage to cover the rate of conversion to English currency, which is the basis on which duty is paid.

Conversely, in the case of countries having a currency lower than that of English sterling the proper percentage would have to be deducted from the 38.5 per cent.

There are also likely to be further variations where the price paid in the exporting country is greater or less than the domestic price in that country.

In the case of the domestic price being higher the deduction on account of exchange would then be on the price actually paid, while the deduction on account of primage would, of course, be on the domestic price being the higher, that being the value for duty. Where the domestic price was lower, both exchange and primage would be calculated on the price at which the goods were sold.

These, however, would be isolated cases and all that would be necessary would be an additional calculation.

As to the application of any formula that was adopted would be a matter of administration by the Customs Department, it would only be necessary for

them, in order to apply the formula, to call upon the manufacturer, in Australia, of the class of goods that were being imported, to state what percentage of his factory cost was represented by imported raw materials, when the percentage given by the formula would be applied. When this percentage was ascertained, and verified by the department (in most cases it should already be in the hands of the Customs Department) all that would be necessary would be to figure it out on the customs entry much in the same way as sales tax is provided for, but as it would affect that calculation the deduction would have to be made from the duty before the sales tax calculation was made.

The increased cost to the Australian manufacturer, due to exchange and primage, on the raw materials imported would already have been deducted from the duty paid.

EXHIBIT "A".

Primage and Exchange Inquiry, 27th January, 1933.

Evidence—R. D. Westmore.

The following calculations show the percentage of increased cost to factory cost price on account of exchange and primage to an Australian manufacturer where—

1. His factory cost consists of 50 per cent. materials and 50 per cent. other charges.

2. Fifty per cent of his material is imported, and is subject to 5 per cent. duty, 10 per cent. primage, and 25 per cent. exchange.

3. One hundred pound's worth of goods f.o.b. United Kingdom is reckoned to have a selling price of £100, £150 and £200, respectively, at the Australian factory.

They show that increased cost, due to exchange and primage in either case is the same—

Australian factory selling price ..	£ 100	£ 150	£ 200
Deduct 15 per cent. for factory profit on selling price	15	22.5	30
Gives factory cost ..	85	127.5	170
Assuming costs other than material are 50 per cent. ..	42.5	63.75	85
Their material costs ..	42.5	63.75	85
If 50 per cent. of materials imported, then the Australian factory cost would be ..	21.25	31.875	42.5
As this figure would include duty at, say, 5 per cent., Exchange, 25 per cent. and Primage 10 per cent., a total of 44 per cent., the f.o.b. cost would be, say ..	15	22	29
This latter figure of ..	15	22	29
Is the amount on which Primage and Exchange would be paid and at 38.5 per cent., this would equal an additional cost on account of Exchange and Primage on the proportion of imported raw materials of the amount shown under each column ..	5.775	8.5	11

This additional cost represents, in each case, approximately 6.5 per cent. on the Australian factory selling price, and is the percentage to be deducted from the 38.5 per cent. in the case of imported raw materials carrying a revenue rate of duty, used in the manufacture of Australian goods competing with fully manufactured imported goods, before the deduction is made from the duty applying to the fully manufactured imported goods.

The deduction to be made in the case of raw materials, imported by the Australian manufacturer which are covered by a protective duty, would be the percentage of increased cost, due to exchange and primage. In a case where the percentage of materials agreed with the foregoing table, the deduction would be 6.5 per cent.

EXHIBIT "B".

Formula referred to in evidence showing deduction to be made from 38.5 per cent. on account of:—

- (1) Varying percentages of material ;
- (2) Varying percentages of imported material to total material.

Australan Manu- facture containing following percentage of material.	When Proportion of Imported Material to Total Material used is—									
	10 per cent.	20 per cent.	30 per cent.	40 per cent.	50 per cent.	60 per cent.	70 per cent.	80 per cent.	90 per cent.	100 per cent.
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
20 .. ..	..	1	1.5	2	2.5	3.0	3.5	4.3	4.8	5.4
30 .. ..	.8	1.6	2.4	3.3	4	4.8	5.6	6.4	7.1	7.9
40	1	2	3	4	5	6	7	8	9	10
50	1.3	2.6	4	5.3	6.6	7.9	9.2	10.5	11.8	13
60	1.7	3.3	4.9	6.6	8	9.6	11.2	12.8	14.2	15.8
70	1.8	3.6	5.4	7.3	9	10.8	12.6	14.4	16.1	17.9
80	2	4	6	8	10	12	14	16	18	20
90	2.3	4.6	7	9.3	11.6	13.9	16.2	18.5	20.8	23

Evidence before Tariff Board Inquiry by H. Gordon Bennett, President, Chamber of Manufactures of New South Wales, 27th January, 1933.

Chairman and Members,
Commonwealth Tariff Board,
Sydney.

Having been informed by the Secretary of the Tariff Board that the Board does not intend taking evidence in respect of Items 1 and 2 on the agenda, I have not prepared any evidence for submission to the Board on these matters and will content myself with submitting evidence in connexion with the remaining questions on the agenda.

I would like to mention, however, that the vacillation and uncertainty as to the fiscal policy or the interpretation of what is the declared policy is having a very damaging effect on Australia, and is retarding its return to prosperity by shaking the confidence of investors in our industries.

The lack of interpretation of the Ottawa Agreement has been a serious check to development, and the present proposals have created further misgivings. I, therefore, urge this inquiry should make special mention of the need for a positive and definite fiscal policy, free from any equivocation.

Question 3.—The increase in production costs resulting from—

- (a) increased charges due to exchange and primage on imported raw materials;
- (b) the internal effects of exchange and primage.

Sub-clause (a) of clause 3 of the question paper sets down for inquiry "the increased charges due to exchange and primage on imported raw materials." I would like to point out that exchange affects not only the cost of raw materials imported, but also of those exportable. As will be shown later, it is impossible to measure the ultimate effects of exchange and primage upon the costs of production of the various products manufactured in Australia. They effect every item of costs to a varying degree in each industry and for each quality and size of product.

The Economic Committee's report of 12th April, 1932, very forcibly draws attention to the effects of inflated exchange upon costs of production of industries producing for the home market, saying:—

"A sufficient increase in the rate of exchange will at once raise to a profitable level, the prices in Australian currency of exportable goods. The cost of the high exchange is diffused throughout the community. Some of this cost falls upon the exporting industries themselves, so that the benefit to them is less than would appear. The rise in the cost of imports and of exportable goods locally consumed is direct and obvious. As these affect also the cost of living, wages and salaries will in time rise. These effects would be cumulative, ultimately taking from the exporter much of his immediate gains. But

nominal wages have not fallen as much as export prices, and would not rise to the same extent. Thus even ultimately a substantial gain would remain with the exporter. If we could count upon a sufficient rise in oversea prices in the course of the next year or two, the method of raising the exchange rate might keep up production until the rise in oversea prices restored export industry to a profitable basis.

A high rate of exchange has, nevertheless, the defect that, if overseas prices did not rise as anticipated, the adjustment between internal costs and prices would still be incomplete. Wages and salaries would have risen. With rising costs the benefit to the exporter would gradually grow less, and a still higher exchange would be necessary to make export production profitable. Even if oversea prices went no lower, repeated increases in the exchange rate, with increasing burdens on budgets, would be necessary to maintain export production. There would be a growing tendency for the exchange and budgets and the currency to get out of hand. There is a limit beyond which reliance on the exchange only would become perilous. It is the characteristic danger of this method that there is no logical stopping place. The early success attending such a policy would inspire demands for further increases, which, if conceded, would destroy confidence and prevent control of both the budgets and the currency. A well-balanced economy cannot, in the absence of a rise in oversea prices, be gained simply by raising the rate of exchange."

In the cases of Australian manufacturers using imported or exportable raw materials, costs are increased to the full extent of exchange, and in many cases, to the extent of exchange plus primage on the materials used.

Lead quoted in London to-day at £10 15s. per ton costs in Australia £15 f.o.b. Port Pirie, equal to £16 delivery factory.

Ingot tin costs locally £196 10s. per ton. In London the same tin is sold for £144 10s. per ton.

Electrolytic copper cakes show a difference of £18 10s. between Australian and London prices. Electrolytic zinc, available here at £22 15s. per ton, sells in London at £14 8s. 9d. per ton.

The Australian rubber industry in 1930-31 used £1,601,000 worth of raw materials, practically all of which were imported. At current rates primage would add about £130,000 and exchange about £295,000—a total of £425,000 to the cost of these materials—that is about 12½ per cent. of the total output of the industry.

Australian woollen mills in 1931 used materials valued at £3,620,000. If we assume, for the purpose of illustrating the effect of exchange, that all of this was wool and the exchange rate was 10 per cent in 1931 and 30 per cent. in 1932; that the price of wool used in Australian factories averaged 1s. per lb. in both years, and the same quantity was used each year; it would be found that, on the wool used in 1931, the exchange premium would amount to £330,000, and in 1932 it would amount to £990,000.

Some industries use a large, others a small, proportion of raw materials imported or exportable, and even in one industry the proportion of raw materials

used varies according to the size and the quality of the article. The added costs imposed by exchange vary according to the proportion of such materials used.

I am strongly of the opinion that no deduction should be made from Customs duties on account of any assumed protective incidence of exchange—for such protective incidence, if it exists at all, is very slight, as is illustrated by the following figures. The rise in exchange has lowered the landed costs in sterling of goods imported to Australia.

LANDED COST IN AUSTRALIA.

	British Manufacture.	Australian Manufacture in Australian Currency.
EXCHANGE AT PAR.		
Cost of raw materials in sterling ..	40	40
Other costs	60	90
Cost of finished products ..	100	130
Duty 30 per cent.	30	..
Landed cost in Australia = cost of production in Australia ..	130	..
EXCHANGE AT 125 PER CENT.		
Cost of raw materials in sterling ..	40	50
Other costs	60	90
Duty at 30 per cent. cost in sterling to British Manufacturer ..	100	140
Landed cost Australia in sterling ..	22.10.0	..
Exchange	122.10.0	..
Landed cost in Australia with exchange at 125 per cent. ..	30.12.6	..
	153.2.6	..

Apparent protective incidence of exchange, £13 2s. 6d. on £140 equals 9.38 per cent. This percentage has to absorb all the other increase of costs due to exchange—resistance to fall in wages, increased taxation, &c., which, as I have said, are impossible to estimate.

In 1930-31 Australian protected manufacturing industries used imported and exportable raw materials valued at approximately £20,000,000 (see appendix P, schedule X attached). The added cost of these, due to exchange at the present rate, would be £4,000,000. The added costs due to primage is difficult to estimate—but, during July and August last the Commonwealth Statistician estimated production goods constituted 55 per cent. of our imports—assuming they represent this proportion of primage duty—the added cost to Australian manufacturing industries on this amount would be nearly £2,000,000. But, unfortunately, the increase in costs does not stop there. In addition to excess costs imposed by exchange and primage upon imported raw materials, very serious additions are made to the cost of imported machinery and replacement parts—I am informed that in the woollen textile industry some £20,000 per annum is added by exchange to the cost of replacement parts. What the total cost to Australian industry would be, I cannot say, but as imports of metals and machinery amounted to £6,500,000 last year, on which the exchange premium was approximately £1,750,000, I should say the larger part might be accounted as the cost to which I am referring.

As shown in the passage from the Economic Committee's report, which I have quoted, exchange affects every factor in the cost of production.

No exact information is available as to the extent to which exchange increases the cost of living—but its effect is fairly illustrated by comparison with the unemployment relief tax of 1s. in the £1, of which total collections in New South Wales last year amounted to

about £6,000,000. The exchange premium on imports into New South Wales came to the same amount. For the last six months it has amounted to £4,000,000; so at present it appears as if unemployment relief tax is costing 1s. in the £1 on wages, and exchange premium on imports about 1s. 4d. When to this burden is added the rates and taxes imposed by Federal and State Governments; and municipal councils, and other public bodies to meet the exchange premiums on overseas commitments, it is seen that the burden imposed upon industries producing for the home market is far greater than the unemployment relief tax. A letter to the *Sydney Morning Herald*, on 17th August last, stated that the Brisbane Council had to pay £29,000 in exchange premiums on overseas commitments; the Hunter District Water Board, £32,000; New South Wales Railways, £750,000; and the Sydney Municipal Council, £90,000; and on the 5th January, this year, the chairman of Dalgety and Company mentioned that it cost his firm £175,000 in exchange on transfer of funds to London. I mention those sums to illustrate the burdens which exchange is imposing on industry.

It is impossible to assess, even approximately, the additional cost due to exchange and primage, on account of this increased cost of raw materials, wages, taxation, and other charges.

The increases are cumulative, percentages being added in each case to the higher figures, so that it is impossible to calculate the ultimate effect.

Exchange, moreover, increases the cost not only of imports which compete with Australian products—but also of essential imports which are not produced in this country—for example, tea, coffee, cocoa, rubber and petroleum products. It is possible by means of the tariff to discriminate between imports of essential commodities not produced here, and those which compete with Australian products. Exchange allows of no such discrimination—for it falls upon all commodities alike, and adds to cost of production directly by increasing the cost of imported and exportable raw materials and indirectly by increasing the cost of living. The burden of exchange falls very heavily on the poorer classes of the community, by increasing the cost of tea, coffee, cocoa and other commodities.

It seems to me essential that there should be discrimination between essential commodities not produced in Australia, and those which compete with Australian products. The former should be admitted duty free or under a merely revenue duty—to the latter protective duties should apply. This cannot be done if exchange is substituted for tariff.

The developmental work incidental to the opening up of every new country has imposed very heavy costs upon all Australian industry. Up to the 30th June, 1930, the Commonwealth and States Governments had spent £348,988,000 of loan moneys of which £775,000,000 were spent on various developmental works as shown in Schedule Y attached hereto which also shows—

- (a) Loan expenditure on developmental works.
- (b) Loan and revenue expenditure in Victoria on account of primary production for ten years ended 30th June, 1932.
- (c) Losses sustained in connexion with loan money investments ten years ended June, 1931.
- (d) Losses sustained during 1930-31 in connexion with loan money investment.
- (e) Arrears owing by land settlers at 30th June, 1931.
- (f) Auditors-Generals' comments on (e).
- (g) Revenue expenditure in aid of primary production.

It is impossible to allocate this expenditure between urban and rural areas—but inspection of the above items reveals that by far the greater proportion of this

money has been spent upon works to serve and develop rural industries which were essential to our national development.

The extent to which loan moneys have been spent to assist primary production may be gauged from the figures used in Mr. Linton's speech and shown in the schedule above referred to.

He shows that over 80 per cent. of the loan expenditure in Victoria during the last ten years was in aid of primary production. If this proportion of loan expenditure on rural development applies over the whole of the Commonwealth—as is not improbable—then the total loan expenditure of Commonwealth and States for the benefit of primary production will amount to somewhere around £675,000,000. These figures show that the greater part of the losses upon developmental works throughout the Commonwealth may be rightly accounted as assistance to primary production.

Unfortunately, a great deal of loan money has been spent in unprofitable works, many of which do not return sufficient revenue to cover working expenses, and many more, while clearing working expenses, do not earn enough to pay interest on the money invested therein. Full information is not available on the subject—but the list in the schedule which is taken from Auditors-Generals' and other official reports, shows losses sustained during the ten years ended June, 1931, in connexion with loan money investments totalling £78,000,000. As stated in the schedule, the list is incomplete and shows only portion of the total losses sustained.

The losses are quoted over a period of years to show they are not merely temporary but must be regarded as a permanent factor—at least for many years to come. At present they are heavier than usual—and are likely to continue so as long as the depression lasts. The losses shown in part (d) of the schedule amount to £17,000,000 and were incurred during 1930-31, and it appears likely that approximately the same amount will be an annual charge for some time to come.

Many other losses have not been taken into account and £20,000,000 would be a conservative estimate of the total, to which must be added the further losses which will be entailed by recent freight reductions, and provision for losses on outstanding indebtedness of settlers which are bound to occur and appear likely to be exceptionally heavy. Schedule Y gives some of the amounts shown by Auditors-General to be outstanding on account of arrears owing by land settlers.

Auditors-General are pessimistic as to the possibility of recovering these amounts as shown by the comments extracted from their reports given in the schedule, part (f).

Section (f) of the schedule shows that West Australian and South Australian farmers owe over £26,000,000 to their governments, most of which is loan money lent to them.

The comment of the royal commission, Schedule Y, Section (f), on West Australian farmers' debts might well be applied to the whole of the Commonwealth. Losses and arrears of £88,000,000 have been shown—most of which it must be remembered were incurred during the years 1922-1929 inclusive, when extraordinary high prices ruled for primary products. What the annual loss will be with prices of primary products at their present levels, can only be a matter for conjecture. Prospects for the immediate future are certainly far from cheerful unless there is a vast improvement in the near future. Undoubtedly a large proportion of the £81,258,000 loans to settlers now outstanding will have to be written off as lost.*

Allowing 50 per cent. of the arrears now outstanding on settlers' accounts to represent the annual loss on this account and adding the £20,000,000 already referred to,

there will be an annual charge of approximately £25,000,000 per annum to meet on account of unprofitable investments of loan moneys. It seems probable that this loss will have to be met for some years to come, for under present circumstances at any rate, it does not appear practicable to reduce it to any extent. The money has been borrowed and spent and the interest must be paid, so the losses must be regarded as a necessary expense of development.

In addition to the foregoing, as shown in the schedule, revenue expenditure in aid of primary production by the Federal, New South Wales, Victorian and South Australian Governments amounted to £11,603,000—the total for all States and the Commonwealth must be somewhere around £15,000,000.

The total revenue assistance to primary industries is shown in Appendix A at £29,500,000—this excludes provision for losses on outstanding indebtedness of settlers and other expenditure shown here, the inclusion of which brings the total of assistance to primary industries and losses on unprofitable investments of loan moneys to £40,000,000—an annual charge which must be borne by the community, and is met almost entirely by taxation. The extent to which it falls upon industry is a controversial question—but on the basis set out on page 196 of "The Australian Tariff", £14,000,000 would be somewhere near the mark. Apportioned over the national income on the basis set out on that page, this would represent a burden of about 7 per cent. on industrial costs—borne by primary and secondary industries alike.

With such a handicap on top of the wages and industrial conditions which it is the national policy to maintain, Australian industries can hardly be expected to compete on even terms with the industries of older and more highly developed countries whose industries are carried on under conditions and wage rates inferior to those ruling in Australia.

So far as primary products are concerned, this has long been recognized, and those subject to the possibility of competition have been given ample tariff protection. In 1927, the cost of protection of primary industries was estimated by the Committee of Economists which inquired into the Australian Tariff as follows:—

	£
Sugar	4,000,000
Butter	3,000,000
Other primary products ..	3,000,000
	<hr/>
	10,000,000

A corresponding estimate for the year ended 1931 would be roughly:—

	£
Sugar	7 m.
Butter	4.5m.
Other primary products (including wheat bounty	6.2m.
	<hr/>
	†17.7m.

This figure is only an estimate—but is probably near enough correct for the purpose of this inquiry.

I think at present it can fairly be said that there is no Australian primary industry of major importance which does not receive assistance in one form or another. It is often said that the wool industry is entirely unsheltered. A glance at a railway map of the Commonwealth will reveal the extent to which wool-growers are served by the railways—without which they would have to rely upon bullock waggons, horse teams, or motor transport, and pay about 1s. per ton per mile freight for conveyance of their wool to shipping ports instead of, as shown in the Wool Inquiry Committee's Report, page 19, from 2½d. in Western Australia to 5d. in Victoria and 5.3d. in South Australia, as at present. Undoubtedly, the

railways have been of considerable assistance to the wool industry, and a proportion of the losses on them must be accounted as assistance to that industry.

This assistance to primary industries is at the present time essential. Its withdrawal would create a crisis of the first magnitude, forcing a large number of primary producers out of production, and bringing about industrial and financial chaos.

For the maintenance of our primary production, we have therefore to meet the following annual charges:—

	£
1. Losses on public works for rural development, &c.	25m.
2. Revenue expenditure on account of primary industries	15m.
3. Tariff assistance and bounties to primary industries	17m.
Total	57m.

Of this the secondary industries must provide their share. The leading article of the *Age* on the 23rd inst. stated that £16,000,000 additional taxation had been imposed upon the Australian people during the last two years. Of this, the exchange premium on oversea commitments amounted to about £7,500,000.

If revenue is reduced by sacrifice of customs duties, and it becomes necessary to impose additional taxation to make good the deficiency, a still further burden will be imposed upon all Australian industry, without any compensating benefit. And, if governmental expenditure is increased to meet the increased exchange premium on overseas payments, still further taxation would have to be imposed to meet this additional expenditure. The position of many secondary industries would become impossible—their tariff protection being reduced at the same time that increased costs were imposed by additional taxation.

Under such circumstances, many factories would be forced to close down, ceasing to provide any share of the assistance now afforded to the primary industries, and throwing upon such industries, as remained, the burden of supporting an increased army of unemployed. Substitution of exchange for tariff as suggested would therefore benefit no Australian industries. On the contrary, it would impose additional burdens upon them all.

Question 4.—Advantages and/or disadvantages likely to result to primary and secondary industries through variation of duties by reason of the operation of exchange and primage.

Following upon an inaccurate statement in the report of the Wool Inquiry Committee that the tariff imposed a burden of 2d. per lb. upon the wool industry, I caused an investigation to be made so far as possible with the means at my disposal along the lines of the report of the Committee of Economists appointed by the Bruce-Page Government to inquire into the Australian Tariff—which contains the only exhaustive analysis of the subject yet made by competent authorities. By bringing up-to-date the statistics upon which the Committee based their findings and application of the formula and arguments used in their report, a fairly close estimate of the position as it exists to-day should be obtained. This has been done, and in order to show clearly the costs imposed upon each class of industry by protection and assistance afforded to other classes, primary and manufacturing industries have been dealt with separately. Statistics used in this investigation were taken from the *Commonwealth Production Bulletin*, *Commonwealth Year Book*, and Auditors-Generals' reports. The results of the investigation are contained in Schedule X attached hereto, which I ask the Board to accept as part of my evidence, and include in the transcript thereof. It shows that tariff protection of manufacturing industries imposes

a gross burden of approximately 4 per cent. on Australian industry. Thus in the case of the wool industry, the net burden imposed by protection of manufacturing industries amounts to about 4 per cent.—or .25d. per lb., and by protection of primary industries to about 5½ per cent.—or .36d. per lb.—a total of .61d. per lb., or less than one-third of the 2d. estimated by the Wool Inquiry Committee.

The total burden of tariff protection of primary and secondary industries at present, therefore, amounts to about 10 per cent.—or about £23,000,000 on the whole of Australian industry as compared with the £29,000,000 estimated by the Economic Committee in 1927.

The share of this burden falling upon the primary industries is, however, more than offset by the assistance to those industries in the shape of losses on works and revenue expenditure for the benefit of primary industries to which I have already referred.

As shown in appendix X, the income in primary industries bearing the excess costs of protection amounted to £116,000,000, and the excess costs imposed upon those industries by protection of manufacturing industries is about 4 per cent. or £4.8 millions—this represents the maximum relief that would be afforded them by complete abolition of the tariff upon commodities manufactured in Australia. Relief to this extent would necessitate the sacrifice of more than half of the customs duties received by the Federal Government which, together with primage in 1931, amounted to £18,565,000 (customs duties £14,908,000, primage duties £3,657,000), which total appears likely to be considerably greater for the current year.*

Such abolition would result in the destruction of many local manufacturing industries, including many using Australian primary products as raw materials.

The sacrifice of this amount of revenue would necessitate the imposition of other taxation to an equivalent amount in order to balance the Federal Budget, and this taxation—or the greater part of it—would necessarily fall chiefly upon primary producers, as such manufacturing industries as were able to exist on a freetrade basis would obviously be unable to bear further taxation, contribute their quota to the assistance of primary industries, and at the same time compete with imports.

I have quoted an extreme case, but a comparatively slight reduction in customs and primage duties would involve considerable sacrifice of revenue on the part of the Federal Government with little or no corresponding advantage to the export industries. For instance, if we assume the average rate of customs duties to be 30 per cent., primage duty being 10 per cent.—on the basis of 1931 revenue—an all-round reduction of 5 per cent. would involve a loss of revenue amounting to about £1,750,000. On the basis set out in page 196 of *The Australian Tariff*, about one-third of this would be passed on to industrial costs—of which the share of the export industries would be about £240,000. This benefit would, of course, be offset by any additional taxation they would be called upon to bear in consequence of the loss of revenue—which would probably exceed the benefit they derived, as the reductions of tariff and primage having been made in the interests of primary producers, any attempt to impose additional taxation upon the rest of the community to make good the loss of revenue, would certainly be vigorously resisted. Public opinion would almost certainly insist that the industries deriving the benefits (if any) of tariff reduction, should bear the costs thereof.

Primage is a duty imposed wholly for revenue purposes, and at the present time the customs revenue is also practically purely a revenue duty. Appendix N

of Schedule X shows that after deduction of the excess costs due to exchange, as shown in column 5 of the appendix, the average protective incidence of the tariff is reduced to about 14 per cent.

Duties are either for protective or revenue purposes. A reduction of the protective duty would destroy the protection, and would, naturally, be followed by the closing down of factories and increased unemployment. A reduction of the revenue duties would be followed by a reduction in the governmental revenue, which would necessitate an increase in taxation to make good the loss. Both would be attended by disaster.

As the Board is aware, despite the heavy increase of taxation and burdens imposed by exchange and primage, and before the recent wage reductions in New South Wales, many commodities manufactured in this State were on sale at prices lower than those at which they could be imported duty free. In my opinion this was almost entirely due to the fact that Australian factories, being free from overseas competition, were enabled to increase their output and so reduce production costs considerably by spreading overhead expenses over the greater volume of output. In the woollen manufacturing industry in particular, volume of output has a very large influence upon costs of production, owing to the expensive machinery used in that industry.

Reduction of duties to an extent which would permit importers to lower prices of manufactured goods to the consumer would necessitate the sacrifice of a large proportion of the customs revenue, and the imposition of an equivalent amount of taxation to make good the deficiency of revenue.

Admission of imports to compete with Australian manufactured products would lessen their market, and, consequently, compel reduction of output, which, in turn, would increase their costs of production.

If duties were reduced to such an extent, then, at the same time as their costs were increased by reduced output and higher taxation, Australian industries would be faced with keener competition from overseas—which would intensify as Australian costs rose with constantly diminishing output. Many factories now find it difficult to keep going, and, under such circumstances, an ever-increasing number would be forced to close down.

The reduction of output of factories using imported raw materials, resulting from increased competition from imported products, would reduce imports of those raw materials with a consequent loss of customs revenue from the duties payable thereon.

The most serious effect upon Australian industry, and upon the country as a whole, of any proposal to allow exchange to act as a substitute for the tariff, would be to create an impression that the protective incidence of the tariff would vary with the exchange. Whether or not it had any foundation in fact, undoubtedly this impression would be created, and it would be a severe check to investment in Australian industrial enterprises, upon which we must chiefly rely to absorb our unemployed into profitable production.

Before any one invests money in a manufacturing enterprise, he wants to be certain about the amount of protection his industry will receive. If there is any doubt, he will not invest. The effect of uncertainty in this respect is well exemplified by what happened after publication of the Ottawa Agreement. Replies to a questionnaire sent out by the Chamber of Manufactures subsequent to that date, state definitely that extension to factory, plant and buildings have been held up pending settlement of the tariff and knowledge of what the effects of the agreement will be. This uncertainty has undoubtedly been responsible for preventing the employment of a large number of men, and has been intensified by the present proposals.

With exchange acting as a substitute for tariff, and international exchange fluctuating daily, nobody would have the vaguest idea of what the position was from day to day. It would be a matter of physical impossibility to compare costs of production in various countries upon a common basis, and so impossible to compute the effect of exchange when operating instead of tariff.

Under such circumstances, nobody would invest in manufacturing industries, and the only practicable avenue for absorption of our unemployed would be closed.

As evidence that it is to the manufacturing industries we must look to provide profitable occupation for our unemployed, I would point to the record of the last ten years. In 1920-21 the capital invested in those industries was £128,000,000, and the number of persons employed was 386,000. In 1929 the capital invested amounted to £239,000,000, and 450,000 hands were employed. Production in these industries increased from £118,000,000 to £159,000,000. So without the expenditure of any government loan moneys, these industries, during the period, increased our wealth production by £41,000,000 per annum, and found employment for 64,000 more hands.

Admittedly the number of employees fell off by 112,000 during 1930 and 1931, but as, according to the estimate by Mr. Stevens, Premier of New South Wales, published in the *Sydney Morning Herald* of 22nd December last, at least 20,000 hands had been re-engaged in factories during the past six months, it is evident that re-absorption of unemployed in the manufacturing industries will be rapid with improving industrial conditions.

On the other hand there seems little possibility of increasing employment in the primary industries. Since 1921 the various State Governments have spent £307,000,000 of loan moneys. As shown in Schedule Y, in Victoria, during the period, 80 per cent. of the loan expenditure was on various aids to primary production. If this percentage applies over the whole Commonwealth, the loan expenditure on aids to primary production would amount to about £240,000,000, and, as a result of this vast expenditure upon which tremendous losses have been, and are still being, incurred, in 1931 there were 32,000 fewer people employed in rural occupations than in 1920-21, and 53,000 fewer than in 1922-23; and despite the fact that the wheat harvests and wool clips of the past two years have been of record proportions, employment in those industries was still decreasing in 1930 and 1931. The only rural industry which has increased the number of employed is the highly protected dairying industry, in which there has been a slight increase during the past three years.

It is quite a common idea that a rise in wool and wheat prices to their former levels would solve our unemployment problem. To me this is hardly borne out by facts; it may be true inasmuch as the fall in prices forced the cessation in overseas borrowing, but as our credit in London was already badly strained in 1928—we had to pay something like 6½ per cent. for the renewal of short-term obligations—I do not think the cessation of borrowing can rightly be ascribed to the fall in prices.

The Economic Committee's report stated that "a substantial part of the prevalent unemployment is due to the collapse of government borrowing, which employed at least 100,000 men". This probably refers to men directly employed, and many more deriving indirect employment from the same source, for, writing in the *Australian Quarterly* of December, 1930, Professor Giblin stated: "Probably a population of 250,000 got their income from this source (expenditure of overseas loans). Some of these will carry on at lower incomes, but the greater part must find other profitable production". Those who have been able to

do so under present circumstances have probably displaced other workers less efficient. Although no official estimate has ever been made, I think it would not be very far out to put at 250,000 the number thrown out of work by the cessation of overseas borrowing.

During the years 1920-29, while prices of our export products were at their highest, there was an average of 34,000 unemployed. The *Commonwealth Year-Book* states that the percentage of unemployment among trade unionists is a fair guide to unemployment among the whole population; so, as trade unionists represent about half the wage-earners, the total unemployment during the period averaged about 70,000. If to this we add a quarter of a million as unemployed through cessation of overseas borrowing, we find that some 320,000 are unemployed through causes other than the fall in export prices. As we have now about 350,000 unemployed, it would appear as if only about 30,000 were unemployed owing to the fall in export prices and the loss of confidence due to depression and the atmosphere created by party politics.

The gravity of our position then becomes apparent, for it appears as if even if export prices again rose to the high-levels of 1927-28, we should still have upon our hands an army of over 300,000 unemployed. And, in the light of past experience, how can we hope to find employment for these people in rural industries?

Therefore, I say that it is to the manufacturing industries we must look for the absorption of our unemployed, and any measure likely to shake confidence in the protective incidence of the tariff will do grave damage to Australia and retard industrial recovery by checking investment in manufacturing enterprises.

It is true that the Federal Government has at present some surplus revenue—due chiefly to buoyant customs receipts—and has, in consequence, been able to remit a certain amount of taxation. If this position continues, it would be more advantageous to industry in general to reduce primage and revenue duties on raw materials not produced in Australia. Remission of these duties would reduce costs of production in industries using such materials and would injure none. If, after such reduction, the Federal Government still found itself in possession of surplus revenue, it might reduce land and income taxes, which would reduce costs in all industry.

To sum up upon this point, it appears that any reduction of primage and tariff duties on account of exchange must involve a reduction of revenue, thus entailing the imposition of additional taxation to a corresponding amount to make good the deficiency, or, in the event of surplus revenue being available, it would be due to the retention of existing taxation which is more injurious to industry than are either Customs duties or primage. Any action upon the lines under discussion would undoubtedly injure more than it would help the primary industries for whose benefit it is alleged the tariff reductions would be made.

I have already stated that the costs imposed upon industry by exchange cannot be computed, and, as further evidence of this, I will quote Professor Bridgen's statement in Addendum 2 of the Wool Inquiry Committee's report, in which he said: "The economic problems involved in that (the exchange) controversy are obviously too complex to be generally understood. They are comparable to a difficult question of law, concerning which 'bush lawyers' may be positive, but learned judges are less assured".

Seeing that experts are not sure of the effects of exchange, I submit that it would be dangerous to base our protective tariff upon a medium so liable to fluctuation, so difficult of control, and about which so little is known. It is far safer to adhere to tariffs of which we have more knowledge, and of which apparently the effects can be more accurately measured.

It is quite improbable that substitution of exchange for tariff would yield any advantage by stimulation of export trade. Overseas markets for our principal primary products are limited, and Australia has already been compelled to restrict exports of certain products to prevent the flooding of British markets. Exchange manipulation for the purpose of capturing overseas markets is highly dangerous to financial stability, and has been condemned by the world's leading economists.

I am quite aware that a number of people believe that depreciation of the currency stimulates the industry of a country, and quote the expansion of French industry during the inflation period as evidence. To them I would quote the following passage from Miss E. Dulles' standard work, *The French Franc*, 1914-1928, page 297:—

The inference to be drawn from the figures is that the expansion of French commerce had been to a considerable extent in spite of, and not due to, the monetary situation. It is true that some industries had gained very markedly in exporting to countries where they could not normally compete, but on the whole the development of such unusual opportunities was undoubtedly retarded by the knowledge that the advantage was temporary. The bulk of French commerce followed the lines laid down for it in the past. Since a very large part consists of specialities and is not met by as keen competition as the case with raw materials and standardized manufactured products, one would hardly expect to see very great short-time changes due to sudden price differentials. The expansion of commerce after the war was due probably to an increase of mass production in France, which marked a more or less permanent change, and was due only in a very small degree to depreciation. The fact to remark in studying the influence of depreciation or stability on commerce is that a change in the value of money seems to affect commerce in the first instance by increasing exports and imports together or by decreasing both, instead of at once increasing the difference between the two sides of the commercial balance.

The benefits derived from exchange inflation by industries producing for the home market are largely conjectural; the penalties imposed upon them are, as I have shown, obvious and immediate.

Moreover, to base the tariff upon exchange would immediately throw the latter into the political field where it would become the football of party politics as the tariff has been—kicked high or low according to the whim of the party in office at any particular time. In the last directors' report of the Commonwealth Bank, Sir Robert Gibson emphasized the danger of political interference with exchange, saying—

Much has been written and said on these questions by economists and financial authorities and those not coming within either category whose interests are particularly affected by the incidence of exchange. Australia has produced its own protagonists on these questions, and, of course, as is natural, the views expressed are often influenced by the outlook of those concerned or by the personal or sectional interests involved. Admittedly, the circumstances of to-day make it unusually difficult for those responsible for the control of such matters to manage currency and exchange in the manner calculated to serve the best interests of the community as a whole. However such controlling authority may act, it is inevitable that those in conflict with its views will indulge in public criticism. The danger in this is the possibility of political interference in these matters, and probably many of those who are engaging in public controversy do not realize this danger. If the position is to emerge without serious consequences, the essential condition of safety surely requires that the administration of these matters be left in the hands of an independent body which is not influenced by any form of duress and adheres to a policy which is fundamentally designed to serve the common interest. The Board has maintained exchange on London during the past six months at a stabilized position in relation to sterling, and in so far as gold is concerned, has allowed the fluctuations between sterling and dollars to operate as between Australian pounds and dollars. A final solution of these questions must be influenced by external developments quite outside any influence in which Australia can play a material part, and in the meantime the Bank Board must continue in its wisdom to handle the domestic aspect of these matters in the light of circumstances which are ever changing.

I can think of nothing more damaging to Australian industry—both primary and secondary—than action which would throw exchange into the political sphere

—as would undoubtedly happen if it were to become the official substitute for tariff protection. Such action would tend to destroy confidence in the stability of our currency and be fraught with the gravest possibilities. I suggest that in considering this matter of substituting exchange for tariff and primage, the Board should give every consideration to Sir Robert Gibson's warning.

Question 5—

EFFECT ON GOVERNMENT FINANCE.

In the Federal Parliament recently, Mr. Paterson stated that revenue would be increased by greater imports if duties were lowered. I wish to draw attention to the danger of this theory. If increased revenue is to be obtained by a greater flow of imports, under present circumstances it will mean the destruction of our favorable trade balance, the maintenance of which is essential to our financial stability. Even now, our trade balance is not as favorable as it should be—for it is not sufficient to allow of the creation of reserves oversea—and, as pointed out in the Bank of New South Wales circular of the 7th September last, a proportion of the value of our exports should be devoted to building up funds in London as a kind of drought reserve—without which the Australian banking system cannot function confidently. If due regard is paid to national financial stability, no reduction of duties should be allowed to bring about an increase of imports.

I think we are all aware of conditions obtaining in early 1931 when the possibility of default in payment of our overseas obligations was openly discussed and, in some quarters, even advocated. Australian stocks in London fell to little more than half of par value, and the credit of the nation appeared close to destruction, and was only saved by extraordinary effort and sacrifice upon the part of the Australian Government and the people of the Commonwealth.

The chief factor in the preservation of our national credit was undoubtedly the creation of a favorable trade balance, which was only achieved by the imposition of surcharges and embargoes upon unnecessary imports, together with a tariff which afforded adequate protection to Australian industries and so enabled local production of commodities which formerly had been imported.

Schedule Z attached shows the monthly imports since January, 1930, together with the major movements in tariffs and exchange. Inspection of the schedule reveals that the imposition of surcharges and embargoes and increase of exchange from 103 to 109 reduced imports from £10.4 millions in April, 1930, to £5.1 millions in January, 1931, and to £3.5 millions in February, 1931. As the increase in exchange to 130 only took place on the 29th January, 1931, it can have had very little effect upon imports during February, most of which would have already been upon the water when the rise in exchange occurred. The predominating influences in reduction of imports were undoubtedly the surcharges and embargoes and the tariff, which enabled local production of goods formerly imported. The increase in exchange was apparently responsible for little, if any, of the decline in imports, for despite the high rate of exchange, imports remained comparatively steady until February, 1932. The belief that exchange exercised little or no influence upon imports is strengthened by the fact that there was no increase in imports during the three months immediately following the reduction of the exchange rate to 125, but that an immediate increase followed the removal of the embargoes in February, 1932, followed by further increases after the removal of the surcharges in September, 1932, and the Ottawa Agreement tariff schedule in October, 1932.

This is very strong evidence that the tariff, surcharges and embargoes were the determining factor in adjusting the adverse trade balance, and that the influence of exchange was slight. I have not yet seen any estimate of the percentage by which it would be necessary to raise the exchange rate to bring about a reduction of imports to any definite extent, and therefore conclude that control of imports by manipulation of exchange would be largely a matter of experiment, and in the present condition of our national finances, our balance of trade is not a matter with which we can afford to experiment.

In view of the need for relief from the excessive burden of interest on overseas loans, and the negotiations that have taken place regarding the conversion of loans maturing in the near future, it is imperative that our overseas credit should be maintained at the highest possible level.

Maintenance of our favorable trade balance by raising the exchange rate in the hope of reducing imports would adversely affect our credit in London, as is shown by the following statements:—

"Before the question of any alteration in the exchange rates on London is seriously considered, the Commonwealth Bank Board, which met here to-day, will probably require much stronger evidence than is afforded by the recent comparatively slight increase of imports over exports. Some members of the Board hold the view that the effect of the ineffective agitation a month or two ago in favour of a substantial increase in exchange which caused large sums, variously estimated up to £9,000,000, to be withdrawn from Australia, is now being seen in the increased volume of imports, many merchants having ordered ahead of requirements in fear of having to pay more for London money."—(*Sydney Morning Herald*, 12th October, 1932.)

"The Australian Press Association understands that a potent argument against an increase is the conversion of outstanding Australian loans, for which good terms would be difficult to obtain if the currency was depreciated."—(*Sydney Morning Herald*, 19th October, 1932.)

"One important outcome of the strength of the Australian exchange rate, following the reduction in the exchange premium on sterling from 30 to 25 per cent. eleven months ago, has been its effect in adding to our national credit at a time when one of our oversea loans was approaching maturity. There is good reason for saying that had the exchange been allowed to depreciate, it would have been almost impossible for the Australian Government successfully to convert the £12,360,000 which matured in London in November."—(October summary of Australian conditions by National Bank of Australia, quoted *Sydney Morning Herald*, 15th November, 1932.)

Every attempt to restrict imports by raising the exchange rate would necessitate the imposition of increased taxation, as each 5 per cent. increase in exchange imposes a burden of about £1,500,000 on budgets.

It is, moreover, open to doubt whether exchange inflation would maintain our favorable trade balance and whether it would not have disastrous effects upon our currency and bring about a flight of capital from the country. I have already quoted an extract from the *Sydney Morning Herald* showing the opinion of some members of the Commonwealth Bank Board upon this matter, and as pointed out in the same extract, there is a tendency on the part of merchants to order ahead of requirements from fear of having to pay more for London money. This fear would be accentuated if exchange became the medium for controlling the volume of imports.

It is quite possible, indeed probable, that there would be a very large increase of imports, to an extent that would wipe out our present favorable balance of trade, without any corresponding immediate increase in the demand for London funds which would cause a rise in the exchange rate to act as a corrective. In fact, the demand for London funds causing the exchange rate to rise, might not occur until months after the imports had landed here and destroyed our

favorable balance of trade. Indeed, such an increase of imports might occur with a lessened demand for London funds bringing about a fall in exchange.

The extension of long term credit by overseas exporters to Australian importers might bring about such a position—there is reason to believe the practice is now being carried on to a certain extent.

When the terms of credit expired, however, the overseas exporters would require payment, which might easily happen to fall due at a time when, owing to a bad export season, no Australian funds were available overseas. We have had a succession of good seasons and must look for a bad season in the near future. In such a case as I have outlined, sudden heavy demands for overseas funds would send Australian exchange soaring, with disastrous effects upon government budgets and the financial position of Australian importing firms caught short of London funds, many of which would undoubtedly be forced into liquidation and default on overseas obligations. Large scale default on the part of our mercantile community would have consequences scarcely less serious than default by our governments.

In the interval between arrival of the imports in Australia and the date of payment therefor, Australian industries would themselves have been undermined by the flood of cheap imports and would not be in a position to stand at the same time a bad season, heavy increases in taxation to finance government deficits on account of exchange, and the general financial chaos which would ensue under the circumstances I have outlined. The final outcome of such a position would be general financial and industrial collapse internally and externally.

As the tariff, surcharges, and embargoes were successfully applied to rectification of our adverse trade balance under most difficult circumstances and the creation of a favorable trade balance was undoubtedly the most potent factor in the restoration of our national credit, I think it may be said that the tariff and our ability to impose surcharges and embargoes are the chief factors in the circumstances of that credit, which will be weakened by substitution of any other medium so little understood as is exchange.

No doctor would substitute an unknown medicine for one upon which a patient was making a rapid recovery from a serious illness—the substitution might bring about a relapse and have fatal results for the patient.

Substitution of exchange for tariffs might have the same effect on Australia—relapse into the trade position obtaining prior to 1929 with all the attendant disastrous consequences so narrowly averted in 1931. It would be an open invitation to the mercantile community here and abroad to speculate in Australian exchange, and their example would be followed by the general public with disastrous consequences to both public and private finance as happened in both Germany and France.

Our position now is such that we cannot afford to take any chances with our trade. Figures for the five months ended 30th November, show that imports during 1932-33 have increased by 48.3 per cent. over those for the same period of 1931-32, whereas exports increased only 2 per cent. The favorable balance of trade of £9.4m. for the first five months of 1931-32, compares with a favorable balance of only £2.6m. for the first five months of this year.

The favorable balance must be maintained with as little burden as possible upon budgets and industry, and experience has shown that we have been able to achieve this by the tariff. I submit to the Board that it would be worse than folly to substitute exchange for the means which have already served us so well and pulled us through our severest financial crisis to date.

Question 6—

As it is considered that this is a departmental matter, I do not propose to submit any evidence under this heading.

The agenda states that the Board will assume that a practical method will evolve of varying duties imposed under protective items of the Customs Tariff by reason of the operation of exchange and primage.

I submit evidence on the following points:—

(a) The amount of variation which should be made on account of exchange and primage.

It is a physical impossibility to assess this in a manner which would still retain the margin of protection required by Australian industries, for exchange and primage affect to a different extent every size and quality of many manufactured articles.

For example take rubber goods and silk dresses, the raw material for which is almost entirely imported to Australia, and woollen textiles, the raw material for which is all exportable. I will quote assumed cost of production figures to illustrate the varying effects of exchange on various sizes and qualities where quantity and quality of raw materials used vary and labour and other charges remain the same.

RUBBER GOODS.*

	Size 1.	Size 2.	Size 3.
Raw material used—			
Number of units	3	2	1
Value in sterling	2s. 6d.	1s. 8d.	10d.
Value in Australian currency with exchange at £125 ..	3s. 1½d.	2s. 1d.	1s. 0½d.
Labour	1s. 8d.	1s. 8d.	1s. 8d.
Overhead	10d.	10d.	10d.
Total cost of production in Australia	5s. 7½d.	4s. 7d.	3s. 0½d.
Percentage of cost added by exchange on cost of raw materials	11 1-9%	9 1-11%	6 6-7%

* Quantities of material used differ.

WOOLLEN TEXTILES.*

	Quality 1.	Quality 2.	Quality 3.
Raw materials used—Number of units	6	4	2
Price of raw material per unit (sterling)	25d.	15d.	10d.
Cost of material used in sterling	12s. 6d.	5s.	1s. 8d.
Cost of material used in Australian currency with exchange £125	15s. 7½d.	6s. 3d.	2s. 1d.
Labour	1s. 8d.	1s. 8d.	1s. 8d.
Overhead	10d.	10d.	10d.
Percentage of cost added by exchange on cost of raw materials	18½%	14 3-7%	9 9-11%

* Quantity and quality of materials used differ.

SILK DRESSES.*

	No. 1.	No. 2.	No. 3.
Cost in sterling of raw materials used—			
6 units at 30s.	£9	..	..
4 units at £1 .. .. .	..	£4	..
4 units at 10s. .. .. .	..	..	£2
Cost in Australian currency of materials used	£11 5s.	£5	£2 10s.
Labour	£4	£4	£4
Overhead	£2	£2	£2
Cost of production in Australia	£17 5s.	£11	£8 10s.
Percentage added to cost by exchange on materials ..	13%	9 1-11%	6%

* Quantity and quality of materials used differ.

These suppositious cases are sufficient to illustrate the impossibility of assessing the protective incidence of exchange in such a manner as will apply to all qualities, sizes and designs of any particular product. In the three cases quoted of goods made in three sizes or qualities, exchange on cost of raw materials alone increases costs of production in Australia from 11 1-9 per cent. to 6 6-7 per cent. in the first case, 18½ per cent. to 9 9-11 per cent. in the second, and 13 per cent. to 6 per cent. in the third. It would obviously be impossible to calculate the ultimate effects of exchange on commodities produced over a wide range of size, quality and design. The inclusion of the effect of exchange on wages and overhead charges, even if ascertainable—which it is not—adds further complications to an already insoluble problem. The calculation of relative costs of production in Australia and abroad would be further complicated by the day to day variations in foreign exchanges, and it would be futile to attempt it. Highly trained accountants, economists and actuaries would be driven to despair in the attempt to find a formula which would apply to every size and quality of a single product.

(b) Whether such variation should be applied to ad valorem, specific, and composite duties.

If such a variation could be discovered, it should be applied exactly as the duties are applied.

(c) Whether the exchange variation should be assessed on a sterling or a gold basis.

If any attempt is made, it should certainly be assessed on a gold basis, for that is the only common level to which the violently fluctuating exchange of to-day can be reduced.

(d) The net effects on the tariff duties on goods imported from countries:—

(i) With currencies having a higher exchange value than Australian currency.

(ii) With currencies having a lower exchange value than Australian currency.

It is essential that, if any formula is arrived at, there should be a different tariff for every different rate of exchange.

If exchange is admitted as a factor in the assessment of Customs duties, it must be considered in relation to the currency of all countries. Owing to fluctuation of foreign exchanges we would have goods landed in the various States on the same day from a dozen different countries on which a dozen different rates of duty would be payable and conversely—as foreign exchange varies from day to day—goods might be landed from the same ship in different States on different dates on which the duties would in no two cases be the same.

(e) Whether any special provision would need to be made for the purpose of meeting the progressive adjustments of Australian costs to exchange.

As exchange increases, so costs increase, but they do not increase in any regular proportion, there being a variation according to the size and quality of every article manufactured, but it would be essential that a special provision would be made to meet progressive adjustments to costs in every one of its items in order that the new system might be equitable.

(f) Any difficulties attending on the following practices—

(i) Exporters charging on portion of exchange.

At the present time, it is known that many overseas manufacturers are bearing the whole or part of the cost of exchange. It is impossible to overcome this difficulty, as one cannot find out the full extent to which the practice prevails.

(ii) Exporters charging exchange based on 30, 60, 90 and 120 day terms where rate cannot be determined until period has elapsed.

This is a difficulty which speaks for itself. I would add another difficulty, and that is the case where, on the expiry of a bill, extension is granted of a further period of 30, 60, 90 or 120 days, or when the bill is dishonoured. Goods arriving at different parts on different days from countries with a varying rate of exchange would need to be assessed with the duty varying according to the rate of exchange on the date of arrival of the goods. This shows how inadvisable it is to mix exchange and import duties.

In this connexion the Board would also have to consider the possibility of the imports being financed by arbitrage operations of which it would be impossible for it to obtain any knowledge.

(iii) Account contra between Australia and overseas firms. Not even the most skilled mathematician could solve this difficulty.

This concludes the evidence I desire to give. I have endeavoured to show how complicated is the solution of these problems. First, it is physically impossible to assess the variation of duty that would be required; secondly, the increase in taxation would impose serious burdens on an already over-burdened community. Our favorable trade balance would be endangered, costs of production in industry would be seriously increased, and no benefits would accrue to any Australian industry as a result of the change.

SCHEDULE X.

The Wool Inquiry and the Tariff.

The report of the committee of economists appointed by the Bruce-Page Government to inquire into the Australian Tariff contains the only exhaustive analysis of the subject yet made by competent authorities.

By bringing up to date the statistics upon which the committee based their findings, and the application of the formulas and arguments used in their report, a fairly close estimate of the position as it exists to-day should be obtained.

This has been done, and, in order clearly to show the costs imposed upon the wool-grower by protection and assistance afforded to other classes of production, primary and secondary industries have been dealt with separately, and statistical items carefully checked with those of 1926-27 (as used by the committee) in order, as nearly as possible, to ensure coincidence.

It has, however, been found impossible to take into account production in those new industries which have been developed during the last two years in consequence of the prohibitions upon imports. But it is not sufficient materially to affect the results.

COST OF PROTECTION OF MANUFACTURING INDUSTRIES.

The latest production statistics available are those for 1930-31. In estimating the cost of protecting manufacturing industries in that year by the same methods as adopted by the committee, the following results are obtained:—

	1926-27.	1930-31.
Gross value of protected manufacturing production (Millions of £)	139.5	90.5
Less value of raw materials imported or exportable	29.5	20.0
Value of manufacturing production dependent on tariff	110	70.5
Excess cost added by tariff	26.9	28.1
Cost at which above production could be landed in Australia on a duty free basis	83.1	42.4
Percentage by which freetrade prices have been increased by—		
Tariff	19%	
Tariff, plus exchange		40%
Tariff, alone		14%

(For the sake of comparison, the figures used by the committee are set out beside those obtained by application of the same formulae to the production of 1930-31.)

In making these calculations, the question of exchange has not been taken into account. It is, however, a matter of vital importance, and will now be dealt with. The matter is so complex that no claim can be made to exactitude. Exchange fluctuated so much during 1930-31 that it would be extremely difficult, if not impossible, to estimate the extent to which it offset the cost of tariff protection in that year; but if the current exchange rate is applied to the production figures for 1931, the result will show near enough for all practical purposes how much of the difference between the prices of manufactured products in Australia and abroad is now due to tariff protection, and how much is due to exchange.

As shown above, the value of Australian protected production was £70.5 millions. With exchange at par, these products could have been imported to Australia on a duty free basis for £42.4 millions, but with exchange at 25%, the cost would be £53,000,000. Exchange, therefore, reduces the excess cost of Australian production due to tariff by £11,000,000, to which must be added the amount by which exchange increases the cost to the Australian manufacturer of raw materials, imported or exportable. The value of these in Australian currency was £20,000,000, of which about £4,000,000 represents excess costs imposed by exchange. Adding this to the £11,000,000 previously referred to, we find that £15,000,000 must be deducted from the £28,000,000 shown in the previous table as excess costs due to tariff. The actual excess costs due to tariff are, therefore, £13,000,000. (See Appendix P, page 30.)

A check by another method gives the same result. Industrial price index numbers prepared by the Bank of New South Wales (Melbourne Wholesale Price Index) shows that these figures are now about 11½ per cent. higher than in December, 1929, when exchange was at par. Had local manufacturers taken full advantage of the rise in exchange in addition to tariff protection, industrial prices would have risen about 29 per cent.—4 per cent. of the increase being due to the exchange premium on raw materials imported or exportable and 25 per cent. to a general rise in prices due to exchange. It is, therefore, evident that about 17½ per cent. of the exchange rate has been allowed to act as a substitute for tariff protection.

The figures already used show that the excess cost of protected manufactures was about £28,000,000 or 40 per cent. above that of duty free imports. This would appear to be made up as follows:—

	%	£
Additional cost of raw materials due to exchange	4	2.8m.
Exchange substituted for tariff	17½	12.2m.
Tariff	18½	13m.
	40	28m.

The excess costs due to tariff as shown by this method agree with the total previously shown, viz., £13,000,000.

To ascertain the amount of excess costs of tariff protection falling upon industry, the excess cost of protected luxuries must be deducted from this total. In 1931, as in 1926-27, this amounted to about £7,000,000 (excluding exchange). Taking exchange into account, it amounted to about £4,500,000. The total cost of tariff protection of manufactured goods falling upon industry, therefore, amounted to about £8,500,000.

The national income available to bear this excess cost was:—

	As Estimated by Tariff Committee 1926-27.	Estimate for 1930-31.
	Millions of £	Millions of £
(a) Income spent on protected luxuries	55	18
(b) Fixed incomes (less share of (a))	36	29
(c) Unprotected export industries—		
1926-27.	1930-31.	
Wool, sheepskins .. 74,000,000 .. 36,000,000		
Meat, hides .. 10,000,000 .. 8,000,000		
Wheat, flour .. 40,000,000 .. 25,000,000		
Minerals .. 18,000,000 .. 14,000,000		
Fruit .. 8,000,000 .. 7,000,000		
Total .. 150,000,000 .. 90,000,000		
Less share (a) and (b)	127	80
(d) Protected industry—		
Manufacturing (less share (a) and (b))	95	62
Primary—		
1926-27.	1930-31.	
Sugar .. 10,000,000 .. 11,000,000		
Butter .. 18,000,000 .. 17,000,000		
Other .. 16,000,000 .. 12,000,000		
Total .. 40,000,000 .. 40,000,000		
Less share (a) and (b)	32	36
(e) Sheltered industry	255	200
National income	600	425

* Bearing £19,000,000 excess costs of protecting manufacturing.

† Bearing £8,600,000 excess costs of protecting manufacturing.

NOTE.—Although in receipt of a bounty amounting to £3,296,000, wheat production is included above in "Unprotected Export Industries" in order that the items may coincide with those in the Economic Committee's Report. This does not affect the results of the calculations in this article.

The total income bearing the excess costs in 1931 (and 1932) was, therefore, approximately £207,000,000, and the average burden about 4 per cent.—that is, about .29 pence per lb. would be added to the cost of wool production on account of protection of manufacturing industries. This is, however, the gross burden and is subject to further reduction, as according to the Economic Committee's Report, about one-sixth of the total costs of tariff protection—and other assistance to industry—"stick" in the sheltered industries and are not passed on to costs of production in other industries.

No data is available to estimate the amount of excess costs which "stick" in sheltered industries and services at the present time, but the fall in wages, land values, rents, and fees for professional services indicate that the sheltered industries, if not bearing their full share of any burden of excess costs, are at least carrying a much greater share than in 1926-27. But even allowing the proportion to be no greater than in that year, the excess costs of tariff protection of manufacturing industries falling upon the wool industry would be reduced to about .25 pence per lb.

As will be shown later, this is offset to a great extent, if not entirely, by assistance to the wool industry.

COST OF PROTECTION OF PRIMARY PRODUCTS.

The tariff on butter and dried fruits is exceptionally high, and there is an embargo on imports of sugar. Local production is thus protected to an extent which permits internal prices to be fixed high enough to provide bounties on exports. The total cost of protecting the butter industry is now something over £4,000,000, and the Auditor-General recently estimated the cost of protection of the sugar industry as £7,000,000.

A number of other primary products are also substantially protected. They include oats, maize, onions, tobacco, hops, potatoes, fruit, meat, fish, bacon, cheese and condensed milk. The rates of duty and efficiency of protection vary considerably, but so far as is possible to estimate the cost of protecting these commodities it seems about the same now as in 1926-27, viz., £3,000,000. In the case of primary products, there is

no deduction from the cost of protection to be made on account of exchange, as in most cases full advantage has been taken of both tariff protection and exchange to maintain internal prices.

The total income in protected primary industries and the cost of protection thereof was approximately—

	In 1926-27. (As per Tariff Committee Report.)		In 1930-31. (Estimate.)	
	Total Income.	Cost of Protection.	Total Income.	Cost of Protection.
	Millions of £	Millions of £	Millions of £	Millions of £
Butter	15	3	17	4.5
Sugar	10	4	11	7
Other primary products (excluding wheat bounty)	15	3	12	3
	40	10	40	14.5

The cost of protecting primary products is of course spread over the same income as the cost of protecting manufactured products and is subject to deduction of the proportion "sticking" in sheltered industries, viz., one-sixth. The net cost of protection of primary products would therefore be about £12,000,000, and would impose a burden of about 5½ per cent. on industrial costs—that is, it would add about .36d. per lb. to the cost of wool production.

So far as shown, therefore, the tariff imposes a total burden of about .61d. per lb. on the cost of wool production—less than one-third of the 2d. alleged by the Wool Inquiry Committee.

OTHER ASSISTANCE TO PRIMARY PRODUCTION.

In addition to this protection, primary industries receive a very considerable amount of other assistance from State and Commonwealth revenues. The items for 1926-27 and 1930-31 are set out in the following table:—

	1926-27.	1930-31.
	Millions of £	
Loss on State railways	4.3	11.7
Revenue assistance to primary production, agricultural, and mines departments, silos, water supply and irrigation, roads, bridges, &c.	3.5	7.0
Soldier settlement and closer settlement	1.1	4.0
Wheat bounty	—	3.2
Commonwealth aid roads	2.2	2.0
	<u>11.0</u>	<u>28.5</u>

In both these estimates, the data are imperfect and the lists incomplete. Many items of revenue expenditure are not taken into account, and no provision is made for losses on arrears of principal and interest due by settlers, on which accounts Auditors-General are of the opinion heavy losses will have to be faced. The Economic Committee estimated the total minimum assistance in 1926-27 at £12,000,000, but as no information is available regarding the grounds on which this decision was based, the £28.5 millions shown above must perforce be accepted as the assistance to primary production during 1930-31. This amount is certainly not an over-estimate of the total. In regard to closer and soldier settlement, particularly, the amount is probably under-estimated; for although vast sums have already been written off as lost, it seems as if the same course will have to be taken with many millions more of settlers' indebtedness. Although the borrowed money advanced to them may be written off as lost, interest thereon will still have to be paid by the community and, as the reduction of their indebtedness has undoubtedly enabled many settlers to continue in production, the interest charges on losses may legitimately be accounted a subsidy to primary production.

The Economic Committee was of the opinion that of the £12,000,000 of "other" assistance to primary industries in 1926-27, £7,000,000 was borne by surplus elements of income and only £5,000,000 fell upon industrial costs. It also regarded as effective only 75 per cent.—or £9,000,000 of the total assistance. This was estimated to have been distributed—£5,000,000 to export industries, £3,000,000 to sheltered primary industries and £1,000,000 to protected primary industries.

Apportioning the "other" assistance to primary industries in 1931 on this basis, we find that £16.6 millions was borne by surplus elements of income and £11.9 millions fell upon industrial costs.

Of the total of £28.5 millions, £3.2 millions formed the wheat bounty, £6.3 millions was ineffective assistance, and the remainder was distributed—£10.6 millions to export industry, £6.3 millions to sheltered primary industries and £2.1 millions to protected primary industries.

Summarizing the foregoing conclusions and allotting to 1930-31 production, on the basis adopted by the Economic Committee, the costs imposed upon and the benefits received by the various industries, the following results are obtained:—

	Costs Imposed.				Benefits Received.		
	By Tariff Protection of.		By Other.	Total.	From Tariff Protection.	From "Other" Assistance.	Total.
	Manufacturing Industries.	Primary Industries.	Assistance to Primary Industries.				
	Millions of £.	Millions of £.	Millions of £.	Millions of £.	Millions of £.	Millions of £.	Millions of £.
Export industries—							
Wool, Sheepskins	1.3	2.2	1.8	5.3	..	4.2	4.2
Meat, tallow, hides .. .. .	.3	.5	.4	1.2	..	.8	.8
Wheat and flour*	1.0	1.7	1.5	4.2	..	6.5	6.5
Minerals .. .. .	.5	.8	.7	2.0	..	1.6	1.6
Fruit .. .. .	.2	.5	.3	1.0	..	.7	.7
Protected industries—							
Manufacturing	2.5	4.2	3.5	10.2	8.5	..	8.5
Primary—							
Sugar .. .. .	.4	.7	.6	1.7	7.0	1.7	8.7
Butter .. .. .	.6	1.1	.9	2.6	4.5	2.7	7.2
Other .. .. .	.5	.8	.6	1.9	3.0	1.9	4.9
Fixed incomes	1.2	2.0	1.6	4.8	..	..	..
Sheltered industries and services—							
Incomes spent on luxuries .. .. .	..	..	16.6	16.6	..	2.1	2.1
Ineffective assistance .. .. .	..	..	..	..	..	6.3	6.3
	From taxation. Approximately £2,000,000 falls upon industry and £4,000,000 upon sheltered and luxury incomes						
Total	8.5	12.5	28.5	51.5	23.0	28.5	51.5

* Including bounty.

In the above table, beyond deducting its protective incidence from the cost of tariff protection, no attempt has been made to distribute the burdens and benefits conferred by exchange.

No claim can be made that the table is exact—the distribution of the benefits received from "other" assistance may be questioned—but the position is set out approximately and shows that export industries, excluding wheat, received £7.3 millions and contributed £9.5 millions, and so bear a net burden of £2.2 millions. Manufacturing industries receive £8,500,000 and pay £10.2 millions, the net burden upon them being the same as upon the export industries. Protected primary industries receive £20.8 and pay £6.2 millions—a net benefit to them of £14.6 millions. Fixed incomes carry a net burden of £4.8 millions, and sheltered industries and incomes from services a net burden of £14.5 millions. £6.3 millions of the assistance rendered to industry is ineffective.

The cost of protection and assistance to industry in the Commonwealth therefore falls chiefly upon fixed and sheltered incomes—£4.4 millions falls upon the manufacturing and export industries, excluding wheat, of which each bear an equal share. Spread over their total production, this imposes upon them a burden of 2½ per cent. Wheat growing and other protected pri-

mary industries receive practically the whole net benefit of the national policy of protection and assistance to Australian industry.

It therefore seems as if the net effect of tariff protection and assistance to industry is to maintain the internal price level higher than it would otherwise be without imposing an appreciable burden upon any industries, and enabling a tribute to be levied on the community for the benefit of wheat-growers and other export primary producers, without which they would not be able to continue in production. When the effects of exchange are taken into account it is evident there is a heavy balance of assistance in favour of the export industries.

Any reduction of the tariff would deprive the manufacturing industries of the assistance they at present receive and compel them to bear their share of assistance to other industries without compensating protection for themselves. Such action would upset the balance which has been established and probably put many factories out of business, throwing upon such industries—primary and secondary—as still survived, the burden of maintaining an increased army of unemployed. Under these circumstances, undoubtedly the best course to pursue is—leave the tariff alone.

ESTIMATED COST OF PROTECTED MANUFACTURES.

(TABLE IN APPENDIX N OF "THE AUSTRALIAN TARIFF" ADAPTED TO 1930-31 PRODUCTION AS FAR AS POSSIBLE FROM INFORMATION AT OUR DISPOSAL.)

Production Item.	1. Import duty per cent. of cost landed (as per Column 1, Appendix N), adjusted to allow for estimated increase due to Scullin Tariff.	2. Value of Australian output 1931 as near as possible coincides with items in Column 2, Appendix N.	3. Excess costs of whole duty added as per Column 1 to show cost of protection as per Column 3, Appendix N.	4. Excess costs deductible from Column 3 as due to Exchange.	5. Excess costs due to Tariff (Column 3, less Column 4).	6. Percentage of import duty imposing excess costs after deduction of exchange (Column 1, less 25 per cent. exchange).
<i>Class (a).</i>						
Earthenware, &c.	32	1,000	320	250	70	7
Glass, ornamental	45	244	109.8	61	48.8	20
Wood-turning, &c.	40	428	171.2	107	64.2	15
Cutlery	18	76	13.7	13.7	..	..
Galvanized iron	33	3,810	1,257.3	952.5	304.8	8
Nails, wire-working, &c. ..	25	1,997	499.3	499.3	..	..
Gas-fittings, &c.	46	268	123.3	67	56.2	21
Electric apparatus	52	2,729	1,419	682	737	27
Lamps and fittings	35	45	15.8	11.3	4.5	10
Sewing machines	12	38	4	4	..	..
Corn-flour	62	91	56.4	22.8	33.6	37
Blankets and flannel	38	1,733	658.5	433.3	225.2	13
Knitting factories	60	5,290	3,174	1,322.5	1,852.5	35
Clothing, waterproof	55	108	59.4	27	32.4	30
Dressmaking and millinery ..	72	3,680	2,649.6	920	1,729.6	47
Furriers	24	426	102.2	102.2	..	..
Hats and caps	62	1,176	729.1	294	435.1	37
Paper	44	2,422	1,065.7	605.5	460.2	19
Musical instruments	27	579	156.3	144.7	11.6	2
Motor bodies	39	1,286	501.5	321.5	180	14
Perambulators	21	100	21	21	..	..
Brooms and brushware	27	556	150.1	139	11.1	2
Chemicals and drugs	20	3,927	785.4	785.4	..	..
Paints and varnishes	25	1,525	381.2	381.2	..	..
Surgical, &c., instruments ..	16	324	51.8	51.8	..	..
Jewellery	30	391	117	97.7	19.3	5
Matches	80	748	598.4	187	411.4	55
Carbide	31	63	19.5	15.7	3.8	6
Rubber goods	49	3,435	1,683.2	858.7	824.5	24
Leather, belting, &c.	24	824	197.8	197.8	..	..
Umbrellas	26	119	31	29.7	1.2	1
	43	39,438	17,122.5	9,606.3	7,517.0	19
<i>Class (b).—Imports, small, relatively to home production.</i>						
Cement	24	1,087	476.9	476.9	..	..
Marble, slate, &c.	40	564	225.6	141	84.6	15
Brass and copper	26	1,235	321.1	308.7	12.4	1
Stoves and ovens	26	816	212.1	204	8.1	1
Confectionery	36	4,218	1,518.5	1,054.5	464	11
Boots and shoes	36	6,301	2,268.4	1,575.2	693.2	11
Clothing	66	6,307	4,162.6	1,576.7	2,585.9	41
Shirt, underclothing, &c. ..	68	4,593	3,123.2	1,148.2	1,975	43
Ropes and cordage	32	774	247.7	193.5	54.2	7
Saddlery and harness, &c. ..	26	198	51.5	49.5	2	1
Furniture	46	2,798	1,287.1	699.5	587.6	21
Inks, polishes, &c.	35	946	331.1	236.5	94.6	10
	43	30,737	14,225.6	7,664.2	6,561.6	21

ESTIMATED COST OF PROTECTED MANUFACTURES—*continued.*(TABLE IN APPENDIX N OF "THE AUSTRALIAN TARIFF" ADAPTED TO 1930-31 PRODUCTION AS FAR AS POSSIBLE FROM INFORMATION AT OUR DISPOSAL.)—*continued.*

Production Item,	1. Import duty per cent. of cost landed (as per Column 1, Appendix N), adjusted to allow for estimated increase due to Scullin Tariff.	2. Value of Australian output 1931 as near as possible coincides with items in Column 2, Appendix N.	3. Excess costs of whole duty added as per Column 1 to show cost of protection as per Column 3, Appendix N.	4. Excess cost deductible from Column 3 as due to Exchange.	5. Excess costs due to Tariff (Column 3, less Column 4).	6. Percentage of import duty imposing excess cost after deduction of exchange (Column 1, less 25 per cent. exchange).
<i>Class (c) Special.—</i>						
Sawmills	25	5,510	1,377.5	1,377.5	..	..
Agricultural implements ..	30	1,473	441.9	368.2	73.7	5
Engineering	25	7,150	1,787.5	1,787.5	..	..
Ironworks and foundries ..	25	10,094	2,523.5	2,523.5	..	..
Railway workshops, &c. ..	35	16,255	5,689.3	4,063.7	1,625.3	10
	29	40,482	11,783.7	10,121.4	1,699.0	4

NOTE.—Average import duty per cent. of landed costs over whole range of protected production, without allowance for Exchange, 39 per cent. Average protective incidence of Tariff after deduction Exchange, 14 per cent.

	Gross value of protected manufacturing production.	Excess costs imposed on industry.	
		Without allowance for exchange.	After deduction of exchange.
	£	£	£
All Class (a)	38,400,000	All excess costs class (a) ..	17,100,000
All Class (b)	30,700,000	Half excess costs class (b) ..	7,100,000
Half Class (c)	20,200,000	One-third excess costs class (c) ..	3,900,000
Total	90,500,000		28,100,000
			11,300,000*

* Differs from the total of £18,000,000 shown in the argument. This is probably due to primage on imported materials.

APPENDIX P. OF "THE AUSTRALIAN TARIFF".

Adapted to Statistics of 1930-31.

	Raw material imported or exportable.	Proportion to be deducted from Value of Output of protected industries as per Schedule N.	Value to be deducted from total as per Schedule N.
	(Thousands of £).		(Thousands of £).
<i>Class A.</i>			
*Blankets and flannel .. ..	.. ..	All	884
Knitting factories	2,593	Two-thirds	1,728
Dressmaking	1,494	Two-thirds	996
Furriers	254	All	254
Hats and caps	509	All	509
Paper	1,111	All	1,111
Musical instruments	234	One-half	117
Motor bodies	500	One-half	250
Perambulators	45	One-half	23
Brooms and brushware	283	One-half	192
Chemicals	1,656	One-half	828
Paints	662	One-half	331
Surgical instruments	100	All	100
Jewellery	145	All	145
Matches	302	Two-thirds	201
Rubber	1,601	All	1,601
Leather	413	All	413
Umbrellas	66	One-half	33
	11,968		9,716
<i>Class B.</i>			
Brass and copper	540	All	540
Confectionery	2,007	One-third	669
Clothing and tailoring	3,098	Three-quarters	2,324
Shirts	3,596	Three-quarters	2,697
Ropes	440	All	440
Saddlery	96	All	96
Furniture	1,264	One-half	632
Inks, polishes, &c.	341	One-half	170
	11,382		7,568
<i>Class C.</i>			
Saw-mills	2,858	} 17,054 One-sixth	2,843
Agricultural implements	576		
Engineering	2,581		
Ironworks and foundries	5,950		
Railway workshops, &c.	5,089		

* Value taken from *The Australian Tariff*.

The above deductions have been made from the output of protected industries as per Schedule "N". And the production dependent on the tariff ascertained as follows:—

	Output.	Deductions.	Production dependent on Tariff.
		(Millions of £).	
Class (a)	39.4	9.7	29.8
Class (b)	30.7	7.5	23.2
Half of Class (c)	20.2	2.8	17.2
	90.4	20.1	70.2

APPENDIX Q. OF "THE AUSTRALIAN TARIFF".
Adapted to Statistics of 1930-31.

	Proportion classed as Luxury Goods.	Excess cost of Luxury Expenditure.	Value of Home Production.	Luxury Goods Imported (with duty).
	Per cent.	(Thousands of £).	(Thousands of £).	(Thousands of £).
Confectionery	50	759	2,109	14
Dressmaking	50	1,325	1,840	192
Knitted goods	30	952	2,645	53
Shirts, ties, &c.	30	936	1,377	12
Boots and shoes	30	678	2,100	37
Furs	100	102	426	114
Hats and caps	25	182	294	58
Motor car chassis	70	..	..	618
Motor bodies	70	351	900	28
Petrol	70	..	..	535
Rubber goods	60	1,010	333	555
Furniture	20	..	560	16
Glassware	50	257	122	101
Jewellery	100	117	391	1,327
Musical instruments	100	158	579	81
Others .. .. .	..	250	1,000	500
	..	7,075	14,676	4,241

Seven million pounds of the 28.1 excess prices on Australian protected manufactures are therefore on luxury goods to the value of £14,000,000, and the value of imports of similar luxury goods with duty added is about £4,000,000.

SCHEDULE Y.

(A) Loan Expenditure on Developmental Works.

Immigration	£ 5,983,000
River Murray	*1,983,000
Water supply and sewerage	115,245,000
Agricultural Bank	8,884,000
Land settlement	42,546,000
Soldier settlement	47,307,000
Loans to local bodies	8,749,000
Rabbit-proof fencing	1,937,000
Wire netting	610,000
Railways	463,856,000
Harbours and rivers	78,003,000
	<u>775,183,000</u>

* Commonwealth Year Book, 1931, pp. 256-275.

(B) Loans and Revenue Expenditure in Victoria on Account of Primary Production for Ten Years Ended 30th June, 1932.

Quoted by Mr. Richard Linton, M.P.—himself a farmer—in the Victorian Legislative Assembly on November, 18th last. (Victorian Parliamentary Debates, No. 17 of 1932, pp. 2445-6.)

Agriculture—Revenue expenditure	£	3,234,000
Country roads		
Loan expenditure—	£	
Developmental roads	4,481,000	
Main roads	2,178,000	
Federal—State grant	340,000	
	<u>6,999,000</u>	
Revenue expenditure—Roads for isolated settlers	48,000	
Country Roads Board fund expenditure (motor fees)	11,512,000	
	<u>18,557,000</u>	
Cultivation (including fallowing, seed and fodder) (mostly loan)	..	1,013,000
(a 1) Primary Products (freezing companies) including £236,000 overdrafts liquidated .. .. .	..	433,000
(b) Railways—		
Loan expenditure (Country proportion)	5,196,000	
Developmental railways	108,000	
	<u>5,304,000</u>	
Revenue expenditure—		
Losses on non-paying lines	1,601,000	
Reduction in freight charges	1,476,000	
	<u>3,077,000</u>	
(c) Vermin destruction and noxious weeds .. .. .	..	737,000
Water supply—		
Loan expenditure	12,607,000	
Revenue expenditure	2,398,000	
	<u>15,005,000</u>	

Wire netting	£	328,000
Miscellaneous—		
Bush fires	39,000	
(a 2) Cool storage	37,000	
Fruitgrowers (thrips)	23,000	
Sundries	33,000	
	<u>132,000</u>	
Loan expenditure interest charges and administration expenses—		
On closer settlement	10,985,000	
On soldier settlement	21,427,000	
	<u>80,232,000</u>	

(Above items are shown at nearest £1,000.)

NOTES.—(a) (1 and 2) These items do not include liability in respect of advances amounting to £534,000 under bank guarantees by the Government on account of fruit and dairying industries.

(b) Railways loan expenditure is the amount apportionable by the Railways Department, and does not include expenditure on rolling-stock common to all lines.

(c) This item (vermin destruction, &c.) is the only portion of lands and survey expenditure, apart from closer and soldier settlement included in this statement.

Expenditure not included in this Statement.

- (a) Country proportion of electricity loan expenditure—total for the period under review, £16,124,000.
- (b) Country proportion of education.

NET COST TO REVENUE FOR TEN YEARS ENDED 30th JUNE, 1932.

Department of Agriculture	£	1,231,000
State Rivers and water supply	6,110,000	
Losses on non-paying railway lines	1,601,000	
Reduction in freight charges	1,476,000	
Vermin destruction and noxious weeds	737,000	
Net expenditure Country Roads Board fund	8,259,000	
Cost to State of soldier settlement	4,218,000	
(Concessions, interest, amounts written off and expenses not charged)		
Amount provided from revenue for closer settlement	443,000	
Loans from revenue, to primary producers (deducted below)	843,000	
Fruit, cool stores and canning companies	£ 124,000	
Meat and amalgamated freezing companies	670,000	
Settlers for bush fire relief, seed wheat, fodder, cattle &c.	12,000	
Fruit growers and saw millers	37,000	
	<u>24,918,000</u>	
Less loans as above recoverable	843,000	
Net expenditure from revenue for assistance of primary production ten years ended 30th June, 1932	<u>24,075,000</u>	

Mr. Linton does not specify the gross revenue expenditure but it appears to have been approximately £25,282,000, made up as follows:—

	£
Agriculture	3,234,000
Roads for isolated settlers	46,000
Country Roads Boards fund	11,512,000
Loans to primary producers	843,000
Railway losses and freight reductions	3,077,000
Water supply	6,110,000
Wire netting	328,000
Miscellaneous	132,000
	25,282,000

Deducting this amount from the total expenditure of £80,232,000 already quoted, we find that the loan expenditure for assistance of primary production amounted to approximately £54,950,000, which represents over 80 per cent. of the total loan expenditure of the State during the period—which was £68,000,000.

(c) Losses sustained in connexion with loan money investments 10 years ended June, 1931.

	£
Railways (State only)	37,000,000
Soldier settlement (approximate)	30,000,000
(As shown by Justice Pike's report, with allowances for losses since that date)	
Murrumbidgee irrigation scheme	4,176,000
West Australia group settlement scheme	3,165,000
West Australia farmers other than group settlers	715,000
South Australia River Murray irrigation area (losses for six years)	1,286,000
South Australia losses on account of advances to settlers &c.	541,000
Victorian civilian land settlement	519,000
Queensland closer settlement scheme (Dr. balance transferred loan fund)	1,387,000
Tasmanian civilian settlement	75,000
Total	78,864,000

The above represents only a portion of the losses sustained. Except in regard to railways, soldier settlement and the Murrumbidgee irrigation areas, losses in New South Wales have not been taken into account, as the position in this State is difficult to ascertain from the Public Accounts. But, as the press constantly publishes reports of the desperate position of New South Wales farmers, it appears as if the losses in New South Wales have been as heavy—or heavier—than in the other States.

(d) Losses sustained during 1930-1931 in connexion with loan money investment.

	£	£	Authority.
Losses on State Railways, 1930-31	11,742,000		Statement—A. E. Heath, Chairman, Transport Conference, Sydney Morning Herald, 10th February, 1932
Soldier Settlement	2,964,000		
Victoria	526,000		Auditor-General's Report, 1931, p. 24
South Australia	388,000		Auditor-General's Report, 1931, p. 61
Tasmania	50,000		Auditor-General's Report, 1931, pp. 37-38
Estimate Other States	1,000,000		
Interest on Loan moneys already written-off as loss	1,000,000		
Other Land Settlement	1,073,000		
South Australian Irrigation Settlement	204,000		Auditor-General's Report, 1931, p. 59
New South Wales Closer Settlements Fund	563,000		Auditor-General's Report, 1931, p. 27
Dr. Balance for Year			
Victorian Civilian Settlement	160,000		Auditor-General's Report, 1931, p. 26
Western Australian Agricultural Bank losses on repossessed properties	44,000		Auditor-General's Report, 1930, p. 29, <i>et seq.</i>
Western Australian Ind. Assistance Board	102,000		Auditor-General's Report, 1930, p. 29, <i>et seq.</i>
Water Supply and Irrigation Schemes (not included in any of above)	1,615,000		
Murrumbidgee Irrigation Area	229,000		Auditor-General's Report
South Australian Country Water Supply	304,000		Auditor-General's Report, 1931, p. 50
South Australian River Murray Works	121,000		Auditor-General's Report, 1931, p. 49
Victorian Country Water Supply	901,000		Auditor-General's Report, 1931, p. 33
Total	17,394,000		

(e) Arrears owing by Land settlers at 30th June, 1931.

New South Wales Closer Settlement and Group Purchases	1,578,000	Auditor-General's Report, 1931, pp. 27-29
Victorian Closer Settlement	2,398,000	Auditor-General's Report, 1931, p. 26
Soldier Settlement in Victoria	3,320,000	Auditor-General's Report, 1931, p. 25
South Australian Settlers	1,001,000	Auditor-General's Report, 1932, pp. 44-45
Queensland Agricultural Bank Balances overdue	2,427,000	Auditor-General's Report, 1931, p. 72
	10,724,000	

(f) Auditors-General's comments on (e).

Queensland—Report of 1931, p. 73—

"A large number of properties have been in the hands of the bank for periods extending over two years and it is evident that in many cases the bank will be faced with heavy losses on realization."

South Australia—1931 report, p. 58—

"Collection of water rates, rent and other charges in the irrigation areas was becoming more and more difficult each year. On 30th June, £364,000 was outstanding on these accounts. Most of this has been outstanding for more than twelve months. . . . Notwithstanding the relief from arrears granted to settlers and heavy writing down of advances, the amount owing for arrears on these accounts is increasing each year."

Report 1932. pp. 44-45—

"The advances from borrowed funds, principally to wheat farmers at 30th June, 1932, were £9,379,000. There is also a very large sum owing to the Government on agreements to purchase Crown lands not included in this list.

In addition £1,001,000 is outstanding as at 30th June, 1932. There are also large amounts of arrears on water rates, land tax, &c. The total of the sums involved is somewhere in the neighbourhood of £12,000,000."

The Royal Commission which inquired into West Australian farmers' debts reported—

"The estimated liability of West Australian farmers, amounted to £31,654,000 exclusive of debts owing to private mortgagees, stock and station agents, and trades-people other than country storekeepers, £14,000,000 of which was owing to the Agricultural Bank" and added further, "How, with good seasons, such an accumulation of indebtedness has arisen, it is hard to see. The whole industry was pyramided on good prices and lavish credit without due inquiry being made into production costs, world production of wheat and value of assets on which credit was extended. The Government, through the Lands Department, and the Agricultural Bank, together with all classes of the trading community, are responsible for the accelerated and uneconomic development of the farming industry in West Australia."

(g) Revenue expenditure in aid primary production 1930-1931.

	£	£	Authority.
New South Wales Development and Maintenance State Resources	2,890,000		Auditor-General's Report, 1931, p. 69
South Australian Development, Expenditure, &c.	1,017,000		Auditor-General's Report, 1931, p. 9
Less Soldier Settlement already taken into account	388,000		
	1,017,000		
Victorian Average net revenue expenditure (Last ten years)	2,400,000		As per Mr. Linton's figures part B of Schedule
Federal Aid Primary Production—			
Cotton Bounty	157,000		Federal Budget, 1932-33, p. 23
Wine Bounty	95,000		Federal Budget, 1932-33, p. 23
Cattle Tfk Control	53,000		Federal Budget, 1932-33, p. 33
Department of Commerce	13,000		Federal Budget, 1932-33, p. 33
Dried Fruits Export	38,000		Federal Budget, 1932-33, pp. 32-33
Dairy Produce Export	24,000		Federal Budget, 1932-33, pp. 32-33
Wine Export	11,000		Federal Budget, 1932-33, pp. 32-33
Canned Fruit Export	6,000		Federal Budget, 1932-33, pp. 32-33
Other Assistance	31,000		Federal Budget, 1932-33, pp. 32-33
Federal Aid Roads	2,000,000		Federal Budget, 1932-33, p. 39
Wheat Bounty	3,293,000		Federal Budget, 1932-33, p. 63
Total	11,603,000		

SCHEDULE Z.

Monthly Overseas Trade and Major Tariff and Exchange Movements.

	1930.			1931		1932.		
	Imports.	Exchange.	Tariff Movements.	Imports.	Exchange.	Imports.	Exchange.	Tariff Movements.
	Millions sterling.			Millions sterling.		Millions sterling.		
January ..	12.4	102	.. .. .	5.1	130 (29th January)	3.3	125	
February ..	9.3	..	.. .. .	3.5	..	3.3	..	Embargoes removed 25th February, 1932
March ..	10.4	103	.. .. .	4.1	..	3.7	..	
April ..	8.8	106	Surcharges and embargoes im- posed 4th April, 1930	2.8	..	4.0	..	
May ..	8.6	..	.. .. .	2.9	..	3.9	..	
June ..	8.3	..	.. .. .	3.1	..	4.2	..	
July ..	7.2	..	.. .. .	3.1	..	4.5	..	
August ..	6.8	..	.. .. .	3.7	..	5.3	..	
September ..	6.1	..	.. .. .	3.3	..	5.1	..	Surcharge removed 2nd September, 1932
October ..	6.8	109	.. .. .	3.8	..	5.3	..	Ottawa Schedule, 14th October, 1932
November ..	6.0	..	.. .. .	3.5	..	5.6	..	
December ..	5.1	..	.. .. .	3.6	125 (2nd December)	..	..

There were no major tariff movements during 1931.

Evidence by Albert Edward Barton, Consulting Chartered Accountant (Aust.), as representing The Metal Trades Employers' Association in New South Wales at the hearing commencing on Friday, 27th January, 1933, in relation to the Question of Exchange and Primage.

I am advised by the association whom I am here to represent, that the Tariff Board does not desire to hear evidence in relation to the matters mentioned in items 1 and 2 set out in the notice issued by the Board of its intention to hold the present inquiry. Items 1 and 2 deal with the necessity for maintaining a protective policy, and the existing margins of preference. The reasonable assumption is that the Board has already satisfied itself that the necessity exists and, therefore, requires to hear no argument or evidence under these headings.

With regard to the remaining matters set down for inquiry, it seems to me that the main point for determination is as to the desirability of adjusting the tariff so as to offset the additional protection against imported materials or goods afforded by the imposition of primage and by the adverse exchange rate, and, assuming the desirability, the means of giving effect to such adjustment.

In the first place, I submit that the grouping of primage with exchange in this connexion is unjustifiable. The former charge on the importation of goods is the result of deliberate action by the Commonwealth Government, which must have known its effect when imposing the charge. If the Government considers the additional duty to be detrimental to the community, the remedying of the defect is a perfectly simple matter, and one which lies within its own control to effect at any time.

With regard to exchange, this is outside the control of the Commonwealth Government, and must, therefore, be looked on in a different light. It is, I submit, incorrect to regard an adverse exchange rate as the same thing as a customs duty. Exchange is not a charge on imported goods or materials; it is a disadvantage suffered by a person when paying for such goods or materials, by reason of the fact that the medium by which he effects his payment is depreciated

in the country in which payment must be made. In that it is an added cost to the importer of materials or goods, it has, however, the same effect as an increase in tariff to the same extent.

Dealing, in the first place, with the question of the necessity for so adjusting the tariff that allowance might be made for the effect of primage and exchange, it will be generally conceded that the result of the operation of these two elements is some added protection to local manufacturers. On the surface it would appear that, where a manufacturer uses locally-produced and non-exportable raw materials only, this added protection may amount to the equivalent of, approximately, 35 per cent. In other cases, where varying proportions of either imported or exportable locally-produced raw materials are used in the process of manufacture, the amount of protection will be correspondingly less, as primage and exchange must be paid in respect of any raw materials coming into the Commonwealth, and allowance made for the lower cost of our exported materials to overseas manufacturers by reason of the exchange.

When I suggest that a manufacturer using only local non-exportable materials receives what appears on the surface to be an added protection of 35 per cent., I refer to the fact that the depreciation of our currency, as expressed by the adverse exchange rate, has imposed on him certain disadvantages which must, in fairness, be taken into account. I would not attempt to express this disadvantage in terms of £ s. d., or by way of a percentage on costs, nor do I think it capable of calculation, but it is clear that the inflated value of our currency in relation to sterling must result either in an addition to expenses or as a bar to a sufficient reduction in costs, having due regard to the drop in national income.

Up to this stage in the proceedings, the evidence given on behalf of those organizations supporting the proposal to adjust the tariff by making allowance for primage and exchange has failed to produce any semblance of a reason why the existing order of affairs should be disturbed. Suggestions have been provided as to the means by which the adjustments might be made, and I have serious doubts as to their practicability. The engagement of a staff of investigating

officers to endeavour to secure the data necessary to enable a just rate to be established in each case would, I imagine, prove unsuccessful, although it may incidentally go a long way towards solving the unemployment problem.

I submit that the only substantial case which could be put forward by these organizations is definite evidence that local manufacturers are enabled by reason of the additional protection afforded by primage and exchange to increase their prices considerably (and incidentally their profits) and that the public is being exploited by being required to pay more than a reasonable price for the goods so protected. Now, if such a case could be established, there would, admittedly, be grounds for some drastic and immediate action to be taken. However difficult the procedure may be, no other course would be justifiable.

The evidence is, however, all the other way. I have been unable to procure general statistics dealing solely with the trend of the factory prices of locally-manufactured articles, but from returns obtained from a number of the members of the association which I represent before your Board, which definitely establish falling prices, and from my general experience with other manufacturing concerns, I think it can be taken that, in spite of the increased cost of many raw materials, factory prices generally have, within the period mentioned, shown a greater or lesser reduction.

What at first sight might appear to be anomalous is really a logical result. The adverse exchange rate is merely a reflex of the economic conditions prevailing in this country. The drop in the national income and the corresponding decrease in purchasing power has forced local manufacturers to lower their prices in an endeavour to induce sales and competition has been so keen for such limited business as has been available that prices have been reduced from time to time. These reductions have occurred in spite of additional costs of imported raw materials.

A further and, to my mind, substantial cause of price reductions has been the operation of the Moratorium Act. This legislation has resulted in many businesses, which are more or less in an insolvent condition and which would in the ordinary course of events have been wound up at any time during the past two years or so, being able to continue their operations. Such concerns, in an endeavour to justify their continuance, have maintained a turnover by systematic under-cutting of prices and have created a serious problem for more substantial competitors anxious to expand on a sounder basis.

I have no doubt that isolated instances can be quoted where business concerns, particularly those having complete or partial monopolies, have been enabled by means of the higher landing cost of imported goods to advance their prices. If such cases exist there may be grounds for special action to meet the special cases, but they should not be taken as justifying a general and most disturbing alteration of policy.

I submit that on the only argument which could be advanced the case for the adjustment of the tariff to cover the question of exchange and primage, falls down. There are, however, a number of side issues to which brief reference might be made. In the first place the query might be raised as to why exchange and primage should be singled out as reasons for adjustment of tariff rates. Why should not increases and decreases in shipping freights and insurance in relation to imported goods be also the subject of tariff adjustment, as these charges directly affect the landed cost of imported goods? To carry the matter further, why should not increases in local taxation required to be paid by local manufacturers result in adjustments of the tariff.

From the point of view of the metal trades, it should be borne in mind that, as effecting local manufacturing industries, a very large proportion of the machinery imported for local manufacturing requirements is admitted under by-law, duty free.

I submit that no substantial case can be made for any interference with the existing state of affairs with regard to the treatment of exchange and primage. I would urge on the Board that one of the outstanding deterrents against launching out in new businesses or extending existing ones, is the feeling of instability occasioned by the continuous interference with business operations by governments and governmental institutions. This has engendered a lack of confidence in the future outlook which it will be extremely difficult to overcome, but which it is essential must be overcome if the outlook is to become brighter within the Commonwealth. Protection has been looked upon as the established policy of the Commonwealth and the business world has to a greater or lesser extent accustomed itself to relying upon an assurance of reasonable protection to manufacturing industries. Business men can, therefore, invest their capital in ventures feeling reasonably certain that the Government for the time being will continue to give them the required assistance in the form of tariff necessary to enable them to compete with countries not required to maintain the same artificial state of affairs as regards wages and working conditions as prevail within the Commonwealth. No reasonable business man would, however, venture his capital in a business which depended for its existence on the maintenance of the exchange rate on a high basis. I have already pointed out that the exchange rate can be and is altered at very short notice by authorities altogether outside government control. Any tariff which incorporated or provided for adjustments according to fluctuations in the exchange rate could not be regarded as stable and would, I consider, bring the launching out in manufacturing industries in this country to a standstill and so defeat the whole object of a protective policy.

Although the cost of primage and exchange results in a serious drag on those manufacturers using imported materials, more particularly in view of the falling prices for their manufactured product, it is considered so important that stability be maintained that it is not suggested that any alteration should be made in existing conditions.

In conclusion I would point out that any alteration of the present position which would lessen the cost of imported goods would act as a stimulation of imports and be detrimental to Australia as a whole. We are not yet in a position where our overseas income is sufficient to do more than meet bare commitments, plus bare necessities in the way of imports. This is clearly set out in the Bank of New South Wales circular of the 7th September, 1932, at page 8, from which I will quote a brief extract:—

"29. There is a further point of great importance concerning the external position of Australia. It is true that the effort Australia has made to adjust her balance of payments and her public finances has raised Australian credit abroad. As a consequence we hope to be able to arrange for a satisfactory conversion of maturing debt obligations in London this year. But our banking funds in London are below what they were in the more favorable years before the depression. Owing to the wide fluctuations in Australian exports on account of variations in price and in seasonal conditions, Australia was in the habit of holding in London a substantial amount of liquid funds as a sort of drought reserve. The Australian banking system cannot function confidently without such a reserve, and our object must be to build up large funds in London with a view to providing a reserve against bad years. Until these funds have been restored to their former level, the Australian financial position will not be secure. The building up of reserves necessitates as far as possible the maintenance of present export production. Any improvement in export prices will be welcomed as an opportunity to increase our liquid funds in London. The trend of imports

is such that a further reduction in the Australian cost of imports, without a change in their sterling value, might lead to an increase. In this event any improvement in export prices might be swallowed up in an increase in imports. The margin for restoring London funds would be correspondingly reduced."

**Evidence by William Fleming Gates, Secretary
Tariff Reform League, Victoria.**

I, William Fleming Gates, Secretary of the Tariff Reform League, Temple Court, Melbourne, desire to present the following considerations on the operation of the protective items of the Australian Customs Tariff, and on the necessity of variation of these items because of primage and exchange.

We understand that the Board's inquiries will relate only to the "protective items" of the tariff.

My league was particularly pleased to learn of an inquiry into the effects of the protective duties, and especially when these duties are largely increased by primage. Our local high tariffists have usually assumed the beneficent action of these duties, and refuted any suggestion that they were unjust or harmful. The Tariff Reform League maintains that our protective duties are economically unsound; they are both unjust and harmful. The effect of primage and exchange is to increase the mischievous effect of these duties. We do not deny that they benefit those manufacturers who operate under the privilege they create, but all privileges must be paid for by someone. The Australian consumer pays for all the privileges created by the Australian tariff.

Part I.

I purpose following the carefully constructed plan of inquiry set out in the Board's memorandum. Part I., Divisions (1) to (6) inclusive, deals mostly with principles, while Part II., Divisions (a) to (f) inclusive, is confined mostly to their application. It is very pleasing that questions on tariffs and their effects are to be tested by reference to principles and not to individual or sectional gain.

1. With reference to Division (1), we deny any real necessity for protective duties, and certainly there can be no necessity for the prohibitive rates of our tariffs from 1929 onwards. It is the collapse of the world's foreign trade that is mainly responsible for the world depression, with all its disastrous consequences. And the chief factor in causing the collapse has been high tariffs. A high tariff can ruin any country: witness the difficulties of the great and wealthy United States of America.

It is well nigh incredible that any one could think that a country could export everything and import nothing—that imports are an evil—that any country can, in modern times, be self-contained. I have just noted the remark of a leading financial authority—that of Mr. Thomas W. Lamont, of J. P. Morgan and Company—quoted in *Barron's*, of 21st November, 1932. He says, "Even America, with all her magnificent resources, can never be wholly self-contained."

I am well aware there is nothing new in this: but the fact is that we in Australia have forgotten these things. Some actually believe they are patriots when they cry, "Australia first", &c. This extreme nationalism is, unfortunately, common in many parts of the world since the war, and by raising higher tariff walls it has made conditions worse again.

We urge, therefore, that any industry which cannot do well under the "natural protection", which varies from 10 per cent. to about 20 per cent., is not an asset to the country. We should be in a better condition without it.

2. With regard to preferential margin in favour of Britain, which we must maintain to honour the Ottawa agreement, we feel strongly that it should be done by lowering the duties against Britain. We feel strongly, too, that making a margin by raising foreign rates higher than they were is not in keeping with the spirit of the Ottawa agreement.

The main change up to the present has been the raising of duties on some 400 items. If we retain such a tariff our reputation will not be improved, and our economic position will be made much worse. High rates and frequent revisions add to the uncertainty under which business labours in Australia as elsewhere. The entrepreneur upon whom the revival of investment and the restoration of industrial activity depend will not face the risks involved in uncertain taxation whether direct or indirect. This applies equally to manufacturers and importers.

3. Primage and adverse exchange act in the same way as regard costs: they raise them.

As a simple fact, it matters nothing whether you call a duty, primage, revenue duty or protective duty. The effect is the same: prices are raised or prevented from falling in accordance with world conditions. The important thing is the rate of duty.

We urge that all raw material should be as free as possible.

We desire to stress the point that most of our imports are raw material. For example, a motor chassis is raw material for the motor industry. It provides work for thousands of artisans—body-builders, painters, and many others; it needs tyres, &c., &c. Anything that makes chassis dearer puts workers somewhere out of employment. But where a duty is levied the manufacturers should pay it just as any one else does. We do not like the use to which Tariff Item 404 is sometimes put. Chassis are merely representative of a great number of items which figure in the schedule as partly manufactured goods but which form the raw material for many industries in Australia. Any reduction in primage, or in the amount of duty payable, would encourage increased imports, would stimulate employment, and would thus compensate for the losses of government revenue, if any, by removing part of the burden of sustenance and unemployment relief. Any temporary loss of customs revenue would also be set off by the increased sales tax collected on complete cars. In any case, customs revenue would ultimately be compensated by the increased volume of imports on which duty would be paid for any temporary loss through the abolition of primage.

4. The advantages are cheaper articles to the manufacturer and to the consumer. We get a greater return for the produce we export.

5. We feel sure that the improved financial and economic conditions from the application of the scheme we recommend below would be such as to render it much easier for the Government to meet all its obligations.

6. This matter we consider of great importance. Tariffs should be simple and clear: it should be an easy matter for any one to "clear" any merchandise. From 1929 onwards, it has been particularly difficult to know just what the duty on an item would be. The frequent changes of schedule, the addition of primage to some items, surcharges to others and "tariff decisions" made it so difficult that few were prepared to say what a duty was.

Without any elaboration I indicate the simplifications we think both desirable and possible—

1. Let all duties be straightforward ad valorem. Specific duties hide many tariff iniquities: remove them all, and of course all composite duties also.

2. Remove references to lengths, widths, weights, &c., to the number of articles in a box and to such conditions as—"whether packed for retail sale or not"; such conditions as—"provided such machinery cannot reasonably be manufactured within the Commonwealth" are dangerous. They should be eliminated.
3. Codify, and, if possible, reduce the number of departmental regulations.

Part II.

With regard to Part II. of your memorandum, we desire to submit first some general statements.

1. The tariff schedule is Parliament's instruction as to the amount of duty to be collected on the import of any article. Thus when the schedule states that a duty of 60 per cent. is to be paid on one item, 45s. per gallon on another, and 15s. each on some other items, Parliament decided that just those amounts should be paid—60 per cent. was adjudged sufficient protection. Any addition would be contrary to the intention of Parliament.

2. Primage is a revenue duty, and in those items where the intention of the customs duty is to be purely protective, this should be taken into consideration in arriving at the rate of duty. It should also be borne in mind that those items which carry fully protective duties represent commodities which, when they are imported, are essential to the industrial life of the community.

3. In general, exchange also adds to the cost of any item imported. For numbers of protected items excessive rates of duty are provided, exclusive altogether of exchange. With the addition of exchange protection the rates have become prohibitive.

4. We assume that exchanges at mint par are the ideal condition upon which international trade might be conducted; but the relations between Australia and any other currency except sterling are so uncertain for any predictable period that mint parity has ceased to have any practical significance.

5. We assume also that the necessity for a downward revision of tariffs is admitted as a preliminary condition for the improvement of world trade. The Commonwealth must be prepared to play its part to the utmost extent possible consistent with the preservation of sound Australian industries.

6. There is much misunderstanding in Australia about imports. The greater part of our present imports consist of materials that are essential to the life of the community, and are in the main production goods with which Australians cannot dispense. These commodities are the raw materials upon which Australian manufacturers operate to produce some finished article.

7. It should be remembered, too, that despite all the important considerations that arise in connexion with the precarious balance of payments, manufacturers do not import goods for which an unsatisfied demand has not been already manifested.

We have discussed this matter with members of the Chamber of Automotive Industries. We think the motor industry a good example of the mischief often done by protective duties. The following account has been written for us by the secretary to the chamber, Mr. H. W. Harrison:—

"The motor industry is very seriously affected, probably more than any other industry, by the adverse exchange and by tariff and primage duties.

The fall in world's prices overseas has been particularly marked in regard to motor vehicles, but whilst prices have fallen there, costs have had to be steadily increased in Australia. The result is that high prices have decreased the output of motor vehicles to such a point that the related industries, created by an almost prohibitive tariff, are in a precarious condition."

Body Building.

It will be remembered that the Government conserved shipping space during the war, and prohibited the importation of motor bodies. This was modified, and in the course of a few months, body building establishments were created, and a mushroom growth was stimulated by an almost prohibitive tariff, which eventually superseded partial prohibition. A great deal of Australian capital was invested, and to-day, five important body building concerns have gone out of business, and the three remaining are trading at a loss; the losses of one of the three have been colossal.

The collapse of the motor body building industry has been brought about by reduced purchasing power in Australia and the increased cost of motor vehicles, due to exchange, primage, sales tax and the method of tariff assessment.

The collapse of the body building industry has adversely affected the tanning industry, the timber industry and numerous minor industries. It has partly destroyed the tyre making industry, in spite of the fact that for a period within recent times the importation of pneumatic tyres has been prohibited. The duty placed on raw rubber is approximately 200 per cent. ad valorem.

The manufacture of sparking plugs was forced upon the public by an almost prohibitive tariff, and likewise this new industry has been in a precarious position.

The manufacture of Australian batteries was first created by a prohibition of imports, followed by a very high tariff. This industry is in an equally unsatisfactory condition.

The spring making industry applied for and received almost prohibitive duties, which caused a great increase in Australian manufacturing plants, although there were a large number of spring manufacturers already in business doing 97 per cent. of the replacement trade, but with the object of catering for equipment sets, new companies were formed, and businesses have almost been wrecked and others closed.

Thus we have a chain of Australian industries created by prohibitive or almost prohibitive duties, and the Government has failed to realize that they cannot prosper, and some have not been able to exist, because of the fall of imports of unassembled chassis, which are the raw material upon which the whole of the related industries depend.

The fall of imports of unassembled chassis has resulted in the closing down of most of the assembling shops. We, therefore, have widespread unemployment in the following branches of the motor industry: Tyre making battery manufacturing, engineering and spring making, body building, body engineering departments and assembling plant, motor car salesmen, advertising specialists in advertising departments, heavy reduction in employment of printers for catalogues, &c., heavy reduction in customs import duties and a loss of State revenue through motor car registrations, and the consequent curtailment of road construction.

We see, therefore, related industries, forced into existence in Australia by prohibition of imports, and/or almost prohibitive tariffs, almost completely wrecked because of the collapse of the sale of new vehicles.

The relative cost of a motor vehicle can be better understood by the example of a make of car which sells to United States of America farmers at £135 (calculated at Australian currency at par) complete, ready for the owner to drive. The specimen of the complete car imported for the guidance of body builders and so forth, cost £465 to land after payment of duty. The restricted output of Australian manufacture and consequent higher prices, whilst the overseas world prices are falling, makes it impossible to sell

this car in Australia, fitted with Australian tyres, body-work and other components, under £495. This will further explain the following figures:—

1927.—84,201 motor bodies were required in Australia, which consisted of Australian labour and mostly Australian raw material.

1932.—For the first ten months of 1932, the un-assembled chassis had fallen to 6,644, which means a similar number of motor bodies of Australian manufacture, and in the same period the total number of complete cars imported had fallen to 72.

The following shows the local production required by the motor industry in 1927 and the first ten months of 1932:—

	1927.	1932.
Number of motor bodies ..	84,201	6,644
Australian made tyres for equipment of unassembled and complete cars imported without tyres ..	520,000	32,580
Australian made batteries ..	105,000	6,716
Australian spark plugs, approximately ..	200,000	35,000
Windscreens ..	84,000	6,644
Number of chassis assembled in local assembling shops ..	84,201	6,644

In addition to the foregoing items, the industry has also had to reduce consumption of nuts and bolts of Australian manufacture, Australian made cellulose leather and Australian-made fabric for upholstery, orders for nickel plating, numberless subsidiary articles such as door handles and other coachwork ironmongery required by the motor body builders, springs, shock absorbers, &c., Australian tanners specialized in upholstery leather for the motor industry; most of the pits are out of use.

It will be realized, therefore, that through the cessation of the sale of new vehicles, all these Australian industries have suffered a reduction in output by more than 80 per cent. With such a heavy reduction in output, it would be a conservative estimate to say that 75 per cent. of their employees have been put out of work. One company employs 170 hands instead of over 700.

Bearing these great losses in mind, and calculating the amount of revenue the Government has had to find for the relief of unemployment created in this single industry, we feel sure that you will readily realize the necessity for something to be done to help reduce the cost of the article, so that the public will buy freely and thus restore employment and re-establish these Australian industries forced into existence at the behest of the Government by prohibition of imports or by high tariffs.

Other Re-actions.

Up to June, 1931, the revenue received by the States from motor taxation not only showed no increase over prior years, but a depreciation. This is important to the re-establishment of employment, for the reason, that in the Country Roads Board report of June, 1931, it was disclosed that the motorists' revenue in Victoria enabled the Board to employ 5,000 men. Had the Board received the normal increase equal to that of prior years, a greater number of men would have been employed. The steady development of road construction is essential for the well-being of the railways, as it is only by opening up new country by roads there can be increased acreage for production and corresponding increase in railway freights. No government is in a position to provide funds from Consolidated Revenue for new road construction or even maintenance, and this national development must depend upon the taxes paid on motor vehicles. Furthermore, every motor vehicle put on the roads continues to pay taxation to both State and Federal Governments, which

makes the motor vehicle different from any other item in commerce, as every mile the vehicle is used means a contribution to the federal revenue through the petrol tax, as well as to the State under the State Motor Car Acts.

The farmer is required to pay £60 sales tax on a motor truck costing £1,000, which has also paid duty, and upon the chassis a high rate of exchange has had to be met, and the farmer pays 7½d. to the Government on each gallon of petrol the vehicle uses.

We therefore suggest that, whilst the high rate of exchange is affecting the raw material for the motor and its host of allied industries, some modification of the tariff should take place, and also that there should be a maximum sales tax or primage collected on an individual article. Whilst the sales tax on an article costing 5s. may not deter its purchase, the sales tax on a motor vehicle makes it very costly to buy.

We therefore support any plan which will reduce costs and restore activity in our business.

We add some suggestions on the separate divisions of Part II.

(a) Variation in duty. We doubt if anyone can supply a method free from objections, but we submit the following as simple and easy of application:—

1. Convert foreign currencies into sterling at a fair rate of exchange declared, as circumstances require, by the Minister after determination by a body of experts, who will give full consideration to the increased rate of protection brought into effect by the fluctuations in sterling exchange.
2. Calculate duty to be charged by this formula. From the sum of the duty in the schedule and the primage, subtract 25 per cent. of this sum. The remainder is the duty to be charged.

Algebraic expression—let d = duty in schedule, p = primage, r = rate of exchange; then, $(d+p) - r(d+p)$ = rate of duty to be collected. As an example—An article is scheduled at 50 per cent. ad val., primage 10 per cent. $50 + 10 = 60$. Rate of exchange 25 per cent.; 25 per cent. of 60 = 15; $60 - 15 = 45$. Collect duty at 45 per cent.

(b) This variation should be applied to all duties. Specific, alternative and composite duties should be all converted into ad valorem.

(c) We recommend assessments on sterling.

(d) We urge a general lowering of costs of production. Our primary producers are in desperate straits and costs of production must be reduced; we can save them in no other way.

(e) See (a) above.

(f) 1. There will probably be few cases of this, and they will make no difficulty.

2. Probably best on telegraphic transfer.

3. There are few cases of this kind; they do not seem worth any special legislation.

Evidence by Harold Daniell, Director, Dunlop Perdreau Rubber Company, Limited, 108 Flinders-street, Melbourne.

My name is Harold Daniell, and I am a director of the Dunlop Perdreau Rubber Company, Limited, whose registered office is situated at 108 Flinders-street, Melbourne. My statement is as follows:—

Inquiry by Commonwealth Tariff Board as to the Practicability of Evolving some Method of varying Duties imposed under protective items of the Customs Tariff by reason of the Operation of Exchange and Primage.

It is necessary, at the outset, to consider carefully what is involved in the terms of this inquiry as set out above.

The first point of importance arises from the phrase "duties imposed under protective items". Read literally, it would appear that the scope of the inquiry is limited to items where "protective duties" apply.

This limitation would exclude all items where duties have been imposed for "revenue" purposes, as distinct from those imposed for the purpose of protecting industries.

In the category of "revenue duties" the most important item with which the rubber industry is concerned is crude rubber, on which there is a specific duty at the rate of 4d. per lb., as well as primage at the rate of 10 per cent. ad valorem. No rubber is grown in the Commonwealth, but there is production of raw rubber in Papua and the Mandated Territory of New Guinea. Growers in these territories receive a bonus, which is paid by rubber manufacturers within the Commonwealth, and which is equivalent to 4d. per lb. Thus all raw rubber used by Australian manufacturers is subject to an impost of 4d. per lb. and primage at the rate of 10 per cent. ad valorem.

The spot price of raw rubber is less than 2½d. per lb., but, taking it at that price, duty (or bonus) and primage represent a tax of 189 per cent. on the spot price.

There are many other such examples of raw materials, which are not produced in Australia, but which are essential components of rubber manufactures, where "revenue" duties have been imposed. The item next in importance to crude rubber is cotton piece goods in its various forms. None of the cotton fabrics used in the production of rubber goods is manufactured in Australia, but all are subject to duty ranging upwards from 5 per cent. ad valorem, and also to primage charges.

The protective duties on rubber manufactures have not been increased commensurately to offset these imposts on raw materials, and to restrict the terms of the inquiry to those items on the tariff which are protective, would be ignoring the most important disability under which the Australian rubber industry is operating.

This can be better appreciated when it is realized that, at current prices, raw rubber costs 3 cents, or 1½d. lb. at par of exchange in New York, United States of America, 2½d. per lb. in London and over 7½d. per lb. in Australia. The prices quoted are for smoked sheet, which is by far the largest component of rubber manufactures.

We will now consider what is involved in the proposal to vary duties by reason of the operation of exchange. It would seem that the expression of these terms presupposes that an adverse exchange constitutes and additional protective duty, over and above the duties specified in the tariff, either to the full extent of our currency depreciation (which is 25½ per cent. in terms of sterling, and 55 per cent. in terms of gold) or, at least, to some extent.

Whilst, superficially, this would appear to be a truth, the whole supposition is false, and based on a complete misconception of the causes and effect of currency depreciation, and of the operation of exchange.

It is generally agreed that the depreciation of Australian currency is due, mainly, to years of adverse trade balances, causing an inadequate supply of Australian funds in gold, or credit, abroad. The excess of imports over exports was chiefly due to the collapse of prices for our primary products, and our credit suffered accordingly. Australia had been purchasing more money and goods abroad than she was earning. In other words, she was importing more than she could pay for in gold or goods, and the inevitable economic corrective asserted itself. Let it be realized, however,

that the adverse exchange was by no means voluntary, although it is true that Australian primary producers welcomed it.

Although the Commonwealth Bank Board issues a weekly statement setting out the exchange rate for the ensuing week, it is incorrect to suppose that the Bank Board creates or "fixes" the rate. The Board in no sense determines what the rate shall be; for that it cannot do. It is confined to an assessment of the exchange, after measuring our resources abroad. In the final analysis Australia has no control over the exchange rate.

These outside funds are accumulated in two main ways—by selling abroad more than we import, and by shipment of gold.

The proposal now advanced is, presumably, designed to bring about a substantial reduction in existing protective duties on the supposition that some or all of those duties, under existing conditions, do more than protect, and that Australian manufacturers are, as a consequence, enabled to charge higher prices for their goods than they should.

As to whether the Australian manufacturers are enjoying unduly large profits, I suggest that the answer may be found in the balance sheets of the public companies engaged in industry in Australia. Quite apart from the fact that their aggregate gross and net profits have shrunk alarmingly, they have, in innumerable instances, suffered serious capital losses, which would appear to be irrecoverable.

The point which the proponents of the scheme under consideration appear to overlook is that the lowering of duties must inevitably result in increased importations which, in turn, would bring about a further increase in the exchange rate. Perhaps they see as far as this and imagine that substantial additional benefits will accrue to the primary producer. The prosecution of this policy can, of course, lead only to the gravest injury to secondary industries in Australia, with further unemployment, and would confer no real benefit on any section of the community.

From a survey of wholesale price indices over the last few years, for the United Kingdom, United States of America and the Commonwealth of Australia, it is apparent that, whilst prices (excluding primary products) have fallen heavily since the peak in 1927 in the three countries, the collapse is not nearly so marked in Australia as in the United Kingdom and the United States of America.

The reasons for this position are not to be found in the assumption that duties, plus exchange, on protective items of the tariff have enabled the Australian manufacturer to maintain high price levels with an increased modicum of profit. The simple truth is that the Australian manufacturer has found it impossible to follow, to the full extent, the downward price trend in other countries because of burdens imposed alike on primary and secondary industries by various forms of taxation by the Governments of the Commonwealth and the States.

Although, generally speaking, Australian manufacturers have overhauled their industries during the depression, and have improved their methods of manufacture by adopting mass production, and other means directed towards costs reduction, they have seen the value of their efforts vitiated by taxation costs in different forms, some of them quite unscientific in their application, and of doubtful value under economic analysis.

It seems strangely paradoxical for instance that, although the rubber industry in Australia is experiencing, in many lines, the most intense competition from overseas manufacturers it has ever known, most of the raw materials used are taxed at the Customs for purely revenue purposes, whilst foreign manufactured goods are enabled to enter the Australian market because the

tariff fails to protect. In many instances these foreign industries are heavily subsidized in various ways by the Government of their countries, and Australian Customs duties have ceased to be protective, save in name. If it is seriously desired to bring about a reduction in wholesale prices in Australia, and thus stimulate employment, I suggest that the Government give some consideration to the removal of duties on raw materials used in manufacture, which are not produced within the Commonwealth.

Another direction in which the manufacturers' efforts to lower costs might be aided by the Government is to be found in the sales tax. Of all the emergency measures enacted, this is surely the most unscientific and restrictive to commerce. It operates with a complete disregard to economic facts and falls with equal weight upon profitable and unprofitable transactions. The only qualification necessary to become its victim is to have turnover. It does not matter whether the turnover results in a gain or a loss. Here then are two avenues which might be considered by a government anxious to bring down wholesale prices to a point somewhat nearer world's parity.

Practicability.

In the foregoing an endeavour has been made to show that there can be no economic justification for attempting to co-relate an adverse exchange rate with a tariff schedule. On the other hand, I hope it has been made sufficiently clear that higher protective duties would improve Australia's trade balance.

We are invited to assume, however, that such a co-relation can be established, and to consider how new administrative machinery could be constructed, and whether it could be put in operation with a reasonable measure of success.

At the present time there are, broadly speaking, two rates of duty for each item in the Tariff Schedule, viz., the British Preferential Rate and General Rate. Let us consider, firstly, the British Preferential Rate, and the currencies of the chief countries whose goods are favoured by a preference. We find that we are at once faced with the necessity of having different rates of duty for the merchandise of the various members of the British Commonwealth because, in the main, each has a currency which differs in value in relation to sterling or gold. Moreover, the degree of depreciation, or of appreciation, in terms of sterling is by no means constant and may, indeed, fluctuate every day, or several times a day.

Consideration of the difficulties presented in any effort to meet the position is sufficiently disturbing, but it is inconceivable that the Customs could seriously attempt to apply the principle to imports from countries whose goods are dutiable under the General Tariff. It is no exaggeration to say that every entry at the Customs House would require special scrutiny and involved calculation, and duty could only be assessed after ascertainment of the date of payment (if such had already been made at the time of entry) and the rate of exchange, at that date, in the country of origin or in which payment has to be made. This only deals with the difficulty of administration, but what of the importer?

It will be conceded that the Australian Tariff is already sufficiently complicated for the ordinary importer, but the promulgation of a tariff which will alter almost from hour to hour will make it totally impossible for anybody to forecast an assessment of his landed costs. The operation of such machinery would be destructive to the vital need of certainty for the importer to be able to determine the landed costs of his goods including exchange and duty.

No overseas commerce could be satisfactorily conducted in the absence of this foreknowledge.

And what will be the position of the Australian importer, who, in his wisdom, buys gold dollars at a favorable season? Will he pay a rate of duty higher than his less fortunate competitor, who has bought his dollars on a bad market?

Perhaps the duty will be assessed on the basis of the exchange rate-ruling at the time of entry; but then, of course, an adroit exchange operator might make a gain both ways on his fortunate purchase of the dollars, and at the expense of the Commonwealth revenue.

Evidence by Samuel Fergus Ferguson, Federal Secretary of the Australian Association of British Manufacturers, 84 William-street, Melbourne.

My name is Samuel Fergus Ferguson. I appear in the capacity of Federal Secretary of the Australian Association of British Manufacturers, 84 William-street, Melbourne, and Australia House, London.

I. Introductory.

Realizing the extreme importance to Australia of this inquiry, my association has endeavoured to approach the subject from a purely Australian angle. The views to be expressed are those of its Australian members who, as Australian citizens, are anxious to place before the Board something constructive that will rank as an unbiased contribution towards the solution of a serious Australian problem. An attempt has, therefore, been made (and, I think successfully) to take a broad view that is equally just to both primary and secondary Australian industries, as it is believed that British manufacturers will gain most, in the long run, from the adoption by Australia of the economic policy which will serve Australia best.

II. The Need for Action.

Most Australian industries enjoy, under existing conditions, total protection far in excess of their needs, and far in excess of the margin intended by those who framed the schedules now operating. Therefore, the question of the evolution of some method of varying duties imposed under protective items of the tariff by reason of the operation of exchange and primage, is necessarily bound up with the whole question of the fiscal policy of the country. The logical remedy would appear to be the reduction of the statutory duties themselves, but the methodical revision of the tariff, involving expert investigation of each tariff item, must necessarily be a very slow process. In the meantime a dangerous situation exists which cannot fail to promote the growth of unhealthy industrial activity, fostered by the combined operation of exchange and primage and duties, and forever incapable of taking its place, unsupported, beside the more hardy specimens of Australian industrial enterprise. Such a growth, if permitted to continue too long, will prove a serious obstacle to economic recovery, owing to its effect upon the costs of other industries. It is probable also that considerable opportunities are given at present for excessive profit-making, owing to the protective incidence of exchange.

Therefore, I contend that it is in the highest degree necessary that some method should be devised of reducing without delay the total margin of natural and artificial protection to more reasonable proportions.

It is proposed to submit for the Board's consideration a reasoned statement of the position, its complications, its difficulties, and its dangers; and a concrete plan which, while it is not claimed that it will meet all the requirements with scientific exactitude, will at least furnish a simple and workable means of materially lessening the evils of the existing situation. As it is desirable that the Board should comprehend the general nature of my association's proposals at the outset, I shall explain them at once as concisely as possible,

leaving the more detailed explanation of their various features and of the arguments in favour of their adoption, to be dealt with in a subsequent section of my statement.

III. A Solution Suggested.

My association's views may be summarised, and its proposals set out, as follows:—

1. Exchange and primage have entirely upset the balance of the tariff, and, therefore, some scheme of general abatement of protective duties is necessary to counteract to some extent, and without delay, the evils inherent in the situation, as outlined above, pending the completion of the Board's detailed investigation of the tariff.

2. In seeking a possible basis for such an abatement, special attention has been given to the necessity, as stressed in the Board's notification of this inquiry:—

- (a) To maintain adequate margins of protection to Australian industry.
- (b) To maintain the margins of preference to Great Britain as agreed upon at Ottawa (i.e., the margins provided in the latest schedule) and the margins of preference to Canada as provided in the trade agreement with Canada.
- (c) That the method should be easily understood and simple in application.

3. I suggest that the only possible basis of general abatement of duties, undertaken under the shelter afforded to local industries by the exchange rate, is the disparity between Australian currency and sterling. The Australian-sterling exchange does not fluctuate frequently; it has been stable at its present rate for more than a year. If the entire adjustment, whether relating to British or foreign goods, be based upon the Australian-sterling rate, at least reasonable stability in the amount of the allowance to be made will be achieved.

If, on the other hand, discriminating allowances were to be based upon the current exchange rates with each individual country, it is to be feared that there would be endless confusion in administration, for every fluctuation in the exchange value of sterling would cause an alteration in the basis of the reduction of duty applicable to every currency not definitely linked with sterling.

From the point of view of protection to Australian industries, the conservative course is to adhere to the sterling basis, as thus the average protection to local manufacturers will most certainly remain considerably greater than it was when Australian currency was on the gold basis.

4. I suggest that the most simple and effective manner in which the object may be attained is by an amendment of the Customs Act, to provide for the deduction from all duties collected under tariff items carrying protective imposts in the British preferential column, of a stated proportion of the British preferential rate of duty; the proportion to be fixed from time to time by proclamation, but not to be varied unless the Australian-sterling exchange rate moves 5 per cent. or more in either direction.

5. Obviously, the difficulty of applying this suggestion lies in the fact that the net protective advantage gained by any particular manufacturer from exchange varies inversely with the extent to which he uses imported or Australian exportable raw materials in the manufacture of his product. The deduction from the duty of the equivalent of the exchange rate would leave the manufacturer no worse off than he was with the full tariff when exchange was at par—unless he uses imported or Australian exportable materials. But, if his imported materials are equivalent in value to, say, 50 per cent. of the f.o.b.

value of the complete article from the United Kingdom, his net advantage from exchange is reduced to 12½ per cent. instead of 25 per cent. As the net advantage of exchange probably varies in regard to every class of manufactured goods, it would seem at first glance that there can be no such thing as a simple method of automatic variation of duties by approximately the net amount of the exchange advantage in each case, even if the attempt be made on a sterling basis only, ignoring the further advantage gained by the local manufacturer from the conversion rate of foreign currencies to sterling. Certainly, the Tariff Board, in revising the tariff, could ascertain in regard to each item the net advantage derived from exchange, and recommend accordingly, provided the principle had been accepted that the present exchange rate was to be used as the basis for recommendations by the Tariff Board. But this furnishes no solution of the present difficulty, which demands prompt action, for the complete review of the tariff, item by item, is likely to occupy a very long period; and, as I interpret the terms of reference, the object of this inquiry is to find a means of making adjustments without altering the statutory rates of duty in the tariff.

It is necessary therefore to find, as a basis for the suggested automatic allowance, something that reflects, in some way, the extent to which any particular protected Australian-made goods include in their make-up imported or Australian exportable materials.

I submit that the tariff itself does this.

Where the whole of the raw materials of any industry are produced locally, and are non-exportable (i.e. are produced in Australia under tariff protection and are higher in price than similar materials imported duty-free), the amount of protection given is usually higher than in another industry which is not under similar disadvantages in regard to its raw materials. For example, the duty on machines and machinery n.e.i., is 45 per cent. which is a fairly high duty, possibly because the material used in the production of machinery is steel, the prices of which are much higher in Australia than in Great Britain or on the Continent. On the other hand, potted and concentrated meats, the raw materials for which are Australian exportable commodities ordinarily obtainable here at world prices, are subject to the lower duty of 30 per cent. Generally speaking, those goods which, owing to the availability of their raw materials at world prices, require less tariff protection, are the ones which do not gain the full advantage of exchange protection because the prices of their raw materials are inflated by exchange. In other words, industries that require high duties are usually those which gain the full benefit of the further protection of exchange; and those that require comparatively low duties are usually those whose net gain from exchange, as a protective factor, is something less than the full 25 per cent.

There must be some explanation of the apparent eccentricities of the Australian tariff, in which protective duties on an ad valorem basis range from about 25 per cent. to 65 per cent. (British preferential tariff). If it can be accepted that one of the chief factors in determining whether a duty shall be low or high is the extent of the advantage gained by the industry from the use of imported materials, or materials produced at world parity prices by the Australian export industries, then I contend there is every justification for basing the proposed deduction upon the height of the duty itself.

My association's proposal is that while the exchange rate remains at 25 per cent., the deduction—from British preferential and general tariff rates alike—should be one-third of the British preferential rate. I shall explain later how the proportion of one-third is arrived at.

The highest ad valorem rate in the British preferential column of the tariff is 65 per cent. One-third of this is approximately 22 per cent. ad val. Therefore, on goods on which the maximum ad valorem rate applies, the deduction would be roughly 24 per cent. of the value of the goods, (i.e., 22 per cent. plus 10 per cent. of 22) or approximately the equivalent of the Australian-sterling exchange rate.

The tendency in recent recommendations by the Tariff Board has been to regard 45 per cent. as ample protection even where an industry uses purely Australian non-exportable materials (as, for example, machines and machinery n.e.i.). Therefore, I submit that a plan under which the full amount of the exchange is deducted only when the duty is 65 per cent. or more, is really over-generous to the local manufacturer. On machines and machinery, the deduction would only be 15 per cent., reducing the duty to 30 per cent., which with exchange added would leave the local manufacturers still 10 per cent. better off than they were with a 45 per cent. duty when exchange was at par.

There are, of course, items which do not conform to the general principle suggested above—viz. that duties are high when the Australian content is high, and low when the Australian content is low.

For example, on item 241 (c) which relates to certain articles of sanitary pottery, the duty is 25 per cent., in spite of the fact that the local industry uses very little (if any) imported or Australian exportable materials.

Probably the high natural protection of freight on these bulky goods is a partial explanation; but in this and other similar instances, it is obvious that the advantage will be all with the local manufacturer, in that the deduction from a 25 per cent. duty will be only about 8 per cent. although the local maker gains the full advantage of the 25 per cent. exchange. There will necessarily be anomalies, but I suggest that they will invariably operate to the advantage of the local maker. To correct some of these anomalies, possibly the Board might, from its own knowledge, furnish a list of tariff items of importance relating to goods in which only Australian materials are used, and from which therefore not one-third of the duty but the full equivalent of the sterling exchange could be deducted, for example, iron and steel.

A further point, which again increases the "margin of safety" in favour of the local manufacturers, is that my suggestions take no account of the protective incidence of exchange on freight and other forwarding charges.

I think there are few instances in which ad val. duties of 50 per cent. or more apply to goods which are made in Australia largely from imported materials, but one such example is aluminiumware, the whole of the aluminium sheet being imported. Obviously, in such circumstances a duty so high as 50 per cent. is itself an anomaly, and in the case mentioned the present duty was imposed without reference to the Tariff Board, which is a partial explanation. It is just possible that in this case one-third of the British duty (i.e. 16½ per cent. ad val.) may be slightly more than the net advantage gained by the local aluminiumware makers from exchange. But, even if it is, I submit that this is merely the result of the duty itself being much too high, having regard to the high imported content of Australian-made aluminiumware. The net protection afforded to the manufacturers, in a rare case of this kind, would certainly still be higher than it should be, even if my suggestion were adopted.

6. The basis for the suggested reduction (viz., one-third of the British preferential duty) is arrived at as follows:—65 per cent. is the highest ad val. rate of duty against British goods. It is considered reasonable to take this as the basis, that is to say, to regard it as the rate applicable when the local industry

uses no imported or Australian exportable materials. In such a case the equivalent of the full sterling exchange rate could be fairly deducted from the duty, and as 22½ per cent. ad val. is approximately equal to 25 per cent. of the f.o.b. value of the goods, 22½ per cent. has been used as representing the exchange rate. Thus, the deduction from a 65 per cent. rate would be 22½ per cent.—leaving 42½ per cent. to be charged. All other British preferential rates would be reduced *pro rata*, i.e. by 22½/65 of the amount of the duty, or, for the sake of simplicity, by one-third. Thus we reach the position that, while exchange is at 25 per cent., a deduction of one-third of the British duty would apply all round. The suggestion is that the foreign rates should be reduced by the same absolute amount as the British rate, not in the same proportion, this being necessary if the margins of tariff preference agreed to at Ottawa are to remain undisturbed. Thus, on an item reading British free, General 15 per cent. there would be no deduction at all, as one-third of nothing is nothing.

The actual proportion of the British rate to be used as the basis would be announced by proclamation, and the countries whose goods would not be subject to the allowances (i.e., those whose currencies had depreciated more than sterling, as e.g. New Zealand and Japan) would also be announced by proclamation.

It is suggested further that the basis of the allowance, if it is to fluctuate at all, would only need to be altered when the Australian exchange rate with sterling moved 5 per cent. or more either way, when a simple calculation would show what the new basis should be.

IV. Application of Tariff Board's Tests to the Suggested Method.

I shall now deal with the various points to which the Tariff Board's notification of this inquiry drew attention, in the light of the suggestions made above:—

1. The necessity for maintaining protection to Australian industries (primary and secondary).

I do not think there can be any doubt that the full effective protection as contemplated when the existing tariff rates were imposed would be preserved under the suggestions made by my association.

2. The necessity for maintaining margins of preference agreed to under the *United Kingdom-Australia Trade Agreement Act 1932 and Customs Tariff (Canadian Preference) 1931*.

My association's suggestions are aimed at a reduction in tariffs based upon the change that has occurred in the value of the Australian pound in relation to sterling, the view being taken that adjustment of tariff rates applying to goods from innumerable foreign countries with fluctuating exchange rates in relation to Australian currency, would be too complicated to be practicable; it is considered also that any action to counteract, through the tariff, the effect upon both British and Australian industries of Great Britain's departure from the gold standard, would be unwise. The disabilities under which countries such as America, which are still on the gold standard, are labouring are, in most cases, largely the result of their own past sins against the world at large in endeavouring to sell without buying. Under my suggestions, general tariff rates would be reduced where British preferential rates were reduced, but the existing margins of preference would be undisturbed.

3. The increase in production costs resulting from (a) increased charges due to exchange and primage on imported raw materials; (b) the internal effects of exchange and primage—

(a) I have dealt with the question of increased charges due to exchange on imported raw materials. Primage will be dealt with later.

(b) My association is of the opinion that the high exchange rate has not had any effect upon the general level of prices except so far as they have been directly affected by the increased cost of imported raw materials, and increased prices of Australian exportable materials. That is to say, there has been some increase in costs owing to exchange on materials ordinarily obtainable in Australia at prices based upon world parity prices for similar goods, and of course in the prices of the goods in which such materials are used. This aspect has been adequately covered in my evidence. But the theory that all prices must automatically rise *pro rata* to the amount of exchange depreciation has been disproved by the stability of the Australian price level in 1930, 1931 and 1932 (see index numbers set out in appendix B hereto). There is in point of fact no logical reason why the mere fact of exchange depreciation unattended by currency inflation, should cause any inflation of prices of goods made wholly from Australian materials, when the prices of such goods were already well above world prices of similar goods before the departure from parity with sterling took place. (See appendix B.)

My remarks above have applied to the general level of costs and prices. There has undoubtedly been some exploitation of the existing conditions by individual producers, who have used the exchange protection as well as the tariff protection in their prices. Obviously in such cases the internal effects of exchange have been to increase prices, and to some extent costs, so far as such particular cases have related to goods that are used in other industries, as distinct from consumers' goods. But I submit that, as such inflation as has occurred in Australia has been less than sufficient to counteract the deflationary forces of reduced export prices and the cessation of borrowing abroad, there has been no net inflation, and, consequently, no means of financing current transactions at a generally increased price-level. Therefore, so far as it has been possible for individual producers not using imported or exportable materials, to increase prices under the protection of exchange, they must have done so at the expense of other producers not so fortunately situated as themselves. Possibly I might illustrate my point. Assuming that the manufacturers of a necessity (e.g., clothing), are well enough organized, or so fortunately situated, as to be able to avoid the consequences of internal competition, and take advantage in their prices of the protection of exchange as well as the tariff—whether by actually increasing prices or by avoiding reductions which would otherwise have been forced upon them—clearly they are causing more than their rightful share of the currency to be utilized in the financing of transactions connected with their particular trade. Therefore, less will be available to finance transactions connected with the remainder of industry, and prices of other commodities may thus be forced to a lower level than would otherwise have been the case. This is merely a variation of the old contention that excessive protection of one industry penalizes all other industries, but it links up the argument with the question of the relationship between currency and price-levels. This explains how it is possible for price-levels generally to remain unaltered although, as the result of exchange, prices of particular goods may be increased without any real justification. The same applies, of course, to particular increases in prices owing to uneconomic production fostered by the high tariff combined with the high exchange rate.

Thus it appears that the exchange rate on top of the tariff can cause irregularities in the price-level, which are really the undesirable outcome of the existing situation, and the correction of which is the chief object of holding this inquiry. To this extent, the internal effects of exchange may be responsible for some increase in prices, and costs, in particular cases, but the adoption of the suggestions made by my association would go some distance towards curing the ill, and, therefore, result in a reduction of such costs.

Therefore, I contend that any "increase in production costs resulting from the internal effects of exchange" far from being an argument against it, is an argument for the "varying" of the duties.

The Board will have discovered, I believe, from its experience of the past two years that in the great majority of Australian industries that are independent of imported or exportable materials, costs are lower to-day than they were when the Australian £1 was at par with sterling, whatever may have happened to their selling prices.

4. The advantages and/or disadvantages likely to result to primary and secondary industries through the deduction of some such allowance from protective duties.

Excessive tariff protection, or even moderate tariff protection made excessive by exchange and primage being super-imposed, provides opportunities for a hot-house growth of uneconomic industries, for the growth of inefficiency, and for profiteering. All primary industries and all efficient, economic, secondary industries must suffer from these influences. Therefore, both primary and worth-while secondary industries must benefit from the suggestions made, if they are put into effect.

5. The effect on government finance in relation to interest payments on overseas loans—

The only way in which the suggestions could have any effect upon interest payments on overseas loans, would be by the reduction of the tariff causing the exchange rate to rise further. It is, I think, improbable that the adjustment suggested would have any actual effect upon the exchange rate, for the reason that most protective duties are to-day prohibitive, and the majority of Australian-made goods are at present enjoying an unused margin of protection against imports much greater than the suggested adjustment. In cases where full advantage is being taken at present of duty and exchange, Australian industries will have to take steps to reduce their prices, either by increasing their efficiency or forgoing excess profits; in extreme cases perhaps this may not be possible, but in such instances the production affected will be of an uneconomic order, and if it is replaced by imported goods at cheaper prices the result will be to lower costs generally, and possibly to enable other industries to export which could not export before, or to compete on the home market against imports with which they could not compete before. It is probable, therefore, that the adjustment would have a smaller net influence upon imports than might be imagined; and even if the exchange rate should rise, either as the result of tariff adjustments, or on account of the increased demand for imported goods for use in Australian industries, which has already become apparent in consequence of the present increased business activity, the various Governments will possibly be more than compensated for their exchange payments on overseas interest, by the increased income and other taxation they will receive from all persons and companies associated with the export industries which will gain the benefit of the higher exchange. Incidentally, any such increased incomes in the hands of the persons engaged in the export industries would be reflected in greater activity in all industries, and probably in a better

return from income and other taxation from many sections of the community. Interest on internal debt would not be increased, in spite of the exchange depreciation, which would lead to an increase in revenue in Australian pounds. The fact that the depreciation of the Australian £1 reduces the burden of internal debt has a bearing on several phases of this inquiry.

6. The desirability of any method which may be evolved being—

- (i) readily understood by importers;
- (ii) easy of application in the preparation of customs entries by importers;
- (iii) free of administrative difficulties.

It is submitted that my association's suggestion does not raise any difficulties under these headings. Dealing with the further points mentioned in the Board's circular, I would say—

- (a) The amount of the variation to be made has already been fully dealt with.
- (b) With regard to the application of my association's suggestions to ad valorem, specific, and composite duties, the proposals are intended to be regarded as applying to duties of all kinds, being applicable with equal facility to specific or fixed rate duties. The deductions in the case of composite duties would be made from both the ad valorem, and the specific rates; or alternatively from the combined duty payable as calculated at the scheduled rates.
- (c) I have already indicated that the suggestion would be applied on a sterling and not a gold basis.
- (d) The effects of my association's suggestions in connexion with goods imported from countries with currencies having a higher exchange value than Australian currency, have already been made clear. Goods from countries with currencies having a lower exchange value than sterling would be specifically exempted from the operation of the adjustment. If it were desired to go further and load such countries with additional imposts, the machinery for such a course already exists under the Industries Preservation Act.
- (e) My association does not consider that any special provision would need to be made for the purpose of meeting the "progressive adjustments of Australian costs to exchange" for it does not consider that Australian costs will be affected to any greater extent than they have been already by the present exchange rate. If there are any future increases in the exchange rate, provided they do not increase the rate beyond the "natural" rate, they will have no influence upon Australian costs, except in so far as they are directly affected by increased costs of imported raw materials, or Australian exportable materials used in the manufacture of any particular goods; and this influence of exchange upon Australian costs has already been dealt with in my evidence and provided for in my suggestions. The Tariff Board has had ample evidence in innumerable inquiries during the past year or two of the fact that, since the exchange rate increased, costs in industries not dependent upon imported materials have actually fallen below the level at which they stood when the Australian pound was at par. In this connexion, I would again refer the board to appendix B to my evidence.

(f) (1) In regard to exporters charging only portion of exchange, as this amounts to dumping, in that it is tantamount to selling goods at prices lower than those charged in the domestic market, it is suggested that it is a matter to be attended to under the Industries Preservation Act rather than in the present inquiry. It is not thought that the practice is nearly so prevalent as it was when suppliers abroad thought the exchange position was only a temporary phenomenon.

(f) (2) The question of exchange rates varying according to 30, 60, 90 and 120 days' terms, is not, it is submitted, one which needs to be taken into account in this inquiry, as this variation in the exchange rate is not really on account of exchange at all but is on account of interest, which would be charged irrespective of the exchange position. The basis of the suggestions made by my association would be the telegraphic transfer rate, which represents pure exchange.

(f) (3) The question of account contra between Australian and overseas firms does not need to be considered, for the reason that exchange cannot be avoided, however contra transactions may be juggled by individual firms. If the amount of the exchange is not debited in such circumstances in the books of the importing firm against the imported shipments, the exported shipments will suffer by foregoing the profit from exchange which should be credited to them. This is merely a matter of bookkeeping. In any instances in which the practice is indulged in, it is just another form of dumping, even though it may be the result of self-deception. Where it can be proved that exchange is not charged, for any reason at all, if it reacts to the detriment of Australian industries (assuming exchange to have been allowed for in fixing the duties to be collected) the application of the Industries Preservation Act would be legally justified, and, therefore, the matter does not strictly come within the scope of this inquiry.

V. *Primage Duty.*

I have kept the question of primage entirely separate from that of exchange, with which it has fundamentally nothing in common. My association contends that any purely revenue taxation which discriminates against imports is highly undesirable, in that it has a protective incidence which should be foreign to such taxation, and which must tend to destroy the balance of any carefully prepared tariff. The Australian primage tax had the effect of adding a further 10 per cent. ad valorem to every protective duty in the tariff, so making comparatively moderate duties excessive, and excessive duties ultra-excessive. Moreover, from the point of view of revenue, itself, primage duty on imports is a very slipshod method of taxation. Admittedly the aggregate value of imports during the past few years was limited by forces other than the tariff or primage, and probably would have been almost exactly the same whatever was done with the tariff. But it is very probable that, on many particular classes of goods, primage was the last straw on the camel's back, preventing importation of goods which would otherwise have been imported. Naturally, this would happen most often in regard to goods subject to the highest duties, and whenever it did happen funds would be left available which would otherwise not have been available to pay for some other kinds of imports. To

the extent that primage prevented the importation of highly dutiable goods and encouraged the importation, in their place, of goods subject to lower duties, customs revenue must have suffered, and very probably the revenue lost in this way would more than equal the amount of primage actually collected on goods subject to protective duties. I contend that had primage duty applied only to goods that did not carry protective duties, the total customs revenue would probably not have been any lower than it has actually been during the past two years. In order to remove the unfortunate effect of primage upon the protective incidence of the tariff, which is being carefully revised on sound lines, but without any regard to the incidence of that tax, my association submits that all tariff items carrying protective duties against British goods should be exempt from primage duty, the exemption to apply to British and foreign goods alike. The result would be precisely the same as if protective duties themselves were reduced by 10 per cent. ad valorem to compensate for the incidence of primage duty. To exempt such items from primage would be merely a more direct method of attaining the same result. In addition, in fairness to Australian manufacturers, it is suggested that primage should not apply to tariff items affecting materials for use in Australian industries. I realize that this is bound up with the question of revenue, but even if it should become necessary to increase direct or other indirect taxation to compensate for any loss of customs revenue, the tax-paying public would be no worse off than before. In point of fact, the Federal Government's financial position now appears to warrant the removal or partial removal of primage, which, it was agreed at Ottawa, should be effected when finance permitted.

VI. General Comments.

TARIFF BOARD INQUIRIES PURSUANT TO OTTAWA AGREEMENT.

The board is now engaged in a review of the entire tariff, with a view to giving effect to articles 9 to 13 of the Ottawa agreement.

It is, in my opinion, improbable that the exchange value of Australian currency will return to parity either with gold or sterling, at any rate for many years to come. Reasons for this belief are given in appendix B. It is probable that, when we become accustomed to the new state of affairs, an exchange rate stabilized at some fixed relation to, but not at parity with sterling, will be looked upon as normal, in the same way as parity with sterling was regarded as normal up to 1929. I suggest that it is desirable that the exchange rate be stabilized as early as possible at whatever rate the experts upon such matters may decide, so that the Tariff Board may again have a reasonably sound foundation upon which to review the tariff.

I suggest further that, in the meantime, having regard to the probability of some such stabilization occurring, the Board, or the Government, might consider the advisability of all Tariff Board recommendations containing, in addition to the rates recommended as applicable in the imaginary circumstances of an exchange at par with sterling, a note of the rates which the Board would recommend in the event of exchange being stabilized at the rate current at the time of the inquiry. If every report by the Board contained this information it would be a simple matter, in the event of exchange being eventually stabilized at a rate other than par, to re-cast the tariff on the new basis, still strictly in conformity with the Tariff Board's recommendation. If exchange were stabilized at a different rate from that which was current when the inquiry took place, the variation in the duties could easily be calculated to conform to the actual stabilized rate, provided each report contained a recommendation

for duties based on exchange at par, and also a note of the duties which would afford the same total protection with exchange at some other stated rate. Alternatively, the reports could contain a note of the duties that would afford the same total protection with exchange at various rates, at 5 per cent. intervals, between—say 5 per cent. and 30 per cent. Something along these lines was done by the Board in the inquiry on galvanized iron in 1931.

The adoption of this suggestion would possibly save a great deal of unnecessary further investigation at a not far distant date, in the event of exchange being stabilized, as I believe it eventually must be.

It is scarcely necessary to add that, in the event of all scheduled duties being altered at a later date, as suggested, in conformity with a stabilized exchange rate, the method of deducting a proportion of the statutory duties, as advocated in my evidence in this inquiry, would be abandoned.

ECONOMIC ASPECTS OF A TARIFF FLUCTUATING AS EXCHANGE FLUCTUATES; AND AN ALTERNATIVE SUGGESTION.

I am inclined to distrust any method of regular, progressive automatic adjustment of customs duties to compensate for fluctuations in exchange. The exchange rate has a definite function to fulfil, namely, the preservation of the balance of external payments. If action is taken, as a regular and permanent policy, through the tariff, to neutralize the effect of exchange movements, it may have unlooked-for repercussions. For example, in the unlikely event of exchange returning to parity with sterling, which, under the scheme suggested, would result in the full scheduled rates of duty again becoming operative, it is conceivable that the Australian pound might actually appreciate still further in value until it was worth more than 20s. sterling. In such circumstances, the acceptance of the principle that the tariff should fluctuate with exchange might be fraught with danger to the export industries. The Australian manufacturers might claim, for instance, that the boot was now on the other foot, and as they had been required to forego some of the advantage of exchange when it favoured them, they should receive compensation in the form of automatically increased tariff protection when the exchange position appeared to be detrimental to their interests.

The only possible meaning of an exchange movement of the kind suggested (provided it accurately reflected movements of overseas funds, and was not the result of manipulation) would be that Australia was not accepting full payment in goods for its exports, less overseas debt service payments. Therefore, in such circumstances, Australia would require, in her own interests, to take more goods from the rest of the world; the only alternatives would be to export less, or to give away some of her exports. She could, of course, temporarily take gold (if her customers were willing to pay in gold), or she could, for a time, use the surplus to build up banking reserves in London; but in either of these contingencies, overseas transactions would balance and there would not be any need for exchange rates to move. Therefore, if exchange rates did move substantially in the direction indicated, the only real alternatives would be to accept more goods from abroad or to reduce export production. The desperate position of the United States of America at present is, to a considerable extent, the result of choosing the wrong alternative in similar circumstances. The exchange movement, if it were allowed to do the job, would make it possible for the necessary imports to come in. But if an attempt were made in such circumstances to neutralize the effect of the exchange rate, by automatically increasing the tariff, exchange would probably move still further in the same direction, with the result that some export production would

become unprofitable, exports would diminish, and overseas transactions would be balanced, but in the most undesirable way.

The contingency referred to is an extremely remote one, but it illustrates the danger of excessive interference with the functions of exchange.

For these reasons, I should really prefer to see the suggestion I have made as to the immediate reduction of all protective duties by whatever proportion of the British rates may be decided upon, adopted as a quick method of reducing the tariff from its present excessive general level, rather than as part of a regular scheme of automatic adjustments to fluctuations in the exchange rate. It would be a temporary measure, only intended to operate pending the complete revision of the tariff on a new basis of a stabilized exchange.

I would emphasize here that I am not varying my original suggestion, but am merely putting another aspect of the matter before the Board, in case the Board may itself distrust the adoption of the principle of regular automatic adjustments of tariffs when exchange moves either way. The reduction of duties by one-third of the British preferential rate could, I suggest, be regarded as a temporary expedient to minimize the present danger of the growth of uneconomic industries, pending the completion of the Board's detailed review of the tariff. In the event of this alternative suggestion being adopted, the tariff schedule itself would remain unaltered as under the first suggestion, the adjustment being effected through an amendment of the Customs Act. But if Australian currency moved further away from sterling (which really seems more probable at present than a move in the opposite direction) under the alternative suggestion the basis of the automatic reduction of duties would not be altered; on the other hand, neither would the basis be altered if exchange moved back towards sterling. This alternative suggestion has the merit of involving a minimum of interference with the exchange rate in the fulfilment of its chief function.

As I can see no possibility of a fall in the exchange rate for a very considerable time to come, I would go so far as to suggest that the provision might be made that the original basis of the deduction should not be altered unless the exchange rate were reduced, provided it were made clear that the whole scheme of compensating alterations should be abandoned in the event of exchange returning to par with sterling.

UNITED KINGDOM-AUSTRALIA TRADE AGREEMENT.

In regard to future inquiries by the Tariff Board, consideration will, of course, be given to article 10 of the United Kingdom-Australia trade agreement, which reads as follows:—

His Majesty's Government in the Commonwealth of Australia undertake that during the currency of this agreement the tariff shall be based on the principle that protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production, provided that in the application of such principle special consideration may be given to the case of industries not fully established.

I submit that inquiries held with the intention of giving effect to the above-quoted article will be quite valueless if the unjustifiable assumption is made that every £1 sterling of a British manufacturer's cost is strictly comparable with every £1 Australian of an Australian manufacturer's cost, unless some corrective adjustment is made under a plan such as that which I have suggested. Before comparison can be made of "the relative cost of economical and efficient production" in the two countries, a conversion must be made so that both sets of costs will be measured with the same yard-stick. To express my meaning more clearly, I shall assume that the labour cost in the production of a particular article in England is £3 sterling, and in Australia is £4 Australian. If the Board were to take the view that the Australian manu-

facturer therefore requires, in regard to the labour factor alone, protection equivalent to 33½ per cent. of the British labour cost, I suggest that it would be no more logical than attempting to subtract three apples from four oranges. In the supposititious case mentioned, it is quite simple to make an adjustment so that the two elements of cost become strictly comparable by converting the Australian pounds to their sterling equivalent. Each Australian £1 is worth 16s. sterling, and can be exchanged for 16s. sterling at any bank. Four pounds Australian is, therefore, equivalent to £3 4s. sterling, and the disparity between British and Australian labour costs in the imaginary instance quoted, is 4s. only, or approximately 7 per cent. of the British labour cost.

The same principles apply to all elements of cost, and the net result of converting these elements of Australian cost to their sterling equivalent is the same as if the costs were left unconverted, and exchange were admitted as an unavoidable factor in ascertaining landed costs of the British goods.

CUSTOMS REVENUE.

It is possible that the Government may regard as an important point the probable effect upon revenue of a general reduction of customs duties, by whatever means such a reduction may be brought about.

It appears to me that the effect upon revenue of any far-reaching alteration in protective duties can only be ascertained by experience. I have already shown that, owing to the imposition of primage, the Government may have lost more revenue from ordinary duties than it has gained from the primage tax on goods that were subject to protective duties. The unprecedented increases in the tariff in 1929-30 were followed by a severe decline in customs revenue. High duties do not necessarily imply high revenue, nor lower duties lower revenue. I realize, of course, that a general reduction of duties would not, in itself, make it possible for imports to reach a greater aggregate value. Only an increase in export prices, or renewed borrowing abroad, can do that. But it is possible that all-round reductions might cause some change in the classes of goods that are imported, highly dutiable goods becoming better able than at present to compete, for the available external purchasing power, against goods subject to more moderate imposts, which would result in a higher average revenue return from imports. At any rate, under present conditions most protective duties are prohibitive, and it is probable that customs revenue is derived chiefly from purely revenue duties, which can be specifically exempted from the proposed adjustment.

Objections are likely to be raised to the proposals before the Board on account of—(a) the fear that any kind of a general lowering of duties would cause a flood of imports, and (b) the fear that the Commonwealth Government would sustain a serious loss of customs revenue if the proposals were adopted. As it is obviously impossible for both of these fears to be well-founded, I suggest that both are probably groundless, and they might well be regarded as "cancelling out" against each other.

I submit that it is wrong in principle for revenue to be regarded as a material factor when duties imposed for protective purposes are being considered. In the administration of the protectionist policy, the Government should be untrammelled by the need to consider the effects upon revenue of any variations in the policy. Any real reliance by governments upon the revenue obtained from protective duties is unsound finance, as has been demonstrated to our sorrow during the past few years. The ideal method would be to earmark revenue derived from protective duties and to regard it as available only for purposes of capital expenditure, or the repayment of loans. By this means it would be possible for the influence of the Treasury to be kept

out of the Customs Department, except so far as purely revenue duties are concerned. I would suggest here that, in view of the fact that the Government's reliance upon customs revenue from protective duties has, perforce, become very much less than it was a few years ago, it would be much easier now than it was at an earlier stage to bring in reforms along the lines suggested. So far as the present inquiry is concerned, I submit that it would be entirely wrong to permit the question of customs revenue to intrude, even if the Government considers it likely that a general downward adjustment of protective duties would in point of fact cause a decline in the total customs revenue, which is at least doubtful.

GOVERNMENT CONTRACTS—PREFERENCE TO LOCAL PRODUCTS.

It might not be irrelevant here to draw the Board's attention to the extent to which various municipal authorities and government departments, both State and Federal, give a voluntary further preference to goods of local manufacture, in spite of the fact that tenderers for imported goods are already burdened with a heavy tariff, which, in effect, purports to define the extent to which the country can afford to subsidize local industries. The tariff alone is so high as to render utterly indefensible the action of the governments in using taxpayers' funds to give further subsidies to local industries, based frequently upon an abysmal ignorance of the economic conditions surrounding the industries concerned. I suggest that these public bodies are thus usurping the function of the Tariff Board, and that their action constitutes an entirely unjustified meddling with the protective policy, the administration of which should be left to those who understand it. The continuance of the policy in spite of the added protection now given to local manufacturers by primage and exchange, makes the matter a great deal more serious even than it was before. This is mentioned here because it has some bearing upon the matter under review; and it is felt that a comment by the Tariff Board on a question so intimately bound up with the protective policy might be justified.

GENERAL REDUCTION OF THE TARIFF OVERDUE.

In the concluding section of my evidence, I shall endeavour to show that the adoption of some such plan as I have suggested is one of the most vital necessities of the moment, if Australia is to emerge from the slough of depression.

As evidence of the exorbitant margin of protection that Australian producers enjoy under the present conditions, over and above what is needed by reasonably efficient undertakings, I append some comparisons of f.o.b. and landed costs of British goods, with factory prices of similar Australian-made goods (see Appendix A). The most suggestive feature of these comparisons is that in some cases Australian manufacturers are taking little or no advantage of the abnormal protection they enjoy, while in others full advantage is taken, not only of tariff and primage, but also of exchange. In the latter instances, it is possible that the manufacturers in question may have embarked upon classes of production which cannot be undertaken economically in Australia, and would not be attempted were it not for our high tariff superimposed upon the high exchange rate. There is also, of course, the strong possibility (not necessarily in regard to the examples given) that manufacturers who enjoy an Australian monopoly, or who are in a position to come to a trade agreement as to price-fixing, may be availing themselves of the extraordinary circumstances to make unreasonable profits. This possibility is stronger where the goods concerned are necessities; in regard to luxuries or semi-luxuries the low-purchasing power of the public usually acts as an effective brake upon profiteering, at the present time.

As already stated, I am strongly of the opinion that the Australian sterling exchange rate will not be reduced for a very considerable time, even if it is not stabilized somewhere about its present level. I have given my reasons for this belief in Appendix B. Therefore, I contend that there is little likelihood of the tremendous margin of protection enjoyed by most secondary industries being reduced unless—(a) by an automatic reduction of duties as suggested; or (b) by the reduction of the statutory duties themselves, after investigation by the Board, taking the exchange rate into consideration.

In these circumstances, I suggest that it is entirely wrong to continue to give credence, for tariff-making purposes, to the fiction that the value of the Australian pound is 20s. sterling, when in point of fact it is only 16s.

In an article which appeared in the *Melbourne Herald* of the 27th June last, Mr. J. M. Keynes, the eminent British economist, said, *inter alia*—

The aggravation of the existing tariff by the exchange depreciation being superimposed upon it, is probably the principal cause of those remaining maladjustments which are purely Australian, and are not just a reflection of world conditions. The tariff should be reduced in proportion to the depreciation of the exchange.

In another part of the same article Mr. Keynes made certain definite recommendations. After referring to the exchange depreciation of the Australian pound, he said—

Under cover of this, undertake the necessary downward re-adjustment of tariffs which are crippling efficiency

Practically every competent investigator of Australian economic problems in recent years has drawn attention to the need for general reduction of the tariff. The report of the Economic Mission of 1929 contained the following passage:—

We believe that the policy of protection has, in some respects, been unscientifically carried out; that it has been extended to cover some interests at least which do not deserve it; that the total burden of the tariff has probably reached the economic limits, and that an increase in this burden might threaten the standard of living

The following is an extract from the report of the informal Committee of Economists which inquired into the effects of the tariff in 1928 and 1929:—

The quantity of resources which can be used for protection—the income which can be pooled—depends on our export price-level. This has been high relative to imports for the last few years, and particularly high in 1924-25. It has now seriously fallen, and threatens to fall further. We are, therefore, less able to bear the excess costs of protection, and even if they declined somewhat with increasing efficiency of production, our capacity to bear them may very well be declining to a greater degree.

Again, our national income has been inflated to the extent of £30,000,000 per annum over a considerable period of borrowing abroad. Borrowing at this rate cannot long continue—unless totally new resources, such as a great new mineral field, are discovered. Even now borrowing is being cut down, so that we shall be less able in the immediate future to bear the excess cost of protection, even though these excess costs did not increase.

Taking all these influences into account, so far as possible, we can only conclude that the present costs of protection are dangerously high.

Since the two inquiries mentioned above took place the general level of the tariff, instead of being reduced, has been enormously increased.

More recently the committee which inquired into the wool industry reported as follows in regard to the tariff:—

The weight of the tariff in its incidence on wool is nearly all indirect. Yet at every point the tariff and its costs hit this industry hard, particularly in its present depressed condition

The tariff causes resentment among our customers, and they buy wool elsewhere when they can.

The tariff reduces the volume of imports and makes for one-way traffic, throwing the cost of two-way transport on to the export industries, and more particularly on to wool.

The tariff has swollen the capital costs of our railways and of all the equipment used by those who cater for the industry, whether public or private. It, therefore, increases or maintains those charges on wool.

The tariff has increased the capital costs of equipping the industry itself

Its costs enter into every commodity and every service used by the industry, and into every wage rate paid.

A very modest assessment of these costs would be not less than 2d. per lb. of wool, 18 per cent of the cost of production other than for land. This is £8,000,000 a year on wool and 22 per cent of the estimated total cost of tariff protection in 1927-28. Until that year, Australia had been borrowing heavily overseas, and export prices were still able to bear the costs imposed.

The borrowing and the prices made the tariff costs negligible; but in the last ten years after the war, tariff cost has been added to tariff cost as tiny particles are added to make an ant-hill. Then the foundations gave way; wool fell to less than half its former value, and overseas lending stopped. Yet tariff protection has been greatly increased. In consequence, there exists an economic structure which is singularly precarious.

The foundations centre on wool. Above these foundations are the accessory industries natural to any country, including many secondary industries which have become dependent upon the tariff only because of the costs imposed through other protection. Above these industries there is a superstructure of other protected industries. The tariff wall itself is heavy. The costs which are protected by that wall are heavier still, and the whole structure is top-heavy, unstable and dangerous.

The prosperity of the secondary industries depends on the supports beneath them. The supports have their buttresses spreading far to the inland margins of settlement. And their capacity to carry the secondary industries and their population in the coastal cities depends on the maintenance of strength and of development at those inland margins. This strength and development has now been weakened, and the borrowed props are gone.

These facts can be denied and evaded for a time, and for a surprisingly long time, but facts are not altered by calling them theories, nor is their remorseless logic halted. The Commonwealth is now suffering the delayed but concentrated effects of former neglect of facts, formerly called theories, because they had not then arrived. But under pressure readjustments are being made. These must extend to the tariff also. Some of the "writing down" which is so often prescribed for the wool industry is required from the protected industries.

The 2d. per lb. of wool which the tariff imposes must be reduced. This involves no sweeping away of industries or of employment. It merely requires the pruning away of

extravagances. The principle of protection is not challenged. The committee does not dispute that it is appropriate to Australian development, but the extent of tariff protection is entirely dependent upon the costs imposed and the extent to which the export industries can carry such costs.

From the above quotations it will be seen that there is a tremendous weight of respectable opinion in favour of the view that substantial reductions should be promptly made in the general level of the tariff. The authorities quoted include, on the academic side, a British economist of world fame and five of Australia's leading economists; and on the practical side four of the most prominent business men of Great Britain and a number of leading citizens of the Commonwealth who were appointed to inquire into its most important industry, and who were selected, presumably, on account of their specialized knowledge of that industry or because they were recognized authorities on Australian economic conditions and problems generally.

Some tariff items have been reduced during the past year, but the process is proving such a slow one that it is to be feared that relief may come too late to save the more seriously harassed of the primary industries. It is realized that it would be quite impossible for the Tariff Board to work at greater pressure than it did last year, and it would thus appear that, under the present system of tariff revision, not more than about 70 tariff items or sub-items can be dealt with each year. My association contends that some means of giving a measure of immediate relief must be found, and hopes that from the suggestions that have been made at this inquiry a practical solution may evolve. I desire to make it clear, however, that a general automatic reduction on the lines suggested by me will not be more than a palliative. The need for the continuance of the process of tariff revision, item by item, after inquiry by the Board, will be as great as ever.

THE AUSTRALIAN ASSOCIATION OF BRITISH MANUFACTURERS.

TARIFF BOARD ENQUIRY—EXCHANGE AND PRIMAAGE.

APPENDIX "A".

Examples of Landed Costs under present conditions and comparisons with prices of similar locally-made goods.

	British.		Australian-made.		
	F.O.B.	Landed cost including Exchange and Primaage, excluding Sales Tax.	Total protection afforded as percentage of British price.	Factory selling price.	In excess of British f.o.b. price by—
	s. d.	s. d.	%	s. d.	%
Enamelledware—					
Stewpans, extra deep—					
12 c.m.	11 0	24 9	125	12 4½	12.5
24 c.m.	27 6	61 10½	125	38 0	38.2
Stove Kettles, 2 pints	1 0½	2 7½	160	4 0½	288.0
Round boilers, 8 pints	2 6½	5 10	130	5 2½	104
Round boilers, 32 pints	6 5	14 7	128	16 7½	159
Woolen Piece Goods—					
Woolen suiting	7 4	17 10½*	143	8 4	13.6
Women's dress material	3 3	8 3½*	154	No equivalent	No equivalent
Wool Crepe	4 1	11 5½*	181	5 5	32.6
Woolen Weaving Yarn—					
2/20 White from 50s.	1 8	3 10½*	169.5	3 2	111.0
Felt Hoods for Women's Hats—					
3 oz.	9 6	34 7	263	32 2	236
3½ oz.	11 6	38 2	230	32 2	178
Rabbit Traps	13 0	30 8	136	16 0½	23
½ Nickel Silver, 10 per cent.—					
	C.I.F.				
Sheets, 30 g.	12.75	20.93d.	64.3	20d.	63.2
Sheets, 22 g.	13.5	22.16d.	64.1	21d.	55.5
Sheets, 24 g.	13.5	22.16d.	64.1	21.5d.	59.3

* These landed costs based upon duties applicable to Woolen goods before certain reductions were made in Schedule of 1st September, 1922.

† The Australian Rabbit trap is lighter than the British quoted.

‡ Nickel Silver—Australian prices quoted are those of the Ammunition Factory at Maribyrnong and all prices, British and Australian, are for 10 cwt. lots.

The above examples are chosen at random from evidence given in Tariff Board Enquiries held during the past year. The margins of protection may be regarded as typical, but the proportion of local makers who avail themselves of almost the full margin would be much lower in a more comprehensive list. The third column shows the total protection—natural and artificial—enjoyed by the local industry. The last column shows the extent to which the local manufacturers were availing themselves of the margin of protection given at the dates of the various inquiries. The percentage in each case is based on the British f.o.b. cost.

APPENDIX B.

Principles of Exchange.

As a great deal depends, in regard to the matter before the Board, upon the future course of Australian exchange, it is thought that some reference to accepted theories as to the forces which influence exchange rates may not be out of place.

Professor T. E. Gregory, Cassel Professor of Banking and Currency at the University of London, who accompanied Sir Otto Niemeyer to Australia in 1930, said in his book, *Foreign Exchange before, during, and after the War*:—

“ . . . the fundamental factor which must be considered is not the relative amounts bought and sold across national frontiers in a given period, but the price levels which are the cause of these trade movements.

The theory of the exchanges associated with the name of Professor Gustav Cassel of the University of Stockholm is nothing but an elaboration of this central fact. There is nothing in the theory which is essentially new: from the days of the Bullion Committee of 1810, it has been part of the accepted body of economic teachings, that the increase of inconvertible paper money would turn the exchanges against the country. I do not think that there is any text-book which specifically denies the truth of this contention.”

Professor Gregory's point, of course, is that the increase of inconvertible paper money causes the price-level to rise, relatively to price-levels abroad; and if exchange remains unaltered, an adverse trade balance must develop against the country with the higher price-level, which (other things being equal) must eventually cause the exchange value of the country's currency to depreciate. Thus the fundamental cause of movements in exchange is the relationship between price-levels in different countries, although the balance of trade is the instrument through which the relative price-levels work to effect adjustments in the exchange rate. Thus, an adverse balance of trade (or, more strictly, an adverse balance of payments), is the instrument which depreciates the exchange value of the currency, but the exchange rate then in turn becomes the instrument which restores the balance of trade.

In the quoted passage from Professor Gregory's book, no reference is made to the effects of tariffs on exchange. In a freetrade world, exchange rates would probably fluctuate little, and would be fixed at purchasing power parity—i.e., a unit of any country's currency would purchase in the domestic market the same quantity of goods (other than products of sheltered industries) as the equivalent quantity of another country's currency would purchase in the other country, allowing, of course, for costs of transport from one country to another. But, in point of fact, this state of affairs does not exist on our planet, which is by no means a freetrade world. I suggest that tariffs, to some extent, usurp the function of exchange in regulating the trade balance, and, to that extent, they prevent exchange rates from reaching the point at which they would cancel the disparity in price-levels. Tariffs, especially when working in conjunction with wage-fixing systems, are a main cause of an increase in the price-level, and they are also the force that prevents the exchange value of the currency from depreciating to the same extent as its purchasing power. Thus we have the anomaly, that the currency of a protectionist country may be depreciated in its actual value (i.e., purchasing power), but not in its exchange value, as in the case of Australia for some years prior to 1929. It is not generally recognized that this is an extremely serious state of affairs for the export producers of the country concerned, in that they receive payment in a domestic currency whose face value is greater than its actual value, or purchasing power. In such circumstances, export producers would do a great deal better for themselves if they took the proceeds of their sales abroad and spent them there, where

they would be able to secure the true value of the proceeds of their goods, in terms of the other goods which they would buy. Thus it becomes apparent that unassisted export industries must necessarily suffer in a country whose protectionist policy prevents the exchange value of the domestic currency from truly reflecting its purchasing power.

At this stage, I would qualify my remarks in the preceding paragraph by pointing out that the products of sheltered industries must be regarded as a class by themselves, as they would not be directly affected, as to price, by the prices of similar products in other countries. Nevertheless, protection has an undoubted influence upon prices in the sheltered industries, by affecting costs of production in those industries; for indirectly even sheltered industries are not entirely immune from the effects of the relationship between the general levels of prices at home and abroad.

The following index figures showing the trend of United Kingdom and Australian price-levels from November, 1930, to September, 1932, have been supplied by the Economics Department of the Melbourne University. The basis in regard to both sets of figures is: Average for 1908-1910—1,000.

WHOLESALE PRICES.

	United Kingdom.	Australia.	Ratio of Australian to United Kingdom Index Numbers.
1930—November ..	1,080	1,384	128—100
December ..	1,047	1,347	129—100
1931—January ..	1,011	1,400	138—100
February ..	1,014	1,394	137—100
March ..	1,008	1,402	139—100
April ..	996	1,393	140—100
May ..	969	1,387	143—100
June ..	969	1,372	142—100
July ..	952	1,375	144—100
August ..	949	1,347	142—100
September ..	990	1,339	135—100
October ..	997	1,350	135—100
November ..	1,004	1,375	137—100
December ..	1,003	1,372	137—100
1932—January ..	995	1,364	137—100
February ..	1,020	1,397	137—100
March ..	979	1,387	142—100
April ..	954	1,380	145—100
May ..	922	1,358	147—100
June ..	894	1,340	150—100
July ..	916	1,347	147—100
August ..	945	1,365	144—100
September ..	976	1,390	142—100

The final figure of 142 to 100 as the ratio of Australian to United Kingdom index numbers does not necessarily imply that the general level of Australian wholesale prices is 42 per cent. higher than the general level of wholesale prices in the United Kingdom. It would be so, if it were known that in 1908-1910 (the basis period), price-levels in Australia and the United Kingdom were the same. I cannot obtain any data which show the relationship between British and Australian price-levels in 1908-1910, but the general impression at that time was that the cost of living in the United Kingdom was much lower than in Australia.

It is sometimes argued that the export producer reaps no real benefit from a high exchange rate. This contention is very misleading, in the present circumstances in Australia. It is based upon the assumption that the purchasing power of the domestic currency declines in the same ratio as the exchange value of the currency depreciates. This definitely has not happened either in Australia or in Great Britain during the past two years. Probably the belief arose from the experience of countries that embarked upon a policy of currency inflation after the war, which is an entirely different matter from the position that exists in Australia and Britain. Obviously, if a depreciation

exchange values is purely the result of currency inflation and a consequent rise in the price-level, the export industries are no better off than they were before the currency was inflated—they get more money for their goods, but the money has correspondingly less purchasing power. But it is possible for the purchasing power of domestic currency to decline (i.e., for prices to rise) without the exchange value of such currency depreciating, owing to other influences (such as a high tariff) being brought to bear which temporarily obviate any alteration of the exchange rate. If in such circumstances exchange rates do subsequently move towards their natural level, it is only the belated consequence of an earlier decline in the purchasing power of the currency, and does not contain, in itself, the elements to cause a further general increase in costs and prices. When the Australian exchange rate rose in spite of all efforts to prevent it from doing so, in 1930-31, it was not the result of any issue of new paper money, and no increase occurred in prices except in so far as they were directly affected by the exchange paid on imported raw materials. The position was similar in Britain, where adherence to the gold standard in spite of price-levels being higher than in most other countries, had placed the export industries in an unenviable position. When Britain departed from the gold standard, exporters secured the full benefit of the conversion rate, but the general level of sterling prices rose by only about 9 per cent. (according to the *Economist* index) during the six months following September, 1931.

I am of the opinion that a depreciation of the exchange value, so far as it merely follows a depreciation of the true value of domestic currency (i.e., its purchasing power) does not cause a further corresponding increase in the domestic price level, beyond its direct effect upon prices of imported or locally produced exportable materials. It is possible, of course, to bring about an unjustified depreciation of the exchange value of a country's currency, by pegging the rate unduly high, but it is probable that in order to sustain such a rate a deliberate inflation of the currency would be necessary, possibly by means of the issue of paper money, or by the banks creating credit by lending to the Government against treasury-bills. In these circumstances, the increased exchange rate would precede the depreciation of the purchasing power of the domestic currency, instead of following it as in the first instance referred to above. If exchange were unjustifiably increased, and were not followed by a measure of currency inflation of some kind, it would prove impossible to hold exchange at the artificial level at which it was pegged. In the circumstances just mentioned, but assuming sufficient currency inflation to enable the exchange rate to be pegged high, there would be a tendency for all costs and prices to increase. But the increase in costs and prices would be the result of the inflation of currency—not of the alteration of the exchange rate.

In one sense, of course, an increase in the exchange rate will itself cause a certain amount of currency inflation, as the bank credit representing the proceeds of exports will be greater than before, but this increase in the community's total purchasing power is set off by the equivalent amount which is required to pay the exchange upon imports, and exchange upon interest on overseas loans. Thus, apart from its effects upon imports, exports, and overseas interest, which neutralize each other, the effect of an increase in the exchange rate upon the community's purchasing power—and, therefore, upon costs generally—is nil, unless accompanied by currency inflation in some other form.

The increase in the Australian exchange rate has not been attended by a general increase in the cost and price-level because: (a) it has merely followed, after

an interval of some years, an increase in Australian costs and prices relatively to costs and prices in other countries which was unattended at the time by a corresponding exchange movement; and (b) although there has been some inflation of currency owing to the financing of Government deficits by the banks, this has not been sufficient to counteract the deflationary process consequent upon the slump in export prices and the cessation of Government borrowing.

In preparing this memorandum upon the principles of exchange, it is my aim to show firstly that it is undesirable for the tariff to be employed to prevent exchange from following its natural course; and secondly, that there is no likelihood of the exchange value of the Australian pound appreciating, during the next few years at any rate. If price-levels are the ultimate controlling influence upon exchange rates, there is nothing in the respective price-levels to suggest that any appreciation in the exchange value of Australian currency is likely to occur. If it be admitted that tariffs and other forms of artificial interference with the balance of trade can affect the exchange rate, here again there is no element in the present situation to suggest any likelihood of a reduction in the Australian exchange rate of 25 per cent. It is conceivable that if tariffs were further drastically increased, or extensive prohibitions of imports imposed, a reduction in the exchange rate might be artificially brought about; but it is submitted that such a course would endanger the existence of the export industries, and there is no indication that it is likely to be adopted; indeed, the proposal now before the Board is for an adjustment in the opposite direction.

On the surface, it might be imagined that the Australian exchange position is managed to such a degree that the principles which apply in countries where there is no such management do not apply in Australia. This is not so. In the long run, exactly the same principles must apply, although it may be a very "long run." Owing to the peculiar nature of Australia's export trade, which largely consists of a few commodities upon which the seasons exercise a strong influence, an unmanaged exchange would be subject to the most violent fluctuations, as the funds abroad exceeded or fell short of the demand by importers, and by Governments with interest payments to make. To avoid violent daily and seasonal fluctuations, the banks have long operated a system of exchange equalization by maintaining considerable balances in reserve in London, of sufficient volume to take care of any temporary influences which, in other circumstances, would have caused a movement in the exchange rate. Thus, when conditions at any particular time (prior to the end of 1929) were such as would require, in other circumstances, an increase in the exchange rate, the position was met by allowing the reserves in London to fall temporarily lower than usual.

Nevertheless, it is obvious that, over any lengthy period, it would only be possible for the total reserve balances in London to be maintained at something like a stable figure, if the rate of exchange represented something very closely approximating the average of the natural rate for the period.

In these circumstances, it is obvious that no proper estimate of the probable course of exchange can be made without having regard to the position of the reserve balances used for the purposes of stabilizing the exchange. Dr. Roland Wilson, Assistant Commonwealth Statistician and Economist, has made some careful estimates of the changes that have occurred in these balances since the depression began. Before the depression, the net Australian balances overseas totalled between £40,000,000 and £50,000,000. In addition, there was the gold reserve, practically the whole of which has been used during the depression

as a further buttress to the exchange rate, in that £39,000,000 worth of gold (apart from current production) has been exported.

According to Dr. Wilson's figures, the net amount of Australia's banking reserve overseas in June, 1928, was £47,000,000. In 1932, this had fallen below £33,000,000 sterling, or approximately £24,000,000 (gold). The full amount of the export of gold (£39,000,000) must be added to the amount by which reserves were depleted during the depression. There were certain other minor factors which affected these figures slightly, and, according to Mr. J. B. Brigden, in an addendum to the Wool Committee's report, the net position is that from June, 1928, to June, 1932, the total reserves for stabilizing the exchange rate had fallen from nearly £100,000,000 to less than £35,000,000 (gold).

It seems fairly obvious, in these circumstances, that the rate of exchange, during the past four years, has been, on the average, lower than the "natural" rate. To quote from Mr. Brigden, "there is nothing in this reduction which reflects on our management or our credit. We held the reserves as a matter of prudence, and we have used them in a crisis demanding their use."

From the point of view of members of my Association, it would be very pleasant to be able to predict an early easing of the exchange rate. But it is impossible to avoid the conclusion that the Commonwealth Bank is unlikely to consider any course justified that would cause a further depletion of the reserves, which must be kept at least at their present level for purposes of exchange stability, and as a provision against any future crisis.

Mr. Brigden also gives, in his addendum to the wool report, an interesting analysis (based upon Dr. Roland Wilson's figures) of the movements in Australian overseas bank balances, and the gold reserve during each year of the depression. The fall was greatest during the year 1929-30 (£57,000,000). During this period, the depreciation of the exchange value of the Australian pound had not been permitted to begin in earnest, and at the end of the period it was only $6\frac{1}{2}$ per cent.

According to Mr. Brigden, "Federal Government action to restrain imports by prohibitions and rationing took the place of the limiting effects of a naturally adverse rate. Severe rationing of exchange itself took the place of a higher rate."

I have already drawn attention to the seriously adverse effects upon the export industries of the substitution of prohibitions and prohibitive tariffs for the natural exchange rate to which export producers should be regarded as entitled.

The fall in the liquid reserves was less in 1930-31 than in the previous year, exchange having reached 30 per cent. in January, 1931. Nevertheless, reserves (including the gold reserve in Australia) declined by £12,500,000 during 1930-31.

In 1931-32, the full effects of the reduced purchasing power of the public were reflected in the imports, which were down to one-third of their former values in sterling. It is possible that the exchange rate during this period was, if anything, rather above than below the "natural" rate, as the year showed an increase in the total of liquid reserves. The departure of Great Britain from the gold standard had, no doubt, something to do with this, in that it carried Australian currency with it, and, for a time, the Australian exchange rate remained at the full 30 per cent. over and above the conversion rate from gold to sterling.

During the current financial year, the increase in liquid reserves has not continued. Again, to quote Mr. Brigden, "there has been a natural recovery of imports. The depressed level of 1931-32 could not continue if our industries using imported materials were to

continue, even on their reduced scale of output, and stocks of imported goods generally required to be replenished. The trend is, therefore, one of relapse in our oversea reserves, towards the position in the June quarter of 1931, when our liquid reserves were one-quarter of their former volume."

One of the most interesting and unexpected events of the past year—and one which I suggest has an important bearing upon the probable course of exchange—is the tendency during the past six months towards a fairly substantial increase in imports, from their previously abnormally low level, coincidentally with increased activity in Australian secondary industries. Analysis of the items in which the increase has occurred shows that the few reductions of the tariff during 1932, and the removal of the prohibitions, had practically nothing to do with the increased volume of imports; nor had the exchange rate, which had not been altered since January, 1932.

It was almost entirely the result of increased internal trade, which increased the demand of the manufacturers for imported materials, and of the public for consumers' goods of a kind not made in Australia. I suggest that this tendency requires to be borne in mind, as it must inevitably have a definite bearing upon the exchange situation. The only possible influences that might conceivably justify a reduction of the exchange rate—viz., substantially increased export prices, or renewed borrowing abroad—would each give rise to increased internal trade in Australia, and would have a compensating effect upon the demand for imports which would neutralize their effect upon the supply of oversea funds. In other words, either increased world prices, or renewed overseas borrowing, would increase both the supply of and the demand for exchange, and it is, therefore, quite conceivable that either or both would have little, if any, net effect upon the exchange rate.

It would, of course, be possible to bring about reductions in the exchange rate by a further application of the policy of deflation, which, by reducing all Australian costs and prices, would cause the purchasing power and, therefore, the exchange value of the Australian pound to appreciate. But the advocates of further deflation are now very few, either in Australia or in other countries, and the further extension of the policy in Australia is improbable. Even if further deflation occurred, there would be no net loss of protection by the secondary industries, for the fall in the exchange rate would be compensated by a corresponding fall in their costs of production.

I have already touched briefly upon the possibility of a sensational rise in world prices of primary products, and its possible effect upon the exchange rate. As it is a matter of considerable importance, some further discussion of it may be justified. Obviously, if Australian export prices rose, Australia would have to import more extensively than at present, if she wanted to receive payment from her customers for the goods she sent them. A steep rise in world prices would be such an unmixed blessing to Australia that it really seems fantastic to consider it as capable of exercising an adverse influence upon Australian protected industries. In point of fact, it would so increase the capacity of the primary industries to buy the products of Australian factories that local manufacturers would be likely to concentrate upon those classes of production in which they are most efficient, and to discontinue, of their own volition, the less economic forms of production, to which they have turned during the period of depression, under the influence of high tariffs and exchange and the desire to maintain turnovers. The demand for imported raw materials, semi-manufactured goods, machinery and plant, for use in local factories, would undoubtedly increase enormously, and probably to such an extent as to offset the tendency towards a reduction of

the exchange rate. Another point is that any increase in world price-levels would almost certainly be reflected in the Australian price-level. The increased spending power of the public would alone have a tendency to send Australian domestic prices up generally. Thus the relationship between price-levels in Australia and abroad would probably remain much the same as at present, so that from this point of view also, one cannot perceive that any appreciation of the Australian pound is likely to follow even a sudden rise in world commodity prices. If, for some obscure reason, Australian prices did not rise in such circumstances, the changed relationship would bring about the same position as a policy of further deflation in Australia at the present time—i.e., the purchasing power of the Australian pound in relation to that of other currencies would appreciate, and its exchange value would possibly follow suit; but even then, Australian protected industries would be no worse off, for the loss of protection from exchange would be compensated by the increase in costs and prices of competitive commodities from abroad.

The only remaining contingency that might conceivably tend to cause an appreciation of the Australian pound would be the resumption by Australia of overseas borrowing, which also has been briefly touched upon already. In the unlikely event of our resuming the old borrowing policy, the borrowed wealth would have to come into the country in the form of goods, or else we should have to balance the ledger by exporting less. Those who advocate that, in such circumstances, our tariff should be made so high as to prevent imports from expanding to the necessary extent, are, in effect, urging that we should adopt the second alternative, namely, effect the adjustment by cutting down our exports. In point of fact, in such circumstances, we could increase our imports to the full extent of the borrowings without affecting our aggregate domestic production, for the reason that the spending in Australia of the borrowed money would create employment, and increase the demand for all goods to such an extent that the normal Australian production, as well as the increased imports, would be absorbed. The fact that heavy borrowings attended by correspondingly heavy imports in the past have not caused abnormal unemployment supports this view, and lends no support to the argument so frequently advanced by high protectionists that imports must necessarily cause local unemployment, whatever may be the cause of such imports.

A third way of applying the borrowed money would be to allow it to augment permanently the reserves of Australian funds in London. But if this were done, the spending of the equivalent amount of money in Australia on the public works for which it was borrowed would revive business here, increase the demand for imports, and tend to send the exchange rate up further, unless the banks were prepared to use the newly acquired London funds to finance imports, in which event an alteration of the exchange rate would probably be unnecessary.

Thus it would appear that there is little probability of the Australian pound appreciating in exchange value, and I therefore submit that so long as the tariff is based on the false assumption that Australian currency is at par with sterling, so long will the present unhealthy coddling of inefficient, uneconomic secondary industries continue, to the detriment of efficient economic secondary and primary industries alike. The adoption of some such course as that advocated in my evidence is therefore an urgent necessity.

With further reference to the internal effects of exchange upon costs and prices, I have already endeavoured to show that much depends upon whether any particular increase takes exchange (a) merely to

its natural level, or (b) to an artificially high level. In the case of (a), there is no reason why it should affect prices generally, apart from those imported or exportable materials. In the case of (b), it is unlikely that it would prove possible to keep it at the artificially high rate, for the banks would find themselves buying more exchange than they could sell at the high price they had to ask for it, and in time would become embarrassed by a surfeit of exchange. In such circumstances, however, it would be possible (especially in Australia, with a large volume of treasury-bills outstanding), that an artificial increase in the rate of exchange might be followed by an automatic increase in the currency, due to the discounting of treasury-bills. This would permit prices in Australia to follow the exchange rate, and an increase in prices brought about in this way would so affect the balance of trade as to turn what was at first an artificial rate, into a natural rate.

Briefly, all this simply means that when an increase in the exchange rate unattended by currency inflation follows a price movement, it does not affect internal prices generally; but if the exchange is increased first, to a point above the natural level, and is accompanied by currency inflation, it will undoubtedly cause a corresponding inflation of costs and prices generally. I contend that in Australia's case, the exchange rate has not been held on the average, above the natural rate during the past three years; that any currency inflation that has occurred has not been in any way the result of the increase in the exchange rate, and has been more than offset by the deflationary forces of falling export prices and the cessation of overseas borrowing; and that therefore, the Board need not consider the question of past or future internal effects of the present exchange rate upon costs generally.

The same contentions will apply to any future increase that might take place in the rate of exchange, so long as it does not take the rate above its natural level; and I suggest that, with the rate of exchange under the control of the Commonwealth Bank, there is no likelihood of its being allowed to rise above its natural level, with the probabilities of some attendant measure of inflation which would be implied.

**Evidence by William John Francis Collens,
Chairman Importers' Section of the Chamber of
Commerce of Victoria, Melbourne.**

I, William John Francis Collens, Chairman of The Importers' Section of the Chamber of Commerce, wish to tender evidence in regard to our views on exchange and tariffs.

Before commencing to deal with the subject of inquiry as submitted by the Government, I may state that importers are frankly puzzled as to the reason for the inquiry, because it must be well known to the Government that the importation of goods into Australia is carried on under almost insuperable difficulties.

An opportunity to afford relief to the community presented itself by the incidence of the Ottawa Conference, but to the astonishment and disappointment of the majority of people, tariff increases were made on over 400 items instead of the confidently anticipated reductions.

I wish to take the various aspects in the order in which they appear in the published specification regarding the inquiry.

**1. The necessity for maintaining protection to
Australian industries (primary and secondary).**

This calls for no comment except that the words "The necessity for maintaining protection" are somewhat ambiguous, and should be more clearly defined, because it is sometimes the habit to construe the word "protection" as "prohibition".

2. The necessity for maintaining margins of preference agreed to under the *United Kingdom-Australia Trade Agreement Act 1932*, and *Customs Tariff (Canadian Preference) 1931*.

It is commonly agreed that preference to British industries must be maintained. The thought arises, however, as to whether it should not be the rule that the higher rate of preference should apply to the lowest rates. Many of the higher rates on British goods are actually prohibitive, and the increasing of foreign rates is of no benefit to the British exporter.

3. The increase in production costs resulting from—

- (a) increased charges due to exchange and primage on imported raw materials;
- (b) the internal effects of exchange and primage.

It is believed that it is impossible to elicit accurate information on the points raised, because of the fact that no two producers react in exactly the same way to economic forces. As far as can be discovered, no reliable data is available or procurable. On one occasion, recently, I listened to three individuals of recognized merit in economic circles, each with a bachelor of commerce degree, dealing with the subject of the building trade in Melbourne, and they were compelled to admit that the information available was too insufficient to furnish an accurate diagnosis. If such a state of affairs applies in a straightforward industry, as is the building trade, how much more intensified will be the difficulties in respect to commerce and industry generally.

4. The advantages and/or disadvantages likely to result to primary and secondary industries through the deduction of some such allowance from protective duties;

The same remarks apply as to No. 3.

5. The effect on government finance in relation to interest payment on overseas loans;

The only calculation which presents itself as being necessary is the mathematical computation of the increase caused by the depreciated exchange.

6. The desirability of any method which may be evolved being—

- (i) readily understood by importers;
- (ii) easy of application in the preparation of customs entries by importers;
- (iii) free from administrative difficulties.

It is submitted that it is entirely undesirable, in fact impossible, to effect any co-ordination of exchange and tariff on a sound basis. The system would be pre-eminently unsound because—

- (x) Tariffs are arbitrarily imposed by the Government either for revenue purposes or for the benefit of a limited section at the expense of the remainder of the community;
- (y) Exchange is general in its effect and its function in the economic sphere is to balance trade. It should neither be used to depreciate the currency or to tinker with the tariffs as has been proposed by certain prominent politicians in Australia to-day;
- (z) Tariffs are under the control of government, whereas exchange should be left to commercial and financial interests, and should conform to the same inexorable laws of supply and demand which govern commerce and finance generally.

However, for the purposes of debate, we will assume that a practical method can be evolved, and we take the points raised in the inquiry seriatim—

- (a) The amount of variation which should be made on account of—

- (i) exchange;
- (ii) primage.

As tariffs have existed in Australia for nearly 100 years, the Tariff Board for about fifteen years, and the exchange situation for two years, all the necessary facts should be sufficiently well known to the Government and the Tariff Board to permit immediate action being taken to relieve the intolerable situation which has arisen in the matter of the importation of merchandise. If the Government believes that the tariff, as imposed on a gold basis, is sufficiently protective (many of the rates, even on a gold basis, are exorbitant), it follows that a simple adjustment to bring about a reduction of the extraordinarily high rates which are now being collected could be effected in the following manner:—

1. Any duty equal to or less than the current rate of exchange should be temporarily suspended on British goods. The amount of the duty on foreign goods on such items should be merely to the extent of the established preference rate.

2. Where any tariff rates are in excess of the exchange rate, only the excess difference of the tariff should be collected. The revenue which would be sacrificed by such an action should be amply counterbalanced through the incidence of primage and sales tax.

3. If it is considered that the above proposition is not feasible, the collection of primage should be immediately discontinued. Primage was originally ostensibly imposed to assist in discouraging imports. That alleged function has been superseded by exchange so that the reason for primage ceased long ago. Incidentally, the removal of primage would be to the advantage of all classes of importers.

4. It is patent even to the casual observer that some reduction of taxes is imperative because of the conscription of wealth which is being carried out under the guise of crushing taxation.

- (b) Whether such variation should be applied to ad valorem, specific, and composite duties;

The specific rate should be collected on the gold parity basis. For instance, if the listed rate is 5s., the levied rate to-day should be approximately 2s. 6d., because Australia is practically 100 per cent. off the gold standard.

- (c) Whether the exchange variation should be assessed on a sterling or gold basis.

Duty should be collected on gold parity as it was on this basis that the tariff was framed. Legal opinion has been obtained from King's Counsel to the effect that it is actually unlawful to do otherwise. It is palpable, therefore, that merchants submit to the collection of the exchange-enhanced rates only because of the manifest difficulty of fighting legal action against the Government.

- (d) The net effects of the variation on duties on goods imported from countries—

- (i) with currencies having a higher exchange value than Australian currency.
- (ii) With currencies having a lower exchange value than Australian currency.

Thoughtful investigation demonstrates the impossibility of arriving at an accurate conclusion because of the lack of information available. Many exporters situated in countries afflicted with a depreciated

currency use the exchange, either wholly or in part, to expand sales. Many instances could be furnished of this situation in Australia. In order to compete with Australian exporters, the New Zealand Government recently arbitrarily increased her exchange rate to bring it level with the Australian. New Zealand is using this increased exchange to sell her butter in London in competition with Australia, because in the last few days since the New Zealand alteration was made, we have seen a further fall in the disastrously low price of Australian butter.

1. Many manufacturers in countries on the gold standard have greatly reduced their prices or have absorbed portion or whole of the exchange rate. The depreciated Australian currency has had the effect of deflating gold currency values. However, all the foreign manufacturers do not act in concert or on a uniform basis. The adjustments are variable, and are not made public, so that no guidance can be afforded.

2. Australia is not seriously engaged in commerce with any country having a lower exchange than her own, because the Australian exchange is the most greatly depreciated currency of our trading group, so that the point raised under "D 11" is not at present debateable. It may be remarked, however, that a depreciated exchange is a drain on the reserve wealth of the country. With progressive exhaustion of that wealth, internal prices of primary and secondary industries must rise or national bankruptcy is inevitable.

(e) Whether any special provision would need to be made for the purpose of meeting the progressive adjustments of Australian costs to exchange.

The question is too vague and too wide in its scope to permit it being dealt with intelligently.

(f) Any difficulties attendant on the following practices:—

- (i) exporters charging only portion of exchange;
- (ii) exporters charging exchange based on 30-60-90-120 days terms (where rate cannot be determined until period has elapsed);
- (iii) account contra between Australian and overseas firm. No payments are made in money, but by exchange of commodities.

1. This point is dealt with under D.1. We have in mind an instance where a comparison can be made between a Swedish and an American manufacturer of exactly similar articles. The prices on the gold basis were \$12.00 per gross, f.o.b., and the Swedish 50s. per gross, f.o.b. The Swedes have recently reduced their price by 10 per cent., and it may be taken for granted that the Americans could not legitimately make a greater reduction. Sweden is on a parity with sterling, and the landed cost of the Swedish article is 8s. 9d. per dozen, ex wharf. Although America is on the gold basis, the particular American commodity in question is being sold wholesale at 8s. 6d. per dozen ex store. The total amount of duty collected on the American article is 107 per cent. on a gold parity basis, so that this charge alone, without taking into consideration primage, freight, bank and conversion exchange, the American goods would almost bring the cost up to the price at which they are being sold in Melbourne. On a straightforward transaction, the cost of the American goods in question should be approximately 11s. per dozen against a selling price of 8s. 6d. per dozen.

2. The point raised denotes merely a speculative risk. For customs purposes the date of shipment only should be observed.

3. The contra accounts should cancel out in theory. In practice, however, it is found that commercial transactions, for exchange purposes, tend to temporarily raise prices in the country of origin, but being speculative in nature, they inevitably depress values in the country where the goods are sold. Furthermore, the alert foreign buyer can first purchase depreciated exchange in the country of export, and make an adventitious profit for himself or devote his monetary advantage to the purpose of selling cheaply, and force of competition invariably compels the latter action.

Our suggestions therefore, are—

First.—That all duties should be collected on gold mint par basis in conformity with the existing law. To do otherwise is illegal.

Second.—That tariffs and exchange should not be worked in unison, because tariffs are for the protection of the favoured industry, and exchange should function only as a trade balancer (a depreciated exchange represents added protection to industry).

Third.—That primage should be immediately discontinued, because the reason for its imposition vanished two years ago.

Fourth.—That exchange should be unpegged and allowed to move along the lines of supply and demand in contra-distinction to the present policy of Great Britain and Australia. That the present peg which prevents Australian currency from reaching its natural level, as determined by the balance of payments and other items influencing rates, should be removed. Exchange would then tend to represent the actual difference in the home values of the several currencies. This would induce a properly balanced relation between Australian production, exports, imports, and local consumption of goods. If the present policy of pegging the exchange rate on London is continued, we revert to the suggestions included in our statement under the heading "A 1 and 11". The arbitrary fixation of exchange in Australia and Great Britain has largely been (with the exception of gold production) a gift to foreign buyers.

Before closing, I desire to refer to certain statements attributed to Mr. Bennett in Sydney. He claimed that the predominating influence in the reduction of imports was undoubtedly surcharges, prohibitions, embargoes, and prohibitive duties, whereas statistics show that the fall was proportionately great in free goods and those listed under low tariffs.

He disparages the effect of exchange, and makes the extraordinary statement that imports had remained comparatively steady. I question his term of degree, because imports rapidly fell from £160,000,000 to £40,000,000. Furthermore, in a full-page advertisement published in the *Sydney Morning Herald*, of 15th May, 1931, the Chamber of Manufactures of New South Wales made the following statement, *inter alia*:—

We do not support the imposition of super tariffs or embargoes, except as a legislative means of correcting extreme adverse trade balances, and they should not be continued after such adverse balances have been adjusted.

Other countries adjusted their trade balances through the medium of exchange only.

Encouraged by certain comments made by Mr. Maconaghy this morning, I would like to submit a few remarks regarding same.

Unemployment.—He inquired whether a reduction in obstacles to imports might not increase unemployment in a tyre factory.

Not if on a sound basis, because there is intended to be no reduction of normal protection. I can only repeat my argument regarding wringers which I had the temerity to submit to the Board on a previous occasion.

An increase of 20s. in the sale price of a wringer automatically creates unemployment in some shoe or clothing factory, and ultimately results in an increase in (for the sake of illustration) sales tax and income tax.

Tariffs do not create employment, they diversify it.

Statistics show that following an increase in tariffs, unemployment has increased, with the exception of the Pratten tariff. This was due to high prices ruling for primary products, and borrowing at the rate of £30,000,000 per annum.

Causes of World Unemployment.

This is directly traceable to the war, which disrupted our economic machine. It was fought on credit which caused inflation.

Wealth should have then been conscripted as manhood was, and prices prevented from rising.

Under the force of war, various uneconomic industries sprang up all over the world. Imbued with the desire to protect these war babies, tariffs were raised.

Nations put up tariff walls to keep the other fellow's goods out. The result was stagnation in their own exports, and exchanges were depreciated to help sell their own products at sacrificial prices.

Imports cannot increase unless exports also increase.

Item 404.—Illustrations—Electric light, mystic mits.

London Balances.—The Government requirements are known in advance, and should be provided for first. If the balance is insufficient for merchants, they could be rationed according to their average requirements for the past three years.

If there should be a drought in Australia diminishing exports, prices would rise as compensation for the smaller quantity shipped.

Summary of Evidence by Professor L. F. Giblin, Ritchie Professor of Economics, University of Melbourne.

Perhaps I might say generally that we have taken the opportunity of a number of economists being in Melbourne to talk over the question, to see if we could make any recommendation to you which would be helpful on this subject, but the time has been too short for adequate discussion, and we have mainly confined ourselves to the possibility of getting any automatic adjustment of the tariff duties which might be applied on account of the exchange position. I am afraid we find it impossible, in the time, to propose any such automatic adjustment. I think I can say that we rather think it is impossible to find an automatic adjustment. We might, with more time, be able to say something further on the subject which might be useful, but, at present, I am afraid we cannot get much further than that.

Perhaps I might put the position as I see it. We have a movement in the exchange compared with two or three years ago. In general, in a perfectly free moving economic system, which you never have in practice, you expect two things to happen with a movement in the exchange. You expect the prices of imported goods to move up to the extent of the movement in exchange. That, in fact, does generally happen. You also expect the internal costs in the country to move up in the same direction, with more or less lag relatively to the external country—how far and how long being, perhaps, a rather controversial question—but you do in general expect a very considerable, almost in the long run an equivalent, rise in costs.

This is, as I say, in a perfectly free moving economic system, which does not exist, and under conditions where you are moving from one position of equilibrium to another position of equilibrium, and that again never happens because, when you move the exchange, it is almost certainly on account of a want of equilibrium or balance; so that the general theoretical expectation helps us practically not at all. I think I may say, on behalf of the economists with whom I have been able to discuss the matter, that there is no approximation to those conditions here and now in Australia, and that internal costs have not moved anything like to the extent of the exchange movement.

With a movement in the exchange, you do get the automatic move in the prices of imported goods. That happens generally. It is as regards costs that the difficulty comes in, and the movement is so uncertain. Under a certain ideal system, there is a theoretical expectation that they will move; actually, in practice, under many conditions, and certainly under present conditions in Australia, you cannot expect them to move to any great extent. That is to say, I do not think you can get any theoretical conclusion as to the movement of costs, which is applicable to our present circumstances. But there is the expectation of costs going up relatively. You come to such facts as you have, and say, "Well, how have costs moved in Australia relative to other countries" (and for simplicity Australia and England). Obviously, when you move the exchange in the way it has been moved, and depreciate the currency, you expect it to be accompanied by some relative rise in prices, costs and wages. You may expect it to register a rise which has already taken place, or to be followed by a rise, but one or the other is your general expectation, even under a system which is not very free moving.

It seems obvious that that should be the expectation. But one of the principal elements in costs is wages, and if we look at the movement in wages in Australia, and in England, over the last three years, we find that, instead of wages having risen in Australia relatively to England, that they have fallen; that whereas the fall in English wages, as measured by a wage index over the last three or four years, is only about 4 per cent. in sterling, the fall in Australian wages in Australian currency, in spite of the depreciation of the Australian currency, is something like 15 per cent.—I am not giving precise figures—which is totally contrary to your expectation. If that has happened to wages, one is inclined to say, "Obviously costs in Australia, so far from having risen on account of exchange relatively to English costs, have actually fallen." May I say in explanation that the depression hit Australia earlier and more severely than any other country, and we had to take every possible action to increase the prices of our exports and reduce costs of production. We had to do everything possible, and under the enormous pressure we have, as a matter of fact, increased prices by the exchange; and we have reduced costs by internal adjustments to a much greater degree than England or any other important country. That is a kind of explanation of the paradox. You have, therefore, some likelihood that costs in Australia, so far from having been increased relatively to England on account of the depreciation in terms of sterling, have actually been reduced relatively.

That, of course, is merely current costs. In the present state of depressed industry, overhead costs are enormously important, and may alter the picture. The diminution of output of manufacturing production will have had a serious effect on overhead costs everywhere, and it is quite conceivable that it might have had a considerably greater effect in Australia than

it has had in England. There is, therefore, an important unknown element to take into account before you can say with any conviction that the costs of manufacturing production have fallen relatively to those in England.

Labour costs will be fairly uniform throughout any particular manufacturing industry, and fair information is available to measure their importance. Overhead costs, on the other hand, may vary much between individual firms in the same industry, and there is no good information even about the average for the whole industry. I do not think it is possible to make any generalization about them. So that the position that I have got to in discussion of the matter with economists is that it is not possible to make a general plan of reduction of old duties that will exactly balance the altered exchange—that there is a strong presumption that, on the average, the rate of duties is higher than is necessary by roughly the amount of exchange, but only a presumption. We have undoubtedly in general a rise in prices due to the exchange on the one side. We have the labour costs—wages at any rate, and with wages can go a good many other things—relatively fallen in comparison with England. We have the possibility of other costs having risen in some industries so much as to offset, and more than offset, any advantage gained in running costs (on the average over all the manufacturing industry, it looks as if another 25 per cent. was added to protection against British imports duties by the effect of the exchange). Although that is probably true over the whole of manufacturing industry, it cannot be applied with any safety, it seems to me, to any particular product. You have a presumption that the duty could be reasonably lowered by the amount of exchange, with allowance for the proportion of raw material which is either imported or could be exported. That is an idea which I know is familiar to the Board. That is a presumption which, I cannot see at present, you could apply safely to any industry automatically. My feeling is that you would have to make some kind of review of the general conditions of any industry before applying a reduction on those lines. In some industries it might be that the total costs have risen quite considerably relatively to those in England, and that a reduction of anything like the full amount of the exchange, even allowing for imported material, might not be fair to that industry.

You are considering, I suppose, duties which may have been fixed on conditions as they were two, three or four years ago, anyway at some period in the past. With the changes that have been taking place in the world over that time, I think it is impossible to make any assumption of how costs have moved relatively to those of other countries. The exchange is only one element, and in many cases is probably not the most important element. We see in Australia how, in spite of the exchange, in spite of the depreciation of the currency, labour costs have actually fallen. The same kind of thing, one way or another, may be happening—is happening—in all countries of the world. Practically all countries have been forced to make very serious adjustments to their whole economic life in the course of the past two or three years. I do not think it is possible to isolate the movement in Australian exchange from everything else, to apply any deductions from that to a conclusion based on evidence two or three years ago, and expect it to meet the present facts.

I am afraid it is perfectly impossible to ask the Tariff Board, or any other possible authority, to make a rapid adjustment of the tariff to present conditions.

I feel very strongly that the movement in exchange cannot be isolated. I do not think it ever does happen *in vacuo*—a movement in exchange; it certainly has not in this case. It is only one of a series of complicated adjustments of the economic position to very serious disturbances. It is perfectly impossible for any one to make any kind of judgment as to the exact correction to be applied, on account of exchange or anything else, to duties fixed on a survey of conditions two or three years ago. I should say that the present position made a scientific tariff—if that phrase is still allowed—a practical impossibility; that you would have to be examining every industry at intervals of about six months intensely before you could be sure of the proper correction to be applied to old duties. That is impossible, and practically you could only expect to make a rough shot. Certainly, there is no kind of automatic adjustment or formula that would make at all exactly the proper correction. I think it is quite possible that the Board, with its intimate knowledge of a great many industries, may be able to make a fairly rapid judgment as to the proper correction in most cases. In others, closer investigation would be necessary. That may or may not be so, but I am sure that no one else—certainly not an economist by general reasoning—can safely attempt to specify the correct adjustments.

Supplementary Statement by Professor L. F. Giblin.

The Effect on Volume of Imports.

The conclusion has been reached that a moderate reduction of duties, by taking off 15 per cent.—or, alternatively, one-third from the old ad valorem duty (with corresponding reduction in specific duties)—would leave the protective effect of the tariff, with a wide margin for error, at least as great as when sterling exchange was at par and there was no primage. The revised duties would, therefore, according to the old findings of the Tariff Board, offer ample protection to Australian production. Under these circumstances, very little permanent increase of imports would follow the revision of the duties.

A good number of Australian industries are not using anything like the full protection afforded by the old tariff, swollen by exchange and primage. The products of these industries are now sold at a price with which imports could not compete, even with the lowered duties. There would, therefore, be no increase in imports of these goods, and the Australian price of these goods would not be altered. Other industries are using all, or nearly all, of the inflated protection now provided. The excess price must be due either to unreasonable profits or unnecessary inefficiency. It is clearly in the power of these industries to reduce prices to a level at which imports cannot compete. There will, therefore, be no substantial lasting increase in imports of these goods, but in this class of goods the Australian price will be reduced.

There would be some temporary flurry of imports, but of no great importance. Where excessive prices were due to remediable inefficiency, a few months might be required to get Australian costs down. The announcement of lower duties might stimulate overseas exporters to shipments not really justified by the new price condition; and on which they would suffer loss. These would not be repeated. I should not expect the temporary flurry to be more than £1,000,000 for the whole year, nor the permanent increase to be more than one-quarter of that value.

It is not to be expected that any such increase, even if considerably greater than this estimate, would affect the exchange rate. There are strong forces making for stability of exchange, which have resisted increases of imports during the last few months at the rate of over £10,000,000 annually. It is hard to determine the precise straw which breaks the camel's back, but it is certain that an increase of imports, due to this revision of the tariff, would have a very small share in raising the exchange, if a rise does in the future take place.

If the exchange rate was raised, chiefly for other reasons, a rise to 130 or 135 seems likely to be the limit under present conditions. The proposed change in duties is less than half of the probable average additional protection due to exchange and primage, and the proportionate amount of the additional exchange would be so small that it would not justify a revision of duties. In general, no alteration in exchange *plus* primage of less than 10 per cent. either way should be any ground for altering the revised duties. If there should come an alteration of exchange *plus* primage of 10 per cent. or more, it would indicate an important change in other elements of costs, and the general situation should be considered again before deciding whether a further revision was necessary at all, and, if so, the extent of it.

The Effect on Government Finance.

Customs revenue would be less on account of lowered duties, and this loss would not be offset to any extent by increased imports. I have not had time to make a careful estimate, but I put tentatively the amount of customs revenue subject to reduction as £5,000,000. (Revenue duties are, of course, not subject to the proposed revision.) If one-third of this duty is remitted the loss to revenue would be £1,700,000. Additional imports would pay a fairly high duty, and perhaps £100,000 to £200,000 might come in permanently on this account. There would be a number of small and indirect gains to revenue or reductions of expenditure on account of lower duties (e.g., savings by State Governments in purchase of imported material, and some increased taxable income in the hands of consumers), but these would not be substantial, and the net loss might be as great as £1,500,000. The revision, if enacted by Parliament, must be regarded as a remission of taxation, a lightening of certain very heavy rates of taxation, which would be distributed throughout the community as surely as an equivalent scaling down of the sales tax.

Exchange and Primage in Reference to Protective Duties.

The changes in costs and prices of protected manufactures in Australia, relative to England, during the period during which high exchange has been in operation cannot be at all closely estimated. Prices and all the costs of production have changed in each country measured in its own currency. There is no valid measure of the movement of prices of these manufactured goods in either country. Some inference can be made from what we know of costs. The wage-index of Professor Bowley shows an average fall in wages in Great Britain since 1929 of only 4 per cent. up to last December. The official wage-index in Australia had fallen 15 per cent. up to last June, and has fallen further since.

On wage rates depend most of the running costs of industry, including the cost of raw materials not entering into international trade. Interest also has fallen at least as much in Australia as in England.

The inference must be that, in spite of the depreciation of the Australian currency, the running costs of production in Australia, apart from raw materials imported or exportable, have fallen appreciably more than in Britain. The movement of overhead costs is uncertain and irregular, and it is possible that, in some industries under special conditions a relative rise in overhead costs may have more than offset the relative fall in running costs.

Raw materials entering into international trade will have much the same price in different countries when measured uniformly in one currency, such as sterling. The Australian cost in Australian currency will, therefore, have increased roughly by 25 per cent. relative to British prices in sterling, as compared with a period when exchange was at parity. On this account, where a large proportion of cost is for raw material imported or exportable, total costs may well have been increased more in Australia than in England, and some of the effect of exchange and primage on price is required to give the producer the same margin of protection as previously.

The effect of exchange and primage together is to make the Australian price of imports, without duty, about 35 per cent. above the sterling price as reckoned for customs purposes. For some industries using almost wholly raw materials not imported or exportable, it would be found, on examination, that the whole of the 35 per cent. could be subtracted from the present duty without impairing the degree of protection intended when the duty was first imposed. Industries using a good deal of raw materials imported or exportable could not stand so great a cut. There are some important industries which probably require about 15 per cent. out of the additional 35 per cent. due to exchange and primage in order to have the same effective protection as formerly, so that in these cases only 20 per cent. could be safely deducted from the present rates of duty.

If a safe all-round reduction was aimed at, I should put the figure as 15 per cent. If all duties were reduced by the amount (i.e., 50 per cent. reduced to 35 per cent., and 30 per cent. to 15 per cent.), I feel sure, after studying the various possibilities, that the overwhelming majority of industries would receive at least as much protection as was given when the duties were first imposed. The exceptions would be few and relatively unimportant. Their position might be reconsidered on appeal.

An alternative proposal of much the same effect would be to reduce all duties by one-third (i.e., to reduce 60 per cent. to 40 per cent., and 30 per cent. to 20 per cent.). The higher rates of duty will generally have been imposed when the material is local and its costs determined wholly by Australian costs. A cut of one-third would, therefore, to some extent grade the reduction in proportion to the local material used, and ease the reduction for industries using imported material. Moreover, a cut of one-third would avoid the arbitrary adjustments which would have to be made in the low rates of duty, where a flat deduction of 15 per cent. could not be applied.

The previous discussion has, for simplicity and brevity, been confined to the protection required against British imports.

I have said that an all-round reduction of duty, either by 15 per cent. or by one-third, would amply preserve the protection given to Australian industry, and would result in no diminution of protected production in Australia. In other respects, it would have a number of beneficial effects. It would reduce costs to the consumer and to other producers, not only by the amount to which taxation would be reduced (estimated

above at £1,500,000, but by the amount, probably a good deal greater, by which the excess cost of Australian protected production would be lowered. A great part of this relief will find its way to the export producer, who most needs it, and to the producers competing with imports. A lowering of the tariff is always partially offset by the lowered costs in protected industry itself. When it can be done without impairing Australian protected industry, it is an unmixed good, except to Commonwealth revenue. But, when there is at present a strong case for decreased taxation and a practical possibility of making it, then even that exception does not count.

Further, at the present time, when the universal depression is closely linked with barriers to international trade, any lowering of those barriers is at least a hopeful gesture in the direction of recovery. It is, perhaps, the one contribution that a country like Australia can make to the combined effort for international recovery. Its psychological effect will be considerable, particularly in Great Britain.

At a time when the burden of overseas debt is very onerous, and relief by favorable conversions very urgent, Australia may easily reap rewards in the London money market from such a revision of the tariff, over and above the direct economic benefits of a tariff pruned of unintentional and totally unnecessary extravagances.

Evidence by Latham Withall, Secretary Victorian Chamber of Manufactures, Melbourne.

The Victorian Chamber of Manufactures submits the following evidence in opposition to the proposal that customs duties be varied so as to offset the payment of bank exchange in relation to the importation of goods into the Commonwealth.

Rebating of Protective Duties Impracticable and Unnecessary.

The Chamber urges that the suggested rebating of customs duties to meet the cost of bank exchange is a proposal totally impracticable, but at the same time submits that if enhanced federal revenue renders it possible for taxation on imports to be reduced so as to provide a measure of relief to Australian primary and secondary producers, and afford some compensation for the disabilities attendant upon adverse bank exchange, the logical and effective solution lies in the elimination of sales tax and primage duties, both of which measures were imposed as temporary expedients, justified only by grave exigencies affecting public revenue.

The proposal which has been advocated that an agreed upon proportion of the exchange premium paid by an importer should be deducted from the amount of ordinary customs duty payable, is a course that involves the surrender of revenue without conferring commensurate advantages. On the contrary, in many cases, such reduction of duty would result in stimulating unessential importations, and thereby creating an overseas balance of payments situation of extreme gravity to Australia.

Effect Upon Preferential Tariffs.

The practical application of the principle of the merging of exchange and customs duties would, moreover, unless applied solely on the basis of the difference between the £1 sterling and £1 Australian, effectively break down existing margins of preferential duty as the following simple illustration discloses, based on

half of exchange paid being rebated from customs duty, which has been implied in parliamentary speeches:—

	Exchange at (say) 25 per cent.	B.P. Rate Specific Duty payable.	Half of Exchange deducted from Duty.	Net Duty Paid.
(A) <i>Ex United Kingdom—</i> Goods—value for duty—£1	s. d. 5 0	s. d. 5 0	s. d. 2 6	s. d. 2 6

Total cost of importation—£1 7s. 6d.

	Exchange at (say) 50 per cent.	General Rate Specific Duty payable.	Half of Exchange deducted from Duty.	Net Duty Paid.
(B) <i>Ex United States of America—</i> Goods—value for duty—£1	s. d. 10 0	s. d. 7 6	s. d. 5 0	s. d. 2 6

Total cost of importation—£1 12s. 6d.

It will be seen that in the above example, the cost of importing the goods from America would be 5s. greater than from the United Kingdom, but this difference would be represented entirely by bank exchange, with British fiscal preference eliminated, thus violating the specific statutory provisions of Part 1 of Schedule F, of the Ottawa agreement.

If, on the other hand, to this illustration, the rule be applied solely on the basis of sterling, and the abatement of customs duty limited to half of the sterling rate of exchange, irrespective of the country of origin of the goods, the amount of rebate of duty, both (A) and (B) would be 2s. 6d., which would make the net duty 2s. 6d., in respect to goods from the United Kingdom, and 5s. from America, in other words, the British preferential rate would be increased from 50 per cent. to 100 per cent. without any consideration to the relative fiscal rights of the United States of America, and more than 100 other countries that conduct reciprocal trade with the Commonwealth (*Oversea Trade Bulletin* No. 28, at page 498-9).

It may be said that the foregoing illustration is not generally typical as it is limited to fixed duties. In this connexion it is pointed out that two-thirds of the whole of the duties collected are on fixed duties as is clearly shown at page 506 of *Oversea Trade Bulletin* No. 28, where the duties collected for 1930-31 are shown to be £6,000,000 from ad valorem items, and £11,000,000 from fixed duty items.

Effect Upon Preferential "Duty Free" Imports.

There are very many commodities that enter the Commonwealth from Great Britain under various items of the tariff free of all customs duties, except 4 per cent. primage duty. In fact, it may be said that nearly one half of the whole of the importations from Great Britain enter Australia free of ordinary duties, under by-law items, and other preferential items of the tariff. For the year 1929-30, £25,180,605 worth of imports from Great Britain were "free" of duty in a total of £48,427,054 of United Kingdom goods covered by preferential duties, *vide Commonwealth Year-Book* No. 24, page 106, paragraph 4.

Some indication of the wide variety of the goods in this category may be gathered from departmental by-laws. Under By-law Item No. 174, there are about 900 kinds of machines and machinery tools specified

for free admission from Great Britain; under By-law Item 404, about 1,000 classes of raw materials and minor articles, and a further duty free list of about 250 kinds of tools of trade may be entered under By-law Sub-item No. 219 (c). In all these cases the rebating from ordinary customs duties of half the cost of bank exchange could only be of benefit to the importer of goods that are not entitled to the rule of British preference, and which, therefore, fall under general tariff at duties of 15 per cent. ad valorem. Under these circumstances the preferences granted to Great Britain in respect to half her exports to Australia would be effectively destroyed.

Even should it be so prescribed that the drawback of duty in all such cases be limited to an amount equal to half the exchange rate on sterling, the duty refund to the importer of foreign goods would nearly meet the entire cost of the duty of 15 per cent. under the general tariff. If, on the other hand, to safeguard British preferences the limitation be imposed that under all circumstances the duty concession to an importer shall not exceed the rebate that would be applicable to British goods, then it necessarily follows that such concession in regard to a big proportion of our total imports must be limited to nothing at all in respect to ordinary duties or to 4 per cent. if such concession is to include primage duty.

The Discouragement of Local Industry.

A further insurmountable difficulty that must present itself in the application of any rule for the granting of rebates from ordinary customs duties of a proportion of the cost of exchange, would be in its subversive effect on protective duties. For reasons that need not be restated, the amount of rebate of duty upon materials and equipment required by Australian industries, and which in many cases we have seen, are admitted under items of the tariff which are duty free in respect to the British preferential rate, would be limited to the rescission of the 4 per cent. special primage duty, whereas on the other hand, the amount of duty rebated in regard to the importation of the "Finished Product" from overseas would be the full amount of the agreed proportion of the amount of exchange paid. In this manner many protective items of the tariff would be very seriously affected. It cannot be too strongly asserted that the operation of any such rule must necessarily prove detrimental to Australian industry, as the greatest savings would accrue to those engaged in the importation of consumer goods, and not to those who bring into Australia the merchandise and equipment of industry.

Exchange and Customs Duties Both Necessary.

At the present time, and under the economic conditions that are likely to prevail for many years in Australia, the two-fold implications of customs duties and exchange are essential to maintaining reasonable surplus of funds in London, and it necessarily follows that if either of these instruments of correction and balance is weakened the other must be strengthened. Of that there can be no shadow of doubt.

If exchange be raised, the cost in Australia of all commodities is increased, together with the cost to the Government of buying sterling in London, but in the case of customs duties, varying degrees of discrimination are made between goods for industry, other essential imports, and importations of a luxury or semi-luxury character, with the result that as a corrective instrument the effect of customs duties on commodity prices is less ruthless.

The Burden of Exchange Upon Manufacturing Industries.

It is essential in respect to this phase of the question, that the full significance of any rise in the present exchange rate between Australian currency and sterling be stressed, as for each 5 per centum increase in the rate of exchange, the added cost to the Australian people in the importation of commodities would be, on the basis of £60,000,000 worth of imports for the year, about £3,000,000, and to meet the added cost to the Federal Government in meeting its annual fixed overseas commitments, a further £1,500,000 would be required from taxpayers, and on top of this must be placed the snow-balling effect of such additional charges on all locally-produced goods.

It may be assumed by the Board, that no section of the business community is more genuinely desirous of bringing down the cost of commodities commensurate with the reduced spending capacity of the primary producer and the general body of consumers, than is the Australian manufacturer, for upon the ability to produce goods at saleable prices the manufacturer's physical turnover depends. The present pyramidal effect of the piling up of revenue duties, primage duties and bank exchange, on importations of raw materials and equipment, is in the opinion of the Victorian Chamber of Manufactures, responsible for a great deal of the unemployment manifesting itself in secondary industries in Australia to-day.

The Reason for the Investigation.

A close examination of the debate in Parliament (*Hansard* No. 25, page 2114, *et seq.*) that preceded and resulted in the reference of this subject by the Government to the Tariff Board for investigation, clearly proves that the chief reason for the inquiry was to endeavour to discover ways and means of reducing commodity prices, and bridging the gap between primary and secondary prices through lowering the cost of materials and equipment to industry generally, both primary and secondary.

The suggestions made by the parliamentary supporters of the proposal for the merging of exchange charges and customs duties were substantially to the effect that approximately one-half of the cost of exchange should be rebated from customs duties. The figures relating to sales tax and primage duties to be quoted later, indicate how readily this objective may be attained without any interference whatever with the ordinary Customs Tariff.

That a great deal of confusion of thought exists amongst members of Parliament as to the implications of revenue and protective duties on commodity prices, cannot be denied, and this has helped to cloud the issue—which after all is an extremely simple one—by the use of such inappropriate phrases as the discovery of formula or technique.

Some Fundamental Assumptions.

It is suggested that the following preliminary assumptions are fundamental to the proper consideration of the problem under review, and may be regarded as axiomatic—

- (a) That it is desirable to reduce prices in Australia by the reduction of revenue duties on imports, and so stimulate business, create employment, and afford relief to the primary producer.
- (b) That at the same time it is not desirable to increase importations and so cause a rise in the present exchange rate.

If these simple logical and satisfying principles are accepted, the effective solution of the problem we are concerning ourselves with is at once disclosed, and the application of the remedy becomes dependent only on the ability and readiness of the Federal Treasurer to forego the amount of revenue that is entailed.

Sales Tax—Primage Duties—Customs Duties.

The relative contributions to federal revenue from sales tax, primage duties and customs duties are now shown in the subjoined table, which sets out the official returns for the year ending June 30th, 1932—

		£
1. Sales tax collected during the year ended 30th June, 1932—		
(a) Collected by Taxation Department ..		7,173,730
Collected by Customs Department ..		499,888
Total		<u>7,673,618</u>
2. Primage duties collected during year ended 30th June, 1932—		
Gross Revenue		3,740,815
Refunds and drawbacks paid		82,650
Balance (net revenue)		<u>3,658,165</u>
3. Customs duties (excluding primage) collected during year ended 30th June, 1932 (including customs duties collected on ships' stores, &c.)—		
Gross Revenue		16,102,650
Refunds and drawbacks paid		1,190,877
Balance (net revenue)		<u>14,911,773</u>

It should be pointed out that, in regard to sales tax, the sums collected by the Customs Department do not express the real incidence of such tax on imports, as goods for industry are cleared through the customs under quotation of sales tax certificate.

The next table serves to record the returns to revenue of sales tax, primage and customs duties for each of the first five months of the current fiscal year, viz., July to November, 1932—

Month.	Sales Tax.			Primage Duties.
	Collected by Taxation Department.	Collected by Customs Department.	Total.	
1932.	£	£	£	£
July	616,256	44,830	661,086	390,885
August	682,178	69,397	751,575	457,350
September	763,722	37,282	831,004	430,257
October	(a)	(a)	833,000	382,411
November	(a)	(a)	839,300	426,327

(a) Not available.

Month.	Customs Duties (excluding Primage).		
	Gross Revenue.	Refunds and Drawbacks.	Net Revenue.
1932.	£	£	£
July	1,489,714	82,728	1,406,986
August	1,560,088	96,101	1,463,987
September	1,500,311	96,939	1,403,372
October	1,538,100	83,582	1,454,518
November	1,626,704	101,804	1,524,900

The Cost of Exchange.

The prevailing rate of exchange on London, viz., buying £125 Australian equals £100 English, has been maintained unaltered since fixed thereat by the Commonwealth Bank on the 2nd December, 1931.

In regard to the amount paid in premiums on exchange by importers for the financing of commodity imports for the 1931-32 year, it will be found that, according to Commonwealth statistics, the value in sterling of commodities imported into Australia for the fiscal year was £44,000,000, and in Australian currency the assessed value was £57,000,000. Taking the amount of the difference between these two figures, viz., £13,000,000, as the measure of the greater part of the sum paid in exchange in regard to importations of merchandise for the year, not the whole, because the margin between gold and sterling in respect to imports from such countries, the United States of America and France for example, has been absorbed, it will be seen that relief from primage duties and sales tax, which together amounts to about £1,250,000 a month, would reduce commodity prices to an extent that would entirely offset the cost of exchange on imported goods which is, roughly, £1,100,000 a month, and, what is most important to remember, it would do this without placing any strain upon the exchange position, since such a course would not appreciably increase the demand for funds overseas for the financing of importations, as would be the case if, by the lowering of protective duties, unnecessary importations were encouraged.

The Relation between Sales Tax and Primage Duties.

It is necessary to emphasize that the effect of sales tax and primage duties upon industry are very similar. Sales tax is applied to manufactured goods when imported, and when locally-produced and sold. Its incidence falls, therefore, upon both imported and domestic goods. Primage duties are applied to imported goods only, but are levied upon raw materials and goods for industry generally as well as upon consumer goods. The incidence of primage duties therefore falls also upon both imported and local goods.

While the rate of primage duties is in many cases lower on goods for industry than upon consumer goods, the effect of primage duties is to unduly keep up prices, and the Victorian Chamber of Manufactures, therefore, urges that this form of taxation be withdrawn as soon as possible, and in this regard supports the provision contained in paragraph (c) of Article XIV. of the Ottawa agreement, which prescribes the reduction or removal of primage duty as soon as the finances of Australia will allow.

General Considerations.

Unless and until the finances of Australia do so permit, it must be impossible to withdraw either the sales tax or the primage duties, but the recent improvements in all forms of federal revenue indicate that it will shortly become possible to abandon one of these two methods of taxation, or, alternatively, to reduce the rate of tax under both.

It must be assumed that the motive behind this inquiry is to endeavour to bring about the lowering of commodity prices; to bring same more in consonance with the reduced prices of primary products, and not only in respect to imported goods, but also goods of local production.

The real question to be determined, therefore, is whether Australian public finances permit the withdrawal of part of the existing taxation on commodities imported into Australia, so that such relief may partly or wholly offset the cost of buying the overseas currencies with which such imports are financed.

The issue is clear and simple. Unless Australian public finances are favorable, it would be impossible to afford real relief to the primary and secondary producers of Australia under any method of variation of duties whatsoever, for to the extent that taxation

is remitted, and costs in industry or to the consumer are temporarily reduced thereby, it would be necessary for some alternative form of taxation to be imposed to provide for the loss to the revenue of the duties remitted.

This would be the first inevitable result, but, unfortunately, not the only one, for in consonance with the variation of customs duties, the effectiveness of the prevailing rate of exchange as an instrument in maintaining oversea financial equilibrium would be abrogated, and to the extent that duties were lowered, not only would other taxation become necessary, but bank exchange would increase, and still more and more taxation rendered necessary, to enable the Federal Government to defray the increased cost of buying funds in London to meet governmental debts. It might be said that increased imports would increase Customs revenue, but such would not be the case as a higher exchange would call for progressively greater refunds of customs duty.

The Widespread Implications of Adverse Exchange.

At this point it is desired to emphasize that the direct and indirect implications of a depreciated currency place very heavy burdens upon manufacturing industries. In every element of production costs the exchange factor is discernable. It is perhaps not generally recognized that the operation of exchange adds to the cost of locally-produced as well as to the cost of imported raw materials.

This inflation in prices of locally-produced raw materials is not limited to exportable primary products such as wheat, flour and wool, which have a world price basis, and Australian domestic consumption prices for which are determined by oversea parity plus the premium on exchange. On the contrary, exchange charges also inflate the price level of local goods which are wholly consumed within Australia, for it is a truism, and not a matter for argument, that the depreciation of a currency results in a general increase of commodity values calculated or measured in terms of that currency.

This point is succinctly exemplified in the following passage from the statement issued by the Commonwealth Bank at the time the exchange rate on London was reduced from £130 Australia to £125 Australia:—

The action of the British Government in September, 1931, in abandoning the gold standard, had an immediate effect on the Australian position. The depreciation of sterling in terms of gold resulted in a general increase of commodity values in Great Britain.

In Australian labour costs, which are based on wages that are determined upon the prevailing price level of food, groceries and rent, the exchange factor is also present, and it is met with again, masquerading under the names of taxation and overhead.

For these reasons the whole of the proposals and formulae made by the Joint Committee of Tariff Revision for the rebating of duties (transcript, p. 14) and which make allowance merely for the direct cost to Australian industries of exchange on the proportion of imported raw materials and totally ignore the direct cost of exchange on equipment for industry; the equally direct effect of exchange on the price of local raw materials of an exportable character and fail to make provision for all the other indirect implications of an adverse exchange position, are seen to be based on premises that are fundamentally false.

Recapitulation.

To recapitulate, it must be recognized that any merging of exchange costs with ordinary customs duties would inevitably facilitate and encourage imports, and correspondingly inflate the rate of exchange and further depreciate our currency. On the other hand, the with-

drawal of the federal sales tax, while lowering prices, would not increase importations, as it is levied in like manner upon local as well as imported commodities, and by its elimination the cost of both would be reduced at the same time, and to the same extent.

It will likewise be observed that the elimination of the primage duty tax permits the reduction of commodity prices for both local and imported goods, without placing any appreciable strain on the exchange position, for the reason that this form of tax falls in like manner upon imported raw materials and the equipment of industry as well as upon consumption goods.

In these circumstances, the Victorian Chamber of Manufactures finds itself totally opposed to the wholly impracticable, undesirable, and, at the same time, entirely unnecessary proposal which has been made that protective items of the tariff be varied by reason of the operation of exchange.

Supplementary Statement by Latham Withall, Secretary Victorian Chamber of Manufactures.

Statement submitted to the Tariff Board by the Victorian Chamber of Manufactures in reply to a memorandum furnished by Professor L. F. Giblin, after the closing of the inquiry.

The statements made by Professor Giblin are dealt with seriatim—

1. *Duties could be reduced by 15 per cent. or one-third, and still give previous and adequate protection.*

Reply.—Professor Giblin offers no substantiating evidence as to how he arrives at that amount, other than giving some generalities, and the Chamber of Manufactures does not consider that even these can be substantiated from a business point of view. On the contrary, the conclusion has been reached by manufacturers, who should have some knowledge of the subject, that approximately the whole of the exchange is necessary to preserve the *statu quo* of the protective items of the tariff. The evidence of the Ford Company (transcript, p. 267) was that primage and exchange had increased their production costs by 34.38 per cent.

2. *Some industries are still using all protection afforded by duties, plus exchange and primage. This must be due to either inefficiency or exploitation. A lower tariff would force them to be competitive and reduce prices.*

Reply.—Again, we have a generalized statement that a number of Australian industries are not using anything like the full protection afforded by the old tariff, swollen by the exchange and primage, whilst other industries are using all, or nearly all, the inflated protection now provided. Without a list of the industries that are using all, or nearly all, the so-called inflated protection, and details as to what extent the public are being charged, the Chamber of Manufactures considers this statement is unfair and of no practical value. If the professor knew the actual business facts of the position, he would realize that the greater the outputs from Australian secondary industries, the greater reduction in prices to the public. The Professor admits that certain industries may be affected to such an extent that they would have to appeal. He states that these exceptions would be few and relatively unimportant; but here again, without any direct evidence as to the number of industries, their value of production, &c., the statement carries little weight, and only serves to show that he anticipates that imported goods will take the place of Australian production. He, unfortunately,

misses a very important practical business consideration, namely, that when markets are lost, they are very hard to regain. Further, in the meantime, firms would possibly have to close down, awaiting the result of the appeal.

Professor Giblin's statement regarding unreasonable profits constitutes a challenge of the gravest character, and one which is based on assumptions that are entirely divorced from realities. The Professor's jump from cause to effect is so agile that, although at first it may appear natural, it is, nevertheless, wholly false, for there may be a hundred and one legitimate reasons why, in certain industries, the whole of any existing protection, however attained, is necessary. One reason would be that the previous protection may have been inadequate and ineffective. This was, of course, the case, for prior to the imposition of the emergency tariff measures of 1930, which have, for the most part, now been withdrawn, imports totalled about £140,000,000 annually.

Another example why the whole of the protection afforded is used, might be that overseas manufacturers are quoting f.o.b. prices to Australia that are lower than in other countries where local competition has not to be reckoned with. Very striking evidence upon this point is available in the *Annual Statement of the Trade of the United Kingdom* (volume 3-1930) issued by the British Customs Department. The average f.o.b. prices of certain British produce exported are shown thus:—

	Destination.			
	Australis.	South Africa.	New Zealand.	Argentine.
Fencing wire .. per ton	£ s. d. 12 14 0	£ s. d. 13 18 0	£ s. d. 13 13 0	£ s. d. 17 13 0
Galvanized Iron, Flat .. " "	17 8 0	14 0 0	18 13 0	..
Galvanized Iron, Corrugated .. " "	16 5 0	12 5 0	16 18 0	14 10 0
Linseed Oil .. " "	38 19 0	45 2 0	42 19 0	..
Raw Linseed Oil .. " "	44 0 0	49 0 0	49 0 0	..

NOTE.—In South Africa German competition is keen in the Iron Trades, hence the lower British prices in that Dominion.

It is, naturally, impossible to ascertain to what extent this trade practice is general more than particular, but the fact that such conditions do exist is certainly indicative of the many factors that must be considered, and which are entirely ignored in the sweeping assertion regarding unreasonable profits and unnecessary inefficiency.

The position of Australian industries which "are not using anything like the full protection afforded by duty and exchange" can hardly affect this question; their costs are already down to an economic level and the consumer is well served.

3. *There would be little danger of exchange rate being affected by importations.*

Reply.—The chamber has already submitted evidence in regard to the value of Australian exports and imports for the current year 1932-33, and has shown that there is an anticipated adverse balance of payments of from £4,000,000 to £7,000,000. No more definite evidence of the certainty that the exchange rate would be affected, can possible be advanced.

4. *A small flurry of imports would occur.*

Reply.—The admission that a temporary flurry of imports would take place, distinctly shows that the lowering of duties would have the effect of increasing imports, but, here again, the Professor does not state what class of goods he considers would be affected, or to what extent the so termed "flurry" would affect

unemployment in Australian industries. After all, it must be considered only a "stab in the dark" to say that the flurry would be £1,000,000. Without detailed evidence as to what would be affected, there is no reason why this flurry should not be five, ten, or £15,000,000. Further, the statement that a quarter of a million would be the permanent increase resulting from a reduction of one kind of protective duties, the Chamber of Manufactures considers very wide off the mark, for when importing interests make their selling arrangements, there is always the utmost desire to keep the flow of imported goods. As a matter of fact the so-called "flurry" of imports has already taken place, following the removal of prohibitions and surcharges, and imports for the six months ending December 31st, 1932, were £9,398,074 greater than for December, 1931, and for the year 1932-33 the indications are that imports will be greater by £15,000,000, yet the Professor holds that the breaking down of the protective tariff by one-third would only cause a temporary flurry of £1,000,000 of imports.

The Professor admits that he does not know the precise straw which breaks the camel's back. The Chamber of Manufactures' contention is that, if this extra flurry of imports takes place, the camel's back will most definitely be broken.

5. *A rough estimate of sacrifice of Customs revenue would be £1,500,000.*

Reply.—Nothing could more clearly indicate the total inadequacy of the real relief afforded by the proposals so drastically subversive to our whole fiscal system than the figure mentioned for the amount paid each month by way of premium on bank exchange is about £1,100,000.

6. *Costs in Australia have probably fallen to a relatively greater degree than in England; wages particularly so.*

Reply.—With the greatest respect to any English Professor's index figures relative to wage rates movements in Great Britain, it is practically impossible to compare the wage rate position in Great Britain, which is nominal only, with Australia, where secondary industries are so largely controlled by the dictates of Government tribunals, not only in respect to rates of wages, which have the force of law, but to definite working conditions, whereas in Great Britain there is a comparative flexibility in industry—particularly with regard to the conditions of working—that is unknown in Australian secondary industries.

In respect to costs other than wages, the price level graphs already submitted to the Board clearly demonstrate by comparisons of wholesale price levels in Australia with sterling and gold countries, that in commodity costs generally, Australian price levels have been very definitely kept up by the operation of exchange.

7. *The Benefits to be derived from reduction of duties would be:—*

(a) *Reduction of taxation by £1,500,000.*

Reply.—The Chamber believes and urges that any reduction of taxation that is to be conceded should be made as direct and as simple as possible, and not brought about in an indirect roundabout manner coupled with the disadvantages to employment that are inherent in the plan proposed by Professor Giblin.

There certainly exists at the present time a strong case for decreased taxation, and surely the practical and reasonable way, as shown in the evidence submitted by the Chamber of Manufactures, is to eliminate primage and reduce the rate of sales tax, which are

direct and practical ways of decreasing direct taxation. In this way the important aspect of employment would not be affected, and the lowering of costs to the community would be achieved.

(b) *Certain Australian prices must be competitively lowered.*

Reply.—This again raises the question whether some industries are taking undue advantage of protective duties. To test this theory out, it is proposed to reduce duties by one-third for all industries. Surely it is more reasonable to follow the usual procedure of inquiry by the Board into specific industries where it is suspected that prices could be lowered.

(c) *The effect of (a) and (b) should be some relief to export producers and producers competing with imports.*

Reply.—The Chamber of Manufactures challenges the statement of the Professor that a lowering of the tariff is always partially offset by lowered costs in protected industry. Here, again, the Professor gives no instance to support his statement. Possibly the most serious omission from the Professor's statement is to definitely indicate how the export producer and the producers competing with imports are going to get the so-termed relief by the lowering of the tariff rates. The considered opinion of the Chamber of Manufactures is that the primary export producer would not receive any advantage, and the producers competing with imports would be at a distinct disadvantage.

(d) *A helpful gesture in the recovery of international trade.*

Reply.—Whilst agreeing up to a point only with the Professor that a world difficulty is the matter of barriers to international trade—for the main causes of the depression are monetary ones—the Chamber believes that Australia can best assist in the recovery of international trade by continuing her present policy of executing specific reciprocal trade-agreements with sister dominions and friendly nations—a general policy of opening the door must lead to further excessive adverse balance with some countries, and would be unsound.

In conclusion the Chamber urges that the weight of the evidence taken in this inquiry all tends to reveal that the real solution of the problem under review—how to lessen the pressure of the £1,100,000 paid monthly in premiums on exchange (transcript p. 256a)—is to be found not in the infliction of wholesale fiscal sabotage on Australian industry, but in the progressive reduction of primage duties and sales tax, which, combined, amount to £1,250,000 a month. So long as it is found impossible to reduce this burdensome taxation on commodities, there can be no justification for reducing rates of ordinary protective customs duties on the grounds of exchange.

The Chamber also submits the view to the Board that the outstanding problem of to-day is the employment of Australian workers.

Statistical figures show that, on average, every £864 worth of Australia's production diverted overseas means direct loss of employment to one Australian. On this basis the diversion of Australian output of manufacture to the extent of—

- 1 per cent. would result in 4,465 workers thrown out of employment;
- 10 per cent. would result in 44,655 workers thrown out of employment;
- 20 per cent. would result in 89,311 workers thrown out of employment.

These figures speak for themselves. They are no exaggeration of the gravity of the position, and are arrived at by cold arithmetic, and are indisputable.

Evidence by John Miles Atkinson on Behalf of Alexander Gordon Huie, Secretary, The Henry George League of New South Wales, 114 Hunter-street, Sydney.

In order to understand whether exchange and primage duties should be taken into account in relation to protective duties, it is necessary to refer to the meaning of trade, and the reasons for engaging in it. Trade is a mode of production, and its objective is the satisfaction of human desires. The world is not made in water-tight compartments. Its natural resources show infinite variety. What one part lacks, either because of climatic or other reasons, another is able to supply. Or if any country specializes in a particular form of production or manufacture, it will excel, and be able to dispose of a surplus to other countries to their advantage as well as its own.

Let me summarize the reasons for trade with other countries. They are exactly the same as the reasons for internal trade. The individual disposes of his production or services so that he may acquire the productions and services of others. We dispose of or export what we cannot use ourselves so that we may receive or import what we need.

Australia exports (1) so that it may receive payment for the products of Australian labour; (2) so as to pay interest on loans for public works and on other capital invested here; (3) so that capital may leave the country.

Australia imports (1) so that producers, including their employees, chiefly primary, may be paid for their production; (2) so that the proceeds of loans may be received for public works; (3) so as to receive capital, to develop natural resources, or to establish secondary industries.

It is the wealth which we receive through imports that pays wages and sustains the people, not the wealth we send away as exports. Unless an individual receives for his production or services what is of greater value to him than what he gives, he will go broke. The Commonwealth is simply an aggregation of individuals, and exactly the same principles apply. Unless greater values are received than are sent away, the country as a whole is carrying on at a loss.

The whole scheme of the tariff since 1901 has been to restrict and hamper trade for the alleged purpose of assisting favoured local industries. The duties imposed until very recently were under normal conditions so far as exchange was concerned. The idea of the exchange as an additional restriction in the interests of favoured industries was not considered. A set of conditions has arisen which is beyond the intentions of Parliament. Therefore, in considering the amount of restriction upon local trade, the added restriction of the exchange should be fully taken into account to give effect to the general tariff policy of Parliament since 1901.

It is the experience of the world that large imports mean large local employment. Cut down imports and local employment declines. I protest against the mania for an excess of exports. It is a disastrous policy. The *Quarterly Summary of Australian Statistics* shows that our record year for imports was 1926-27—£164,176,594. It was the record year for employment in secondary industries—452,184 hands employed. Unemployment was 7 per cent. We had an excess of wealth or imports coming into the country amounting to £20,631,997, which was said to be very unfavorable.

In 1930-31, imports were only £60,959,633. The hands employed in factories were 338,843, a fall of 113,381, and unemployment was 24 per cent. The excess of wealth going out of the country expressed in

sterling was £27,950,980. The inflated Australian currency values show a much larger excess. The figures for 1931-32 are incomplete, but they are decidedly worse. Yet we are assured that we had a "favorable" trade balance. The more we get rid of, and the less we receive, the more "favorable" the trade balance. Mr. Bennett would not be long in business if he practiced what he prescribes for the Commonwealth.

While we have big interest bills to pay and loans to redeem, large exports without counterbalancing imports could mean reducing overseas indebtedness. On the other hand, if our public policy were sound, so that conditions in our natural industries were good, large amounts of capital would be coming here for investment. Healthy natural conditions demand an excess of imports—an excess of receipts of wealth, not an excess of exports of wealth.

Mr. Bennett submitted a table of losses on rural works which he had the assurance to assert were assistance to primary industries. For many years, the cost of railways and other works have been grossly inflated through duties on materials, rolling stock, &c. High duties mean high cost of living, and as award wages are based upon the cost of living, the net result has been all round inflation of costs against primary producers who have to sell their products in the open markets of the world. While big prices for wool and wheat ruled, producers did well in spite of their grossly inflated costs.

But prices are down, imports are down, and unemployment stalks the land. But we have a "favorable" balance of trade, says Mr. Bennett. Now suppose wheat and wool prices doubled, and imports doubled so that producers could get paid, then according to the same authority, we would be afflicted with an "unfavorable" balance of trade. Some wiseacres say that price levels for primary products must be raised. If this were possible, it would give us an excess of imports, which, according to Mr. Bennett, would be a calamity.

Now suppose we had another year like 1902, or like 1920, that half our stock died, and we had only enough wheat for food and seed, imports would fall, but Mr. Bennett would be delighted; it would be a "favorable" balance of trade.

Another reason given for adding the exchange and primage to tariff protection is to keep out cheap goods, and it was asserted that in Japan the unemployed worked in factories for their food. Supposing it is true, is it worse than keeping unemployed on the dole as a charge upon local industry? But labour costs do not determine the prices of goods upon the world's markets. It is a matter of supply and demand. Australian sugar is produced by high wage labour, and half of it is dumped abroad. It would scarcely fetch Coolie labour prices but for inflating the cost of it to the British consumer. Australia specializes in selling abroad cheap, even to foreigners, while selling dear to her own people, thus forcing them to make good many heavy losses. Mr. Bennett's policy is charity begins and remains abroad—never at home.

Let an individual sell his goods or his services cheap and buy goods and services dear, how long would he be solvent? The principle is the same with the Commonwealth. We sell cheap, we dump to assist our competitors to produce cheap for the markets of the world. We sell dear to our own people, force them to

pay inflated prices. It is the road to national disaster, with untold suffering for the poorest and most helpless members of the community.

Mr. Bennett quoted figures showing the capital invested in manufacturing industries in 1920-21 and in 1928-29. There is a substantial increase. Now up to that time, prices for primary products were good, large loans were raised abroad for public works—the most costly being in the city, not in the country—the electrification of our suburban railways, and the Harbour Bridge. These two factors meant large imports, so the tariff was raised time after time to tax the returns to producers and the proceeds of loans, unsound finance so the "Big Four" told us. Then Mr. Scullin put the coping stone on the tariff wall, promising the workers 50,000 new jobs. Mr. Bennett did not quote the results. Let me draw your attention to them. From 1928-29 to 1930-31, only two years, the capital invested did not alter much, but the number of factories declined by 1,165, hands employed declined by 111,639 or over 24½ per cent. Wages and salaries declined by £28,532,049 or over 31 per cent. The value of materials used declined by £76,833,920 or over 33½ per cent. The value of the production declined by £49,313,193 or over 29 per cent. And the value of the output declined by £129,646,724 or over 30½ per cent. The figures for 1931-32, when available, will be even more striking.

In that period, the secondary industries were given the highest tariff protection, amounting to prohibition on many lines. The exchange and primage were added. And added to this was Mr. Bennett's "favorable" trade balance. Is further evidence necessary to show that it is time to call a halt and reverse such a disastrous policy? Australia's experience bears out the words of four eminent men: "The real meaning of protection is robbery—robbery of the poor by the rich"—Daniel O'Connell. "Protection appears sound common sense to persons thoroughly ignorant of the subject."—John Stuart Mill. "Call it not protection, call it delusion, call it oppression, call it fraud."—W. E. Gladstone. "Protection is the greatest piece of bluff and humbug ever known in the history of political deception."—President Wilson.

Mr. Bennett, according to the *Herald* report, admitted that exchange affected not only the cost of raw materials imported, but also of those exported. He proceeded to quote how exchange and primage affected the rubber industry. He did not quote the duty paid on crude rubber, which in 1930-31 was £155,485. Mr. W. A. Watt, Chairman of the Dunlop Perdreau Rubber Company, in his speech at the Ordinary General Meeting, 30th September, 1932, said: "We paid in duty on raw rubber during the twelve months £108,000. The duty is 4d. per lb. plus primage of 10 per cent. ad valorem, and is upwards of 200 per cent. on the landed cost of this material." Surely it does not need much argument to show that piling exchange on top is oppressive and beyond all reason. I therefore submit that the pleas of Mr. Bennett and others for maintaining the exchange and primage as additions to the high tariff is against the public interest. Let me conclude by quoting a sentence from a speech by Dr. Earle Page in the House of Representatives, 9th November, 1932: "As the Commonwealth Statistician points out, the cost of manufactured goods is 10 per cent. higher in Australia to-day than four years ago, while the price of primary products has fallen by 47 per cent."

1932-33.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

TARIFF BOARD.

4

ANNUAL REPORT

FOR THE YEAR ENDED

30TH JUNE, 1933.

Presented pursuant to Statute ; ordered to be printed, 5th October, 1933.

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TARIFF BOARD'S ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE, 1933.

THE HONORABLE THE MINISTER FOR TRADE AND CUSTOMS :

In accordance with Section 18 (1) of the *Tariff Board Act* 1921-1929, the Tariff Board submits the following report for the year ended 30th June, 1933.

For convenience of reference the report has been dealt with under the headings shown hereunder :—

Part 1.—Statistical—

- (a) Number of Meetings (pages 3-7).
- (b) Reports furnished by the Board (pages 7-9).
- (c) Visits to States (page 9).
- (d) Visits to Works (page 9).
- (e) Work in Hand (page 10).

Part 2.—General—

- The Ottawa Agreement (pages 10-14).
- Protective Effect of Primage (pages 14-15).
- Protective Effect of Exchange (page 15).
- Admission of Plant and Machinery under Departmental By-laws (pages 15-16).
- Appreciation of Staff (page 16).

PART 1.—STATISTICAL.

(a) NUMBER OF MEETINGS.

During the year covered by this report the Board held 235 meetings. In addition 39 meetings were held by Committees appointed from time to time pursuant to Section 12 (A) of the Tariff Board Act.

Of the meetings held, 138 were devoted to the conduct of Public Inquiries on 101 subjects as listed hereunder :—

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Motive Power Machinery and Appliances n.e.i., Item 178 (D) (1)	Necessity for increased duty provided in Tariff Proposals	Sydney 11.7.32
		Melbourne 25.7.32
Machines and Machinery n.e.i., Item 176 (F) (1)	" " " "	Sydney 12.7.32 and 13.7.32
		Melbourne 26.7.32, 27.7.32 and 28.7.32
Dairy Coolers, Pasteurizers, Jacketed Vats, &c., Item 164 (B)	" " " "	Sydney 15.7.32
		Melbourne 29.7.32
Cement-making Machines n.e.i., Road-making Machines n.e.i., Stone Crushing Machines n.e.i., Item 176 (B)	" " " "	Sydney 15.7.32
		Melbourne 29.7.32
Towels and Towelling, Item 120 (C) (1)	" " " "	Sydney 18.7.32
		Melbourne 1.8.32
Articles n.e.i., partly or wholly made up from textiles or feathers, Item 122 (1) ;	" " " "	Sydney 18.7.32
Articles n.e.i., partly or wholly of felt, Item 122 (2)		Melbourne 1.8.32
Matches and Vestas of all kinds ..	" " " "	Sydney 19.7.32
		Melbourne 2.8.32
Switches, Fuses and Lightning Arresters n.e.i.	" " " "	Sydney 20.7.32
		Melbourne 4.8.32 and 5.8.32
Ironclad or Moulded Fuses, Switches, &c., Item 179 (F)	" " " "	Sydney 21.7.32
		Melbourne 4.8.32 and 5.8.32
Regulating, Starting and Controlling Apparatus	" " " "	Melbourne 4.8.32 and 5.8.32
Turbo-Alternators ..		Melbourne 5.8.32 and 6.8.32
Oilmen's Stores, Item 79 ..	Necessity for rates of duty provided in Tariff Proposals	Sydney 22.8.32
		Melbourne 5.9.32
Bags, Baskets, Purses, &c. ..	" " " "	Melbourne 22.8.32
		Sydney 5.9.32

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.	
Electric Fans, Household Type ..	Increased duty ..	Sydney	23.8.32
Cigarette Tubes and Papers ..	Question of margin between Customs and Excise duty necessary for protection of Australian manufacturers	Melbourne	7.9.32
Flooring and Wall Tiles ..	Increased duty	Melbourne	23.8.32
Textile Articles, 120 (A), Cotton and Linen Handkerchiefs and Serviettes, 120 (B) (1) and (2)	Necessity for rates of duty provided in Tariff Proposals	Sydney	6.9.32
Haircloth ..	Rates of duty necessary to protect Australian manufacturers	Melbourne	24.8.32
Mortice Locks ..	Necessity for rates of duty provided in Tariff Proposals	Sydney	7.9.32
Aluminiumware and Enamelledware ..	" " " "	Melbourne	24.8.32
Black Printing Ink ..	Increased duty	Sydney	7.9.32
Socks and Stockings ..	Necessity for rates of duty provided in Tariff Proposals	Melbourne	25.8.32
Wireless Receivers, Parts and Accessories	" " " "	Melbourne	8.9.32
Condensers, Coils and Terminals	Reduction of duty	Sydney	26.8.32
Hats and Hoods, &c. ..	Necessity for rates of duty provided in Tariff Proposals	Melbourne	9.9.32 and 16.9.32
Manufactures of Metal n.e.i. ..	" " " "	Sydney	29.8.32
Gum and Wading Boots ..	Increased duty	Melbourne	12.9.32
Felt and other Packings ..	Necessity for rates of duty provided in Tariff Proposals	Sydney	30.8.32 and 31.8.32
Shock Absorbers ..	" " " "	Melbourne	13.9.32 and 14.9.32
Copper Washers and Rivets ..	" " " "	Sydney	1.9.32
Dry Batteries and Dry Cells	" " " "	Melbourne	14.9.32 and 15.9.32
Photograph Frames, &c. ..	" " " "	Sydney	7.11.32
Perfumery and Toilet Preparations, &c.	" " " "	Melbourne	21.11.32
Safety Razor Blades ..	Increased duty	Sydney	7.11.32
Wrought White Marble ..	Reduction of duty	Melbourne	21.11.32
Apparel Elastic and Rubber Thread ..	Increased duty	Sydney	7.11.32
Rabbit Traps ..	Necessity for rates of duty provided in Tariff Proposals	Melbourne	24.11.32
Acetyl Salicylic Acid ..	" " " "	Sydney	7.11.32
Hurricane Lamps ..	Increased duty	Melbourne	21.11.32
Brake Drums ..	" " " "	Sydney	7.11.32
Plain Clear Sheet Glass ..	Necessity for any alteration of duty	Melbourne	21.11.32
Vessels not exceeding 1,000 tons gross register	Reduction of duty	Sydney	8.11.32
Iron and Steel Plate and Sheet ..	Necessity for rates of duty provided in Tariff Proposals	Melbourne	22.11.32
Iron and Steel Wire (Other) ..	" " " "	Sydney	8.11.32
Wire Netting ..	Application of Section 4 of Customs Tariff (Industries Preservation) Act 1921-1922	Melbourne	22.11.32
		Sydney	10.11.32 and 17.11.32
		Melbourne	22.11.32
		Sydney	10.11.32
		Melbourne	24.11.32
		Sydney	10.11.32
		Melbourne	23.11.32
		Sydney	10.11.32
		Melbourne	23.11.32
		Sydney	11.11.32
		Melbourne	24.11.32
		Sydney	11.11.32
		Melbourne	25.11.32
		Sydney	11.11.32
		Melbourne	25.11.32
		Sydney	14.11.32
		Melbourne	28.11.32, 29.11.32 and 30.11.32
		Sydney	15.11.32
		Melbourne	29.11.32
		Sydney	15.11.32
		Melbourne	7.12.32
		Sydney	16.11.32
		Melbourne	15.12.32
		Sydney	16.11.32
		Melbourne	15.12.32 and 16.12.32

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Exchange and Primage	As to the practicability of evolving some method of varying duties imposed under protective items of the Customs Tariff by reason of the operation of Exchange and Primage	Sydney 27.1.33 and 30.1.33 Melbourne 2.2.33 and 3.2.33
Wind Screens whether imported separately or with motor vehicles or parts thereof, Item 359 (F) (2)	Necessity for rates of duty provided in Tariff Proposals	Sydney 20.2.33 Melbourne 6.3.33
Brake Shoes for Motor Trucks and Omnibuses, Item 359 (F) (4)	" " " "	Sydney 20.2.33 Melbourne 6.3.33
Cornflour, Item 58 (c)	" " " "	Melbourne 20.2.33
Custard Powders, Item 98 (B)	" " " "	Sydney 6.3.33
Carbide of Calcium, Item 273 ..	" " " "	Melbourne 20.2.33
Window Winders for Motor Cars, Item 359 (F) (7)	" " " "	Sydney 6.3.33
Handles of all types for motor car doors, Item 359 (F) (5)	" " " "	Sydney 21.2.33 Melbourne 7.3.33
Devices for catching or fastening motor car doors, excluding handles, remote controlled or otherwise, Item 359 (F) (6)	" " " "	Sydney 21.2.33 Melbourne 7.3.33
Woven and Embroidered Materials in the piece or otherwise, Item 107 (A)	" " " "	Sydney 21.2.33 Melbourne 7.3.33
Ribbons and Galloons, Item 107 (B) ..	" " " "	Melbourne 21.2.33 Sydney 7.3.33
Wind Screen Wipers, Item 359 (F) (8) ..	" " " "	Sydney 23.2.33 Melbourne 9.3.33
Axle Shafts and Propeller Shafts, Item 359 (F) (9)	" " " "	Sydney 23.2.33 Melbourne 9.3.33
File and Chisel Handles, unattached and Tool Handles n.e.i., unattached, Item 302	" " " "	Melbourne 23.2.33 Sydney 9.3.33
Timber, viz., Veneers, Item 291 (N) ..	" " " "	Sydney 24.2.33 Melbourne 10.3.33
Alum, Alum Cake and Sulphate of Alumina including Alumina Ferric, Item 281 (c)	" " " "	Melbourne 24.2.33 Sydney 10.3.33
Undressed Timber originated in or exported from Russia (U.S.S.R.)	Application of Section 5 of Customs Tariff (Industries Preservation) Act 1921-1922	Sydney 27.2.33 Melbourne 13.3.33 and 15.3.33
Iron and Steel Tubes or Pipes not more than 3 inches internal diameter; Iron and Steel Boiler Tubes	Request for increased duty	Sydney 28.2.33 and 2.3.33 Melbourne 14.3.33
Records for Gramophones, Phonographs and other Talking Machines, Item 319 (A)	Necessity for rates of duty provided in Tariff Proposals	Sydney 1.3.33 Melbourne 21.3.33
X-Ray Apparatus and Accessories n.e.i., Item 419 (D)	" " " "	Sydney 2.3.33 Melbourne 16.3.33
Gelatine of all kinds, Item 255 (c) ..	" " " "	Sydney 3.3.33 Melbourne 17.3.33
Tartaric Acid, Cream of Tartar, Cream of Tartar Substitutes, Phosphate of Soda and Sodium Potassium Tartrate	Request for increased duty	Melbourne 1.5.33 Sydney 15.5.33
Distributor Arms for distributing high tension current to sparking plugs, Item 179 (G)	Necessity for rates of duty provided in Tariff Proposals	Melbourne 1.5.33 Sydney 15.5.33
Wall, Stand, or Table Lamps, Item 180 (J)	" " " "	Sydney 1.5.33 Melbourne 15.5.33
Metal Fenders and Fire-irons, Item 191 (B)	" " " "	Sydney 1.5.33 Melbourne 15.5.33
Piston Rings for internal combustion engines, Item 178 (B)	" " " "	Melbourne 2.5.33
Piston Pins and Valves for internal combustion engines, Item 178 (C)	" " " "	Sydney 16.5.33 Melbourne 2.5.33
High Tension Ignition Coils, Item 179 (D) (5)	" " " "	Sydney 16.5.33 Melbourne 2.5.33
Meccano Sets and Parts, Hornby Trains and Meccano Magazines	Request for reduction of duty	Sydney 2.5.33 Melbourne 16.5.33
Collar Check, Collar Cloth, Saddlers' Kersey and Saddlers' Serge, Item 126 (B)	Necessity for rates of duty provided in Tariff Proposals	Sydney 2.5.33 Melbourne 16.5.33

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Steering Dampers, being Vehicle Parts, Item 359 (a) (7)	Necessity for rates of duty provided in Tariff Proposals	Melbourne 4.5.33 Sydney 18.5.33
Radiator Shells, plated and other, Item 359 (a) (6)	" " " "	Melbourne 4.5.33 Sydney 18.5.33
Bonnets and Instrument Boards, being Vehicle Parts, Item 359 (a) (5)	" " " "	Melbourne 4.5.33 Sydney 18.5.33
Roofing Slates	Request for reduction of duty	Sydney 4.5.33 Melbourne 18.5.33
Nickelplated Wristlet Watches and Nickelplated Cases therefore classifiable under Item 318 (A) (4) (a)	Necessity for rates of duty provided in Tariff Proposals	Sydney 4.5.33 Melbourne 18.5.33 and 19.5.33
Shackle Bolts, Pins and Assemblies; Spring Hangers, King Pins; Tie Rod Pins; Tie Rod Ball Pins; Tie Rod Ball Studs; being Vehicle Parts, Item 359 (a) (4)	" " " "	Melbourne 5.5.33 Sydney 19.5.33
U-Bolts for Motor Vehicles, Item 359 (a) (4)	" " " "	Melbourne 5.5.33 Sydney 19.5.33
Waddings and Cotton Wool, Item 123 (A)	" " " "	Sydney 5.5.33 Melbourne 19.5.33 Brisbane 12.6.33
Forged Seamless Steel Headers and Mud Drums and other Forged Steel Parts of Water Tube Boilers;	Request for admission under Tariff Item 404	
Boiler Drums for use in manufacture or repair of Water Tube Boilers designed to operate at steam pressures of 350 lb. per square inch and over;	Request for removal from By-law Tariff Item 404	Sydney 8.5.33 Melbourne 23.5.33
Pipe Flanges of dimensions in accordance with British Standards Association Tables J., K., R., S., and T	Request for reduction of duties	
Undressed Timber, viz., Douglas Fir (<i>Pseudotsuga Douglasii</i>)	Necessity for rates of duty provided in Tariff Proposals	Sydney 9.5.33 Melbourne 26.5.33 Brisbane 13.6.33
Kitchenware as covered by Item 208 (D);	" " " "	Sydney 11.5.33 Melbourne 22.5.33
Material for the manufacture of Pot Mits classified under Item 105 (AA) (2) and Pot Mits classified under Item 208 (D)	" " " "	Sydney 11.5.33 Melbourne 22.5.33
Iron and Steel Plate and Sheet (plain) up to and including one-eighth of an inch in thickness;	" " " "	Sydney 12.5.33 Melbourne 25.5.33
Iron and Steel Hoop, n.e.i., Item 136 (F) (2)	Question of further postponement of deferred duties	Sydney 12.5.33 Melbourne 25.5.33
Cotton Yarns	(a) Whether the importation of mercerized cotton yarn is detrimental to the manufacturers of soft cotton yarns; (b) Whether yarns of the types enumerated in Tariff Item 392 (A) (2) are being commercially manufactured in Australia and whether any or all of the yarns mentioned therein should be deleted from the By-laws and the duties provided under Tariff Item 392 (A) (4) be applied thereto; (c) Whether the importation of the yarns enumerated in Tariff Item 392 (A) (3) is detrimental to the manufacturers of soft cotton yarns; and (d) Whether any variation should be made in the duties enumerated in Tariff Item 392 (A) (4)	Brisbane 12.6.33 Sydney 20.6.33, 21.6.33 and 22.6.33 Melbourne 28.6.33, 29.6.33 and 30.6.33
Vegetable Oils, Edible, n.e.i., including Cooking and Fish-frying Oils, Item 229 (A) (1)	Necessity for rates of duty provided in Tariff	Brisbane 12.6.33 Sydney 19.6.33 Melbourne 27.6.33

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Dwarf Essex Rape Seed for pasture sowing	Request for reduction of duty	Brisbane 13.6.33 Sydney 21.6.33 Melbourne 26.6.33
Copra	Request for imposition of duty	Brisbane 13.6.33 Sydney 21.6.33 and 23.6.33 Melbourne 26.6.33
Glucose, Item 27	Necessity for rates of duty provided in Tariff Proposals	Brisbane 14.6.33 Sydney 21.6.33 Melbourne 26.6.33
Sulphate of Ammonia and Fertilizers which are regarded as substitutes for Sulphate of Ammonia	" " " "	Brisbane 14.6.33 Sydney 19.6.33 Melbourne 27.6.33
Paper Cones, Tubes, Bobbins, Reels, Spools and Pirns, Item 340 (c)	" " " "	Sydney 20.6.33 Melbourne 28.6.33
Cotton Piece Goods ordinarily used for manufacture into outer clothing for human wear which in pattern, design or appearance resemble woollen piece goods used for the same purpose and which weigh more than 3 ounces per square yard, Item 105 (A) (1) (b); Blue Denims, Drills, Dungarees and these types of cloths in the grey exceeding four ounces per square yard in weight	Request for increased duty	Sydney 23.6.33

(b) REPORTS FURNISHED BY THE BOARD.

During the year the Board furnished to the Minister for Trade and Customs 109 reports. These consisted of two main classes, namely:—

- (1) Reports on matters which had formed the subject of Public Inquiry.
- (2) Reports on matters which did not call for Public Inquiry.

(1) Reports which had formed the subject of Public Inquiry by the Board.

Of the 109 reports submitted to the Minister, 71 related to matters on which Public Inquiries had been held. Particulars of these reports are set out hereunder. It will be seen that the subjects dealt with comprised:—

Tariff revision	70
Adjustment of protective duties to compensate for effects of Primage and Exchange	1
	<u>71</u>

Subject.	Nature of Request or Question at Issue.	Date of Report.
Sodium Alumino Silicates	Increased duty	15.8.32
Galvanized Iron	Duty necessary to enable Australian manufacturers to compete with importations in the Australian market	18.8.32
Plain Clear Sheet Glass	Necessity for rates of duty provided in Tariff Resolutions	19.8.32
Sulphite of Soda	Increased duty	19.8.32
Crude Oil Engines	Reduction of duty	19.8.32
Yarns, Woollen or containing Wool	Necessity for increased duty	16.9.32
Spirit, Excise Tariff Item 2 (L)	Question of amendment of Item	16.9.32
Pipes and Fittings	Necessity for rates of duty provided in Tariff Resolutions	16.9.32
Piece Goods, Woollen or containing Wool	" " " " " "	26.9.32
Matches and Vestas of all kinds	" " " " " "	29.9.32
Cotton Piece Goods, Item 105 (A) (1) (b) and (c)	" " " " " "	30.9.32
Piece Goods, knitted or lockstitched	" " " " " "	5.10.32
Apparel (not including Corsets)	" " " " " "	5.10.32
Dairy Coolers, Pasteurizers, Jacketed Vats, &c.	" " " " " "	10.10.32
Motive Power Machinery and Appliances	" " " " " "	11.10.32
Machines and Machinery n.e.i.	" " " " " "	14.10.32
Fruit Essences	" " " " " "	19.10.32
Dynamo Electric Machines	" " " " " "	20.10.32
Parts of Alternating Current Motors	" " " " " "	

REPORTS FURNISHED BY THE BOARD—continued.

Subject.	Nature of Request or Question at Issue.	Date of Report.
Cement Making Machines }	Necessity for rates of duty provided in Tariff Resolutions	20.10.32
Road Making Machines, &c. }		
Static Transformers	" " " " "	20.10.32
Oilmen's Stores, Item 79	" " " " "	21.10.32
Towels and Towelling, Terry Cloth, &c. ..	" " " " "	21.10.32
Electric Fans of the Household Type	Increased duty	3.11.32
Hats, Hoods, &c.	Necessity for rates of duty provided in Tariff Proposals	4.11.32
Articles n.e.i. of Textiles, Feathers or Felt, Item 122 (1) and (2)	" " " " "	4.11.32
Black Printing Ink	Increased duty	2.12.32
Cigarette Tubes, Paper and Papers	Margin between Customs and Excise duty necessary for protection of Australian manufacturers	2.12.32
Hair Cloth	Protection necessary	9.12.32
Socks and Stockings	Necessity for rates of duty provided in Tariff Proposals	9.12.32
Bags, Baskets, Cases, Trunks, Purses, Wallets, &c.	" " " " "	21.12.32
Mortice Locks, &c.	" " " " "	21.12.32
Rabbit Traps	" " " " "	21.12.32
Copper Rivets and Washers	" " " " "	19.1.33
Brake Drums for Motor Vehicles	Increased duty	20.1.33
Flooring and Wall Tiles	" " " " "	20.1.33
Electrical Fittings, Item 180 (κ)	Necessity for rates of duty provided in Tariff Proposals	26.1.33
Wireless Receivers, Parts and Accessories ..	" " " " "	26.1.33
Safety Razor Blades	Increased duty	26.1.33
Plain Clear Sheet Glass	Necessity for any alteration of duties	26.1.33
Turbo-Generators	Necessity for rates of duty provided in Tariff Proposals	3.2.33
Vessels exceeding 500 but not exceeding 1,000 tons gross register	Reduction of duty	7.2.33
Photograph Frames, &c.	Necessity for rates of duty provided in Tariff Proposals	7.2.33
Packings (but not including Asbestos Packings)	" " " " "	8.2.33
Manufactures of Metal n.e.i.	" " " " "	9.2.33
Acetyl Salicylic Acid	" " " " "	17.2.33
Shock Absorbers	" " " " "	17.2.33
Apparel Elastic	Increased duty	3.3.33
Textile Articles and Cotton or Linen Handkerchiefs and Serviettes, Item 120 (A) and (B)	Necessity for rates of duty provided in Tariff Proposals	24.3.33
Brake Shoes for Motor Trucks and Omnibuses	" " " " "	24.3.33
Hurricane Lamps	Increased duty	28.3.33
Devices for fastening Motor Car Doors	Necessity for rates of duty provided in Tariff Proposals	28.3.33
Gum and Wading Boots	Increased duty	29.3.33
Carbide of Calcium	Necessity for rates of duty provided in Tariff Proposals	30.3.33
Windscreens	" " " " "	4.4.33
Wrought White Marble	Reduction of duty	4.4.33
Dry Batteries and Dry Cells	Necessity for rates of duty provided in Tariff Proposals	11.4.33
Primage and Exchange	Adjustment of protective duties to compensate for the effects of Primage and Exchange	13.4.33
Windscreen Wipers	Necessity for rates of duty provided in Tariff Proposals	26.4.33
Window Winders	" " " " "	26.4.33
Handles for Motor Car Doors	" " " " "	26.4.33
Aluminiumware and Enamelledware	" " " " "	28.4.33
Gelantine	" " " " "	28.4.33
Records for Gramophones, &c.	" " " " "	12.5.33
Perfumery and Toilet Preparations	" " " " "	12.5.33
Alum and Sulphate of Alumina	" " " " "	22.5.33
Steering Dampers	" " " " "	6.6.33
Bonnets and Instrument Boards	" " " " "	7.6.33
Woven and Embroidered Materials; Ribbons and Galoons, &c.	" " " " "	8.6.33
Wall, Stand or Table Lamps, Item 180 (J) ..	" " " " "	8.6.33
File, Chisel and Tool Handles	" " " " "	8.6.33
Cornflour and Custard Powders	" " " " "	9.6.33

(2) *Reports on Matters which did not Call for Public Inquiry.*

The remaining 38 reports made by the Board were in respect of matters in regard to which Public Inquiry was not called for by the Tariff Board and in connexion with which the Board did not consider such inquiry necessary. The matters dealt with in these reports comprised—

Admission of goods under By-law	..	..	..	..	2
Deferred duties	..	..	..	..	36
					—
Total	..	..	..	..	38
					—

A summary of the recommendations embodied in the reports furnished to the Minister by the Board other than those respecting deferred duties is annexed to this report.*

(c) VISITS TO STATES.

The inquiries conducted by the Board during the year necessitated, in addition to the taking of evidence in Melbourne, visits to Sydney and Brisbane.

(d) VISITS OF INSPECTION.

In accordance with its usual policy of endeavouring to obtain, so far as practicable, first-hand knowledge of the industries coming under review, the Board made the following inspections during the year :—

- Tulloch's Phoenix Iron Works Limited, Rhodes, New South Wales—Pipes and Tubes.
- Pearl Button Manufacturing Company Limited, Sydney—Trochus and Pearl Buttons.
- Associated Battery Makers of Australia Limited, Leichhardt, New South Wales—Storage Batteries.
- Amalgamated Wireless (Australasia) Limited, Ashfield, New South Wales—Wireless Apparatus.
- Amalgamated Wireless (Australasia) Limited, Pennant Hills, New South Wales—Wireless Station.
- Metters Limited, Alexandria, New South Wales—Heating and Cooking Appliances, Hollow-ware, &c.
- Australian Iron and Steel Limited, Port Kembla—Iron and Steel Products.
- Ever-Ready (Great Britain) Limited, Surry Hills, New South Wales—Dry Batteries and Dry Cells.
- Duly and Hansford, Marrickville, New South Wales—Shock Absorbers and other Motor Vehicle Parts.
- Boroondarra Cemetery, Kew, Victoria—Monumental Marble.
- Rookwood Cemetery, Rookwood, New South Wales—Monumental Marble.
- Beale and Company Limited, Annandale, New South Wales—Veneers.
- Bradford Cotton Mills Limited, Camperdown and Newtown, New South Wales—Cotton Spinning.
- Charles Ruwolt Proprietary Limited, Richmond, Victoria—Grinding Mills.
- W. Watson and Sons Limited, Carlton, Victoria—X-ray Apparatus.
- Melbourne and Metropolitan Board of Works—Steel Pipe Samples under Test.
- Babcock and Wilcox Limited, Regents Park, New South Wales—Boiler Parts and Pipe Flanges.
- Gladesville Mental Asylum, and Rockefeller Institute—Roofing Slates.
- Cotton Dressings Proprietary Limited, Port Melbourne—Waddings and Cotton Wool.
- Semco Art Needlework Proprietary Limited, Black Rock, Victoria—Embroidered Work, &c.
- Laboratory of Dr. O'Sullivan, Melbourne—X-ray Apparatus.
- Queensland Cotton Board, Whinstanes, Brisbane—Ginnery and Oil Mill.
- Cainbabel Forest, Queensland—Logging operations.
- Stanply Proprietary Limited, Caringa, Queensland—Sawmilling and Plywood Factory.
- Forestry Museum, Brisbane—Timber.
- Handcock and Gore Limited, Brisbane—Sawmilling.
- A.M.P. Building, Brisbane—Timber.

(e) WORK IN HAND.

At 30th June, 1933, the Board had on hand 29 references from the Minister on which inquiries had been completed and on which reports were in course of preparation, or which were being considered with a view to the preparation of reports. There were also twelve references on which Public Inquiries had been opened by the Board and adjourned for further hearing at later dates. In addition to these there were with the Board 117 references on which Public Inquiries had not been held. These latter comprised—

Requests for increased duties	13
Requests for reduced duties	3
Questions as to the rates of duty necessary for the protection of the industries concerned	2
Questions of the application of the Customs Tariff (Industries Preservation) Act	3
Questions of the necessity for the rates of duty provided in Tariff Proposals	92
Necessity for retention of deferred duties—if so, rates necessary ..	3
Question of removal from By-law Item	1
Total	117

PART 2.—GENERAL.

During the year the general problem of the Board, viz., the determination of reasonable rates of duty, has been rendered more difficult than at any previous period through the introduction or continuance of factors not existent a few years ago when trade and industrial conditions were deemed to be normal. Among these are the *United Kingdom—Australia Trade Agreement Act 1932* (Ottawa Agreement) which includes important clauses affecting the fixation of rates of duty; the imposition of primage which imposes an additional landing charge of indeterminate permanency; the currency exchange conditions; and the industrial depression which continues seriously to interfere with economical production in many industries.

THE OTTAWA AGREEMENT.

As a result of the Ottawa Agreement the Government of the United Kingdom pledged itself to take certain action towards securing to Australian exporters a more stable and profitable market in the United Kingdom for their products. In return the Commonwealth Government pledged itself to proceed with a revision of the Tariff on lines intended to secure for United Kingdom manufacturers a greater share of the Australian market.

In Australia two actions were undertaken, viz.—

- (a) The extension of the margin of British preference on certain goods.
- (b) The general revision of the duties imposed on goods imported from the United Kingdom was instituted.

The first part of the Commonwealth's programme was given effect to in Tariff Proposals of 13th October, 1932, by increasing the General Tariff duties on a number of Items.

The general revision of duties under the British Preferential Tariff is in progress and is being carried out in accordance with principles laid down in the Ottawa Agreement, the most important of which are—

- (1) That protection shall be afforded only to those industries which are reasonably assured of sound opportunities for success (Article IX.);
- (2) That, except in the case of industries not fully established, the protective duties shall not exceed such a level as will give United Kingdom producers full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production (Article X.).

The interpretations placed upon both these provisions by interested parties have been as divergent as their interests.

Article IX.

Perhaps the more serious difficulty lies in the interpretation of Article IX., in which the Commonwealth Government undertakes not to provide protection to industries which are not reasonably assured of sound opportunities for success. This is a very sound and important qualification to apply before the imposition of any duty, and the Board is convinced that its application to new industrial proposals is of great importance not only in keeping open proper avenues of trade with the United Kingdom but in saving Australian consumers unnecessarily high costs.

The enactment of this clause gives statutory authority to the policy consistently advocated by the Board, which, before recommending the imposition of protective duties, invariably requires local manufacturers to submit evidence of their ability to produce a reasonable proportion of Australian requirements of the goods under consideration and to sell at economic prices. It is important to remember, however, that the Board's recommendations are to a certain extent circumscribed by the actions of the past. It is one matter to decide the limit of protection which should be granted to an industry not yet established but quite another to decide what to recommend in respect of an industry which has commenced operations under cover of a very high protection and has become involved in heavy capital expenditure. Although it has at times been obvious that the continuance of an industry would result in considerable cost to the community, the Board has not felt justified in recommending the entire removal of Tariff protection (although the industry is to a degree uneconomic), for such a course would inevitably result in hardship and disruption. The course adopted by the Board in such cases has been to decide upon the limit of excess costs which the community should be called upon to bear and to recommend a duty which will permit imported goods to be landed at costs that will comply with the limit, even though they be below the Australian manufacturers' selling price. In effect the Board's recommendation is intended to be an intimation to the industry concerned to eliminate possible defects or to re-organize by adjusting the scale or magnitude of its operations so as to bring its costs within reasonable limits.

The local hair cloth industry is an example of this type. High duties, representing in many cases more than 200 per cent. of the f.o.b. price, had been imposed before commercial manufacture had been established in Australia and without prior public inquiry. Considerable capital had been invested in plant and machinery and the local industry was producing a range of materials which though wide was still inadequate to meet the demands of the clothing industry.

The Board reported against the prohibitive duties but recommended a continuance of protection at a lower rate. It was recognized that, even under the lower duty recommended, the price of all hair cloth used in Australia—whether imported or locally made—would be substantially higher than if imported duty free, resulting in an added charge to the clothing industry. The alternative, however, was the duty free admission of hair cloth with the consequent scrapping of plant which had been installed at considerable cost and an increase in unemployment during a period of great stress.

The example given is illustrative of the dilemma with which the Board is frequently faced when reviewing duties which have been in the Schedule for years. To interpret Article IX., as demanding the abolition of duties in all such cases would inevitably result in hardship and unemployment. On the other hand, the retention of duties at too high a level may lead to expansion on an uneconomic basis. The Board, therefore, recommends a duty which, while limiting the excess cost, should enable the industry to hold a proportion of the market and to have an opportunity of qualifying for greater output. A reduced duty permits of importation of the lines least suitable for Australian manufacture, admittedly with an added impost on the consumer, but in the circumstances this is inevitable.

Article X.

The interpretation of Article X. of the Agreement has given rise to much controversy. Both in Australia and in the United Kingdom it appears to have been assumed by some that the giving of "full opportunity of reasonable competition" entails finely adjusting duties so as to place efficient manufacturers of the United Kingdom and of Australia on exactly the same price level in the Australian market. There is no doubt that such a practice would seriously reduce the sale of goods that can be made in Australia and sold at reasonable prices. This would seriously dislocate industries which have been established for years and would lead to an increase in unemployment, together with wastage of huge capital investment. The subversive consequences of such a policy could not fail to engender opposition to the Ottawa Agreement.

The Agreement stresses the point that the duties imposed should permit of reasonable competition. The Board has many times urged this view both in its annual reports and in reports on individual subjects. The alternative to a competitive basis is the application of a prohibitive duty, a method of applying protection that the Board has consistently deprecated. It is true that prohibitive duties do secure the whole local market to Australian manufacturers, but at considerable risk of excessive cost to the consumer.

Tariff duties which exclude external competition may tend to stabilize unduly high prices and encourage heavy profit taking, or by taking away the pressure of competition may reduce efficiency. Even where such results are not likely because of keen local competition, the imposition of prohibitive rates has frequently had a disruptive effect on the local industry itself by inducing over investment of capital in manufacturing plant thus dividing output and increasing overhead, the reduction of which was the professed objective when the prohibitive rates were imposed.

The Board, therefore, while heartily supporting the competitive principle in tariff making, rejects the idea that duties should be merely equalizing. In established efficient industries where capital and overhead charges enter largely into production costs, the division of the present market between local and overseas producers, by restricting local output, would increase the costs of production, necessitating higher selling prices and the imposition of higher duties to restore reasonably competitive conditions.

A good exemplification of the foregoing is the galvanized iron industry. In its report of 18th August, 1932, the Board showed figures indicating that the costs of production on an output of 60,000 tons per annum would justify a selling price of £2 13s. 1d. lower than with half that output or 30,000 tons per annum. If a specific rate of duty were imposed that would just bring the price of imported galvanized iron to the same level as that of the local product based on an output of 60,000 tons per annum and the effect were to reduce local output to 30,000 tons per annum, then it is clear that the duty would need to be increased by £2 13s. 1d. per ton to ensure price equality under the new conditions. Such a procedure would be farcical, for it would involve considerable dislocation of industry, at least temporary idleness of large numbers of trained operatives and of some very highly valuable plant. Ultimately the duty rate would have to be increased and for some appreciable period the cost of galvanized iron, whether imported or local, would be higher than necessary.

Another example is the local woollen industry which is producing average weights of excellent quality cloths at closely competitive prices. With the assistance of the present exchange rate the necessary equalizing duty would be very low indeed, but such a duty would result in reduced output of goods eminently suitable for local manufacture and thus would add to the costs of production and heavily handicap local manufacturers. The disruptive effect of such a policy is readily apparent.

The Board considers that a reasonable duty to protect an efficient economic industry should be high enough to raise the landed cost of an overseas product to the level which will—

- (a) compensate the local manufacturer for the higher cost (if any) of Australian labour ;
- (b) offset the higher costs (if any) of raw materials and overhead charges ; and
- (c) provide a marginal advantage in favour of the Australian manufacturer.

Relative to (c) above, the margin needs to be varied in differing circumstances. In general terms it should be wide enough to secure to efficient Australian manufacturers so much of the market as is represented by goods which can be economically produced in the Commonwealth, but it should be narrow enough to preclude any inefficiency, uneconomic extension, or undue profit taking. In later paragraphs examples are given of the application of this principle—it will be seen that in some instances the margin is deliberately withheld for reasons stated.

In dealing with subjects which include goods of a great range or variety as, for example, woollen piece goods, aluminiumware, or machinery, the Board generally finds that there is sufficient local demand for some class or classes of the goods under investigation to permit of economic production in Australia, whilst the other classes can be made only at an unreasonably high figure compared with overseas prices. When this position arises—as indeed it frequently does—the Board endeavours to draw a dividing line between the different classes, recommending a reasonably protective duty on the classes that are in sufficient demand to permit of economies in production, and a lower duty on or free admission of the other classes.

An illustration of the application of this principle is the case of crude oil engines. The Board found that there was a likelihood of sufficient local demand for engines up to 60–70 horse-power to justify a duty that would enable efficient and economic local production, but that requirements of engines rated above that power were too small and the types too diverse to permit of them being manufactured and sold at reasonable prices. The Board recommended that crude oil engines over 100 horse-power should be admitted free of duty from the United Kingdom, the margin between 70 and 100 horse-power being left to prevent the substitution of duty free imported engines rated at horse-power exceeding that actually required, and also to leave a field for expansion of the local industry.

Similarly with dynamo electric machines and static transformers, the Board was able to recommend the separate tariff treatment of different classes of these appliances so that protection would be afforded to types being commercially produced in Australia, and so that the duties on United Kingdom products outside the range of Australian manufacture would taper off until free admission was provided for articles not competitive with those produced locally.

An inquiry into the necessary rates of duty on turbo-alternators showed that no serious attempt had been made to manufacture the electrical end in Australia, hence duty free admission from the United Kingdom was recommended. Of the steam end, certain expensive parts cannot at present be economically made in Australia; these hitherto have been admitted under by-law to local manufacturers, but as duty was chargeable on similar parts included in complete turbines, the effect was to heavily weigh the rate of duty on the portion that could be made in Australia. The Board's recommendation provides for free admission of the parts not commercially made in Australia whether incorporated in complete sets or otherwise. It is interesting to note that the range for local manufacture of turbo-alternators is confined to the larger sizes. There was no opposition to duty free admission for sizes up to 1,000 k.w.

The inquiry regarding the maintenance of duties of 50 per cent. (British Preferential Tariff) and 70 per cent. (General Tariff) which had been imposed on vessels over 500 tons showed that local manufacture of ships would be secured only at heavy cost to shippers. The Board summed up the position as under :—

- “ (1) The required duties would add very materially to the cost of vessels.
- (2) Even if the duties were maintained it is doubtful if local shipbuilders would obtain the business.
- (3) In any case the increased cost would cause a diminution in demand.
- (4) The effect on freights and on the efficiency of the Australian coastal fleet would be serious.
- (5) The disadvantages to the community would outweigh the advantages.”

The Board, therefore, recommended that the duties be removed and that vessels over 500 tons be placed on the free list from the United Kingdom.

It is in elimination of duty charges on British goods which at present cannot be commercially manufactured in Australia that assistance can be given both to the British manufacturer and the Australian consumer. The Board is convinced that this principle is capable of further application to the mutual advantage of both the United Kingdom and Australia.

It is frequently impracticable, however, to subdivide goods into different classes for duty classification even where a wide range is covered by a common description. In some instances a reasonable division line cannot be found and in others there is the danger that if the uneconomic end of the Australian manufacturers' range were admitted duty free, such goods would then undersell those protected by the duty. Where it is found impracticable to make a satisfactory subdivision the Board is forced to adopt the expedient of recommending a duty on the whole range, equal to the figure which is reasonable for the classes of goods which are being produced economically and which are sold at prices that are not too far out of step with world prices.

In the case of enamelledware, the Board's comparisons showed that the Australian manufacturers' selling prices exceeded the f.o.b. prices in the United Kingdom by percentages ranging from 1½ per cent. to 433 per cent. As the protection of freight and insurance is about 20 per cent. of the f.o.b. price, there was a small range of Australian products which required no duty, and on these the rate recommended, viz., 40 per cent. ad valorem was definitely over-protective. Then there was a large middle range on which the 40 per cent. protection was justifiable and necessary, while the remaining portion would have needed inordinately high protective duties.

This method of fixing duties almost invariably overprotects the local manufacturer on some lines, and leaves a reasonable cover on goods in respect of which prices are closely competitive, but it definitely underprotects the range of goods requiring an extremely high duty, though normally it provides an ever increasing range for efficient local manufacture. It is recognized that it results in excess costs of goods which it is necessary to import but this difficulty is inherent in the problem of applying duties to a wide range of goods that cannot be practicably divided into separate classes. The alternatives to the practice already outlined are—(a) the duty free admission of the whole range, or (b) the imposition of prohibitive rates. The first course would be disruptive and the second would be most costly and frequently futile in that it would force substitution.

In a general way the Board's recommendations aim at giving the local manufacturer an advantage in the range where his manufacture is efficient but, as already stated, circumstances frequently necessitate modification. The Board considers that the margin can justifiably be increased—

- (a) When a new industry is being established in competition with imported goods of brands which are well known on the Australian market ;
- (b) When, as in the case of fashion goods, a low margin does not provide sufficient protection against disturbing importations of end-of-season stocks.

On the other hand, the Board sometimes recommends the imposition of duties which may result in goods from the United Kingdom being landed at costs equal to or lower than the selling prices of comparable Australian products. This course is deliberately adopted to force down the prices of Australian goods where, in the Board's opinion, the prices are too high either as the result of excessive profit taking, or of inefficiency, or because of the uneconomic nature of the industry.

Whenever possible the Board endeavours to point to the reasons for excessive local prices. When recommending reduced duties on matches and on dry batteries, for example, the Board had evidence that the principal manufacturers were making excessive profits.

In the case of brake drums as replacement parts for motor vehicles, the Board found that it was impracticable to manufacture on a commercial basis in Australia any reasonable proportion of requirements because of the variety of types and sizes and the small number of each type required. For this reason the Board recommended the reduction of duties to rates not exceeding those imposed on parts of chassis.

It frequently happens, however, that with the data at its disposal the Board is unable to point definitely to the reason for the higher prices of Australian products compared with those overseas. In such cases the margin between local and overseas prices is closely examined, and if after an assessment of the disabilities associated with manufacture in Australia the margin is found to be excessive, the Board recommends duties which will force down local prices irrespective of whether the cause of high local prices be excess profit taking, inefficiency, or the uneconomic nature of the industry.

In the cornflour industry the Board ascertained that in the United Kingdom the production costs (excluding the principal raw material—maize), profits and delivery charges to f.o.b. were from £4 9s. 5d. to £10 14s. 5d. per ton. In Australia the margin between maize costs and selling prices was £25 19s. 7d. per ton. In other words, if maize were available to United Kingdom and Australian manufacturers at equal costs, it was costing £26 in Australia to do what was being done in the United Kingdom for £11 at most, and this despite the fact that direct wages amounted to only £5 in Australia. After allowing for the difference in currencies the Board considered the disparity too great and recommended that the duties be reduced.

The local industry engaged in the manufacture of wool felt hoods is another example of this type. At the time of the Board's inquiry, United Kingdom manufacturers were selling 3 oz. wool felt hoods both for the home market and for export at 10s. (sterling) per dozen. The price charged by the local manufacturers was 33s. per dozen (Australian currency). The Board found that the total cost of direct wages in Australia plus the higher cost of wool (because of exchange) did not account for half the difference between local and overseas prices, and recommended a duty that would ensure price reductions and thus reduce costs for the millinery industry.

The Board's conception of its responsibilities under the Ottawa Agreement has been outlined if not fully defined in the foregoing paragraphs. There is no hard and fast formula which can be used with any degree of satisfaction and the problem of reasonably interpreting the Agreement involves much more than an arithmetical calculation of the differences between costs in the United Kingdom and in Australia. Each case must be considered on its merits and judgment given after a close examination of all available relevant facts. The Tariff Board believes that the application of the principles enunciated in the foregoing will result in the implementing of the Ottawa Agreement in the best interests of the Commonwealth and the United Kingdom.

PROTECTIVE EFFECT OF PRIMAGE.

Since 11th July, 1931, a Primage Duty of 10 per cent. has been collected for revenue purposes on the majority of the goods landing in Australia. Under the Ottawa Agreement the Government has undertaken to remove this impost as regards goods of United Kingdom origin as soon as Federal revenue requirements permit. For that reason and for the further reason

that at the time of its introduction it was stated to be a temporary measure, the Board has invariably neglected its incidence when considering rates of duty, but at the same time is not unmindful of the likely adverse economic effects of the persistence of the tax.

PROTECTIVE EFFECT OF EXCHANGE.

In applying the foregoing principles to the determination of reasonable rates of duty in the past, the Board has excluded from the total landed costs of imported goods the exchange charge amounting to about 25 per cent. of the c.i.f. value. All costs for local production or manufacture now obtained by the Board necessarily include all direct and indirect effects of exchange, for the prevailing rate has persisted for nearly three years, ample time for all the effects to be manifested in local costs and charges.

The practice of neglecting the effect of exchange on importing costs leads to the fixation of duties up to 25 per cent. ad valorem higher than are required. This matter is of considerable importance for two reasons, firstly, because of its effect on the industrial and commercial economics of the Commonwealth and, secondly, because the continuance of the practice must leave room to question the proper implementing of the Ottawa Agreement.

A result of the protective effect of exchange is well exemplified in some of our most efficient and natural industries as, for example, the iron and steel industry, certain products of which under prevailing conditions could be almost independent of Tariff assistance because the exchange payable on imported goods, approximately, counterbalances the extra cost of the local products.

Pursuant to a reference by the Minister the Board has furnished a report on the adjustment of protective duties to compensate for the effect of exchange. The report is still under consideration by the Government, and for that reason the Board refrains from any further comment.

ADMISSION OF PLANT AND MACHINERY UNDER DEPARTMENTAL BY-LAWS.

During the year the Board has furnished several reports on machinery and appliances which forms part of the equipment of many local industries. Some of these subjects were—

- Crude Oil Engines ;
- Motive Power Machinery and Appliances ;
- Dynamo Electric Machines ;
- Cement Making Machines ;
- Machines and Machinery n.e.i. ;
- Static Transformers ;
- Turbo-Generators ;
- Electrical Equipment.

In the course of its consideration of these subjects the Board has been seriously impressed by the fact that despite large importations of machines and appliances admitted free or at concessional rates of duty under departmental by-law, very serious added costs have been incurred by importers of essential plant owing to the duty imposed on requirements that could not be purchased in Australia at reasonable prices.

The position is summed up briefly in the following extract from the Board's report on machines and machinery, n.e.i. :—

The Board has had evidence of considerable retardation of Australian industries on account of the high rate of duty chargeable on machinery, and is convinced that there is need for much more liberal treatment of requests for by-law concessions. During 1927-28 and 1928-29 approximately £3,250,000 per annum was collected in duty on all classes of machinery. The Board is satisfied that a large proportion of this machinery had of necessity to be imported, and the duty on such merely increased the burden on industry without any compensating advantage. Furthermore, there is definite evidence that the failure to extend the by-law concessions has prevented the investment in machinery and appliances for the establishment of new industry and for the extension of existing industries.

In the same report the Board urged a more liberal administration of the tariff items providing for admission of machinery under departmental by-laws and proffered suggestions which had as their objective the reduction of heavy capital charges which in the past have played no small part in the retardation of industrial development and which since the depression have offered a stubborn resistance to recuperative influences.

The Board's views and suggestions are embodied in the following extracts :—

The Board considers that the concession of admission under by-laws should be extended to all machines, machine tools and appliances which are not commercially manufactured in Australia, irrespective of whether the particular goods would otherwise be classified as machinery n.e.i. or under other tariff items ; and, furthermore, that the local manufacture of such articles should not be regarded as " commercial " unless the local manufacturers' selling price is equal to or less than the cost at which similar goods can be imported after paying duty at the rates applicable to the goods concerned under the appropriate item in the Customs Tariff. The adoption of this principle will inflict no

hardship on local machinery manufacturers. If a prospective purchaser of a new machine finds that it can be imported (duty paid) at costs lower than the price he would pay for the locally-manufactured article, he is not likely to purchase the latter even if there were no duty concession. The imposition of duty in such cases constitutes an additional burden on the industry requiring the machine, retards development and adds unnecessarily to production costs. The Board had definite evidence that in some such instances the high costs of importing resulted in the abandonment of the purchase.

* * * * *

One serious objection to the present method of dealing with applications for by-law exemptions is that the question whether a machine of Australian manufacture is comparable with the imported article may be decided by persons who have not the necessary technical knowledge. While in many instances the decision may present little difficulty, there are numerous cases to the contrary.

* * * * *

The Board considers that cases in dispute should be referred to an independent authority for advice, and that such authority be given the power to engage the services of competent engineers when considered necessary. It would be grossly unfair to expect Australian machinery manufacturers who have standardized the production of machines for certain purposes, to depart from their standards and build a special machine similar to an overseas type when the functions of the special machine could be fulfilled by the local standard type. At the same time it would be unfair to users of machinery to penalize them for the non-acceptance of, for example, a heavy and costly local machine when a light and comparatively cheap imported machine would suit their requirements. In very few instances—particularly with stock lines—would the imported and Australian machines be exactly similar, and questions regarding the extent to which price comparisons are invalidated because of differences in design should, in the opinion of the Board, be examined by an independent and competent authority.

The Board urges that, if there be administrative difficulties in giving effect to its recommendations, these should not be permitted to overshadow the principle involved. It is essential that new and replacement machinery be made available to Australian industries at the lowest possible costs; the present high cost is a remediable disability of which the non-protective duty is a removable cause and the Board, therefore, stresses the need for immediate ameliorative action.

APPRECIATION OF STAFF.

Mr. A. H. Wilson entered upon his duties as Secretary to the Board on 19th September, 1932, in succession to Mr. H. F. Morris. Pressure of work throughout the year has been constant, and, as recorded earlier in this report, many difficult problems have been presented. The Board desires to express its appreciation of the assistance rendered throughout the year by the Secretary and Staff, including Officers on loan from the Victorian Customs Department.

Signed

{ H. McCONAGHY, Chairman, Tariff Board.
A. D. J. FORSTER, Member, Tariff Board.
W. S. KELLY, Member, Tariff Board.
H. E. GUY, Member, Tariff Board.

Melbourne, 25th August, 1933.

1934.

COMMONWEALTH OF AUSTRALIA.

TARIFF BOARD.

ANNUAL REPORT

FOR THE YEAR ENDED

30TH JUNE, 1934.

By Authority:

L. F. JOHNSTON, Commonwealth Government Printer, Canberra.

TARIFF BOARD'S ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE, 1934.

THE HONORABLE THE MINISTER FOR TRADE AND CUSTOMS :

In accordance with Section 18 (1) of the *Tariff Board Act* 1921-1933, the Tariff Board submits the following report for the year ended 30th June, 1934.

For convenience of reference the headings under which the report has been prepared are enumerated hereunder :—

Part I.—Statistical—

- (a) Number of Meetings (pages 3 to 7).
- (b) Reports furnished by the Board (pages 8 to 11).
- (c) Visits to States (page 12).
- (d) Visits to Works (page 12).
- (e) Work on Hand (page 12).

Part II.—General—

- Method of determining Rates of Duty (pages 13 to 30).
- Materials for Manufacturing Purposes admitted under By-laws (pages 30 to 31).
- Appreciation of Staff.

PART I.—STATISTICAL.

(a) NUMBER OF MEETINGS.

During the year covered by this report the members of the Board attended the following number of sittings, including Board or Committee meetings :—

—	Public Hearings.	Other.	Total.
H. McConaghy (Chairman)	80	145	225
H. E. Guy	76	151	227
W. S. Kelly	76	146	222
A. D. J. Forster	82	138	220

The public hearings were conducted by the full Board whenever convenient but, to provide maximum facilities for the public and to expedite the work, the Board on occasions was divided so that two Members functioning as a Committee under Section 12 (A) of the Tariff Board Act, carried on business in one State while the Board was engaged in another. Public evidence was submitted to either the Board or a Committee on 99 days (Board public sitting days 81 plus Committee public sitting days 18) and covered the 67 subjects listed hereunder, there having been 156 separate hearings :—

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Undressed Timber, viz. : Douglas Fir (<i>Pseudotsuga Douglasii</i>), Item 291 (H)	Question of necessity for any alteration in duties provided under Tariff Resolution of 13th October, 1932	Adelaide 3·7·33
Iron and Steel Plate and Sheet (plain) up to and including one-eighth of an inch in thickness	Question of necessity for the rates of duty provided under Tariff Resolutions now operating	Adelaide 3·7·33
High Tension Ignition Coils	Request for increased duty	Adelaide 4·7·33
Tartaric Acid, Cream of Tartar, Cream of Tartar Substitutes, Phosphate of Soda and Sodium Potassium Tartrate	Request for increased duty	Adelaide 4·7·33
Sulphate of Ammonia and Fertilizers which are regarded as substitutes for Sulphate of Ammonia	Question of necessity for the rates of duty provided under Tariff Resolutions now operating	Adelaide 4·7·33

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.	
Cotton Yarns as covered by Customs Tariff Items 392 (A) (1), (2), (3) and (4)	Questions re duty, &c. . .	Melbourne 3·7·33	
		Melbourne 4·7·33	
		Melbourne 27·7·33	
		Melbourne 13·10·33	
Cotton Piece Goods ordinarily used for manufacture into outer clothing for human wear which in pattern design or appearance resemble woollen piece goods used for the same purpose and which weigh more than 3 ounces per square yard	Question of necessity for rates of duty provided under Tariff Resolutions now operating	Melbourne 4·7·33	
		Melbourne 27·7·33	
		Melbourne 13·10·33	
Blue Denims, Drills and Dungarees and these types of cloths in the grey exceeding 4 ounces per square yard in weight	Request for increased duty	Melbourne 4·7·33	
		Melbourne 27·7·33	
		Melbourne 13·10·33	
Felt Wads for Cartridges	Question of the necessity for the rates of duty provided under the Tariff Resolutions now operating	Melbourne 11·9·33	
		Sydney 25·9·33	
Onions in their natural state	Question of the necessity for the rates of duty provided under the Tariff Resolutions now operating	Melbourne 11·9·33	
		Sydney 25·9·33	
Milk Powder	Request for increased duty	Melbourne 12·9·33	
Saws n.e.i.	Question of the necessity for the rates of duty provided under Tariff Resolutions now operating	Sydney 28·9·33	
		Melbourne 12·9·33	
Paints, Colours and Varnishes, &c. . . .	" " " "	Sydney 13·9·33	
		Melbourne 2·10·33	
Cordage, Rope and Twines n.e.i. and all goods covered by Item 390 (A) (1)	" " " "	Sydney 15·9·33	
		Yarns, Jute, Hemp and Flax, Item 392 (E) and (F) (1)	Melbourne 4·10·33
			Melbourne 5·10·33
Plain Clear Sheet Glass	Question of the necessity for any alteration in the rates of duty imposed under the Schedule of the Customs Tariff Bill 1933	Sydney 18·9·33	
		Melbourne 5·10·33	
		Melbourne 6·10·33	
Bolts, Nuts, Rivets and Metal Washers, Screws, &c., Item 182; Raildogs and Spikes, Item 187 (B); Fishbolts, Item 154 (E)	Question of the necessity for the rates of duty provided under the Tariff Resolutions now operating	Sydney 19·9·33	
		Melbourne 9·10·33	
		Melbourne 10·10·33	
Copper, Item 140 (A), (B) and (C)	" " " "	Sydney 20·9·33	
Drums for Water Tube Boilers	" " " "	Melbourne 10·10·33	
		Sydney 21·9·33	
Cotton Towels and Towelling originated in or exported from Japan	Sections 5 and 8 of the <i>Customs Tariff (Industries Preservation) Act 1921-1922</i>	Melbourne 11·10·33	
Cotton Towels and Towelling n.e.i.	Question of the necessity for specific rates of duty under the General Tariff	Sydney 22·9·33	
		Melbourne 12·10·33	
Handworked Inflators of all kinds	Question of the necessity for the rates of duty provided under Tariff Resolutions now operating	Sydney 11·9·33	
		Melbourne 27·9·33	
Citrus Fruits	Question of the necessity for any alteration of duties	Sydney 11·9·33	
		Melbourne 26·9·33	
		Sydney 12·9·33	
Felspar	Request for imposition of duties	Melbourne 26·9·33	
		Sydney 12·9·33	
Coir Matting	Request for increased duty	Melbourne 26·9·33	
Welded Conduit Pipes and Tubes, Item 152 (A) (3)	Question of the necessity for the rates of duty provided in the Schedule to the Customs Tariff Bill 1933	Melbourne 13·11·33	
		Sydney 23·11·33	
Close-jointed Iron or Steel Pipes and Tubes, Item 152 (B) (1)	" " " "	Melbourne 13·11·33	
		Sydney 23·11·33	
Electric Heating and Cooking Appliances	" " " "	Sydney 4·12·33	
		Electric Smoothing Irons	Sydney 4·12·33

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Switches, Fuses, Lightning Arresters, &c. Electric Fittings and Accessories, Item 180 (κ)	Question of the necessity for the rates of duty provided in the Schedule to the Customs Tariff Bill 1933	Melbourne 14·11·33
		Sydney 27·11·33
		Sydney 4·12·33
Regulating, Starting and Controlling Apparatus	" " " "	Melbourne 14·11·33 Sydney 27·11·33 Sydney 4·12·33
Dynamo Electric Machines	" " " "	Melbourne 16·11·33 Sydney 28·11·33 Melbourne 18·12·33
Static Transformers	" " " "	Melbourne 16·11·33 Sydney 28·11·33 Sydney 5·12·33
Electric Motors for use with Sewing Machines	(a) Whether Motors, Electric, less than one-tenth horse-power specially constructed for use with Sewing Machines should be included in Item 174 (γ), and if not— (b) What rate of duty should be levied	Melbourne 17·11·33 Sydney 1·12·33
Electric Ventilating Fans	Question of the necessity for the rates of duty provided by the Schedule to the Customs Tariff Bill 1933	Melbourne 20·11·33 Sydney 30·11·33
Alternating Current Watt-hour Meters	" " " "	Melbourne 20·11·33 Sydney 30·11·33
Biscuits	Question of the necessity for the rates of duty provided under Tariff Resolutions now operating	Melbourne 21·11·33 Sydney 22·11·33
Chamois Leather	" " " "	Melbourne 21·11·33 Sydney 22·11·33
Linseed Oil	Question of the necessity for the rates of duty imposed by the Schedule to the Customs Tariff Bill 1933	Sydney 1·12·33 Melbourne 11·12·33
Tools of Trade, viz. :—Picks, Mattocks, Hooks and Slashers	Request for increased duty	Melbourne 8·2·34 Sydney 22·2·34 Sydney 23·2·34
Carburettors for Motor Cycles ..	Question of the necessity for the rates of duty provided in the Customs Tariff 1933	Melbourne 12·2·34 Sydney 26·2·34
Dry Batteries and Dry Cells ..	" " " "	Melbourne 12·2·34 Sydney 26·2·34 Sydney 13·6·34 Melbourne 25·6·34 Melbourne 13·2·34 Sydney 27·2·34
Open Socket Shovels	" " " "	
Men's Braces and Garters originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	Melbourne 13·2·34 Sydney 27·2·34
Men's Braces and Garters	Question of the necessity for specific rates of duty under the General Tariff	
Meters and Mechanisms, Gauges, Recorders, Regulating and Controlling Devices and Instruments of certain types and descriptions	Questions relating to the duty	Melbourne 14·2·34 Sydney 28·2·34 Sydney 1·3·34
Sugar Machinery	Question of the necessity for the rates of duty imposed by the Customs Tariff 1933	Sydney 15·2·34 Melbourne 5·3·34
Zinc and Spelter	" " " "	Sydney 15·2·34 Melbourne 6·3·34
Brass, Britannia Metal, Bronze, German Silver, Gilding Metal, Nickel Silver, Phosphor Tin, Yellow Metal and other non-ferrous alloys, Item 139(A), (B), (C) and (D)	" " " "	Sydney 19·2·34 Melbourne 8·3·34

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Leathers, Item 324 (B), (C) (1), (C) (2), (C) (3), (C) (4) and (D)	Question of the necessity for the rates of duty imposed by the Customs Tariff 1933	Sydney 20.2.34 Melbourne 9.3.34
Sewing Threads and Sewing Cottons ..	" " " "	Sydney 22.2.34 Melbourne 12.3.34
Peanuts in the Shell	Request for increased duty	Melbourne 13.3.34 Sydney 2.3.34
Citric Acid	Necessity for retention of deferred rates of duty; if so, what rates are necessary	Melbourne 13.3.34 Sydney 2.3.34
Cresylic Acid	Question of the necessity for the rates of duty provided in the Customs Tariff 1933	Sydney 12.2.34 Melbourne 26.2.34
Arsenic	Request for increased duty	Sydney 13.2.34 Melbourne 27.2.34
Sheep, Cattle and Horse Washes Insecticides and Disinfectants, Formaldehyde and preparations thereof	Question of the necessity for the rates of duty provided in the Customs Tariff 1933	Sydney 13.2.34 Melbourne 27.2.34
Reaper and Binder Twine and Yarn ..	" " " "	Sydney 14.2.34 Melbourne 28.2.34
Acetyl Salicylic Acid originated in or exported from the United Kingdom	Necessity for operation of Section 4 of the Customs Tariff (Industries Preservation) Act 1921-1922	Sydney 14.2.34 Melbourne 28.2.34
Carbon Tetrachloride	Removal of duty ..	Sydney 14.2.34 Melbourne 28.2.34
Socks and Stockings	Question of the necessity for the rates of duty provided in the Customs Tariffs 1933	Melbourne 21.5.34 Melbourne 25.5.34 Sydney 7.6.34
Felt Capelines for girls and women's hats	" " " "	Melbourne 22.5.34 Sydney 8.6.34
Hats, Berets, Caps and Bonnets as covered by Item 114 (F) (2)	" " " "	Sydney 13.6.34
Apparel, as covered by Item 110 (A) and (B)	" " " "	Melbourne 23.5.34 Melbourne 25.5.34 Sydney 11.6.34
Waterproofed Cloth, Item 105 (H) (1) Waterproofed Tape or Textile Strip, Item 105 (H) (2) (a)	" " " "	Melbourne 24.5.34 Sydney 20.6.34
Leather Cloth and Leather Cloth Binding prepared with rubber, oil, celluloid or nitro-cellulose	" " " "	Melbourne 24.5.34 Sydney 20.6.34
Insulating Tape proofed with Pitch or Bitumen	Request for increased duty	Melbourne 24.5.34 Sydney 20.6.34
Whisky	Question as to whether there is any necessity for an increased maturation period for whisky from two years to three years as provided in Item 2 (D) and 2 (E) of the Excise Tariff 1933	Melbourne 28.5.34 Sydney 12.6.34
Sanitary and Lavatory Articles of Earthenware including glazed or enamelled Fireclay Manufactures, Item 241 (C)	Question of the necessity for the rates of duty provided in the Customs Tariffs 1933	Melbourne 28.5.34 Sydney 12.6.34
Agricultural Implements and Parts as covered by Items 161 (A), 162, 163 (A), 165, 166, 167, 171 (A) to (D)	Request for reduction of duty	Melbourne 29.5.34 Melbourne 30.5.34 Melbourne 31.5.34 Sydney 15.6.34
Blankets, n.e.i.; Blanketing, Lap Dusters, Rugs n.e.i., &c., as covered by Item 117	Question of the necessity for the rates of duty provided in the Customs Tariffs 1933	Melbourne 5.6.34 Sydney 18.6.34
Brasswork, Bronzework, and Gun-metal Work for general engineering and plumbing and other trades—Item 192; Brass Articles and Articles composed substantially of Brass as covered by Item 208 (A)	" " " "	Melbourne 5.6.34 Sydney 18.6.34
Platedware n.e.i.; Spoons, Forks, &c., as covered by Item 197 (A)	" " " "	Melbourne 6.6.34 Sydney 19.6.34

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Motor Body Parts being complete sets of Metal Panels as covered by Item 359 (E)	Question of the necessity for the rates of duty provided in the Customs Tariffs 1933	Sydney 14.6.34
Electric Current Rectifiers, Item 179 (D) (4)	" " " "	Sydney 5.6.34
Dredging and Excavating Machinery, Item 170 (A)	" " " "	Melbourne 18.6.34
Engine Cleaning Waste, Item 123 (B)	Request for reduction of duty	Sydney 5.6.34
Woven Artificial Silk Piece Goods in the Grey and sized	Request for admission under By-law Item 404	Melbourne 20.6.34
		Sydney 6.6.34
		Melbourne 19.6.34
		Sydney 6.6.34
		Melbourne 19.6.34

(b) REPORT FURNISHED BY THE BOARD.

During the year the Board furnished to the Minister for Trade and Customs 120 reports. These consisted of two classes, namely:—

- (1) Reports on matters which had formed the subject of Public Inquiry.
- (2) Reports on matters which did not call for Public Inquiry.

(1) Reports which had formed the subject of Public Inquiry by the Board.

Of the 120 reports submitted to the Minister, 69 related to matters on which Public Inquiries had been held. Particulars of these reports are set out hereunder. It will be seen that the subjects dealt with comprised:—

Tariff revision	61
Gazettal of goods under Customs Tariff (Industries Preservation) Act	4
Deferred duties	2
Question of inclusion under or removal from By-law	2
	—
	69
	—

Subject.	Nature of Request or Question at Issue.	Date of Inquiry.
Metal Fenders and Fire Irons	Question of necessity for the rates of duty imposed by Tariff Resolution of 3.5.1932	7.7.33
Iron and Steel Wire of No. 15 or finer gauge	Question of necessity for increased duty	10.7.33
Radiator Shells, Plated and Other, Item 359 (G) (6)	Question of necessity for rates of duty provided under Tariff Resolution of 3.5.1932	10.7.33
Piston Rings for internal combustion engines	Question of necessity for increased rates of duty provided under Tariff Proposals of 1930	11.7.33
Piston Pins and Valves for internal combustion engines	" " " " " "	11.7.33
Iron and Steel Wire, Other	Question of necessity for the rates of duty imposed by Tariff Resolution of 3.5.1932	13.7.33
Axle Shafts and Propeller Shafts	" " " " " "	14.7.33
Iron and Steel Tubes or Pipes not more than 3" internal diameter; Iron and Steel Boiler Tubes	Request for increased duty	18.7.33
Wire Netting from the United Kingdom	Necessity for retention of existing gazettal under Section 4 of the Customs Tariff (Industries Preservation) Act 1921-1922	19.7.33
Veneers, Item 291 (N)	Question of necessity for the rates of duty imposed by Customs Tariff Resolution of 3.5.1932	24.7.33
Distributor Arms for distributing high tension current to sparking plugs	Question of necessity for the increased rates of duty imposed by Tariff Proposals of 1930	26.7.33
Undressed Timber originated in or exported from Russia (U.S.S.R.)	Question of necessity for the application of provisions of Section 5 of Customs Tariff (Industries Preservation) Act 1921-1922	4.8.33
Nickelplated Wristlet Watches and Nickel-plated Cases therefor	Question of necessity for the rates of duty provided in Tariff Proposals of 25.2.1932	14.8.33
Copra	Request for the imposition of duty	14.8.33

REPORTS FURNISHED BY THE BOARD—continued.

Subject.	Nature of Request or Question at Issue.	Date of Inquiry.
Dwarf Essex Rape Seed	Request for reduction in duty	21.8.33
Collar Check, Collar Cloth, Saddlers' Kersey and Saddlers' Serge	Question of necessity for the rates of duty provided under Tariff Resolutions	22.8.33
Shackle Bolts, Pins and Assemblies; Spring Hangers; King Pins; Tie Rod Pins; Tie Rod Ball Pins; Tie Rod Ball Studs; and U-Bolts for Motor Vehicles	Question of necessity for the rates of duty provided under Tariff Resolution of 3.5.1932	1.9.33
Kitchenware as covered by Item 208 (D) Material for the manufacture of Pot Mits classified under Item 105 (AA) (2) and Pot Mits classified under Item 208 (D)	Question of necessity for rates of duty imposed under Tariff Resolutions now operating	5.9.33
Iron and Steel Plate and Sheet, Item 136 (D) ..	Question of necessity for the rates of duty imposed by the Customs Tariff Proposals of 3.5.1932	15.9.33
Glucose	" " " " " "	15.9.33
Sulphate of Ammonia	Question of necessity for the rates of duty imposed by the Customs Tariff Proposals of 13.10.1932	31.10.33
Saws n.e.i.	Question of necessity for the rates of duty imposed by the Customs Tariff Proposals of 3.5.1932	31.10.33
Iron and Steel Sheet up to and including $\frac{1}{8}$ " in thickness	" " " " " "	1.11.33
High Tension Ignition Coils	Question of necessity for the rates of duty imposed by the Customs Tariff Proposals of 19.6.1930	3.11.33
Undressed Timber, viz. :— Douglas Fir (<i>Pseudotsuga Douglasii</i>)	Question of necessity for any alteration in the duties imposed by Tariff Resolution of 3.5.1932	9.11.33
Waddings and Cotton Wool	Question of necessity for any alteration in the duties imposed by Tariff Resolution of 25.2.1932	9.11.33
Roofing Slates n.e.i.	Request for reduction of duty	9.11.33
Milk Powder	Request for imposition of increased rates of duty	10.11.33
Pipe Flanges	Request for reduction of duties	21.11.33
Coir Matting	Request for increased rates of duty	22.11.33
Tartaric Acid, Cream of Tartar, Cream of Tartar Substitutes, Phosphate of Soda and Sodium Potassium Tartrate	" " " " " "	22.11.33
Handworked Inflators	Question of necessity for the increased rates of duty imposed by Tariff Proposals	23.11.33
Plain Clear Sheet Glass	Question of necessity for any alteration in the rates of duty imposed under the Schedule of the Customs Tariff Bill, 1933	24.11.33
Cotton Lint and Cotton Yarns	Question of duty	30.11.33
Citrus Fruits	Question of necessity for any alteration of duties	5.12.33
Onions in their natural state	Question of necessity for the rates of duty imposed by Tariff Resolution of 11.12.1929	11.12.33
Vegetable Oils, Edible, n.e.i.	Question of necessity for the rates of duty imposed by Tariff Resolutions	12.12.33
Felspar	Request for imposition of duty	24.1.34
Drums and other Parts of Water Tube Boilers	Question of admission under or removal from Item 404	25.1.34
Paper Cones, Tubes, Bobbins, Reels, Spools and Pirns	Question of necessity for rates of duty provided in Customs Tariffs 1933	25.1.34
Alternating Current Watt-hour Meters ..	" " " " " "	9.2.34
Cordage Rope and Twine; Jute, Hemp and Flax Yarns	" " " " " "	9.2.34
Welded Conduit Pipes and Tubes, Item 152 (A) (3)	" " " " " "	26.3.34
Close-jointed Iron and Steel Pipes and Tubes Item 152 (B) (1)	" " " " " "	26.3.34
X-Ray Apparatus and Accessories	" " " " " "	27.3.34
Cresylic Acid	" " " " " "	29.3.34
Chamois Leather	" " " " " "	4.4.34
Reaper and Binder Twine and Yarn	" " " " " "	6.4.34
Linseed Oil	" " " " " "	10.4.34
Electric Ventilating Fans	" " " " " "	11.4.34

REPORTS FURNISHED BY THE BOARD—continued.

Subject.	Nature of Request or Question at Issue.	Date of Inquiry.
Electric Motors less than one-tenth H.P. for use with Sewing Machines	Whether such Motors should be included in Item 174(y) and, if not, what rate of duty should be levied	13.4.34
Biscuits	Question of necessity for the rates of duty provided in Customs Tariffs 1933	20.4.34
Dynamo Electric Machines	" " " " "	23.4.34
Static Transformers	" " " " "	23.4.34
Acetyl Salicylic Acid originated in or exported from the United Kingdom	Question of necessity for the operation of Section 4 of the <i>Customs Tariff (Industries Preservation) Act 1921-1933</i>	23.4.34
Sheep, Cattle and Horse Washes	Question of necessity for the rates of duty provided in the Customs Tariffs 1933	2.5.34
Insecticides and Disinfectants		
Formaldehyde and preparations thereof		
Iron and steel Hoop n.e.i.	Question of the further postponement of the deferred duties, Item 136 (f) (2)	4.5.34
Carbon Tetrachloride	Request for removal of duty	4.5.34
Kraft Paper	Question of necessity for retaining the existing gazettal (<i>Industries Preservation Act Notice No. 261</i>) under Section 5 of the <i>Customs Tariff (Industries Preservation) Act 1921-1933</i>	9.5.34
Cotton Towels and Towelling n.e.i.	(a) Necessity for application of Section 5 and/or Section 8 of the <i>Customs Tariff (Industries Preservation) Act 1921-1933</i> to importations from Japan (b) Necessity for a specific rate of duty under the General Tariff	15.5.34
Peanuts in the Shell	Request for increased duty	16.5.34
Electric Heating and Cooking Appliances, Item 179 (A)	Question of necessity for the rates of duty provided in the Customs Tariff Proposals of 13.10.1933	22.5.34
Electric Smoothing Irons, Item 190 (B) (1)		
Leather, as covered by Items 324 (B), (C) and (D)	Question of necessity for the rates of duty provided in the Customs Tariffs 1933	28.5.34
Electrical Machines and Appliances :— Switches, Fuses, &c., Item 179 (B) (7) Shunt or Series Regulating Rheostats, Item 179 (B) (6) Regulating, Starting or Controlling Apparatus, Item 179 (C) Electrical Fittings and Accessories, Item 180 (K)	Question of necessity for the rates of duty provided in the Customs Tariffs 1933	15.6.34
Tools of Trade—Picks, Mattocks, Hooks and Slashers	Request for increased rates of duty	22.6.34
Carburettors for Motor Cycles	Question of necessity for the rates of duty provided in the Customs Tariffs 1933	22.6.34
Citric Acid, Item 279 (A)	(a) Necessity for the retention of the deferred rates of duty provided in the Customs Tariff and, if so— (b) The rates of duty which should be incorporated in the Tariff	22.6.34
Sewing Threads and Sewing Cottons	Question of necessity for the rates of duty provided in the Customs Tariffs 1933	28.6.34
Zinc and Spelter, Item 144 (A) and (B)	Question of necessity for the rates of duty provided in the Customs Tariffs 1933	29.6.34
Copper—Item 140 (A), (B) and (C)	" " " " "	29.6.34

(2) Reports on Matters which did not call for Public Inquiry.

The remaining 51 reports made by the Board were in respect of matters in regard to which Public Inquiry was not called for by the Tariff Board Act and in connexion with which the Board did not consider such inquiry necessary. The matters dealt with in these reports comprised :—

Admission of goods under By-law	1
Question of financial commitments entered into by Australian manufacturers in connexion with items on which deferred duties are provided	6
Deferred duties	43
Question arising out of existing bounty	1
	<u>51</u>

A summary of the recommendations embodied in the reports furnished to the Minister by the Board other than those respecting deferred duties is annexed to this report.*

(c) VISITS TO STATES.

The inquiries conducted by the Board during the year necessitated, in addition to the taking of evidence in Melbourne, visits to Sydney and Adelaide.

(d) VISITS OF INSPECTION.

In accordance with its usual policy of endeavouring to obtain, so far as practicable, first-hand knowledge of the industries coming under review, the Board made the following inspections during the year :—

- General Motors-Holdens Ltd., Woodville, South Australia—Motor Bodies.
- Scott Bonnar & Co., Adelaide—Lawn Mowers.
- Davies Coop & Co. Pty. Ltd., Carlton, Victoria—Cotton Spinning and Manufactures.
- Jas. Hardie & Co. Ltd., Brooklyn, Victoria—Fibrolite, Paint and Varnish.
- F. L. Cook & Williams Pty. Ltd., Abbotsford, Victoria—Electrical Fittings.
- Defence Department, Footscray, Victoria—Rolling Mills.
- Gibson, Battle & Co., Sydney, New South Wales—Meters, Gauges, &c.
- Herald Office, Melbourne—Printing Machinery.
- Jas. Hardie & Co., Camellia, New South Wales—Asbestos Cement Sheets and Fittings.
- Australian Cream Tartar Co. Ltd., Parramatta, New South Wales—Cream of Tartar and Tartaric Acid.

(e) WORK ON HAND.

At 30th June, 1934, the Board had on hand 25 references from the Minister on which inquiries had been completed and on which reports were in course of preparation, or which were being considered with a view to the preparation of reports. There were also six references on which Public Inquiries had been opened by the Board and adjourned for further hearing at later dates. In addition to these there were with the Board 122 references on which Public Inquiries had not been held. These latter comprised :—

Requests for increased duties	11
Question of admission under By-law	2
Question of removal from By-law	30
Necessity for retention of deferred duties	2
Question of application of Customs Tariff (Industries Preservation) Act	7
Question of application of Customs Tariff (Industries Preservation) Act, also specific rates under the General Tariff	5
Necessity for any alteration of duty	2
Question of financial commitment	1
Questions of the necessity for the rates of duty provided in Customs Tariffs 1933	62
	122

PART II.—GENERAL.

METHOD OF DETERMINING RATES OF DUTY.

The last Annual Report submitted dealt principally with the "Ottawa Agreement" in its effect on the work of the Board. In view of certain criticisms of the Board's interpretation of legal obligations and its method of conducting certain phases of business at Public Inquiries, it is deemed necessary to indicate briefly the method of assessing some of the more important factors that must be ascertained to enable the determination of a "reasonable and adequate rate of duty".

Selling Price.

The Board first seeks to ascertain a reasonable selling price for locally manufactured goods, for until this is determined it is not known what addition in the form of duty needs to be made to the landed cost of imported goods. The establishment of a reasonably competitive selling price for locally produced goods is often not a simple matter. It would be easy, and frequently it is sound, for the Board to accept current selling prices as indicating a reasonable level and to estimate the protection required on that basis. The Board feels, however, that it is in a position of trust to the public and that its recommendations should not permit the maintenance of prices that are unduly high. In order to safeguard this position it is necessary for the Board to obtain considerable data from local manufacturers, the compilation of which by the parties interested and their ultimate scrutiny by the Board impose a considerable amount of work and involve much expense. Almost without exception the information sought is fully and willingly furnished, although on occasions complaint has been made that whereas witnesses representing local interests

are closely examined, representations made on behalf of overseas manufacturers are not subjected to the same scrutiny. In fact, so far as is practicable all essential figures tendered from overseas are closely examined and carefully checked. There is, however, a very definite reason why figures of a local manufacturer who supports the maintenance or increase of duties must be critically examined. He claims the need of assistance in the form of the imposition of a higher landing charge on goods made in other countries, almost always on the grounds that costs are lower in other countries or that selling prices are unreasonably low. Obviously, therefore, the first requirement of the Board is to ascertain whether the price at which locally made goods are sold is reasonable.

Although a rough check obtainable by a comparison of local selling prices with the f.o.b. costs of similar goods in other countries is frequently sufficient, the close examination of costs of production and confidential documents relating to the financial position of local manufacturers is often necessary to enable the Board to arrive at its conclusions in this regard.

The Board in previous reports has already dealt with many of the factors which have an influence on local selling prices. The components of these selling prices can almost invariably be checked but mere arithmetical accuracy does not necessarily establish as fact that selling prices are reasonable.

Profits.

It is obvious that where profits are higher than the general earnings of industry and are out of step with the earnings of export industries, the community should not be asked to impose a tax on other sources of supply in order that these profits should be maintained or increased. It is, however, one thing to agree with such an obviously sound principle but frequently quite another to apply it. Some of the difficulties encountered by the Board in its assessment of the profit earning capacity of industries may be cited :—

- (a) The decline in capital values as a result of the depression has seriously affected some industries, but in the hope of improved conditions, managements have deferred making capital reductions. The result is that too large a volume of capital is ranking for profit with a consequent high rate of desired profit per unit of production. An attempt is being made in some instances to use current profit to offset the reduction in value of assets by making excessive provision for depreciation. In both cases, however, the selling prices are excessive.
- (b) Adherence to sound business principles necessitates the making of ample provision for depreciation. There is a tendency on the part of some overcautious organizations to make excess provision for this expense, with the result that disclosed profit is not a true index of earning capacity. The Board offers no criticism of the prudence of this course but endeavours to hold the scales evenly between all manufacturers so that differences in accounting methods will not lead to differences in duties.
- (c) The Board has found—particularly in recent years—that despite the existence of protection that has practically amounted to prohibition of importations of some commodities, local manufacturers of the protected goods have made little or no profit because of restricted demand. And whereas the profit per unit of production has been kept at a figure which in normal conditions would be excessive, the aggregate profit does not represent a reasonable return on the capital invested in the industry. These cases are difficult to deal with as they may involve the provision of safeguards for the consumers' interests without jeopardizing a well-organized and efficient industry.

Industrial Efficiency.

An industry may function with little or no profit and yet its selling prices may not be reasonable when the general welfare of the community is taken into consideration. A factor which affects costs of production and selling prices is industrial efficiency, in the assessment of which many aspects require searching and cautious examination, e.g. :—

- (a) Location and lay-out of factory ;
- (b) Adequacy of capital and plant ;
- (c) Output in relation to the labour element ;
- (d) Output in relation to the time element ;
- (e) Origin, suitability, and purchase price of raw materials ;
- (f) The efficiency of workmanship ;
- (g) Distribution and selling organization.

It is pleasing to report that in the Board's opinion many Australian protected industries have shown marked improvement in efficiency during recent years.

Basic Economic Efficiency of Industry.

It has been the unfortunate experience of the Board to find some industries apparently industrially efficient which impose a heavy burden on the community in the form of high selling prices, necessitated by the limitation of the market consequent on the relatively small population distributed around the extensive Australian coast line. High distribution costs are then unavoidable and the position is aggravated when the output costs are increased by the necessity of manufacturing a wide range and variety of products.

The Board has found that these cases involve serious difficulties. On the one hand, there must be consideration for the capital expended in, and the employment provided by, the industry, and on the other the economic facts which may be important and in any case cannot be ignored. The Board recognizes that intrinsic merit must prevail over sympathy but endeavours in all such cases to arrive at findings which will obviate undue hardship and at the same time severely limit the excess cost and prevent expansion into the more uneconomic branches of the industry.

Ratios of Costs or Charges.

The tests that can be applied readily to ascertain the reasonableness or otherwise of the selling prices of products from factories which are engaged solely in the production of a single line of goods are frequently inapplicable to a commodity manufactured as a side line or otherwise in factories which also produce a large output of other goods. Despite sincere and honest attempts on the part of manufacturers to disclose the true position the arbitrary assessment of many of the costs of production results in the presentation of data which are unreliable. In such cases the Board has to adopt other methods for determining a reasonable price and relies principally on established ratios by which the line of investigation commences from established selling prices or production costs in other countries—principally the United Kingdom.

The basis of this method is that prices in Australia should not exceed a certain proportion in excess of known reasonable prices in the United Kingdom. The proportion varies in each industry but is determined by the Board after full consideration of the relative costs in both countries of the principal components of the selling prices, viz. :—

- Costs of raw materials ;
- Labour costs ;
- Distribution and selling expenses ;
- Capital charges.

The establishment of reasonable selling prices in the United Kingdom is of the utmost importance if injustice to the local manufacturer is to be avoided, and it is appropriate here to refer to the criticism sometimes offered that while the Board closely scrutinizes the profits made by local manufacturers, no such examination is made of the profits of overseas manufacturers. This may be admitted but only because excessive profit-taking by overseas manufacturers must render competition from their products more difficult. On the other hand the Board takes various steps to ensure that the United Kingdom prices adopted represent not less than "reasonable" selling prices. Invoices showing both export and domestic prices are valuable aids, authenticated price lists are frequently available, and Trade Journal prices of some goods supply a useful check. When considered necessary by the Board, special inquiries are made by the representatives of the Australian Customs Department in London. Difficulties arise when several manufacturers of the same goods are selling at different prices, when export prices are below domestic prices and when reasonable comparability cannot be established.

In particular it has been difficult in some isolated cases where production costs in the United Kingdom and Australia bear a reasonable relationship to one another, but Trade Associations in the United Kingdom sell for export under "most favoured customer" terms, thereby creating a condition that would cause the average rate of profit, if any, for the Australian manufacturer to equal the minimum rate of the United Kingdom manufacturer if the duty rate were fixed only in terms of production costs without considering "reasonable competition".

Costs of Materials.

Comparisons of costs of raw materials usually present no difficulty, although it is sometimes found that manufacturers in the United Kingdom have access to quite satisfactory but cheaper material than is available to Australian manufacturers. This is well exemplified in the case of copper and brass products ; various grades of copper and spelter can be obtained by United Kingdom manufacturers but only the best electrolytic copper and electrolytic zinc are available as virgin metal in Australia.

It is exceedingly gratifying to be able to report that the disparity which now exists between Australian and United Kingdom prices of raw materials is much less than was formerly the case. At the present time the selling prices of many locally manufactured steel products are lower than the duty free costs of similar goods imported from the United Kingdom.

Labour Costs.

It is obvious that the adoption of a ratio for labour costs demands relatively exact knowledge of labour costs both in the United Kingdom and in Australia. The Board has found that wage costs in countries other than the United Kingdom are not known with sufficient exactness to permit a general application of the ratio method. Even as regards labour costs in the United Kingdom, great care is necessary because conditions vary in different districts and in respect of some industries specialized local knowledge is necessary to arrive at a sound conclusion. The comparison of labour costs in the United Kingdom with similar costs in Australia must take into consideration the different conditions of the two countries not only as regards nominal rates of pay but also hours worked per week, proportion of piece work, employment of female and juvenile labour, payment of bonuses, payment for holidays and insurance.

Requests made by United Kingdom manufacturers for reductions in duties under the United Kingdom-Australia Trade Agreement have led to the submission of much more detailed evidence regarding conditions in the United Kingdom than was previously the case and the Board has had an unique opportunity of obtaining a general conception of the relative labour costs in the United Kingdom and in Australia. Investigations show that in a number of industries labour costs in Australia are approximately half as much again as those in the United Kingdom when the former are expressed in Australian currency and the latter in sterling. In some industries the ratio is higher and in others lower. Recently a manufacturer with a large establishment in Australia and one in the United Kingdom showed that his actual labour costs in the United Kingdom were now equal to those paid in the Australian factory expressed in the same currency.

Distribution and Selling Expenses.

A practice frequently suggested and often encouraged by the Board is that of local manufacturers selling their products at the same prices in all States. Most of the important secondary industries are situated in New South Wales and Victoria, and if their products were sold at an f.o.b. price at the principal port in the State of manufacture, the freight to the distant States would be a hardship on consumers in those States. But when the goods are sold at the same c.i.f. prices at main ports in the various States, consumers in the larger and closer States bear portion of the cost of shipping to the smaller and more distant States.

When comparisons are made of distribution and selling expenses in the United Kingdom and in Australia, this extra cost to the Australian manufacturers when applicable is taken into consideration.

Capital Charges.

In this group overheads and profit constitute the important elements. A general guide to reasonable comparative overhead costs in Australia is afforded by the ratios of costs of the three components already dealt with. The question of reasonable profit depends upon the assessment of capital necessarily employed in manufacturing the goods under consideration. Here the Australian figure must be computed after full consideration of the usually higher investment in Australia. Many of the local industries were established during a period when costs in Australia were abnormally high, whereas the competing factories in the United Kingdom had been established during a period of much lower price levels. Even in the rare cases in which the industries were established simultaneously the Australian investment is usually a much higher figure.

Where dependable ratios can be ascertained their application to component parts of costs provides the fairest method of assessing Australian disabilities and thus of arriving at reasonable and adequate rates of duty, but its practical use is necessarily limited to those cases in which the essential facts can be established. In some cases the Board is unable to disentangle the whole truth from a mass of confused and sometimes conflicting evidence but has sufficient facts to enable it to fix the likely margin of error. The advantage in such cases is given to the Australian manufacturer.

After reasonable selling prices in Australia have been established there remains for determination the costs at which comparable goods of United Kingdom manufacture can be landed in Australia, which involves only the addition to the known export prices in the United Kingdom of the costs, almost invariably known accurately, associated with shipping the goods to Australia.

Prior to 1930 the difference between the Australian reasonable selling prices and the c.i.f. costs of imported goods represented the amount of duty required to place the goods from both countries on an even competitive basis. As a result of the adverse exchange rate goods from the United Kingdom which at par rate of exchange could be placed c.i.f. at an Australian port at a cost of £100 now cost £125 in Australian currency, giving the equivalent of an additional charge on imported goods which adds seriously to their costs and which must be taken into consideration before any attempt is made to arrive at duties which will be both reasonable and adequate.

The exchange rate of 25 per cent. does not uniformly provide that percentage ad valorem addition to protective duties as will be evident from consideration of an article including material the value of which is intrinsically the same in a common currency, e.g., zinc or copper, £100 worth of which in sterling in the United Kingdom is almost exactly represented by A. £125 worth in Australia. Clearly for goods made from these materials the net protective effect of the adverse exchange is less than 25 per cent. ad valorem, whereas on goods the value of which is determined wholly by Australian internal costs the net protective effect of exchange may exceed 25 per cent. In an extreme case where the overseas freight is very high, the net protective effect of exchange would be the equivalent of a duty of 30 per cent. ad valorem; in another extreme case the net protective effect of exchange is found to be as low as the equivalent of a duty of $7\frac{1}{2}$ per cent. ad valorem.

When the Australian currency first depreciated, the Board as then constituted considered that the adverse movement would probably be of a temporary character and need not be taken into account when calculating the duty required. It was considered also that relatively higher local costs would result from the currency depreciation not only because of the higher cost of imported and exportable raw materials, but also because it was anticipated that internal costs would also automatically increase. The Board, therefore, continued to recommend duties as though exchange were at par.

As time went on, however, it became evident that there was a varying element of unsoundness in this method of arriving at the necessary rates of duty. The Board was in most cases basing its recommendations on comparisons of actual local costs—which included the direct and indirect effects of the higher exchange—with imported costs estimated on par exchange. The result was an obvious and serious overprotection.

Ultimately the Minister referred to the Board for inquiry and report the question whether there should be any adjustment of protective duties because of the incidence of exchange. The various aspects of the subject were fully and ably presented to the Board in evidence. One of the major conclusions arrived at by the Board was that in spite of the currency depreciation and contrary to the expectations of many, there had been in Australia when compared with the United Kingdom an appreciable fall in wages and net reduction in most other internal costs. It followed, therefore, that the adverse exchange rate did provide an additional protection which varied in extent according to the nature and quantity of raw materials used.

The Board showed that the resultant overprotection was a source of danger economically and recommended a general adjustment of protective duties which would reduce the then existing duties on goods from all countries with currencies on or above sterling by one-quarter of the duty or $12\frac{1}{2}$ per cent. ad valorem, whichever was the lower. The Board was convinced that such a general adjustment would go far towards correcting the position and would at least not reduce the net protection below that imposed when exchange was at par. This general adjustment was brought into operation in respect of goods entitled to entry under British Preferential Tariff duties in October, 1933.

In the course of its examination of individual subjects since the general question was disposed of, the Board has taken the opportunity of closely scrutinising the effects of exchange and the results of this subsequent examination fully substantiate the conclusions embodied in the general report. Very few would be found to-day who would still argue that local industries were not overprotected when they operated under the former duties plus the protection provided by the exchange.

The *Customs Tariff (Exchange Adjustment) Act 1933*, was an important step in the direction of correcting a position that might have been detrimental to the public interest. But the adjustment made under this legislation is merely a practicable general safe corrective applicable to duty rates fixed prior to the adverse exchange and as made clear in the report could not provide a sound solution for future conditions.

Necessarily during any Tariff Board Inquiry all costs and prices submitted are those then obtaining and must include all effects of exchange at that time. It follows that a duty determined as reasonable and adequate and therefore that would comply with Article X. of the United Kingdom-Australia Trade Agreement Act would be insufficient if exchange were lowered unless Australian wages and internal costs reduced concurrently sufficiently to compensate, a happening considered as outside reasonable probability.

It is mathematically impossible to choose rates of duty that will satisfy legal obligations after making the reductions allowable under the Customs Tariff (Exchange Adjustment) Act and still provide reasonable protection should the Australian currency approach nearer to parity with sterling. An actual example will illustrate this fact. In one industry the Board found that under existing conditions a duty of 5 per cent. would be reasonable but that as far as could be estimated, a duty of 30 per cent. would be necessary with exchange at par. Obviously the rate of duty (6½ per cent.) which when adjusted by the reduction of one-fourth would provide adequate protection (5 per cent.) at present, would expose the local industry if exchange suddenly became normal, for instead of an estimated necessary duty of 30 per cent. there would be only 6½ per cent. On the other hand, the imposition of 30 per cent. subject to one-quarter reduction or 22½ per cent. net would result in over-protection by 17½ per cent. while exchange remains at 25 per cent. In a monopolistic industry, the operations of which had been characterized by excess profit-taking, such a duty rate would have given a protection permitting the continuance of excess profit-taking while the currency remained depreciated.

The Board, therefore, decided to change the basis of its recommendations and for the greater part of the year under review has shown its findings under three headings, viz. :—

- (a) The rates which will prove reasonable and adequate under existing conditions of exchange ;
- (b) an estimate as closely as can be made of the rates which would be reasonable and adequate if exchange suddenly reverted to par ;
- (c) The scale of adjustments necessary to meet conditions of exchange between parity and the present adverse rate of 25 per cent.

The Board concluded that it should base its prime finding on the facts as they now actually exist instead of assuming that costs of local production and costs of importations were different from what they are. Some of the complications involved in arriving at reasonable selling prices have already been set out and consideration of these will show how difficult it is to estimate what the position would be under an entirely different set of circumstances.

In arriving at duties necessary under present conditions the Board has two known bases :—

- (a) reasonable selling prices of locally produced articles which include, of course, the direct effects of exchange represented by the higher cost of exchange affected materials and the indirect effects represented by other costs ;
- (b) the actual cost of landing comparable imported goods including the exchange payable thereon.

From these the Board is able to arrive at its “ (a) ” finding as to reasonable and adequate rates of duty.

The Board could have concluded its reports with this finding and left with the Government the responsibility of providing the same total protection if exchange should fall suddenly. The Board considered, however, that an estimate should be made of the duty necessary at par exchange so that steps could be taken to provide for the increase of the rate automatically in proportion as the value of local currency improved.

The Board's recent findings may appear at first glance to be involved but the complication, if any, is merely to safeguard local industries in case exchange should suddenly fall. No complication occurs and no calculation is involved until there is a movement towards exchange parity. If, as appears quite probable, Australian currency remains as at present for a lengthy period or stabilizes at its present valuation, all apparent complications would disappear.

Few, except those whose duty it is to be continually estimating what is a reasonable duty, can realize how dominating a factor is the exchange. In some industries its incidence is such that alone it provides adequate protection. Even the most ardent advocates of high Tariffs recognize its protective effects but claim that it should not be taken into account when fixing duties because of its instability. The fact is, however, that it has been in operation at its present or a higher rate for nearly four years and there is no indication of an early return to parity. All of its adverse effects both direct and indirect are by now revealed in local manufacturers' costs and its protective effect is becoming more and more obvious, so much so that it has entirely altered the competitive aspect in many industries.

For many years the Board has found it necessary to lay stress on the wide disparity between local and overseas selling prices. Iron and steel prices have frequently been quoted to illustrate this disparity and reference to the Board's Annual Report of 1929 shows that at that time the basis price of steel bars in the United Kingdom was £7 15s. per ton compared with £12 12s. 6d. per ton for the Australian product. It is pleasing to be able to show that at the present time this important Australian industry is selling the big bulk of its products at prices which are below the duty free costs of importations. This happy state of affairs has not been due to any one factor but to several. One important contributing cause has been the steady increase in the efficiency of the local industry until to-day it stands high in comparison with that of similar industries in other parts of the world. Wages and materials costs in Australia have also been reduced. At present the basis price of Australian steel bars is £10 10s. per ton.

Since 1929 the United Kingdom price for this product has fluctuated considerably but for many months past it has remained fairly constant at the present figure of £7 10s. per ton. The following table gives a comparison between 1929 and 1934 :—

Year.	Australian Manufacturers' Selling Price.	F.o.b. Price United Kingdom.	Freight and Insurance.	Exchange.	C.i.f. and e. and Duty Free Cost.	Duty Free Landed Cost of United Kingdom Product Less than Local Product by—	Duty Free Landed Cost of United Kingdom Product Greater than Local Product by—
	Per ton. £ s. d.	Per ton. £ s. d.	Per ton. £ s. d.	Per ton. £ s. d.	Per ton. £ s. d.	Per ton. £ s. d.	Per ton. £ s. d.
1929	12 12 6	7 15 0	2 0 0	.. ..	9 15 0	2 17 6	Nil
1934	10 10 0	7 10 0	2 0 0	2 7 6	11 17 6	Nil	1 7 6

This table gives prominence to the importance of exchange as a factor assisting the local industry to sell its products at prices lower than the duty free costs of importations. Freight insurance and exchange total more than 50 per cent. of the f.o.b. price in the United Kingdom, and if exchange were to revert to par immediately the local product would exceed by £1 per ton the landed duty free cost of United Kingdom steel instead of being £1 7s. 6d. per ton less than it.

The effect of exchange on importations of other products is just as real if not so apparent as in the case of steel, and with the wage adjustments that have been effected in Australia it has helped considerably to cancel out the disabilities under which natural manufacturing industry had previously laboured. The result is that many of our major industries to-day can function and dispose of their products at prices that impose little or no excess cost when compared with present landed duty free charges. This is very important and very desirable. If we can hold to this position it will be a real contribution to Australia's welfare and will ultimately react to the support of the vital export industries.

It is true that some industries are still selling their products at prices equal to the present duty paid prices but, whereas in 1929 these were the rule, to-day they are the exception. It may be said that this position was made possible largely through the devaluation of the Australian £1, but there is the other view that prior to the currency depreciation the Australian £1 was overvalued and was only supported by the continuance of borrowing. In any case the present position is that many of our major secondary industries are employing large numbers of our people and selling their products at prices which impose little or no excess cost to the community.

It is unfortunately true that the burden of higher charges has still to be borne by the export producers whose capital charges were inflated by the relatively high general level of Australian costs which tended to move in step with the prices and wages existing in protected industry. No present Tariff adjustments can, however, affect the past capital charges. The task is to safeguard the future. At present, thanks to the adjustments that have been made and to the increasing efficiency of many Australian manufacturers, secondary industry is now imposing only relatively slight excess cost on the community, but it would be very unwise at this juncture to risk allowing the spiral of increasing costs and prices to begin again.

It is because the Board thinks this matter so important that it has been unable to ignore the exchange factor. The Board feels that it is its duty to urge that earnest effort should be continued towards taking up such excess protection as the conditions of present costs afford. The adaptation of the duties to the present facts will not expose efficient industry. It may force down some prices which are unduly out of step with world prices, and cause some contraction where there has been extension into uneconomic lines, but it cannot jeopardize the industrial structure as a whole. Taking away room for abuse and discouraging overcapitalization will do much to support a reasonable protective structure.

The Board conceives its duty to the public to be in finding the present facts and indicating what duties are required to meet existing circumstances while at the same time suggesting adjustments which will obviate dislocation and hardship should exchange fall.

The foregoing sets out in general terms the methods adopted by the Board in arriving at what are deemed to be reasonable and adequate rates of duty, and show how the Board seeks both to protect efficient local industry and at the same time to safeguard the interests of the consumer. There remains, however, another important section of the community comprising the exporting industries whose interests demand increasing consideration. The level of Australian national dividend depends very largely upon the volume and value of her exported commodities. The movement of to-day towards extreme economic nationalism is causing many ports to be closed to our products. This tendency to curtail international trade must react towards a lower standard of living throughout the world. The effect on Australia would, however, be particularly severe. A large proportion of our more fertile lands is peculiarly suited to the production of wool and wheat. Whereas we labour under natural disadvantages in respect to many products of the land, as regards the production of wool—particularly fine wool—Australian conditions stand out as supreme. It has been due to this economic advantage that Australia has made so much progress during the last century and this progress has been possible because of the world's steady demand for our main product. Should the tendency for each country to live upon its own products increase to an extreme degree, the living standards of all will be affected but by reason of her peculiar circumstances Australia would suffer most. It is of the utmost importance, therefore, that in the decision as to what Tariffs should operate, this consideration should never be overlooked. For obvious reasons the Board seldom makes reference to this issue in preparing individual reports, but it is an issue that is ever in the mind of Members of the Board.

The effect upon international trade is recognized as an important factor by the Board when dealing with an application for a new or an increased rate of duty and also when considering a request for reduced duty.

This phase of the work of Tariff review must become more and more important. The general welfare of the community is the criterion and the Board, therefore, not only examines the detailed facts of the individual industry involved, but must also seek to estimate the likely reactions on the community as a whole.

MATERIALS FOR MANUFACTURING PURPOSES ADMITTED UNDER BY-LAWS.

Earlier in this report the Board referred to the comparisons of costs of raw materials used by United Kingdom and Australian manufacturers respectively. There is one aspect of materials costs to which the Board desires to invite particular attention and which has been a source of complaint by local manufacturers. Provision exists under By-laws issued in pursuance of Tariff Item 404 for the admission free of duty under the British Preferential Tariff and at a duty of 15 per cent. under the General Tariff of a large range of materials required by local manufacturers which are not produced in Australia and have of necessity to be imported.

The Board has found that in some instances local manufacturers have incurred unnecessary additional costs by having to pay the 15 per cent. duty under the General Tariff on materials imported from foreign countries even in cases where United Kingdom manufacturers obtain similar materials from the same sources on a duty free basis. It has been established in reference to some of these materials that production in the United Kingdom is on such a small scale, or that prices are so high, that it has proved more profitable for the Australian manufacturer to import the foreign goods and pay 15 per cent. duty than buy the more costly United Kingdom product. This places the Australian manufacturer in a position of disadvantage without giving an equivalent advantage to British trade.

The preferential margins on these materials are in accordance with a formula laid down in the United Kingdom-Australia Trade Agreement, but Part 2 of Schedule F. of the Agreement provides that the formula shall not apply in the case of goods of a class or kind not commercially produced or manufactured in the United Kingdom. In the opinion of the Board the words "commercially produced or manufactured in the United Kingdom" should be interpreted as excluding from the operation of the Agreement all such goods of United Kingdom origin, the landed cost of which in Australia free of duty is in excess of the landed cost under Item 404 of comparable goods manufactured in other countries. This would permit of gazettal under Tariff Item 404(A), duty free from all countries.

APPRECIATION OF STAFF.

Mr. A. H. Wilson, Secretary to the Board, was transferred on 1st June, 1934, to administrative work on the staff of the Customs Department, Victoria. This was the natural avenue of promotion for him, and the Board in expressing appreciation of Mr. Wilson's work while occupying the position of Secretary, wishes him success in his new sphere.

Mr. Wilson was succeeded by Mr. J. J. Barry, promoted from the South Australian Customs.

The Board desires to acknowledge the willing and capable assistance rendered throughout the year by the Secretary and staff, including officers on loan from the Victorian Customs.

Signed

{ H. McCONAGHY, Chairman, Tariff Board.
 W. S. KELLY, Member, Tariff Board.
 H. E. GUY, Member, Tariff Board.
 A. D. J. FORSTER, Member, Tariff Board.

Melbourne, 31st August, 1934.

1934-35.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

TARIFF BOARD.

ANNUAL REPORT

FOR THE YEAR ENDED

30TH JUNE, 1935.

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TARIFF BOARD'S ANNUAL REPORT FOR THE YEAR ENDED 30TH JUNE, 1935.

THE HONORABLE THE MINISTER FOR TRADE AND CUSTOMS :

In accordance with Section 18 (1.) of the *Tariff Board Act* 1921-1934, the Tariff Board submits the following report for the year ended 30th June, 1935 :—

The subject matter of the report has been dealt with under the following headings :—

Part I.—Statistical.

- (a) Number of Meetings.
- (b) Reports furnished by the Board.
- (c) Summary of Recommendations.
- (d) Visits to States.
- (e) Visits to Works.
- (f) Work on Hand.

Part II.—General—

- The Trend of Tariff Revision.
- Check of Evidence submitted by Overseas Manufacturers.
- Comparisons of Labour Costs.
- Extension of Protective System.
- Personnel of Board.
- Appreciation of Staff.

PART I.—STATISTICAL.

(a) NUMBER OF MEETINGS.

The number of Board or Committee meetings attended by each Member of the Board during the year is shown in the following table. The inclusion of six names is occasioned by changes in personnel of the Board which are dealt with later in the report :—

---	Public Hearings.	Other.	Total.
H. McConaghy (Chairman)	45	91	136
M. B. Synan (Acting Chairman)	41	58	99
H. E. Guy	83	139	222
W. S. Kelly	86	135	221
A. D. J. Forster	54	105	159
W. J. Rose	15	19	34

The public hearings were conducted by the full Board whenever convenient but, to provide maximum facilities for the public and to expedite the work, the Board on occasions was divided so that two Members functioning as a Committee under Section 12 (A) of the Tariff Board Act carried on business in one State while the Board was engaged in another. Public evidence was submitted to either the Board or a Committee on 106 days (Board public sitting days 81 plus Committee public sitting days 25) and covered the 114 subjects listed hereunder, there having been 257 separate hearings :—

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.	
Agricultural Implements and Parts ..	Request for reduction of duty	Brisbane	4.7.34
		Perth	6.7.34
		Perth	10.7.34
		Hobart	16.7.34
		Launceston	19.7.34
		Adelaide	20.7.34
		Melbourne	30.7.34
		Melbourne	31.7.34
		Melbourne	2.8.34

NUMBER OF MEETINGS—*continued.*

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Discs for Agricultural Implements ..	Request for increased duty	Brisbane 4.7.34
		Perth 6.7.34
		Perth 10.7.34
		Hobart 16.7.34
		Launceston 19.7.34
		Adelaide 20.7.34
		Sydney 13.9.34
		Melbourne 30.7.34
		Melbourne 31.7.34
		Melbourne 2.8.34
Lavender Oil	" " " "	Melbourne 27.9.34
		Perth 9.7.34
		Launceston 19.7.34
Crustaceans	Question of the necessity for the rates of duty provided in the <i>Customs Tariffs 1933</i>	Sydney 13.9.34
		Melbourne 27.9.34
		Perth 9.7.34
Perfumed Spirits	" " " "	Sydney 14.9.34
		Melbourne 28.9.34
		Perth 9.7.34
Motor Body Parts being complete sets of Panels	" " " "	Sydney 11.9.34
		Melbourne 25.9.34
		Brisbane 3.7.34
		Perth 10.7.34
		Hobart 16.7.34
Flexible Coupling Discs	Request for increased duty	Adelaide 18.7.34
		Melbourne 31.7.34
		Melbourne 1.8.34
		Melbourne 2.8.34
Internal Combustion Engines of 2½ h.p. or lower for use in the manufacture of lawn mowers and rabbit exterminators	Question of admission under By-law	Perth 10.7.34
		Sydney 18.9.34
		Melbourne 2.10.34
Whisky	Question of whether there is any necessity for an increased maturation period for whisky from two years to three years	Perth 11.7.34
		Adelaide 19.7.34
		Melbourne 25.9.34
Dredging and Excavating Machinery ..	Question of the necessity for the rates of duty provided in the <i>Customs Tariffs 1933</i>	Hobart 16.7.34
		Adelaide 19.7.34
Sanitary and Lavatory Articles of Earthenware	" " " "	Adelaide 19.7.34
Socks and Stockings	" " " "	Brisbane 3.7.34
		Melbourne 1.8.34
Boots, Shoes, Slippers, and other footwear, &c.	" " " "	Melbourne 15.8.34
		Sydney 10.9.34
Quilts, Counterpanes and Bedspreads ..	" " " "	Melbourne 26.9.34
		Melbourne 27.11.34
Welded Steel Tubes 1½ inches by 15 gauge for use in the manufacture of bedsteads	Question of removal from By-law and, if so, what rates of duty should be levied	Sydney 10.9.34
		Melbourne 26.9.34
Screw Hooks, Eyes and Rings ..	Necessity for the retention of the deferred rates of duty under Tariff Item 186 and, if so, what rates are considered necessary	Sydney 11.9.34
		Melbourne 25.9.34
Canned Oysters from Japan	Necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	Sydney 13.9.34
		Melbourne 27.9.34
Clothes Wringers	Necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	Sydney 14.9.34
		Melbourne 28.9.34
Liver Extracts	Necessity for the existing rates of duty	Sydney 14.9.34
		Melbourne 28.9.34
Towels and Towelling ; Terry Cloth and Terry Robing	Necessity for the existing rates of duty	Sydney 14.9.34
		Melbourne 28.9.34
		Sydney 17.9.34
Furniture as covered by Tariff Item 305	Necessity for increased rates of duty under the British Preferential Tariff	Melbourne 1.10.34
		Sydney 8.10.34
	Necessity for the existing rates of duty	Melbourne 18.9.34
		Melbourne 2.10.34

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Woodworking Machinery	Necessity for the existing rates of duty.	Sydney 19.9.34 Melbourne 3.10.34
Gears for Motor Vehicles other than Railway and Tramway as enumerated in Tariff Item 359 (F) (3)	" " " "	Sydney 19.9.34 Melbourne 3.10.34
Apparel as covered by Tariff Item 110 (A) and (B)	" " " "	Sydney 21.9.34 Melbourne 5.10.34
Lightning Fasteners	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 10.9.34 Sydney 24.9.34
Metal Worker's Bench Vises	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 10.9.34 Sydney 24.9.34
Condensers, n.e.i.	Question of necessity for the existing rates of duty	Melbourne 10.9.34 Sydney 24.9.34
Condensers, fixed electrolytic	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 10.9.34 Sydney 24.9.34
Flour Milling Machinery	Necessity for existing rates of duty	Melbourne 11.9.34 Sydney 25.9.34
Electro Surgical Units for Cutting and Coagulating	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 11.9.34 Sydney 25.9.34
Felt Wads for Cartridges	Question of necessity for existing rates of duty	Melbourne 12.9.34 Sydney 26.9.34
Bags, Baskets, &c., Tariff Item 376 (A), (B) and (C)	" " " "	Melbourne 12.9.34 Sydney 26.9.34
Handbags, Pouches, Wallets, and similar goods originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	Melbourne 12.9.34 Sydney 26.9.34
Soap, Toilet, Fancy or Medicated	Question of the necessity for the existing rates of duty	Melbourne 13.9.34 Sydney 27.9.34
Leather Manufactures n.e.i.	" " " "	Melbourne 13.9.34 Sydney 27.9.34
Harness and Buggy Saddles	" " " "	Melbourne 14.9.34 Sydney 28.9.34
Flags and Banners	Request for increased duty	Melbourne 14.9.34 Sydney 28.9.34
Compressed and Agglomerated Cork-board	Question of necessity for existing rates of duty	Melbourne 14.9.34 Sydney 28.9.34
Compressed Cork Sheets, plain or with backing of any description not exceeding ¼-inch thick, for all purposes	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 14.9.34 Sydney 28.9.34
Flax and Linseed produced in Australia	Question of necessity for payment of Bounties	Melbourne 19.11.34 Sydney 29.11.34
Machines, Textile, Cordage, Twine, Thread and Yarn-working	Question of removal from By-law	Melbourne 19.11.34 Sydney 29.11.34
Travellers, Spinning, used in the manufacture of Silk	Whether these Travellers should be subjected to increased rates of duty and, if so, what rates	Melbourne 19.11.34 Sydney 29.11.34
Portland Cement	Necessity for the existing rates of duty	Melbourne 20.11.34 Sydney 30.11.34
Articles used for Outdoor or Indoor Games; Fishing Appliances, n.e.i. and Toys—Item 310	Question of the necessity for any alteration of duty	Melbourne 22.11.34 Melbourne 23.11.34 Sydney 3.12.34
Golf Ball Centres or Cores	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 22.11.34 Melbourne 23.11.34 Sydney 3.12.34
Frames in the rough for use in the manufacture of Tennis Racquets	" " " "	Melbourne 22.11.34 Melbourne 23.11.34 Sydney 3.12.34
Road Rollers covered by Tariff Item 177 (A) (2)	Question of the necessity for the existing rates of duty	Melbourne 23.11.34 Sydney 4.12.34 Melbourne 11.12.34
Wheeled Tractors and Tractors (Caterpillar type) and Parts	Request for admission under By-law	Melbourne 23.11.34 Sydney 4.12.34 Melbourne 11.12.34
Sleeves for Tractors	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 23.11.34 Sydney 4.12.34 Melbourne 11.12.34
Electric Washing Machines of the domestic type	Request for increased duty	Melbourne 26.11.34 Sydney 5.12.34

NUMBER OF MEETINGS—*continued.*

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Fire and Glazed Bricks, &c., Tariff Item 139	Question of the necessity for the existing rates of duty	Melbourne 26.11.34 Sydney 5.12.34
Antimony and Antimonial and Lead Compounds	" " " "	Melbourne 27.11.34 Sydney 6.12.34
Sparkling Plugs	" " " "	Melbourne 27.11.34 Sydney 6.12.34
Steel Tubular Poles.	" " " "	Melbourne 28.11.34 Sydney 7.12.34
Sulphate of Copper	" " " "	Sydney 26.11.34 Melbourne 6.12.34
Cloth known as Camelhair Cloth ..	Question of removal from By-law and, if so, what rates of duty should be levied	Sydney 26.11.34 Melbourne 6.12.34
Bath Slippers, Item 329	Question of necessity for specific rates of duty under the General Tariff	
Bath Slippers originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	Sydney 27.11.34 Melbourne 7.12.34
Arsenate of Lead	Necessity for existing rates of duty	Sydney 27.11.34 Melbourne 7.12.34
Wax Crayons covered by Tariff Item 225(B)	Necessity for specific rates of duty under the General Tariff	
Wax Crayons originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	Sydney 28.11.34 Melbourne 10.12.34
Woodworking Machinery	Question of the necessity for the existing rates of duty	Melbourne 26.2.35
Kalsomine, Waterpaints and Distempers in powder form	" " " "	Melbourne 4.3.35 Sydney 22.3.35
Aerial Cableways and Aerial Ropeways	" " " "	Melbourne 5.3.35 Sydney 19.3.35
Steel Wire Rope for use with Steam Ploughing Engines	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 5.3.35 Sydney 19.3.35
Appliances for use with Radio Sets installed in Motor Cars	" " " "	Melbourne 6.3.35 Sydney 20.3.35
Wireless Parts and Accessories ..	Question of the necessity for the existing rates of duty	Melbourne 6.3.35 Sydney 20.3.35
Registers or Meters of the type which totals electrical impulses	" " " "	Melbourne 6.3.35 Sydney 20.3.35
Jacks, n.e.i.	" " " "	Melbourne 6.3.35 Sydney 20.3.35
Rods of Amorphous Carbon, or consisting principally of Amorphous Carbon with metal sprayed ends, for use in the manufacture of Radio Resistors	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 6.3.35 Sydney 20.3.35
Air Compressors	Necessity for the existing rates of duty	Melbourne 7.3.35 Sydney 21.3.35
Vessels, n.e.i. not exceeding 500 tons gross register	" " " "	Melbourne 7.3.35 Sydney 21.3.35
Dental Chairs	Question of removal from By-law and, if so, what rates of duty should be levied	Sydney 11.3.35 Melbourne 2.4.35
Flavouring Essences, Extracts and Ethers, Culinary Essences and/or Fruit Aromas at present classifiable under Tariff Item 11(B)	Question of removal from current By-law under Tariff Item 290(D)	Sydney 11.3.35 Melbourne 2.4.35
thyl Salicylate covered by Tariff Item 290(E)	Necessity for the existing rates of duty	Sydney 11.3.35 Melbourne 2.4.35
Fluted Glass cut to sizes suitable for use in the manufacture of Washboards	Question of removal from By-law and, if so, what rates of duty should be levied	Sydney 12.3.35 Melbourne 3.4.35
Empty Glass Tubes up to and including 3 drams fluid capacity	" " " "	Sydney 12.3.35 Melbourne 3.4.35
Packings, viz. :—Engine and Machinery, gland, piston and plunger, consisting principally of woven fabric and rubber vulcanized together without metal	Request for increased duty ..	Sydney 12.3.35 Melbourne 3.4.35

NUMBER OF MEETINGS—continued.

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Pedal Strap Buckles admitted under By-law for use in the manufacture of Leatherware other than Belts (Apparel)	Question of removal from By-law and, if so, what rates of duty should be levied	Sydney 13.3.35 Melbourne 4.4.35
Surgical Gut	Application for increased duty	Sydney 13.3.35 Melbourne 4.4.35
Gut n.e.i.	Question of the necessity for the existing rates of duty	Sydney 13.3.35 Melbourne 4.4.35
Brass Wire for use in the manufacture of Woven Wire	Question of removal from By-law and, if so, what rates of duty should be levied	Sydney 14.3.35 Melbourne 5.4.35
Cherries, either crystallized, preserved or partly preserved	Necessity for any alteration of the rates of duty	Sydney 14.3.35 Melbourne 5.4.35
Electric Current Rectifiers	Question of the necessity for the existing rates of duty	Sydney 15.3.35 Melbourne 4.4.35
Pneumatic Rubber Tyres and Tubes, viz.:—Covers weighing each over 2½ lb.; Tubes weighing each over 1 lb.	" " " "	Sydney 18.3.35 Melbourne 9.4.35
Reducing Machines for refining Chocolate	Question of removal of Item 174(g) (4) from the <i>Customs Tariffs</i> 1933	Melbourne 11.3.35 Sydney 25.3.35
Carpet Sweepers	Request for increased duty ..	Melbourne 11.3.35 Sydney 25.3.35
Perambulators and Go-carts and bodies therefor	Question of the necessity for the existing rates of duty	Melbourne 11.3.35 Sydney 25.3.35
Ribbons and Galloons, viz.:—	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 12.3.35 Sydney 26.3.35
(i) Ribbons being not more than 3½ inches in width and not more than 48 ribs to the lineal inch		
(ii) "Mock" Galloons for use in the manufacture of Men's and Boys' Hats and Girls' College Hats	Question of admission under that section of the current By-law in regard to which no qualification as to ribs to the lineal inch has been inserted	Melbourne 12.3.35 Sydney 26.3.35
Badges, Emblems and the like wholly of Metal (not being partly or wholly of gold or silver) including metal enamelled	Question of the necessity for the existing rates of duty	Melbourne 12.3.35 Sydney 26.3.35
Buckles, Clasps and Slides for hats, shoes and other attire wholly of metal (not being partly or wholly of gold or silver) including metal enamelled	" " " "	Melbourne 12.3.35 Sydney 26.3.35
Buttons n.e.i., including blanks and those partly finished, wholly of metal (not being partly or wholly of gold or silver) excepting trouser buttons	" " " "	Melbourne 12.3.35 Sydney 26.3.35 Sydney 26.3.35
Mother of Pearl Buckles, Clasps and Slides for hats, shoes and other attire	" " " "	Melbourne 12.3.35 Sydney 26.3.35
Curry Combs (oval)	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 13.3.35 Sydney 27.3.35
Carbon Manufactures of all kinds, including Carbon Blocks	Question of the necessity for the existing rates of duty	Melbourne 13.3.35 Sydney 27.3.35
Gentlemen's Hunting Pocket Watch Cases and Gentlemen's Open Face Pocket Watch Cases	Request for increased duty ..	Melbourne 13.3.35 Sydney 27.3.35
Wristlet Watches and Cases therefor, except nickel-plated, nickel alloy, chromium-plated and steel	Question of the necessity for the existing rates of duty	Melbourne 13.3.35 Sydney 27.3.35
Heating Units for use in connexion with plating and similar chemical baths		
Heating Units for use in connexion with Melting Pots and Furnaces	Question of removal from By-law and, if so, what rates of duty should be levied	Melbourne 14.3.35 Sydney 28.3.35
Heating Units for use with Electric Ovens for Bakeries		

NUMBER OF MEETINGS—*continued.*

Subject.	Nature of Request or Question at Issue.	Place and Date of Inquiry.
Constant Current Transformers for use in connexion with the series system of street lighting	Question of removal from By-law and, if so, what rates of duty should be levied.	Melbourne 14.3.35 Sydney 28.3.35
Tariff Item 381(E) (1), (2), (3) and (4)—Hair and Cloth Brushes, Tooth, Scrubbing, Paint and Varnish Brushes, Nail Brushes, Brushes n.e.i.	Question of the necessity for the existing rates of duty	Sydney 4.6.35 Melbourne 17.6.35
Tariff Item 381(A), (B), (C) and (D)—Bristles, undressed, Bristles, partly or wholly dressed, Brushmakers' Horsehair Drafts, Artists' Brushes (including Writers and Liners) except of Hoghair; Handpieces for Artists' Air Brushes	" " " "	Sydney 4.6.35 Melbourne 17.6.35
Ore Dressing Machinery and Appliances	" " " "	Sydney 5.6.35
Smelting, Leaching and Metal Refining Appliances	" " " "	Melbourne 18.6.35 Sydney 5.6.35
Rock Boring Machines	" " " "	Melbourne 18.6.35 Sydney 5.6.35
Mining Machinery	" " " "	Melbourne 18.6.35 Sydney 5.6.35
Tariff Item 206(A), (B) and (E)—Lamps and Lanterns Lamps of Glass, &c. Lamp Chimneys n.e.i.	" " " "	Sydney 6.6.35 Melbourne 24.6.35
Manufactured Stationery covered by Tariff Item 340(A)	" " " "	Sydney 7.6.35 Melbourne 20.6.35
Goloshes, Rubber Sand Boots and Shoes and Plimsolls	" " " "	Sydney 10.6.35 Melbourne 21.6.35
Pneumatic Rubber Tyres and Tubes—Covers weighing each 2½ lb. or less; Tubes weighing each 1 lb. or less	Question of the necessity for the existing rates of duty	Sydney 10.6.35 Melbourne 21.6.35
Bottles, Flasks, Jars, Vials and Tubes, empty, of glass, earthenware, stoneware or china—Up to and including a capacity of 8 fluid drams; N.E.I. including Glass Caps for Fruit Jars, Tariff Item 252	Question of the necessity for the existing rates of duty	Sydney 11.6.35 Melbourne 24.6.35 Melbourne 25.6.35
Bottles, Flasks and Jars of fancy design over 8 drams fluid capacity of glass, earthenware, stoneware or china, empty or containing goods not subject to an ad val. duty;		
Bottles, Flasks and Jars over 8 drams fluid capacity, empty or containing goods not subject to an ad val. duty, of ground glass; and		
Thermometers n.e.i., Tariff Item 250 (A)		
Glassware n.e.i., Tariff Item 250 (C)		
Glassware, other than cut glass and heat-resisting glassware for cooking purposes, Tariff Item 250 (F)	" " " "	Sydney 12.6.35 Melbourne 25.6.35
Laboratory Glassware n.e.i., and Apparatus of glass for scientific purposes n.e.i.		
Wrapping Paper, Tariff Item 334 (a) (1) (a) trawboard corrugated and other, Tariff Item 334 (s)	" " " "	Sydney 13.6.35
Bottles, Decanters, Flasks and Jars over 8 drams fluid capacity of cut glass, empty or containing goods not subject to an ad val. duty, Tariff Item 250 (B)	" " " "	Sydney 14.6.35 Melbourne 25.6.35

(b) REPORTS FURNISHED BY THE BOARD.

The Board during the year furnished 110 reports to the Minister for Trade and Customs. These consisted of two classes :—

- (1) Reports on matters which did not call for Public Inquiry.
- (2) Reports on matters which had formed the subjects of Public Inquiries.

(1) *Reports on Matters which did not call for Public Inquiry.*

A classification of the 21 subjects on which the Board furnished reports, but in regard to which Public Inquiry was not called for by the Tariff Board Act, is as follows :—

Question of financial commitments entered into by Australian manufacturers in connexion with items on which deferred duties are provided	1
Question of admission under By-law	1
Deferred duties	19
	<u>21</u>

(2) *Reports on Matters which had formed the Subjects of Public Inquiries by the Board.*

Particulars of the 89 reports on matters which had formed the subjects of Public Inquiries by the Board are set out hereunder. A general classification of the subjects concerned is as follows :—

(1) Tariff Revision	58
(2) Question of admission under or removal from By-laws.. .. .	18
(3) Tariff Revision combined with requests for admission under or removal from By-laws	5
(4) Tariff Revision combined with question of necessity for Gazettal under Customs Tariff (Industries Preservation) Act	4
(5) Gazettal of goods under Customs Tariff (Industries Preservation) Act	1
(6) Necessity for payment of Bounties	1
(7) Deferred duties	1
(8) Question of the necessity for an increased maturation period for whisky	1
	<u>89</u>

Subject.	Nature of Request or Question at Issue.	Date of Report.
Blankets n.e.i., Blanketing, Lap Dusters, Rugs, &c., as covered by Tariff Item 117	Question of the necessity for the existing rates of duty	25.7.34
Cotton Piece Goods, covered by Tariff Item 105(A) (1) (b)	" " " " " }	
Denims, Drills, Dungarees and these types of cloths in the grey	Request for increased duty	25.7.34
Engine Cleaning Waste	Request for reduction of duty	26.7.34
Paints, Colours and Varnishes, &c.	Question of the necessity for the existing of duty	10.8.34
Woven Artificial Silk Piece Goods in the grey or sized	Request for admission under By-law	10.8.34
Sugar Machinery	Question of the necessity for the existing rates of duty	13.8.34
Sanitary and Lavatory Articles of Earthenware	" " " " " }	31.8.34
Men's Braces and Garters	Question of the necessity for specific rates under the General Tariff	
Men's Braces and Garters originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	3.9.34
Shovels	Question of the necessity for the existing rates of duty	7.9.34
Fishbolts, Bolts and Nuts, Rivets and Washers	" " " " " }	7.9.34
Brasswork, Bronzework, Gunmetal Work, also Brass Articles	" " " " " }	7.9.34
Meters, Gauges, Regulating and Controlling Devices	Questions relating to duty	20.9.34
Felt Capelines for Girls' and Women's Hats—Item 114(F) (1). Hats, Berets, Caps and Bonnets—Item 114(F) (2)	Question of the necessity for the existing rates of duty	21.9.34

REPORTS FURNISHED BY BOARD—*continued.*

Subject.	Nature of Request or Question at Issue.	Date of Inquiry.
Arsenic	Request for increased duty	5.10.34
Lightning Fasteners	Removal from By-law and, if so, what rates of duty should be levied	16.10.34
Waterproofed Cloth	Question of the necessity for the existing rates of duty	} 16.10.34
Waterproofed Tape or Textile Strip	" " " " " " " " " " " "	
Leathercloth and Leathercloth Binding	" " " " " " " " " " " "	
Insulating Tape proofed with Pitch or Bitumen	Request for increased duty	
Lavender Oil	" " " " " " " " " " " "	23.10.34
Platedware n.e.i.	Question of the necessity for the existing rates of duty	23.10.34
Toilet Soap	" " " " " " " " " " " "	23.10.34
Metal Workers' Bench Vises	Removal from By-law and, if so, what rates of duty should be levied	23.10.34
Dredging and Excavating Machinery	Question of the necessity for the existing rates of duty	1.11.34
Socks and Stockings	" " " " " " " " " " " "	14.11.34
Dry Batteries and Dry Cells	" " " " " " " " " " " "	15.11.34
Whisky	Question of the necessity for an increased maturation period from two years to three years	21.11.34
Agricultural Implements	Request for reduction of duty	5.12.34
Motor Body Panels	Question of the necessity for the existing rates of duty	23.1.35
Quilts, Counterpanes and Bedspreads	" " " " " " " " " " " "	29.1.35
Screw Hooks, Eyes and Rings	Necessity for the retention of the deferred rates of duty under Tariff Item 186 and, if so, what rates are considered necessary	29.1.35
Flags and Banners	Request for increased duty	29.1.35
Electro Surgical Units for coagulating and cutting	Question of removal from By-law and, if so, what rates of duty should be levied	29.1.35
Sulphate of Copper	Question of the necessity for the existing rates of duty	31.1.35
Cloth known as Camel Hair Cloth	Question of removal from By-law and, if so, what rates of duty should be levied	1.2.35
Flour Milling Machinery	Question of the necessity for the existing rates of duty	6.2.35
Crustaceans	" " " " " " " " " " " "	6.2.35
Canned Oysters from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	6.2.35
Leather Manufactures n.e.i.	Question of the necessity for the existing rates of duty	7.2.35
Internal Combustion Engines of 2½ h.p. or lower for use in the manufacture of lawn mowers and rabbit exterminators	Question of admission under By-law	12.2.35
Arsenate of Lead	Question of the necessity for the existing rates of duty	14.2.35
Discs for Agricultural Implements	Request for increased duty	14.2.35
Road Rollers covered by Tariff Item 177(A) (2)	Question of the necessity for the existing rates of duty	} 18.2.35
Wheeled Tractors and Tractors (Caterpillar type) and Parts	Request for admission under By-law	
Sleeves for Tractors	Question of removal from By-law and, if so, what rates of duty should be levied	
Flax and Linseed produced in Australia	Question of the necessity for payment of Bounties	19.2.35
Condensers n.e.i.	Question of the necessity for the existing rates of duty	} 19.2.35
Condensers, fixed, electrolytic	Question of removal from By-law and, if so, what rates of duty should be levied	
Compressed and Agglomerated Corkboard	Question of the necessity for the existing rates of duty	
Compressed Cork Sheets, plain or with backing of any description, not exceeding ¼" thick, for all purposes	Question of removal from By-law	20.2.35
Wax Crayons covered by Tariff Item 225(B)	Question of the necessity for specific rates of duty under the General Tariff	} 20.2.35
Wax Crayons originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	

REPORTS FURNISHED BY BOARD—*continued.*

Subject	Nature of Request or Question at Issue.	Date of Inquiry.
Boots, Shoes, Slippers, Clogs and other footwear	Question of the necessity for the existing rates of duty	20.2.35
Towels and Towelling; Terry Cloth and Terry Robing	Question of the necessity for increased rates of duty under the British Preferential Tariff	22.2.35
Bags, Baskets, &c., Tariff Item 376 (A) (B) and (C)	Question of the necessity for the existing rates of duty	} 25.2.35
Handbags, Pouches, Wallets and similar goods originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	
Steel Tubular Poles	Question of the necessity for the existing rates of duty	25.2.35
Welded Steel Tubes for use in the manufacture of Bedsteads	Request for removal from By-law	27.2.35
Flexible Coupling Discs	Request for increased duty	27.2.35
Liver Extracts	Question of the necessity for the existing rates of duty	28.2.35
Apparel as covered by Tariff Items 110 (A) and (B)	Question of the necessity for the existing rates of duty	1.3.35
Clothes Wringers	" " " " "	7.3.35
Fire and Glazed Bricks n.e.i.; Fireclay Manufactures, &c.	" " " " "	19.3.35
Electric Washing Machines of the domestic type	Request for increased duty	20.3.35
Sparkling Plugs	Question of the necessity for the existing rates of duty	20.3.35
Portland Cement	" " " " "	22.3.35
Pedal Strap Buckles	Question of removal from By-law and, if so, what rates of duty should be levied	11.4.35
Curry Combs	" " " " "	11.4.35
Bath Slippers, Tariff Item 329	Question of the necessity for specific rates of duty under the General Tariff	} 11.4.35
Bath Slippers originated in or exported from Japan	Question of the necessity for the operation of Sections 5 and 8 of the Customs Tariff (Industries Preservation) Act	
Gears for motor vehicles other than tramway or railway vehicles	Question of the necessity for the existing rates of duty	11.4.35
Textile, Cordage, Twine, Thread and Yarn-working Machines	Question of removal from By-law	12.4.35
Perfumed Spirits	Question of the necessity for the existing rates of duty	12.4.35
Carpet Sweepers	Request for increased duty	17.4.35
Articles for Games	Question of the necessity for any alteration of duty	} 17.4.35
Toys	Question of removal from By-law and, if so, what rates of duty should be levied	
Golf Ball Centres or Cores	" " " " "	17.4.35
Frames in the rough for use in the manufacture of Tennis Racquets	" " " " "	} 29.4.35
Meccano Sets and Meccano Magazines	Request for reduction of duty	
Carbon Manufactures of all kinds including Carbon Blocks	Question of the necessity for the existing rates of duty	29.4.35
Cherries, either crystallized, preserved, or partly preserved	Question of the necessity for any alteration of duty	7.5.35
Steel Wire Rope for use with Steam Ploughing Engines	Question of removal from By-law and, if so, what rates of duty should be levied	7.5.35
Fluted Glass cut to sizes suitable for use in the manufacture of Washboards	Question of removal from By-law and, if so, what rates of duty should be levied	7.5.35
Furniture as covered by Tariff Item 305	Question of the necessity for the existing rates of duty	8.5.35
Antimony and Antimonial and Lead Compounds	" " " " "	14.5.35
Perambulators and Go-carts and bodies therefor	" " " " "	15.5.35
Heating Units for use in connexion with plating and similar chemical baths	Question of removal from By-law and, if so, what rates of duty should be levied	15.5.35
Heating Units for use in connexion with Melting Pots and Furnaces	" " " " "	} 15.5.35
Heating Units for use with Electric Ovens for Bakeries	" " " " "	
Packings, viz. :— Engine and Machinery, piston and plunger, consisting principally of woven fabric and rubber vulcanized together without metal	Request for increased duty	15.5.35

REPORTS FURNISHED BY BOARD—*continued.*

Subject.	Nature of Request or Question at Issue.	Date of Inquiry.
Ribbons being not more than 3½ inches in width and not more than 48 ribs to the lineal inch	Question of removal from By-law and, if so, what rates of duty should be levied	21.5.35
"Mock" Galloons for use in the manufacture of Men's and Boys' Hats and Girls' College Hats	Question of admission under that section of the current By-law in regard to which no qualification as to ribs to the lineal inch has been inserted	
Kalsomine, Water Paints and Distempers in Powder form	Necessity for the existing rates of duty	22.5.35
Reducing Machines for refining Chocolate	Question of removal of Item 174 (g) (4) from the Customs Tariff 1933	22.5.35
Brass Wire for use in the manufacture of Woven Wire	Question of removal from By-law and, if so, what rates of duty should be levied	23.5.35
Brass, Britannia Metal, Bronze, German Silver, Gilding Metal, Nickel Silver, Phosphor Tin, Yellow Metal and other non-ferrous Alloys n.e.i. as covered by Tariff Item 139 (A), (B), (C) and (D)	Question of the necessity for the existing rates of duty	23.5.35
Flavouring Essences, Extracts and Ethers .. Culinary Essences and/or Fruit Aromas at present classifiable under Tariff Item 11 (B)	Question of removal from By-law and, if so, what rates of duty should be levied	30.5.35
Methyl Salicylate covered by Tariff Item 290 (E)	Question of the necessity for the existing rates of duty	.
Vessels, not exceeding 500 tons gross register	Question of the necessity for the existing rates of duty	31.5.35
Aerial Cableways and Aerial Ropeways	"	31.5.35
Constant Current Transformers for use in connexion with the series system of street lighting	Question of removal from By-law and, if so, what rates of duty should be levied	31.5.35
Badges, Emblems and the like wholly of Metal		
Buckles, Clasps and Slides for hats, shoes and other attire, wholly of metal		
Buttons, n.e.i., including blanks and those partly finished, wholly of metal	Question of the necessity for the existing rates of duty	31.5.35
Mother of Pearl Buckles, Clasps and Slides for hats, shoes and other attire		
Woodworking Machinery	"	12.6.35
Surgical Gut	Request for increased duty	25.6.35
Gut n.e.i.	Question of the necessity for the existing rates of duty	25.6.35
Wireless Parts and Accessories—Tariff Item 180 (x) (1), (2), (4), (7) to (16), (18) to (21), (24)		
Registers or Meters of the type which totals electrical impulses	Question of the necessity for the existing rates of duty	28.6.35
Jacks n.e.i.		
Rods of Amorphous Carbon		
Appliances for use with Radio Sets installed in Motor Cars		
Air Compressors of the reciprocating and rotary types	"	28.6.35
Dental Chairs	Question of removal from By-law and, if so, what rates of duty should be levied	28.6.35

(c) TARIFF BOARD RECOMMENDATIONS.

A summary of the findings and recommendations embodied in the reports included in the foregoing list is annexed to this report.

(d) VISITS TO STATES.

The subjects dealt with by the Board during the year necessitated the holding of Public Inquiries by the Board or Committee at—

Brisbane, Queensland.
Sydney, New South Wales.
Melbourne, Victoria.
Adelaide, South Australia.
Perth, Western Australia.
Hobart, Tasmania.
Launceston, Tasmania.

(e) VISITS OF INSPECTION.

The Board availed itself of every opportunity as far as circumstances permitted of acquiring, by actual inspection, first-hand knowledge of Australian industries, and in pursuance of this policy the following visits of inspection were made during the year :—

- Kellow Falkiner Pty. Ltd., South Melbourne, Victoria—Motor Bodies.
 W. Watson & Sons Ltd., Collingwood, Victoria—X-Ray Plant.
 Pyrox Pty. Ltd., Abbotsford, Victoria—Sparking Plugs.
 Leggett Products Pty. Ltd., Melbourne, Victoria—Sparking Plugs.
 Wolfenden Bros. Pty. Ltd., Footscray, Victoria—Woodworking Machinery.
 State Electricity Commission, Yallourn, Victoria.
 Mt. Lyell Mining & Railway Co., Yarraville, Victoria.
 Cuming, Smith & Co. Pty. Ltd., Yarraville, Victoria.
 F. G. Spurway, Alexandria, New South Wales—Conduit Manufacturers.
 Hipkiss, Kershaw (Aust.) Ltd., Alexandria, New South Wales—Screw Hooks, &c.
 Sonnerdale Ltd., Petersham, New South Wales—Gears.
 Studebaker Assembly Works, Sydney, New South Wales—Motor Bodies.
 Commonwealth Weaving Mills, Rosebery, New South Wales.
 O. T. Lempriere & Co. Ltd., Alexandria, New South Wales—Antimony.
 Dunlop Perdriau Rubber Co. Ltd., Drummoyne, New South Wales—Tyres and Tubes.
 Australian Paper Manufacturers Ltd., Matraville, New South Wales—Manufacturers of Paper.
 Amalgamated Wireless (A/asia.) Ltd., Parramatta, New South Wales—Wireless Apparatus and Parts.
 Airzone Ltd., Camperdown, New South Wales—Wireless Apparatus and Parts.
 Austral Eng. Supply Co. Ltd., Sydney, New South Wales—Woodworking Machinery.
 Goodyear Tyre & Rubber Co. Ltd., Granville, New South Wales—Tyres and Tubes.
 Australian Glass Mfg. Co. Ltd., Waterloo, New South Wales—Glassware.
 Metzelaar Ltd., Camperdown, New South Wales—Vacuum Cleaners.
 Woods and Gibling Ltd., Surry Hills, New South Wales—Dental Chairs.
 Electrical Plant Manufacturers Ltd., Rosebery, New South Wales—Electric Current Rectifiers.
 Horwood, Bagshaw & Co. Ltd., Mile End, South Australia Agricultural Implement Manufacturers.
 T. J. Richards & Sons Ltd., Keswick, South Australia—Motor Bodies.
 General Motors-Holdens Ltd., Woodville, South Australia—Motor Bodies.
West Australian Newspaper Offices, Western Australia.
 State Implement Works, North Fremantle, Western Australia.
 Jarrah Forest (Millars Timber & Trading Co.), Nanga Brook, Western Australia.
 Queensland Hardware Co., Brisbane, Queensland—Sanitary and Lavatory Earthenware, &c.
 Fowler Ltd., Brisbane, Queensland—Sanitary and Lavatory Earthenware, &c.
 Dinmore Pottery Ltd., Dinmore, near Ipswich, Queensland—Sanitary and Lavatory Earthenware, &c.
 Mt. Lyell Mining & Railway Co., Tasmania.
 Lake Margaret Power Scheme, Tasmania.
 Australian Commonwealth Carbide Co. Ltd., Tasmania.
 Cadbury-Fry-Pascall Pty. Ltd., Claremont, Tasmania.
 Huon Valley Fruit District, Port Huon, Tasmania.
 Electrolytic Zinc Co. of A/asia Ltd., Risdon, Tasmania.
 Alexander Patent Racket Co. Ltd., Launceston, Tasmania.

(f) WORK ON HAND.

On 30th June, 1935, the Board had on hand 86 subjects on which reports had not yet been furnished to the Minister.

Public Inquiries had been held on eighteen of these subjects and the position at the close of the year was :—

Subjects on which Public Inquiries had been held and on which reports were in course of preparation	8
Subjects on which Public Inquiries had been opened and adjourned for further hearing	10
	—
	18
	—

The remaining subjects on which Inquiries had not been held included :—

Question of the necessity for the retention of the existing rates of duty	28
Requests for removal of goods from By-laws	15
Requests for increased duty	10
Question of Gazettal of goods under the Customs Tariff (Industries Preservation) Act	6
Requests for admission of goods under By-laws	4
Question of Gazettal of goods under the Customs Tariff (Industries Preservation) Act combined with the necessity for specific rates of duty under the General Tariff	2
Request for reduced duty	1
Question of the necessity for the retention of deferred duty	1
Question of the necessity for granting a bounty	1
	—
	68
	—

PART II.—GENERAL.

THE TREND OF TARIFF REVISION.

Summary of Recent Changes.

The work of the Tariff Board during the past year has included much Tariff revision on principles formulated in the United Kingdom and Australia Trade Agreement in 1932. Hence as a starting point for a review of the operation of the Tariff the date of the signing of this agreement—20th August, 1932—naturally suggests itself. Since that date restrictions have been removed and material reductions have been made in the duties payable on importations. The process has been gradual and the changes have been made without any serious dislocation of the business of local industries while the result has been generally beneficial to the community. All of the changes which have affected the importation of goods from overseas since August, 1932, have not been the result of recommendations by the Board, but it is of interest nevertheless to summarize briefly the most important of them, particularly those affecting trade with the United Kingdom :—

- (1) All the prohibitions of importations which were imposed as emergency measures and which in August, 1932, affected 24 classes of goods, have been removed.
- (2) All surcharges, which affected goods included in 32 items of the Tariff, have also been abolished.
- (3) United Kingdom goods covered by 149 items and sub-items have been exempted from Primage duty and the rate of Primage has been halved on 650 items.
- (4) A general reduction of approximately one-fourth of the duties payable on all goods covered by protective items in the Tariff was made as a rough offset to the protective effect of exchange. This was applied only to goods dutiable under the British Preferential Tariff.
- (5) A new formula has been adopted for arriving at the British Preferential Tariff rates of duty and the rates have been reduced by amounts which represent the protective effect of exchange after due allowance has been made for the additional costs of exchange affected raw materials.
- (6) Approximately 300 items and sub-items now operative have been reviewed by the Board and 285 of them carry duties lower than were in operation in August, 1932.

Tariff Reductions.

The cumulative result of these amendments cannot be shown in anything like its entirety without the use of long schedules, but the effect on typical lines may be gauged from the following table which shows the total of duty and Primage charges operating in August, 1932, and at the present time :—

	Total Duties (Including Primage) Payable on Goods from the United Kingdom.	
	August, 1932.	August, 1935.
	£ s. d.	£ s. d.
Earthenware Lavatory Basin	0 7 3	0 3 3
Shovels	0 12 1	0 6 8
Bolts and Nuts	0 12 10	0 3 9
Dredging and Excavating Machinery	60 10 0	33 0 0
Electrical Switches, Fuses, and other Fittings	0 16 6	0 7 7
Men's Suit	1 8 2	0 18 3
Silk Stockings—full fashioned	1 13 0	0 9 6
Children's Cotton Socks	1 0 7	0 2 4
Glace Leather	0 0 11.64	0 0 4.32
Calf Leather	0 0 4.62	0 0 1.98
Arsenate of Lead—powder	16 1 4	9 4 0
Sulphate of Copper	4 16 4	2 8 2
Linseed Oil	0 1 0	0 0 7½
Mixed Paint	0 12 0	0 7 0
Mowers	4 8 0	1 2 0
Motor Body Panels	33 9 3	6 5 1
Burr Walnut Veneer	2 9 6	0 7 10
Dry Batteries (group weighing 56 lb.)	1 13 9	0 6 9
Sulphate of Ammonia	0 19 9	Nil.

NOTE.—In the above examples it has been assumed that the f.o.b. prices have not varied over the period of three years. Any variation would affect the exactness of the duties on individual lines but not the general conclusion to be drawn from the table.

Removal of Protective Duties from Goods not Made in Australia.

Apart from the alteration of the general level of protective duties, the Board has sought to limit their application to goods of qualities, sizes, or specifications that are economically manufactured in Australia. This has necessitated the splitting up of Tariff items or the inclusion of new items in order to free certain groups of goods from protective duties. In previous Annual Reports the Board has referred to this phase of Tariff revision; the application of the principle is well illustrated in the case of water tube boilers. Parts of water tube boilers with the exception of drums designed to operate at steam pressures of 350 lb. per square inch and over were dutiable at 45 per cent. ad valorem (British Preferential Tariff). Following its Inquiry the Board recommended the incorporation in the Tariff of items to provide for the free admission from the United Kingdom of a number of forged steel parts, such as headers, mud drums, cross boxes, and tube plates, and of all sizes of drums which are not commercially manufactured in Australia. This has resulted in freeing from duty many drums which were previously dutiable but of dimensions outside the range of local manufacture, and has permitted a reduction of effective duty from 33½ per cent. to 25 per cent. ad valorem on drums of sizes being made in the Commonwealth.

Duty Concessions on Plant and Machinery.

Important progress has been made in the review of plant and machinery items on the lines suggested by the Board in its report of 14th October, 1932, on Machines and Machinery n.e.i. As a first step the concession of duty free admission under By-law of many machines from the United Kingdom was made permanent by their inclusion in separate Tariff items; secondly, some plant which was from time to time admitted under temporary By-laws free of duty from the United Kingdom, was also included in the Tariff at concessional rates of duty and, thirdly, many machines formerly dutiable but in the opinion of the Board not capable of "efficient and economic production" in Australia have been given or recommended similar treatment.

An example of the latter type is Flour and Cereal Milling Machinery and Appliances, the great bulk of which was dutiable at 45 per cent. under the British Preferential Tariff. The Board

after a careful examination of the requirements of the industry and of the capabilities of local manufacturers recommended protective duties on machines being economically made in Australia and the addition of the following to the duty free list under the British Preferential Tariff :—

Cookers.	Purifiers.
Dryers.	Rice Polishers.
Adjustable Grading Reels.	Roller Mills.
Grinding Discs.	Steamers.
Kilns.	Stoners, Washers or Rinsers.
Pearling Cone Mills.	Toasting Ovens.
Plansifters.	Whizzers.

This review is steadily proceeding and machinery items referred to the Board are now being investigated for the purpose of relieving from protective duties any lines that are not being commercially produced in Australia. Among the machinery items on which Inquiries were held or reports furnished during the past twelve months were :—

Machines used in the extraction, manufacture or refining of sugar.
 Dredging and Excavating Machinery.
 Flour Milling Machinery.
 Road Rollers.
 Electric Washing Machines.
 Agricultural Implements and Machinery.
 Textile Machinery.
 Chocolate Grinding Machinery.
 Woodworking Machinery.
 Air Compressors.
 Mining Machinery.

The application of the principle outlined has resulted in the incorporation of over 500 additional sub-items in the Tariff, all of which provide duty free admission from the United Kingdom. This is not only of great importance in helping United Kingdom manufacturers of specialized plant, but is also of considerable advantage to Australian industries as it enables them to purchase essential plant at reduced cost.

Effect on Local Industries.

The foregoing review shows clearly how important have been the reductions of duties on goods entitled to admission under the British Preferential Tariff. In a number of cases the rates have been reduced by half and generally the new level of ad valorem duties ranges from 10 per cent. to 25 per cent. Moreover, as has been shown, a great deal of important plant used in Australian secondary industries, which was formerly dutiable, is now admitted free of duty.

It is gratifying to be able to record that this realignment of the Tariff levels has been secured with but slight disturbance of local industries. Generally, the effect has been beneficial although individual manufacturers have been forced to adjust to the new level. When important Tariff reductions are made, it is inevitable that some interests should be forced to curtail the range of their operations and that others should be compelled to reduce prices in order to meet the lower price level of imported goods. The interests of the individual and of the community are not always in common and the Board is aware that frequently the adoption of its recommendations may restrict the activities of individual manufacturers to the advantage of the community as a whole.

Some lowering of the protective duties has been made possible by increasing efficiency of local industries and some by their improved competitive position when compared with similar industries in the United Kingdom. Comparisons of costs in the United Kingdom and Australia show less disparity than formerly and the depreciation of Australian currency in relation to sterling has further supported the Australian manufacturers.

In some cases the reductions of duty have been recommended for the express purpose of forcing down local prices that are further out of step with world prices than conditions warrant ; in other cases they have been recommended for the purpose of restricting local manufacture to lines capable of economic production and of permitting the importation without undue excess costs, of other lines. In very many instances, however, the reduction of duty has merely followed the comparative reduction of local costs and has assured to the consumers the advantage of equivalent lower selling prices. In a general way it can be said that while the reductions may have temporarily disturbed a few individual industries, the general prosperity and employing capacity of both exporting and home industries have been increased.

Effect on Importations.

The reductions of duty that have already been made have been subjected to two criticisms, the first of which is that importations of particular lines directly competitive with Australian made goods have increased rapidly. The significance of increased importations is often exaggerated. Frequently the increase is merely in line with the general increase in trade consequent upon a partial return to prosperity. Sometimes, however, the Board has recommended a reduction of duty with the knowledge that importations must increase if local prices are not reduced. Where local manufacturers delay the necessary price adjustments, imports have increased. It must be recognized that where local prices are unduly high, only the competition of lower priced goods can effectively establish a lower price level.

The other criticism is that the reductions are inadequate because importations have not increased to the extent anticipated by some interests. This argument ignores the fact that there has been an appreciable increase in the range of goods being efficiently and economically produced in Australia. Beyond this is the more important fact that the value of the goods a country can afford to import is limited to the value of the goods exported after allowance is made for external borrowing and interest payments. At present the value of importations is at a level that cannot be maintained unless there is an increase in the quantity or value of exports.

Extension of Preference.

While the Tariff reductions that have been made can have only a slight effect upon the total value of importations, they can and do have a considerable influence on the source from which the imports are derived. Partially owing to the difficulty of adjusting General Tariff duties to meet the currency variations of foreign countries, the amendments made to the Tariff during the last three years have materially extended the margin of preference to goods admitted under the British Preferential Tariff. Furthermore, the reduction of Primage duty on goods under the British Preferential Tariff has increased the preference margin. In some cases also the Board has recommended an increase in the preference margin where this course has appeared to be justified. How great the increases have been is shown in the following examples :—

	Margin of Preference in Favour of Goods Admitted under the British Preferential Tariff.	
	August, 1932.	August, 1935.
	Per cent.	Per cent.
Blankets and Rugs ad val.	15	31½
Wire ad val.	25	52½
Pipes and Tubes ad val.	15	30
Platedware ad val.	15	31½
Boots and Shoes ad val.	15	36½
Stationery ad val.	10	32½
Locomotives ad val.	15	35
Road Rollers ad val.	15	33½

This big increase in preference must have its repercussions on Australian costs and should not be accepted as permanent but rather as a local complication of the world wide currency problem.

CHECK OF EVIDENCE SUBMITTED BY OVERSEAS MANUFACTURERS.

From time to time criticisms are made of the exacting nature of the Board's Inquiries into the financial position and costings of local manufacturers, whereas the same scrutiny is not applied to figures submitted by manufacturers in the United Kingdom. There is an element of truth in this criticism. It is impossible for the Board to impose the same tests on evidence tendered by representatives of overseas firms as on that tendered by witnesses representing local industries, who generally have full knowledge of the subject and can be cross-examined. If the Board decided that the same treatment should be extended to both sides it would be necessary to conduct Inquiries in the United Kingdom as well as in Australia, or to follow other elaborate methods which would seriously delay the review of the Tariff.

In the procedure followed by the Board witnesses representing local industries are examined in public on their general statements. Manufacturing costs and other confidential data are submitted confidentially and when in the Board's opinion it is necessary, they are checked by reference to the books and accounts of the firm or company concerned. Almost invariably witnesses are anxious to assist the Board and the information required is willingly placed at its disposal.

The United Kingdom evidence is sometimes tendered by witnesses who have come to Australia for the purpose. In other cases it is submitted by local representatives of United Kingdom manufacturers, but generally it is presented by the Director of the Australian Association of British Manufacturers or his representative. Confidential particulars of costs and other necessary data are supplied in the form of sworn declarations. As the requirements of the Board have become better known these statements are well compiled and generally contain most of the necessary information.

The Board cannot examine representatives in the same way as it could principals of the overseas concerns, and when supporting particulars are required, as is frequently the case, the representatives of United Kingdom interests invariably take steps to obtain them by cable. When the Board considers further elucidation or check is necessary, independent inquiries are made through the Official Representative of the Customs Department at Australia House, London, who calls on the manufacturer concerned and makes the necessary investigations.

The methods being followed are as sound as practicable for ascertaining the facts both in the United Kingdom and in Australia, and the Board must express its appreciation of the general willingness of parties concerned to submit information revealing the true position of the industries under review.

COMPARISONS OF LABOUR COSTS.

In arriving at the relative costs of economical and efficient production in Australia and in other countries, particularly the United Kingdom, the Board has frequently to make comparisons of labour costs. These comparisons are difficult to establish with any degree of certainty and the Board often finds circumstances similar to those referred to in its report on towels and towelling, from which the following quotation is made :—

“Complications arise through varying percentages of male, female, and junior labour, time work, piece work, and overtime, and a further difference in the number of hours worked weekly.”

The *Westminster Bank Review* for March, 1935, in dealing with wages comparisons, states that, although rates of pay in the same industry in different countries are fairly easy to ascertain, for accurate comparisons further facts are necessary such as conditions of work, systems of allowances or fines, conditions of employment, and incidental benefits.

Much information regarding comparative labour costs has been collected by the Board, and this has been examined from three angles—

- (a) *Comparison of the Wages Incurred in the Manufacture of a Given Unit of Production.*—This method does not take cognizance of the differences in efficiency of plant in the two countries, nor of the economies that follow the introduction of mass production methods. Hence the wages incurred per unit of production might be many times as great where hand labour is practised as where automatic machinery is installed, even though the rate of wages per employee may be approximately the same in both factories. Sometimes a relatively high wages cost per unit of production in one country is offset by a corresponding reduction in overheads, but generally the results of comparison by this method only are too uncertain to be accepted as a definite measure of the protection necessary to compensate for higher labour costs in Australia.
- (b) *Comparison of Wage Rates as Shown in Official Publications.*—Much data dealing with wage rates have been obtained by the Board. A convenient comparison is shown in *The Labour Report*, 1933, No. 24, issued by the Commonwealth Bureau of Census and Statistics, which contains on pages 160 to 162 a table of comparative wage rates in Australia and other countries, including the United Kingdom. The Australian rates shown are those applying at Sydney under awards of the State or Commonwealth Arbitration Tribunals (according to which controls wage fixation for the industry concerned) as adjusted in conformity with cost of living variations, where provided. The rates for the United Kingdom are those supplied by the Director of Statistics, Ministry of Labour, London, and represent the rates paid in London, including any Whitley bonus allowances.

Both the Australian and United Kingdom rates have been revised to the 31st December, 1934. The ratio of hourly wages paid in the two countries in six representative lines of employment is as follows:—

	United Kingdom.	Australia.
Fitters and turners	100	156
Patternmakers	100	159
Ironmoulders	100	From 131 to 156
Cabinetmakers and upholsterers ..	100	135
Labourers	100	From 142 to 148
Bookbinders and paper rulers ..	100	123

These comparisons are valuable, but they cannot be accepted as conclusive for the following reasons:—

- (i) The rates are for adults only and do not take into account the varying proportions of adults and juniors, apprentices, and skilled and unskilled labour.
 - (ii) No allowance is made for holiday pay, workers' insurance, child endowment, and the different conditions in the two countries, regarding hours, overtime, piece work, bonuses, &c.
- (c) *Comparison of Actual Earnings in the Two Countries.*—During the last two years the Board has received a large number of sworn statements from manufacturers in the United Kingdom showing the proportions of the various classes of labour employed in the industries reviewed, the average earnings of each class and the weighted average of the whole.

A comparison of these details with similar details in respect of corresponding Australian industries is always made when arriving at comparative labour costs. By the use of this method differences in efficiency of the various groups are not allowed to obscure the relative labour costs, particularly in industries where the proportions of male, female, adult and junior employees do not vary greatly. In other industries where there are big variations in the proportions of the different classes of employees the results of the comparisons are not so useful. Where the comparison can be applied it assists the Board to locate the cause of any big disparity in the results obtained from methods (a) and (b) and enables it to judge whether the differences are caused by inefficiency of the Australian industry or by any other factors.

The Board has applied various checks to satisfy itself as to the accuracy of the figures on which these comparisons have been based. Where the figures of individual United Kingdom manufacturers have differed markedly from the general run of figures in the industry, the Board has them checked by the representatives of the Customs Department stationed in London. In some instances copies of the actual pay sheets in the factories in Australia and the United Kingdom have been obtained, and a check of these has generally confirmed the comparisons between the average earnings of the employees submitted in evidence.

Although the comparisons of average earnings vary considerably in the different industries, a review of the figures obtained from time to time tends to confirm the Board's opinion expressed in other reports that, after allowing for the differences in conditions of employment in the two countries, the ratio of wages costs in the majority of industries—United Kingdom to Australia—is approximately £100 sterling to £160 Australian. It is unusual for the Australian figure for individual industries to be less than £125 or more than £175.

While the disparity in wages costs between the two countries is admittedly difficult to measure, the trend in wages can be ascertained with comparative certainty. On this aspect, much reliable literature is available. On page 161 of the League of Nations publication "World Economic Survey, 1933-34", there is a table showing that, with 100 as a basis for the year 1929 the nominal wages had fallen in Australia to 81 by the end of 1933 compared with a decline to 95 only in the United Kingdom.

These figures afford strong support to the conclusion set out in the Board's report of 13th April, 1933, on the subject of exchange, viz., that the disparity in wage levels between Australia and the United Kingdom is actually less than it was before the depreciation of Australian currency.

EXTENSION OF PROTECTIVE SYSTEM.

Under Article 12 of the United Kingdom and Australia Trade Agreement, the Commonwealth has undertaken that no new protective duty shall be imposed and no existing duty shall be increased on United Kingdom goods to an amount in excess of the recommendation of the Tariff Board. Most of the duty increases brought into operation since the signing of the Agreement have resulted from bringing into the protected field goods that were formerly free of duty under the British Preferential Tariff. In previous Annual Reports the Board has indicated the need for a careful scrutiny of all facts before a new duty is imposed. Where there is a small market for goods about to be manufactured or where other circumstances are likely to preclude efficient and economic production, the Board is not disposed to recommend protection, as the resultant cost on dependent industries would be heavy and would offset any advantage that might follow the establishment of the industry concerned.

The extension of the protective system has been definitely retarded since the signing of the Agreement. To some extent this is due to the delay that the slower method of dealing with requests for new duties, or for cancellation of By-laws, must now impose; it is partly due also to the close scrutiny which requests receive and which has caused interests to be more guarded when making requests; and it results also from the fact that some new industries are functioning satisfactorily with no other protection than that given by the depreciated exchange.

However carefully requests for new duties are examined, it frequently happens that importing interests claim that they have suffered an injustice when new duties are imposed. It must not be overlooked, however, that with the development of industry and the extension of the local market it is only natural that manufacturers shall continue to extend their operations. The protective system has been adopted in Australia with a resultant raised level of costs and if the logical extension of that system is denied to new industries capable of expansion, the normal growth of industry will be retarded. The need of the community is not static, but continually changing and expanding, and local industry must adapt itself to meet requirements. It is natural, therefore, that new and expanding industries should claim the right to the same form of public assistance as was forthcoming to older industries in their day of need. Hence it is reasonable to expect a continuance of requests for new duties which must be considered with sympathy and an appreciation of the fact that initial difficulties encountered should not be accepted as evidence of failure. It is, nevertheless, incumbent on the Board to examine the likelihood of the ultimate sound establishment of new industry and to estimate the probable costs and benefits, with due regard to facts which indicate whether the industry is likely to become a permanent charge on the community.

PERSONNEL OF BOARD.

Mr. H. McConaghy, Chairman of the Board, was selected to accompany the Trade Delegation to England, and left Melbourne on 19th February, 1935; Mr. M. B. Synan, Collector of Customs, Victoria, was appointed Acting Chairman in his absence, and commenced duty on 29th January, 1935.

The period of appointment of the Members of the Board expired on 20th March, 1935, and in reply to inquiries by the Government, Messrs. H. E. Guy and W. S. Kelly intimated that they were prepared to accept re-appointment. They have been re-appointed for a further period of three years.

Mr. A. D. J. Forster did not seek re-appointment, and retired from the Board on 20th March, 1935. Mr. Walter J. Rose, Secretary of the Southern Section of the Standards Association of Australia, who was appointed to fill the vacancy, took up duty on 13th May, 1935.

Mr. Forster was associated with the Board during a critical period of Tariff revision in Australia, and the Board takes this opportunity of recording its high appreciation of his valuable services.

APPRECIATION OF STAFF.

The work of the Board during the year was facilitated by the assistance rendered by the Secretary (Mr. J. J. Barry) and staff, of whose services the Board again records its appreciation.

Signed

{	M. B. SYNAN, Acting Chairman, Tariff Board.
	H. E. GUY, Member, Tariff Board.
	W. S. KELLY, Member, Tariff Board.
	WALTER J. ROSE, Member, Tariff Board.

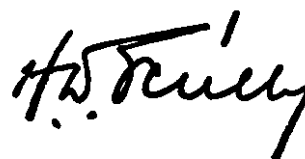
Melbourne, 5th September, 1935.

APPRAISERS' BULLETIN No. 4164

SUBJECT

DECISIONS OF THE TARIFF BOARD
DEPARTMENTAL RULINGS

For the guidance of Customs Officers on
and after this date.



Commissioner of Customs.

DEPARTMENT OF NATIONAL REVENUE,
OTTAWA, 22nd February, 1934.

DECISIONS OF THE TARIFF BOARD ON APPEALS UNDER THE PROVISIONS OF PART II OF THE TARIFF BOARD ACT.

AT THE SITTING ON THE 13TH JULY, 1933

Appeal No. 4 (Customs file No. 179482)

In the matter of the Appeal by Nerlich & Co., Limited, Toronto, that Celluloid Dolls be held to be of a class or kind not made in Canada.

Ruling on the 18th August, 1933: "Appeal dismissed".

Appeal No. 5 (Customs file No. 178621)

In the matter of the Appeal by Princess Pat Products, Toronto, that Hair Nets and Slumber Nets be rated for duty under Tariff Item 565.

Ruling on the 13th July, 1933: "That the commodities embraced within this Appeal shall be dutiable under Item 565".

Appeal No. 7 (Customs file No. 179498)

In the matter of the Appeal by Rubinovich and Haskell, Montreal, that "Imco" Lighters be held to be of a class or kind not made in Canada.

Ruling on the 13th July, 1933: "Appeal dismissed".

AT THE SITTING ON THE 19TH SEPTEMBER, 1933

Appeal No. 8 (Customs file No. 179512)

In the matter of the Appeal by Mudge, Watson and Company, Limited, Montreal, that Weftless Tying-Up Tape should be classified under Tariff Item 542a and not under Tariff Item 532.

Ruling on the 19th September, 1933: "Appeal dismissed".

Appeal No. 9 (Customs file No. 179513)

In the matter of the request of the Department of National Revenue, Customs Division, for a ruling on the tariff classification of Fire Brick used in certain installations.

Ruling on the 18th October, 1933: "Fire Brick used in boilers of plants for generating electricity for sale, and, Fire Brick used by artificial ice companies for use in the boilers of such plants for the production of steam to operate compressors in the making of artificial ice for sale, is entitled to entry under Tariff Item 281a."

"The Board is of the opinion that a furnace for producing heat to be applied to water for the purpose of supplying steam for the heating of buildings in the bona fide carrying on, as a business in itself, of the business of selling heat, and not merely the disposal by a building owner of excess steam beyond his own requirements, is a 'furnace of a manufacturing establishment' within the meaning of Tariff Item 281a, and declares accordingly. This declaration is to come into effect upon the date of publication thereof in the *Canada Gazette*." (Published in the *Canada Gazette*, the 28th October, 1933).

AT THE SITTING ON THE 20TH SEPTEMBER, 1933

Appeal No. 11 (Customs file No. 179773)

In the matter of the Appeal by The Hatchwear Company, Calgary, that the cotton fabric called "Woolainette" be held to be of a class or kind not made in Canada.

Ruling on the 20th September, 1933: "Appeal dismissed".

AT THE SITTING ON THE 21ST SEPTEMBER, 1933

Appeal No. 13 (Customs file No. 179790)

In the matter of the Appeal by Art Electric Construction, Toronto, that Electric Air-cooled Fans should not be dutiable under Tariff Item 427 in respect to the machinery and 445g in respect to the motor.

Ruling on the 21st September, 1933: "Appeal dismissed".

AT THE SITTING ON THE 22ND SEPTEMBER, 1933

Appeal No. 12 (Customs file No. 179771)

In the matter of the Appeal by Johnston Allen & Company, Limited, Lurgan, Ireland, complaining of the ruling of the Commissioner of Customs contained in Memorandum No.

585, Supplement "A," dated the 10th December, 1932, amending the ruling of the Commissioner of Customs contained in Memorandum 585, dated the 5th November, 1932—item 540 (b) fixing rates of duty on articles wholly of flax or hemp such as sheets, pillow cases, table cloths and napkins, towels and handkerchiefs.

Ruling on the 22nd September, 1933: "Declared not to cover importations of such articles if the same have been embroidered with cotton. This declaration to come into effect on the 20th November, 1933." N.B.—See Memorandum No. 706, dated 27th November, 1933, *re* Tariff Item 540 (b).

AT THE SITTING ON THE 13TH OCTOBER, 1933

Appeal No. 14 (Customs file No. 179772)

In the matter of the Appeal by the Canadian Automobile Chamber of Commerce, Toronto, against a ruling of the Customs Department, *viz.*, that free-wheeling units, when used in the manufacture of the goods enumerated in Tariff Items 438a and 438b, are a part of the Transmission within the meaning of Tariff Item 1055, Proviso (2).

Ruling on the 18th October, 1933: "Appeal dismissed. Declaration that free-wheeling units when used in accordance with the provisions of Proviso (3) to Tariff Item 1055 are subject to the drawback specified in said Proviso."

AT THE SITTING ON THE 30TH OCTOBER, 1933

Appeal No. 16 (Customs file No. 180367)

In the matter of the Appeal by Mr. L. A. Wilmot, Customs Consultant, Montreal, that bifurcated rivets (so-called), of iron or steel, be rated for duty under Tariff Item 430 and not classified under Tariff Items 446a or 362.

Ruling on the 31st October, 1933: "Appeal dismissed".

Appeal No. 18 (Customs file No. 180386)

In the matter of the Appeal by Bret. Pliske, Toronto, that the aircraft known as "Aeronca C-3" be held to be of a class or kind not made in Canada.

Ruling on the 30th October, 1933: "Appeal dismissed".

AT THE SITTING ON THE 12TH DECEMBER, 1933

Appeal No. 20 (Customs file No. 180445)

In the matter of the Appeal by Bain, Wilson and Maynard, Customs Consultants, Ottawa, against a ruling of the Department under which certain importations of tinplates, entered at Customs on the 13th July, 18th July and 11th August, 1933, were ruled of a class or kind made in Canada and as such dutiable under Tariff Item 383 (b) and subject to the special or dumping duty under Section 6 of the Customs Tariff Act.

Ruling on the 16th December, 1933: "Mundet Cork and Insulation Limited of Toronto having imported Tin Plate in three shipments, one from the United Kingdom and two from the United States after the first day of June 1933 and before the first day of September 1933, and, having paid duty to the Department of National Revenue under Tariff Item 383 (a) and received delivery of the goods, and, the Department of National Revenue having subsequently required an amended entry and payment of duty under Tariff Item 383 (b) instead of under Tariff Item 383 (a), and in addition a Special or Dumping Duty demanded as payable under the provisions of Section six of The Customs Tariff Act; and, a difference having thereupon arisen between the Department of National Revenue and the said Mundet Cork and Insulation Limited as to the rate of duty payable on the class of goods so imported by Mundet Cork and Insulation Limited, the Board declares:—That the rates of duty payable on the class of goods so imported at the times of the passing of the entries are the rates payable under Tariff Item 383 (a) and that such goods so imported are exempt from further Customs Duties Special or otherwise."

NOTE:

Information on file in the Department indicates that The Canadian Tinplate Company, Limited, Sarnia, Ontario, were in production of tinplates on the 12th December, 1933. The above decision of the Tariff Board is interpreted as meaning that from the 13th July to the 11th December, inclusive, 1933, tinplates and tinned sheets were of a class or kind not manufactured in Canada. Tinplates and tinned sheets are held to be of a class manufactured in Canada on and after the 12th December, 1933.

DEPARTMENTAL RULINGS

File 177339. Instrument board lamps for automobiles are now made in Canada and are, therefore, not entitled to entry under Tariff Item 438d. (This cancels Departmental ruling in Appraisers' Bulletin No. 3632).

File 176512. Common and colourless window glass, as provided for in Tariff Item 318, is held to include glass in sheets, not being plate, such as that commonly known as Single-Diamond or "Star" and Double-Diamond, weighing 18 ounces and 24 ounces, respectively, per square foot. Glass in sheets, not being plate, weighing 26 ounces or over per square foot, is held to be subject to entry under Tariff Item 319.

File 181852. The ruling in Appraisers' Bulletin No. 3497, under file No. 145072, *re* export of radio equipment for repairs on Form E. 23 under the regulations in Memorandum No. 896 B, is cancelled.

In cases where radio equipment required to be repaired is claimed to be of a special nature and not repairable in Canada, particulars are to be submitted to the Department for decision.

APPRAISERS' BULLETIN No. 4183

SUBJECT
DECISIONS OF THE TARIFF BOARD
DEPARTMENTAL RULINGS

For the guidance of Customs
Officers on and after this date.

H. D. Kelly

2

Commissioner of Customs,
DEPARTMENT OF NATIONAL REVENUE,
Ottawa, 11th April, 1934.

DECISIONS OF THE TARIFF BOARD ON APPEALS UNDER PROVISIONS OF PART II OF THE TARIFF BOARD ACT

At the Sitting on the 12th December, 1933

Appeal No. 21 (Customs file No. 180759)

In the matter of the appeal by Toronto Wholesale Fruit Merchants' Association, Toronto, against a ruling of the Department that sawdust in which grapes are packed shall be included with the lug or box in the weight for Customs duty purposes.

Ruling on the 20th December, 1933: "Appeal dismissed".

At the Sitting on the 6th February, 1934

Appeal No. 31 (Customs file No. 181783)

In the matter of the appeal by Shanahan Chemicals Ltd., Vancouver, against a ruling of the Department that "Kemtac Corn Flour" is dutiable under tariff item 232d.

Ruling on the 6th February, 1934: "Appeal dismissed".

Appeal No. 32 (Customs file No. 181784)

In the matter of the appeal by Lever Brothers Limited, Toronto, against a ruling of the Department that iron or steel drums imported containing crude glycerine and which are returned to the exporters to be refilled are dutiable under tariff item 446a, in accordance with the provisions of tariff item 710, par. (e).

Ruling on the 9th February, 1934: "Appeal dismissed".

DEPARTMENTAL RULINGS

File No. 122751. Wax of the paraffine series, in order to be classified under tariff item 224 as paraffine wax, shall have a melting point below $59\frac{1}{2}$ degrees Centigrade. Wax of this series which has a melting point of $59\frac{1}{2}$ degrees Centigrade or over shall be classified as mineral wax, n.o.p., under tariff item 225.

This ruling is in effect on and after 2nd January, 1934, and supersedes the ruling in Appraisers' Bulletin No. 3979, file No. 122751.

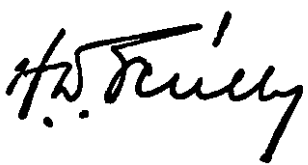
File No. 173976. Books relating to chemistry and which deal with the application of the science of chemistry to an industry or industries, are admissible under tariff item 172.

File No. 110835. Zinc sheets, nickel-plated on one side only, are admitted under tariff item 346. Zinc sheets, nickel-plated on both sides, are dutiable under tariff item 362.

This ruling supersedes the ruling on Apollo zinc sheets in Appraisers' Bulletin No. 2867.

File No. 172135. Edging knife, also known as turf edger, a cutting tool with the edge on the convex side, used for cutting the edges of paths, roads, flower beds, etc., in turf, is classified under tariff item 4C.

APPRAISERS' BULLETIN No. 4373

SUBJECT	For the guidance of Customs Officers on and after this date.
DECISIONS OF THE TARIFF BOARD	
DEPARTMENTAL RULINGS	Commissioner of Customs. 3
	DEPARTMENT OF NATIONAL REVENUE, OTTAWA, June 13, 1935.

DECISIONS OF THE TARIFF BOARD ON APPEALS UNDER PROVISIONS OF PART II OF THE TARIFF BOARD ACT

At the Sitting on the 7th February, 1934

Appeal No. 34 (Customs file No. 181786)

In the matter of the appeal by Chantler and Chantler Limited, Toronto, that rubber combs be held to be a class or kind not made in Canada.

Ruling on the 1st March, 1934: "Appeal dismissed."

At the Sitting on the 21st March, 1934

Appeal No. 36 (Customs file No. 182315)

In the matter of the appeal by Mr. A. W. Neill, M.P., that anthracite coal be held to be of a class or kind produced in Canada.

Ruling on the 26th July, 1934: "Appeal dismissed."

At the Sitting on the 6th September, 1934

Appeal No. 37 (Customs file No. 183626)

In the matter of the request of the Department of National Revenue, Customs Division, for an interpretation of Tariff Items 105d, 148, 149, 228 and 252, particularly as to whether they cover alcoholic as well as non-alcoholic materials.

Ruling on the 8th February, 1935:

"JELLIES (but not including jelly powders) are dutiable under Tariff Item 105d notwithstanding alcoholic content incidental to flavouring.

SOAPS whether liquid or not (not within descriptions in Tariff Items 227, 229 and 230) are dutiable under Tariff Item 228 notwithstanding alcohol content.

FABRIC DYES, such as Sanderson's Tintine (not dutiable under Tariff Items 203a or 203b) are dutiable under Tariff Item 220.

SHOE DRESSINGS are dutiable under Tariff Item 252, notwithstanding alcoholic content."

Ruling on the 12th April, 1935:

"The rates of duty applicable to CIDER are those set out in Tariff Items 148 and 149 and not Tariff Items 150 and 151."

At the Sitting on the 27th November, 1934

Appeal No. 39 (Customs file No. 184972)

In the matter of the appeal by the Ontario Cork Company, Ltd., Toronto, that corks, tapered and straight, commonly used as bottle stoppers, be held to be of a class or kind not made in Canada and, therefore, not subject to dumping duty; and for a declaration by the Tariff Board that such corks have not been made in Canada since the 15th day of June, 1932.

Ruling on the 8th February, 1935:

"Corks manufactured from corkwood are not, and have not been since May 1, 1933, of a class or kind made or produced in Canada, and the special or dumping duties imposed by Section 6 of the Customs Tariff Act are not applicable to corks manufactured from corkwood imported into Canada."

Appeal No. 41 (Customs file No. 185257)

In the matter of the appeal by David Rosenstein Limited, Toronto, against a ruling of the Department that Val-U-Lac sole attaching cement and Val-U-Lac sole attaching cement solvent are dutiable under Tariff Items 248 and 220 (c), respectively.

Ruling on the 12th April, 1935:

"VAL-U-LAC Sole Attaching Cement is a lacquer within the meaning of Tariff Items 248 and 249. If such cement is a spirit lacquer it is dutiable under Tariff Item 248; otherwise, Tariff Item 249.

"VAL-U-LAC Sole Attaching Cement Solvent is dutiable under Tariff Item 220."

[OVER]

Appeal No. 42 (Customs file No. 185398)

In the matter of the appeal by Kelly, Douglas & Company, Limited, Vancouver, B.C., against a ruling of the Department that dates imported in 20-pound boxes divided by cardboard into four sections are dutiable under Tariff Item 99e.

Ruling on the 8th February, 1935:

"Dates in 20-pound boxes, divided only in the manner exhibited at the hearing, are in bulk."

At the Sitting on the 28th February, 1935

Appeal No. 43 (Customs file No. 186843)

In the matter of the appeal by Canada Foils Limited against the ruling of the Department that Electrotypers' Foil Solder is admissible under Tariff Item 343.

Ruling on the 12th April, 1935:

"The commodity described by the Appellants as ELECTROTYPERS' FOIL SOLDER is entitled to free entry under Tariff Item 343."

DEPARTMENTAL RULINGS

File No. 159497. Mine hoists of all sizes and capacities are held to be of a class made in Canada and such articles, therefore, are not entitled to entry under Tariff Item 410y but are rated for duty under Tariff Item 427.

File No. 170912. The "Dorr" Classifier is dutiable under Tariff Item 427 and not admissible under Tariff Item 410v, although used in mining and metallurgical operations.

This ruling is effective on and after the 3rd May, 1935.

File No. 157643. Material, per sample, described as Ciment Fondu, manufactured by Lafarge Aluminous Cement Company, Limited, London, England, is admitted under Tariff Item 290.

File No. 181334. Material, per sample, described as Absorene Wall Paper Cleaner, manufactured by the Absorene Manufacturing Company, St. Louis, Mo., is admitted under Tariff Item 220.

This ruling will apply to all similar wall paper cleaners, e.g., Climax Wall Paper Cleaner, manufactured by the Climax Cleaner Manufacturing Company, Cleveland, Ohio.

This ruling is effective on and after the 25th May, 1935.

File No. 186555. The words "margins of preference" in the United Kingdom Trade Agreement, 1932, are held to mean the actual difference rather than the proportionate difference, and the Tariff rate under the United Kingdom Trade Agreement on alcoholic perfumes and perfumed spirits when in bottles or flasks containing not more than 4 ounces each, extract (a) Item 160 of the Canada-France Trade Agreement, is 30 per cent ad valorem, effective on and after the 1st October, 1934, and the Tariff rate on lace, nettings and bobinet, n.o.p., wholly of cotton, extract Item 529, is 14½ per cent, ad valorem plus a specific duty of 1⅓ cents per pound, effective on and after the 7th March, 1935. The foregoing rates apply to such goods the produce or manufacture of the United Kingdom, and also of the Irish Free State by virtue of the Irish Free State Trade Agreement, 1932.

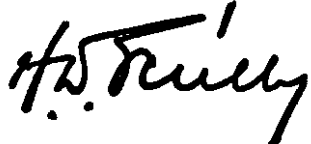
File No. 164380. The words "in the web" as used in Tariff Item 552 are held to mean that the material is of the full width with natural edges as manufactured and of a length at least equal to the width. Accordingly, the Item is held to provide for material in bulk, i.e., in piece goods form, ready to be cut to size or shape or otherwise manufactured in Canada. Pressed felt in the form of strips or squares or other shapes specially cut to size or shape is not considered to be "in the web" and is dutiable under Tariff Item 555.

File No. 186550. Fabrics not exceeding 25 inches in width, with at least one natural selvage and having all-over designs woven or printed thereon, are of a kind not made in Canada, when imported with side and cross borders to render them suitable for manufacture into neckties and for no other purpose. Such fabrics, therefore, when complying in other respects with the provisions of Tariff Item 564, may be permitted entry thereunder.

CORRECTION

Delete word "confidential" in Appraisers' Bulletin No. 4343, dated the 11th April, 1935, and referring to hard soap.

APPRAISERS' BULLETIN No. 4441

INDEX SUBJECT	For the guidance of Customs Officers on and after this date.
DECISIONS OF THE TARIFF BOARD	 4
DEPARTMENTAL RULINGS	<i>Commissioner of Customs.</i>
	DEPARTMENT OF NATIONAL REVENUE, OTTAWA, November 19, 1935.

Decisions of the Tariff Board on Appeals Under Provisions of Part II of the Tariff Board Act

AT THE SITTING ON THE 28TH FEBRUARY, 1935

Appeal No. 44 (Customs file No. 186973)

In the matter of the request of the Department of National Revenue, Customs Division, for a ruling on the tariff classification of skelp for use in the manufacture of pipe couplings.

Ruling on the 12th June, 1935:—

“When pipes and tubes are manufactured by manufacturers of pipes and tubes in their own factories out of material dutiable under Tariff Item 384 couplings for such pipes and tubes made out of the same material are within the description ‘pipes and tubes’ in Tariff Item 384.”

The said decision of the Tariff Board is interpreted to mean that when skelp of iron or steel, hot rolled, is imported by a manufacturer of pipes and tubes and such manufacturer uses the skelp in his plant in making pipe couplings, Tariff Item 384 applies, but that this Item does not apply if the skelp is imported by a manufacturer who makes pipe couplings only, and who does not also make pipe upon which such couplings are used.

AT THE SITTING ON THE 11TH JULY, 1935

Appeal No. 47 (Customs file No. 188195)

In the matter of the appeal by Leith and Dyke Limited, Vancouver, B.C., against a ruling of the Department that material described as “Asbestos Dryer” is dutiable under Tariff Item 542.

Ruling on the 11th September, 1935:—

“Asbestos Dryer for paper-making machine manufactured by Messrs. Porritts and Spencer, Limited, Bury, Lancashire, England, as per sample submitted is dutiable under Tariff Item 542.”

Appeal No. 48 (Customs file No. 188248)

In the matter of the appeal by Ottawa Silica & Sandstone, Limited, Ottawa, against a ruling of the Department that silica sand is admissible under Tariff Item 295.

Ruling on the 11th September, 1935:—

“The material which is imported from the United States commonly known as silica sand is entitled to entry under Tariff Item 295.”

Departmental Rulings

File No. 161556.

All card clothing, except with side ground wire, for woollen or worsted cards, is held to be of a class or kind made in Canada and dutiable under tariff item 469, regardless of the type of foundation or backing, i.e., whether with leather, with cotton, with woollen and cotton, with cotton, linen and wool, or with cotton faced with rubber sheeting.

Stripping fillets and burnishing fillets, when for woollen cards, and napper clothing except needlepointed, are also held to be of a class made in Canada and dutiable under Tariff Item 469.

The foregoing are held to include clothing for fancies of woollen and worsted cards, doffer rings, file cards, hand cards, and sheet clothing up to 60 inches in width.

Card clothing admitted under Tariff Item 413 as of a class or kind not made in Canada includes all clothing with side ground wire, and all other clothing for cotton cards, whether of the roller and clearer type for waste or the revolving flat type for general work, stripping and burnishing fillets when for use on cotton cards, needlepointed napper clothing for any purpose, diamond point for licker-in of cotton cards, knife wire for licker-in of cotton cards and clothing for fancies used on cotton.

File No. 170091.

Wedding cake ornaments made of composition containing gum or plaster or both, reinforced with cotton netting or not, and in some cases having artificial leaves or flowers combined therewith, are dutiable under Tariff Item 624, whether containing sugar or not.

This ruling does not apply to articles in the nature of candy, e.g., decorative beads for cake icing which are eaten with the icing.

File No. 187356.

First Aid Cabinets and First Aid Kits or Packets, consisting of a carton or metal case containing principally surgical dressings, aseptic or antiseptic, such as gauze bandages, gauze, absorbent cotton, lint, and gauze pads, whether or not also containing other articles such as adhesive tape, antiseptics, medicines, medicinal plasters, safety pins, splints, applicators, and a pair of scissors, when imported and invoiced as entities, may be classified under Tariff Item 236.

When the various articles comprising the cabinets and kits or packets are itemized and valued separately on the invoice, they are, of course, to be rated under the various tariff items applicable.

This ruling is effective on and after the 23rd October, 1935.

File No. 174071.

"Dresser" pipe couplings of iron or steel are dutiable under Tariff Item 400, irrespective of the diameter of the pipe on which they are to be used.

This ruling is effective on and after the 28th October, 1935.

File No. 86550-AF.

Steel chassis frames for passenger automobiles are of a class or kind not made in Canada.

This ruling is effective on and after the 1st October, 1935, and supersedes the ruling in Appraisers' Bulletin No. 3530, under file No. 145187.

THE
CUSTOMS TARIFF
OF
NEW ZEALAND

6

(As at 18th October, 1934).



WELLINGTON, N.Z.
BY AUTHORITY: G. H. LONEY, GOVERNMENT PRINTER.

—
1934.

CONTENTS.

	PAGE
Australia, Trade Agreement with	58
Australia, Value of Goods re-exported from	63
Belgium, Trade Arrangement with	64
British Preferential Tariff: Extracts from Regulations	68
Canada, Trade Agreement with	54
Certificate of Origin and Value	68
Customs Tariff of New Zealand	5
Drawback Regulations	74
Dumping Duty	75
Excise Duties	53
Export Duty on Gold	73
Export Duty on Timber	72
Index to the Customs Tariff	85
Invoices for Imported Goods, Form of	68
Motor-vehicles, Unassembled: Power to Fix Conditions	78
Primage Duty	5
Primage Duty, Exemptions from	66
Prohibited Exports	84
Prohibited Imports	79
Reduction or Remission of Duties in certain Cases	77
South African Goods, Duties on	66
Surtax	5
Tea, Certificates of Origin of	72
Wheat and Flour, Special Provisions as to Duties on	78

THE CUSTOMS TARIFF OF NEW ZEALAND.

Under—

- (a) Customs Acts Amendment Act, 1934,
- (b) Trade Agreement (New Zealand and Australia) Ratification Act, 1933,
- (c) Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, and
- (d) Trade Agreement (New Zealand and Canada) Ratification Act, 1932.

NOTES.—The headings of the respective classes are used solely for convenience of classification, and do not in any way affect the interpretation of the Tariff.

The term "agriculture" as used in the Tariff includes horticulture and viticulture; the term "iron" includes steel, or steel and iron combined; the term "specific duties" means duties imposed according to a specified quantity, weight, size, or number; the term "wine" includes medicated wine or wine mixed with food, and such spirituous beverages and fluid or semi-fluid foods containing not more than 40 per cent. of proof spirit as may be so decided by the Minister.

Steam engines, gas engines, oil engines, electric or other motors, and parts of the foregoing, are not included in the expression "machinery, machines, machine tools or appliances," as used in the Tariff.

The abbreviation "n.e.i." means "not elsewhere included."

Where, as a result of the Trade Agreement (New Zealand and Australia) Ratification Act, 1933, or the Trade Agreement (New Zealand and Canada) Ratification Act, 1932, the rates of duty on goods admissible thereunder differ from those set out in the British Preferential Tariff as shown in Column No. 1 of the Tariff, such rates are separately indicated as "Australian Agreement rate" or "Canadian Agreement rate" as the case may be.

Where, as a result of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, the rates of duty on goods admissible thereunder differ from those set out in the General Tariff as shown in Column No. 2 of the Tariff, such rates are separately indicated as "Belgian Agreement rates."

In the case of the Trade Arrangement with the Union of South Africa, it should be noted that, by virtue of that arrangement, the duty on all goods produced or manufactured in that country (not being goods specified in the arrangement) is 3 per cent. less than the duty that would otherwise be payable.

In pursuance of "most favoured nation" treaties or arrangements that have been entered into by or on behalf of New Zealand with certain foreign countries, the concessions granted to goods being the produce or manufacture of the Economic Union of Belgium and Luxemburg under the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been extended under section 3 of that Act to the goods of those countries, see page 65.

PRIMAGE.

Under section 4 of the Customs Acts Amendment Act, 1931, there is levied upon all goods (other than those mentioned in the Schedule of exemptions) which are imported into New Zealand, and which are not otherwise liable to duties of Customs, a duty of Customs (hereinafter referred to as primage duty) of 3 per centum of the value thereof.

For schedule of exemptions from primage duty, see page 66.

Where goods included in any Tariff item are exempt from primage duty, this has been indicated by means of a * and footnote.

SURTAX.

(Under—

- (a) Section 5 of the Customs Acts Amendment Act, 1930, as amended by section 6 of the Customs Acts Amendment Act, 1932, and the Third Schedule to the Customs Acts Amendment Act, 1934;
- (b) Schedule B to Trade Agreement (New Zealand and Canada) Ratification Act, 1932;
- (c) Section 2 (3) of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, and Order in Council dated 21st February, 1934, *Gazette*, 1934, page 465;
- (d) Order in Council dated 11th March, 1933, *Gazette*, 1933, page 444; and
- (e) Orders in Council dated 15th December, 1931, and 8th October, 1934, *Gazette*, 1931, page 3575, and 1934, page 3190.)

In addition to all other duties of Customs a surtax (computed at the appropriate rate referred to below) is payable, subject to certain specified exceptions, on all dutiable goods imported into New Zealand. The following classes of goods are exempt from surtax, viz. :—

- (a) Goods the produce or manufacture of the United Kingdom or other parts of the British Empire except the Dominion of Canada, the Union of South Africa, the Irish Free State, Newfoundland, or India ;
- (b) Goods included under Tariff items 4 (2) or 5 (9) ;
- (c) Goods included under Tariff item 83 if entitled to entry under the British Preferential Tariff ; and
- (d) Goods specified in Part II of the Appendix to the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, if the produce or manufacture of countries the goods of which are entitled to admission under that Act.

The following are the goods referred to :—

Goods included in the following Tariff items or parts of Tariff items : 55 (1) to (6), 142, 159 (4), 205 (5), 219, 258, 321 (1) and (3),

Also the following goods, viz. :—

Textile piece-goods, namely, moquettes, tapestry and tickings, composed of cotton, linen, jute, hemp, other vegetable fibre, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or similarly worked, provided that such piece-goods do not contain more than 50 per centum by weight of silk, of imitation silk, of artificial silk, or of combinations of the same, included in Tariff item 180.

Glassware, n.e.i. ; globes, and chimneys, for lamps, n.e.i., included in Tariff item 225.

Lead and zinc in bars or rods, included in Tariff item 357 (2).

Lead and zinc, viz. :—foil, leaf ; hoop, plate or sheet, plain, whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal, included in Tariff item 357 (6).

For the countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied, see page 65.

Surtax is payable at the rate of one-twentieth of the duty chargeable on goods included under Tariff items numbered 69, 70, 74, 75, 76, 77, 79, 80, 81, 84, 91, 112, 322 (1) (a), 394 (7), 404 (1) (b), 404 (2), 404 (3), 405, and 407 (2), on traction engines and tractors (included under item 348) and on goods included under item 333 (1) if the produce or manufacture of Canada. In all other cases the rate of surtax is nine-fortieths of the duty.

Surtax is not payable on goods liable to primage duty.

Where goods included in any Tariff item are exempt from surtax, this has been indicated by means of a † and footnote.

Where goods included in any Tariff item are subject to surtax of one-twentieth of the duty otherwise chargeable, this has been indicated by means of a † and footnote.

EXTRACT FROM THE CUSTOMS AMENDMENT ACT, 1921.

Section 20.—“ Where any dispute arises as to the true meaning and application of any terms used in the Tariff and therein printed in italics, the Minister may determine such dispute in such manner as appears to him just, and his decision thereon shall be final.”

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES.			
*1	Live animals, including cattle and horses	Free	Free.
2	Animals, food for, of all kinds, n.e.i., including horse and cattle spices and condiments, proprietary or otherwise ; mixed bird-seed Hay and cotton seed meal—Australian Agreement rate—Free.	Free	40 per cent. ad val.
3	Chaff	Free	£1 per ton.

* Exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>			
4	Grain and pulse, unground and unmanufactured, viz. :—	1s. 6d. per cental	2s. per cental.
(1) Maize	.. .. .	
	‡(2) Wheat	When the current domestic value at the port of export to New Zealand is 5s. per bushel of 60 lb., the duty shall be 8d. per bushel of 60 lb., provided that— (a) When the current domestic value at the port of export to New Zealand exceeds 5s. per bushel of 60 lb., the rate of duty shall be decreased by ½d. (half-penny) per bushel of 60 lb. for every ¼d. (half-penny) or fraction of ¼d. (half-penny) by which the said current domestic value exceeds 5s., and (b) When the current domestic value at the port of export to New Zealand is less than 5s. per bushel of 60 lb., the rate of duty shall be increased by ½d. (half-penny) per bushel of 60 lb. for every ¼d. (half-penny) or fraction of ¼d. (half-penny) by which the said current domestic value is less than 5s.	
		
	(3) Barley—	2s. per cental	2s. per cental.
	(a) To be used in the <i>manufacture</i> of beer or to be used otherwise than as <i>stock food</i> ..		
	(b) To be used as <i>stock food</i> , on declaration by the importer that it will be so used, and on such conditions as may be determined by the Minister	Free	Free.
	(4) N.e.i.		
	Oats—Australian Agreement rate—1s. 6d. per cental.	2s. per cental	2s. per cental.
	Peas, viz.— Wrinkled garden seed peas—Australian Agreement rate—Free.		
	Other kinds—Australian Agreement rate—1s. 6d. per cental.		
5	Grain and pulse, ground or <i>manufactured</i> , viz. :—	2s. 6d. per cental	2s. 6d. per cental.
	(1) Barley flour, prepared		
	*(2) Bran or pollard	Free	Free.
	(3) Maize, flaked		
	(4) Maize, ground or crushed but not otherwise manufactured, n.e.i.	5s. per cental.	7s. per cental.
	(5) Malt, whole or ground ; rice malt	2s. per cental	3s. per cental.
	(6) Oats, or oats in admixture with other grain Oatmeal and rolled oats—Australian Agreement rate—2s. 6d. per cental.	5s. per cental	7s. per cental.
	(7) Pearl barley	½d. per lb.	¾d. per lb.
	(8) Peas, split	½d. per lb.	¾d. per lb.

‡ Exempt from surtax.

* Exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>			
Grain and pulse, &c.— <i>continued.</i>			
	‡(9) Wheat-flour, including wheat-meal and similar preparations of wheat		(a) When the current domestic value at the port of export to New Zealand is £13 per ton of 2,000 lb., the duty shall be £1 12s. per ton of 2,000 lb. (b) When the current domestic value at the port of export to New Zealand exceeds £13 per ton of 2,000 lb., the rate of duty shall be decreased by 1s. per 2,000 lb. for every 1s. or fraction of 1s. by which the said current domestic value exceeds £13. (c) When the current domestic value at the port of export to New Zealand is less than £13 per ton of 2,000 lb., the rate of duty shall be increased by 1s. per 2,000 lb. for every 1s. or fraction of 1s. by which the said current domestic value is less than £13. (d) Where wheat-flour, including wheat-meal and similar preparations of wheat, is imported in packages weighing less than 150 lb., the current domestic value thereof shall be determined as if such goods had been imported in packages weighing 150 lb. or such other <i>standard</i> weight as the Minister may approve. (e) Notwithstanding anything in the preceding paragraphs of this Tariff item, the current domestic value of wheat-flour, including wheat-meal and similar preparations of wheat, shall not in any case be deemed to exceed the <i>free-on-board (f.o.b.)</i> export cash price thereof by more than £1 5s. per ton of 2,000 lb.
	(10) N.e.i.	2s. 6d. per cental	2s. 6d. per cental.
6	Hops Australian Agreement rate—9d. per lb.	6d. per lb.	1s. per lb.
7	Onions	£1 per ton	£4 per ton.
8	Potatoes Australian Agreement rate—£2 10s. per ton.	£1 per ton	£1 per ton.
9	Seeds, viz. :—		
**	Canary-grass seed, hemp-seed, linseed, lucerne-seed, maw-seed, millet-seed, sorghum-seed, unmixed ..	Free	Free.
10	Solid wort	6d. per lb.	6d. per lb.

‡ Exempt from surtax.

** Agricultural seeds (other than grain and pulse) for agricultural seed purposes are exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>			
11	Vegetables, viz. :— (1) <i>Preserved</i> peas in tins or <i>similar</i> containers including the weight of any liquid	20 per cent. ad val.	45 per cent. ad val., or 2½d. per lb., whichever rate returns the higher duty.
	Canadian Agreement rate—20 per cent. ad val., or 1½d. per lb., whichever rate returns the higher duty.		
	(2) Fresh, dried, or preserved, n.e.i. Fresh vegetables n.e.i.—Australian Agreement rate—25 per cent. ad val.	20 per cent. ad val.	45 per cent. ad val.
12	Aerated waters, and <i>beverages</i> , n.e.i.	20 per cent. ad val.	40 per cent. ad val.
13	Mineral waters, being beverages, aerated or otherwise ..	20 per cent. ad val.	20 per cent. ad val.
14	Chicory	2d. per lb.	5d. per lb.
15	Cocoa-beans, raw	Free	½d. per lb.
16	Cocoa and chocolate, viz. :—		
	(1) <i>Cocoa</i> ; also cocoa-beans roasted or crushed ..	3d. per lb.	6d. per lb.
	(2) Chocolate; also cocoa or chocolate mixed with milk or with any other food substance— Up to and including 31st October, 1934 On and after 1st November, 1934	30 per cent. ad val. 20 per cent. ad val.	55 per cent. ad val. 55 per cent. ad val.
17	Coffee, raw	Free	1d. per lb.
18	Coffee, roasted Australian Agreement rate—5d. per lb.	2d. per lb.	6d. per lb.
19	Coffee, essence of, and essence of coffee mixed with milk or with any food substance whatsoever— Up to and including 31st October, 1934 On and after 1st November, 1934 Australian Agreement rate—25 per cent. ad val.	20 per cent. ad val. 10 per cent. ad val.	40 per cent. ad val. 40 per cent. ad val.
20	Fruit-juices unsweetened, in containers having a capacity of 1 gallon or over	Free	Free.
21	Fruit-juices unsweetened, in containers having a capacity of less than 1 gallon; fruit-juices sweetened; syrups n.e.i.; raspberry-vinegar, sweetened	20 per cent. ad val.	40 per cent. ad val.
22	Citrus-fruit pulps (including fruit-juices containing such percentage of citrus-fruit pulp as may be determined by the Minister) sweetened or unsweetened, in bulk or otherwise	20 per cent. ad val.	45 per cent. ad val.
23	Tea, in bulk—viz., in packages of 5 lb. or over net weight of tea South African Agreement rate—1d. per lb.	3d. per lb.	5d. per lb.
24	Tea n.e.i. South African Agreement rate—1d. per lb.	5d. per lb.	7d. per lb.
25	Bacon and hams	2d. per lb.	4d. per lb.
26	Biscuits, ships', plain and unsweetened; also dog-biscuits	3s. per cwt.	4s. per cwt.
27	Biscuits, other kinds— Up to and including 31st May, 1935 On and after 1st June, 1935	20 per cent. ad val. 15 per cent. ad val.	45 per cent. ad val. 45 per cent. ad val.
28	Blue	1d. per lb.	2d. per lb.
29	Candles, being <i>night-lights</i> , or <i>tapers</i>	1½d. per lb.	2½d. per lb.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.			
30	Candles n.e.i. (NOTE.—Candles n.e.i., in packages of a net weight of 8 oz. or less, shall be charged as half-pounds; in packages of a net weight exceeding 8 oz. but not exceeding 16 oz., as pounds; and so on for packages of greater weight.)	1½d. per lb.	2½d. per lb.
31	Cocoa or cacao butter, coconut butter, and other vegetable butters or fats	Free	Free
32	(1) Chewing gum (2) Confectionery n.e.i., including medicated confectionery, liquorice n.e.i., and sugared or crystallized fruits	10 per cent. ad val.	40 per cent. ad val.
33	Lard, stearine, and refined animal fats, n.e.i.	25 per cent. ad val.	50 per cent. ad val.
34	Stearine, on declaration that it will be used only in the manufacture of candles, matches, soaps, leather, or other articles approved by the Minister	20 per cent. ad val.	45 per cent. ad val.
35	Fish, viz. :— (1) Anchovies, salted, in casks or other containers capable of holding 28 lb. net or over (2) Fish, fresh, smoked, dried, pickled, salted, preserved by cold process, or preserved by sulphurous acid, n.e.i. Australian Agreement rate—Free. South African Agreement rate—1½d. per lb. (3) Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce (NOTE.—The term "fish" is used in the Tariff in its widest sense, and includes shell-fish, crustaceans, and other foods obtained from the fisheries.) Australian Agreement rate—Free. South African Agreement rate—1½d. per lb.	¾d. per lb.	1d. per lb.
36	Fruits, dried—viz. :— (1) Currants, dates, figs, prunes (2) Raisins (3) Apples *(4) N.e.i.	Free Free 1d. per lb. Free	Free. 1d. per lb. 4d. per lb. 2d. per lb.
37	Fruits, fresh—viz. :— (1) Apples and pears South African Agreement rate—Free. (2) Apricots, cherries, grapes, medlars, nectarines, passion-fruit, peaches, plums, quinces, tomatoes Australian Agreement rate—Cherries—3d. per lb. South African Agreement rate—Free. (3) Lemons (No duty exceeding 1d. per lb. shall be levied on any lemons on and from 1st December up to and including 31st May.) South African Agreement rate—Free. (4) Blackberries, currants, gooseberries, raspberries, and strawberries South African Agreement rate—Free. (5) Bananas, grape-fruit, mandarins, and oranges (6) N.e.i.	1d. per lb. 2d. per lb. 1d. per lb. ½d. per lb. Free Free	1½d. per lb. 2d. per lb. 2d. per lb. ½d. per lb. 1d. per lb. Free.

* Exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential	General Tariff.
		Column No. 1.	Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—<i>continued.</i>			
38	Fruit-pulp, partially preserved fruit, fruit preserved by sulphurous acid, crushed fruit, minced fruit, fruit-pastes, unsweetened and n.e.i.	1½d. per lb.	1½d. per lb.
39	Fruits preserved in juice or syrup (Fruits preserved in juice or syrup, fortified with alcohol to any extent exceeding 40 per cent. of proof spirit, shall be charged 40s. per liquid gallon on such juice or syrup, in addition to the appropriate duty on the total value of the goods.) Australian Agreement rates— Fruits preserved in juice or syrup, viz. :— Pineapples and prunes—25 per cent. ad val. Other kinds—35 per cent. ad val. (Fruits preserved in juice or syrup, fortified with alcohol to any extent exceeding 40 per cent. of proof spirit, shall be charged 36s. per liquid gallon on such juice or syrup, in addition to the appropriate duty on the total value of the goods.)	25 per cent. ad val.	50 per cent. ad val.
40	Trees and plants, viz. :— (1) Fruit trees and plants, viz., apple, apricot, black-berry, cherry, currant, gooseberry, lemon, lime, logan-berry, nectarine, orange, peach, pear, plum, quince, and raspberry— Up to and including 31st May, 1935 On and after 1st June, 1935 (2) Flowering trees and plants, viz., rose— Up to and including 31st May, 1935 On and after 1st June, 1935	25 per cent. ad val. Free 25 per cent. ad val. Free	45 per cent. ad val. 45 per cent. ad val. 45 per cent. ad val. 45 per cent. ad val.
41	Glucose, grape sugar, and caramel	Free	Free.
42	Honey	1d. per lb.	4d. per lb.
43	Infants' and invalids' foods, as may be approved by the Minister	Free	10 per cent. ad val.
44	Gluten flour	Free	Free.
45	Jams, jellies, marmalade, and preserves	2d. per lb., on the actual or reputed weight, whichever is the greater	5d. per lb., on the actual or reputed weight, whichever is the greater.
Australian Agreement rate—2½d. per lb.			
46	Jellies, <i>concentrated</i>	10 per cent. ad val.	30 per cent. ad val.
47	Macaroni, vermicelli, spaghetti, egg-noodles, and similar alimentary pastes, n.e.i.	Free	25 per cent. ad val.
48	Malt-extract, malt-extract with cod-liver oil, and similar preparations containing malt-extract	2d. per lb., or 20 per cent. ad val., whichever rate returns the higher duty	4d. per lb., or 40 per cent. ad val., whichever rate returns the higher duty.
49	Meats, potted or preserved Australian Agreement rate— Meats, potted or preserved (not including mutton-birds)—2d. per lb.	20 per cent. ad val.	45 per cent. ad val.
50	Milk or cream, preserved, evaporated, or dried, and including any of the foregoing in combination with casein, sugar of milk, or other milk product	20 per cent. ad val.	45 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.			
51	Mustard	Free	2d. per lb.
52	Nuts, and preparations thereof, viz. :—		
	(1) Almonds and nuts, all kinds, shelled or unshelled, n.e.i.	Free	Free.
	(2) Almond-, or nut-, pastes, meals, and <i>similar</i> preparations, n.e.i., not being animal foods ..	Free	6d. per lb.
	(3) Desiccated coconut, sweetened or unsweetened ..	Free	Free.
	(4) Walnuts, shelled or unshelled	2d. per lb.	2d. per lb.
53	Capers, caraway-seeds, caviare, cayenne pepper, curry-powder, curry-paste, olives, ground turmeric ..	20 per cent. ad val.	20 per cent. ad val.
54	Candied peel, and drained peel	2d. per lb.	5d. per lb.
55	Matches and vestas, viz. :—		
	‡(1) Wax, in boxes containing not more than 60 matches or vestas—		
	Up to and including 31st October, 1934 ..	1s. per gross of boxes	2s. per gross of boxes.
	On and after 1st November, 1934	9d. per gross of boxes	2s. per gross of boxes.
	‡(2) Wax, in boxes containing more than 60 matches or vestas, but not more than 100—		
	Up to and including 31st October, 1934 ..	1s. 6d. per gross of boxes	3s. per gross of boxes.
	On and after 1st November, 1934	1s. 1½d. per gross of boxes	3s. per gross of boxes.
	‡(3) Wax, in boxes containing over 100 matches or vestas, for each 100 matches or vestas or fraction thereof contained in one box—		
	Up to and including 31st October, 1934 ..	2s. per gross of boxes	4s. per gross of boxes.
	On and after 1st November, 1934	1s. 6d. per gross of boxes	4s. per gross of boxes.
	‡(4) Wooden, in boxes containing not more than 60 matches or vestas—		
	Up to and including 31st October, 1934 ..	1s. per gross of boxes	2s. per gross of boxes.
	On and after 1st November, 1934	9d. per gross of boxes	2s. per gross of boxes.
	‡(5) Wooden, in boxes containing over 60 matches or vestas, for every 100 matches or vestas or fraction thereof contained in one box—		
	Up to and including 31st October, 1934 ..	2s. per gross of boxes	4s. per gross of boxes.
	On and after 1st November, 1934	1s. 6d. per gross of boxes	4s. per gross of boxes.
	‡(6) Matches or vestas, of any material other than wood or wax, in boxes, shall be charged with a duty corresponding to the duty payable on wooden matches.		
	(7) Matches, or vestas, n.e.i.	2d. per 1,000 matches or vestas	4d. per 1,000 matches or vestas.
	(Boxes made of gold, silver, metal, wood, or other material, of permanent value when empty, shall be charged as jewellery or fancy goods, in addition to the duty payable on any matches contained therein.)		
56	Pickles	20 per cent. ad val.	40 per cent. ad val.

‡ Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>			
57	Sauces ; chutney ; soy, and catsup, in vessels of 10 gallons capacity and under— Up to and including 31st October, 1934 On and after 1st November, 1934	4s. per gallon 2s. per gallon	8s. per gallon. 8s. per gallon.
58	Soy, and catsup, in vessels exceeding 10 gallons capacity	Free	Free.
59	Passover bread ; altar bread	Free	Free.
60	Egg pulp and white or yolk of eggs, whether desiccated, liquid, frozen, or other, also any <i>similar</i> preparation of egg	25 per cent. ad val., or 4d. per lb., whichever rate returns the higher duty	45 per cent. ad val., or 8d. per lb., whichever rate returns the higher duty.
61	Provisions, viz. :— (1) Soups ; spaghetti and similar alimentary pastes, cooked, whether or not in combination with other food substances ; custard-powder, egg-powder, blanc-mange powder (2) N.e.i. Australian Agreement rates— Fish pastes—Free. Meats, fresh, smoked or preserved by cold process—10 per cent. ad val. Soup, viz. :— Oyster soup and other fish soup, in powder or otherwise and whether in admixture with other substances or not—Free.	10 per cent. ad val. 20 per cent. ad val.	45 per cent. ad val. 45 per cent. ad val.
62	Rice, dressed or undressed ; rice-meal refuse and rice-meal	Free	Free.
63	Soap, cleansing, all kinds ; soap-powder, extract of soap, dry soap, soft-soap, liquid soap, soap solutions ; washing or cleansing powders, crystals, pastes or liquids, n.e.i. Australian Agreement rate—30 per cent. ad val.	20 per cent. ad val.	50 per cent. ad val.
64	Salt	Free	£1 5s. per ton.
65	Spices, unground, viz. :— (1) Cinnamon, cloves, ginger, mace, nutmeg, pepper, and vanilla (2) N.e.i.	Free Free	10 per cent. ad val. Free.
66	Spices, ground, n.e.i., including pepper, pimento, and olive-stones, ground	1d. per lb.	3d. per lb.
67	Confectioners' moulding-starch ; potato flour ; rice flour ; arrowroot ; sago ; tapioca ; maizena ; corn-flour :— (1) In packages containing less than 5 lb. net weight— Up to and including 31st October, 1934 (2) N.e.i.— Up to and including 31st October, 1934 Confectioners' moulding-starch ; potato flour ; rice flour ; arrowroot ; sago ; tapioca ; maizena ; corn-flour— On and after 1st November, 1934	½d. per lb. Free Free	1½d. per lb. 1d. per lb. 1d. per lb.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—<i>continued.</i>			
68	Starch n.e.i.— Up to and including 31st October, 1934	2d. per lb.	3d. per lb.
	On and after 1st November, 1934	1d. per lb.	3d. per lb.
†69	Sugar, of Number 22 colour, or <i>over</i> (Dutch Standard); invert sugar and invert syrup	1½d. per lb.	1½d. per lb.
†70	(1) Sugar n.e.i.; treacle, golden syrup, maple-sugar, and maple-syrup	1d. per lb.	1d. per lb.
	(2) Molasses	Free	Free.
71	Treacle or molasses, mixed with bone-black in proportions to the satisfaction of the Minister	Free	Free.
72	Sugar of milk Australian Agreement rate—15 per cent. ad val.	Free	25 per cent. ad val.
73	Omitted.		
CLASS II.—TOBACCO.			
†74	Cigarettes n.e.i.— Up to and including 31st October, 1934	33s. 9d. per 1,000	33s. 9d. per 1,000.
	On and after 1st November, 1934	25s. 6d. per 1,000	25s. 6d. per 1,000.
†75	Cigarettes, exceeding in weight 2½ lb. per 1,000— Up to and including 31st October, 1934	13s. 9d. per lb.	13s. 9d. per lb.
	On and after 1st November, 1934	10s. 6d. per lb.	10s. 6d. per lb.
†76	Cigars, including the weight of every band, wrapper, or attachment, to any cigar	12s. per lb.	16s. per lb.
†77	Snuff	12s. per lb.	12s. per lb.
78	Omitted.		
†79	Tobacco, cut	6s. 10d. per lb.	6s. 10d. per lb.
†80	Tobacco n.e.i., including the weight of every label, tag, or other attachment	6s. 8d. per lb.	6s. 8d. per lb.
†81	(1) Tobacco, unmanufactured, entered to be manu- factured in New Zealand in any bonded tobacco- factory licensed under the Tobacco Act, 1908, for manufacturing purposes only, into cigarettes	3s. per lb.	3s. per lb.
	(2) Tobacco, unmanufactured, entered to be manu- factured in New Zealand in any bonded tobacco- factory licensed under the Tobacco Act, 1908, on declaration that it will be used only in the manu- facture of tobacco, cigars, or snuff	2s. per lb.	2s. per lb.
82	Tobacco for sheep-wash, or for insecticide, after being rendered unfit for human consumption to the satis- faction of the Minister	Free	Free.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES.			
†83	Ale, beer of all sorts, porter, cider, and perry, when con- taining more than 2 per cent. of proof spirit; per gallon, or for six reputed quart bottles or the reputed equivalent in bottles of a larger or smaller reputed capacity	1s. 9d.	3s.
†84	Spirits, viz. :— (1) Cordials, bitters, and liqueurs, when exceeding the strength of 40 per cent. of proof spirit, but not exceeding the strength of proof	40s. per liquid gallon	40s. per liquid gallon.

† Surtax one-twentieth of the duty otherwise chargeable.

‡ Exempt from surtax if entitled to entry under the British Preferential Tariff.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES— <i>continued.</i>			
†	Spirits— <i>continued.</i>		
	(2) Cordials, bitters, and liqueurs, when exceeding the strength of proof	40s. per proof gallon	40s. per proof gallon.
	(3) Spirits, and spirituous mixtures, the strength of which can be ascertained by Sikes's hydrometer or other similar instrument, viz. :—		
	(a) <i>Rum</i>	40s. per proof gallon	44s. per proof gallon.
	(b) Other kinds	40s. per proof gallon	40s. per proof gallon.
	(No allowance beyond 25 under proof shall be made for spirits or spirituous mixtures of a strength less than 25 under proof.)		
	(4) Spirits, and spirituous mixtures, sweetened, n.e.i., when not exceeding the strength of proof	40s. per liquid gallon	40s. per liquid gallon.
	(5) Spirits, and spirituous mixtures, sweetened, n.e.i., when exceeding the strength of proof	40s. per proof gallon	40s. per proof gallon.
	(NOTE.—Spirits, and spirituous mixtures, in bottles or jars in cases, shall be charged as follows—viz. : 2 gallons and under as 2 gallons, over 2 gallons and not exceeding 3 as 3 gallons, over 3 gallons and not exceeding 4 as 4 gallons, and so on for any greater quantity contained in any case : provided that with the sanction of the Collector the foregoing provision need not be applied to absolute alcohol, spirits of wine, spirits for scientific, medicinal, perfumery, or toilet purposes, or to trade samples.)		
	(6) Spirits, and spirituous mixtures, containing more than 40 per cent. of proof spirit, but not exceeding the strength of proof, in combination with other ingredients	40s. per liquid gallon	40s. per liquid gallon.
	(7) Spirits, and spirituous mixtures, exceeding the strength of proof, in combination with other ingredients	40s. per proof gallon	40s. per proof gallon.
85	Spirits for fortifying New Zealand wines, when removed to a storeroom approved by the Collector, and under conditions prescribed by the Minister	18s. per proof gallon	18s. per proof gallon.
86	Perfumed spirits including Cologne water	70s. per liquid gallon, or 25 per cent. ad val., whichever rate returns the higher duty	90s. per liquid gallon, or 50 per cent. ad val., whichever rate returns the higher duty.
87	Spirits denatured to the satisfaction of the Minister but wholly or partly denatured before importation	6d. per liquid gallon, not including the denaturing material (if any) added after importation	1s. 6d. per liquid gallon, not including the denaturing material (if any) added after importation.
88	Spirits <i>wholly</i> denatured in New Zealand under prescribed conditions	Free	6d. per liquid gallon, not including the added denaturing material.

† Surtax one-twentieth of the duty otherwise chargeable.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES— <i>continued.</i>			
89	Alcohol, and denatured spirit, for use in museums, universities, hospitals, and similar institutions, or for other scientific or educational purposes, in such quantities and for such purposes and under such conditions as may be approved by the Minister ..	Free	Free.
90	Wine containing not more than 40 per cent. of proof spirit, viz. :— (1) Sparkling, all kinds ; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity .. South African Agreement rate—9s. 6d. (2) Other kinds ; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity .. South African Agreement rate—3s. 6d.	10s. 4s.	15s. 6s.
†91	Wine of any kind containing more than 40 per cent. of proof spirit	40s. per liquid gallon	40s. per liquid gallon.
CLASS IV.—DRUGS ; CHEMICALS ; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS.			
92	Acid, acetic n.e.i. ; acetic anhydride	Free	20 per cent. ad val.
93	Omitted.		
94	Vinegar ; acetic acid containing not more than 15 per cent. of acidity— Up to and including 31st October, 1934 On and after 1st November, 1934	6d. per gallon 3d. per gallon	9d. per gallon. 9d. per gallon.
*95	Acids—viz., <i>inorganic</i> acids, n.e.i. ; also benzoic, carbonic, citric, formic, gallic, lactic, oleic, oxalic, picric, pyrogallic, pyroligneous (<i>crude</i>), salicylic, tannic, and tartaric acids	Free Free	Free. Free.
96	<i>Anti-incrustation, boiler, and other similar compounds</i> ..	Free	Free.
97	Bacteriological products, including viruses, sera, serum extracts, vaccines, antigens, and preparations containing such substances, as may be approved by the Minister	Free	Free.
98	Baking-powder ; yeast, and similar preparations ; yeast foods— Up to and including 31st October, 1934 On and after 1st November, 1934	20 per cent. ad val. 10 per cent. ad val.	40 per cent. ad val. 40 per cent. ad val.
99	Omitted.		
100	Chloroform ; ethyl ether ; other general or local anæsthetics, as may be approved by the Minister ; creosote refined ; camphor, creosol, guaiacol, iodoform, menthol, mercurochrome, naphthols, resorcin, thymol, thymol iodide, and such other substances specially suited for use as antiseptics as the Minister may approve	Free	20 per cent. ad val.

† Surtax one-twentieth of the duty otherwise chargeable.

* Earthen jars exceeding 3 gallons in capacity containing sulphuric, nitric, hydrochloric, or other acids are exempt from primage duty, provided that a declaration is made on importation that such jars will be exported from New Zealand when empty, and that they will not be refilled in the Dominion. Arsenious acid (As₂O₃) on declaration that it will be used only in the manufacture of sheep-dip—exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff Column No. 2.
CLASS IV.—DRUGS; CHEMICALS; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS— <i>continued.</i>			
101	Cream of tartar; cream-of-tartar substitutes—viz., acid calcium phosphate, acid phosphate of soda, pyrophosphate of soda, mixtures of the foregoing with one another or with any other substance, and <i>similar</i> cream-of-tartar substitutes	Free	20 per cent. ad val.
102	(1) Crude distillates of coal-tar or wood suited for use in the manufacture of disinfectants; creosote, <i>crude or commercial</i> ; tar	Free	Free.
	(2) <i>Asphalt and bitumen</i>	Free	10 per cent. ad val.
103	Dextrine n.e.i.	Free	Free.
*104	<i>Disinfectants</i> n.e.i., including coal-tar acids in combination with alkalis to form solutions which will give saponaceous disinfectants upon the addition of water; sheep-dip; weed- and scrub-killing preparations ..	Free	10 per cent. ad val.
**105	Drugs and chemicals, viz. :— Acetone; amyl alcohol; butyl alcohol; bromine; calcium carbide; carbon bisulphide; carbon tetrachloride and other chlorides of carbon; chlorinated hydrocarbons n.e.i.; catechu; chlorinated lime; cochineal; formic aldehyde, and solutions thereof; fusel-oil; gall-nuts; hydrogen peroxide; iodine; liquorice in blocks of 7 lb. net and over, or soft liquorice extract in bulk in vessels capable of containing 7 lb. net or over; phosphorus; pyridine; quinine, and salts of quinine; saffron; strychnine, and salts of strychnine; sulphur; turmeric, unground; wood-naphtha, <i>commercial</i> ; nicotine and its salts	Free	Free.
106	Drugs, chemicals, and other substances, as may be approved by the Minister, entered to be warehoused in a manufacturing warehouse for the purpose of making therein, according to approved formulae, medicinal preparations, perfumery, toilet preparations or <i>similar</i> articles	Free	Free.
107	Drugs, chemicals, and other substances, as may be enumerated by the Minister, specially suited for use as culture media, stains for use in microscopic work, or as indicators for chemical analysis or scientific investigation	Free	Free.
108	Drugs, crude, not powdered, and unsuited for use as foods, or in the manufacture thereof—viz., barks, woods, twigs, leaves, herba, flowers (except hops), roots, corms, gums, resins, balsams, inspissated juices (including opium), seeds, fruits, fruit-rinds, pitch, cantharides, ergot	Free	Free.
109	Drugs, crude—viz., carrageen or Irish moss	Free	Free.
110	Dyes, <i>manufactured</i> ; non-spirituous solutions of natural or artificial colours or dyes, for colouring confectionery or beverages, and not being culinary- or flavouring-essences	Free	10 per cent. ad val.
111	Dyeing-materials n.e.i.	Free	Free.
†112	Essences, culinary or flavouring, containing more than 40 per cent. of proof spirit	40s. per liquid gallon	40s. per liquid gallon.

* Sheep-dip exempt from primage duty.

** Sulphur when *crude* and in *bulk* exempt from primage duty.

† Surtax one-twentieth of the duty otherwise chargeable.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS IV.—DRUGS; CHEMICALS; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS—continued.			
113	Essences, culinary or flavouring, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
114	Essences, synthetic—viz., amyl acetate, amyl butyrate, amyl capronate, amyl formate, amyl isovalerate, benzaldehyde, ethyl acetate (acetic ether), ethyl benzoate, ethyl butyrate, ethyl formate, methyl benzoate, methyl salicylate, oenanthic ether; and similar acids, alcohols, aldehydes, esters, ethers, ketones, phenols, or other similar substances, suitable for the manufacture of culinary or flavouring essences or perfumes, as may be approved by the Minister . .	Free	20 per cent. ad val.
115	Essential oils	Free	Free.
116	Gases, liquefied or compressed, viz.:— (1) Anhydrous ammonia (2) Carbon dioxide or carbonic acid gas Australian Agreement rate—1½d. per lb. (3) N.e.i.	Free 1d. per lb.	4d. per lb. 3d. per lb.
117	Glycerine, crude or refined	Free	20 per cent. ad val.
118	Gums and resins—viz., arabic, benzoin, dammar, tragacanth and Indian gum; shellac	Free	Free.
119	Insecticides, and fungicides, for agricultural uses; tree-washes; powdered pyrethrum flowers or Dalmatian powder, powdered hellebore, and powdered derris root, in packages of not less than 5 lb. net weight; concentrated extracts of pyrethrum and of derris root, also mixtures of such concentrated extracts . .	Free	Free.
120	(1) Insulin; preparations made from animal glands or tissues as may be approved by the Minister . . (2) <i>Insulin substitutes</i> , and preparations made from liver, pancreas, pituitary gland, or thyroid gland, in combination with other substances, as may be approved by the Minister (3) Vitamins, vitamin concentrates, and mixtures of such substances	Free Free Free	Free. Free. 20 per cent. ad val.
121	(1) <i>Medicinal preparations</i> (except wines) containing 50 per cent. of proof spirit or less; <i>medicinal preparations, drugs, druggists' sundries, and apothecaries' wares, n.e.i.</i> ; also <i>aerated-water makers', cordial-makers', and brewers' drugs, chemicals, and other sundries, n.e.i.</i> ; <i>chemicals, and chemical preparations, n.e.i.</i> (2) <i>Medicinal preparations n.e.i.</i> , packed in <i>hermetically sealed</i> glass vessels of a capacity not exceeding 15 cubic centimetres	20 per cent. ad val. Free	45 per cent. ad val. 20 per cent. ad val.
122	<i>Medicinal preparations</i> (except medicated wines) containing more than 50 per cent. of proof spirit . .	9d. per lb.	2s. per lb.
123	Metal-workers' surface and case hardening compounds; soldering, brazing, and welding compounds . .	Free	Free.
*124	Metallic elements n.e.i.; oxides, hydroxides, <i>inorganic salts n.e.i.</i> , acetates, and oxalates, of aluminium, ammonia, antimony, arsenic, barium, bismuth, boron, cadmium, calcium, cerium, chromium, cobalt, copper, gold, iron, lead, lithium, magnesium, manganese, mercury, nickel, platinum, potassium, radium, silicon, silver, sodium, strontium, tin, zinc, and of the other metallic elements; metallic soaps n.e.i.	Free	Free.

* Radium, mesothorium, and other radio-active metallic elements, also inorganic salts of the same—exempt from primage duty. Sodium hydroxide (caustic soda) on declaration that it will be used only in the manufacture of sheep-dip—exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS IV.—DRUGS ; CHEMICALS ; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS—<i>continued.</i>			
125	Mixtures of <i>drugs and chemicals</i> , with each other, or with other substances, and drugs or chemicals in tablet form, or which have been subjected to any other process of <i>manufacture</i> may, at the discretion of the Minister, be classed as medicinal preparations n.e.i., as chemicals n.e.i., or under any other item of the Tariff which appears to him suitable.		
126	Naphthalene, crude, or refined	Free	30 per cent. ad val.
127	Omitted.		
128	Rennet, in tablet form, or in liquid form in containers having a capacity of 1 pint or under ; rennet in powder, <i>in small packages</i> suitable for retail sale .. Australian Agreement rate—25 per cent. ad val.	20 per cent. ad val.	45 per cent. ad val.
129	Rennet n.e.i. Australian Agreement rate—15 per cent. ad val.	10 per cent. ad val.	20 per cent. ad val.
130	Saccharin, in the form of tablets, pilules, granules, or cachets, each containing not more than $\frac{1}{4}$ grain of saccharin in combination with at least 10 per cent. of alkali	20 per cent. ad val	45 per cent. ad val
131	Saccharin n.e.i., including substances of a like nature or use, and substances capable of conversion thereinto..	1s. 6d. per ounce	2s. 6d. per ounce.
132	Sheep-, and cattle-licks	Free	Free.
133	Soda-crystals	Free	3s. per cwt.
134	Surgeons', physicians', dentists', and opticians' appliances, instruments and materials, viz. :— *(1) Appliances (including splints) for wear, even if medicated, <i>peculiarly adapted</i> to correct a deformity of the human body, to afford support to an abnormal condition of the human body, or to reduce or alleviate such condition, or to substitute any part of such body ; stump socks ; crutches ; ear trumpets ; ear tubes. and <i>audiophones</i> , for the partially deaf (2) <i>Surgical and dental instruments</i> , also operation chairs <i>specially suited</i> for dentists' use ; dentists' spittoons, self-flushing types ; opticians' trial cases, frames, spectacles, <i>plain</i> spectacle-cases, test cards and diagrams ; also such other instruments and appliances <i>peculiar</i> to surgeons' dentists' or opticians' use as may be enumerated in any order of the Minister ; medicated remedial plaster or plasters (3) Surgeons', physicians', and dentists' materials, viz., antiseptic dressings, gauzes, lint, tow, cotton-wool, poroplastic felt, adhesive plaster not including medicated remedial plaster or plasters, spongio-piline, bandages, catgut, and sterilized and other sewings, artificial teeth, tooth crowns, celluloid blanks, base plates, denture-strengtheners, guttapercha stick, points, and pellets, amadou absorbent, porcelain powder, enamel, inlays, modelling composition, investment compound, cement and absorbent paper ; also such other materials peculiar to surgeons' physicians' or dentists' use as may be enumerated in any order of the Minister	Free Free Free	Free. Free. 20 per cent. ad val. 10 per cent. ad val.

* Exempt from prime duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS IV.—DRUGS ; CHEMICALS ; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS—<i>continued.</i>			
135	Scientific and philosophical instruments and apparatus— viz. :— <i>assay balances ; chemical balances</i> , sensitive to 2 milligrammes or less ; <i>laboratory retorts, laboratory flasks</i> , and other instruments, and apparatus, peculiarly suited for chemical analysis and assay work ; assay furnaces ; retorts, dishes, and other apparatus, of fused silica or platinum, for use in chemical manufacture, or in a laboratory ; microscopes, telescopes, and <i>magnifying-glasses</i> ; also such instruments, and apparatus, specially suited for scientific and philosophical purposes, as may be approved by the Minister	Free	20 per cent. ad val.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.			
136	Apparel, clothing, and hosiery, viz. :— (1) Apparel made to the order, or measurement, of residents in New Zealand, and intended for the individual use of such residents, whether imported by the residents themselves or otherwise ; uniform clothing made to measurements sent from New Zealand (2) <i>Shirts, pyjamas, and nightdresses</i> , not being <i>knitted or made-up from knitted materials ; collars and cuffs for shirts</i> (3) Braces, suspenders, garters, belts, and <i>similar</i> articles (4) Gloves, and mittens, other than those composed wholly or <i>principally</i> of rubber or asbestos (5) <i>Neckties</i> (6) Men's and boys' overcoats n.e.i., suits, coats, trousers, waistcoats, and <i>similar</i> articles (7) N.e.i. Canadian Agreement rate—Hosiery, viz. :— Socks or stockings of silk or artificial silk— 32½ per cent. ad val.	40 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 25 per cent. ad val. 25 per cent. ad val.	65 per cent. ad val. 50 per cent. ad val. 50 per cent. ad val. 50 per cent. ad val. 50 per cent. ad val. 50 per cent. ad val. 50 per cent. ad val.
137	Omitted.		
138	Bags and sacks of textile or felt, all kinds, n.e.i., printed or unprinted ; filter bags and sheaths	15 per cent. ad val.	35 per cent. ad val.
139	Omitted.		
*140	<i>Corn-sacks</i> , wool-packs, and wool-pockets ; bags or sacks of jute hemp or hessian ; bags or sacks of New Zealand tow or flax	Free	Free.
141	Battery-blanket not exceeding 3 feet wide, material for filter-cloths, and plush or other cloth, on declaration that it will be used only for <i>mining</i> or <i>gold-saving</i> purposes	Free	10 per cent. ad val.
‡142	Boot and similar laces, of any material other than leather Belgian Agreement rate—40 per cent. ad val.	20 per cent. ad val.	45 per cent. ad val.

* Wool-packs and wool-pockets are exempt from primage duty.

‡ Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued.</i>			
143	<i>Braids, and bindings, all kinds, n.e.i.; cords, n.e.i., of wool, cotton, silk, imitation silk, artificial silk, or of combinations of these materials with one another or with any other material</i>	20 per cent. ad val.	45 per cent. ad val.
144	<i>Brattice-cloth of jute or hessian</i>	Free	15 per cent. ad val.
145	<i>Bunting, in the piece</i>	Free	15 per cent. ad val.
146	<i>Buttons, crochet, and similar</i>	Free	20 per cent. ad val.
147	<i>Buttons n.e.i.</i>	Free	Free.
148	<i>Collar check, similar material plain, and horse-cover- lining material, in the piece, of such quality as may be approved by the Minister</i>	Free	10 per cent. ad val.
149	<i>Cotton, raw</i>	Free	Free.
150	<i>Cotton and other waste, engineers'</i>	Free	10 per cent. ad val.
151	<i>Drapery n.e.i.</i>	20 per cent. ad val.	45 per cent. ad val.
152	<i>Elastics, all kinds, including boot and brace elastics; elastic threads and cords; plain tape of cotton, linen, or jute; webbings, all kinds, including elastic web- bings; dressmakers' beltings, including cotton peter- shams, whether plain or circular woven, or reinforced; woven looping and labels, for boots; labels, and hangers, woven, for clothing and other textile articles, including hanger material, plain or otherwise, n.e.i.; chain coat-hangers; woven bandings, bands, tapes, and similar articles (not including arm-bands and hat- bands), with printed, woven, or embroidered lettering, trade-name, or trade-mark, suited for use with boots or other apparel</i>	Free	10 per cent. ad val.
153	<i>Feathers, ornamental; artificial flowers leaves or sprays; natural flowers, leaves, and sprays, dyed, painted, or similarly treated</i> <i>Feathers—South African Agreement rate— 15 per cent. ad val.</i>	20 per cent. ad val.	50 per cent. ad val.
154	<i>Omitted.</i>		
155	<i>Felt piece-goods, n.e.i., not including felted textiles</i>	Free	10 per cent. ad val.
156	<i>Felted textiles, in the piece, on declaration that they will be used only for such manufacturing and industrial purposes as may be approved by the Minister</i>	Free	10 per cent. ad val.
157	<i>Flags, viz. :—</i>		
	<i>(1) The Union Jack or any flag of which the Union Jack is part</i>	Free	20 per cent. ad val.
	<i>(2) N.e.i.</i>	20 per cent. ad val.	40 per cent. ad val.
158	<i>Flock</i>	Free	30 per cent. ad val.
159	<i>Floor coverings, viz. :—</i>		
	<i>(1) Carpets, floor coverings, floor rugs, mats, and matting, n.e.i.</i> <i>‡ Belgian Agreement rate—Carpets, floor rugs, mats, and matting, other kinds—45 per cent. ad val.</i>	20 per cent. ad val.	50 per cent. ad val.
	<i>(2) Linoleum, cork carpets, and rubber flooring, in- cluding mats, matting, and floor-rugs, of similar material</i>	20 per cent. ad val.	45 per cent. ad val.

‡ Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued.</i>			
160	Furs and other similar skins, and articles made therefrom, viz. :—		
	(1) Fur skins, green or sun-dried—		
	Up to and including 31st October, 1934 ..	5 per cent. ad val.	5 per cent. ad val.
	On and after 1st November, 1934 ..	Free	Free.
	(2) Furs, and other similar skins, dressed or prepared, but not made up in any way—		
	Up to and including 31st October, 1934 ..	25 per cent. ad val.	25 per cent. ad val.
	On and after 1st November, 1934 ..	15 per cent. ad val.	15 per cent. ad val.
	(3) Furs or <i>imitation</i> furs wholly or partly made up into apparel, rugs, or <i>other</i> articles; fur trimmings and <i>imitation</i> fur trimmings—		
	Up to and including 31st October, 1934 ..	37½ per cent. ad val.	60 per cent. ad val.
	On and after 1st November, 1934 ..	25 per cent. ad val.	60 per cent. ad val.
161	Haberdashery n.e.i. ..	20 per cent. ad val.	45 per cent. ad val.
162	Hair, natural, or imitation, curled, waved, or made up, in any way to make it suitable for wear ..	25 per cent. ad val.	50 per cent. ad val.
163	Hairpins, hatpins, safety pins, and <i>toilet pins</i> ..	20 per cent. ad val.	45 per cent. ad val.
164	Hats, and caps, in any stage of manufacture, including hat-hoods n.e.i. ..	20 per cent. ad val.	50 per cent. ad val.
165	Hat-hoods, felt, of wool or fur, or containing fur, unblocked and unsewn ..	Free	Free.
166	Hatmakers' materials—viz., hatters' <i>ribbons</i> , <i>galloons</i> , or <i>linings</i> , when cut up, or otherwise, under such conditions as the Minister may prescribe; leathers, ventilators, cork fronts for hats ..	Free	Free.
167	Kiln-cloth, of horsehair or similar material, also kiln-cloths made up from such material ..	Free	Free.
168	Lace, laces, and ribbons, n.e.i. ..	20 per cent. ad val.	45 per cent. ad val.
169	Leather cloth, and oil baize, plain or fancy, in the piece ..	Free	15 per cent. ad val.
170	Millinery of all kinds, including trimmed hats, caps, and bonnets ..	20 per cent. ad val.	50 per cent. ad val.
171	Wadding; <i>pins n.e.i.</i> ; knitting-pins; needles, viz.,—sewing, darning, and knitting; crochet hooks; hooks and eyes for apparel ..	Free	Free.
172	Printers' blanketing on declaration that it will be used only in printing ..	Free	10 per cent. ad val.
173	Rugs n.e.i., not suited for use as floor-coverings ..	20 per cent. ad val.	45 per cent. ad val.
	Rugs of wool or containing wool—Australian Agreement rate—25 per cent. ad val.		
174	Sewing cottons, silks, threads, and twists; crewel, flourishing, embroidery, darning, knitting, and crochet threads, of silk, artificial silk, imitation silk, linen, or cotton, or mixtures of the same, plain or fancy; gold and silver embroidery threads; mending yarns, of wool, or containing wool, not exceeding 45 yards in length ..	Free	10 per cent. ad val.
175	Silk for flour-dressing, in the piece ..	Free	Free.
176	Oiled silk, in the piece ..	Free	10 per cent. ad val.
177	Staymakers' corset-fasteners, corset-shields, corset steels, and busk-protectors ..	Free	Free.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued.</i>			
178	Tailors' trimmings—viz. :— (1) Haircloths and imitation haircloths (2) Silecias, veronas, Italian cloths, and other lining-materials, of such descriptions as may be approved by the Minister	Free	Free.
179	Tarpaulins, tents, sails, rick- and wagon-covers ..	15 per cent. ad val.	15 per cent. ad val. 40 per cent. ad val.
180	Textile <i>piece</i> -goods of cotton, linen, jute, hemp, other vegetable fibre, silk, imitation silk, artificial silk, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or <i>similarly</i> worked, and <i>plain</i> tablecloths, tablenapkins, towels, quilts, sheets, and <i>similar plain</i> articles, which have been manufactured wholly from such <i>piece</i> -goods merely by cutting, hemming, or any <i>similar</i> operation Belgian Agreement rate—Textile <i>piece</i> -goods, namely, moquettes, tapestry and tickings, composed of cotton, linen, jute, hemp, other vegetable fibre, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or <i>similarly</i> worked, provided that such <i>piece</i> -goods do not contain more than 50 per cent. by weight of silk, of imitation silk, of artificial silk, or of combinations of the same—15 per cent. ad val.	Free	15 per cent. ad val.
*181	Cotton <i>piece</i> -goods, viz. :—tubular woven or knitted cotton cloth <i>especially</i> suited for use as meat wraps; cheese bandages or caps	Free	Free.
182	Textile <i>piece</i> -goods—viz., <i>dress nets, curtain nets, embroidery nets, and similar nets, lace curtain material, and veilings</i> , all kinds; also fabrics of a like kind as may be determined by the Minister	20 per cent. ad val.	45 per cent. ad val.
183	Textile <i>piece</i> -goods, including textiles of wool, or containing wool, viz. :— (1) <i>Moquette and tapestry</i> , of wool, or containing wool (2) N.e.i. Australian Agreement rate—Textile <i>piece</i> -goods, of wool or containing wool, n.e.i.—25 per cent. ad val.	15 per cent. ad val. 20 per cent. ad val.	40 per cent. ad val. 45 per cent. ad val.
184	All articles n.e.i., made of textile, felt, or other <i>piece</i> -goods, or of any combination of the same, wholly or partly made up or manufactured, and not being apparel or clothing either wholly or partly made up Australian Agreement rate—Blankets of wool or containing wool—25 per cent. ad val.	20 per cent. ad val.	45 per cent. ad val.

* Exempt from primage duty.

** † Textile *piece*-goods, namely, moquettes, tapestry and tickings, composed of cotton, linen, jute, hemp, other vegetable fibre, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or *similarly* worked, provided that such *piece*-goods do not contain more than 50 per cent. by weight of silk, of imitation silk, or artificial silk, or of combinations of the same—Exempt from primage duty, and exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued.</i>			
185	Umbrellas, parasols, and sunshades	20 per cent. ad val.	45 per cent. ad val.
186	Umbrella makers' materials—viz., textile piece-goods approved by the Minister, and on such conditions as he may prescribe; sticks; runners; notches; caps; ferrules; cups; ribs; stretchers; tips; rings; running and capping leathers; prevents; splicing-tubes; annealed wires up to 4 inches in length; springs; tassels; plated metal bands; fasteners or bands made up of elastic or webbing with all or any of the following attachments—ring, button, or tassel	Free	Free.
187	<i>Union textiles n.e.i.</i> , in the piece, the current domestic value of which does not exceed that specified by the Minister, when cut up and made into shirts, pyjamas, or underclothing, under such conditions and regulations as the Minister may prescribe	Free	10 per cent. ad val.
(NOTE.— Until otherwise notified by Minister's Order, published in the <i>Gazette</i> , the current domestic value above referred to shall be deemed to be 1s. per yard.)			
188	Upholsterers' materials—viz.:—hair-seating and imitation hair-seating; <i>gimp</i> ; curled hair; tufts; studs; cord tips; cord-knot holders; blind or shade pulls, suited for the manufacture of blinds	Free	Free.
189	Upholstery n.e.i.—		
	Up to and including 31st May, 1935	25 per cent. ad val.	50 per cent. ad val.
	On and after 1st June, 1935	15 per cent. ad val.	50 per cent. ad val.
190	Waterproof material in the piece, having within, or upon it, a coating of rubber	Free	15 per cent. ad val.
191	Yarn—viz., coir, flax, jute, and hemp	Free	Free.
192	Yarns of cotton, silk, <i>artificial silk</i> , <i>imitation silk</i> , or mixtures of the same	Free	10 per cent. ad val.
193	Yarns n.e.i.	20 per cent. ad val.	45 per cent. ad val.

CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS.

194	Belts, and belting, n.e.i., for driving machinery; conveyor belts, and belting, of rubber, textile, fibre, or combinations of these materials; cordage or rope on declaration that it will be used only for driving machinery	Free	25 per cent. ad val.
195	Boots, shoes, shoettes, sandals, clogs, pattens, slippers, and goloshes—namely, children's 0 to 9 inclusive	Free	20 per cent. ad val.
196	Boots, shoes, clogs, pattens, slippers, shoettes, sandals, goloshes, overshoes, and other footwear, n.e.i.	20 per cent. ad val.	50 per cent. ad val.
Australian Agreement rates—			
(1) Boots and shoes composed of canvas with rubber soles solutioned to the uppers, including goloshes—25 per cent. ad val.			
(2) Boots, shoes, clogs, pattens, slippers, shoettes, sandals, overshoes, and other footwear n.e.i.—35 per cent. ad val.			

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS— <i>continued.</i>			
197	Gumboots, half-knee, knee, or thigh, with soles either of leather or of rubber, and measuring not less than 9½ inches from the lowest point reached by the line of the top of the upper to a horizontal surface on which the boot is placed	Free	25 per cent. ad val.
198	Grindery, viz. :— (1) Boot-protectors (2) Boot shoe and slipper heels, knobs, and soles, of rubber (3) Cork soles, and sock soles, except those composed wholly or partly of leather (4) Heel plates, and toe plates (5) Nails, pegs, rivets, and tacks, <i>peculiar</i> to use in bootmaking (6) Shoemakers' <i>binding</i> and <i>beading</i> (7) Shoemakers' wax, and heel balls (8) Wooden heels, plain, or covered with leather, textile, or celluloid, and with or without tops of leather or metal and leather (leather tops not to exceed ½ inch in thickness) (9) <i>Grindery</i> n.e.i.	Free Free Free 20 per cent. ad val. Free Free Free Free Free	20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 40 per cent. ad val. Free. Free. Free. Free. Free.
199	Hose, tubing, or piping, flexible, of canvas, rubber, metal, or other material (except leather), armoured or otherwise, n.e.i.	Free	25 per cent. ad val.
200	Leather, viz. :— (1) Bookbinders' leather of qualities approved by the Minister and under conditions prescribed by him (2) Chamois leather Australian Agreement rate—15 per cent. ad val. (3) Goat-skins, and kid-skins, however dressed; <i>per- sians</i> ; <i>reptile</i> skins, dressed or undressed (4) <i>Hide leathers</i> , kangaroo-skins, and wallaby-skins, <i>crust</i> or <i>rough tanned</i> , but <i>undressed</i> (5) Hog-skins (6) Leather, japanned, or enamelled; also such other leather specially suited for furniture and upholstery work, as may be approved by the Minister, and under conditions prescribed by him (7) Sole leather, being bends each weighing 14 lb. net or over (8) Leather n.e.i.; belts (not being apparel), and belting, wholly or partly composed of leather (9) Parchment or vellum made from skins	Free 20 per cent. ad val. Free 5 per cent. ad val. Free Free 3d. per lb. 15 per cent. ad val., or 3d. per lb., whichever rate re- turns the higher duty Free	10 per cent. ad val. 40 per cent. ad val. Free. 10 per cent. ad val. 10 per cent. ad val. Free. 5d. per lb. 25 per cent. ad val., or 5d. per lb., whichever rate re- turns the higher duty. 20 per cent. ad val.
201	Leather board, or compo, composed of skivings, split leathers, leather scraps, or the same mixed with other material, cemented and pressed together, cut into shapes or otherwise	1s. per lb.	1s. per lb.
202	Leather laces; vamps, and uppers; leather cut into shapes; clog and patten soles; leather leggings Australian Agreement rate—35 per cent. ad val.	20 per cent. ad val.	50 per cent. ad val.
203	Leather manufactures n.e.i.	20 per cent. ad val.	50 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS—<i>continued.</i>			
204	Portmanteaux; trunks; bags of leather or of leather cloth; attaché-cases, suit-cases, and similar receptacles (not including basketware, wickerware, or receptacles made of similar materials) Australian Agreement rate—Portmanteaux; trunks; travelling-bags, brief-bags of leather or leather-cloth, attache-cases, suit-cases, and similar receptacles, 10 in. in length and upwards (not including basketware, wickerware, or similar receptacles)—30 per cent. ad val.	20 per cent. ad val.	50 per cent. ad val.
205	Rubber, manufactures of, viz. :— (1) Articles composed wholly or principally of rubber, viz. :— (a) Water beds and cushions, ice bags and caps, air beds, air cushions, urinals (b) Hot water bags and hot water bottles (2) Rubber gloves, n.e.i. (3) Rubber or guttapercha solutions and cements (4) Rubber tiring suited for use on perambulator-wheels *†(5) Rubber tires, viz. :—bicycle, tricycle, perambulator, and similar, and inner tubes of rubber for pneumatic tires, not exceeding 1½ inches in diameter (6) (a) Pneumatic rubber tires, and inner tubes of rubber therefor, n.e.i.; also <i>moulded</i> rubber <i>strip</i> suited for the repair of such tires (b) <i>Solid</i> rubber tires, including any material in combination therewith, and rubber tiring, n.e.i. (7) Rubber tire repair <i>outfits</i> for bicycles, cycles, and motor vehicles, consisting of rubber solution, sheet rubber, and such other articles as may be enumerated by the Minister (8) Rubber valves and teats for feeding-bottles, and rubber teats for use in feeding animals	Free Free Free Free Free Free 2½d. per lb. 1d. per lb. Free Free	20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 10 per cent. ad val. 10 per cent. ad val. 20 per cent. ad val. 8d. per lb. 4d. per lb. 10 per cent. ad val. 20 per cent. ad val.
206	Saddlery, harness, whips, and whip-thongs	20 per cent. ad val.	45 per cent. ad val.
207	Tanners', curriers', and bootmakers' <i>inks and stains</i>	Free	Free.
CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS.			
208	<i>Bottles and jars</i> , empty <i>plain</i> glass, not being cut or <i>ground</i> except as specified, viz. :— (1) <i>Bottles or jars specially suited</i> for the distribution of milk or cream; <i>syphon</i> bottles for aerated waters; <i>opal</i> glass bottles and jars; all bottles or jars <i>ground</i> only at the neck for stopper or cap; infants' feeding bottles with or without attachments (2) Other kinds, viz. :— (a) Having a <i>capacity</i> exceeding one fluid ounce (b) N.e.i.	Free 20 per cent. ad val. Free	25 per cent. ad val. 50 per cent. ad val. 25 per cent. ad val.

* Exempt from primage duty.

† Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS— <i>continued.</i>			
209	Bottles and jars, viz. :— <i>Plain empty stone bottles; plain empty earthen jars,</i> up to 3 inches in diameter at the mouth, whether wickered or not	Free	20 per cent. ad val.
210	Jars, or other dutiable vessels, containing free goods or goods subject to a specific rate of duty, and being ordinary trade packages for the goods contained in them	Free	Free.
211	Bricks, fireclay, and refractory materials, viz. :— (1) Firebricks (2) Bricks n.e.i. (3) <i>Refractory materials n.e.i.</i> , viz. :— Ganister, silica clay, silica bricks, magnesite bricks, and similar bricks blocks or linings, specially suited for use in furnaces retorts and similar articles (4) Fireclay ground n.e.i.	Free Free Free Free	45 per cent. ad val. Free. Free. 45 per cent. ad val.
212	Building materials, viz. :— (1) Roofing tiles, ridging, and finials, glass, and earthen Australian Agreement rate—20 per cent. ad val. (2) <i>Sheets</i> , plain or corrugated, roofing slates and tiles, ridging, and finials, composed of cement and asbestos or of similar materials (3) Plaster-pulp sheets, plaster board, and <i>similar</i> materials Canadian Agreement rate—35 per cent. ad val. (4) Roofing-slates n.e.i.	10 per cent. ad val. Free 10 per cent. ad val. Free	30 per cent. ad val. 15 per cent. ad val. 45 per cent. ad val. Free.
213	Cement, Portland, and other structural, or building cement	8d. per cwt.	1s. 6d. per cwt.
214	Chinaware, earthenware, and porcelainware, viz.,—breakfast, dinner, and tea <i>sets</i> ; <i>cups</i> , <i>sauces</i> , <i>plates</i> , <i>dishes</i> , and such <i>similar</i> articles suited for <i>table use</i> as may be approved by the Minister— Up to and including 30th September, 1934 On and after 1st October, 1934	20 per cent. ad. val. Free	45 per cent. ad. val. 45 per cent. ad. val.
215	Chinaware, earthenware, porcelainware, and stoneware, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
216	Drainage-pipes, drainage-tiles, conduit-pipes, and chim- ney-pots, of earthenware, concrete, or <i>similar</i> materials— Up to and including 31st May, 1935 On and after 1st June, 1935	20 per cent. ad. val. Free	45 per cent. ad val. 45 per cent. ad. val
217	Eyes, artificial	Free	Free.
218	Flooring, wall, hearth, and garden tiles	20 per cent. ad val	45 per cent. ad val.
*†219	Glass, <i>sheet</i> , common window or plate, whether polished, coloured, bent or otherwise, cut to any size or shape, n.e.i.	Free	10 per cent. ad val.
*220	Glass, plate or <i>sheet</i> , in sizes not exceeding 20 superficial feet, only on declaration that it will be used in the manufacture of bevelled or silvered glass	Free	Free.

* Exempt from primage duty.

† Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS— <i>continued.</i>			
221	Glass plates (engraved) for photo-lithographic work ..	Free	Free.
222	Glass, bevelled, silvered, or with rounded or polished edges; mirrors, and looking-glasses, framed or unframed— Up to and including 31st October, 1934 On and after 1st November, 1934	25 per cent. ad val. 15 per cent. ad val.	50 per cent. ad val. 50 per cent. ad val.
223	Glass cloches or bells specially suited for horticultural purposes	Free	Free.
224	Glass rods, tubes or tubing, <i>plain</i>	Free	10 per cent. ad val.
225	Glassware n.e.i.; globes, and chimneys, for lamps, n.e.i.; lamps, lanterns, and lampwick, n.e.i. ‡Belgian Agreement rate—Glassware, n.e.i.; globes, and chimneys, for lamps, n.e.i.— 40 per cent. ad val.	20 per cent. ad val.	45 per cent. ad val.
226	Lamps, <i>miners' safety</i> , and glasses therefor; lamps <i>peculiarly adapted</i> for use on harbour beacons and lighthouses, also <i>appliances peculiar to</i> such lamps; side lights, and head lights, especially suited for the use of ships	Free	Free.
227	Lenses, all kinds, unmounted, and without attachments	Free	20 per cent. ad val.
228	Plaster-of-Paris	Free	Free.
229	Stone, viz.:— (1) Marble, <i>in the rough</i> , or <i>rough-sawn</i> , not <i>dressed or polished</i> (2) Granite, or other stone, n.e.i., <i>in the rough</i> , including scabbled from the pick (3) Granite, or other stone, n.e.i., <i>rough-sawn</i> , not <i>dressed or polished</i> (4) Granite, or other stone, and imitation stone, n.e.i., viz.:— (a) Dressed or polished (b) Articles n.e.i. made therefrom or from cement (5) Marble dressed or polished and articles n.e.i. made from marble (6) Slates specially suited for the manufacture of billiard-tables	Free Free 5 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val.	Free. 10 per cent. ad val. 15 per cent. ad val. 45 per cent. ad val. 45 per cent. ad val. 25 per cent. ad val.
230	Stones, mill, grind, oil, and whet	Free	Free.
231	Watch glasses and <i>similar</i> articles	Free	20 per cent. ad val.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS.			
*232	Antiques and works of art, as may be approved by the Minister, and on conditions prescribed by him provided that he is satisfied that such articles were produced or manufactured at least one hundred years prior to the date of importation	Free	Free.
233	Artists' materials—viz., academy boards, canvas in the piece or on stretchers, oiled paper and drawing-paper in blocks, colours, palettes, and palette-knives ..	Free	25 per cent. ad val.

* Exempt from primage duty.

‡ Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS—<i>continued.</i>			
234	Camera covers and cases	20 per cent. ad val.	50 per cent. ad val.
235	<i>Cards, playing</i>	6d. per pack	1s. per pack.
236	(1) Cigarette-paper entered to be warehoused in any bonded tobacco-factory licensed under the Tobacco Act, 1908, for the manufacture therein of cigarettes	Free	Free.
	(2) Cigarette-tubes, -papers, and -paper, n.e.i. .. .	½d. for each 60 cigarette tubes or papers or the equivalent of 60 cigarette tubes or papers	¾d. for each 60 cigarette tubes or papers or the equivalent of 60 cigarette tubes or papers.
237	Clocks, time-registers, and time-detectors .. .	20 per cent. ad val.	45 per cent. ad val.
238	Clocks <i>specially suited</i> for use in timing flights of pigeons	Free	Free.
239	<i>Fancy goods, and toys; sporting, gaming, and athletic requisites, n.e.i.</i> , including billiard <i>requisites</i> n.e.i.; fishing-tackle n.e.i., including artificial flies and other baited hooks; walking-sticks; combs, hair and toilet	20 per cent. ad val.	50 per cent. ad val.
*240	Films for cinematographs and similar instruments ..	Free	Free.
241	Greenstone, cut and polished, unmounted	20 per cent. ad val.	20 per cent. ad val.
242	Jewellery; plate, gold or silver; platedware ..	20 per cent. ad val.	50 per cent. ad val.
243	Lay figures, busts, and dress stands	20 per cent. ad val.	45 per cent. ad val.
244	Magic lanterns, cinematographs, and <i>similar</i> instruments, including accessories peculiar thereto n.e.i. ..	20 per cent. ad val.	45 per cent. ad val.
*245	Medals—viz., war medals, humane societies', and similar, also such miniatures of the same as may be approved by the Minister; old coins	Free	Free.
246	Mouldings in the piece, and <i>panels</i> , suited for use in picture-frames or furniture-making, in building construction, or for <i>similar</i> purposes Australian Agreement rate—Mouldings, in the piece, and panels, composed wholly of wood, suited for picture frames, cornices, walls, or ceilings—25 per cent. ad val.	20 per cent. ad val.	45 per cent. ad val.
247	Musical instruments, and parts, viz. :— *(1) <i>Band</i> instruments entered by or for any band or musical society duly registered and incorporated under the Incorporated Societies Act, 1908, on declaration by a responsible officer of such band or society that the said instruments will remain the property of the band or society and will not be sold or otherwise disposed of without payment of the duty otherwise imposed under the Tariff	Free	Free.
	*(2) Musical instruments, imported for exclusive use by bands which are approved by the Defence Department, and under such conditions as the Minister may prescribe	Free	Free.
	(3) Organs, viz., <i>great</i> organs and <i>similar</i> organs ..	Free	Free.
	(4) Pianos, player pianos, organs n.e.i., harmoniums, and <i>similar</i> instruments	Free	45 per cent. ad val.
	(5) Musical instruments n.e.i.	Free	45 per cent. ad val.

* Exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS—<i>continued.</i>			
Musical instruments, and parts— <i>continued.</i>			
	(6) Organ pipes and stop-knobs; metal piano frames; articles for the <i>manufacture or repair</i> of organs, harmoniums, pianos, or player-pianos—viz., <i>action work, player mechanism</i> , and keys in frames or otherwise	Free	Free.
	(7) Strings of metal wire, catgut, or similar material, <i>specially suited</i> for musical instruments	Free	Free.
248	(1) Phonographs, gramophones, graphophones, and similar instruments, including accessories peculiar thereto, n.e.i.	10 per cent. ad val.	45 per cent. ad val.
	(2) Voice recording and reproducing appliances specially suited for office use, also record-shaving appliances for use therewith	Free	20 per cent. ad val.
249	Records for phonographs, gramophones, and for <i>similar</i> instruments	Free	25 per cent. ad val.
250	Tuning-forks, and other appliances, peculiarly suited for use in tuning musical instruments	Free	20 per cent. ad val.
251	Paintings, pictures, statuary, and other works of art, as may be approved by the Minister, executed by New Zealand students within five years (or within such longer period as the Minister may in any case direct) after the time of their departure from New Zealand for the purpose of undergoing a period of tuition abroad, upon evidence to the foregoing effect being produced to the satisfaction of a Collector of Customs	Free	Free.
*252	Paintings, statuary, other works of art, curios, and other articles approved by the Minister, for display in public museums, the buildings of <i>public institutions</i> or art associations registered as corporate bodies, public parks or other public places, on such conditions as may be prescribed by the Minister	Free	Free.
253	Paintings, pictures, drawings, engravings, and photographs, n.e.i., framed or unframed; picture or photograph frames or mounts (NOTE.—No painting, drawing, or photograph, in any medium, shall be assessed at a value for duty exceeding £5, provided that if the Collector is of opinion that duty on the frame of any such painting, drawing, or photograph, is being, or is likely to be intentionally evaded or avoided by this provision, he may require that duty shall be charged separately on such frame.)	20 per cent. ad val.	45 per cent. ad val.
254	Photographic cameras	20 per cent. ad val.	45 per cent. ad val.
255	Photographic goods n.e.i.	20 per cent. ad val.	45 per cent. ad val.
256	Photographs, unframed, of personal friends, not for purposes of trade	Free	Free.
257	Precious stones, and <i>semi-precious</i> stones, cut or uncut, if unmounted or unset	5 per cent. ad val.	5 per cent. ad val.
*†258	Sensitized surfaces, and albumenized paper, plain, not being postcards or other stationery Belgian Agreement rate—20 per cent. ad val.	Free	25 per cent. ad val.

* Exempt from primage duty.

† Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS—<i>continued.</i>			
259	Slides for magic lanterns	Free	Free.
260	Statues, statuettes, casts, and bronzes	20 per cent. ad val.	45 per cent. ad val.
261	Tobacco pipes, pouches, and cases, cigar and cigarette holders and cases	20 per cent. ad val.	50 per cent. ad val.
262	Toilet preparations, and perfumery, n.e.i., including perfumed oil— Up to and including 30th September, 1934	35 per cent. ad val.	55 per cent. ad val.
	On and after 1st October, 1934	25 per cent. ad val.	55 per cent. ad val.
*263	<i>Trophies, prizes, flags, medals, medallions, badges, and other decorations, which have been awarded or presented or which are to be awarded or presented to persons in New Zealand and which have been donated by persons resident abroad; trophies and prizes won abroad; medals, badges, flags, and similar articles, approved by the Minister, imported by New Zealand branches of the Navy League, St. John Ambulance Association, or similar patriotic ambulance or other societies</i>	Free	Free.
264	Watches	20 per cent. ad val.	30 per cent. ad val.
CLASS IX.—PAPER AND STATIONERY.			
265	Omitted.		
266	Bookbinders' materials—viz., head-bands, tacketing-gut, marbling-colours, blue or red paste for ruling-ink	Free	Free.
267	Articles made of cardboard, papier-maché, or similar material, viz. :— (1) Flower-pots, table and household utensils, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
	(2) Cream-mugs, honey-jars, and <i>similar receptacles</i> , printed or otherwise	Free	Free.
268	Cardboard boxes, and paper boxes, complete; paper, and cardboard, cut or shaped for wrappers boxes or other receptacles	20 per cent. ad val.	50 per cent. ad val.
269	Cardboard, pasteboard, wood-pulp board, corrugated board, fibre board, strawboard and similar board, of size not less than 20 inches by 15 inches or the equivalent and weighing not less than 1½ oz. per sheet of 20 inches by 15 inches or the equivalent; cloth-lined board of size not less than 20 inches by 15 inches or the equivalent; <i>millboard</i> , of size not less than 15 inches by 15 inches or the equivalent	Free	Free.
270	Cardboard, pasteboard, wood-pulp board, corrugated board, millboard, fibre board, straw-board, and cloth-lined board, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
271	Celluloid, and <i>similar materials</i> , plain, in sheets or rolls, unprinted, n.e.i.	Free	Free.
272	Crayons, all kinds	Free	25 per cent. ad val.
273	Directories of New Zealand, or of any part thereof; covers for directories	20 per cent. ad val.	50 per cent. ad val.
274	Envelopes and bags, paper, n.e.i. Australian Agreement rate—Paper bags, all kinds, n.e.i.—30 per cent. ad val.	25 per cent. ad val.	55 per cent. ad val.

* Exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1..	General Tariff. Column No. 2.
CLASS IX.—PAPER AND STATIONERY— <i>continued.</i>			
275	Envelopes and bags of celluloid or <i>similar</i> material ..	Free	45 per cent. ad val.
276	Handbills n.e.i., circulars, programmes, playbills, printed posters, trade catalogues, price-lists, and fashion-plates (NOTE.—This shall not apply to trade catalogues or price-lists of the goods of firms or persons having no <i>established business</i> in New Zealand or to cut samples mounted in books or on folders or cards or to colour cards provided that such books, folders, or cards are issued by and bear the name and overseas address of the firm or person whose goods are represented therein.)	6d. per lb.	1s. 6d. per lb.
277	Ink powders, and ink pellets, n.e.i. ..	20 per cent. ad val.	45 per cent. ad val.
278	Ink, printing, black, in packages containing not less than 1 cwt., the current domestic value of which does not exceed 7d. per lb. ..	Free	20 per cent. ad val.
279	Ink, printing, n.e.i.; stencilling and similar inks; show-card or poster colours in <i>liquid</i> form ..	15 per cent. ad val.	40 per cent. ad val.
280	Ink n.e.i., including writing, drawing, and marking ink ..	20 per cent. ad val., or 2s. per gallon, whichever rate returns the higher duty	45 per cent. ad val., or 4s. per gallon, whichever rate returns the higher duty.
281	Maps, charts, plans, and similar articles ..	Free	Free.
282	Omitted.		
283	Omitted.		
284	Paper, viz.:—Bleached sulphite or similar paper, on declaration that it will be used only in the manufacture of twine or imitation wickerware ..	Free	Free.
285	Carpet-felt paper, and paper-felt n.e.i. ..	Free	20 per cent. ad val.
286	Paper on declaration that it will be used only in the manufacture of cartridges (not including paper for wrapping cartridges or other goods) ..	Free	Free.
287	Emery-paper, emery-cloth, and glass-paper, cut into shapes, in rolls, or in sheets ..	Free	25 per cent. ad val.
288	Filter-paper, and filter-papers; filter-pulp ..	Free	Free.
289	Monotype-paper, in rolls, suitable for use with monotype machine ..	Free	20 per cent. ad val.
290	Paperhangings ..	Free	25 per cent. ad val.
291	Paper-lace, embossed, and similar material, suitable for use in the manufacture of cardboard boxes ..	Free	Free.
292	Paper-pulp, for the manufacture of paper ..	Free	Free.
293	Printing-paper and writing-paper, in rolls not less than 10 inches wide, wholly or partly carbon-coated on one side, on declaration that it will be used only in the manufacture of counter-check books ..	Free	Free.
294	Paper seed-pockets, printed, or lithographed, <i>especially suited</i> for packing seeds ..	Free	20 per cent. ad val.
*295	Paper, unprinted—viz.:—true vegetable parchment; glazed transparent greaseproof paper greaseproof imitation parchment paper and similar paper of such qualities as may be approved by the Minister ..	Free	Free.

* Paper unprinted, viz.:—True vegetable parchment—exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS IX.—PAPER AND STATIONERY—continued.			
296	Paper (other than <i>wrapping</i> paper) waxed, unprinted; also such paper printed and then waxed	Free	20 per cent. ad val.
297	Paper, celluloid, or <i>similar</i> materials, and wrappers made from such materials, <i>printed, lithographed, or ruled, n.e.i.</i>	20 per cent. ad val.	55 per cent. ad val.
298	<i>Wrapping-paper</i> , printed or unprinted, viz.:— (1) In sheets of size not less than 20 inches by 15 inches or the equivalent or in rolls not less than 10 inches wide— (a) Of <i>substance</i> not lighter in weight than $\frac{1}{4}$ ounce per sheet of 20 inches by 15 inches or the equivalent Australian Agreement rate— <i>Wrapping-paper</i> , all kinds, glazed, mill-glazed, or unglazed, including browns, caps, casings, sulphites, sugars and all other bag papers, candle carton paper, tissues, and tinfoil paper, not printed, n.e.i., viz.: In sheets not less than 20 in. by 15 $\frac{1}{2}$ in. or the equivalent, or in rolls not less than 10 in. wide—6s. per cwt. (b) N.e.i.	6s. 6d. per cwt. 6s. 6d. per cwt., or 20 per cent. ad val., whichever rate returns the higher duty	10s. 6d. per cwt. 10s. 6d. per cwt., or 50 per cent. ad val., whichever rate returns the higher duty.
	(2) In sheets of size less than 20 inches by 15 inches or the equivalent or in rolls less than 10 inches wide (except such rolls specially suited for industrial or <i>similar</i> purposes in such widths not exceeding 2 inches as the Minister may determine)	20 per cent. ad val.	55 per cent. ad val.
299	Paper of qualities and sizes approved by the Minister, on declaration that it will be used by orchardists only in wrapping fruit	Free	Free.
300	Paper, viz.:— (1) Carbon and <i>similar</i> copying paper, n.e.i. (2) N.e.i., including tin-foil paper, and gummed paper n.e.i.,— (a) In sheets of size less than 20 inches by 15 inches or the equivalent (b) In sheets of size not less than 20 inches by 15 inches or the equivalent (c) In rolls less than 10 inches wide except such rolls specially suited for industrial or <i>similar</i> purposes in such widths not exceeding 2 inches as the Minister may determine (d) In rolls n.e.i.	Free 20 per cent. ad val. Free 20 per cent. ad val. Free	20 per cent. ad val. 40 per cent. ad val. 10 per cent. ad val. 40 per cent. ad val. 20 per cent. ad val.
*301	Printed books papers music or advertising-matter, n.e.i.	Free	Free.
302	Religious tracts handbills and folders	Free	Free.
303	Show-cards, and calendars, all kinds, including glacier stickers suited for exhibition on windows	20 per cent. ad val.	50 per cent. ad val.

* Printed books papers music and advertising matter, n.e.i., sent for free distribution in New Zealand by Government, Local Government Bodies, and other public bodies (approved by the Minister) in countries outside New Zealand are exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS IX.—PAPER AND STATIONERY—<i>continued.</i>			
304	Stationery, and paper, manufactured—viz., account-books, scribbling-books, letter-books, copying letter-books, counter books, guard books, copy-books with headlines on each page, drawing-books, sketch-books, diaries, birthday-books, scribbling, and letter blocks; book-covers; book-markers; billhead, invoice, and statement forms; cheque, and draft forms; tags; labels, all kinds; printed window-tickets; blotting-pads; Christmas, New Year, birthday, Easter, and other booklets and cards, n.e.i.; printed, lithographed, ruled, or embossed stationery, n.e.i.; albums, all kinds	20 per cent. ad val.	50 per cent. ad val.
305	Stationery n.e.i.; cards, printers' menu, programme, calendar, Christmas, and similar, of cardboard, celluloid, or similar material, edged, or having embossed or printed thereon such words as "Menu," "Calendar," "Christmas Greetings," but otherwise unprinted, and suited to be completed in New Zealand	20 per cent. ad val.	45 per cent. ad val.
306	Sunday school and day school lesson sheets and cards; Sunday school tickets, and <i>reward</i> cards, being scriptural or religious motto cards, and having no reference on them to Christmas, New Year, Easter, or birthdays	Free	Free.
CLASS X.—METALS AND MACHINERY.			
307	Ball bearings, and roller bearings, not being ball or roller bearing plummer or hanger blocks; steel balls, and rollers, suitable for ball or roller bearings	Free	15 per cent. ad val.
308	Beekeepers' tools, implements, and apparatus—viz., metal fittings for beehives, bee-smokers, wax-extractors, queen-cages, comb foundation, foundation machines, honey-knives, honey-extractors, queen-rearing outfits, wax-presses, <i>tools peculiar to bee-keepers' use</i> , gloves of textile soaked in oil, and rubber gloves, specially suited for beekeepers' use, and such other articles, appliances, and implements, <i>peculiar to use in beekeeping</i> , as may be approved by the Minister	Free	Free.
309	Bellows n.e.i.	20 per cent. ad val.	45 per cent. ad val.
310	Bolts, and bolt ends, up to 24 inches in length, including insulator bolts, n.e.i.; nuts, blank or screwed; metal threaded screws, screws for wood; set-screws, engineers' studs, taper pins, and split pins; rivets and washers	Free	20 per cent. ad val.
311	Buckles, and <i>similar</i> articles, wholly of metal (other than precious metal) even if covered with leather or cloth	Free	25 per cent. ad val.
312	Castors <i>suited</i> for furniture	Free	25 per cent. ad val.
313	Chain, and chains, metal (other than key, watch, bracelet, pendant, eyeglass, and similar chains, and chain made of precious metal), plain, or with hook, swivel, or ring attached, n.e.i.	Free	20 per cent. ad val.
314	Chain-belt (not being conveyor chain or belting), loose-link, and other	Free	25 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY—<i>continued.</i>			
315	Clips, tags, rings, and <i>similar</i> articles, for the identification of live-stock, poultry, fish, and other animals; metal labels with names of trees plants or shrubs stamped or cast thereon, specially suited for use in botanical gardens, public parks, and similar places ..	Free	Free.
316	Cocks, metal, low pressure, not exceeding $\frac{1}{4}$ inch in <i>internal diameter</i> , and lubricators, on declaration by a manufacturer that they will be used by him solely in the completion of articles in New Zealand ..	Free	Free.
317	Culverts of galvanized corrugated iron (of 10 to 18 Birmingham wire gauge), iron gates for the same, and fluming of plain or corrugated galvanized iron (of 10 to 18 Birmingham wire gauge), on declaration by an official of a duly constituted local government body that they will be used only on public works ..	Free	Free.
*318	Cylinders for compressed gases	Free	Free.
319	Eyelets n.e.i.	Free	Free.
320	Filters, and appliances specially suited for the chemical treatment of water, as may be approved by the Minister, on declaration by an official of a duly constituted local government body that they will be used only in purifying water-supplies, or on declaration to the satisfaction of the Minister that they will be used only in purifying water-supplies for dairying purposes ..	Free	20 per cent. ad val.
321	Firearms and fittings therefor, viz. :— *†(1) Rifles, .22 calibre; rifles, .303 calibre (including service fittings therefor); rifles, n.e.i., of such calibres as may be authorized by the Minister of Defence (including service fittings therefor) .. Belgian Agreement rate—20 per cent. ad val. (2) Sights for military rifles, of such patterns as may be approved by the Minister; cleaning rods specially suited for use with rifles of .22 calibre, or with rifles of such calibres as may be authorized by the Minister of Defence	Free	25 per cent. ad val.
	‡(3) Firearms n.e.i. Belgian Agreement rate—40 per cent. ad val.	20 per cent. ad val.	25 per cent. ad val. 45 per cent. ad val.
322	Cartridges, cartridge cases, and materials for the manufacture thereof, viz. :— (1) Cartridges— ‡(a) Shot, 10 to 24 bore (b) Shot, n.e.i. (c) Ball, .22 calibre (d) N.e.i.	3s. per 100, or 30 per cent. ad val., whichever rate returns the higher duty 20 per cent. ad val. Free 20 per cent. ad val.	5s. per 100, or 55 per cent. ad val., whichever rate returns the higher duty. 50 per cent. ad val. 25 per cent. ad val. 45 per cent. ad val.

* Exempt from primage duty.

† Exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

‡ Surtax one-twentieth of the duty otherwise chargeable.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY—<i>continued.</i>			
Cartridges, cartridge cases, &c.— <i>continued.</i>			
(2) Cartridge cases—			
	(a) 10 to 24 bore	1s. 6d. per 100, or 30 per cent. ad val., whichever rate returns the higher duty	2s. 6d. per 100, or 50 per cent. ad val., whichever rate returns the higher duty.
	(b) N.e.i.	20 per cent. ad val.	45 per cent. ad val.
	(3) Parts of cartridge-cases, including tubes for the manufacture of cartridge-cases; gun-wads, all kinds	30 per cent. ad val.	50 per cent. ad val.
	(4) Shot and bullets	10s. per cwt.	20s. per cwt.
	(5) Metal cups for the manufacture of cartridge-cases	Free	Free.
323	Percussion caps; detonators	Free	Free.
324	Guns, tools, and ammunition, specially suited for use in whaling	Free	20 per cent. ad val.
325	Fire engines; chemical fire-engines; chemical fire-extinguishers, including such chemicals n.e.i. for charging the same as may be approved by the Minister; fire-hose, and couplings therefor, portable fire-escapes, fire-ladders, also fire-reels, on declaration that they will be used only by fire-brigades; and such other articles (including firemen's helmets) peculiar to use by fire-brigades or in fire extinguishing, as may be approved by the Minister	Free	20 per cent. ad val.
326	Fishhooks, unmounted and without attachments	Free	25 per cent. ad val.
327	Galvanized-iron manufactures, n.e.i., made up from galvanized iron, or from plain sheet iron and then galvanized; japanned or lacquered metalware; furniture, cabinetware, and <i>shelving</i> , specially suited for office shop or warehouse use, <i>made up</i> from sheet metal not exceeding 0·080 inch in thickness	20 per cent. ad val.	50 per cent. ad val.
	Australian Agreement rate—Galvanized-iron manufactures, n.e.i., made up from galvanized iron, or from plain sheet iron, and then galvanized; japanned or lacquered metalware—30 per cent. ad val.		
328	Implements and fittings specially suited for use in straining or stretching fencing wires	Free	10 per cent. ad val.
329	Incubators for poultry-raising	Free	40 per cent. ad val.
330	Iron drums, empty, not exceeding 10 gallons capacity	Free	20 per cent. ad val.
331	Lawn-mowers	20 per cent. ad val.	45 per cent. ad val.
332	Adding and computing machines and instruments; accounting and book-keeping machines; cash registering machines, not including recording paper; combined adding and typing machines; typewriters (including covers); duplicating machines and apparatus, n.e.i.; addressing machines	Free	25 per cent. ad val.
333	Agricultural implements and machinery, viz.:—		
	(1) Cultivators; harrows; ploughs; drills; seed and fertilizer sowers or distributors combined or separate; lime sowers; seed or grain cleaners, and cellular seed or grain separators	10 per cent. ad val.	35 per cent. ad val.
	Canadian Agreement rate—35 per cent. ad val. (surtax one-twentieth of the duty otherwise chargeable).		

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>			
<i>Agricultural implements and machinery—continued.</i>			
334	(2) N.e.i., including ploughs, cultivators, and seed drills, hand-worked, combined or separate; ploughs, single furrow mouldboard, not exceeding 266 lb. net weight; also the following parts of ploughs or harrows, viz.—mould-board plates unbent, steel share-plates cut to pattern, skeith-plates, plough beam forgings, and discs for harrows or ploughs	Free	Free.
	(3) Rabbit-traps and <i>similar</i> traps	Free	25 per cent. ad val.
	Dairying machinery, and appliances, viz. :—		
	(1) <i>Churns</i> , power driven, including butter-workers; butter-packers, butter-pounders, and cheese-presses	Free	20 per cent. ad val.
	(2) <i>Dairying machinery n.e.i.</i> , including <i>coolers</i> but not including coil pipes or <i>similar</i> articles; machinery <i>especially suited</i> for use in the manufacture of dried milk, casein, sugar of milk, or other milk product; also the following articles on declaration that they will be used only in dairy factories, or in the manufacture of dried milk or other milk products, viz., vacuum-pans vats or tanks, lined with glass porcelain or enamel, milk-pasteurizers (not being coil pipes or <i>similar</i> articles)	Free	Free.
335	<i>Engines</i> , viz. :—		
	(1) Specially suited for use on <i>cycles</i>	10 per cent. ad val.	40 per cent. ad val.
	(2) Specially suited for use on motor-vehicles	15 per cent. ad val.	60 per cent. ad val.
	(3) Specially suited for use on tractors or traction engines, on declaration that they will be used only on such tractors or traction engines	Free	20 per cent. ad val.
336	<i>Engines</i> (including necessary controlling-gear therefor) specially suited for flying machines, on declaration that they will be used solely in the manufacture or completion of the same	Free	10 per cent. ad val.
337	<i>Engine governors and turbine governors</i>	Free	25 per cent. ad val.
338	<i>Machinery or appliances, electrical</i> , viz. :—		
	(1) (a) <i>Machinery or appliances n.e.i.</i> peculiar to the generation of electricity, to the transformation of pressures of electric currents, or to the conversion of one type of electric current to another; electric motors; slide rails for electric generators or electric motors	Free	25 per cent. ad val.
	(b) <i>Batteries or cells</i> not including storage batteries	15 per cent. ad val.	40 per cent. ad val.
	(2) <i>Switchboards, fuse boards, and distribution boards</i> or boxes for electric circuits; shunt or voltage regulators; starters or controllers for electric motors; rheostats, and resistances n.e.i. including reactance or choking coils, for the reduction or control of electric currents, condensers, relays, electro-magnets, switches, wall-plugs and shoes or sockets therefor, circuit breakers, circuit makers, cut-outs, fuses, wire or cable connectors and <i>similar</i> articles, and terminals; lightning arresters for the protection of electrical apparatus	Free	25 per cent. ad val.
	(3) <i>Carbons or electrodes for arc lamps, for electric furnaces, or for electric welding</i>	Free	25 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
<i>CLASS X.—METALS AND MACHINERY—continued.</i>			
<i>Machinery or appliances, electrical—continued.</i>			
	(4) Electric appliances n.e.i. peculiar to electro-plating, electro-chemistry, electro-metallurgy, surgery, telegraphy, telephony (not including cabinets or parts of cabinets for wireless broadcast receiving sets); X-ray tubes and electrical vacuum tubes not suitable for purposes of illumination	Free	25 per cent. ad val.
	(5) Electric locomotives; trolley-poles or collectors for electric tram-cars or electric locomotives; frogs, crossings, and line-ears, for overhead conductors for electric railways or tramways; rail bonds with terminals attached	Free	25 per cent. ad val.
	(6) Metal poles or towers, specially suited for use in electrical transmission-lines	Free	25 per cent. ad val.
	(7) Insulated cable and wire; carbon in block, sheet, or rod; mica, vulcanite, insulating-tape, and other insulating materials n.e.i., not including insulating-piping or tubing, or insulating fittings for pipes	Free	25 per cent. ad val.
	(8) Sparking-plugs for oil engines	Free	25 per cent. ad val.
	(9) (a) Wireless broadcast receiving sets, built up, but not mounted in cabinets	Free	35 per cent. ad val.
	(b) Wireless broadcast receiving sets, mounted in cabinets—		
	Up to and including 31st May, 1935.. .. .	10 per cent. ad val.	45 per cent. ad val.
	On and after 1st June, 1935	Free	45 per cent. ad val.
	(10) N.e.i.	20 per cent. ad val.	45 per cent. ad val.
339	Incandescent filament electric-lamp bulbs, not being peculiar to surgical use, and having, at the marked voltage, a power consumption—		
	Not exceeding 8 watts	1d. per bulb	2½d. per bulb.
	Exceeding 8 watts and not exceeding 80 watts	2d. per bulb	6½d. per bulb.
	Exceeding 80 watts and not exceeding 180 watts	3d. per bulb	1s. 3d. per bulb.
	Exceeding 180 watts—		
	For the first 180 watts	6d. per bulb	1s. 3d. per bulb.
	For each additional 100 watts or fraction thereof.. .. .	3d. per bulb	7½d. per bulb.
340	Electric lamps n.e.i., not being peculiar to surgical use	10 per cent. ad val.	35 per cent. ad val.
341	Gas meters:—		
	(1) Having a maximum capacity not exceeding 450 cubic feet per hour	10 per cent. ad val.	30 per cent. ad val.
	(2) N.e.i.	Free	20 per cent. ad val.
342	Measuring, counting, testing, indicating, and recording machines, instruments, and appliances, n.e.i.; drawing instruments; compasses, not being watch-chain pendants	Free	20 per cent. ad val.
343	Machinery peculiar to mining or gold-saving, n.e.i. (not including dredging machinery or screens for same); grizzly bars; ore-crushing rolls; ore-feeders; stamper batteries, and steel shoes and dies for same; concentrators; battery-screening, woven punched or drilled, also similar screening on declaration that it will be used only for gum washing; also the following machinery and engines on declaration that they will be used only for mining (including quarrying) purposes, viz., air compressors (not including the motive power for driving the same), fuel economizers, capstan engines, winding engines (including drums therefor), pumps	Free	25 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY—<i>continued.</i>			
344	Power driven spray pumps including <i>outfits</i> therefor, as may be approved by the Minister, specially suited for agricultural uses	Free	Free.
345	Pumps <i>peculiar</i> to use in <i>dairying</i> or in the manufacture of dried milk or other milk product (except vacuum pumps suited for use with milking-machines and any other pump which the Minister is satisfied could have been made economically in New Zealand)	Free	20 per cent. ad val.
346	Omitted.		
347	<i>Sheep-shearing and horse-clipping machines</i>	Free	10 per cent. ad val.
*†348	<i>Traction engines and tractors; portable steam engines on wheels, with boilers of locomotive type; road-rollers, self propelled</i>	Free	10 per cent. ad val.
349	Omitted.		
350	Omitted.		
351	Machinery, machines, machine tools, and <i>appliances</i> , viz. :—		
	(1) Anvils, forges, and hearths, viz. :—blacksmiths', and similar	Free	25 per cent. ad val.
	(2) Blacksmiths', braziers', assay, and treadle-power bellows	Free	25 per cent. ad val.
	(3) Boring and well-drilling machinery; rock drills, and diamond drills; coal cutters	Free	25 per cent. ad val.
	(4) Blowers, and fans, viz. :—Exhaust, blast, and ventilating; vacuum cleaners	Free	25 per cent. ad val.
	(5) Card clothing suitable for use in woollen mills and paper mills	Free	25 per cent. ad val.
	(6) Grinding machines, emery, and similar; emery and similar wheels	Free	25 per cent. ad val.
	(7) Grinding mills, grinding pans, ball mills, tube mills, bone crushers, corn mills, coffee and spice mills, food chopping, mincing, and similar machines	Free	25 per cent. ad val.
	(8) Sewing machines	Free	Free.
	(9) Knitting and kilting machines	Free	25 per cent. ad val.
	(10) Peculiar to metal-working, wood-working, stone-working, or glass-working	Free	25 per cent. ad val.
	(11) Hydro-extractors	Free	50 per cent. ad val.
	(12) Weighing machines, scales, and balances, n.e.i.— Up to and including 31st October, 1934	20 per cent. ad val.	45 per cent. ad val.
	On and after 1st November, 1934	Free	45 per cent. ad val.
	(13) Printing machines	Free	20 per cent. ad val.
352	Machinery, machines, machine tools, engines, and <i>appliances</i> , as may be approved by the Minister, peculiar to use in manufacturing, industrial and similar processes	Free	25 per cent. ad val.
	(NOTE.—The Minister may refuse to approve the entry of any article under this item if he is satisfied that the same could have been made economically in New Zealand.)		

* *Traction-engines and tractors* exempt from primage duty.

† *Traction-engines and tractors*—surtax one-twentieth of the duty otherwise chargeable.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>			
353	<p>Machinery, machines, engines, and <i>other appliances</i>, n.e.i., viz. :—</p> <p>(1) Gas heating and gas cooking appliances; valves, cocks, and <i>similar</i> articles, of brass or other <i>copper-alloy</i></p> <p style="padding-left: 2em;">Australian Agreement rates— Gas heating and gas cooking appliances—35 per cent. ad val. Valves, taps, tobies, hydrants, and similar articles, of any material—30 per cent. ad val.</p> <p>(2) Gas compressing machines, viz., ammonia compressors</p> <p>(3) Electric cooking and electric heating <i>appliances</i></p> <p style="padding-left: 2em;">Canadian Agreement rate—30 per cent. ad val.</p> <p>(4) Stone crushing machines, viz., <i>jaw crushers</i></p> <p>(5) Concrete mixers</p> <p>(6) Other kinds</p> <p style="padding-left: 2em;">Australian Agreement rates— Valves, taps, tobies, hydrants, and similar articles, of any material—30 per cent. ad val. Elevators, and conveyors, including mechanical stokers—25 per cent. ad val. Heating boilers, washing boilers—25 per cent. ad val. <i>Oil-engines</i> not exceeding 100 brake horse-power—15 per cent. ad val. Vacuum pumps suited for use with milking machines, imported separately—Free.</p>	<p>25 per cent. ad val.</p> <p>10 per cent. ad val.</p> <p>20 per cent. ad val.</p> <p>10 per cent. ad val.</p> <p>15 per cent. ad val.</p> <p>20 per cent. ad val.</p>	<p>50 per cent. ad val.</p> <p>25 per cent. ad val.</p> <p>45 per cent. ad val.</p> <p>35 per cent. ad val.</p> <p>40 per cent. ad val.</p> <p>45 per cent. ad val.</p>
354	<p><i>Artificers' tools</i>, n.e.i., not including brushes or brush-ware; and the following tools—viz., axes, hatchets, spades, shovels, forks, picks, mattocks, hammers, scythes, sheep-shears, reaping-hooks, scissors (not less than 10 inches in length), butchers' and other cleavers and choppers, hand-saws, saw-blades machine or hand, bill-hooks, bush-hooks, slashers, and hedge-knives</p>	Free	25 per cent. ad val.
355	<p>Tanks, rectangular, of sheet iron, of a capacity not less than 200 gallons, if imported containing goods</p>	Free	25 per cent. ad val.
356	<p>(1) Hardware, hollowware, and ironmongery, n.e.i.; manufactured or partly manufactured articles of metal, and manufactured or partly manufactured articles of metal in combination with any other material, n.e.i.</p> <p style="padding-left: 2em;">Australian Agreement rates— Brasswork, bronzework, and gunmetal work, for general engineering and plumbing and other trades—25 per cent. ad val. Metal bedsteads, cots, fenders, and fireirons—25 per cent. ad val.</p> <p>(2) Porcelain enamelled cast iron baths</p>	<p>20 per cent. ad val.</p> <p>25 per cent. ad val.</p>	<p>45 per cent. ad val.</p> <p>50 per cent. ad val.</p>

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY—<i>continued.</i>			
	(3) Builders' and cabinetmakers' hardware, viz.:—hinges (not being <i>gate hinges</i>) suited for doors, box-lids, or similar articles; latches, latch sets, locks, lock sets, and keys for locks; handles, pulls, catches, clips, slides, and similar articles, suited for use on drawers or cabinets; metal escutcheon plates; handles, pulls, bolts, knockers, letter-plates, and bells, for doors; metal plugs, clips, and similar fittings, specially suited for builders' use in affixing articles to concrete or plaster— Up to and including 31st October, 1934 On and after 1st November, 1934	20 per cent. ad val. Free	45 per cent. ad val. 45 per cent. ad val.
357	Metal, viz.:— *(1) Copper, iron, lead, tin, and other metal, in billets, blooms, ingots, or pigs	Free	Free.
	†** (2) Aluminium, brass, copper, lead, tin, and other metal, n.e.i., in bars or rods (except cast bars or rods of copper alloy)	Free	10 per cent. ad val.
	(3) Gold, platinum, silver, or other precious or rare metals, viz., bar, foil, leaf, plate, sheet, strips, or wire, plain	Free	Free
	(4) Iron, galvanized or plain black, viz., angle, tee, bar, bolt, channel, rod, and rolled girders; iron girders expanded, but otherwise unworked	Free	20 per cent. ad val.
	(5) Iron, viz.:— (a) Sheet, plate (including rolled chequered plates), or hoop, plain, whether black, polished, galvanized, plated, tinned, or otherwise coated with metal, n.e.i.	Free	20 per cent. ad val. (except hoop 6 inches in width or over).
	(b) Corrugated sheet iron	Free	20 per cent. ad val.
	†*(6) Metal n.e.i., viz.:—foil, leaf; hoop, plate or sheet, plain, whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal	Free	10 per cent. ad val.
	(7) Shafting, plain rolled, or plain turned, but otherwise unwrought	Free	20 per cent. ad val.
	(8) Sheet, perforated or cellular	Free	20 per cent. ad val.
	(9) Solder	Free	Free.
	*§(10) Wire, metal, plain, n.e.i.; barbed fencing-wire; wire cut to lengths, looped, twisted, or plain, suited for baling and similar purposes	Free	10 per cent. ad val.
	(11) Metal cordage, not being gold or silver	Free	20 per cent. ad val.

* Lead in ingots or pigs—exempt from primage duty.

†** Lead and zinc in bars or rods—exempt from primage duty, and exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

*§ Iron wire of all kinds—exempt from primage duty.

†*§ Lead and zinc, viz.:—Foil, leaf; hoop, plate or sheet, plain, whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal—exempt from primage duty; and exempt from surtax if produced or manufactured in the Economic Union of Belgium and Luxemburg, or in countries to which the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, have been applied.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY—<i>continued.</i>			
358	Metallic and <i>similar</i> capsules	Free	25 per cent. ad val.
359	Nails or tacks, of copper, brass, and composition, n.e.i.; nails or tacks, n.e.i.; coopers' and <i>similar</i> hooks and tacks; staples; dog-spikes and deck-spikes	Free	20 per cent. ad val.
360	Nails or tacks, exceeding 1 inch in length, made from iron <i>wire</i> , whether plain, galvanized, or cement-coated, n.e.i.— Up to and including 31st October, 1936 On and after 1st November, 1936	£2 per ton Free	£4 per ton. £4 per ton.
361	Nails, lead-headed, and galvanized cup-headed roofing nails— Up to and including 31st October, 1936 On and after 1st November, 1936 Australian Agreement rate—25 per cent. ad val.	20 per cent. ad val Free	40 per cent. ad val. 40 per cent. ad val.
362	Pipes, piping, tubes, and tubing (except coil pipes), viz. :— (1) Wrought iron, steel, or wood, n.e.i., (including such pipes or tubes when protected with a cement or <i>similar</i> coating), not less than 4 inches but less than 9 inches in internal diameter (2) (a) Cast iron n.e.i., including <i>rain-water</i> , <i>soil</i> , and <i>similar</i> pipes (b) (i) <i>Centrifugally-cast</i> iron pipes piping tubes and tubing, exceeding 6 inches but not exceeding 12 inches in <i>nominal internal diameter</i> — Up to and including 31st May, 1935 On and after 1st June, 1935 (ii) <i>Centrifugally-cast</i> iron pipes piping tubes and tubing, not less than 4 inches but not exceeding 6 inches in <i>nominal internal diameter</i> (3) Wrought iron, or steel, screwed; boiler tubes flanged or unflanged; and all pipes, piping, tubes and tubing, n.e.i. (4) Lead or composition Australian Agreement rate—Lead or composition—4s. 6d. per cwt. (5) Knees, bends, elbows, junction or inspection boxes including covers therefor, and other <i>fittings</i> , n.e.i., for pipes, piping, tubes or tubing, viz. :— (a) Of brass or other <i>copper alloy</i> (b) Of cast iron for <i>rain-water</i> , <i>soil</i> , and <i>similar</i> pipes (6) Knees, bends, elbows, junction or inspection boxes including covers therefor, and other <i>fittings</i> , n.e.i., for any of the above-mentioned pipes, piping, tubes, or tubing, shall be classed under the same item of the Tariff as the pipes, piping, tubes, and tubing, for which they are fittings.	20 per cent. ad val. Free 20 per cent. ad val. 20 per cent. ad val. Free Free 20 per cent. ad val. Free 20 per cent. ad val.	40 per cent. ad val. 40 per cent. ad val. 40 per cent. ad val. 40 per cent. ad val. 40 per cent. ad val. 40 per cent. ad val. 20 per cent. ad val. 7s. per cwt. 40 per cent. ad val. 40 per cent. ad val.
363	Printers' type and materials, viz. :— (1) Printing-type, and printing-materials, n.e.i., suited only for the use of printers; zinc plates or copper plates for photo-lithographic work (2) Stereotypes, electrotypes, matrices, half-tone and line blocks	Free 20 per cent. ad val.	20 per cent. ad val. 50 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS X.—METALS AND MACHINERY—<i>continued.</i>			
364	Propelling-screws, metal, including only bosses and blades	Free	20 per cent. ad val.
365	Rails for railways or tramways, including lay-outs, <i>points</i> , and crossings, for the same; rail-fastenings—viz., fish-plates, creep-clips, tie-irons, bearing-brackets, bed-plates, cast-iron chocks, and bored iron bars ..	Free	20 per cent. ad val.
366	Road-graders	Free	20 per cent. ad val.
367	Omitted.		
368	Saddlers' ironmongery (except bits and stirrup-irons), hames, and mounts for harness; gag-bits, and drenching-bits	Free	20 per cent. ad val.
369	Ship-chandlery n.e.i., including anchors	Free	20 per cent. ad val.
370	Signalling-apparatus, automatic and other, as may be approved by the Minister, suited for use in connection with ships, railways, and tramways, or for mining, and similar purposes	Free	20 per cent. ad val.
371	Springs, coil, volute, and spiral (other than upholsterers' spiral sofa-springs)	Free	20 per cent. ad val.
372	Thermostats for making incubators for poultry raising ..	Free	20 per cent. ad val.
373	Tinware, and tin manufactures, n.e.i.— Up to and including 31st October, 1934 On and after 1st November, 1934 Australian Agreement rate—30 per cent. ad val.	25 per cent. ad val. 20 per cent. ad val.	50 per cent. ad val. 50 per cent. ad val.
374	Welded and flanged boiler furnaces, plain or corrugated; expansion rings, furnace flues, and unflanged end plates, for boilers	Free	25 per cent. ad val.
375	Window <i>sashes</i> , or <i>frames</i> , metal	20 per cent. ad val.	45 per cent. ad val.
*376	(1) Wire netting, metal wove wire (not including wove wire for mattresses), metal gauze; expanded metal lathing and fencing (2) Electrically welded wire fabric; also metal lathing in combination with earthenware or with such other substances as the Minister may approve, when specially suited for building construction ..	Free Free	10 per cent. ad val. 20 per cent. ad val.
CLASS XI.—VEHICLES.			
377	Air-pressure brakes suited for use on locomotives or on vehicles of any kind	Free	15 per cent. ad val.
378	Bicycles, tricycles, and motor-cycles, fittings for—viz., spokes, in the rough or finished; and the following articles when not plated, japanned, enamelled, or varnished—viz., drop forgings, stampings, wood or metal rims (not bored), forks, stays, handle-bars, and seat-pillars, <i>unbuilt</i> , bracket shells, fork- and stay-ends, fork-tips, bridges, crowns, and lugs	Free	15 per cent. ad val.
379	Bicycles, tricycles, and the like vehicles, including motor-cycles, also hubs, spindles, and other finished, partly finished, or machined parts of the same, n.e.i.; side-cars for motor-cycles	10 per cent. ad val.	40 per cent. ad val.
380	Flying-machines	Free	10 per cent. ad val.
381	Carriages, carts, drays, wagons, perambulators, and the like vehicles, not including motor vehicles	20 per cent. ad val.	45 per cent. ad val.

* Wire netting exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS XI.—VEHICLES—continued.			
382	Cars, wagons, and trucks, railway and tramway ..	20 per cent. ad val.	45 per cent. ad val.
383	Carriage shafts, poles, spokes, and felloes, dressed; bent carriage timber n.e.i. ..	20 per cent. ad val.	45 per cent. ad-val.
384	Carriage- and cart-makers' materials—viz., shafts, poles, spokes, and felloes, in <i>the rough</i> ; hubs other than those for motor-vehicles, motor-cycles, or cycles ..	Free	Free.
385	Axles, axle-arms, axle-boxes, and axle-caps, other than those peculiar to motor-vehicles, motor-cycles, or cycles; <i>bogies</i> and <i>trucks</i> for railway or tramway vehicles; also <i>power-bogies</i> for locomotives propelled by internal-combustion engines ..	Free	25 per cent. ad val.
386	Undercarriage springs, n.e.i., suited for the manufacture or repair of vehicles, including locomotives ..	Free	25 per cent. ad val.
387	Metal <i>fittings</i> , <i>mountings</i> , and <i>trimmings</i> , n.e.i., suited for the manufacture or repair of vehicles ..	Free	15 per cent. ad val.
388	Wheels, and tires, for locomotives or railway or tramway vehicles, whether affixed to axles or separate ..	Free	25 per cent. ad val.
389	Motor-vehicles n.e.i., viz.:—		
	(a) Motor-vehicles <i>unassembled</i> or <i>completely knocked down</i> (c.k.d.)—		
	Up to and including 31st December, 1934 ..	10 per cent. ad. val.	55 per cent. ad. val.
	On and after 1st January, 1935 ..	5 per cent. ad. val.	50 per cent. ad. val.
	(b) Chassis for electrically-propelled motor-vehicles of types and under conditions approved by the Minister ..	Free	20 per cent. ad val.
	(c) Other kinds—		
	Up to and including 31st December, 1934 ..	10 per cent. ad val.	55 per cent. ad val.
	On and after 1st January, 1935 ..	15 per cent. ad val.	60 per cent. ad val.

Where the Minister is of opinion that any duty is being or is likely to be evaded or avoided by the importation of any motor-vehicles without engines, electric generators, electric motors, tires or other component parts, which, in the ordinary course of business, are usually imported therewith, the Minister may, at his discretion, require that duty shall be paid as if such engines, electric generators, electric motors, tires or other component parts had been imported with such vehicles.

Canadian Agreement rates—

1. Motor vehicles *unassembled* or *completely knocked down*—

(a) Motor vehicles imported having bodies suited or designed for carrying passengers—

(i) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than three-fourths of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff—

Up to and including 31st December, 1934 ..	10 per cent. ad val.
On and after 1st January, 1935 ..	5 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*CLASS XI.—VEHICLES—*continued.*Motor-vehicles n.e.i.—*continued.*Canadian Agreement rates—*continued.*1. Motor vehicles unassembled or completely knocked down—*continued.*(a) Motor vehicles imported having bodies suited or designed for carrying passengers—*contd.*

(ii) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than one-half of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff

20 per cent. ad val.; and an additional duty (herein referred to as "body duty") of 11½ per cent. ad val. on any such vehicle (inclusive of the body): provided that where the value for duty of any vehicle (inclusive of the body) exceeds £200 the body duty shall be: On £200 of such value, 11½ per cent. ad val.; on the remainder of such value, 6½ per cent. ad val.

(b) Motor vehicles imported without bodies suited or designed for carrying passengers—

(i) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than three-fourths of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff—

Up to and including 31st December, 1934

10 per cent. ad val.

On and after 1st January, 1935 ..

5 per cent. ad val.

(ii) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than one-half of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff

20 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*CLASS XI.—VEHICLES—*continued.*Motor-vehicles n.e.i.—*continued.*Canadian Agreement rates—*continued.*

2. Chassis for electrically-propelled motor vehicles of types and under conditions approved by the Minister—

- (i) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than three-fourths of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff Free.
- (ii) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than one-half of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff 20 per cent. ad val.

3. Other kinds—

(a) Motor vehicles having bodies suited or designed for carrying passengers—

- (i) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than three-fourths of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff—

Up to and including 31st December, 1934

10 per cent. ad val.

On and after 1st January, 1935 ..

15 per cent. ad val.

- (ii) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than one-half of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff

20 per cent. ad val.; and an additional duty (herein referred to as "body duty") of 11½ per cent. ad val. on any such vehicle (inclusive of the body): provided that where the value for duty of any vehicle (inclusive of the body) exceeds £200 the body duty shall be: On £200 of such value, 11½ per cent. ad val.; on the remainder of such value, 6½ per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*CLASS XI.—VEHICLES—*continued.*Motor-vehicles n.e.i.—*continued.*Canadian Agreement rates—*continued.*3. Other kinds—*continued.*

(b) Motor vehicles imported without bodies suited or designed for carrying passengers—

- (i) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than three-fourths of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff 10 per cent. ad val.
- (ii) When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than one-half of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff 20 per cent. ad val.

Where the Minister is of opinion that any duty is being or is likely to be evaded or avoided by the importation of any motor-vehicles without engines, tires, or other component parts which, in the ordinary course of business, are usually imported therewith, the Minister may, at his discretion, require that duty shall be paid as if such engines, tires, or other component parts had been imported with such vehicles.

For further note see Schedule B of the Appendix to the Trade Agreement (New Zealand and Canada) Ratification Act, 1932.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.			
390	Blacklead, grate- and stove - polishes, -pastes, and -liquids—		
	Up to and including 31st October, 1934	20 per cent. ad val.	45 per cent. ad val.
	On and after 1st November, 1934	10 per cent. ad val.	45 per cent. ad val.
391	Graphite, and plumbago, in powder, or flake form	Free	Free.
392	Greases, viz. :—		
	(1) Skip-greases, being <i>crude</i> greases or oils, suitable for greasing skips, skids, and truck-axles, and for the like uses, of qualities approved by the Minister	Free	Free.
	(2) Grinding-compounds, composed of greases mixed with abradant substances	Free	10 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.—continued.			
<i>Greases—continued.</i>			
393	(3) Lubricating-greases, and other <i>solid lubricants</i> , n.e.i.; petroleum greases, and mixtures of the same with other substances, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
	Leather-dressing, belt-dressing, and harness composition; fat-black and similar preparations in packages of less than 5 lb. net weight; leather revivers, and polishes, n.e.i.; blacking, boot-polishes, and preparations, dry or liquid, put up for renovating or cleaning boots and articles of apparel and clothing, n.e.i.; metal-polishes; furniture, floor, and linoleum polishes, not being varnishes—		
	Up to and including 31st October, 1934	20 per cent. ad val.	45 per cent. ad val.
	On and after 1st November, 1934	10 per cent. ad val.	45 per cent. ad val.
394	Oils in vessels capable of containing 1 gallon or more, viz. :—		
	(1) Linseed-oil, <i>refined</i> —		
	Up to and including 31st October, 1934	6d. per gallon	1s. per gallon.
	Linseed-oil n.e.i.; linseed-oil in admixture with any other oil or oils in such proportions as may be determined by the Minister—		
	Up to and including 31st October, 1934	9d. per gallon	1s. 3d. per gallon.
	Linseed-oil; linseed-oil in admixture with any other oil or oils in such proportions as may be determined by the Minister—		
	On and after 1st November, 1934	Free	6d. per gallon.
	(2) Omitted.		
	(3) Vegetable oils n.e.i.	Free	Free.
	(4) Fish oil n.e.i., penguin, mutton-bird, whale, seal, and dugong oils	Free	Free.
	(5) Turpentine; turpentine substitutes composed of volatile mineral oils, or of volatile mineral oils in combination with turpentine or other volatile vegetable oils	Free	Free.
	* (6) <i>Crude</i> petroleum, <i>crude</i> residual oil, <i>once-run</i> shale oil, and <i>crude</i> distillates of petroleum	Free	Free.
	† (7) <i>Motor-spirits</i>	10d. per gallon	10d. per gallon.
	(8) Coal tar naphtha n.e.i.; benzol, toluol, and xylol, crude or refined, n.e.i.	Free	Free.
	(9) <i>Refined</i> mineral oils, n.e.i., not exceeding in specific gravity 0·860 at 60° F.	Free	Free.
	(10) <i>Oil</i> n.e.i., including mineral lubricating oil	6d. per gallon	1s. per gallon.
	(11) Mineral oils mixed with vegetable oils; also mineral or vegetable oils mixed with fish oils or with oils of animal origin, n.e.i.	6d. per gallon	1s. per gallon.
	Australian Agreement rate—Compounded rust-resisting oil for the treatment of metal—		
	Free.		
	(12) Mineral oil specially suited for medicinal purposes as may be approved by the Minister	Free	Free.
	(13) Transformer oil, of qualities approved by the Minister and under conditions prescribed by him	Free	Free.

* Exempt from primage duty when imported *in bulk* in ships' bottoms.

† Surtax one-twentieth of the duty otherwise chargeable.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential	General Tariff.
		Column No. 1.	Column No. 2.
CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.—continued.			
395	Oils in vessels having a capacity of less than 1 gallon, viz:—		
	(1) Linseed-oil; linseed oil in admixture with any other oil or oils, in such proportions as may be determined by the Minister	20 per cent. ad val.	45 per cent. ad val.
	(2) <i>Motor-spirits</i>	20 per cent. ad val., or 10d. per gallon, whichever rate returns the higher duty	20 per cent. ad val., or 10d. per gallon, whichever rate returns the higher duty.
	(3) Vegetable oils n.e.i.	20 per cent. ad val.	20 per cent. ad val.
	(4) N.e.i.	20 per cent. ad val.	40 per cent. ad val.
396	(1) Cod-liver oil	Free	Free.
	(2) Fish-liver oils n.e.i., in vessels having a capacity of less than 1 gallon	Free	20 per cent. ad val.
	(3) Oils, other than fish-liver oils, containing vitamins in proportions equal to or greater than those of cod-liver oil	Free	20 per cent. ad val.
397	Paints, colours, varnishes, and similar materials, viz:—		
	(1) White-lead ground in oil— Up to and including 31st October, 1936	6s. per cwt.	9s. per cwt.
	On and after 1st November, 1936	Free	9s. per cwt.
	(2) Paints, and colours, ground in liquid, n.e.i.; paints mixed ready for use; enamel paints; ships' antifouling composition; <i>paint-thinners, n.e.i.; driers, n.e.i.</i>	15 per cent. ad val.	35 per cent. ad val.
	(3) Varnishes; lacquers; Brunswick black; japans; lithographic varnishes; printers' ink reducer; <i>terebine</i> ; gold-size; liquid stains for wood; metallic paints, and liquid medium for mixing with the same; petrifying-liquids n.e.i. suited for waterproofing concrete, plaster, and similar surfaces, or for use as paint; <i>fused</i> gums for the manufacture of varnishes	15 per cent. ad val.	35 per cent. ad val.
	(4) Preparations for removing paint and varnish	15 per cent. ad val.	35 per cent. ad val.
	(5) Putty and woodfillers	Free	£1 10s. per ton.
	(6) Kalsomine, distempers, and similar preparations, in powder form— Up to and including 31st October, 1934	15 per cent. ad val.	35 per cent. ad val.
	On and after 1st November, 1934	Free	35 per cent. ad val.
	(7) Paints and colours, dry, n.e.i.; barytes; whiting, and chalk	Free	Free.
398	Waxes, viz:—		
	(1) Mineral, vegetable, Japanese, and beeswax, n.e.i.	Free	Free.
	(2) Bottling wax	Free	Free.
	(3) Waxes mixed with colouring-matter only, on declaration that they will be used for manufacturing purposes only	Free	Free.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE.			
	Timber, viz:—		
399	Logs, round, <i>unworked</i>	25s. per 100 cubic ft.	25s. per 100 cubic ft.
	Australian Agreement rate—Free.		
400	Palings, split	2s. per 100	2s. per 100.
401	Posts, split	8s. per 100	8s. per 100.
402	Rails, split	4s. per 100	4s. per 100.
403	Laths, and shingles	20 per cent. ad val.	30 per cent. ad val.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE— <i>continued.</i>			
†404	Timber rough sawn or <i>rough hewn</i> — <i>viz.</i> :— (1) (a) Ash, hickory, lancewood, lignum vitæ, and the timbers the botanical names of which are Swietenia species, Juglans species, Juniperus virginiana (red cedar), Pinus lambertiana, Pinus strobus, Pinus monticola, Quercus sessiliflora, Quercus pedunculata, also balsa wood, and such other <i>similar</i> species or kinds of timbers as the Minister may from time to time approve (b) Oaks (Quercus) n.e.i.— Up to and including 31st May, 1935 On and after 1st June, 1935 (2) Other kinds, in pieces having a length of not less than 25 feet, and having a minimum cross sectional area of not less than 150 square inches Australian Agreement rate—Free. (3) N.e.i. Australian Agreement rate—Free.	Free 9s. 6d. per 100 sup. ft. Free 7s. 6d. per 100 sup. ft. 9s. 6d. per 100 sup. ft.	Free. 11s. 6d. per 100 sup. ft. 6s. per 100 sup. ft. 9s. 6d. per 100 sup. ft. 11s. 6d. per 100 sup. ft.
†405	Timber sawn dressed Australian Agreement rate—7s. 6d. per 100 sup. ft.	19s. per 100 sup. ft.	£1 1s. per 100 sup. ft.
406	Basketware, wickerware, imitation wickerware, and <i>similar</i> ware; wicker, bamboo, and cane furniture, and imitations of the same	30 per cent. ad val.	55 per cent. ad val.
407	(1) Furniture, and cabinetware, n.e.i. and other than metal, including chairs of wood with wicker, bamboo, or cane seats; billiard-tables— Up to and including 31st May, 1935 On and after 1st June, 1935	25 per cent. ad val. 15 per cent. ad val.	50 per cent. ad val. 50 per cent. ad val.
	†(2) Doors, wooden, plain or glazed	25 per cent. ad val., or 4s. per door, whichever rate returns the higher duty	55 per cent. ad val., or 7s. 6d. per door, whichever rate returns the higher duty.
	(3) Mantelpieces, other than stone; sashes, wooden, plain or glazed	25 per cent. ad val.	50 per cent. ad val.
408	Handles, broom, mop, hoe, rake, and <i>similar</i>	20 per cent. ad val.	45 per cent. ad val.
409	Handles, wooden, for tools, n.e.i.	Free	Free.
*410	Horse-boxes, and other stock-boxes, imported with the stock for which they have been used on the voyage	Free	Free.
411	Oars and sculls, all kinds	Free	Free.
412	Poles of <i>hardwood</i> , dressed or shaped, <i>specially suited</i> for electric power transmission lines	Free	Free.
413	Sieves, hair	Free	20 per cent. ad val.
414	Woodenware, and turnery, n.e.i.; veneers; plywood; saddletrees; wooden tackle-blocks	20 per cent. ad val.	45 per cent. ad val.
CLASS XIV.—MISCELLANEOUS.			
*415	Articles n.e.i., suited for the use of the blind, deaf, or dumb, as may be approved by the Minister	Free	Free.
*416	Apparatus, appliances, articles, and materials, for educational purposes, as may be approved by the Minister, and under conditions prescribed by him	Free	Free.§

* Exempt from primage duty.

† Surtax one-twentieth of the duty otherwise chargeable.

‡ Under section 14 of the Customs Amendment Act, 1921, the Minister may direct that such rate of duty as he thinks fit, not exceeding in any case 25 per cent. ad valorem, shall be levied under the General Tariff on goods classified under this item.

THE CUSTOMS TARIFF OF NEW ZEALAND—continued.

Item No.	Tariff Items.	British Preferential	General Tariff.
		Column No. 1.	Column No. 2.
CLASS XIV.—MISCELLANEOUS—continued.			
417	Boats, launches, yachts, and other vessels, and all fittings therefor, n.e.i., imported in any vessel	20 per cent. ad val.	45 per cent. ad val.
418	Handles of bone, celluloid, or <i>base metal</i> , for the manufacture of shaving-brushes or tooth-brushes ..	Free	Free.
419	Brushes, brushware, and brooms, viz. :— (1) Carpet-sweepers and floor-polishers or -scrubbers incorporating revolving brushes or mops .. (2) N.e.i., including knots or tufts for brushmaking ..	Free 25 per cent. ad val.	25 per cent. ad val. 50 per cent. ad val.
	Australian Agreement rate—Corn-millet brooms—30 per cent. ad val.		
420	Candlewick	Free	Free.
421	Cements n.e.i., powders for adhesives, n.e.i., and liquids for use with the same, put up for household use; mucilage, starch paste, and <i>similar prepared adhesives</i> , in packages of less than 1 gallon	20 per cent. ad val.	45 per cent. ad val.
422	Clay birds or clay targets	Free	20 per cent. ad val.
423	Cordage, and twine, suited for use as fishing-lines, and twine suited for use in the manufacture of netting and nets, of qualities approved by the Minister ..	Free	20 per cent. ad val.
424	Hawsers having a circumference of 12 inches or over ..	Free	20 per cent. ad val.
425	Cordage, rope, and twine, n.e.i. Australian Agreement rate—Reaper and binder twine and yarn—6s. per cwt.	20 per cent. ad val.	40 per cent. ad val.
426	Cork, cut; bungs; fishermen's cork floats	Free	Free.
427	Plain <i>unornamental stoppers</i> of every description for bottles, jars, and casks, viz. :— (1) <i>Crown seals</i> (2) N.e.i.	20 per cent. ad val. Free	45 per cent. ad val. 15 per cent. ad val.
428	Engine-packing	Free	Free.
429	Explosives n.e.i.; powder, sporting; blasting powder and meal	Free	Free.
430	Fireworks n.e.i.	20 per cent. ad val.	45 per cent. ad val.
431	Gelatine, glue, isinglass, and size	20 per cent. ad val., or 2d. per lb., which- ever rate returns the higher duty	40 per cent. ad val., or 4d. per lb., which- ever rate returns the higher duty.
432	Agar agar	Free	Free.
*433	Heirlooms not exceeding in value £100, on such conditions as may be approved by the Minister	Free	Free.
**434	Manures	Free	Free.
*435	Natural-history specimens, and such ethnological or similar specimens as may be approved by the Minister	Free	Free.
436	Nets, and netting, n.e.i.	Free	20 per cent. ad val
*437	Official supplies, uniforms, flags, and such other articles as may be approved by the Minister, for the official use of Consular officers, Trade Commissioners, or other accredited representatives of any British or foreign Government	Free	Free
*438	Passengers' baggage and effects, which are not intended for any other person or persons or for sale, viz.— (1) Wearing apparel and other <i>personal effects which have been worn or are in use</i> by persons arriving in New Zealand (2) <i>Implements instruments and tools of trade occupation or employment</i> of any passenger, not exceeding £100 in value, which have been in use by such passenger for twelve months prior to his embarkation	Free Free	Free. Free.

* Exempt from primage duty.

** Manures, including the following substances when *crude* and in *bulk*, namely: Ammonium sulphate, ferrous sulphate, potassium chloride, potassium nitrate, potassium sulphate, sodium nitrate, sulphur, 30 per cent. potash, and such other chemical substances specially suited for the manufacture of manures as the Minister may decide—exempt from primage duty.

THE CUSTOMS TARIFF OF NEW ZEALAND—*continued.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.
CLASS XIV.—MISCELLANEOUS— <i>continued.</i>			
	Passengers' baggage and effects, &c.— <i>continued.</i>		
	(3) Household or other effects which have been in use for twelve months prior to embarkation by the persons or families bringing them to New Zealand, not exceeding in value £100 for each adult passenger, and £50 for each child, provided that the total value of household or other effects so imported does not exceed in value £300 for the members of any one family .. Provided that if such passengers' baggage and effects are not imported within five years from the date of the arrival in New Zealand of the persons or families by whom they have been used they shall be admitted under this heading only with the approval of the Minister.	Free	Free.
*439	Regalia, emblems, certificates, almanacs, and banners, being the property of any society or branch registered under the Friendly Societies Act, 1909	Free	Free.
*440	Returned empties identified as such to the satisfaction of a Collector of Customs	Free	Free.
441	Rocket life-saving apparatus; and such other life-saving apparatus, n.e.i., as may be approved by the Minister; diving-dresses, and dresses and other apparatus suited solely for use in poisonous gases or smoke, with appliances peculiar to use therewith	Free	Free.
442	Roofing-material n.e.i., including paper felts water-proofed with tar, bitumen, or similar material ..	Free	15 per cent. ad val.
443	Sausage skins and casings, viz. :— (1) Of animal origin, including brine or salt .. (2) Made from cellulose or <i>similar</i> material ..	3d. per lb. 20 per cent. ad val.	3d. per lb. 40 per cent. ad val.
*444	Shipbuilders' models of vessels, suited only for exhibition; models of inventions, as may be approved by the Minister	Free	Free.
445	Ships' rockets, blue lights, and danger signals ..	Free	Free.
446	<i>Stained</i> glass windows	Free	Free.
447	Tanning-materials, <i>crude</i>	Free	Free.
448	Articles and materials, specified by the Minister, and on such conditions as he may prescribe, suited for, and to be used solely in, the fabrication or repair of goods within New Zealand. All decisions of the Minister in reference to articles classified under this heading shall be published in the <i>Gazette</i>	Free	Free.‡
**449	All articles n.e.i.	Free	Free, or at such rate of duty not exceeding 25 per cent. ad val. as the Minister may in any case direct.

* Exempt from primage duty.

** The following articles are exempt from primage duty :—

Agricultural seeds (other than grain and pulse) for agricultural seed purposes.

Coal.

Fish-ova.

Postage-stamps.

Specie.

‡ Under section 14 of the Customs Amendment Act, 1921, the Minister may direct that such rate of duty as he thinks fit, not exceeding in any case 25 per cent. ad valorem, shall be levied under the General Tariff on goods classified under this item.

TABLE OF EXCISE DUTIES.

UNDER THE CUSTOMS AMENDMENT ACT, 1921, THE CUSTOMS ACTS AMENDMENT ACT, 1930, THE CUSTOMS ACTS AMENDMENT ACT, 1931, THE CUSTOMS ACTS AMENDMENT ACT, 1932-33, AND THE CUSTOMS ACTS AMENDMENT ACT, 1934.

Goods.	Rate of Duty.
Alcohol used in manufacturing-warehouses in the production of—	
Perfumed spirit	36s. per proof gallon.
Toilet preparations	30s. per proof gallon.
Culinary and flavouring essences	16s. per proof gallon.
Medicinal preparations (excepting medicated wine or wine mixed with food) containing more than 50 per cent. of proof spirit	4s. 6d. per proof gallon.
Medicinal preparations (excepting medicated wine or wine mixed with food) containing not more than 50 per cent. of proof spirit	Free.
Beer—	
(a) Where the specific gravity of the worts used in the production of the beer does not exceed 1,047 : per gallon of beer	1s. 3d.
(b) Where the specific gravity of the worts exceeds 1,047, the duty per gallon shall be 1s. 3d., increased by $\frac{1}{4}$ d. for every unit of specific gravity above 1,047.	
[NOTE.—The specific gravity of distilled water at 60° Fahrenheit is taken at 1,000, and the specific gravity of worts is considered in relation thereto.]	
Tobacco, cut	4s. 6d. per lb.
Other tobacco	4s. 4d. per lb.
Cigars and snuff	4s. per lb.
Cigarettes—	
Not exceeding in weight 2½ lb. the thousand—	
Up to and including 31st October, 1934	21s. 10d. per thousand.
On and after 1st November, 1934	13s. 6d. per thousand.
Exceeding in weight 2½ lb. the thousand—	
Up to and including 31st October, 1934	8s. 10d. per lb.
On and after 1st November, 1934	5s. 6d. per lb.
Cigarette tubes, cigarette papers, and cigarette paper	$\frac{1}{2}$ d. for each 60 cigarette tubes or 60 cigarette papers or the equivalent of 60 cigarette tubes or 60 cigarette papers.
Motor-spirits manufactured in New Zealand	*
Sugar, whether of Number 22 colour or over (Dutch Standard) or not	1d. per lb.
Invert sugar and invert syrup	1d. per lb.
Treacle, molasses, golden syrup, maple-sugar, and maple-syrup	Free.

* Under section 11 of the Customs Acts Amendment Act, 1931, as amended by section 15 of the Customs Acts Amendment Act, 1934, the Governor-General by Order in Council may fix a duty not exceeding the rate prescribed by the British Preferential Tariff.

TRADE AGREEMENT BETWEEN CANADA AND NEW ZEALAND.

The following is an extract from the Trade Agreement between Canada and New Zealand entered into on 23rd April, 1932, and ratified by the Trade Agreement (New Zealand and Canada) Ratification Act, 1932.

[NOTE.—Under the provisions of a Proclamation gazetted on 17th May, 1934, this Agreement has been extended to 24th May, 1935.]

His Majesty's Government in the Dominion of Canada and His Majesty's Government in the Dominion of New Zealand, being desirous of improving and extending the commercial relations existing between Canada and New Zealand, and affirming the principle of granting Tariff preferences the one to the other on goods of their produce or manufacture, for their mutual advantage, have agreed upon the following Articles:—

ARTICLE I.

Subject to the provisions of the Customs Tariff of Canada, except as hereinafter provided, Canada grants:—

1. (a) To the goods enumerated in Schedule A hereto, being the produce or manufacture of New Zealand, when imported into Canada, the Tariff rates indicated in the said Schedule A: Provided that such rates shall in no case be higher than the rates chargeable on similar goods under the British Preferential Tariff of Canada.

(b) To all other goods being the produce or manufacture of New Zealand, when imported into Canada, the benefits of the British Preferential Tariff.

2. The Tariff advantages conceded by section 1 of this Article shall apply only to goods imported direct into Canada, except in special cases where goods are shipped from New Zealand to Canada on a through bill of lading and the New Zealand Government certifies that direct shipment to Canada of such goods is not reasonably practicable.

3. Goods shall be deemed to be the produce or manufacture of New Zealand if they comply with the laws, regulations, and conditions for the time being in force in Canada for the application of its British Preferential Tariff.

ARTICLE II.

Subject to the provisions of the Customs Acts of New Zealand, except as hereinafter provided, New Zealand grants:—

1. (a) To the goods enumerated in Schedule B hereto, being the produce or manufacture of Canada, when imported into New Zealand, the Tariff rates indicated in the said Schedule B: Provided that, except where otherwise indicated in that Schedule, such rates shall in no case be higher than the rates chargeable on similar goods under the British Preferential Tariff of New Zealand.

(b) To all other goods the produce or manufacture of Canada, when imported into New Zealand, the benefits of the British Preferential Tariff.

2. The Tariff advantages conceded by section 1 of this Article shall apply only to goods which after shipment from Canada have not entered into the commerce of or been subjected to any process of manufacture in any country the produce or manufactures of which are not entitled to be entered for duty under the British Preferential Tariff.

3. Goods shall be deemed to be the produce or manufacture of Canada if they comply with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff.

ARTICLE III.

1. The terms "British Preferential Tariff" and "General Tariff", as used in this agreement and the Schedules thereto, shall be deemed to mean the British Preferential Tariff and the General Tariff of Canada or of New Zealand in force on the date on which any goods are entered for home consumption in New Zealand or Canada, as the case may be.

2. The items in Schedule A or Schedule B hereto shall be interpreted in the same way as they would be interpreted in the Tariff from which they are taken.

ARTICLE IV.

Goods entitled to entry under Article I hereof shall not be subject to section 6 of the Customs Tariff of Canada unless previous notice has been given by the Government of Canada to the Government of New Zealand that the importation of such goods would prejudicially or injuriously affect the producers or manufacturers of similar goods in Canada, and if, at the expiration of a period of thirty

days from the date of such notice, remedial measures satisfactory to the Government of Canada are not put into effect by the Government of New Zealand, then the provisions of the said section 6 may be applied to such goods.

At the option of the Government of Canada any importation thus complained of, other than perishable goods, may be held in bond during the said period of thirty days.

ARTICLE V.

Goods entitled to entry under Article II hereof shall not be subject to sections 11 and 12 of the Customs Amendment Act, 1921, of New Zealand, unless previous notice has been given by the Government of New Zealand to the Government of Canada that importation of such goods would prejudicially or injuriously affect the producers or manufacturers of similar goods in New Zealand, and if, at the expiration of a period of thirty days from the date of such notice, remedial measures satisfactory to the Government of New Zealand are not put into effect by the Government of Canada, then the provisions of the said sections 11 and 12 or either of them may be applied to such goods.

At the option of the Government of New Zealand any importation thus complained of, other than perishable goods, may be held in bond during the said period of thirty days.

ARTICLE VI.

Subject to the provisions of Articles IV and V hereof, nothing in this agreement shall affect the right of either party to this agreement to impose any special duty or tax on goods imported into Canada or New Zealand, provided that, except where specially arranged between the Governments of Canada and of New Zealand, such special duty or tax does not exceed that imposed on similar goods imported from Great Britain.

ARTICLE VII.

1. With respect to the goods enumerated in Schedule A hereto, the Government of Canada shall not impose any Customs duty on any such goods admissible free of duty or increase the rate of any Customs duty on any other such goods entering Canada from New Zealand, except by mutual agreement, until after three months' notice to the Government of New Zealand.

2. With respect to the goods enumerated in Schedule B hereto, the Government of New Zealand shall not impose any Customs duty on any such goods admissible free of duty or increase the rate of any Customs duty on any other such goods entering New Zealand from Canada, except by mutual agreement, until after three months' notice to the Government of Canada.

ARTICLE VIII.

The Government of Canada grants the benefits of this agreement to goods imported into Canada and being the produce or manufacture of the Territory of Western Samoa which is subject to a mandate conferred on His Majesty by the League of Nations, and the Government of New Zealand grants to goods imported into the said Territory of Western Samoa and being the produce or manufacture of Canada the benefits of the rates of duty for the time being applicable to goods imported from the United Kingdom.

ARTICLE IX.

The Government of Canada grants the benefits of this agreement to goods imported into Canada and being the produce or manufacture of the Cook Islands and, subject to Part XXI of the Customs Act, 1913, of New Zealand, the Government of New Zealand grants to goods imported into the Cook Islands and being the produce or manufacture of Canada the benefits of the British Preferential Tariff for the time being in force in the Cook Islands.

ARTICLE X.

This agreement shall be subject to the approval of the Parliaments of Canada and of New Zealand. Upon approval being given it shall be brought into force upon a date to be agreed upon between the Governments of Canada and of New Zealand, and shall remain in force for a period of one year.

SCHEDULE B.

RATES OF DUTY IMPOSED ON GOODS OF THE KINDS OR CLASSES ENUMERATED HEREUNDER, BEING THE PRODUCE OR MANUFACTURE OF CANADA, WHEN IMPORTED INTO NEW ZEALAND.

Item No.	Tariff Items.	Tariff Rates on Goods the Produce or Manufacture of Canada.
7	Onions	£1 per ton.
11	Vegetables, viz. :— (1) Preserved peas in tins or similar containers including the weight of any liquid	20 per cent. ad val. or 1½d. per lb., whichever rate returns the higher duty.
35	Fish, viz. :— (3) Fish, potted, and preserved, viz., salmon, including any liquor, oil, or sauce (4) Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce (NOTE.—The term "fish" is used in the Tariff in its widest sense, and includes shell-fish, crustaceans, and other foods obtained from the fisheries.)	1½d. per lb. 2d. per lb.*
37	Fruits, fresh—viz. :— (1) Apples and pears	1d. per lb.
Ex 105	Calcium carbide	Free.
Ex 124	Gypsum, crude	Free.
Ex 137	Hosiery, viz. : Socks or stockings of silk or artificial silk	32½ per cent. ad val.
160	Furs and other similar skins, and articles made therefrom, viz. :— (1) Fur skins, green or sun-dried (2) Furs, and other similar skins, dressed or prepared, but not made up in any way	5 per cent. ad val.† 25 per cent. ad val.†
196	Boots, shoes, clogs, pattens, slippers, shoettes, sandals, goloshes, over shoes, and other footwear, n.e.i. ..	25 per cent. ad val.§
212	Building materials, viz. :— (3) Plaster-pulp sheets, plaster board, and similar materials	35 per cent. ad val.
228	Plaster-of-paris	Free.
292	Paper-pulp, for the manufacture of paper	Free.
299	Paper of qualities and sizes approved by the Minister, on declaration that it will be used by orchardists only in wrapping fruit	Free.
300	Paper, viz. :— (2) N.e.i., including tin-foil paper, and gummed paper n.e.i.,— (b) In sheets of size not less than 20 in. by 15 in. or the equivalent	Free.
333	Agricultural implements and machinery, viz. :— (1) Cultivators; harrows; ploughs; drills; seed and fertilizer sowers or distributors combined or separate; lime sowers; seed or grain cleaners, and cellular seed or grain separators	35 per cent. ad val. The surtax to be levied, collected, and paid under section 5 of the Customs Acts Amendment Act, 1930, on the goods included in Tariff item numbered 333 (1) shall be an amount equal to one-twentieth of the total duty of Customs otherwise chargeable.

* Now reduced to 1½d. per lb. under Article II of the Agreement.

† Reduced to "Free" on and after 1st November, 1934, under Article II of the Agreement.

‡ Reduced to 15 per cent. ad val. on and after 1st November, 1934, under Article II of the Agreement.

§ Now reduced to 20 per cent. ad val. under Article II of the Agreement.

RATES OF DUTY IMPOSED ON GOODS OF THE KINDS OR CLASSES ENUMERATED HEREUNDER, BEING THE PRODUCE OR MANUFACTURE OF CANADA, WHEN IMPORTED INTO NEW ZEALAND—*continued.*

Item No.	Tariff Items.	Tariff Rates on Goods the Produce or Manufacture of Canada.
353 *389	<p>Agricultural implements and machinery—<i>continued.</i> (2) N.e.i., including ploughs, cultivators, and seed drills, hand-worked, combined or separate; ploughs, single furrow mouldboard, not exceeding 266 lb. net weight; also the following parts of ploughs or harrows, viz.—mouldboard-plates unbent, steel share-plates cut to pattern, skeith-plates, plough beam forgings, and discs for harrows or ploughs</p> <p>(4) Electric cooking and electric heating appliances ..</p> <p>Motor-vehicles n.e.i. :— When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualifications set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than three-fourths of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff</p> <p>When the expenditure in material produced in Canada and/or labour performed within Canada calculated subject to the qualification set out in clause 6 of the Customs (Tariff Preference and General) Regulations, 1925, in each and every article is not less than one-half of the factory or works cost of such article in its finished state, and if the article otherwise complies with the laws, regulations, and conditions for the time being in force in New Zealand for the application of its British Preferential Tariff</p> <p>When any body of a motor-vehicle suited or designed for carrying passengers is imported by itself or otherwise than as set out above, body duty shall be payable and the Minister shall determine the amount of such body duty. The body duty so payable shall, as nearly as may be, be equal to the amount of body duty that would have been payable if such body had been imported as part of and attached to a motor-vehicle manufactured in the same country as the body.</p> <p>Where the Minister is of opinion that any duty is being or is likely to be evaded or avoided by the importation of any motor-vehicles without engines, tires, or other component parts which, in the ordinary course of business, are usually imported therewith, the Minister may, at his discretion, require that duty shall be paid as if such engines, tires, or other component parts had been imported with such vehicles.</p>	<p>Free.</p> <p>30 per cent. ad val.</p> <p>10 per cent. ad val.; and in cases where such motor-vehicles are imported having bodies suited or designed for carrying passengers, an additional duty (herein referred to as "body duty") of 11½ per cent. ad val. on any such vehicle (inclusive of the body): Provided that where the value for duty of any vehicle (inclusive of the body) exceeds £200 the body duty shall be: On £200 of such value, 11½ per cent. ad val.; on the remainder of such value, 6½ per cent. ad val.</p> <p>20 per cent. ad val.; and in cases where such motor-vehicles are imported having bodies suited or designed for carrying passengers, an additional duty (herein referred to as "body duty") of 11½ per cent. ad val. on any such vehicle (inclusive of the body): Provided that where the value for duty of any vehicle (inclusive of the body) exceeds £200 the body duty shall be: On £200 of such value, 11½ per cent. ad val.; on the remainder of such value, 6½ per cent. ad val.</p>
403	Laths, and shingles	20 per cent. ad val.
404	Timber rough sawn or rough hewn, viz. :— (2) Other kinds, in pieces having a length of not less than 25 ft., and having a minimum cross sectional area of not less than 150 square inches	7s. 6d. per 100 sup. ft.
	(3) N.e.i.	9s. 6d. per 100 sup. ft.
405	Timber sawn dressed	19s. per 100 sup. ft.

* Rates of duty revised under Article II of the Agreement, see page 44.

**TRADE AGREEMENT BETWEEN THE COMMONWEALTH OF AUSTRALIA AND THE
DOMINION OF NEW ZEALAND.**

The following is an extract from the Trade Agreement between the Commonwealth of Australia and the Dominion of New Zealand entered into on 5th September, 1933, ratified by the Trade Agreement (New Zealand and Australia) Ratification Act, 1933, and brought into force by Proclamation on 1st December, 1933 :—

His Majesty's Government in the Commonwealth of Australia and His Majesty's Government in the Dominion of New Zealand, being desirous of improving and extending the commercial relations existing between Australia and New Zealand, and affirming the principle of granting tariff preferences the one to the other on goods of their produce or manufacture for their mutual advantage, have agreed upon the following Articles :—

ARTICLE I.

(1) The terms " British Preferential Tariff " and " General Tariff " as used in this Agreement and the Schedules hereto shall in relation to any goods be deemed to mean the British Preferential Tariff and the General Tariff of Australia or of New Zealand in force on the date on which such goods are entered for home consumption in Australia or New Zealand, as the case may be.

(2) The items in Schedule A or Schedule B hereto shall, where taken from the Tariff of Australia or New Zealand, be interpreted in the same way as they would be interpreted in the Tariff from which they are taken.

ARTICLE II.

(1) Subject to the provisions of the Customs Tariff of Australia, and except as hereinafter in this Agreement provided, Australia grants :—

(a) To goods of the kinds or classes enumerated in Schedule A hereto, being the produce or manufacture of New Zealand, when imported into Australia, the tariff rates indicated in the said Schedule A ;

(b) To all other goods being the produce or manufacture of New Zealand, when imported into Australia, the benefits of the British Preferential Tariff.

(2) The tariff advantages conceded by Clause (1) of this Article shall apply only to goods which have been shipped from New Zealand to Australia and have not been transhipped, or, if transhipped, then only if it is proved to the satisfaction of the Collector of Customs that the intended destination of the goods when originally shipped from New Zealand was Australia.

ARTICLE III.

(1) Subject to the provisions of the Customs Tariff of New Zealand, and except as hereinafter in this Agreement provided, New Zealand grants :—

(a) To goods of the kinds or classes enumerated in Schedule B hereto, being the produce or manufacture of Australia, when imported into New Zealand, the tariff rates and provisions indicated in the said Schedule B ;

(b) To all other goods being the produce or manufacture of Australia, when imported into New Zealand, the benefits of the British Preferential Tariff.

(2) The tariff advantages conceded by Clause (1) of this Article shall apply only to goods which after shipment from Australia have not entered into the commerce of or been subjected to any process of manufacture in any country the produce or manufactures of which are not entitled to be entered for duty under the British Preferential Tariff.

ARTICLE IV.

(1) With respect to goods of the kinds or classes enumerated in Schedule A hereto, and being the produce or manufacture of New Zealand, the Government of Australia shall not impose any Customs duty on any such goods admissible free of duty or increase the rate of any Customs duty on any other such goods entering Australia from New Zealand, except in either such case by mutual agreement or until after six calendar months' notice to the Government of New Zealand.

(2) With respect to the goods of the kinds or classes enumerated in Schedule B hereto, and being the produce or manufacture of Australia the Government of New Zealand shall not impose any Customs duty on any such goods admissible free of duty or increase the rate of any Customs duty on any other such goods entering New Zealand from Australia, except in either such case by mutual agreement or until after six calendar months' notice to the Government of Australia.

ARTICLE V.

Nothing in this Agreement shall be construed to affect the right of Australia or of New Zealand to impose new duties upon any goods for the protection of any new industry established or proposed to be established in Australia or New Zealand as the case may be ; provided that such new duties do not exceed the duties for the time being in force with respect to similar goods imported from the United Kingdom into Australia or New Zealand as the case may be.

ARTICLE VI.

Nothing in this Agreement shall be construed to affect the right of Australia or New Zealand to collect or impose dumping duties or analogous special duties to meet abnormal trading conditions.

ARTICLE VII.

(1) Goods, the produce or manufacture of New Zealand, shall on importation into Australia be exempt from primage duty.

(2) Goods, the produce or manufacture of Australia, shall on importation into New Zealand be liable to the primage duty for the time being in force in New Zealand, provided only—

- (a) That such duty does not exceed the primage duty chargeable on similar goods, the produce or manufacture of the United Kingdom ; and
- (b) That New Zealand undertakes to abolish such duty insofar as it relates to goods being the produce or manufacture of Australia as soon as financial conditions permit.

ARTICLE VIII.

(1) Goods imported into Australia and thereafter shipped to New Zealand, which if they had been imported direct from the country of origin to New Zealand would have been entitled to be entered under the British Preferential Tariff in New Zealand, shall, upon production of a certificate from the Customs Department of Australia stating the country of origin of the goods and such other information as is required, be entitled to be entered under the British Preferential Tariff in New Zealand.

(2) Goods imported into New Zealand, and thereafter shipped to Australia, which if they had been imported direct from the country of origin to Australia would have been entitled to be entered under the British Preferential Tariff in Australia, shall, upon production of a certificate from the Customs Department of New Zealand stating the country of origin of the goods and such other information as is required, be entitled to be entered under the British Preferential Tariff in Australia.

ARTICLE IX.

(1) Where with respect to any specific class of goods not enumerated in Schedule B to this Agreement and imported into New Zealand the rate of duty thereon under the New Zealand British Preferential Tariff is less than the rate of duty under the Australian British Preferential Tariff the following provisions shall apply—

- (a) His Majesty's Government in New Zealand may request His Majesty's Government in Australia to admit into Australia goods of such class being the produce or manufacture of New Zealand at the rate of duty chargeable on goods of that class under the New Zealand British Preferential Tariff.
- (b) If within three calendar months after the receipt of such request His Majesty's Government in Australia does not comply therewith His Majesty's Government in New Zealand may, without further notice, impose on goods of such class being the produce or manufacture of Australia a rate of duty not greater than the rate of duty for the time being in force in Australia on the like goods under the Australian British Preferential Tariff.

(2) Where with respect to any specific class of goods not enumerated in Schedule A to this Agreement and imported into Australia the rate of duty thereon under the Australian British Preferential Tariff is less than the rate of duty under the New Zealand British Preferential Tariff the following provisions shall apply—

- (a) His Majesty's Government in Australia may request His Majesty's Government in New Zealand to admit into New Zealand goods of such class being the produce or manufacture of Australia at the rate of duty chargeable on goods of that class under the Australian British Preferential Tariff.
- (b) If within three calendar months after the receipt of such request His Majesty's Government in New Zealand does not comply therewith His Majesty's Government in Australia may, without further notice, impose on goods of such class being the produce or manufacture of New Zealand a rate of duty not greater than the rate of duty for the time being in force in New Zealand on the like goods under the New Zealand British Preferential Tariff.

ARTICLE X.

For the purposes of this Agreement, goods shall be deemed to be the produce or manufacture of Australia or of New Zealand, as the case may be, if conforming with the laws or regulations in force in the country of importation which apply to such goods when imported under its British Preferential Tariff, except that:—

- (1) In relation to goods imported into New Zealand which have been partially produced or partially manufactured in Australia the expenditure in material produced in Australia and/or labour performed within Australia in each and every article shall not be less than one-half of the factory or works cost of such article in its finished state.
- (2) In relation to goods imported into Australia from New Zealand paragraph (b) of subsection one of Section 151A of the Customs Act 1901-1930 shall be read as if fifty per centum were substituted for seventy-five per centum.

ARTICLE XI.

(1) If in Australia goods of any class or kind the produce or manufacture of Australia are exempt from sales tax, goods of that class or kind the produce or manufacture of New Zealand shall, if imported into or sold in Australia, be exempt from sales tax.

(2) If in New Zealand goods of any class or kind the produce or manufacture of New Zealand are exempt from sales tax, goods of that class or kind the produce or manufacture of Australia shall, if imported into or sold in New Zealand, be exempt from sales tax.

ARTICLE XII.

No special rebate or bounty shall be granted by Australia or any State Government or any officially constituted body in Australia or by the Government of New Zealand or any officially constituted body in New Zealand in respect of the sugar contained in any goods exported from Australia or New Zealand as the case may be to New Zealand or Australia, if the result of such rebate or bounty would in effect be to reduce the price of refined sugar below the import parity of similar types of sugar (such import parity to include the amount of import duty on refined sugar for the time being levied in New Zealand).

ARTICLE XIII.

(1) Nothing in this Agreement shall apply to goods being the produce or manufacture of Norfolk Island imported into New Zealand or to goods being the produce or manufacture of New Zealand imported into Norfolk Island.

(2) Nothing in this Agreement shall apply to goods being the produce or manufacture of the Cook Islands imported into Australia or to goods being the produce or manufacture of Australia imported into the Cook Islands.

(3) Cocoa beans the produce of Western Samoa imported into Australia shall not be subjected to any higher duties of Customs than those paid on cocoa beans the produce of any British non-self-governing Colony or Protectorate or of any Territory governed under British mandate.

ARTICLE XIV.

(1) Publicity films (either positives or negatives) produced by or for the Government of the Commonwealth of Australia or produced by or for the Government of any State of the Commonwealth of Australia shall be admitted free of duty into New Zealand.

(2) Publicity films (either positives or negatives) produced by or for the Government of New Zealand shall be admitted free of duty into Australia.

(3) The exemption from duty stipulated in paragraphs (1) and (2) of this Article shall have effect, irrespective of the ownership of the films at the time of importation or whether or not they are to be exhibited through public theatres, provided that a certificate is given by a Department of State in the country in which the films were manufactured that such films were produced by or for the Government of that country for publicity purposes.

ARTICLE XV.

This agreement shall be subject to the approval of the Parliaments of Australia and New Zealand. Upon approval being given it shall be brought into force upon a date to be agreed upon between the Governments of Australia and New Zealand and shall remain in force until the expiration of six months from the date on which either Government shall have given to the other notice in writing of its intention to terminate the Agreement.

ARTICLE XVI.

On this Agreement being brought into force as herein provided, the Agreement made between the Commonwealth of Australia and the Dominion of New Zealand on the eleventh day of April, one thousand nine hundred and twenty-two, shall cease to have effect.

SCHEDULE B.

RATES OF DUTY IMPOSED ON GOODS OF THE KINDS OR CLASSES ENUMERATED HEREUNDER, BEING THE PRODUCE OR MANUFACTURE OF AUSTRALIA, WHEN IMPORTED INTO NEW ZEALAND.

Consec. No.	Item No.	Tariff Item.	Tariff Rates on Goods the Produce or Manufacture of Australia.
1	Ex 2	Cotton seed meal	Free.
2	Ex 2	Hay	Free.
3	3	Chaff	Free.
4	4	Grain and pulse, unground and unmanufactured, viz. :—	
		Ex (4) Oats	1s. 6d. per cental.
		Ex (4) Peas, viz. :—	
		(a) Wrinkled garden seed peas	Free.
		(b) Other kinds	1s. 6d. per cental.
5	5	Grain and pulse, ground or <i>manufactured</i> , viz. :—	
		Ex (6) Oatmeal and Rolled Oats	2s. 6d. per cental.
6	6	Hops	9d. per lb.
7	7	Onions	£1 per ton.
8	8	Potatoes	£2 10s. per ton.
9	Ex 11	Vegetables, viz. :—	
		(2) Fresh n.e.i.	25 per cent. ad val.
10	18	Coffee, roasted	5d. per lb.
11	19	Coffee, essence of, and essence of coffee mixed with milk or with any food substance whatsoever	25 per cent. ad val.
12	25	Bacon and hams	2d. per lb.
13	32	Confectionery including medicated confectionery, liquorice n.e.i., and sugared or crystallized fruits	27½ per cent. ad val.*
14	35	Fish, viz. :—	
		(2) Fish, fresh, smoked, dried, pickled, salted, preserved by cold process, or preserved by sulphurous acid, n.e.i.	Free.
		(3) Fish, potted, and preserved—viz., <i>salmon</i> , including any liquor, oil, or sauce	Free.
		(4) Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce	Free.
		(NOTE.—The term "fish" is used in the Tariff in its widest sense, and includes shell-fish, crustaceans, and other foods obtained from the fisheries.)	
15	36	Fruits, dried—viz. :—	
		Ex (1) Raisins	Free.
16	37	Fruits, fresh—viz. :—	
		(2) (a) Apricots, grapea, medlars, nectarines, passion-fruit, peaches, plums, quinces, tomatoes	2d. per lb.
		(b) Cherries	3d. per lb.
17	39	Fruits preserved in juice or syrup, viz. :—	
		(1) Pineapples and prunes	25 per cent. ad val.
		(2) Other kinds	35 per cent. ad val.
		(Fruits preserved in juice or syrup, fortified with alcohol to any extent exceeding 40 per cent. of proof spirit, shall be charged 36s. per liquid gallon on such juice or syrup, in addition to the appropriate duty on the total value of the goods.)	
18	45	Jams, jellies, marmalade, and preserves	2½d. per lb.
19	49	Meats, potted or preserved (not including mutton birds)	2d. per lb.
20	Ex 53	Fish Pastes	Free.

* Now reduced to 25 per cent. ad val. under section 2 (3) of the Trade Agreement (New Zealand and Australia) Ratification Act, 1933.

RATES OF DUTY IMPOSED ON GOODS OF THE KINDS OR CLASSES ENUMERATED HEREUNDER, BEING THE PRODUCE OR MANUFACTURE OF AUSTRALIA, WHEN IMPORTED INTO NEW ZEALAND—*continued.*

Consec. No.	Item No.	Tariff Item.	Tariff Rates on Goods the Produce or Manufacture of Australia.
21	Ex 61 ..	Meats, fresh, smoked or preserved by cold process ..	10 per cent. ad val.
22	Ex 61 ..	Soup, viz. :— Oyster soup and other fish soup, in powder or otherwise and whether in admixture with other substances or not	Free.
23	63 ..	Soap, all kinds ; soap-powder, extract of soap, dry soap, soft-soap, liquid soap, soap solution ; washing or cleansing powders, crystals, pastes or liquids, n.e.i. ..	30 per cent. ad val.
24	Ex 72 ..	Sugar of Milk	15 per cent. ad val.
25	Ex 90 ..	Wine, Australian, containing not more than 40 per cent. of proof spirit, viz. :— (1) Sparkling, all kinds ; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity (2) Other kinds ; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity	10s. 4s.
26	115 ..	Essential oils, viz. :— (1) Eucalyptus	Free.
27	116 ..	Gases, liquefied or compressed, viz. :— (2) Carbon dioxide or carbonic acid gas	1½d. per lb.
28	128 ..	Rennet, in tablet form, or in liquid form in containers having a capacity of 1 pint or under ; rennet in powder, <i>in small packages</i> suitable for retail sale	25 per cent. ad val.
29	129 ..	Rennet n.e.i.	15 per cent. ad val.
30	Ex 173 ..	Rugs of wool or containing wool	25 per cent. ad val.
31	Ex 183 ..	Textile piece-goods, of wool or containing wool, n.e.i. ..	25 per cent. ad val.
32	Ex 184 ..	Blankets of wool or containing wool	25 per cent. ad val.
33	Ex 196 ..	(1) Boots and shoes composed of canvas with rubber soles solutioned to the uppers, including goloshes (2) Boots, shoes, clogs, pattens, slippers, shoettes, sandals, overshoes, and other footwear n.e.i.	25 per cent. ad val. 35 per cent. ad val.
34	200 ..	Leather, viz. :— (2) Chamois leather	15 per cent. ad val.
35	202 ..	Leather laces ; vamps, and uppers ; leather cut into shapes ; clog and patten soles ; leather leggings ..	35 per cent. ad val.
36	Ex 204 ..	Portmanteaux ; trunks ; travelling-bags, brief-bags of leather or leather-cloth, attache-cases, suit-cases, and similar receptacles, 10 in. in length and upwards (not including basketware, wickerware, or similar receptacles)	30 per cent. ad val.
37	Ex 246 ..	Mouldings, in the piece, and panels, composed wholly of wood, suited for picture frames, cornices, walls, or ceilings	25 per cent. ad val.
38	Ex 282 ..	Paper bags, all kinds, n.e.i.	30 per cent. ad val.
39	Ex 298 ..	<i>Wrapping-paper</i> , all kinds, glazed, mill-glazed, or unglazed, including browns, caps, casings, sulphites, sugars and all other bag papers, candle carton paper, tissues, and tinfoil paper, not printed, n.e.i., viz. : In sheets not less than 20 inches by 15½ inches or the equivalent, or in rolls not less than 10 inches wide ..	6s. per cwt.
40	212 ..	Building materials, viz. :— (1) Roofing tiles, ridging, and finials, glass, and earthen	20 per cent. ad val.
41	Ex 327 ..	Galvanized-iron manufactures, n.e.i., made up from galvanized iron, or from plain sheet iron, and then galvanized ; japanned or lacquered metalware ..	30 per cent. ad val.

RATES OF DUTY IMPOSED ON GOODS OF THE KINDS OR CLASSES ENUMERATED HEREUNDER, BEING THE PRODUCE OR MANUFACTURE OF AUSTRALIA, WHEN IMPORTED INTO NEW ZEALAND—*continued.*

Consec. No.	Item No.	Tariff Item.	Tariff Rates on Goods the Produce or Manufacture of Australia.
42	Ex 346 ..	Vacuum pumps suited for use with milking machines, imported separately	Free.
43	353 ..	Machinery, machines, engines, and <i>other appliances</i> , n.e.i., viz. :—	
		Ex (1) Gas heating and gas cooking appliances ..	35 per cent. ad val.
		Ex (2) <i>Oil-engines</i> not exceeding 100 brake horse power ..	15 per cent. ad val.
		Ex (1) and (5) Valves, taps, tobies, hydrants, and similar articles, of any material.	30 per cent. ad val.
		Ex (5) Elevators, and conveyors, including mechanical stokers	25 per cent. ad val.
		Ex (5) Heating boilers, washing boilers	25 per cent. ad val.
44	Ex 356 ..	Brasswork, bronzework, and gunmetal work, for general engineering and plumbing and other trades	25 per cent. ad val.
45	Ex 356 ..	Metal bedsteads, cots, fenders, and fireirons	25 per cent. ad val.
46	361 ..	Nails, lead-headed, and galvanized cup-headed roofing nails	25 per cent. ad val.
47	362 ..	Pipes, piping, tubes, and tubing (except coil pipes), viz. :—	
		(7) Lead or composition	4s. 6d. per cwt.
48	373 ..	Tinware, and tin manufactures, n.e.i.	30 per cent. ad val.
49	394 ..	Oils in vessels capable of containing 1 gallon or more, viz. :—	
		Ex (11) Compounded rust-resisting oil for the treatment of metal	Free.
50	399 ..	Timber, viz. :—	
		Logs, round, <i>unworked</i>	Free.
51	404 ..	Timber rough sawn or <i>rough hewn</i>	Free.
52	405 ..	Timber sawn dressed	7s. 6d. per 100 super. ft.
53	Ex 419 ..	Corn-millet brooms	30 per cent. ad val.
54	Ex 425 ..	Reaper and binder twine and yarn	6s. per cwt.

VALUE FOR DUTY OF GOODS RE-EXPORTED FROM AUSTRALIA.

(EXTRACT FROM ADDITIONAL CUSTOMS REGULATIONS GAZETTED ON 4TH JUNE, 1925.)

In these regulations—

“Australia” means the Commonwealth of Australia :

“Original invoice” with respect to any goods means the original invoice which was produced to the Customs upon the entry of these goods in Australia, and includes a copy of such original invoice or of so much thereof as relates to the goods, certified by a competent Customs authority in Australia to be a true copy in whole or in part of such original invoice.

The current domestic value of goods, not being the produce or manufacture of Australia but imported from Australia into New Zealand, shall in the cases hereinafter specified be assessed at an amount exceeding by ten per centum the current domestic value of those goods in the country from which they were exported to Australia, at the time of their exportation to Australia.

Assessment of the current domestic value of any goods in accordance with the preceding regulation shall be made in all cases which comply to the satisfaction of the Collector of Customs with the following conditions, viz. :—

- (a) That the goods are imported into New Zealand in the condition in which they were imported into Australia ;
- (b) That the original invoice is produced to the proper Officer of Customs in New Zealand, together with the invoice for the goods as required by section 115 of the Customs Act, 1913 ;
- (c) That the original invoice shows the current domestic value of the goods in the country from which they were exported to Australia at the time of such exportation ;
- (d) That the original invoice has been certified in accordance with the requirements of the Australian or New Zealand Customs Regulations, or otherwise to the satisfaction of the Collector of Customs ;
- (e) That the current domestic value of the goods if assessed under these regulations would be not less than their current domestic value assessed independently of these regulations if, at the time of their importation into New Zealand from Australia, they were imported into New Zealand directly from the country from which they were exported to Australia ;
- (f) That the deductions (if any) provided for in subsection (3) of section 114 of the Customs Act, 1913, shall be made only in respect of sums paid or payable on the goods in the country from which they were exported to Australia.

Notwithstanding the foregoing regulations, if the importer satisfies the Collector that the current domestic value of any goods as assessed under these regulations is greater than their current domestic value assessed independently of these regulations, then the Collector may assess the current domestic value of the goods independently of these regulations.

Nothing in these regulations shall be deemed to limit the application of the provisions of section 11 or section 13 of the Customs Amendment Act, 1921.

TRADE ARRANGEMENT WITH BELGIUM.

Under the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, the duties and exemptions from duty set out hereunder were applied to goods being the produce or manufacture of the Economic Union of Belgium and Luxemburg.

Item No. of the Customs Tariff of New Zealand.	Tariff Item.	Rate of Duty payable in New Zealand on Articles produced or manufactured in the Economic Union of Belgium and Luxemburg.
Ex 55	Matches and vestas, viz. :— (1) Wax, in boxes containing not more than 60 matches or vestas (2) Wax, in boxes containing more than 60 matches or vestas, but not more than 100 (3) Wax, in boxes containing over 100 matches or vestas, for each 100 matches or vestas or fraction thereof contained in one box (4) Wooden, in boxes containing not more than 60 matches or vestas (5) Wooden, in boxes containing over 60 matches or vestas, for every 100 matches or vestas or fraction thereof contained in one box (6) Matches or vestas, of any material other than wood or wax, in boxes, shall be charged with a duty corresponding to the duty payable on wooden matches.	2s. per gross of boxes. 3s. per gross of boxes. 4s. per gross of boxes. 2s. per gross of boxes. 4s. per gross of boxes.

TRADE ARRANGEMENT WITH BELGIUM—*continued.*

Item No. of the Customs Tariff of New Zealand.	Tariff Item.	Rate of Duty payable in New Zealand on Articles produced or manufactured in the Economic Union of Belgium and Luxemburg.
142	Boot and similar laces, of any material other than leather ..	40% ad valorem.
159	Floor-coverings, viz. :— (4) Carpets, floor coverings, floor rugs, mats, and matting, other kinds	45% ad valorem.
Ex 180	Textile piece-goods, namely, moquettes, tapestry and tickings, composed of cotton, linen, jute, hemp, other vegetable fibre, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or similarly worked, provided that such piece-goods do not contain more than 50% by weight of silk, of imitation silk, of artificial silk, or of combinations of the same	15% ad valorem.
Ex 205	Rubber, manufactures of, viz. :— (5) Rubber tires, viz. :—bicycle, tricycle, perambulator, and similar, and inner tubes of rubber for pneumatic tires, not exceeding 1½ inches in diameter	20% ad valorem.
219	Glass, sheet, common window or plate, whether polished, coloured, bent or otherwise, cut to any size or shape, n.e.i.	10% ad valorem.
220	Glass, plate or sheet, in sizes not exceeding 20 superficial feet, only on declaration that it will be used in the manufacture of bevelled or silvered glass	Free.
Ex 225	Glassware, n.e.i. ; globes, and chimneys, for lamps, n.e.i. ..	40% ad valorem.
258	Sensitized surfaces, and albumenized paper, plain, not being post cards or other stationery	20% ad valorem.
Ex 295	Paper, unprinted—viz. :— True vegetable parchment	Free.
Ex 321	Firearms and fittings therefor, viz. :— (1) Rifles, .22 calibre ; rifles, .303 calibre (including service fittings therefor) ; rifles, n.e.i., of such calibres as may be authorized by the Minister of Defence (including service fittings therefor) (3) Firearms n.e.i.	20% ad valorem. 40% ad valorem.
357	Metal, viz. :— Ex (2) Lead and zinc, in bars or rods Ex (6) Lead and zinc, viz. :—foil, leaf ; hoop, plate or sheet, plain, whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal	10% ad valorem. 10% ad valorem.
434	Manures	Free.

Under the provisions of an Order in Council dated 21st February, 1934, *Gazette*, 1934, page 465, the above duties and exemptions from duty were applied to goods being the produce or manufacture of the following countries :—

Argentina	Egypt	Italy
Austria	Finland	Japan
Brazil	Germany	Norway
China	Hungary	Spain.
Czecho-Slovakia		

NOTE.—Surtax is not payable on goods entered under the provisions of the Trade Arrangement (New Zealand and Belgium) Ratification Act, 1933, see page 6 hereof.

NEW ZEALAND AND SOUTH AFRICAN CUSTOMS DUTIES RECIPROCITY.

TABLE OF DUTIES CHARGEABLE ON GOODS BEING THE PRODUCE OR MANUFACTURE OF THE UNION OF SOUTH AFRICA.

(Under Order in Council gazetted on 10th September, 1925.)

Consecutive No.	Goods.	Rate of Duty.
1	Feathers	15 per cent. ad valorem.
2	Fish	1½d. the pound.
3	Fruits, dried, other than dried apples ..	Free.
4	Fruits, green	Free.
5	(Omitted.)	
6	Tea	1d. the pound.
7	Wine, other than sparkling	3s. 6d. the gallon.
8	Wine, sparkling	9s. 6d. the gallon.
9	All other goods except spirits and tobacco	3 per cent. less than the duty which would otherwise be payable.

EXEMPTIONS FROM PRIMAGE DUTY.

UNDER SECTION 4, CUSTOMS ACTS AMENDMENT ACT, 1931; AND ORDERS IN COUNCIL DATED 15TH DECEMBER, 1931, 15TH DECEMBER, 1933, 5TH APRIL, 1934, 14TH JUNE, 1934, 24TH JULY, 1934, AND 8TH OCTOBER, 1934, *Gazette*, 1931, PAGE 3576; 1933, PAGE 3373; AND 1934, PAGES 883, 1894, 2253, AND 3193.

The Governor-General may from time to time, by Order in Council, exempt any other class of goods from the primage duty, and may in like manner revoke any exemption (whether such exemption is in respect of goods specified hereunder or in any such Order in Council).

Live animals, including cattle and horses.

Bran and pollard.

Radium, mesothorium, and other radio-active metallic elements, also inorganic salts of the same.

Surgeons', physicians', dentists', and opticians' appliances, instruments, and materials, viz. :—

Appliances (including splints) for wear, even if medicated, *peculiarly adapted* to correct a deformity of the human body, to afford support to an abnormal condition of the human body, or to reduce or alleviate such condition, or to substitute any part of such body; stump socks; crutches; ear-trumpets; ear-tubes, and *audiophones*, for the partially deaf.

Antiques and works of art, as may be approved by the Minister, and on conditions prescribed by him provided that he is satisfied that such articles were produced or manufactured at least one hundred years prior to the date of importation.

Films for cinematographs and similar instruments.

Medals—viz., war medals, humane societies', and similar, also such miniatures of the same as may be approved by the Minister; old coins.

Musical instruments, and parts, viz. :—

(1) *Band* instruments entered by or for any band or musical society duly registered and incorporated under the Incorporated Societies Act, 1908, on declaration by a responsible officer of such band or society that the said instruments will remain the property of the band or society and will not be sold or otherwise disposed of without payment of the duty otherwise imposed under the Tariff.

(2) Musical instruments, imported for exclusive use by bands which are approved by the Defence Department, and under such conditions as the Minister may prescribe.

Paintings, statuary, other works of art, curios, and other articles approved by the Minister, for display in public museums, the buildings of *public institutions* or art associations registered as corporate bodies, public parks or other public places, on such conditions as may be prescribed by the Minister.

Trophies, *prizes*, flags, medals, medallions, badges, and other decorations, which have been awarded or presented or which are to be awarded or presented to persons in New Zealand and which have been donated by persons *resident* abroad; *trophies* and *prizes* won abroad; medals, badges, flags, and similar articles, approved by the Minister, imported by New Zealand branches of the Navy League, St. John Ambulance Association, or *similar* patriotic ambulance or other societies.

Cylinders for compressed gases.

Crude petroleum, *crude* residual oil, *once run* shale oil, and *crude* distillates of petroleum, when imported *in bulk* in ships' bottoms.

Horse-boxes, and other stock-boxes, imported with the stock for which they have been used on the voyage.

Articles n.e.i., suited for the use of the blind, deaf, or dumb, as may be approved by the Minister.

Apparatus, appliances, articles, and materials, for educational purposes, as may be approved by the Minister, and under conditions prescribed by him.

Heirlooms not exceeding in value £100, on such conditions as may be approved by the Minister.

Natural-history specimens, and such ethnological or similar specimens as may be approved by the Minister.

Official supplies, uniforms, flags, and such other articles as may be approved by the Minister, for the official use of Consular officers, Trade Commissioners, or other accredited representatives of any British or foreign Government.

Passengers' baggage and effects, which are not intended for any other person or persons or for sale, viz.—

- (a) Wearing-apparel and other *personal effects* which have been worn or are in use by persons arriving in New Zealand.
- (b) *Implements, instruments, and tools of trade, occupation, or employment* of any passenger, not exceeding £100 in value, which have been in use by such passenger for twelve months prior to his embarkation.
- (c) Household or other effects which have been in use for twelve months prior to embarkation by the persons or families bringing them to New Zealand, not exceeding in value £100 for each adult passenger, and £50 for each child, provided that the total value of household or other effects so imported does not exceed in value £300 for the members of any one family.

Regalia, emblems, certificates, almanacs, and banners, being the property of any society or branch registered under the Friendly Societies Act, 1909.

Returned empties identified as such to the satisfaction of a Collector of Customs.

Shipbuilders' models of vessels, suited only for exhibition; models of inventions, as may be approved by the Minister.

Coal.

Earthen jars, exceeding 3 gallons in capacity containing sulphuric, nitric, hydrochloric, or other acids; provided that declaration is made on importation that such jars will be exported from New Zealand when empty, and that they will not be refilled in the Dominion.

Fish-ova.

Printed books papers music and advertising matter, n.e.i., sent for free distribution in New Zealand by Governments, Local Government Bodies, and other public bodies (approved by the Minister) in countries outside New Zealand.

Specie.

Goods referred to in section 139 or section 140 or section 141 of the Customs Act, 1913.

Cotton piece-goods—viz., tubular woven cotton cloth *especially* suited for use as meat-wraps; cheese bandages or caps.

Woolpacks and wool-pockets.

* Manures, including the following substances when *crude* and in *bulk*, namely: Ammonium sulphate, ferrous sulphate, potassium chloride, potassium nitrate, potassium sulphate, sodium nitrate, sulphur, 30 per cent. potash, and such other chemical substances specially suited for use in the manufacture of manures as the Minister may decide.

Sheep dip.

Traction-engines and *tractors*.

Wire netting.

Iron wire of all kinds.

Agricultural seeds (other than grain and pulse) for agricultural seed purposes.

Textile piece-goods, namely, moquettes, tapestry and tickings, composed of cotton, linen, jute, hemp, other vegetable fibre, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or similarly worked, provided that such piece-goods do not contain more than 50 per cent. by weight of silk, of imitation silk, of artificial silk, or of combinations of the same.

Rubber, manufactures of, viz. :—

Rubber tires, viz. :—Bicycle, tricycle, perambulator, and similar, and inner tubes of rubber for pneumatic tires, not exceeding 1½ in. in diameter.

Glass, sheet, common window or plate, whether polished, coloured, bent or otherwise, cut to any size or shape, n.e.i.

* NOTE.—These goods are regarded as "crude and in bulk" when imported in packages containing one hundredweight or over, except in the case of sulphur which is regarded as "crude and in bulk" when imported in packages containing one hundred pounds or over.

Glass, plate or sheet, in sizes not exceeding 20 superficial feet, only on declaration that it will be used in the manufacture of bevelled or silvered glass.

Sensitized surfaces, and albumenized paper, plain, not being post-cards or other stationery.

Paper, unprinted—viz. :—

True vegetable parchment.

Firearms and fittings therefor, viz. :—

Rifles, .22 calibre; rifles, .303 calibre (including service fittings therefor); rifles, n.e.i., of such calibres as may be authorized by the Minister of Defence (including service fittings therefor).

Metal, viz. :—

Lead in ingots or pigs.

Lead and zinc, in bars or rods.

Lead and zinc, viz. :—Foil, leaf; hoop, plate or sheet, plain, whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal.

Tariff item 36 (4), viz. :—

Fruits, dried, n.e.i.

Postage stamps.

Arsenious acid (As_2O_3) and sodium hydroxide (caustic soda) on declaration that they will be used only in the manufacture of sheep-dip.

FORM OF INVOICE, AND OF CERTIFICATE THEREON; ALSO EXTRACTS FROM PREFERENTIAL TARIFF REGULATIONS GAZETTED ON 26th NOVEMBER, 1925, 14th JULY, 1927, 11th SEPTEMBER, 1930, AND 13th JULY, 1933.

INVOICES FOR GOODS (OTHER THAN TEA) EXPORTED TO NEW ZEALAND.

1. *Form of Invoice*.—All invoices should be in Form 1 in the Appendix hereto.
2. *Certificates required on Invoices*.—All invoices should be endorsed with one of the undermentioned certificates :—

- (a) Combined Certificate of Value and Origin (in Form 2 in the Appendix hereto)—for all goods entitled to entry under the British Preferential Tariff.
- (b) Certificate of Value (in Form 2 in Appendix, but omitting clauses 5, 6, and 7)—for all goods not entitled to be entered under the British Preferential Tariff.

NOTE.—Both the above-mentioned classes of goods are not to be included in the same invoice—see note (2) at foot of form of invoice in Appendix.

3. *British Preferential Tariff*.—The British Preferential Tariff applies to goods being the produce or manufacture of some part of the British Dominions (including British Protectorates and any territory for the time being subject to a mandate conferred on His Majesty the King by the League of Nations), except that with regard to certain specified classes of goods manufactured or produced in the Dominion of Canada, the Commonwealth of Australia, or the Union of South Africa the rates of duty are governed by tariff agreements between those Dominions and New Zealand.

The following are the classes of goods which shall be deemed for the purposes of the Customs Acts to be the produce or manufacture of countries the produce or manufactures of which are entitled to be entered for duty under the British Preferential Tariff :—

- (a) Goods wholly the produce of such countries;
- (b) Goods wholly manufactured within such countries from materials produced in such countries;
- (c) Goods manufactured within such countries in which all the manufacturing processes are performed in such countries from unmanufactured raw materials and/or from one or more of the partly manufactured raw materials, not produced in such countries, enumerated in the list in clause 7 of Form 2 in the Appendix hereto;
- (d) Goods partially produced or partially manufactured in such countries; provided that the final process of manufacture has been performed in one of such countries, and also that the expenditure in material produced in such countries and/or labour performed within such countries (calculated subject to the qualification hereinafter set out) in each and every article is not less than one-half of the factory or works cost of such article in its finished state.

In the calculation of the proportion of produce or labour of such countries for the purpose of the preceding paragraph (d), none of the following items shall be included or considered :—

- (a) Manufacturer's profit, or the profit or remuneration of any trader, agent, broker, or other person dealing in the article in its finished condition ; or
- (b) Royalties ; or
- (c) The cost of outside packages or any cost of packing the goods thereinto ; or
- (d) Any cost of conveying, insuring, or shipping the goods subsequent to their manufacture.

Goods which after shipment from any of such countries have entered into the commerce of or been subjected to any process of manufacture in any country the produce or manufactures of which are not entitled to be entered for duty under the British Preferential Tariff shall not, except with the special permission of the Minister and subject to such conditions as he may in any case approve, be deemed to be the produce or manufacture of countries the produce or manufactures of which are entitled to be admitted under the British Preferential Tariff : Provided that goods produced or manufactured in a country the produce or manufactures of which are entitled to be entered for duty under the British Preferential Tariff, which after shipment therefrom have entered into the commerce of Australia, shall be entitled to be entered for duty under the British Preferential Tariff if the Collector of Customs at the port of entry is, by the production (a) of a certificate signed by an Officer of Customs in Australia, or (b) of a certificate in Form 2 in the Appendix hereto, satisfied that the said goods are the produce or manufacture of such first-mentioned country, and would, if imported directly therefrom, be entitled to be entered for duty under the British Preferential Tariff.

APPENDIX.

Form 1.

FORM OF INVOICE.

[Here insert usual particulars, including place and date, name and address of supplier, &c.]

Country of Origin.	Marks and Numbers on Packages.	Quantity and Description of Goods.	Current Domestic Values in Currency of Exporting Country. (See Paragraphs 3 and 4 of Certificate.)		Selling-price to Purchaser.	
			At	Amount.	At	Amount.

Enumerate the following charges, and state whether each amount has been included in or excluded from the above current domestic value :—

	Amount in Currency of Exporting Country.	State if included in above Current Domestic Value.
(1) Cartage to rail and/or to docks		
(2) Inland freight (rail or canal) and other charges to the dock area, including inland insurance		
(3) Labour in packing the goods into outside packages		
(4) Value of outside packages		
(5) If the goods are subject to any charge by way of royalties [State full particulars of royalties below.]		

Notes.—(1) If all the goods shown on the invoice have the same country of origin, such country need not be shown in a separate column, provided that it is clearly indicated in a conspicuous place on the invoice—e.g., "Country of origin: England."

(2) Goods of British origin admissible in New Zealand under the British Preferential Tariff must not be shown on the same invoice as goods not so admissible (see subsection (1) of section 16 of the Customs Amendment Act, 1921).

(3) The current domestic values shown above should be the *duty-paid* current domestic values. The trade and cash discounts allowed in the domestic market should be shown on the face of the invoice and deducted from the gross values set forth thereon.

(4) When drawback or remission of duty is allowable (see paragraph 4 of certificate) the invoice, if containing more than one item, should indicate to which items such drawback or remission relates, and also the amount allowable in respect of each item.

Form 2.

COMBINED CERTIFICATE OF VALUE AND OF ORIGIN TO BE WRITTEN OR PRINTED ON INVOICES OF GOODS FOR EXPORTATION TO NEW ZEALAND.

I, [Full name], [Here insert, Manager, Chief Clerk, or as the case may be] of [Here insert name of firm or company], of [Here insert name of city or country], manufacturer/supplier of the goods enumerated in this invoice amounting to _____, hereby declare that I [(These words should be omitted where the manufacturer or supplier himself signs the certificate) have the authority to make and sign this certificate on behalf of the aforesaid manufacturer/supplier, and that I] have the means of knowing and do hereby certify as follows:—

VALUE.

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity and description thereof.
2. That no different invoice of the goods mentioned in the said invoice has been or will be furnished to any one; and that no arrangement or understanding affecting the purchase price of the said goods has been or will be made or entered into between the exporter and purchaser, or by any one on behalf of either of them, either by way of discount, rebate, compensation, or in any manner whatever other than as fully shown on this invoice, or as follows: [Here insert particulars of any special arrangement].
3. That the said invoice exhibits, in the column headed "Current Domestic Values in Currency of Exporting Country," the current domestic value of identically similar goods when sold for home consumption for cash in equal quantities in the ordinary course of business in the principal markets of the country from which the said goods are exported to New Zealand at the time when they are so exported.
4. That the said current domestic value includes any duty leviable in respect of the goods if delivered for home consumption, and that on exportation a drawback or remission of duty amounting to _____ has been/will be allowed by the revenue authorities in the country of exportation.

ORIGIN.

5. That every article mentioned in the said invoice has been either wholly or partially produced or wholly or partially manufactured in [Insert Great Britain or name of other part of British Dominions].
6. As regards those articles wholly produced and/or wholly manufactured in [Insert Great Britain or name of other part of British Dominions], that all the manufacturing processes, if any, involved in making the articles from unmanufactured raw materials have been performed in that part of the British Dominions.
7. As regards those articles only partially produced and/or partially manufactured in [Insert Great Britain or name of other part of British Dominions],—
 - (a) That the final process of manufacture of each and every article has been performed in that part of the British Dominions; and
 - (b) (i) That each and every article has been wholly manufactured in [Insert Great Britain or name of other part of British Dominions] from [(These words should be omitted if inapplicable) unmanufactured raw materials and from] one or more of the following partly manufactured raw materials produced outside British Dominions, namely:—
 - Abrasive materials, including corundum, alundum, carborundum, emery, and similar materials;
 - Argols;
 - Asbestos, fibre;
 - Asphalt, bitumen, tar, and pitch;
 - Barium carbonate, barium sulphate;
 - Bromine and iodine;
 - Camphor, laurel, crude;
 - Carbon-black or gas-black;
 - Cellulose acetate film base;
 - Coir yarn;
 - Cork strip for tipping cigarettes;
 - Dyes and vegetable substances used in making dyes;
 - Earth colours, dry ground;
 - Fibres, natural, animal or vegetable, even though sorted, dressed, scoured, or similarly treated, including raw silk, organzine, tram silk, grege, poil, crepe, grenadine, and single spun schappe yarn;

This part is for use only where goods are entitled to Preferential Tariff rates.

Graphite, artificial ;
 Greenstone and precious stones cut and/or polished ;
 Gums and resins, refined ;
 Hides and skins, with or without wool or hair, salted, or pickled ;
 Isinglass ;
 Lemon or orange rinds in brine ;
 Liquorice extract, in bulk ;
 Magnesite, calcined ;
 Meats and fish, fresh, chilled, or frozen ;
 Metals in the form of pigs or ingots or in cruder forms (*e.g.*, mattes, concentrates, regulus) ; mercury ; copper or zinc in bars, blocks, cakes, and slabs ; iron or steel blooms, billets, or slabs ; iron bars (Swedish) made from iron puddled with charcoal ; ferro-silicon ; metal scrap, suitable for resmelting ;
 Nitrocellulose film base ;
 Oils, essential, natural ; oil of turpentine ;
 Oils—viz., whale-oils and fish-oils, crude ; Chinese wood-oil, palm-oil, olive-oil, crude or refined ;
 Potassium, chloride and sulphate of ;
 Rags, or waste, cotton or linen, for respinning or for paper and pulp making ;
 Rags, woollen, for respinning or for making flock ;
 Rubber—viz., crepe rubber ; guttapercha and balata, crude ;
 Sodium nitrate ;
 Sponges, unbleached ;
 Strawboard (of Dutch type) ;
 Sugar, unrefined, and molasses ;
 Sulphur, in blocks ;
 Tanning extracts, vegetable ;
 Tanning materials, vegetable—viz., barks, sumach, gambier, and similar materials, ground or powdered ;
 Timber, hewn or rough-sawn ; also brier-root or similar blocks, rough-shaped for making tobacco-pipes ;
 Titanium oxide ;
 Waxes, animal, mineral, or vegetable, refined or unrefined ;
 Wood-pulp, chemical or mechanical ;

Or

- (b) (ii) That the expenditure in material produced in [*Insert Great Britain or name of other part of British Dominions*] and/or labour performed in [*Insert Great Britain or name of other part of British Dominions*], calculated subject to the qualifications hereunder, in each and every article is not less than one-half of the factory or works cost of such article in its finished state.
- (c) That in the calculation of such proportion of produce or labour of [*Insert Great Britain or name of other part of British Dominions*] none of the following items has been included or considered, viz. :—

Manufacturer's profit, or remuneration of any trader, agent, broker, or other person dealing in the articles in their finished conditions ; royalties ; cost of outside packages, or any cost of packing the goods thereinto ; any cost of conveying, insuring, or shipping the goods subsequent to their manufacture.

Dated at _____, this _____ day of _____, 19 _____.

Witness—

[Signature.]

NOTES.—(1) The following are regarded as instances of unmanufactured raw materials for the purposes of this certificate :—

Natural products (*e.g.*, minerals ; animals ; plants, shrubs, trees, vegetables, or parts thereof such as leaves, barks, fruits, pods, nuts, nut-kernels, or roots) which have not been subjected to any industrial process or processes except (a) those primary processes whereby natural products are ordinarily obtained from the farm, mine, forest, fisheries, &c., and, (b) the processes of cleaning, separating, sorting, and drying, and of the killing of animals. For example—

Bones, hoofs, and horns ; tusks (ivory).
 Cork, unmanufactured.
 Grain or seeds, cleaned or graded, but otherwise unmanufactured.
 Logs, unwrought.
 Ores, metallic.
 Petroleum, crude.
 Salt, rock.
 Skins, raw or sun-dried.
 Wool, greasy.

(2) The Government at any time may, at its discretion, amend the list of partly manufactured raw materials mentioned in paragraph 7 of this certificate by adding thereto the name of any material or deleting therefrom the name of any partly manufactured raw material.

If any person desires that any such alteration should be made in the said list he should make representations to the Minister of Customs, Wellington, New Zealand.

(3) When these forms are being printed, manufacturers may insert the names of such one or more of the partly manufactured raw materials mentioned in paragraph 7 of this certificate as they use in their industry and omit the others.

(4) Where any article which is regarded as a composite article for the purposes of the Customs Tariff (*e.g.*, a machine containing its own engine or motor) is classified under two or more headings of the Tariff under section 137 of the Customs Act, 1913, the portion classified under each separate heading of the tariff must be regarded as a separate article for the purposes of this certificate.

INVOICES FOR TEA EXPORTED TO NEW ZEALAND.

1. "Tea" includes all tea, whether in bulk or in packets.

2. Tea, *all* of which is the growth of a country or countries the produce or manufactures of which are entitled to be entered for duty under the British Preferential Tariff shall, provided that the final process of manufacture of all such tea shall have been performed in some part of the British Dominions, be a class of goods which shall be deemed for the purposes of the Customs Amendment Act, 1927, to be the produce or manufacture of such country or countries.

3. The certificate of origin to be written or printed on invoices of tea whether in bulk or packets exported to New Zealand is required to be in the following form:—

I, [Full name], [Here insert Manager, Chief Clerk, or as the case may be] of [Here insert name of firm or company], of [Here insert name of city or country], manufacturer/supplier of the goods enumerated in this invoice amounting to _____, hereby declare that I [(These words should be omitted where the manufacturer or supplier himself signs the certificate) have the authority to make and sign this certificate on behalf of the aforesaid manufacturer/supplier, and that I] have the means of knowing and do hereby certify as follows:—

1. That this invoice is in all respects correct, and contains a true and full statement of the price actually paid or to be paid for the said goods, and the actual quantity and description thereof.

2. That all the tea mentioned in the said invoice has been grown in [Insert name(s) of part(s) of British Dominions] and that the final process of manufacture of all such tea has been performed in [Insert name of part of British Dominions].

Dated at _____ this _____ day of _____, 19 _____

Witness—

[Signature.]

EXPORT DUTY ON TIMBER.

UNDER THE TIMBER EXPORT ACT, 1908.

White-pine and kahikatea timber—

Logs, round 5s. per 100 ft. superficial.

Logs, cut in half 5s. per 100 ft. superficial.

Logs, squared with axe or saw, 10 inches by 10 inches, or its equivalent, or over 5s. per 100 ft. superficial.

Fitches, exceeding 12 inches in width and 4 inches in thickness, or its equivalent, and less than the equivalent of 10 inches in width and 10 inches in thickness 3s. per 100 ft. superficial.

(Provided that no duty shall be levied on fitches unless they exceed 4 inches in thickness.)

Kauri timber—

Logs, round 5s. per 100 ft. superficial.

Logs, cut in half 5s. per 100 ft. superficial.

Logs, squared with axe or saw 5s. per 100 ft. superficial.

Fitches, exceeding 30 inches in width and 9 inches in thickness, or its equivalent 3s. per 100 ft. superficial.

EXPORT DUTY ON GOLD.

The rates of duty leviable on gold exported are as follows :—

	Rate of Duty per Ounce Troy Weight of Gold of the Fineness of 20 Carats and upwards.
(a) Gold produced in the North Island otherwise than by alluvial mining or dredge mining	15s. per ounce troy.
(b) Gold produced in the North Island by alluvial mining or dredge mining	14s. 6d. per ounce troy.
(c) Gold produced in the South Island otherwise than by alluvial mining or dredge mining, and exported therefrom	13s. per ounce troy.
(d) Gold produced in the South Island by alluvial mining or dredge mining, and exported therefrom	12s. 6d. per ounce troy.

NOTE.—Information respecting the duty payable on gold not produced in New Zealand may be obtained from the Collector of Customs at any port of entry.

(See section 3 of the Gold Duty Act, 1908 ; sections 448 and 449 of the Mining Act, 1926 ; and section 13 of the Customs Acts Amendment Act, 1932-33.)

"Gold" means and includes gold in its natural state ; any substance containing gold ; gold-dust ; and all other gold whether wrought or unwrought (except coined gold issued from the mint at London or from any branch thereof, coined gold of any foreign State, and articles of jewellery or ornament worn, without intent to defraud the revenue, by any person leaving New Zealand). (See Customs Acts Amendment Act, 1932-33, section 12.)

By Order in Council dated 15th March, 1933, *Gazette*, 1933, page 445, the following articles of plate, jewellery, or ornament which a Collector is satisfied are not being exported on sale or for the purposes of trade have been exempted from gold duty :—

- (a) *Bona fide* heirlooms which have become the property of some person outside New Zealand.
- (b) *Bona fide* gifts sent abroad by some person resident in New Zealand.
- (c) *Bona fide* household effects the property of some person leaving New Zealand to reside abroad permanently and which have been in use in the household of that person or of his family for a period of at least twelve months.

By Order in Council dated 4th December, 1933, *Gazette*, 1933, page 3187, the following articles of plate have been exempted from gold duty :—

Gold in the form of strips or plates, plain and unworked, which a Collector is satisfied is being exported for *bona fide* dental purposes exclusively.

By Order in Council dated 24th July, 1934, *Gazette*, 1934, page 2252, the following articles have been exempted from gold duty :—

Articles of gold plate, jewellery, or ornament which the Collector is satisfied are being *bona fide* exported from New Zealand temporarily for purposes of alteration, repair, or exhibition.

JEWELLERS' AND DENTISTS' SWEEPINGS.

Gold exported from New Zealand, which is contained in and is *bona fide* part of the sweepings obtained from the workrooms of manufacturing jewellers, dentists, or other persons, and which it is not practicable to separate from the residue of such sweepings otherwise than by refining, is, subject to the provisions of the Gold Duty Amendment Act, 1912, and the regulations thereunder, exempt from duty. (See section 2 of the Gold Duty Amendment Act, 1912, and regulations of 4th November, 1912, published in *New Zealand Gazette*, 7th November, 1912.)

DRAWBACK.

EXTRACTS FROM THE CUSTOMS REGULATIONS.

Reg. 88.—Drawback of the full amount of duty paid shall, except as hereinafter provided, be allowed on the exportation from New Zealand of the following goods, whether as ships' stores or as cargo, viz. :—

- (a) Goods on which duty has been paid upon importation, either *ad valorem* or according to specific rates, and whether in original packages or repacked.
- (b) Goods which are partially composed of materials upon which duty was paid on importation either *ad valorem* or according to specific rates.
- (c) Goods produced in a manufacturing warehouse on which the duty has been paid.
- (d) Beer on which excise duty has been paid under the Finance Act, 1915, as amended by the Customs Acts Amendment Act, 1934.

Reg. 92.—The following are the conditions and restrictions under which the drawbacks hereinbefore provided for may be allowed, that is to say,—

- (a) Written notice of not less than six clear working-hours shall, if required by the Collector, be given of intention to export goods for drawback, and the exporter shall pay to the Collector a charge of 2s. 6d. per hour, or any portion of an hour, for the time an officer is employed during official hours in the examination of such goods, whether in respect of goods in original packages or repacked, together with any expense incurred as certified by the Collector; and no debenture shall be passed for payment until such charges and expenses have been paid: Provided that the said charge shall not be paid in respect of goods exported per post in the following cases :—
 - (i) Where the drawback payable on such goods is less than £1 sterling; and
 - (ii) Where the goods are exported by any person not engaged in business.
- (b) Except with the approval of the Comptroller and to the extent and under the conditions permitted by him, drawback shall not be allowed on—
 - (i) Spirits, spirituous mixtures, wine, tobacco, cigars, cigarettes, or snuff; provided that where the Collector is satisfied that such goods cannot be conveniently obtained out of a licensed warehouse, he may allow drawback thereon:
 - (ii) Goods which have been used in New Zealand after delivery from the control of the Customs; provided that goods which the Collector is satisfied have been temporarily used on trial or for the purpose of inspection or demonstration only shall not be deemed to have been used within the meaning of this regulation:
 - (iii) Goods which have been damaged or deteriorated in condition:
 - (iv) Goods the current domestic value of which, if sold duty-paid for home consumption in New Zealand at the time application for drawback is made, would be less than the amount of drawback for which claim can be made:
 - (v) Jewellery (including articles of platinum, gold, silver, or alloys of the same), imitation jewellery (including gilt articles or articles of rolled gold), gold and silver plate or platedware.
- (bb) When the approval of the Comptroller is necessary under this regulation for the allowance of drawback on any goods, no person shall make entry for such goods under drawback until such approval is obtained.
- (c) Nothing in these regulations shall be deemed to authorize any allowance of drawback upon any goods in excess of the amount of duty paid thereon.
- (d) Except in the case of goods exported by post by persons not engaged in business, no goods entered for drawback shall be shipped or removed for shipment for exportation unless security in the prescribed form to the satisfaction of the Collector is given by the exporter.
- (e) The drawback on repacked goods subject to *ad valorem* rates is to be calculated to the nearest penny—*e.g.*, drapery n.e.i., £4 6s. 8d. (current domestic value), plus 10 per cent. = £4 15s. 4d.; at 21 per cent. = drawback, £1.
- (f) The drawback claimed on any tariff item or article must on any one entry amount to or exceed 1s. Claims for less than 1s. cannot be recognized.

- (g) Before the examination of any goods for drawback the proper officer may, at his discretion, require the exporter to state on the export entry the number and date of the entry on which duty was duly paid, and may also require a summary, in such form as he may demand, of the particulars appearing on the invoices connected with any entry, and shall also require to be produced the invoice or invoices (if any) which were produced at the time when the goods were entered for duty, except—
- (i) In respect of any item on any entry on which the drawback claimed is less than £1 sterling; or
 - (ii) Where goods have changed hands in New Zealand or otherwise lost their identity with the invoice produced upon importation; or
 - (iii) When goods are exported per post by any person not engaged in business—in which cases the Collector may, at his discretion, dispense with the production of such invoice, or may require such evidence of quantity or value or such summary of particulars as he may deem necessary.
- (h) Upon completion of the packing of the goods the packages shall, if so required by the Collector, be secured and sealed by the proper officer, and be forthwith conveyed to the place of shipment by a licensed carrier, there to be shipped in the presence of the proper officer; or, if not so forthwith conveyed and shipped, the packages shall be removed to some place of security approved by the Collector.
- (i) The Collector shall not be required to pay any claims for drawback until the expiration of seven days after the departure from New Zealand of the ship upon which the drawback goods were exported, nor unless the proper officer has in every case satisfied himself and certified on the entry for drawback that such goods are of the description, quantity, or value set forth in the entry, and that the law and regulations in respect thereof have been duly complied with.

DUMPING DUTY.

SECTION 11 OF THE CUSTOMS AMENDMENT ACT, 1921, AS AMENDED BY SECTION 7 OF THE CUSTOMS ACTS AMENDMENT ACT, 1931.

11. (1) In any of the cases hereinafter specified in this section there may, in addition to any other duties of Customs, be imposed on goods imported into New Zealand a special duty of Customs (herein referred to as a dumping duty).

(2) A dumping duty as aforesaid may be levied in any of the cases following, namely:—

- (a) In the case of goods imported into New Zealand of a class or kind produced in New Zealand if the actual selling-price of the goods to an importer in New Zealand is less than the current domestic value of such goods determined in accordance with the provisions of the principal Act:
- (b) In the case of goods imported into New Zealand if the actual selling-price of the goods to an importer in New Zealand is, in the opinion of the Minister, less than the cost of production (including a reasonable profit) of similar goods in the country of origin or the country of exportation to New Zealand as at the time of such exportation:
- (c) In the case of goods imported into New Zealand of a class or kind produced in New Zealand, or in the case of goods of a class or kind produced in some other part of the British dominions and imported from a country not being part of the British dominions, if the Minister is satisfied that any special concession (whether by way of railway or shipping freight, subsidy, special bounty, rebate, or otherwise) has been or is to be allowed, taken, or granted, and if such concession will, in the opinion of the Minister, have an effect prejudicial or injurious to any industry or business established or carried on in New Zealand, or in such other part of the British dominions as aforesaid. For the purposes of this section the determination by the Minister of the amount of any such concession shall be final.

(3) The rate or amount of dumping duty levied under this section shall be determined as follows :—

- (a) In the case of goods to which paragraph (a) of the last preceding subsection applies, the dumping duty shall be an amount, to be determined by the Minister, not exceeding the difference between the actual selling-price of the goods and the current domestic value of such goods :
 - (b) In the case of goods to which paragraph (b) of the last preceding subsection applies, the dumping duty shall be an amount, to be determined by the Minister, not exceeding the difference between the actual selling-price of the goods and the cost of production (including a reasonable profit) of similar goods in the country of origin or the country of exportation to New Zealand as at the time of such exportation :
 - (c) In the case of goods to which paragraph (c) of the last preceding subsection applies, the dumping duty shall be an amount, to be determined by the Minister, not exceeding the amount of the special concession referred to in the said paragraph.
- (4) For the purposes of this section the actual selling-price of any goods shall be deemed not to exceed the amount payable in accordance with usual commercial practice by the importer or purchaser in respect of those goods, exclusive of any charges that are not taken into account in determining the current domestic value of goods in accordance with the principal Act. In every such case the amount payable as aforesaid in respect of any goods shall be ascertained as if the parties had agreed that payment for those goods should be made in New Zealand. If in relation to this section any question arises as to whether or not any payment is in accordance with usual commercial practice, it shall be determined by the Minister.
- (5) If at any time it appears to the Minister that the payment of any dumping duty is being evaded or avoided by the importation of any goods otherwise than on sale or in any other manner, he may determine, for the purposes of this section, the actual selling-price of the goods, the cost of production, or the current domestic value thereof, and dumping duty may be levied accordingly.
- (6) The Governor-General may for the purpose of giving full effect to the provisions of this section make, pursuant to section 309 of the principal Act, all such regulations as he deems necessary.
- (7) Such regulations may provide for the exemption from dumping duty of any goods or class of goods in cases where it is shown to the satisfaction of the Minister that such goods, or goods of such class, are not made or sold in substantial quantities in New Zealand, or other part of the British dominions, as the case may be, or that such goods are not offered for sale in New Zealand or such other part of the British dominions as aforesaid, to all purchasers on equal terms under like conditions.
- (8) In all cases where dumping duty may be levied under this section, such duty shall be levied, collected, and paid, save where the Minister may otherwise specially direct on the ground that the imposition of such duty is not required in the public interest.

GENERAL RULES RESPECTING COLLECTION.

(*N.Z. Gazette*, 1931, page 2083.)

The Minister reserves the right until further notice to impose dumping duty (where leviable) under section 11 of the Customs Amendment Act, 1921, on goods of a class or kind produced in New Zealand, immediately upon the importation of the same without further notice.

In the administration of the provisions of the section referred to every endeavour will be made to cause as little inconvenience as possible to importers and others concerned.

DUMPING DUTY ON INDIAN PIG IRON.

Notification was published in the *New Zealand Gazette* of 22nd September, 1927, of the intention to levy, on and after 1st January, 1928, dumping duty under section 11 of the Customs Amendment Act, 1921, upon pig iron the produce or manufacture of India wherever the actual selling-price to an importer in New Zealand is less than the current domestic value determined in accordance with the Customs Acts.

The dumping duty will be an amount equal to the difference between such current domestic value and the actual selling-price as defined in the above-mentioned section.

DUMPING DUTY ON SOUTH AFRICAN JAM.

Notification was published in the *New Zealand Gazette* of 23rd January, 1930, of the intention to levy, on and after the 24th April, 1930, dumping duty under section 11 of the Customs Amendment Act, 1921, upon jam the produce or manufacture of the Union of South Africa wherever the actual selling-price to an importer in New Zealand is less than the current domestic value determined in accordance with the Customs Acts.

The dumping duty will be an amount equal to the difference between such current domestic value and the actual selling-price as defined in the above-mentioned section.

REDUCTION OR REMISSION OF DUTY IN CERTAIN CASES.

The following are extracts from the Customs Acts :—

SECTION 11, CUSTOMS AMENDMENT ACT, 1927.

“(1) If with respect to any goods or to any class of goods suitable or intended for use for manufacturing, industrial, agricultural, scientific, therapeutic, or similar purposes, and being the produce of manufacture of a country not forming part of the British dominions, the Minister is satisfied that goods of a like kind are not economically produced or manufactured in the British dominions, he may in his discretion direct that such goods or that any goods of such class be admitted as if they were the produce or manufacture of some part of the British dominions, or, in the alternative, that they be admitted at a rate of duty intermediate between the rate specified in the British Preferential Tariff and the rate specified in the General Tariff.

“(2) This section shall be deemed to have been in force as from the thirteenth day of September, nineteen hundred and twenty-seven.

“(3) Any direction given by the Minister under this section may in its application to any goods be revoked at any time before such goods are entered for home consumption.”

SECTION 14, CUSTOMS ACTS AMENDMENT ACT, 1930.

“The Minister may, in respect of any goods or of any class or classes of goods being the produce or manufacture of a country not forming part of the British dominions (whether or not such goods are within the classes referred to in section eleven of the Customs Amendment Act, 1927), exercise the powers conferred by that section on any of the following grounds, in addition to the grounds specified therein, namely :—

“(a) On the ground that goods of a like kind, being the produce or manufacture of the British dominions, are sold or offered for sale in New Zealand at unreasonably high prices, and that in the opinion of the Minister the interests of the public are or will be thereby prejudicially affected :

“(b) On the ground that any conditions or restrictions attaching to the importation into New Zealand of goods of a like kind, being the produce or manufacture of the British dominions or attaching to the sale or other disposition of such goods in New Zealand are such that in the opinion of the Minister the interests of the public are or will be thereby prejudicially affected :

“(c) On the ground that goods of a like kind, being the produce or manufacture of the British dominions, constitute an unduly large proportion of the total goods of that kind imported into New Zealand and that in the opinion of the Minister the interests of the public are or will be thereby prejudicially affected.”

SECTION 13, CUSTOMS ACTS AMENDMENT ACT, 1930.

“13. (1) This section shall apply only in cases where by this Part of this Act or by any Act that may hereafter be passed goods of any class are made liable to Customs duty, or to an increase in the amount or the rate of Customs duty, as the case may be.

“(2) The Minister may at any time, by order given under his hand and published in the *Gazette*, remit the duty payable on any goods as aforesaid, or reduce the amount or the rate of duty on any such goods, if he is satisfied that the prices charged by the producers or manufacturers of similar goods being the produce or manufacture of New Zealand are in excess of the usual prices that were charged by producers or manufacturers of such goods immediately before the alteration of the law, and that the maintenance of the increased prices would be detrimental to the public interest.

“(3) Every order under this section may be in like manner revoked or varied.

“(4) Nothing in this section shall apply with respect to the duty on any goods imported into New Zealand if the Minister is satisfied that the whole of the increase in the prices of similar goods being the produce or manufacture of New Zealand is due to the increased cost of production, manufacture, or distribution, and has been fixed by the producers or manufacturers in accordance with any usual commercial practice followed before the alteration of the law or in accordance with a commercial practice adopted since such alteration and approved by the Minister for the purposes of this section.”

SPECIAL PROVISIONS AS TO DUTIES ON WHEAT AND WHEAT-FLOUR.

(SECTION 9, CUSTOMS ACTS AMENDMENT ACT, 1931.)

(1) If the Minister is satisfied that the value of New Zealand currency is depreciated in relation to the currency of any country from which any wheat or wheat-flour is imported into New Zealand, and that by reason of such depreciation the amount payable in accordance with usual commercial practice by the importer or purchaser is greater than it otherwise would have been, he may, in his discretion, direct that the amount of duty payable on such wheat or wheat-flour shall be reduced by an amount, to be determined by him, not being greater than the difference between the amount payable by the importer or purchaser as aforesaid and the amount that would have been payable if the value of the New Zealand currency was not so depreciated, and duty shall be levied, collected, and paid on such wheat or wheat-flour accordingly.

(2) If the Minister is satisfied that the value of the currency of any country from which any wheat or wheat-flour is imported into New Zealand is depreciated in relation to the currency of New Zealand, and that by reason of such depreciation the amount payable in accordance with usual commercial practice by the importer or purchaser is less than it otherwise would have been, he may, in his discretion, direct that the amount of duty payable on such wheat or wheat-flour shall be increased by an amount to be determined by him, not being greater than the difference between the amount payable by the importer or purchaser as aforesaid and the amount that would have been payable if the value of the currency of the country of exportation was not so depreciated, and duty shall be levied, collected, and paid on such wheat or wheat-flour accordingly.

(3) If at any time it appears to the Minister that the provisions of this section with respect to the payment of duty on any wheat or wheat-flour are being evaded in any manner whatsoever, he shall determine the amount of duty properly chargeable on such wheat or wheat-flour, and duty shall be levied, collected, and paid thereon accordingly.

(4) If in relation to this section any question arises as to whether or not any payment is in accordance with usual commercial practice, it shall be determined by the Minister.

(5) For the purposes of this section the term "wheat-flour" includes wheat-meal and similar preparations of wheat.

(SECTION 9, CUSTOMS ACTS AMENDMENT ACT, 1934.)

(1) If any dispute arises in relation to the Tariff as to the current domestic value of any wheat or wheat-flour, or as to the free-on-board export cash price of any wheat-flour, the Minister may determine such dispute in such manner as appears to him just, and his decision thereon shall be final.

(2) For the purposes of this section the term "wheat-flour" includes wheat-meal and similar preparations of wheat.

POWER TO FIX CONDITIONS TO BE COMPLIED WITH ON IMPORTATION OF UNASSEMBLED MOTOR-VEHICLES.

(SECTION 16, CUSTOMS ACTS AMENDMENT ACT, 1934.)

(1) The Minister shall from time to time, by notice in the *Gazette*, determine the goods which may be entered under Tariff item 389 (a) as motor-vehicles unassembled or completely knocked down, and may in like manner determine the conditions under which such goods shall be imported into and used in New Zealand and the purposes for which those goods shall be so used.

(2) Any notice under this section may in like manner be varied or revoked.

(3) If any person enters under Tariff item 389 (a) any goods not entitled to be so entered, or uses any goods entered under that item otherwise than in accordance with any determination made by the Minister under the authority of this section, he shall be liable to a penalty of one hundred pounds or of three times the value of the goods so entered or used, whichever is the greater.

LIST OF PROHIBITED OR RESTRICTED IMPORTS.

Article.	Act or Order in Council.
All goods bearing the Royal Arms or any colourable imitation of the Royal Arms, or any design reasonably capable of being mistaken for the Royal Arms, save with the consent of the Minister of Customs: Provided that such prohibition shall not apply to goods imported into New Zealand where it is proved to the satisfaction of the Collector of Customs that the Royal Arms have been applied to such goods, with the consent or approval of His Majesty the King or other lawful authority	Customs Act, 1913. Order in Council dated 14/1/29: <i>Gazette</i> , 1929, p. 128.
Articles bearing the New Zealand Coat of Arms or any colourable imitation thereof, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 10/3/28: <i>Gazette</i> , 1928, p. 748.
Coined silver, save with the consent of the Minister of Finance ..	Section 12, Finance Act, 1931 (No. 2). Order in Council dated 20/7/31: <i>Gazette</i> , 1931, p. 2145. Customs Act, 1913. Order in Council dated 21/7/33: <i>Gazette</i> , 1933, p. 1944.
Any venomous reptile or insect	Animals Protection and Game Act, 1921-22. section 30.
Any mammal or bird (not being a domestic animal or bird) or any reptile or insect, save with the consent of the Minister of Internal Affairs	Regulations dated 23/6/30, under Animals Protection and Game Act, 1921-22: <i>Gazette</i> , 1930, p. 1999.
Skins, feathers, or eggs of any bird (not being a domestic bird) in their natural state, save with the consent of the Minister of Internal Affairs	Rabbit Nuisance Act, 1908, section 37.
Game, frozen or chilled, except with the consent of the Under-Secretary, Department of Internal Affairs	Stock Act, 1908. Orders in Council dated 4/10/15, 23/2/22, 7/1/24, 6/2/28, 29/1/29, 31/10/31, and 10/5/34: <i>Gazette</i> , 1915, p. 3420, 1922, p. 539, 1924, p. 25, 1928, p. 406, 1929, p. 242, 1931, p. 3137, 1934, p. 1391.
Rabbits and hares (into Chatham Islands)	Stock Act, 1908. Order in Council dated 21/2/27: <i>Gazette</i> , 1927, p. 518.
Stock (including carcasses or any portion of carcasses, e.g., wool (even when scoured or combed), skin, hide, bones, hair, horns, hoofs, or other portion), fodder and animal-manures, if diseased, or attempted to be introduced contrary to the regulations relating to the importation thereof	Stock Act, 1908. Order in Council dated 29/1/29: <i>Gazette</i> , 1929, p. 242.
Hay, straw, or chaff, from Great Britain, Ireland, the Continent of Europe, Argentine, Uruguay, Paraguay, Brazil, and Chili, except in accordance with the regulations	Stock Act, 1908. Order in Council dated 14/4/30: <i>Gazette</i> , 1930, p. 1423.
Hay, straw, or chaff, whether used as packing for goods or otherwise, from the State of California in the United States of America either direct or by way of any other State or country	Stock Act, 1908, section 20.
Organic refuse, garbage, galley scraps, or other waste from any vessel sailing from other countries	Apiaries Act, 1927. Order in Council dated 26/5/24: <i>Gazette</i> , 1924, p. 1374.
The virus of any disease of live-stock (whether the virus is or is not in an attenuated form), except with the consent of the Minister of Agriculture	Orchard and Garden Diseases Act, 1928, and regulations thereunder.
Bees, and appliances which have been used in connection with bees, except in accordance with regulations of 26th May, 1924	Customs Act, 1913. Order in Council dated 15/12/32: <i>Gazette</i> , 1932, p. 2753.
Fruit or plants affected with disease, or attempted to be introduced contrary to the regulations relating to the importation of fruit and plants	
All fruit and vegetables (other than dried, canned, pickled, pulped, or bottled fruit and vegetables) grown or produced in the Commonwealth of Australia (including the territories and dependencies thereof and of any State thereof) whether imported directly or indirectly, save with the consent of the Minister of Customs	

LIST OF PROHIBITED OR RESTRICTED IMPORTS—*continued.*

Article.	Act or Order in Council.
Agricultural seed (including grass seed, clover, lucerne, or millet seed, and the seed of any root, pulse, or other forage crops) grown in the State of Queensland or the prohibited area of the State of New South Wales	Stock Act, 1908. Order in Council dated 31/5/32 : <i>Gazette</i> , 1932, p. 1426.
(NOTE.—Agricultural seed grown in New South Wales elsewhere than in the prohibited area may be imported into New Zealand provided that it has been subjected to fumigation in the prescribed manner and is accompanied by the prescribed declaration and certificate and also provided that on arrival it is again fumigated in the prescribed manner. Agricultural seed grown in other Australian States must be accompanied by the prescribed declaration.)	
Oats, barley, maize (including maize ground or crushed, but not otherwise manufactured), hay, straw, and chaff from the States of Queensland and Western Australia in the Commonwealth of Australia, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 9/7/28 : <i>Gazette</i> , 1928, p. 2192.
Oats, barley, maize (including maize ground or crushed, but not otherwise manufactured), hay, straw, and chaff from any State in the Commonwealth of Australia other than Queensland and Western Australia, except with the consent of the Minister of Agriculture	
Sausage casings except in accordance with the Regulations ..	Stock Act, 1908. Order in Council dated 8/8/32 : <i>Gazette</i> , 1932, p. 1899.
Seeds—viz., cocksfoot, lucerne, or white-clover seed, not being stained in accordance with, or not otherwise complying with, the Seeds Importation Act, 1927, and the regulations made thereunder, save with the consent of the Minister of Agriculture	Seeds Importation Act, 1927. Order in Council dated 14/10/29 : <i>Gazette</i> , 1929, p. 2662.
Live poultry from any country, save with the consent of the Minister of Agriculture, and except under conditions laid down by him	Customs Act, 1913. Order in Council dated 27/4/31 : <i>Gazette</i> , 1931, p. 1363.
Opium, prepared (as defined in the Dangerous Drugs Act, 1927) ..	
Opium, morphine, diacetylmorphine (heroin), coca-leaf, crude cocaine, cocaine, ecgonine, and Indian hemp, or articles or preparations containing or made from opium, morphine, diacetylmorphine, cocaine, ecgonine, or Indian hemp, for the importation of which a license is required	Dangerous Drugs Act, 1927.
Kugelman's herbal remedies, and all other remedies, drugs, medicines, or medical appliances manufactured or supplied or purporting to be manufactured or supplied by one Kugelman, or bearing any name or trade description referring in any manner to the said Kugelman, and all written or printed advertising matter relating solely or principally to any such goods	Customs Act, 1913. Order in Council dated 11/12/16 : <i>Gazette</i> , 1916, p. 3819.
" Vitadatio," and all written matter or printed advertising-matter relating solely or principally thereto	Customs Act, 1913. Order in Council dated 7/5/17 : <i>Gazette</i> , 1917, p. 2065.
Ashton-Bennett electro-magnetic belts and knee-caps and advertising-matter relating thereto, save with the consent of the Minister of Customs	Customs Act, 1913. Orders in Council dated 30/7/23 and 4/5/25 : <i>Gazette</i> , 1923, p. 2159, and 1925, p. 1547.
" Ajax " dry-cell batteries or body-belts, attachments therefor, and advertising-matter relating thereto	Customs Act, 1913. Order in Council dated 11/7/21 : <i>Gazette</i> , 1921, p. 1901.
" Radio-active solar pads " and allegedly radio-active pads of any kind, and advertising-matter relating thereto, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 27/3/23 : <i>Gazette</i> , 1923, p. 837.
" Electrolife " belts and knee-caps, manufactured by or vended by or on account of Alfred Burton, of 32 Brooke Street, Holborn, London, and all advertising-matter relating thereto, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 18/5/25 : <i>Gazette</i> , 1925, p. 1524.
" Faradors " vended by the Farador Company of Canada, and all written or printed advertising-matter relating solely or principally thereto	Customs Act, 1913. Order in Council dated 19/12/21 : <i>Gazette</i> , 1921, p. 2987.

LIST OF PROHIBITED OR RESTRICTED IMPORTS—*continued.*

Article.	Act or Order in Council.
"Marlatt's Treatment for Gall Stones" vended by or on behalf of Marlatt and Co., Toronto, Canada, or by or on behalf of any other person, firm, or company, and advertising-matter relating solely or principally to such preparation	Customs Act, 1913. Order in Council dated 27/5/31: <i>Gazette</i> , 1931, p. 1691.
Oxydonors, oxygenators, or oxypathors, or any instruments or appliances of the same or a similar nature	Customs Act, 1913. Order in Council dated 29/3/16: <i>Gazette</i> , 1916, p. 970.
Pulvermacher's electrical body-battery, Pulvermacher's galvanic dry combined bands, Pulvermacher's No. 34 electro-galvanic deafness chain, or any similar electric or galvanic apparatus vended by or on account of the Electrological Institute (J. L. Pulvermacher and Co., Ltd.), 56 Ludgate Hill, London E.C., and all written or printed advertising-matter relating solely or principally to such articles, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 9/5/27: <i>Gazette</i> , 1927, p. 1437.
"Electronic Radio Biola" apparatus manufactured or vended by or on account of the Biola Manufacturing Co. (Inc.), of Norfolk, Virginia, U.S.A., and advertising-matter relating solely or principally to such apparatus, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 28/9/25: <i>Gazette</i> , 1925, p. 2688.
"Magnetaire" jackets, bed-socks, insoles, and friction gloves manufactured or vended by or on account of Magnetaire Ltd. or B. Copson Garratt, or any other person, and all advertising-matter relating solely or principally to such articles, except with the consent of the Minister of Customs	Customs Act, 1913. Orders in Council dated 4/8/24 and 8/12/24: <i>Gazette</i> , 1924, pp. 1855 and 2910 respectively.
"I-on-a-co" electro magnetic bandoliers vended by or on behalf of the Iona Company of Australasia, Sydney, New South Wales, or by or on behalf of any other person, firm, or company, and advertising-matter relating solely or principally to such bandoliers, save with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 23/7/28: <i>Gazette</i> , 1928, p. 2281.
Tubal armlets manufactured or vended by or on behalf of the Tubal Syndicate, Portland House, 73 Basinghall Street, London, E.C. 2, and advertising-matter relating solely or principally to such articles	Customs Act, 1913. Order in Council dated 15/12/31: <i>Gazette</i> , 1931, p. 3583.
"Galvanic" anti-rheumatic rings manufactured or vended by or on account of the Galvanic Ring Company, 295 Sandycombe Road, Kew Gardens, Surrey, England, and advertising-matter relating solely or principally to such articles	Customs Act, 1913. Order in Council dated 30/7/34: <i>Gazette</i> , 1934, p. 2314.
Dr. Joslin's Etheric Animator, manufactured or vended by or on account of the Joslin Research Laboratories (Inc.), of Hollywood, Cal., U.S.A., and advertising-matter relating solely or principally to the said apparatus	Customs Act, 1913. Order in Council dated 31/8/31: <i>Gazette</i> , 1931, p. 2531.
"Spinalettes" manufactured or vended by or on account of Scientific Health Aids Ltd., 85 Cromwell Road, London, S.W. 7, and advertising-matter relating solely or principally to such articles	Customs Act, 1913, Order in Council dated 15/10/34: <i>Gazette</i> , 1934, p. 3353.
Rags or any clothing of any kind which has ceased to be in actual wear (and not forming part of the personal effects of a person arriving in the Dominion from overseas), unless—	
(a) He can produce a certificate from a responsible officer of the Public Health Service of the country of origin that the said rags or clothing have been effectively cleansed and disinfected; or	
(b) The rags or clothing are cleansed and disinfected to the satisfaction of the Medical Officer of Health at the port of entry; such cleaning and disinfection to be at the expense and risk of the importer	Health Act, 1920. Order in Council dated 27/4/23: <i>Gazette</i> , 1923, p. 1259.
Flock, unless the importer satisfies the Medical Officer of Health at the port of entry by a declaration or otherwise that such flock has been wholly manufactured from clean "mill-puff" or "mill-waste"	

LIST OF PROHIBITED OR RESTRICTED IMPORTS—continued.

Article.	Act or Order in Council.
<p>Toilet brushes or toilet articles containing or made from the hair of animals—</p> <p>(a) If manufactured in eastern or south-eastern Asia, India, Ceylon, Japan, the East Indian Islands, and the Philippine Islands; or</p> <p>(b) If manufactured in other countries and deemed in the opinion of the Collector of Customs likely to convey anthrax;</p> <p>unless such brushes or articles are accompanied by a certificate from a responsible officer of the Public Health Service of the country of origin that such goods have been effectively disinfected; or unless such brushes or articles are disinfected at the port of entry at the expense and risk of the importer to the satisfaction of the Medical Officer of Health</p>	
<p>Shaving-brushes wholly or partially manufactured in Japan and exported from Japan, if containing or made from the hair of any animal</p>	<p>Health Act, 1920. Order in Council dated 27/4/23: <i>Gazette</i>, 1923, p. 1259.</p>
<p>Wool or hair, including "drafts" or "drawn" hair or bristles of animals—</p> <p>(a) If grown in eastern or south-eastern Asia, India, Ceylon, Japan, the East Indian Islands, and the Philippine Islands; or</p> <p>(b) If grown in other countries and deemed in the opinion of the Collector of Customs likely to convey anthrax;</p> <p>unless such wool or hair is accompanied by a certificate from a responsible officer of the Public Health Service of the country of origin that such goods have been effectively disinfected; or unless such wool or hair is disinfected at the port of entry at the expense and risk of the importer to the satisfaction of the Medical Officer of Health</p>	
<p>Cooking-utensils coated or lined with lead or with alloy containing lead</p>	<p>Customs Act, 1913. Order in Council dated 9/11/14: <i>Gazette</i>, 1914, p. 4036.</p>
<p>Every article the sale of which in New Zealand would be an offence against the Sale of Food and Drugs Act, 1908</p>	<p>Customs Act, 1913, First Schedule.</p>
<p>Matches made with white or yellow phosphorus</p>	<p>Phosphorus Matches Act, 1910.</p>
<p>Copies of works imported in breach of section 21 of the Copyright Act, 1913</p>	<p>Copyright Act, 1913, section 21.</p>
<p>Goods imported in breach of the Patents, Designs, and Trade-marks Act, 1908</p>	<p>Patents, Designs, and Trade-marks Act, 1908, section 96.</p>
<p>All indecent documents within the meaning of the Indecent Publications Act, 1910, and all other indecent or obscene articles</p>	<p>Customs Act, 1913, First Schedule.</p>
<p>Any document which incites, encourages, advises, or advocates violence, lawlessness, or disorder, or expresses any seditious intention</p>	<p>Customs Act, 1913. Order in Council dated 10/5/21: <i>Gazette</i>, 1921, p. 1186.</p>
<p>Firearms, ammunition, or explosives, save by a licensed dealer or in pursuance of a permit issued by a Superintendent or Inspector of Police</p>	<p>Arms Act, 1920, section 6.</p>
<p>Explosive and dangerous goods imported in breach of the Explosive and Dangerous Goods Act or of any regulations made thereunder</p>	<p>Explosive and Dangerous Goods Act, 1908, and regulations thereunder.</p>
<p>Goods which are unsafe for carriage by sea because of risk of fire due to their nature or condition, or in the manner in which they are packed, except with the consent of the Minister of Customs</p>	<p>Customs Act, 1913. Order in Council dated 29/10/18: <i>Gazette</i>, 1918, p. 3655.</p>
<p>Arsenic and cyanide of potassium, unless properly packed and marked in accordance with the Poisons Act, 1908</p>	<p>Poisons Act, 1908, Part II.</p>

LIST OF PROHIBITED OR RESTRICTED IMPORTS—*continued.*

Article.	Act or Order in Council.
Goods manufactured or produced wholly or in part by prison labour, or within or in connection with any prison, gaol, or penitentiary, also goods similar in character to those manufactured or produced in such institutions when sold or offered for sale by any person, firm, or corporation having a contract for the manufacture or production of such articles in such institutions, or by any agent of such person, firm, or corporation, or when originally purchased from or transferred by any such contractor	Customs Act, 1913, First Schedule.
"Waterproof Economite Patent Soles" for boots and shoes ..	Customs Act, 1913. Order in Council dated 21/7/13 : <i>Gazette</i> , 1913, p. 2250.
Boots, shoes, slippers, and sandals, the sale of which in New Zealand would be an offence against the Footwear Regulation Act, 1913	Customs Act, 1913. Order in Council dated 26/2/15 : <i>Gazette</i> , 1915, p. 746.
Egg-pulp and white or yolk of eggs, whether desiccated, liquid, frozen, or other, also any similar preparations of eggs, except with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 21/4/21 : <i>Gazette</i> , 1921, p. 1019.
Russian rouble notes, except with the consent of the Minister of Customs	Customs Act, 1913. Order in Council dated 14/4/19 : <i>Gazette</i> , 1919, p. 1174.
False or counterfeit money or bank-notes, and any money not being of the established standard in weight or fineness, and any coin intended for circulation in New Zealand and not being legal tender in New Zealand	Customs Act, 1913, First Schedule.
"Optanine" (an article used in brewing, in place of hops) ..	Customs Act, 1913. Proclamation of 6/7/05 : <i>Gazette</i> , 1905, p. 1619.
Motor-vehicles, &c., as enumerated below, except with the consent of the Minister of Customs—	Customs Act, 1913. Order in Council dated 22/2/26 : <i>Gazette</i> , 1926, p. 538.
Any six-wheeled motor-lorry designed or constructed to carry more than 9 tons exclusive of the weight of the vehicle, or so designed or constructed that its weight when laden may exceed 15 tons ; -	
Any motor-lorry not being a six-wheeled motor-lorry designed or constructed to carry more than 6 tons exclusive of the weight of the vehicle, or so designed or constructed that its weight when laden may exceed 10 tons ;	
Any two-wheeled trailer designed or constructed to carry more than 4 tons exclusive of the weight of the trailer ;	
Any four-wheeled trailer designed or constructed to carry more than 6 tons exclusive of the weight of the trailer ;	
Any trailer having more than four wheels ;	
Any tractor weighing more than 10 tons ;	
Any chassis, wheel, axle, body, engine, or other part peculiarly suited for use as a component of any article which is specified above	
Lead colour otherwise than in a receptacle on which is written conspicuously the words, "This paint contains lead"	Health Act, 1920. Orders in Council dated 27/7/25 and 23/4/26 : <i>Gazette</i> , 1925, p. 2166, and 1926, p. 1100.
Spirits, viz., brandy, whisky, and rum, unless matured in wood for three years	Finance Act, 1918, section 22.

LIST OF PROHIBITED OR RESTRICTED EXPORTS.

Article.	Act or Order in Council.
<p>(1) Goods the exportation of which is prohibited, except with the consent of the Minister of Customs :—</p> <p>All indecent documents within the meaning of the Indecent Publications Act, 1910, and all obscene articles which, if within the scope of the Indecent Publications Act, 1910, would be deemed to be indecent within the meaning of that Act.</p> <p>Arms, explosives, military and naval stores (to the New Hebrides)</p> <p>Frozen mutton and lamb, chilled and frozen beef and veal ..</p> <p>Goods which are unsafe for carriage by sea because of risk of fire due to their nature or condition or the manner in which they are packed</p> <p>Kauri-gum which has been in any manner adulterated or mixed with other gum</p> <p>Russian rouble notes</p>	<p>Customs Act, 1913. Order in Council dated 20/6/29 : <i>Gazette</i>, 1929, p. 1720.</p> <p>Customs Act, 1913. Order in Council dated 21/1/07 : <i>Gazette</i>, 1907, p. 323.</p> <p>Customs Act, 1913. Order in Council dated 18/3/21 : <i>Gazette</i>, 1921, p. 734.</p> <p>Customs Act, 1913. Order in Council dated 29/10/18 : <i>Gazette</i>, 1918, p. 3655.</p> <p>Customs Act, 1913. Order in Council dated 14/5/20 : <i>Gazette</i>, 1920, p. 1726.</p> <p>Customs Act, 1913. Order in Council dated 17/12/18 : <i>Gazette</i>, 1918, p. 3573.</p>
<p>(2) Goods the exportation of which is prohibited, except by special authority :—</p> <p>Butter and cheese, except by license from Minister of Agriculture</p> <p>Calves' vells, save with the previous consent in writing of the Minister of Agriculture</p> <p>Coined silver, save with the consent of the Minister of Finance</p> <p>Frozen beef and frozen veal save with the consent in writing of the Minister of Agriculture</p> <p>Gold coin, except with the permission of the Minister of Finance</p> <p>Honey to the United Kingdom, the Irish Free State, and the Continent of Europe, save in accordance with a license issued by the Minister of Agriculture</p> <p>Leaf tobacco, unless graded and packed in accordance with the Tobacco Export Regulations, 1931</p> <p>Maori antiquities, except with the consent of the Minister of Internal Affairs</p> <p>Opium, morphine, diacetylmorphine (heroin), coca-leaf, crude cocaine, cocaine, ecgonine, and Indian hemp, or articles or preparations containing or made from opium, morphine, diacetylmorphine, cocaine, ecgonine, or Indian hemp, for the exportation of which a license is required</p> <p>Opium, prepared (as defined in the Dangerous Drugs Act, 1927)</p> <p>Opossum - skins, except with the consent of the Under-Secretary, Department of Internal Affairs</p> <p>Oysters, rock, save with the consent of the Minister of Marine</p> <p>Quinnat salmon, save with the consent of the Minister of Marine</p> <p>Skins, feathers, or eggs of any protected native or imported bird, in their natural state, except with the consent of the Minister of Internal Affairs</p>	<p>Dairy-produce Export Control Act, 1923, and Customs Act, 1913. Order in Council dated 19/9/27 : <i>Gazette</i>, 1927, p. 2907.</p> <p>Customs Act, 1913. Order in Council dated 10/9/34 : <i>Gazette</i>, 1934, p. 2916.</p> <p>Section 12, Finance Act, 1931 (No. 2). Order in Council dated 20/7/31 : <i>Gazette</i>, 1931, p. 2145.</p> <p>Customs Act, 1913. Order in Council dated 21/7/33 : <i>Gazette</i>, 1933, p. 1944.</p> <p>Customs Act, 1913. Order in Council dated 10/7/34 : <i>Gazette</i>, 1934, p. 2117.</p> <p>Section 6 of Banking Amendment Act, 1914, as amended by section 3 of Finance Act, 1919.</p> <p>Customs Act, 1913, and Honey-export Control Act, 1924. Order in Council dated 24/4/25 : <i>Gazette</i>, 1925, p. 1137.</p> <p>Products Export Act, 1908. Order in Council dated 7/9/31 : <i>Gazette</i>, 1931, p. 2768.</p> <p>Maori Antiquities Act, 1908. Order in Council dated 5/6/12 : <i>Gazette</i>, 1912, p. 1898.</p> <p>Dangerous Drugs Act, 1927.</p> <p>Dangerous Drugs Act, 1927.</p> <p>Customs Act, 1913, and Animals Protection and Game Act, 1921-22. Order in Council dated 26/7/26 : <i>Gazette</i>, 1926, p. 2360.</p> <p>Fisheries Act, 1908. Order in Council dated 16/8/15 : <i>Gazette</i>, 1915, p. 2942.</p> <p>Fisheries Act, 1908. Order in Council dated 30/3/26 : <i>Gazette</i>, 1926, p. 921.</p> <p>Animals Protection and Game Act, 1921-22. Order in Council dated 23/6/30 : <i>Gazette</i>, 1930, p. 1999.</p>
<p>(3) Goods the exportation of which is prohibited :—</p> <p>Intoxicating liquor (to Western Samoa)</p> <p>Margarine, unless distinctly shipped and invoiced as margarine</p>	<p>Samoa Act, 1921, section 337.</p> <p>Margarine Act, 1908.</p>

INDEX TO TARIFF.

<p>Item No. 134 (3) Absorbent, Amadou. 134 (3) Absorbent paper, dentists'. 233 Academy boards. 304 Account-books. 332 Accounting-machines. 114 Acetate, amyl. 114 Acetate, ethyl. 124 Acetates of the metallic elements. 92, 94 Acetic acid. 92 Acetic anhydride. 114 Acetic ether. 105 Acetone. 92, 94 Acid, acetic. 95 Acid, benzoic. 101 Acid calcium phosphate. 95 Acid, carbolic. 95 Acid, citric. 114 Acid for culinary or flavouring essences, or perfumes. 95 Acid, formic. 95 Acid, gallic. 95 Acids, inorganic, n.e.i. 95 Acid, lactic. 95 Acid, oleic. 95 Acid, oxalic. 101 Acid phosphate of soda. 95 Acid, picric. 95 Acid, pyrogallic. 95 Acid, pyroligneous, crude. 95 Acid, salicylic. 95 Acid, tannic. 95 Acid, tartaric. 247 (6) Action-work for organs and pianos, &c. 332 Adding-machines. 332 Addressing-machines. 134 (3) Adhesive plaster. 421 Adhesive for household uses. 421 Adhesive in packages of under 1 gallon. Advertising-matter, printed— 303 Calendars. 276 Catalogues. 276 Circulars. 276 Colour cards. 276 Cut samples mounted on cards, &c. 276 Fashion-plates. 303 Glacier stickers. 276 Handbills. 301 N.e.i. 276 Playbills. 276 Posters. 276 Price-lists. 276 Programmes. 303 Showcards. 303 Window-stickers. 121 (1) Aerated-water makers' drugs, &c.</p>	<p>Item No. 12 Aerated waters. 432 Agar agar. Agricultural implements and machines and parts— 333 (1) Cultivators. 333 (2) Cultivators, hand worked. 333 (2) Discs for harrows or ploughs. 333 (1) (2) Drills. 333 (1) Fertilizer sowers or distributors. 333 (2) Forgings for plough beams. 333 (1) Grain cleaners and separators. 333 (1) Harrows. 347 Horse-clipping machines. 329 Incubators for poultry-raising. 372 Incubators, thermostats for. 333 (1) Lime-sowers. 333 (2) Mouldboard-plates. 333 (2) Plough-forgings. 333 (1) Ploughs. 333 (2) Ploughs, hand-worked. 333 (2) Ploughs, single furrow, 266 lb. and under. 333 (2) Ploughs, mouldboard and plates. 333 (2) Ploughs, share-plates for. 333 (2) Ploughs, skeith-plates for. 329 Poultry-raising, incubators for. 333 (3) Rabbit and similar traps. 333 (1) Seed-cleaners. 333 (2) Seed-drills, hand-worked. 333 (1) Seed-separators. 333 (1) Seed sowers or distributors. 333 (2) Share-plates. 347 Sheep-shearing machines. 333 (2) Skeith-plates. 372 Thermostats for incubators. 333 (3) Traps, rabbit and similar. 205 (1) (a) Air beds and cushions, rubber. 343 Air-compressors for mining and quarry- ing. 377 Air-pressure brakes. 258 Albumenized paper. 304 Albums. 105 Alcohol, amyl. 105 Alcohol, butyl. 87-89 Alcohol, denatured. 89 Alcohol for use of hospitals, &c. 114 Alcohols for culinary or flavouring essences, or perfumes. 105 Aldehyde, formic, and solutions of. 114 Aldehydes for culinary or flavouring essences, or perfumes. 83 Ale. 47, 61 (1) Alimentary pastes. 439 Almanacs, friendly-society.</p>
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- | | | | |
|----------|---|----------|--|
| Item No. | | Item No. | |
| 52 (2) | Almond paste, meal, &c. | | Apparel— <i>continued</i> . |
| 52 (1) | Almonds. | 187 | Union textiles to be cut up for. |
| 59 | Altar bread. | 136 (6) | Waistcoats, men's and boys'. |
| 357 (2) | Aluminium, bar. | 36 (3) | Apples, dried. |
| 124 | Aluminium, salts of. | 37 (1) | Apples, fresh. |
| 134 (3) | Amadou absorbent. | 40 (1) | Apple-trees. |
| 263 | Ambulance associations, medals, badges,
and flags for. | 134 (1) | Appliances for wear, surgical, &c. |
| 353 (2) | Ammonia compressors. | 40 (1) | Apricot-trees. |
| 116 (1) | Ammonia gas. | 37 (2) | Apricots, fresh. |
| 124 | Ammonia, salts of. | 338 (3) | Arc-lamp carbons. |
| 324 | Ammunition, whaling. | 321 | Arms. |
| 114 | Amyl acetate. | 67 | Arrowroot. |
| 105 | Amyl alcohol. | 124 | Arsenic, salts of. |
| 114 | Amyl butyrate. | 252 | Art, works of, for public display. |
| 114 | Amyl capronate. | 232 | Art, works of, 100 years old. |
| 114 | Amyl formate. | 448 | Articles and materials for fabrication or
repair of goods in New Zealand. |
| 114 | Amyl isovalerate. | 252 | Articles for public display. |
| 100 | Anaesthetics. | 449 | Articles n.e.i. |
| 135 | Analytical instruments. | 184 | Articles n.e.i., made of textile, &c. |
| 369 | Anchors. | 415 | Articles n.e.i., suited for use of blind, &c. |
| 35 (1) | Anchovies salted in casks. | 354 | Artificers' tools. |
| 357 (4) | Angle-iron. | 217 | Artificial eyes. |
| 33 | Animal fats, refined, n.e.i. | 239 | Artificial flies. |
| 33 | Animal fats, refined, stearine. | 153 | Artificial flowers, leaves, and sprays. |
| 120 | Animal glands or tissues, preparations
made from. | | Artificial silk (see Silk). |
| 2 | Animals, foods for, n.e.i. | 134 (3) | Artificial teeth. |
| 1 | Animals, live. | 233 | Artists' materials. |
| 1 | Animals, cattle and horses. | 212 (2) | Asbestos, tiles, slates, sheets, &c. |
| 397 (2) | Antifouling composition. | 404 (1) | Ash timber. |
| 97 | Antigens. | 102 (2) | Asphalt. |
| 96 | Anti-incrustation compounds. | 135 | Assay apparatus. |
| 124 | Antimony, salts of. | 135 | Assay-balances. |
| 232 | Antiques. | 351 (2) | Assay-bellows. |
| 134 (3) | Antiseptic dressings. | 135 | Assay-furnaces. |
| 100 | Antiseptics. | 135 | Assay instruments. |
| 351 (1) | Anvils, blacksmiths'. | 239 | Athletic requisites. |
| 121 (1) | Apothecaries' wares. | 204 | Attaché-cases. |
| 152 | Apparel, bandings for, lettered. | 134 (1) | Audiphones. |
| | Apparel— | 263 | Awards to persons in New Zealand
(medals, decorations, &c.). |
| 136 (3) | Belts. | 354 | Axes. |
| 136 (3) | Braces. | 385 | Axles and parts. |
| 136 (6) | Coats, men's and boys'. | | |
| 136 (2) | Collars for shirts. | 25 | Bacon. |
| 136 (2) | Cuffs for shirts. | 97 | Bacteriological products. |
| 160 (3) | Fur. | 263 | Badges, ambulance societies'. |
| 136 (3) | Garters. | 263 | Badges awarded to persons in New
Zealand. |
| 136 (4) | Gloves. | 263 | Badges, Navy League. |
| 152 | Hangers and labels for. | 263 | Badges, Patriotic Societies'. |
| 136 (1) | Made to order. | 438 | Baggage, passengers'. |
| 136 (4) | Mittens. | 138 | Bags of textile or felt. |
| 136 (5) | Neckties. | 275 | Bags, celluloid or similar. |
| 136 (7) | N.e.i. | 138 | Bags, felt. |
| 136 (2) | Nightdresses. | 138 | Bags, filter. |
| 136 (6) | Overcoats. | 140 | Bags of New Zealand flax. |
| 438 | Passengers. | 140 | Bags, hemp. |
| 136 (2) | Pyjamas. | 140 | Bags, hessian. |
| 136 (2) | Shirts. | 205 (1) | Bags, hot-water, of rubber. |
| 136 (6) | Suits, men's and boys'. | | |
| 136 (3) | Suspenders. | | |
| 136 (6) | Trousers, men's and boys'. | | |

Item No.	
205 (1)	Bags, ice, of rubber.
140	Bags, jute.
204	Bags, leather.
204	Bags, leather-cloth.
140	Bags made of New Zealand flax.
274	Bags, paper.
138	Bags, textile or felt.
140	Bags of New Zealand tow.
169	Baize, oil.
98	Baking-power.
135	Balances, assay.
135	Balances, chemical.
351 (12)	Balances n.e.i.
357 (10)	Baling-wires.
307	Ball bearings.
351 (7)	Ball mills.
198 (7)	Balls, heel.
307	Balls, steel, for bearings.
108	Balsams, crude drugs.
404 (1)	Balsa wood.
406	Bamboo furniture.
407	Bamboo-seated chairs.
37 (5)	Bananas.
247 (1) (2)	Band instruments.
134 (3)	Bandages.
152	Bandings, woven, for boots, &c.
186	Bands, umbrella, metal, and other.
152	Bands, woven, for apparel, &c.
439	Banners, friendly-society.
357 (2)	Bar brass, copper, tin, &c.
357 (4)	Bar iron.
357 (2)	Bar lead.
357 (10)	Barbed wire.
124	Barium, salts of.
108	Barks, crude drugs.
4 (3)	Barley.
5 (1)	Barley-flour, prepared.
5 (7)	Barley, pearl.
397 (7)	Barytes.
134 (3)	Base-plates, dentists'.
406	Basketware.
356 (2)	Baths, porcelain enamelled.
338 (1)	Batteries, electric.
343	Batteries, stamper.
141	Battery-blanket.
343	Battery-screening.
226	Beacons, harbour.
198 (6)	Beading, boot.
365	Bearing-brackets for rails.
307	Bearings, ball.
307	Bearings, roller.
365	Bedplates for rails.
205 (1)	Beds, air, of rubber.
205 (1)	Beds, water, of rubber.
308	Beehives, fittings for.
	Beekeepers' apparatus—
308	Beehive fittings.
308	Bee-smokers.
308	Comb foundation.
308	Comb-foundation machine.
308	Fittings for beehives.
308	Gloves.
308	Honey-extractors.

Item No.	
	Beekeepers' apparatus— <i>continued.</i>
267 (2)	Honey-jars.
308	Honey-knives.
308	Machines, foundation.
308	Metal fittings for beehives.
308	Queen-cages.
308	Queen-rearing outfits.
308	Tools.
308	Wax-extractors.
308	Wax presses.
83	Beer.
308	Bee-smokers.
398 (1)	Beeswax.
351 (2)	Bellows, blacksmiths', &c.
309	Bellows n.e.i.
356 (3)	Bells for doors.
223	Bells, glass, for horticultural use.
393	Belt-dressing.
314	Belting, chain.
194	Belting and belts, conveyer.
152	Belting, dressmakers'.
200 (8)	Belting and belts, leather, or containing leather.
194	Belting and belts, other than leather or cordage.
314	Belting, loose link.
136 (7)	Belts (apparel).
362 (5) (6)	Bends, pipe fittings.
383	Bent carriage timber.
114	Benzaldehyde.
114	Benzoate, ethyl.
114	Benzoate, methyl.
95	Benzoic acid.
118	Benzoin gum.
394 (8)	Benzol.
110	Beverages, colours for.
13	Beverages, mineral waters.
12	Beverages n.e.i.
379	Bicycles.
	Bicycles, fittings for—
378	Bracket-shells.
378	Bridges.
378	Crowns.
378	Drop forgings.
335	Engines.
379	Finished parts.
378	Forgings.
378	Fork-ends.
378	Fork-tips.
378	Forks.
378	Handlebars.
379	Hubs.
378	Lugs.
378	Rims.
205 (5)	Rubber tires.
378	Seat-pillars.
379	Spindles.
378	Spokes.
378	Stampings.
378	Stay-ends.
378	Stays.
205 (5)	Tires.
378	Wheel-rims.

- | | | | |
|------------|---|-------------|--|
| Item No. | | Item No. | |
| 304 | Billhead forms. | | Bookbinders' materials— <i>continued</i> . |
| 354 | Billhooks. | 266 | Colours, marbling. |
| 239 | Billiard requisites n.e.i. | 266 | Headbands. |
| 229 (6) | Billiard-table slates. | 200 (1) | Leather. |
| 407 | Billiard-tables. | 266 | Marbling-colours. |
| 143 | Bindings n.e.i. | 266 | Paste, blue or red, for ruling-ink. |
| 198 (6) | Bindings, boot. | 266 | Ruling ink, paste for. |
| 2 | Bird-seed. | 266 | Tacketing-gut. |
| 304 | Birthday booklets. | 332 | Book-keeping machines. |
| 304 | Birthday books. | 304 | Book-markers, paper. |
| 304 | Birthday cards. | 304 | Booklets, birthday. |
| 26 | Biscuits, dog. | 304 | Booklets, Christmas. |
| 27 | Biscuits, other kinds. | 304 | Booklets, Easter. |
| 26 | Biscuits, ship. | 304 | Booklets, New Year. |
| 124 | Bismuth, salts of. | 304 | Books, account. |
| 105 | Bisulphide of carbon. | 304 | Books, birthday. |
| 368 | Bits, drenching and gag. | 304 | Books, copy, with headlines. |
| 84 (1) (2) | Bitters. | 304 | Books, copying letter. |
| 102 (2) | Bitumen. | 304 | Books, counter. |
| 37 (4) | Blackberries. | 293 | Books, counter, carbon-paper for making. |
| 40 (1) | Blackberry plants. | 304 | Books, covers for. |
| 393 | Blacking. | 304 | Books, drawing. |
| 390 | Blacklead. | 304 | Books, guard. |
| 351 (1) | Blacksmiths' anvils, forges, and hearths. | 304 | Books, letter. |
| 351 (2) | Blacksmiths' bellows. | 301 | Books, printed, n.e.i. |
| 61 (1) | Blanc-mange powder. | 304 | Books, scribbling. |
| 141 | Blanket, battery. | 304 | Books, sketch. |
| 172 | Blanketing, printers'. | 152 | Boot-banding, lettered. |
| 351 (4) | Blast fans. | 198 (6) | Boot-beading. |
| 429 | Blasting powder and meal. | 198 (6) | Boot-binding. |
| 415 | Blind persons, articles for use of. | 393 | Boot-cleaning preparations. |
| 188 | Blind pulls and fittings. | 152 | Boot-elastic. |
| 304 | Blocks, letter. | 198 (4) | Boot heel-plates. |
| 363 (2) | Blocks, printing. | 198 (2) (8) | Boot-heels. |
| 304 | Blocks, scribbling. | 207 | Boot inks and stains. |
| 414 | Blocks, wooden tackle. | 198 (2) | Boot-knobs. |
| 304 | Blotting-pads. | 152 | Boot-labels. |
| 351 (4) | Blowers. | 202 | Boot-laces, leather. |
| 28 | Blue. | 142 | Boot-laces, other than leather. |
| 445 | Blue lights, ships'. | 152 | Boot-looping. |
| 269, 270 | Board, cloth-lined. | 198 (5) | Boot-nails. |
| 269, 270 | Board, corrugated. | 393 | Boot-polish. |
| 269, 270 | Board, fibre. | 198 (1) | Boot-protectors. |
| 201 | Board, leather (compo). | 198 (5) | Boot rivets. |
| 212 (3) | Board, plaster. | 202 | Boot-soles, clog and patten. |
| 269, 270 | Board, wood-pulp. | 198 (3) | Boot-soles, cork. |
| 417 | Boats. | 198 (2) | Boot-soles, rubber. |
| 385 | Bogies for railway and tramway vehicles. | 198 (5) | Boot-tacks. |
| 96 | Boiler compounds. | 198 (4) | Boot toe-plates. |
| 374 | Boiler-furnaces. | 202 | Boot-uppers. |
| 374 | Boiler parts and fittings. | 202 | Boot-vamps. |
| 362 (3) | Boiler-tubes. | | Bootmakers' requisites (see Grindery). |
| 310 | Bolt-ends. | 198 (7) | Bootmakers' wax. |
| 357 (4) | Bolt-iron. | 197 | Boots, gum boots. |
| 310 | Bolts. | 196 | Boots n.e.i. |
| 356 (3) | Bolts, door. | 195 | Boots, sizes 0-9. |
| 310 | Bolts, insulator. | 365 | Bored iron bars, rail-fastenings. |
| 351 (7) | Bone-crushers. | 351 (3) | Boring-machinery. |
| 418 | Bone handles for brushes. | 124 | Boron, salts of. |
| 170 | Bonnets, trimmed. | 208 | Bottles, glass. |
| | Bookbinders' materials— | 205 (1) | Bottles, hot-water, of rubber. |
| 266 | Blue or red paste for ruling-ink. | 208 (1) | Bottles, infants' feeding. |

Item No.	
205 (8)	Bottles, feeding, valves and teats for.
208 (1)	Bottles, milk and cream.
208 (1)	Bottles, opal glass.
209	Bottles, stone.
427 (2)	Bottles, stoppers for.
208 (1)	Bottles, syphon, for aerated waters.
398 (2)	Bottling-wax.
268	Boxes, cardboard.
291	Boxes, cardboard, paper lace for.
55	Boxes, match, fancy.
268	Boxes, paper.
268	Boxes, paper or cardboard cut or shaped for.
152	Brace-elastic.
136 (3)	Braces.
378	Bracket-shells (bicycle).
143	Braids n.e.i.
377	Brakes, air-pressure.
5 (2)	Bran.
357 (2)	Brass, bar.
353 (1)	Brass-cocks.
359	Brass nails and tacks.
144	Brattice cloth, jute or hessian.
351 (2)	Braziers' bellows.
123	Brazing-compounds.
59	Bread, altar.
59	Bread, Passover.
214	Breakfast sets, china, &c.
121 (1)	Brewers' drugs, &c.
211 (1)	Bricks, fire.
211 (3)	Bricks, magnesite.
211 (2)	Bricks n.e.i.
211 (3)	Bricks, silica.
105	Bromine.
260	Bronzes.
408	Broom-handles.
419	Brooms.
397 (3)	Brunswick black.
419	Brushes.
418	Brushes, handles for.
419	Brushmakers' knots or tufts.
419	Brushware.
311	Buckles, cloth-covered.
311	Buckles, leather-covered.
311	Buckles, metal.
	Builders' hardware (see Hardware).
213	Building-cement.
322 (4)	Bullets.
426	Bungs.
145	Bunting.
354	Bush-hooks.
177	Busk-protectors.
243	Busts.
354	Butchers' cleavers and choppers.
31	Butter, cocoa.
31	Butter, coconut.
334	Butter-packers.
334	Butter-pounders.
334	Butter-workers.
146	Buttons, crochet.
147	Buttons n.e.i.
105	Butyl alcohol.
114	Butyrate, amyl.

Item No.	
114	Butyrate, ethyl.
327	Cabinetware, sheet metal.
407	Cabinetware n.e.i.
338 (2)	Cable connectors, electric.
338 (7)	Cable, insulated.
31	Cacao butter.
124	Cadmium, salts of.
101	Calcium acid phosphate.
105	Calcium carbide.
124	Calcium, salts of.
305	Calendar cards, printers'.
303	Calendars.
234	Camera covers and cases.
254	Cameras, photographic.
100	Camphor.
9	Canary-grass seed.
54	Candied peel.
29-30	Candles.
34	Candles, stearine declared for making.
420	Candlewick.
406	Cane furniture.
407	Cane-seated chairs.
108	Cantharides, crude drug.
233	Canvas, artists'.
199	Canvas hose.
53	Capers.
114	Caprionate, amyl.
164	Caps.
205 (1)	Caps, ice.
323	Caps, percussion.
170	Caps, trimmed.
186	Caps, umbrella.
343	Capstan engines for mining.
358	Capsules, metallic.
41	Caramel.
53	Caraway-seeds.
105	Carbide, calcium.
95	Carbolic acid.
105	Carbon bisulphide.
338 (7)	Carbon, block, sheet, or rod.
293	Carbon-coated paper for counter check-books.
116 (2)	Carbon dioxide.
300	Carbon-paper.
105	Carbon tetrachloride and other chlorides.
116 (2)	Carbonic-acid gas.
338 (3)	Carbons, for arc-lamps, &c.
351 (5)	Card clothing.
269, 270	Cardboard.
267	Cardboard and papier mache articles.
	Cardboard boxes (see Boxes).
305	Cardboard cards, printers'.
267 (2)	Cardboard cream-mugs.
268	Cardboard cut or shaped for boxes.
267 (1)	Cardboard flower-pots.
267 (2)	Cardboard honey-jars.
304	Cards, birthday.
305	Cards, calendar, printers'.
305	Cards, celluloid, printers'.
304	Cards, Christmas.
304	Cards, Easter.
305	Cards, edged, printers'.
305	Cards, embossed, printers'.

- | | | | |
|----------|--|-----------------|--|
| Item No. | | Item No. | |
| 306 | Cards, lesson. | 382 | Cars, railway and tramway. |
| 305 | Cards, menu, printers'. | 322 (1) (c) (d) | Cartridges, ball. |
| 306 | Cards, motto. | 322 (2) | Cartridges, cases. |
| 304 | Cards, New Year. | 322 (3) | Cartridges, gun-wads for. |
| 134 (2) | Cards, opticians' test. | 322 (5) | Cartridges, metal cups for making. |
| 235 | Cards, playing. | 286 | Cartridges, paper for manufacture of. |
| 305 | Cards, printers'. | 322 (3) | Cartridges, parts of cases. |
| 305 | Cards, programme, printers'. | 322 (1) (a) (b) | Cartridges, shot. |
| 306 | Cards, religious motto. | 322 (3) | Cartridges, tubes for. |
| 306 | Cards, reward. | 322 (3) | Cartridges, wads for. |
| 306 | Cards, school-lesson. | 381 | Carts. |
| 306 | Cards, scriptural motto. | 123 | Case-hardening compounds. |
| 306 | Cards, Sunday-school. | 334 (2) | Casein, machinery for manufacture of. |
| 285 | Carpet felt-paper. | 134 (2) | Cases, spectacle (plain). |
| 159 (2) | Carpets, cork. | 332 | Cash-registers. |
| 159 (1) | Carpets n.e.i. | 443 | Casings, sausage. |
| 419 | Carpet sweepers. | 427 (2) | Casks, stoppers for. |
| 109 | Carrageen, crude drug. | 362 | Cast-iron pipes. |
| | Carriages and other vehicles— | 312 | Castors for furniture. |
| 379 | Bicycles. | 260 | Casts. |
| 381 | Carriages. | 276 | Catalogues, trade. |
| 382 | Cars, railway and tramway. | 356 (3) | Catches, drawer and cabinet. |
| 381 | Carts. | 105 | Catechu. |
| 381 | Drays. | 134 (3) | Catgut sewings. |
| 380 | Flying-machines. | 57-58 | Catsup. |
| 379 | Motor-cycles. | 1 | Cattle. |
| 389 | Motor-vehicles n.e.i. | 2 | Cattle-spices. |
| 381 | Perambulators. | 132 | Cattle-licks. |
| 382 | Railway cars, wagons, and trucks. | 53 | Caviare. |
| 382 | Tramway cars, wagons, and trucks. | 53 | Cayenne pepper. |
| 379 | Tricycles. | 404 (1) | Cedar, red. |
| 382 | Trucks, railway and tramway. | 338 (1) | Cells, electric. |
| 381 | Wagons. | 275 | Celluloid or similar bags. |
| 382 | Wagons, railway and tramway. | 134 (3) | Celluloid blanks, dentists'. |
| | Carriages and other vehicles, fittings,
materials, and parts for— | 305 | Celluloid cards, printers'. |
| 377 | Air-pressure brakes. | 418 | Celluloid handles for brushes. |
| 385 | Axles and parts. | 271 | Celluloid in sheets. |
| 383 | Bent carriage-timber n.e.i. | 212 (2) | Cement and asbestos tiles and sheets. |
| 78-79 | Bicycle fittings and parts. | 229 (4) | Cement, articles made of. |
| 385 | Bogies for railway. | 213 | Cement, building. |
| 377 | Brakes, air-pressure. | 134 (3) | Cement, dental. |
| 383 | Felloes, dressed. | 421 | Cement, household. |
| 384 | Felloes, in the rough. | 213 | Cement, Portland. |
| 387 | Fittings, metal. | 205 (3) | Cement, rubber and guttapercha. |
| 384 | Hubs. | 124 | Cerium, salts of. |
| 387 | Mountings. | 439 | Certificates, friendly-society. |
| 383 | Poles, dressed. | 3 | Chaff. |
| 384 | Poles, in the rough. | 313 | Chain and chains, metal. |
| 388 | Railway-vehicles, wheels and tires for. | 314 | Chain-belting. |
| 383 | Shafts, dressed. | 152 | Chain coat-hangers. |
| 384 | Shafts, in the rough. | 407 | Chairs. |
| 383 | Spokes, dressed. | 134 (2) | Chairs, dentists' operation. |
| 384 | Spokes, in the rough. | 397 (7) | Chalk. |
| 386 | Springs, undercarriage. | 200 (2) | Chamois leather. |
| 383 | Timber. | 357 (4) | Channel iron. |
| 388 | Tramway-vehicles, wheels and tires for. | 281 | Charts. |
| 387 | Trimmings. | 181 | Cheese bandages or caps. |
| 385 | Trucks for railway and tramway
vehicles. | 334 | Cheese-presses. |
| 386 | Undercarriage springs. | 320 | Chemical appliances for treatment of
water. |
| 388 | Wheels for railway and tramway
vehicles. | 135 | Chemical balances. |
| | | 325 | Chemical fire-engines. |
| | | 325 | Chemical fire-extinguishers. |

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|-------------|---|----------|--|
| Item No. | | Item No. | |
| 121 (1) | Chemical preparations n.e.i. | 141 | Cloth, gold-saving. |
| 121 (1) | Chemicals, aerated-water makers', &c. | 178 (2) | Cloth, Italian. |
| 325 | Chemicals, fire-extinguishing, n.e.i. | 167 | Cloth, kiln. |
| 106 | Chemicals for use in manufacturing bonds. | 270, 269 | Cloth-lined board. |
| 125 | Chemicals, mixtures. | | Clothing (see Apparel). |
| 121 (1) | Chemicals n.e.i. | 65 (1) | Cloves. |
| 105 | Chemicals, various (free). | 351 (3) | Coal-cutters. |
| 304 | Cheque forms. | 104 | Coal tar acid disinfectants. |
| 357 (5) | Chequered iron plates. | 102 | Coal-tar distillates, crude. |
| 37 (2) | Cherries. | 394 (8) | Coal-tar naphtha. |
| 40 (1) | Cherry-trees. | 152 | Coat-hangers. |
| 32 (1) | Chewing-gum. | 136 (6) | Coats, men's and boys'. |
| 14 | Chicory. | 124 | Cobalt, salts of. |
| 216 | Chimney-pots, earthen or concrete. | 105 | Cochineal. |
| 225 | Chimneys, lamp. | 353 (1) | Cocks of brass or copper-alloy. |
| 214-15 | Chinaware. | 316 | Cocks for manufacture of articles in New Zealand. |
| 105 | Chloride of carbon. | 16 (1) | Cocoa. |
| 105 | Chlorinated hydrocarbons. | 16 (1) | Cocoa-beans, roasted and crushed. |
| 105 | Chlorinated lime. | 15 | Cocoa-beans, raw. |
| 100 | Chloroform. | 31 | Cocoa-butter. |
| 365 | Chocks, cast-iron, rail-fastenings. | 16 (2) | Cocoa mixed with food. |
| 16 (2) | Chocolate. | 31 | Coconut-butter. |
| 16 (2) | Chocolate mixed with food. | 52 (3) | Coconut, desiccated. |
| 338 (2) | Choking coils, electric. | 396 | Cod-liver oil. |
| 354 | Choppers. | 48 | Cod-liver oil, malt extract with. |
| 351 (8) | Chopping-machines. | 19 | Coffee-essence. |
| 304 | Christmas cards and booklets. | 351 (7) | Coffee-mills. |
| 305 | Christmas cards, printers'. | 17 | Coffee, raw. |
| 124 | Chromium, salts of. | 18 | Coffee, roasted. |
| 334 | Churns, power-driven. | 371 | Coil-springs. |
| 57 | Chutney. | 338 (2) | Coils, reactance or choking, electric. |
| 83 | Cider. | 245 | Coins, old. |
| 261 | Cigar holders and cases. | 191 | Coir yarn. |
| 261 | Cigarette holders and cases. | 148 | Collar-check. |
| 236 (1) (2) | Cigarette-paper and papers. | 136 (2) | Collars for shirts. |
| 74 | Cigarettes n.e.i. | 338 (5) | Collectors for electric tram-cars and locomotives. |
| 75 | Cigarettes over 2½ lb. per thousand. | 86 | Cologne water. |
| 76 | Cigars. | 276 | Colour cards. |
| 240 | Cinematograph-films. | 233 | Colours, artists'. |
| 244 | Cinematographs n.e.i. | 110 | Colours, confectioners', &c. |
| 65 | Cinnamon. | 110 | Colours (dyes). |
| 338 (2) | Circuit-breakers. | 266 | Colours, marbling (bookbinders'). |
| 338 (2) | Circuit-makers. | 397 (2) | Colours (paint). |
| 276 | Circulars. | 279 | Colours, poster and showcard. |
| 95 | Citric acid. | 308 | Comb-foundation. |
| 22 | Citrus-fruit pulp. | 239 | Combs, hair and toilet. |
| 422 | Clay birds or targets. | 342 | Compasses. |
| 211 (3) | Clay silica. | 201 | Compo board (leather). |
| 351 (4) | Cleaners, vacuum. | 134 (3) | Composition, modelling, dentists'. |
| 393 | Cleaning-preparations for apparel, boots, &c. | 359 | Composition nails. |
| 321 (2) | Cleaning-rods for rifles. | 362 (4) | Composition piping. |
| 63 | Cleansing-preparations and soap. | 359 | Composition tacks. |
| 354 | Cleavers. | 116 | Compressed gases. |
| 356 (3) | Clips, drawer and cabinet. | 318 | Compressed gases, cylinders for. |
| 356 (3) | Clips for attaching articles to concrete, &c. | 353 (2) | Compressors, ammonia. |
| 315 | Clips for identification of live-stock. | 353 (2) | Compressors, gas. |
| 223 | Cloches, glass, for horticultural uses. | 332 | Computing-machines. |
| 237 | Clocks. | 343 | Concentrators. |
| 238 | Clocks for timing pigeon flights. | 216 | Concrete chimney-pots. |
| 202 | Clog-soles. | 216 | Concrete conduit-pipes. |
| 195-96 | Clogs. | | |

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| Item No. | | Item No. | |
| 216 | Concrete drainage-pipes and -tiles. | 152 | Cotton tape. |
| 353 (5) | Concrete-mixers. | 192 | Cotton yarns. |
| 397 (3) | Concrete-waterproofing liquids. | 150 | Cotton-waste. |
| 338 (2) | Condensers, electric. | 134 (3) | Cotton-wool. |
| 2 | Condiments for cattle-food. | 304 | Counter-books. |
| 216 | Conduit pipes. | 293 | Counter-books, carbon-paper for manu-
facture of. |
| 110 | Confectioners' colours. | 342 | Counting-apparatus. |
| 67 | Confectioners' moulding-starch. | 325 | Couplings, fire-hose. |
| 110 | Confectionery, colours for. | 304 | Covers, book. |
| 32 | Confectionery, medicated. | 234 | Covers, camera. |
| 32 | Confectionery. | 273 | Covers, directory. |
| 338 (2) | Connectors for cable and wire. | 179 | Covers, rick and wagon. |
| 437 | Consular supplies. | 332 | Covers, typewriter. |
| 338 (2) | Controllers, electric motor. | 272 | Crayons. |
| 338 (1) | Converters, electric. | 267 (2) | Cream-mugs, cardboard and similar. |
| 194 | Conveyer belting and belts. | 101 | Cream-of-tartar. |
| 353 (3) | Cooking-appliances, electric. | 101 | Cream-of-tartar substitutes. |
| 353 (1) | Cooking-appliances, gas. | 50 | Cream, preserved. |
| 334 | Coolers. | 365 | Creep-clips, rail-fastenings. |
| 359 | Coopers' hooks and tacks. | 100 | Creosol. |
| 353 (1) | Copper-alloy cocks. | 102 | Creosote, crude. |
| 357 (2) | Copper, bar and rod. | 100 | Creosote, refined. |
| 357 (1) | Copper, ingots. | 174 | Crewel-threads. |
| 359 | Copper nails. | 146 | Crochet-buttons. |
| 363 (1) | Copper plates for photo-lithographic work. | 171 | Crochet-hooks. |
| 124 | Copper, salts of. | 174 | Crochet-thread. |
| 359 | Copper tacks. | 365 | Crossings (rails). |
| 304 | Copybooks with headlines. | 427 (1) | Crown seals. |
| 304 | Copying-letter books. | 102 | Crude distillates of coal-tar or wood, &c. |
| 300 (1) | Copying-paper. | 394 (6) | Crude oils. |
| 143 | Cord, cotton. | 35 (4) | Crustaceans. |
| 152 | Cord, elastic. | 134 (1) | Crutches. |
| 143 | Cord of artificial silk or imitation silk. | 32 | Crystallized fruits. |
| 143 | Cord, silk. | 133 | Crystals, soda. |
| 143 | Cord, wool. | 63 | Crystals, washing. |
| 188 | Cord-knot holders. | 136 (2) | Cuffs for shirts. |
| 188 | Cord-tips. | 112 | Culinary essences over 40 per cent. proof
spirit. |
| 194 | Cordage for driving machinery. | 113 | Culinary essences n.e.i. |
| 423 | Cordage for fishing lines and nets. | 333 | Cultivators. |
| 357 (11) | Cordage, metal. | 107 | Culture media, drugs for. |
| 425 | Cordage n.e.i. | 317 | Culverts, for local bodies. |
| 121 (1) | Cordialmakers' drugs, &c. | 214 | Cups, china, &c. |
| 84 (1) (2) | Cordials. | 322 (5) | Cups, metal, for making cartridge-cases. |
| 426 | Cork, cut. | 186 | Cups, umbrella. |
| 426 | Cork floats. | 252 | Curios for public display. |
| 166 | Cork fronts for hats. | 40 (1) | Currant trees. |
| 198 (3) | Cork soles. | 36 (1) | Currants, dried. |
| 108 | Corms, crude drugs. | 37 (4) | Currants, fresh. |
| 351 (7) | Corn-mills. | 207 | Curriers' inks and stains. |
| 67 | Cornflour. | 53 | Curry paste and powder. |
| 140 | Cornsacks. | 182 | Curtain material, lace. |
| 212 (2) | Corrugated asbestos sheets. | 182 | Curtain net. |
| 269-70 | Corrugated board. | 205 (1) | Cushions, air, of rubber. |
| 357 (5) (b) | Corrugated sheet iron. | 205 (1) | Cushions, water, of rubber. |
| 177 | Corset materials. | 61 (1) | Custard-powder. |
| 143 | Cotton cords n.e.i. | 338 (2) | Cut-outs. |
| 152 | Cotton petersham. | 276 | Cut samples mounted on cards, &c. |
| 180 | Cotton piece-goods. | 335 (2) | Cycles, engines for. |
| 181 | Cotton piece-goods, tubular woven, for
meat wraps. | 318 | Cylinders for compressed gases. |
| 149 | Cotton, raw. | | |
| 174 | Cotton sewing-threads, &c. | | |

Item No.	Dairying machinery and appliances—	Item No.	
334 (1)	Butter-packers.	338 (2)	Distribution boards and boxes, electric.
334 (1)	Butter-pounders.	441	Diving-dresses.
334 (1)	Butter-workers.	26	Dog-biscuits.
334 (2)	Casein, machinery for manufacture of.	359	Dog-spikes.
334 (1)	Cheese-presses.	356 (3)	Door bolts, handles, bells, letter plates, and pulls.
334 (1)	Churns, power-driven.	407	Doors.
334 (2)	Coolers.	304	Draft forms.
334 (2)	Dried milk, machinery for manufacture of.	216	Drainage pipes and tiles.
334 (2)	Enamel-lined vacuum pans, vats, and tanks.	151	Drapery n.e.i.
334 (2)	Glass-lined vacuum pans, vats, and tanks.	304	Drawing-books.
334 (2)	Milk-pasteurizers.	280	Drawing-ink.
334 (2)	Milk products, machinery for manufac- ture of.	342	Drawing-instruments.
334 (2)	Pasteurizers.	233	Drawing-paper in blocks.
334 (2)	Porcelain-lined vacuum pans, vats, and tanks.	253	Drawings n.e.i.
345	Pumps.	381	Drays.
334 (2)	Sugar of milk, machinery for manufac- ture of.	368	Drenching-bits.
334 (2)	Tanks, glass-, porcelain-, or enamel- lined.	182	Dress-nets.
334 (2)	Vacuum pans.	243	Dress-stands.
334 (2)	Vats, glass-, porcelain-, or enamel lined.	441	Dresses for use in smoke or gas.
119	Dalmatian powder.	134 (3)	Dressings, antiseptic.
118	Dammar gum.	152	Dressmakers' belting.
445	Danger-signals.	36	Dried fruits.
171	Darning-needles.	50	Dried milk.
174	Darning-thread.	334 (2)	Dried milk, machinery for manufacture of.
36 (1)	Dates.	11 (2)	Dried vegetables n.e.i.
415	Deaf, appliances for, n.e.i.	397 (2)	Driers.
134 (1)	Deaf, appliances for, surgical.	351 (3)	Drilling-machines.
359	Deck spikes.	333 (1) (2)	Drills, agricultural.
263	Decorations awarded to persons in New Zealand.	378	Drop forgings, bicycle.
134	Dental goods.	121 (1)	Druggists' sundries n.e.i.
134 (2)	Dentists' operation chairs.	121 (1)	Drugs, aerated-water makers'.
134 (2)	Dentists' spittoons, self-flushing type.	121 (1)	Drugs, brewers'.
134 (3)	Denture strengtheners.	121 (1)	Drugs, cordialmakers'.
119	Derris root, powdered, or extract.	108-09	Drugs, crude.
52 (3)	Desiccated coconut.	107	Drugs for culture media, &c.
60	Desiccated egg.	106	Drugs for manufacturing in bond.
323	Detonators.	125	Drugs, mixtures.
103	Dextrine n.e.i.	121 (1)	Drugs n.e.i.
134 (2)	Diagrams, opticians'.	105	Drugs, various (free).
351 (3)	Diamond drills.	330	Drums, empty iron.
304	Diaries.	394 (4)	Dugong oil.
343	Dies, steel, for stamper batteries.	415	Dumb persons, articles for use of.
214	Dinner sets, china, &c.	332	Duplicating-machines.
273	Directories, covers for.	153	Dyed flowers, leaves, &c.
273	Directories of New Zealand.	111	Dyeing-materials n.e.i.
333 (2)	Discs for harrows.	110	Dyes, manufactured.
214	Dishes, china, &c.	110	Dyes, solutions of, for confectionery, &c.
102	Disinfectants, crude distillates for making.	134 (1)	Ear-trumpets.
104	Disinfectants n.e.i.	134 (1)	Ear-tubes.
104	Disinfectants, saponaceous.	216	Earthen chimney-pots.
397 (6)	Distempers.	209	Earthen jars.
102	Distillates of coal-tar or wood, crude.	216	Earthen pipes.
394 (6)	Distillates of petroleum, crude.	212 (1)	Earthen roofing-tiles, &c.
		216	Earthen tiles, drainage.
		212 (1)	Earthen tiles, roofing.
		214-15	Earthenware.
		304	Easter booklets.

Item No.		Item No.	
304	Easter cards.	338 (2)	Electric appliances and machinery— <i>contd.</i>
416	Educational apparatus.	338 (10)	Motors, controllers or starters for.
89	Educational institutions, alcohol for use in.		N.e.i.
438	Effects, passengers'.	338 (5)	Overhead conductors for tramways, &c.
47	Egg-noodles.	338 (4)	Plating-appliances.
61 (1)	Egg-powder.	338 (6)	Poles, metal.
60	Egg pulp, yolks, &c.	338 (5)	Rail-bonds.
186	Elastic bands or fasteners, umbrella.	338 (5)	Railways, overhead conductors for.
152	Elastic, boot.	338 (2)	Reactance coils.
152	Elastic, brace.	338 (2)	Reduction of currents, apparatus for.
152	Elastic cord.	338 (2)	Regulators, shunt or voltage.
152	Elastic thread.	338 (2)	Relays.
152	Elastic webbing.	338 (2)	Resistances.
152	Elastics, all kinds.	338 (2)	Rheostats.
362 (5) (6)	Elbows, pipe fittings.	338 (2)	Shoes for wall-plugs.
	Electric appliances and machinery—	338 (2)	Shunt-regulators.
338 (3)	Arc-lamp carbons.	338 (1)	Slide-rails for generators and motors.
338 (1)	Batteries.	338 (2)	Sockets for wall-plugs.
338 (2)	Cable-connectors.	338 (8)	Sparking-plugs for oil-engines.
338 (7)	Cable, insulated.	338 (2)	Starters for motors.
338 (7)	Carbon, block, sheet, or rod.	338 (4)	Surgery, appliances peculiar to.
338 (3)	Carbons for arc lamps, &c.	338 (2)	Switchboards.
338 (1)	Cells.	338 (2)	Switches.
338 (2)	Choking-coils.	338 (7)	Tape, insulating.
338 (2)	Circuit-breakers.	338 (4)	Telegraphy, appliances peculiar to.
338 (2)	Circuit-makers.	338 (4)	Telephony, appliances peculiar to.
338 (2)	Coils, reactance or choking.	338 (2)	Terminals.
338 (5)	Collectors for tram-cars, &c.	338 (6)	Towers, metal.
338 (2)	Condensers.	338 (5)	Tram-cars, trolley-poles for.
338 (2)	Connectors for cable and wire.	338 (5)	Tramways, overhead conductors for.
338 (2)	Control of currents, apparatus for.	338 (1)	Transformers.
338 (2)	Controllers, motor.	338 (5)	Trolley-poles for tram-cars, &c.
338 (1)	Conversion apparatus.	338 (4)	Vacuum-tubes.
353 (3)	Cooking appliances.	338 (2)	Voltage-regulators.
338 (5)	Crossings for tramway overhead gear.	338 (7)	Vulcanite.
338 (2)	Cut-outs.	338 (2)	Wall-plugs.
338 (2)	Distribution boards and boxes.	338 (3)	Welding, electrodes for.
338 (3)	Electrodes.	338 (2)	Wire-connectors.
338 (4)	Electro-chemistry, appliances peculiar to.	338 (7)	Wire-insulated.
338 (2)	Electro-magnets.	338 (4)	Wireless broadcast receiving-sets, parts of
338 (4)	Electrometallurgy, appliances peculiar to.	338 (9)	Wireless broadcast receiving-sets.
338 (4)	Electro-plating appliances.	338 (4)	X-ray tubes.
338 (5)	Frogs for tramway overhead gear.	338 (4)	Electro-chemistry, appliances peculiar to.
338 (2)	Fuseboards.	338 (3)	Electrodes.
338 (2)	Fuses.	338 (2)	Electro-magnets.
338 (1)	Generators.	338 (4)	Electrometallurgy, appliances for.
353 (3)	Heating appliances.	338 (4)	Electroplating-appliances.
338 (7)	Insulated cable and wire.	363 (2)	Electrotypes.
338 (7)	Insulating-material.	124	Elements, metallic (see Metallic).
338 (7)	Insulating-tape.	124	Elements, metallic, salts, &c., of.
339	Lamps, incandescent filament.	439	Emblems, friendly-society.
340	Lamps n.e.i.	305	Embossed cards, printers'.
338 (2)	Lightning-arresters.	304	Embossed stationery.
338 (5)	Line-cars for tramway overhead gear.	152	Embroidered lettering for apparel, &c.
338 (5)	Locomotives.	182	Embroidery net.
338 (5)	Locomotives, trolley-poles for.	174	Embroidery threads.
338 (2)	Magnets, electro.	287	Emery-cloth.
338 (6)	Metal poles or towers.	351 (6)	Emery grinding-machines.
338 (7)	Mica.	287	Emery-paper.
338 (1)	Motors.	351 (6)	Emery wheels.
		440	Empties, returned.
		134 (3)	Enamel, dentists'.

Item No.		Item No.	
334 (2)	Enamel-lined vacuum pans, vats, and tanks, for dairying.	239	Fancy goods.
397 (2)	Enamel paints.	351 (4)	Fans, air.
200 (6)	Enamelled leather.	276	Fashion-plates.
357 (6)	Enamelled metal, plate and sheet.	186	Fastenings, umbrella.
374	End-plates, boiler.	393	Fat-black.
150	Engineers' cotton and other waste.	33	Fats, animal, refined.
310	Engineers' split pins.	34	Fats, stearine, for candles, &c.
310	Engineers' studs.	31	Fats, vegetable.
310	Engineers' taper pins.	153	Feathers, ornamental.
337	Engine-governors.	383-84	Felloes.
428	Engine-packing.	184	Felt, articles made of, n.e.i.
343	Engines, capstan, for mining.	138	Felt bags.
335 (1)	Engines, cycle.	165	Felt-hat hoods.
325	Engines, fire.	285	Felt, paper.
336	Engines, flying-machine.	442	Felt, paper roofing, waterproofed.
336	Engines, flying-machine, controlling-gear for.	155	Felt piece-goods (not textiles).
335 (3)	Engines for tractors or traction engines.	134 (3)	Felt, poroplastic.
352	Engines, industrial.	156	Felted textiles on declaration.
343	Engines, mining, capstans.	376	Fencing, expanded metal.
335 (2)	Engines, motor-vehicle.	357 (10)	Fencing-wire.
338 (8)	Engines, sparking-plugs for.	186	Ferrules, umbrella.
348	Engines, steam, portable.	333 (1)	Fertilizer sowers.
348	Engines, traction.	194	Fibre belting.
343	Engines, winding, for mining.	269-70	Fibre-board.
253	Engravings n.e.i.	36 (1)	Figs, dried.
274	Envelopes, paper, n.e.i.	240	Films, cinematograph.
275	Envelopes, celluloid or similar.	138	Filter bags and sheaths.
108	Ergot, crude drugs.	141	Filter-cloths, material for.
356 (3)	Escutcheon plates.	288	Filter-paper.
19	Essence of coffee.	288	Filter-pulp.
113	Essences, culinary, n.e.i.	320	Filters for local bodies.
112	Essences, culinary, over 40 per cent. proof spirit.	212 (1),	} Finials, glass, earthen, &c.
114	Essences, flavouring, compounds for making.	212 (2)	
113	Essences, flavouring, n.e.i.	321	Firearms.
112	Essences, flavouring, over 40 per cent. proof spirit.	211 (1)	Firebricks.
114	Essences, flavouring, synthetic.	325	Fire-brigade appliances.
115	Essential oils.	211 (4)	Fireclay, ground, n.e.i.
114	Esters for manufacture of essences, &c.	325	Fire-engines.
114	Ether, acetic.	325	Fire-escapes.
114	Ether, oenanthic.	325	Fire-extinguishers.
114	Ethers for manufacture of essences, &c.	325	Fire-extinguishing appliances.
435	Ethnological specimens.	325	Fire-hose.
114	Ethyl acetate.	325	Fire-ladders.
114	Ethyl benzoate.	325	Fire-reels.
114	Ethyl butyrate.	325	Firemen's helmets.
100	Ethyl ether.	430	Fireworks.
114	Ethyl formate.	35	Fish.
351 (4)	Exhaust-fans.	35 (1)	Fish, anchovies, salted, in casks.
376	Expanded metal fencing or lathing.	35	Fish, crustaceans.
374	Expansion-rings, boiler.	35 (2)	Fish, dried.
429	Explosives n.e.i.	35 (2)	Fish, fresh.
48	Extract of malt.	396 (2)	Fish liver oil.
63	Extract of soap.	35 (2)	Fish, pickled.
119	Extracts, derris root.	35 (2)	Fish, preserved by cold process.
119	Extracts, pyrethrum.	35 (2)	Fish, preserved by sulphurous acid.
319	Eyelets n.e.i.	35 (3)	Fish, preserved, n.e.i.
217	Eyes, artificial.	35 (1)	Fish, salted, anchovies, in casks.
		35 (2)	Fish, salted, n.e.i.
		35	Fish, shell-fish.
		35 (2)	Fish, smoked.
		426	Fishermen's floats, cork.
		239	Fish-hooks, baited.

Item No.	
326	Fish-hooks, unmounted.
315	Fish-identification tags.
239	Fishing-tackle n.e.i.
394 (4)	Fish-oils.
365	Fish-plates.
308	Fittings, beehive.
378-79	Fittings, bicycle.
417	Fittings, boat, launch, &c.
387	Fittings, carriage, n.e.i.
362 (5) (6)	Fittings, pipe.
437	Flags, Consuls', &c.
263	Flags for patriotic and similar societies.
263	Flags for presentation or competition in New Zealand.
157 (2)	Flags n.e.i.
157 (1)	Flags, Union Jack.
135	Flasks, laboratory.
113	Flavouring-essences n.e.i.
112	Flavouring-essences, over 40 per cent. proof spirit.
191	Flax yarn.
199	Flexible hose and tubing, metal and other.
199	Flexible tubing.
239	Flies, artificial.
158	Flock.
159	Floor-coverings.
393	Floor-polish.
159	Floor mats and rugs.
419	Floor polishers.
419	Floor scrubbers.
218	Flooring-tiles.
175	Flour-dressing silk.
44	Flour, gluten.
67	Flour, potato.
5 (1)	Flour, prepared barley.
67	Flour, rice.
5 (9)	Flour, wheaten.
174	Flourishing threads.
267 (1)	Flower-pots, cardboard and similar.
40 (2)	Flowering-trees.
153	Flowers, artificial.
108	Flowers, crude drugs.
153	Flowers, natural, dyed, &c.
119	Flowers, pyrethrum, powdered.
317	Fluming for local bodies.
336	Flying-machine engines.
380	Flying-machines.
357 (6)	Foil, metal, n.e.i.
302	Folders, religious.
351 (7)	Food-chopping machines.
2	Foods, animal, n.e.i.
43	Foods, infants' and invalids'.
196	Footwear n.e.i.
351 (1)	Forges, blacksmiths'.
378	Forgings, bicycle.
333 (2)	Forgings, plough.
378	Fork-ends, bicycles.
378	Fork-tips, bicycle.
378	Forks, bicycle.
354	Forks (tools).
114	Formate, amyl.
114	Formate, ethyl.

Item No.	
95	Formic acid.
105	Formic aldehyde and solutions thereof.
304	Forms, cheque and draft.
304	Forms, invoice, billhead, and statement.
308	Foundation machines, beekeepers'.
134 (2)	Frames, opticians'.
247 (6)	Frames, piano.
253	Frames, picture and photograph.
246	Frames, picture, mouldings for.
375	Frames, window, metal.
439	Friendly societies' goods.
	Fruit—
36 (3)	Apples, dried.
37 (1)	Apples, fresh.
37 (2)	Apricots, fresh.
37 (5)	Bananas.
37 (4)	Blackberries.
37 (2)	Cherries.
108	Crude drugs.
38	Crushed.
32	Crystallized.
36 (1)	Currants, dried.
37 (4)	Currants, fresh.
36 (1)	Dates.
36	Dried.
108	Drugs, crude.
36 (1)	Figs.
37	Fresh.
37 (4)	Gooseberries.
37 (5)	Grape-fruit.
37 (2)	Grapes.
37 (3)	Lemons.
37 (5)	Mandarins.
37 (2)	Medlars.
38	Minced.
37 (2)	Nectarines.
53	Olives.
37 (5)	Oranges.
299	Paper for wrapping.
37 (2)	Passions.
37 (2)	Peaches, fresh.
37 (1)	Pears.
37 (2)	Plums.
38	Preserved by sulphurous acid.
39	Preserved in syrup.
38	Preserved partially.
36 (1)	Prunes.
37 (2)	Quinces.
36 (1)	Raisins.
37 (4)	Raspberries.
37 (4)	Strawberries.
32	Sugared.
37 (2)	Tomatoes, fresh.
39	Fruit-juice, fortified with spirits.
21	Fruit-juice, sweetened.
20-22	Fruit-juice, unsweetened.
38	Fruit-pastes.
22	Fruit-pulp, citrus.
38	Fruit-pulp n.e.i.
108	Fruit-rinds.
40 (1)	Fruit-trees.
299	Fruit-wrapping paper.

Item No.		Item No.	
343	Fuel-economizers for mining.	134 (3)	Gauze, surgical.
119	Fungicides.	431	Gelatine.
165	Fur-hat hoods.	188	Gimp, upholsterers'.
160 (2)	Fur skins, dressed.	65 (1)	Ginger.
160 (1)	Fur skins, green or sun-dried.	357 (4)	Girders, iron, rolled and expanded.
160 (3)	Fur trimmings, imitation.	303	Glacier stickers for exhibition on windows.
374	Furnace-flues.	120	Glands, animal, preparations made from.
135	Furnaces, assay.	223	Glass bells for horticulture.
374	Furnaces, boiler.	219	Glass, bent.
211 (3)	Furnaces, bricks and ganister for.	222	Glass, bevelled.
312	Furniture, castors.	208	Glass bottles.
200 (6)	Furniture leather.	223	Glass cloches, for horticultural use.
327	Furniture made of sheet-metal.	219	Glass, coloured.
407	Furniture n.e.i.	208	Glass jars.
393	Furniture-polish.	208 (1)	Glass bottles and jars, opal.
406	Furniture, wicker, bamboo, and cane.	227	Glass lenses.
160 (1)	Fur skins, green or sun-dried.	334 (2)	Glass-lined vacuum pans, vats, and tanks for dairying.
160 (3)	Fur trimmings and imitations.	287	Glass-paper.
160 (3)	Furs, imitation.	219, 220	Glass plate.
160 (3)	Furs, made up.	220	Glass, plate, for manufacture of bevelled glass.
160 (2)	Furs, not made up.	221	Glass plates (photo-lithographic).
160 (3)	Furs, substitutes for.	224	Glass rods.
338 (2)	Fuseboards.	212 (1)	Glass roofing-tiles, &c.
397 (3)	Fused gums for varnishes.	219, 220	Glass, sheet.
105	Fusel oil.	222	Glass, silvered.
338 (2)	Fuses, electric.	224	Glass tubing.
		219	Glass, window.
		446	Glass windows, stained.
368	Gag-bits.	222	Glass with rounded or polished edges.
105	Gall-nuts.	351 (10)	Glass-working machines.
95	Gallic acid.	226	Glasses for miners' safety-lamps.
166	Galloons, hat.	135	Glasses, magnifying.
317	Galvanized culverts and fluming, for local bodies.	231	Glasses, watch.
357 (5)	Galvanized hoop-iron.	225	Glassware n.e.i.
327	Galvanized-iron manufactures n.e.i.	225	Globes for lamps.
357 (4)	Galvanized iron, rod, bar, &c.	308	Gloves, beekeepers'.
357 (5)	Galvanized metal, plate, sheet, and hoop, plain.	136 (4)	Gloves (except of rubber).
361	Galvanized roofing-nails.	205 (2)	Gloves, rubber, n.e.i.
357 (5) (b)	Galvanized sheet iron, corrugated.	41	Glucose.
357 (5) (a)	Galvanized sheet and plate iron, plain.	431	Glue.
239	Gaming requisites.	44	Gluten flour.
211 (3)	Ganister.	117	Glycerine, crude.
218	Garden tiles.	117	Glycerine, refined.
136 (3)	Garters.	200 (3)	Goat-skins.
116 (1)	Gas, anhydrous ammonia.	174	Gold embroidery-thread.
116 (2)	Gas, carbonic acid.	357 (3)	Gold, bar.
116	Gas, compressed or liquefied.	357 (3)	Gold foil.
353 (2)	Gas-compressing machines.	357 (3)	Gold leaf.
353 (1)	Gas-cooking appliances.	242, 357 (3)	Gold plate.
353 (1)	Gas-heating appliances.	124	Gold, salts of.
341	Gas meters.	343	Gold-saving machinery.
116	Gases, liquefied or compressed.	141	Gold-saving, cloth for.
318	Gases, compressed, cylinders for.		Gold-saving (see also Mining).
441	Gases, poisonous, apparatus for use in.	357 (3)	Gold-sheet.
116 (3)	Gases n.e.i.	397 (3)	Gold-size.
317	Gates, iron, for culverts, imported by local bodies.	357 (3)	Gold strips.
376	Gauze, metal.	174	Gold-thread.
		357 (3)	Gold wire.
		70	Golden syrup.
		195-96	Goloshes.

Item No.	
40 (1)	Gooseberry-trees.
37 (4)	Gooseberries.
337	Governors, engine and turbine.
	Grain—
4 (3)	Barley.
5 (1)	Barley flour, prepared.
5 (2)	Bran.
4 (1)	Maize.
5 (3)	Maize, flaked.
5 (4)	Maize, ground or crushed.
5 (5)	Malt.
5 (10)	Manufactured n.e.i.
4 (4)	N.e.i., unmanufactured.
5 (6)	Oats, or oats in admixture with other grains.
5 (7)	Pearl barley.
5 (8)	Peas, split.
5 (2)	Pollard.
5 (5)	Rice malt.
4 (2)	Wheat.
5 (9)	Wheat flour and preparations.
248 (1)	Gramophones and accessories.
249	Gramophone records.
229 (4)	Granite, articles made from.
229 (4)	Granite, dressed or polished.
229 (2) (3)	Granite, in the rough or rough-sawn.
37 (5)	Grape-fruit.
41	Grape-sugar.
37 (2)	Grapes.
391	Graphite.
248 (1)	Graphophones and accessories.
296	Grease-proof paper.
392 (3)	Greases, lubricating.
392 (2)	Greases mixed with abradant substances.
392 (3)	Greases, petroleum.
392 (1)	Greases, skip, crude.
241	Greenstone, cut or polished, unmounted.
198	Grindery—
198 (6)	Beading, shoemakers'.
198 (6)	Binding, shoemakers'.
198 (1)	Boot-protectors.
198 (7)	Heel-balls.
198 (4)	Heel-plates.
198 (2)	Heels, rubber.
198 (8)	Heels, wooden.
207	Inks.
198 (5)	Nails.
198 (9)	N.e.i.
198 (5)	Pegs.
198 (1)	Protectors.
198 (5)	Rivets.
198 (2)	Rubber heels and knobs.
198 (2)	Rubber soles.
198 (3)	Sock-soles.
198 (3)	Soles, cork.
198 (2)	Soles, rubber.
207	Stains.
198 (5)	Tacks.
198 (4)	Toe-plates.
198 (7)	Wax.
198 (8)	Wooden heels.
351 (6)	Grinding-machines, emery, &c.

Item No.	
351 (7)	Grinding-mills.
351 (7)	Grinding-pans.
392 (2)	Grinding compounds.
230	Grindstones.
343	Grizzly bars.
100	Guaiacol.
304	Guard-books.
118	Gum arabic.
118	Gum, benzoin.
197	Gum boots.
32 (1)	Gum, chewing.
118	Gum dammar.
118	Gum, Indian.
118	Gum tragacanth.
108	Gums, crude drugs.
397 (3)	Gums, fused, for varnishes.
322 (3)	Gun-wads.
324	Guns, whaling.
266	Gut, tacketing (bookbinders').
205 (3)	Guttapercha solution.
134 (3)	Guttapercha stick, &c. (dentists').
161	Haberdashery n.e.i.
178 (1)	Hair-cloth, imitation.
167	Hair-cloth for kilns.
178 (1)	Hair-cloth, tailors'.
239	Hair-combs.
188	Hair, curled upholsterers'.
162	Hair made up for wear.
163	Hair-pins.
188	Hair-seating, upholsterers'.
413	Hair sieves.
363 (2)	Half-tone blocks.
368	Hames.
354	Hammers.
25	Hams.
276	Handbills n.e.i.
302	Handbills, religious.
378	Handle-bars, bicycle.
408	Handles, broom, mop, hoe, rake, and similar.
418	Handles, brush.
356 (3)	Handles, door, drawer, or cabinet.
409	Handles, wooden, for tools, n.e.i.
152	Hanger material for apparel.
152	Hangers, coat, &c.
226	Harbour beacon-lamps.
123	Hardening-compounds, metal-workers'.
	Hardware, builders—
356 (3)	Bells for doors.
356 (3)	Bolts, door.
356 (3)	Catches, drawer or cabinet.
356 (3)	Clips, drawer or cabinet.
356 (3)	Clips for affixing articles to concrete, &c.
356 (3)	Door bolts, handles, and pulls.
356 (3)	Escutcheon plates.
356 (3)	Handles, door, drawer or cabinet.

- Item No. Hardware, builders—*continued*.
- 356 (3) Hinges, door, boxlid or similar.
- 356 (3) Keys for locks.
- 356 (3) Knockers for doors.
- 356 (3) Latches and latch sets.
- 356 (3) Letter plates for doors.
- 356 (3) Lock sets.
- 356 (3) Locks.
- 356 (3) Locks, keys for.
- 356 (3) Plates, escutcheon.
- 356 (3) Plugs for affixing articles to concrete, &c.
- 356 (3) Pulls, door, drawer, or cabinet.
- 356 (3) Slides, drawer or cabinet.
- 356 Hardware n.e.i.
- 247 (4) Harmoniums.
- 247 (6) Harmoniums, parts for repair or manufacture of.
- 206 Harness.
- 393 Harness composition.
- 368 Harness mounts.
- 333 (2) Harrow discs.
- 333 (1) Harrows.
- 165 Hat-hoods, fur-felt.
- 164 Hat-hoods n.e.i.
- 165 Hat-hoods, wool-felt.
- 354 Hatchets.
- 163 Hatpins.
- 166 Hatmakers' galloons.
- 165 Hatmakers' hoods.
- 166 Hatmakers' leathers.
- 166 Hatmakers' linings.
- 166 Hatmakers' materials.
- 166 Hatmakers' ribbons.
- 164 Hats.
- 170 Hats, trimmed.
- 424 Hawsers, 12 in. and over.
- 266 Headbands, bookbinders'.
- 226 Headlights, ships'.
- 218 Hearth-tiles.
- 351 (1) Hearths, blacksmiths'.
- 353 (3) Heating-appliances, electric.
- 353 (1) Heating-appliances, gas.
- 354 Hedge-knives.
- 198 (7) Heel-balls.
- 198 (4) Heel-plates.
- 198 (2) Heels, rubber.
- 198 (8) Heels, wooden.
- 433 Heirlooms.
- 119 Hellebore, powdered.
- 325 Helmets, firemen's.
- 140 Hemp, bags and sacks.
- 180 Hemp piece-goods.
- 9 Hemp-seed.
- 191 Hemp-yarn.
- 108 Herbs, crude drugs.
- 140 Hessian bags and sacks.
- 144 Hessian, brattice-cloth.
- 404 (1) Hickory timber.
- 200 (4) Hide leather, rough-tanned.
- 356 (3) Hinges, door, box-lid or similar.
- 408 Hoe-handles.
- Item No.
- 200 (5) Hog-skins.
- 356 Hollow-ware.
- 42 Honey.
- 308 Honey-extractors.
- 267 (2) Honey-jars, cardboard and similar.
- 308 Honey knives.
- 164, 165 Hoods, hat.
- 171 Hooks and eyes.
- 239 Hooks, baited, fish.
- 359 Hooks, coopers'.
- 171 Hooks, crochet.
- 326 Hooks, fish.
- 357 (5) (a) Hoop-iron.
- 357 (6) Hoop, metal.
- 6 Hops.
- 410 Horse-boxes.
- 347 Horse-clipping machines.
- 148 Horse-cover linings.
- 2 Horse spice.
- 1 Horses.
- 325 Hose, fire.
- 199 Hose, n.e.i.
- Hosiery see Apparel.
- 89 Hospitals, alcohol for use in.
- 205 (1) Hot-water bags and bottles.
- 438 Household effects, passengers'.
- 267 (1) Household utensils, cardboard, and similar.
- 379 Hubs, bicycle, &c.
- 384 Hubs, carriage, &c.
- 245 Humane societies' medals.
- 105 Hydrocarbons, chlorinated.
- 351 (11) Hydro extractors.
- 105 Hydrogen peroxide.
- 124 Hydroxides of the metallic elements.
- 205 (1) Icebags and caps.
- 315 Identification clips for live-stock.
- 406 Imitation cane furniture.
- 160 (3) Imitation furs.
- 162 Imitation hair, made up.
- 178 (1) Imitation haircloth.
- 188 Imitation hair-seating.
- 295 Imitation parchment-paper.
- 180 Imitation silk.
- 192 Imitation-silk yarn.
- 229 (4) Imitation stone, and articles made from.
- 406 Imitation wickerware.
- 333 Implements, agricultural.
- 308 Implements, beekeepers'.
- 438 Implements of trade, passengers'.
- 328 Implements, wire-straining.
- 339 Incandescent electric lamps.
- 329 Incubators for poultry-raising.
- 372 Incubators, thermostats for.
- 118 Indian gum.
- Indiarubber (see Rubber).
- 342 Indicating-apparatus.

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| Item No. | | Item No. | |
| 107 | Indicators, for chemical analysis, &c.,
drugs, &c., for. | 313 | Iron chain. |
| 352 | Industrial machinery n.e.i. | 357 (4) | Iron, channel. |
| 208 (1) | Infants' feeding-bottles. | 357 (5) (a) | Iron, chequered plates. |
| 43 | Infants' foods. | 317 | Iron culverts for local bodies. |
| 207 | Ink, bootmakers. | 330 | Iron drums, empty. |
| 207 | Ink, curriers'. | 317 | Iron fluming for local bodies. |
| 280 | Ink, drawing. | 357 (4) | Iron, galvanized, bolt, bar, &c. |
| 280 | Ink, marking. | 327 | Iron, galvanized, manufacturers. |
| 280 | Ink n.e.i. | 357 (5) (a) | Iron, galvanized plate, sheet, and hoop. |
| 277 | Ink powders and pellets. | 317 | Iron gates for culverts for local bodies. |
| 278 | Ink, printing, black, in 1 cwt. packages
or over. | 357 (4) | Iron girders. |
| 279 | Ink, printing, n.e.i. | 357 (5) | Iron, hoop. |
| 397 (3) | Ink-reducer, printers'. | 357 (1) | Iron ingots. |
| 266 | Ink, ruling, paste for. | 357 (5) | Iron, metal coated plate sheet, or hoop. |
| 279 | Ink, stencilling. | 360 | Iron nails. |
| 207 | Ink, tanners'. | 357 (1) | Iron, pig. |
| 280 | Ink, writing. | 362 | Iron pipes and fittings. |
| 134 (3) | Inlays, dentists'. | 357 (5) | Iron, plate, plain. |
| 95 | Inorganic acids n.e.i. | 357 (5) | Iron, plate, galvanized or tinned. |
| 124 | Inorganic salts of the metallic elements. | 357 (5) | Iron, polished, plate and sheet. |
| 82 | Insecticide, tobacco for. | 365 | Iron rails. |
| 119 | Insecticides. | 357 (4) | Iron rods, black or galvanized. |
| 362 (5) (6) | Inspection-boxes (pipe-fittings). | 357 (4) | Iron, rolled girders. |
| 108 | Inspissated juices, crude drugs. | 124 | Iron, salts of. |
| 332 | Instruments, adding. | 357 (5) (b) | Iron, sheet, corrugated. |
| 135 | Instruments, analytical. | 357 (5) | Iron, sheet, plain. |
| 135 | Instruments, assaying. | 357 (5) (a) | Iron, sheet, tinned or galvanized. |
| 332 | Instruments, computing. | 357 (4) | Iron, tee. |
| 342 | Instruments, counting. | 357 (5) (a) | Iron, tinned sheet, plate, and hoop. |
| 134 (2) | Instruments, dental. | 362 | Iron tubes. |
| 342 | Instruments, drawing. | 356 | Ironmongery n.e.i. |
| 342 | Instruments, indicating. | 368 | Ironmongery, saddlers'. |
| 342 | Instruments, measuring. | 431 | Isinglass. |
| 247 | Instruments, musical. | 114 | Isovalerate, amyl. |
| 135 | Instruments, philosophical. | 178 (2) | Italian cloth. |
| 342 | Instruments, recording. | | |
| 135 | Instruments, scientific. | 45 | Jams. |
| 134 (2) | Instruments, surgical. | 200 (6) | Japanned leather. |
| 342 | Instruments, testing. | 327 | Japanned metalware. |
| 438 | Instruments of trade, passengers'. | 397 (3) | Japans. |
| 338 (7) | Insulated cable and wire. | 267 (2) | Jars, cardboard and similar. |
| 338 (7) | Insulating-materials. | 209 | Jars, earthen. |
| 310 | Insulator bolts. | 208 | Jars, glass. |
| 120 (1) | Insulin. | 208 (1) | Jars, opal glass. |
| 120 (2) | Insulin substitutes. | 427 (2) | Jars, stoppers for. |
| 43 | Invalids' foods. | 210 | Jars (trade packages). |
| 444 | Inventions, models of. | 353 (4) | Jaw-crushers. |
| 69 | Invert sugar and syrup. | 45 | Jellies. |
| 134 (3) | Investment compound, dentists'. | 46 | Jellies, concentrated. |
| 304 | Invoice forms. | 242 | Jewellery. |
| 105 | Iodine. | 404 (1) | Juglans timber. |
| 100 | Iodoform. | 20-22 | Juices, fruit. |
| 109 | Irish moss, crude drug. | 108 | Juices, inspissated, crude drugs. |
| 357 (4) | Iron, angle, black or galvanized. | 362 (5) (6) | Junction-boxes. |
| 357 (4) | Iron, bar, black or galvanized. | 404 (1) | Juniperus virginiana timber. |
| 365 | Iron bars, bored (railway-fastenings). | 140 | Jute bags and sacks. |
| 357 (1) | Iron billets. | 144 | Jute brattice-cloth. |
| 357 (1) | Iron blooms. | 180 | Jute piece-goods. |
| 374 | Iron boiler end plates. | 152 | Jute tape. |
| 357 (4) | Iron, bolt. | 191 | Jute yarns. |

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| Item No. | | Item No. | |
| 397 (6) | Kalsomine. | 357 (2) | Lead, bars. |
| 200 (4) | Kangaroo-skins, rough-tanned. | 361 | Lead-headed nails. |
| 114 | Ketones for manufacture of essences, &c. | 357 (1) | Lead, pig. |
| 356 (3) | Keys for locks. | 362 (4) | Lead piping. |
| 247 (6) | Keys, piano and organ. | 124 | Lead, salts of. |
| 200 (3) | Kid-skins, leather. | 357 (3) (6) | Leaf and foil, metal. |
| 167 | Kiln-cloth of hair, and kiln-cloths made up. | 204 | Leather bags. |
| 351 (9) | Kilting-machines. | 200 (8) | Leather belting and belts. |
| 362 (5) (6) | Knees, pipe fittings. | 201 | Leather board or compo. |
| 351 (9) | Knitting-machines. | 200 (1) | Leather, bookbinders'. |
| 171 | Knitting-needles. | 202 | Leather, boot-uppers, &c. |
| 171 | Knitting-pins. | 200 (2) | Leather, chamois. |
| 174 | Knitting-thread. | 169 | Leather-cloth. |
| 354 | Knives, hedge. | 204 | Leather-cloth bags. |
| 308 | Knives, honey. | 201 | Leather, compo. |
| 233 | Knives, palette. | 311 | Leather-covered buckles. |
| 198 (2) | Knobs, boot, of rubber. | 200 (4) | Leather, crust tanned. |
| 356 (3) | Knockers for doors. | 202 | Leather cut into shapes. |
| 419 | Knots for brushmaking. | 200 | Leather. |
| | | 393 | Leather dressings. |
| | | 200 (6) | Leather, enamelled. |
| | | 200 (6) | Leather, furniture. |
| | | 200 (3) | Leather, goat-skins. |
| | | 200 (4) | Leather, hide, rough-tanned. |
| | | 200 (5) | Leather, hog-skins. |
| | | 200 (6) | Leather, japanned. |
| | | 200 (4) | Leather, kangaroo-skins, rough-tanned. |
| | | 200 (3) | Leather, kid-skins. |
| | | 202 | Leather laces. |
| | | 202 | Leather leggings. |
| | | 203 | Leather manufactures n.e.i. |
| | | 200 (8) | Leather n.e.i. |
| | | 200 (9) | Leather, parchment. |
| | | 200 (3) | Leather, persians. |
| | | 393 | Leather polishes and revivers. |
| | | 200 (3) | Leather, reptile skins. |
| | | 200 (4) | Leather, rough-tanned. |
| | | 200 (7) | Leather, sole. |
| | | 201 | Leather, split, compo. |
| | | 34 | Leather, stearine for making. |
| | | 200 (6) | Leather, upholsterers'. |
| | | 202 | Leather uppers. |
| | | 202 | Leather vamps. |
| | | 200 (9) | Leather, vellum. |
| | | 200 (4) | Leather, wallaby, rough-tanned. |
| | | 166 | Leathers, hatmakers'. |
| | | 186 | Leathers, umbrella. |
| | | 153 | Leaves, artificial. |
| | | 108 | Leaves, crude drugs. |
| | | 153 | Leaves, natural, dyed, &c. |
| | | 202 | Leggings, leather. |
| | | 40 (1) | Lemon-trees. |
| | | 37 (3) | Lemons. |
| | | 227 | Lenses, unmounted. |
| | | 306 | Lesson cards and sheets. |
| | | 304 | Letter-blocks. |
| | | 304 | Letter-books. |
| | | 356 (3) | Letter plates for doors. |
| | | 132 | Licks, sheep- and cattle-. |
| | | 441 | Life-saving apparatus. |
| | | 226 | Lighthouse-lamps. |
| | | 338 (2) | Lightning-arresters. |
| | | | |
| 304 | Labels. | | |
| 152 | Labels, boot. | | |
| 315 | Labels, metal for trees, &c. | | |
| 152 | Labels, woven, for clothing, &c. | | |
| 135 | Laboratory apparatus of fused silica or platinum. | | |
| 135 | Laboratory-flasks. | | |
| 135 | Laboratory-retorts. | | |
| 168 | Lace. | | |
| 182 | Lace-curtain material. | | |
| 291 | Lace, paper, for boxes. | | |
| 142 | Laces, boots, &c., other than leather. | | |
| 202 | Laces, leather. | | |
| 168 | Laces n.e.i. | | |
| 327 | Lacquered metalware. | | |
| 397 (3) | Lacquers. | | |
| 95 | Lactic acid. | | |
| 325 | Ladders, fire. | | |
| 225 | Lamps n.e.i. | | |
| 338 (3) | Lamps, arc, carbons for. | | |
| 226 | Lamps, beacon. | | |
| 339-40 | Lamps, electric. | | |
| 225 | Lamps, globes and chimneys for. | | |
| 226 | Lamps, harbour beacon. | | |
| 226 | Lamps, miners' safety. | | |
| 226 | Lamps, ships'. | | |
| 225 | Lampwick. | | |
| 404 (1) | Lancewood. | | |
| 244 | Lanterns, magic. | | |
| 225 | Lanterns n.e.i. | | |
| 33 | Lard. | | |
| 356 (3) | Latches and latch sets. | | |
| 376 | Lathing, expanded metal. | | |
| 403 | Laths. | | |
| 417 | Launches. | | |
| 331 | Lawn-mowers. | | |
| 243 | Lay figures. | | |
| 365 | Lay-outs (rails). | | |

Item No.		Item No.	Machinery and machines—
445	Lights, blue, ships'.	332	Accounting.
226	Lights, ships', side and head.	332	Adding.
404 (1)	Lignum vitae.	332	Addressing.
105	Lime, chlorinated.	333	Agricultural.
333 (1)	Lime sowers.	353 (2)	Ammonia compressors.
40 (1)	Lime-trees.	354	Artificers'.
363 (2)	Line blocks.	351 (7)	Ball mills.
338 (5)	Line-ears for tramway overhead gear.	308	Beekeepers' comb-foundation.
180	Linen piece-goods.	351 (7)	Bone-crushers.
152	Linen-tape.	332	Book-keeping.
174	Linen threads.	351 (3)	Boring.
166	Linings, hat.	334	Butter making and packing.
148	Linings, horse-cover.	343	Capstan engines.
178	Linings, tailors' trimmings.	343	Capstans for mining.
314	Link belting.	334 (2)	Casein-manufacture.
159 (2)	Linoleum.	332	Cash-registering.
393	Linoleum polish.	351 (3)	Coal-cutters.
9	Linseed.	351 (7)	Coffee-mills.
394 (1)	Linseed-oil.	332	Computing.
395 (1)		343	Concentrators.
134 (3)	Lint.	353 (5)	Concrete mixers.
116	Liquefied gases.	351 (7)	Cornmills.
84 (1) (2)	Liqueurs.	342	Counting.
421	Liquids for adhesives.	345	Dairy pumps.
63	Liquids, cleansing and washing.	334	Dairying.
105	Liquorice extract in bulk, soft.	334 (2)	Dried-milk manufacture.
105	Liquorice in blocks.	351 (3)	Drilling.
32	Liquorice n.e.i.	332	Duplicating.
124	Lithium, salts of.	338	Electric.
304	Lithographed stationery.	351 (6)	Emery grinding.
397 (3)	Lithographic varnish.	343	Engines, mining, capstan, and winding engines (see under E).
363 (1)	Lithographic work, metal plates for.	380	Flying.
120 (2)	Liver preparations.	336	Flying-machines, engines for.
315	Livestock, clips, rings, &c., for.	351 (7)	Food-chopping.
317	Local bodies, culverts and fluming for.	308	Foundation (beekeepers).
320	Local bodies, filters and appliances for.	353 (2)	Gas compressing.
356 (3)	Locks, lock sets, and lock keys.	351 (10)	Glassworking.
386	Locomotive springs.	343	Gold-saving.
388	Locomotive tires.	351 (6)	Grinding, emery and similar.
388	Locomotive wheels.	351 (7)	Grinding-mills.
338 (5)	Locomotive, electric.	351 (7)	Grinding-pans.
377	Locomotives, air-pressure brakes for.	347	Horse-clipping.
338 (5)	Locomotives, electric, trolley-poles for.	351 (11)	Hydro-extractors.
40 (1)	Logan-berry plants.	342	Indicating.
399	Logs.	352	Industrial.
222	Looking-glasses.	353 (4)	Jaw-crushers.
152	Looping for boots.	351 (9)	Kilting.
314	Loose-link belting.	351 (9)	Knitting.
392 (3)	Lubricants, solid.	352	Manufacturing.
392 (3)	Lubricating-grease.	342	Measuring.
394 (10)	Lubricating-oil.	351 (10)	Metal-working.
316	Lubricators for completion of articles in New Zealand.	334 (2)	Milk-products manufacture.
9	Lucerne-seed.	351 (7)	Mincing.
378	Lugs, bicycle.	343	Mining.
		343	Mining, pumps for.
		343	Mining, winding-engines for.
		353 (6)	Other kinds.
47	Macaroni.	343	Ore-crushing rolls.
65 (1)	Mace.	343	Ore-feeders.
351-52	Machine tools.	351 (13)	Printing.

Item No.	Machinery and machines— <i>continued.</i>	Item No.	
344	Pumps, spray.	263	Medals, ambulance societies'.
342	Recording.	263	Medals awarded to persons in New Zealand.
366	Road-graders.	245	Medals, Humane Societies'.
348	Road-rollers.	263	Medals, Navy League.
351 (3)	Rock-drills.	263	Medals, Patriotic Societies'.
351 (8)	Sewing.	245	Medals, war.
347	Sheep-shearing.	32	Medicated confectionery.
351 (7)	Spice mills.	134 (2)	Medicated plaster.
353 (4)	Stone-crushing.	106	Medicinal preparations made in bond, drugs for.
351 (10)	Stone-working.	121	Medicinal preparations.
334 (2)	Sugar of milk manufacturing.	122	Medicinal preparations, over 50 per cent. proof spirit.
342	Testing.	121 (1)	Medicinal preparations, under 50 per cent. proof spirit.
351 (7)	Tube mills.	37 (2)	Medlars.
332	Typing and adding, combined.	174	Mending-yarns, wool.
351 (12)	Weighing.	100	Menthol.
351 (3)	Well-drilling.	305	Menu cards, printers.
343	Winding-engines.	100	Mercurochrome.
351 (10)	Woodworking.	124	Mercury, salts of.
244	Magic lanterns.	357 (2)	Metal, bar and rod.
259	Magic lanterns, slides for.	311	Metal buckles.
211 (3)	Magnesite bricks.	357 (8)	Metal, cellular sheet.
124	Magnesium, salts of.	313	Metal chain and chains.
338 (2)	Magnets, electro.	316	Metal cocks for completion of articles in New Zealand.
135	Magnifying-glasses.	357 (11)	Metal cordage.
4 (1)	Maize.	322 (5)	Metal cups for cartridge cases.
5 (3)	Maize, flaked.	357 (6)	Metal, enamelled sheet and plate.
5 (4)	Maize, ground or crushed.	376	Metal, expanded.
67	Maizena.	308	Metal fittings, beehive.
5 (5)	Malt.	387	Metal fittings for vehicles.
48	Malt-extract, and preparations containing same.	357 (3) (6)	Metal foil.
5 (5)	Malt, rice.	357 (5) (6)	Metal, galvanized plate and sheet.
37 (5)	Mandarins.	376	Metal gauze.
124	Manganese, salts of.	418	Metal handles for brushes.
407	Mantelpieces other than stone.	357 (5) (6)	Metal, hoop.
	Manufacturing-bonds (see Warehouses, manufacturing).	357 (1)	Metal, ingots.
352	Manufacturing-machinery.	315	Metal labels for trees and plants.
434	Manures.	376	Metal lathing.
70	Maple-syrup and sugar.	357 (3) (6)	Metal leaf and foil.
281	Maps.	356	Metal manufactures n.e.i.
229 (5)	Marble, articles made from.	357 (8)	Metal, perforated sheet.
229 (5)	Marble, dressed or polished.	247 (6)	Metal piano-frames.
229 (1)	Marble, in the rough.	362	Metal pipes.
266	Marbling-colours (bookbinders').	199	Metal piping, flexible.
280	Marking-ink.	357 (3)	Metal, plate.
45	Marmalade.	357 (5) (6)	Metal, plate.
55	Match-boxes, fancy.	357 (5) (6)	Metal, plated sheet.
55	Matches.	338 (6)	Metal poles or towers for electrical lines.
34	Matches, stearine declared for making.	393	Metal-polish.
363 (2)	Matrices.	357 (3)	Metal, precious, plain.
159	Mats and matting, floor.	357 (7)	Metal shafting, plain.
354	Mattocks.	357 (8)	Metal, sheet, cellular.
9	Maw-seed.	357 (8)	Metal, sheet, perforated.
52 (2)	Meal, almond and nut.	357 (3)	Metal, sheet, plain.
429	Meal, blasting.	327	Metal, sheet, furniture made from.
62	Meal, rice.	357 (3)	Metal strips.
342	Measuring-appliances, &c.	310	Metal-threaded screws.
181	Meat-wraps, cloth for.	357 (5) (6)	Metal, tinned, plate and sheet.
49	Meats, potted and preserved.	362	Metal tubes.
263	Medallions, awards to persons in New Zealand.		

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| Item No. | | Item No. | | |
| 199 | Metal tubing, flexible. | | Mining and gold-saving appliances— <i>contd.</i> | |
| 375 | Metal window sashes or frames. | 351 (3) | Drilling machinery. | |
| 327 | Metalware, japanned or lacquered. | 343 | Engines, capstan and winding. | |
| 357 (3) | } Metal wire. | 343 | Fuel-economizers. | |
| 357 (10) | | | 351 (8) | Grinding-pans. |
| 376 | Metal wove wire. | 343 | Grizzly bars. | |
| 358 | Metallic capsules. | 343 | Machinery peculiar to mining or gold-saving. | |
| 124 | Metallic elements. | | 343 | Ore-crushing rolls. |
| 124 | Metallic elements, acetates of. | | 343 | Ore-feeders. |
| 124 | Metallic elements, hydroxides of. | 141 | Plush and cloth for gold-saving. | |
| 124 | Metallic elements, inorganic salts of, n.e.i. | 343 | Pumps. | |
| 124 | Metallic elements, oxalates of. | 351 (3) | Rock-drills. | |
| 124 | Metallic elements, oxides of. | 343 | Screening, battery. | |
| 124 | Metallic elements, salts of. | 343 | Shoes and dies for batteries. | |
| 397 (3) | Metallic paint. | 370 | Signalling-apparatus. | |
| 124 | Metallic soaps. | 343 | Stamper batteries. | |
| 338 (4) | Metallurgy, electro-, appliances peculiar to. | 351 (8) | Tube mills. | |
| 123 | Metal workers' case-hardening compounds. | 343 | Winding-engines, and drums for. | |
| 351 (10) | Metalworkers' machines and machine tools. | 222 | Mirrors. | |
| 341 | Meters, gas. | 136 (4) | Mittens. | |
| 114 | Methyl benzoate. | 125 | Mixtures, chemicals, drugs, &c. | |
| 114 | Methyl salicylate. | 101 | Mixtures, cream-of-tartar substitutes. | |
| 338 (7) | Mica. | 394 (11) | Mixtures of oils. | |
| 135 | Microscopes. | 134 (3) | Modelling-composition, dentists'. | |
| 16 (2) | Milk, cocoa or chocolate mixed with. | 444 | Models of inventions. | |
| 50 | Milk, dried. | 444 | Models of ships. | |
| 19 | Milk, essence of coffee with. | 70 (2) | Molasses. | |
| 50 | Milk in combination with casein or other milk products. | 71 | Molasses with bone-black. | |
| 334 (2) | Milk-pasteurizers. | 289 | Monotype paper. | |
| 50 | Milk, preserved. | 408 | Mop-handles. | |
| 334 (2) | Milk products, machinery for manufacture of. | 183 (1) | Moquette. | |
| 72 | Milk-sugar. | 379 | Motor-cycles. | |
| 269, 270 | Millboard. | 378 | Motor-cycles, fittings for. | |
| 230 | Mill-stones. | 379 | Motor-cycles, side-cars for. | |
| 9 | Millet-seed. | 394 (7) | } Motor-spirits. | |
| 170 | Millinery. | 395 (2) | | |
| 351 (7) | Mills, ball and tube. | 205 (7) | Motor-vehicle tire repair outfits. | |
| 351 (7) | Mills, coffee. | 389 | Motor-vehicles n.e.i. | |
| 351 (7) | Mills, corn. | 335 | Motor-vehicles, engines for. | |
| 351 (7) | Mills, grinding. | 338 (1) | Motors, electric. | |
| 351 (7) | Mills, spice. | 306 | Motto-cards, scriptural. | |
| 351 (7) | Mincing-machines. | 67 | Moulding-starch. | |
| 394 (12) | Mineral medicinal oil. | 246 | Mouldings. | |
| 394 (9) | Mineral refined oil. | 387 | Mountings, for vehicles. | |
| 13 | Mineral waters. | 368 | Mounts, harness. | |
| 226 | Miners' safety-lamps. | 253 | Mounts, photo. | |
| | Mining and gold-saving appliances— | 331 | Mowers, lawn. | |
| 343 | Air-compressors. | 421 | Mucilage in packages of under 1 gallon. | |
| 351 (8) | Ball mills. | 89 | Museums, alcohol for use in. | |
| 343 | Batteries, stamper. | 252 | Museums, articles for display in. | |
| 343 | Battery screening. | 301 | Music, printed. | |
| 351 (3) | Boring-machinery. | 247 (1) (2) | Musical instruments for bands. | |
| 343 | Capstan engines. | 247 (5) | Musical instruments n.e.i. | |
| 141 | Cloth for gold-saving. | 247 (3) | Musical instruments, great organs. | |
| 351 (3) | Coal-cutters. | 247 (6) (7) | Musical instruments, parts for repair or manufacture. | |
| 343 | Concentrators. | 247 (7) | Musical instruments, strings for. | |
| 351 (3) | Diamond drills. | 250 | Musical instruments, tuning-appliances for. | |
| | | 51 | Mustard. | |
| | | 394 (4) | Mutton-bird oil. | |

Item No.	
198 (5)	Nails, boot.
359	Nails, brass.
359	Nails, composition.
359	Nails, copper.
361	Nails, galvanized roofing.
360	Nails, iron wire, exceeding 1 inch.
361	Nails, lead-headed.
359	Nails n.e.i.
152	Name bands and tapes.
394 (8)	Naphtha, coal-tar.
105	Naphtha, wood, commercial.
126	Naphthalene.
100	Naphthols.
435	Natural-history specimens.
263	Navy League medals, flags, and badges.
136 (5)	Neckties.
40 (1)	Nectarine trees.
37 (2)	Nectarines.
171	Needles, sewing, darning, and knitting.
436	Nets and netting n.e.i.
182	Nets, curtain.
182	Nets, dress.
182	Nets, embroidery, &c.
423	Netting and nets, twine for.
376	Netting, wire.
304	New Year cards and booklets.
124	Nickel, salts of.
105	Nicotine and its salts.
136 (2)	Nightdresses.
29	Night lights.
186	Notches, umbrella.
52 (3)	Nut, coconut, desiccated.
65 (1)	Nutmeg.
52 (2)	Nut paste, meals, &c.
105	Nuts, gall.
310	Nuts, metal.
52 (1)	Nuts n.e.i.
52 (4)	Nuts, walnuts.
404 (1)	Oak timber.
411	Oars.
5 (6)	Oats, or oats in admixture with other grain.
114	Oenanthic ether.
437	Official supplies, Consuls', &c.
169	Oil-baize.
338 (8)	Oil-engines, sparking-plugs for.
233	Oiled paper, artists'.
176	Oiled silk.
	Oils—
394 (8)	Benzol.
394 (8)	Coal-tar naphtha.
396	Cod-liver.
396 (3)	Containing vitamins.
394 (6)	Crude distillates of petroleum.
394 (6)	Crude petroleum.

8—Customs Tariff.

Item No.	
	Oils— <i>continued.</i>
394 (6)	Crude residual.
394 (4)	Dugong.
115	Essential.
396 (2)	Fish liver.
394 (4)	Fish, n.e.i.
394	In vessels containing 1 gallon or more.
395	In vessels containing under 1 gallon.
394 (1)	Linseed.
395 (1)	Linseed, in vessels containing under 1 gallon.
394 (10)	Lubricating, mineral.
394 (10)	Mineral, lubricating.
394 (12)	Mineral, medicinal.
394 (9)	Mineral, refined, n.e.i.
394 (11)	Mixtures.
394 (7)	Motor spirits.
395 (2)	
394 (4)	Mutton-bird.
394 (8)	Naphtha, coal-tar.
395, 394 (10)	N.e.i.
394 (6)	Once-run shale.
394 (4)	Penguin.
262	Perfumed.
394 (6)	Petroleum, crude.
394 (6)	Petroleum, crude distillates of.
394 (9)	Refined, mineral, n.e.i.
394 (6)	Residual, crude.
394 (4)	Seal.
394 (6)	Shale, once-run.
394 (8)	Toluol.
394 (13)	Transformer.
394 (5)	Turpentine.
394 (5)	Turpentine substitutes.
394 (3)	Vegetable, n.e.i.
395 (3)	
394 (4)	Whale.
394 (8)	Xylol.
230	Oilstones.
95	Oleic acid.
66	Olive-stones, ground.
53	Olives.
394 (6)	Once-run shale-oil.
7	Onions.
208 (1)	Opal glass bottles or jars.
134 (2)	Operation chairs, dentists'.
108	Opium, crude.
134	Opticians' materials.
134 (2)	Opticians' trial cases, &c.
40 (1)	Orange trees.
37 (5)	Oranges.
343	Ore-crushing rolls.
343	Ore-feeders.
247 (6)	Organ-keys.
247 (6)	Organ-pipes.
247 (6)	Organ stop-knobs.
247 (4)	Organs n.e.i.
247 (6)	Organs, action-work for.
247 (3)	Organs, great.
153	Ornamental feathers.
344	Outfits for power spray pumps.
205 (7)	Outfits, tire repair.

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| Item No. | | Item No. | |
| 136 (6) | Overcoats. | 295 | Paper, grease-proof. |
| 338 (5) | Overhead conductors for electric-railways. | 300 | Paper, gummed. |
| 196 | Overshoes. | 290 | Paperhangings. |
| 124 | Oxalates of the metallic elements. | 295 | Paper, imitation parchment. |
| 95 | Oxalic acid. | 291 | Paper lace for cardboard boxes. |
| 124 | Oxides of the metallic elements. | 297 | Paper, lithographed. |
| 210 | Packages, trade (jars, &c.). | 304 | Paper, manufactured. |
| 397 (4) | Paint-removing preparations. | 289 | Paper, monotype. |
| 252 | Paintings, for public display. | 300 (2) | Paper n.e.i. |
| 253 | Paintings n.e.i. | 233 | Paper, oiled, artists'. |
| 251 | Paintings, New Zealand students'. | 295 | Paper, parchment. |
| | Paints and colours— | 297 | Paper, printed. |
| 397 (2) | Anti-fouling composition. | 296 | Paper, printed, waxed. |
| 397 (7) | Barytes. | 293 | Paper, printing, carbon-coated, for counter books. |
| 397 (3) | Brunswick black. | 292 | Paper-pulp. |
| 397 (7) | Chalk. | 297 | Paper, ruled. |
| 397 (6) | Distempers. | 294 | Paper seed-packets. |
| 397 (2) | Driers. | 258 | Paper, sensitized. |
| 397 (7) | Dry. | 268 | Paper, shaped for wrappers, &c. |
| 397 (2) | Enamel. | 284 | Paper, sulphite, for twinemaking. |
| 397 (3) | Gold size. | 300 (2) | Paper, tinfoil. |
| 397 (2) | Ground in liquid. | 295 | Paper, vegetable-parchment. |
| 397 (3) | Japans. | 296 | Paper, waxed. |
| 397 (6) | Kalsomine. | 297 | Paper-wrappers, printed. |
| 397 (3) | Liquid medium for metallic paint. | 298 | Paper, wrapping. |
| 397 (3) | Metallic. | 299 | Paper, wrapping, for orchardist use. |
| 397 (2) | Mixed ready for use. | 293 | Paper, writing, carbon-coated, for counter-books. |
| 397 (3) | Petrifying-liquids. | 351 (5) | Paper-mills, card clothing for. |
| 397 (2) | Ships' anti-fouling composition. | 236 (2) | Papers, cigarette. |
| 397 (3) | Stains. | 301 | Papers, printed, n.e.i. |
| 397 (2) | Thinners. | 267 | Papier-maché, articles made of. |
| 397 (3) | Waterproofing liquids. | 185 | Parasols. |
| 397 (1) | White-lead ground in oil. | 200 (9) | Parchment. |
| 397 (7) | Whiting. | 295 | Parchment paper. |
| 397 (3) | Wood-stains. | 252 | Parks, articles for display in. |
| 233 | Palettes and palette-knives, artists'. | 438 | Passengers' effects. |
| 400 | Palings, split. | 37 (2) | Passion-fruit. |
| 120 (2) | Pancreas preparations. | 59 | Passover bread. |
| 246 | Panels. | 53 | Paste, curry. |
| 334 (2) | Pans, vacuum. | 266 | Paste for ruling-ink. |
| 351 (7) | Pans, grinding. | 421 | Paste, starch, in packages under 1 gallon. |
| 134 (3) | Paper, absorbent, dentists'. | 269, 270 | Pasteboard. |
| 258 | Paper, albumenized. | 47, 61 (1) | Pastes, alimentary. |
| 233 | Paper, artists'. | 52 (2) | Pastes, almond. |
| 274 | Paper bags. | 63 | Pastes, cleansing. |
| 284 | Paper, bleached sulphite, for twine-making, &c. | 38 | Pastes, fruit. |
| 268 | Paper-boxes. | 390 | Pastes, grate and stove. |
| 300 (1) | Paper, carbon. | 52 (2) | Pastes, nut. |
| 293 | Paper, carbon-coated, for counter-books. | 63 | Pastes, washing. |
| 285 | Paper, carpet-felt. | 334 (2) | Pasteurizers, milk. |
| 286 | Paper, cartridge-making. | 263 | Patriotic Societies, medals, badges, and flags for. |
| 236 (1) (2) | Paper, cigarette. | 202 | Patten-soles. |
| 268 | Paper cut for wrappers, boxes, &c. | 195-196 | Pattens. |
| 233 | Paper, drawing, in blocks. | 40 (1) | Peach trees. |
| 287 | Paper, emery. | 37 (2) | Peaches, fresh. |
| 285 | Paper, felt. | 5 (7) | Pearl barley. |
| 442 | Paper, felt, roofing. | 40 (1) | Pear trees. |
| 288 | Paper, filter. | 37 (1) | Pears. |
| 299 | Paper, fruit-wrapping. | 11 (1) | Peas, preserved. |
| 287 | Paper, glass. | | |
| 295 | Paper, glazed transparent, grease-proof. | | |

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| Item No. | | Item No. | |
| 5 (8) | Peas, split. | 310 | Pins, taper. |
| 54 | Peel, candied and drained. | 163 | Pins, toilet. |
| 198 (5) | Pegs, bootmakers'. | 404 (1) | Pinus lambertiana, monticola or strobus. |
| 134 (3) | Pellets, dental. | 261 | Pipes, tobacco. |
| 394 (4) | Penguin-oil. | | Pipes, tubes and tubing— |
| 53 | Pepper, cayenne. | 362 (3) | Boiler-tubes. |
| 66 | Pepper, ground. | 362 (2) | Cast iron. |
| 65 (1) | Pepper, unground. | 362 (4) | Composition piping. |
| 205 (4-5) | Perambulator tires and tiring. | 216 | Conduit, earthen. |
| 381 | Perambulators. | 216 | Drainage, earthen and concrete. |
| 323 | Percussion caps. | 362 (5) (6) | Fittings for. |
| 357 (8) | Perforated sheet-metal. | 199 | Flexible. |
| 262 | Perfumed oil. | 224 | Glass. |
| 86 | Perfumed spirits. | 362 | Iron. |
| 106 | Perfumery made in bond, drugs, &c., for. | 362 (4) | Lead. |
| 262 | Perfumery n.e.i. | 362 (3) | N.e.i. |
| 114 | Perfumes, synthetic essences, &c., for making. | 362 (2) | Rain-water. |
| 105 | Peroxide of hydrogen. | 362 (2) | Soil. |
| 83 | Perry. | 362 (1) (3) | Steel. |
| 200 (3) | Persians. | 362 (1) | Wooden. |
| 438 | Personal effects. | 362 (1) (3) | Wrought-iron. |
| 152 | Petershams, cotton. | 199 | Piping, flexible. |
| 397 (3) | Petrifying liquids. | 108 | Pitch, crude drugs. |
| 394 (6) | Petroleum, crude. | 120 (2) | Pituitary gland preparations. |
| 392 (3) | Petroleum greases. | 281 | Plans. |
| 114 | Phenols for manufacture of essences, &c. | 40 | Plants, live, fruit-trees, &c. |
| 135 | Philosophical apparatus. | 134 (3) | Plaster, adhesive. |
| 248 (1) | Phonographs and accessories. | 134 (2) | Plaster, medicated. |
| 249 | Phonographs, records for. | 228 | Plaster-of-paris. |
| 101 | Phosphate, acid calcium. | 212 (3) | Plaster-pulp sheets, &c. |
| 101 | Phosphate, acid soda. | 219, 220 | Plate glass. |
| 105 | Phosphorus. | 242 | Plate, gold and silver. |
| 253 | Photograph-frames. | 357 (5) (6) | Plated metal-sheets. |
| 254 | Photographic cameras. | 242 | Platedware. |
| 234 | Photographic cameras, covers for. | 214 | Plates, china, &c. |
| 255 | Photographic goods n.e.i. | 374 | Plates, end, for boilers. |
| 253 | Photographs n.e.i. | 221, 363 (1) | Plates for photolithographic work. |
| 256 | Photographs of personal friends. | 198 (4) | Plates, heel- and toe-. |
| 221 | Photolithographic work, glass plates for. | 338 (4) | Plating-appliances. |
| 363 (1) | Photolithographic work, metal plates for. | 357 (3) | Platinum. |
| 134 | Physicians' materials. | 135 | Platinum retorts. |
| 247 (6) | Piano-frames, metal. | 124 | Platinum, salts of. |
| 247 (6) | Piano-keys. | 276 | Playbills. |
| 247 (4) | Pianos. | 247 (4) | Player pianos. |
| 247 (6) | Pianos, action work for. | 247 (6) | Player pianos, action work, keys, and mechanism for. |
| 56 | Pickles. | 235 | Playing-cards. |
| 354 | Picks. | 333 (1) (2) | Ploughs. |
| 95 | Picric acid. | 333 (2) | Ploughs, forgings. |
| 246 | Picture-frame mouldings. | 333 (2) | Ploughs, mouldboard-plates for. |
| 253 | Picture-frames. | 333 (2) | Ploughs, share-plates for. |
| 251 | Pictures, New Zealand students'. | 333 (2) | Ploughs, skeith-plates for. |
| 253 | Pictures n.e.i. | 356 (3) | Plugs for attaching articles to concrete, &c. |
| 357 (1) | Pig-iron and metal. | 338 (2) | Plugs, wall, electric. |
| 238 | Pigeons, clocks for timing. | 391 | Plumbago. |
| 66 | Pimento, ground. | 40 (1) | Plum trees. |
| 163 | Pins, hair. | 37 (2) | Plums. |
| 163 | Pins, hat. | 141 | Plush for gold-saving. |
| 171 | Pins, knitting. | 414 | Plywood. |
| 171 | Pins n.e.i. | 205 (5-6) | Pneumatic tires. |
| 163 | Pins, safety. | 134 (3) | Points, dental. |
| 310 | Pins, split. | | |

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| Item No. | | Item No. | |
| 365 | Points (rails). | 297 | Printed paper and wrappers. |
| 383-84 | Poles, carriage. | 301 | Printed papers n.e.i. |
| 338 (6) | Poles, metal, electric transmission. | 276 | Printed posters. |
| 412 | Poles, hardwood, for transmission lines. | 294 | Printed seed-packets. |
| | Polishes— | 304 | Printed stationery. |
| 393 | Boot. | 304 | Printed window-tickets. |
| 393 | Floor. | 297 | Printed wrappers. |
| 393 | Furniture. | 172 | Printers' blanketing. |
| 390 | Grate and stove. | 305 | Printers' cards. |
| 393 | Leather. | 221 | Printers' glass plates, engraved. |
| 393 | Linoleum. | 397 (3) | Printers' ink reducer. |
| 393 | Metal. | 363 | Printers' materials. |
| 390 | Stove. | 363 (2) | Printing-blocks, stereotypes, &c. |
| 5 (2) | Pollard. | 278-79 | Printing-ink. |
| 334 (2) | Porcelain-lined vacuum pans, vats, and tanks, for dairying. | 351 (13) | Printing machines. |
| 134 (3) | Porcelain-powder, dentists'. | 363 | Printing-type. |
| 214-15 | Porcelainware. | 263 | Prizes for presentation or competition in New Zealand. |
| 134 (3) | Poroplastic felt. | 263 | Prizes won abroad. |
| 348 | Portable engines. | 305 | Programme cards, printers'. |
| 83 | Porter. | 276 | Programmes. |
| 204 | Portmanteaux. | 364 | Propelling-screws, metal. |
| 279 | Poster colours. | | Provisions— |
| 276 | Posters, printed. | 61 (1) | Alimentary pastes. |
| 401 | Posts, split. | 61 (1) | Blanc-mange powder. |
| 124 | Potassium, salts of. | 61 (1) | Custard-powder. |
| 67 | Potato-flour. | 61 (1) | Egg-powder. |
| 8 | Potatoes. | 61 (1) | Soups. |
| 261 | Pouches, tobacco. | 61 (1) | Spaghetti. |
| 329 | Poultry incubators. | 61 (2) | Provisions n.e.i. |
| 315 | Poultry-rings and tags. | 36 (1) | Prunes. |
| 429 | Powder, blasting. | 252 | Public places, articles for display in. |
| 63 | Powder, cleansing. | 356 (3) | Pulls, drawer or cabinet. |
| 119 | Powder, dalmatian. | | Pulse (see Grain). |
| 134 (3) | Powder, porcelain, dentists'. | 345 | Pumps, dairying. |
| 63 | Powder, soap, &c. | 345 | Pumps, milk - products manufacture, peculiar to. |
| 429 | Powder, sporting. | 343 | Pumps, mining. |
| 63 | Powder, washing. | 344 | Pumps, spraying, power. |
| 119 | Powdered derris root. | 397 (5) | Putty. |
| 119 | Powdered hellebore. | 136 (2) | Pyjamas. |
| 119 | Powdered pyrethrum-flowers. | 187 | Pyjamas, union textiles to be cut up for. |
| 421 | Powders for adhesives. | 119 | Pyrethrum, powdered, and extract. |
| 277 | Powders, ink. | 105 | Pyridine. |
| 257 | Precious stones. | 95 | Pyrogallic acid. |
| 263 | Presentation trophies, &c. | 95 | Pyroligneous acid, crude. |
| 35 | Preserved fish. | 101 | Pyrophosphate of soda. |
| 38-9 | Preserved fruit. | | |
| 49 | Preserved meats. | 343 | Quarrying, air-compressors for. |
| 50 | Preserved milk. | 308 | Queen-bee cages. |
| 11 | Preserved vegetables. | 308 | Queen-bee-rearing outfits. |
| 45 | Preserves. | 404 (1) | Quercus, sessiliflora and pedunculata. |
| 334 | Presses, cheese. | 180 | Quilts. |
| 308 | Presses, wax. | 40 (1) | Quince trees. |
| 186 | Prevents, umbrella. | 37 (2) | Quinces. |
| 276 | Price-lists. | 105 | Quinine, and salts of. |
| 301 | Printed advertising-matter n.e.i. | | |
| 138 | Printed bags and sacks. | | |
| 152 | Printed bandings for apparel, &c. | | |
| 301 | Printed books n.e.i. | | |
| 305 | Printed cards, printers'. | | |
| 302 | Printed matter, religious. | | |
| 301 | Printed music. | | |

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| Item No. | | Item No. | |
| 333 (3) | Rabbit and similar traps. | 366 | Road-graders. |
| 124 | Radium, salts of. | 348 | Road-rollers. |
| 338 (5) | Rail-bonds. | 351 (3) | Rock-drills. |
| 365 | Rail-fastenings. | 441 | Rocket life-saving apparatus. |
| 365 | Rails for railways and tramways. | 445 | Rockets, ships'. |
| 402 | Rails, split. | 224 | Rods, glass. |
| 385 | Railway bogies and trucks. | 357 (4) | Rolled-iron girders. |
| 382 | Railway cars, wagons, and trucks. | 307 | Roller bearings. |
| 370 | Railway signalling-apparatus. | 307 | Rollers for bearings. |
| 388 | Railway wheels and tires. | 348 | Rollers, road. |
| 338 (5) | Railways, electric, overhead gear for. | 442 | Roofing-material n.e.i. |
| 362 (2) | Rain-water pipes. | 361 | Roofing - nails, galvanized and lead-headed. |
| 36 (1) | Raisins. | 212 (2) | } Roofing-slates. |
| 408 | Rake-handles. | 212 (4) | |
| 40 (1) | Raspberry plants. | 212 (1) | } Roofing-tiles. |
| 21 | Raspberry-vinegar. | 212 (2) | |
| 37 (4) | Raspberries. | 108 | Roots, crude drugs. |
| 338 (2) | Reactance coils. | 194 | Rope, for driving machinery. |
| 354 | Reaping-hooks. | 424 | Rope, hawsers, 12 in. and over. |
| 342 | Recording-instruments, &c. | 425 | Rope n.e.i. |
| 249 | Records for gramophones, &c. | 40 (2) | Rose trees and plants. |
| 248 (2) | Record-shaving appliances. | 205 (1) | Rubber air beds and cushions. |
| 211 | Refractory materials. | 194 | Rubber belting and belts. |
| 439 | Regalia, friendly society. | 205 (3) | Rubber cement. |
| 332 | Registers, cash. | 190 | Rubber-coated textile. |
| 338 (2) | Regulators, electric. | 308 | Rubber gloves, beekeepers'. |
| 338 (2) | Relays, electric. | 205 (2) | Rubber gloves n.e.i. |
| 306 | Religious motto cards. | 198 (2) | Rubber heels and knobs. |
| 302 | Religious tracts, handbills, and folders. | 199 | Rubber hose. |
| 128 | Rennet in small packages. | 205 (1) | Rubber hot-water bags and bottles. |
| 129 | Rennet n.e.i. | 205 (1) | Rubber ice bags and caps. |
| 200 (3) | Reptile skins. | 159 (2) | Rubber mats and flooring. |
| 205 (7) | Repair-outfits for rubber tires. | 198 (2) | Rubber soles. |
| 394 (6) | Residual oils, crude. | 205 (3) | Rubber solution. |
| 118 | Resins. | 205 (8) | Rubber teats. |
| 108 | Resins, crude drugs. | 205 (7) | Rubber tire-repair outfits. |
| 338 (2) | Resistances, electric. | 205 (4)-(6) | Rubber tires and tiring. |
| 100 | Resorcin. | 199 | Rubber tubing. |
| 211 (3) | Retorts, bricks and ganister for. | 205 (1) | Rubber urinals. |
| 135 | Retorts, laboratory. | 205 (8) | Rubber valves for feeding-bottles. |
| 135 | Retorts of fused silica or platinum. | 205 (1) | Rubber water beds and cushions. |
| 440 | Returned empties. | 159 | Rugs, floor. |
| 306 | Reward cards, Sunday school. | 160 (3) | Rugs, fur. |
| 338 (2) | Rheostats. | 173 | Rugs n.e.i. |
| 166 | Ribbons, hatters'. | 297 | Ruled paper. |
| 168 | Ribbons n.e.i. | 304 | Ruled stationery. |
| 186 | Ribs, umbrella. | 266 | Ruling-ink, paste for. |
| 62 | Rice. | 84 (3) | Rum. |
| 67 | Rice-flour. | 186 | Runners, umbrella. |
| 5 (5) | Rice-malt. | | |
| 62 | Rice meal and refuse. | | |
| 179 | Rick-covers. | | |
| 333 | Ridgers. | | |
| 212 (2) | Ridging, cement and asbestos. | 130-31 | Saccharin. |
| 212 (1) | Ridging, glass, and earthern. | 140 | Sacks, corn. |
| 321 | Rifles and parts. | 140 | Sacks, jute, hemp, or hessian. |
| 321 (2) | Rifles, cleaning-rods for. | 140 | Sacks, made of New Zealand flax. |
| 378 | Rims, bicycle. | 138 | Sacks, felt and textile. |
| 315 | Rings, pigeon and poultry identification. | 368 | Saddlers' ironmongery. |
| 186 | Rings, umbrella. | 206 | Saddlery. |
| 310 | Rivets. | 414 | Saddletrees. |
| 198 (5) | Rivets, boot. | | |

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| Item No. | | Item No. | |
| 226 | Safety-lamps, miners'. | 357 (7) | Shafting, rolled, or turned, plain. |
| 163 | Safety-pins. | 383, 384 | Shafts, carriage. |
| 105 | Saffron. | 394 (6) | Shale-oil, once-run. |
| 67 | Sago. | 418 | Shaving-brushes, handles for. |
| 179 | Sails. | 354 | Shears, sheep. |
| 114 | Salicylate, methyl. | 138 | Sheaths, filter. |
| 95 | Salicylic acid. | 104 | Sheep-dip. |
| 64 | Salt. | 132 | Sheep-licks. |
| 124 | Salts of the metallic elements. | 347 | Sheep-shearing machines. |
| 105 | Salts of quinine. | 354 | Sheep-shears. |
| 105 | Salts of nicotine. | 82 | Sheep-wash, tobacco for. |
| 105 | Salts of strychnine. | 180 | Sheets, cotton, &c. |
| 276 | Samples, cut, mounted on cards, &c. | 212 (2 and 3) | Sheets, asbestos, plaster-pulp, &c. |
| 195-96 | Sandals. | 118 | Shellac. |
| 407 | Sashes, wooden. | 35 | Shellfish. |
| 375 | Sashes, window, metal. | 327 | Shelving of sheet-metal. |
| 214 | Saucers, china, &c. | 403 | Shingles. |
| 57 | Sauces. | 444 | Shipbuilders' models of vessels. |
| 443 | Sausage casings and skins. | 369 | Ship-chandlery n.e.i. |
| 354 | Saw-blades. | 397 (2) | Ships' anti-fouling composition. |
| 354 | Saws. | 26 | Ships' biscuit. |
| 351 (12) | Scales. | 445 | Ships' blue lights. |
| 306 | School lesson sheets and cards. | 445 | Ships' danger signals. |
| 135 | Scientific apparatus. | 226 | Ships' lamps. |
| 354 | Scissors, 10 in. and over. | 444 | Ships, models of. |
| 343 | Screening, battery. | 445 | Ships' rockets. |
| 343 | Screening for gum-washing. | 370 | Ships' signalling-apparatus. |
| 362 (2) | Screwed pipes, wrought iron or steel. | 136 (2) | Shirts. |
| 310 | Screws, metal-threaded. | 187 | Shirts, textiles cut up for. |
| 364 | Screws, propelling. | 198 (7) | Shoemakers' wax. |
| 310 | Screws, set. | 195-96 | Shoes. |
| 310 | Screws, wood. | 343 | Shoes, steel, for stamper batteries. |
| 304 | Scribbling blocks. | 195-96 | Shoettes. |
| 304 | Scribbling-books. | 322 (4) | Shot. |
| 306 | Scriptural motto cards. | 322 (1) | Shot-cartridges. |
| 104 | Scrub-killing preparations. | 354 | Shovels. |
| 411 | Sculls. | 279 | Showcard colours. |
| 354 | Scythes. | 303 | Show-cards. |
| 394 (4) | Seal-oil. | 338 (2) | Shunt regulators, electric. |
| 427 (1) | Seals, crown. | 379 | Sidcars for motor-cycles. |
| 378 | Seat pillars, bicycle. | 226 | Sidelights, ships'. |
| 2 | Seed, bird. | 413 | Sieves, hair. |
| 9 | Seed, canary-grass. | 321 (2) | Sights for military rifles. |
| 333 (1) | Seed-cleaners. | 370 | Signalling-apparatus. |
| 9 | Seed, hemp. | 445 | Signals, danger. |
| 9 | Seed, linseed. | 178 (2) | Silesias. |
| 9 | Seed, lucerne. | 211 (3) | Silica bricks and clay. |
| 9 | Seed, maw. | 135 | Silica retorts, &c. |
| 9 | Seed, millet. | 124 | Silicon, salts of. |
| 333 (1) | Seed-separators. | 180 | Silk, artificial. |
| 9 | Seed, sorghum. | 143 | Silk cords. |
| 333 | Seed-drills. | 143 | Silk cords, artificial or imitation. |
| 333 (1) | Seed-sowers. | 175 | Silk, flour-dressing. |
| 294 | Seed pockets. | 180 | Silk, imitation. |
| 108 | Seeds, crude drugs. | 176 | Silk, oiled. |
| 258 | Sensitized surfaces. | 180 | Silk piece-goods. |
| 97 | Sera and serum extracts. | 174 | Silk sewing-threads, &c. |
| 310 | Set-screws. | 174 | Silk sewing-threads, &c., artificial. |
| 174 | Sewing cottons, silks, threads, and twists. | 174 | Silk sewing-threads, &c., imitation. |
| 351 (8) | Sewing-machines. | 192 | Silk yarn. |
| 171 | Sewing-needles. | 192 | Silk yarn, artificial. |
| 134 (3) | Sewings, surgical. | 192 | Silk yarn, imitation. |

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| Item No. | | Item No. | |
| 357 (3) | Silver. | 134 (2) | Spectacles, and cases. |
| 242 | Silver plate. | 351 (7) | Spice-mills. |
| 124 | Silver, salts of. | | Spices— |
| 174 | Silver thread, embroidery. | 65 (1) | Cinnamon. |
| 431 | Size. | 65 (1) | Cloves. |
| 397 (3) | Size, gold. | 2 | For cattle food. |
| 333 (2) | Skeith plates. | 65 (1) | Ginger. |
| 304 | Sketch-books. | 66 | Ground. |
| 160 (2) | Skins, fur, dressed. | 65 (1) | Mace. |
| 160 (1) | Skins, fur, green or sun-dried. | 65 (1) | Nutmeg. |
| 392 (1) | Skip-greases. | 65 | Unground. |
| 354 | Slashers. | 379 | Spindles, bicycle, &c. |
| 229 (6) | Slates, billiard. | 371 | Spiral springs. |
| 212 (2 and 4) | Slates, roofing. | 84 | Spirits, and spirituous mixtures. |
| 338 (1) | Slide rails for electric generators and motors. | 87 | Spirits, denatured. |
| 356 (3) | Slides, drawer or cabinet. | 394 (7) | Spirits, motor. |
| 259 | Slides for magic-lanterns. | 84 (3) | Spirits, rum. |
| 195-96 | Slippers. | 88 | Spirits, wholly denatured in New Zealand. |
| 441 | Smoke, apparatus for use in. | 89 | Spirits, denatured, for use of museums, &c. |
| 77 | Snuff. | 85 | Spirits for fortifying New Zealand wines. |
| 63 | Soap, cleansing, all kinds. | 89 | Spirits for use in museums, &c. |
| 63 | Soap, dry. | 39 | Spirits, fruit syrup fortified with. |
| 63 | Soap, extract of. | 84 | Spirits in combination with other ingredients. |
| 63 | Soap, liquid. | 86 | Spirits, perfumed. |
| 63 | Soap-powder. | 112 | Spirituos essences. |
| 63 | Soap, soft. | 121, 122 | Spirituos medicinal preparations. |
| 63 | Soap-solutions. | 84 | Spirituos mixtures. |
| 124 | Soaps, metallic. | 134 (2) | Spittoons, dental self-flushing. |
| 34 | Soap, stearine declared for making. | 186 | Splicing-tubes, umbrella. |
| 439 | Societies, friendly, regalia, &c. | 134 (1) | Splints. |
| 263 | Societies, patriotic, &c., badges, flags, and medals for. | 5 (8) | Split peas. |
| 136 (9) | Socks and stockings, silk. | 310 | Split pins. |
| 198 (3) | Sock-soles. | 378 | Spokes, bicycle. |
| 134 (1) | Socks, stump. | 383, 384 | Spokes, carriage. |
| 101 | Soda, acid phosphate. | 134 (3) | Spongiopiline. |
| 133 | Soda crystals. | 429 | Sporting-powder. |
| 101 | Soda pyrophosphate. | 239 | Sporting requisites. |
| 124 | Sodium, salts of. | 344 | Spray-pumps, power. |
| 362 | Soil pipes. | 153 | Sprays, artificial. |
| 357 (9) | Solder. | 153 | Sprays, natural, dyed, &c. |
| 123 | Soldering-compounds. | 371 | Springs, coil. |
| 200 (7) | Sole-leather. | 371 | Springs, spiral. |
| 202 | Soles, clog and patten. | 186 | Springs, umbrella. |
| 198 (3) | Soles, cork. | 386 | Springs, undercarriage. |
| 198 (2) | Soles, rubber. | 371 | Springs, volute. |
| 198 (3) | Soles, sock. | 446 | Stained-glass windows. |
| 10 | Solid wort. | 207 | Stains, bootmakers, &c. |
| 110 | Solutions of colours or dyes for confectionery, &c. | 107 | Stains for microscopic work. |
| 105 | Solutions of formic aldehyde. | 397 (3) | Stains, wood. |
| 205 (3) | Solutions, rubber. | 343 | Stamper batteries. |
| 63 | Solutions, soap. | 378 | Stampings, bicycle. |
| 9 | Sorghum-seed. | 359 | Staples. |
| 61 (1) | Soups. | 67 | Starch, confectioners' moulding. |
| 333 (1) | Sowers, seed, lime, and fertilizer. | 68 | Starch n.e.i. |
| 57-8 | Soy. | 421 | Starch paste, in packages under 1 gallon. |
| 354 | Spades. | 338 (2) | Starters, electric motor. |
| 61 (1) 47 | Spaghetti. | 304 | Statement forms. |
| 338 (8) | Sparking-plugs | 304 | Stationery, embossed. |
| 435 | Specimens, natural - history, ethnological, &c. | 304 | Stationery, lithographed. |
| | | | Stationery, manufactured— |
| | | 304 | Account-books. |
| | | 304 | Albums. |

Item No.

Stationery—*continued.*

304 Billhead forms.
 304 Birthday booklets.
 304 Birthday cards.
 304 Blotting-pads.
 304 Book-covers.
 304 Book-markers.
 304 Booklets, birthday.
 304 Booklets, Christmas.
 304 Booklets, Easter.
 304 Booklets, New Year.
 304 Books, account.
 304 Books, birthday.
 304 Books, copy.
 304 Books, copying.
 304 Books, counter.
 304 Books, drawing.
 304 Books, guard.
 304 Books, letter.
 304 Books, scribbling.
 304 Books, sketch.
 305 Calendar cards.
 304 Cards, birthday.
 305 Cards, calendar.
 305 Cards, celluloid.
 304 Cards, Christmas.
 304 Cards, Easter.
 305 Cards, edged or embossed.
 305 Cards, menu.
 304 Cards, New Year.
 305 Cards, printers'.
 305 Cards, programme.
 304 Cheque forms.
 304 Christmas booklets.
 304 Christmas cards.
 304 Copybooks.
 304 Copying letter-books.
 304 Counter-books.
 304 Covers, book.
 304 Diaries.
 304 Draft forms.
 304 Drawing-books.
 304 Easter booklets and cards.
 304 Forms, billhead, invoice, &c.
 304 Guard-books.
 304 Invoice forms.
 304 Labels.
 304 Letter-blocks.
 304 Letter-books.
 305 Menu cards.
 304 New Year booklets and cards.
 304 Printed window-tickets.
 305 Printers' cards.
 305 Programme cards.
 304 Scribbling blocks and books.
 304 Sketch-books.
 304 Statement forms.
 304 Tags.
 304 Tickets, window, printed.
 304 Window-tickets.
 305 Stationery n.e.i.
 304 Stationery, printed.

Item No.

304 Stationery, ruled.
 252 Statuary for public display.
 260 Statues.
 260 Statuettes.
 177 Staymakers' busk-protectors.
 177 Staymakers' corset-fasteners.
 177 Staymakers' corset-shields.
 177 Staymakers' corset-steels.
 378 Stays, bicycle.
 348 Steam-engines, portable.
 34 Stearine declared for making candles, &c.
 33 Stearine n.e.i.
 307 Steel balls for bearings.
 362 Steel pipes.
 343 Steel shoes and dies for stamper batteries.
 279 Stencilling-ink.
 363 (2) Stereotypes.
 303 Stickers, glacier, for exhibition on windows.
 186 Sticks, umbrella.
 410 Stock-boxes.
 229 (4) Stone, articles made from.
 209 Stone bottles.
 353 (4) Stone-crushers.
 229 (4) (5) Stone, dressed, and articles made from.
 229 (4) Stone, granite, dressed, or polished.
 229 (2) Stone, granite, in the rough.
 229 (3) Stone, granite, &c., rough-sawn.
 229 (4) Stone, imitation, dressed or polished, and articles made from.
 229 (5) Stone, marble, dressed or polished.
 229 (1) Stone, marble, in the rough or rough-sawn.
 229 (2) Stone, other, in the rough.
 229 (3) Stone, other, rough-sawn.
 229 (6) Stone, slates for billiard-tables.
 351 (10) Stone-working machinery.
 230 Stones, grind.
 230 Stones, mill.
 230 Stones, oil.
 257 Stones, precious and semi-precious.
 230 Stones, whet.
 215 Stoneware.
 427 Stoppers for bottles, jars, and casks.
 390 Stove-polish.
 37 (4) Strawberries.
 269-70 Strawboard.
 186 Stretchers, umbrella.
 247 (7) Strings for musical instruments.
 124 Strontium, salts of.
 105 Strychnine, and salts of.
 310 Studs, engineers'.
 188 Studs, upholsterers'.
 134 (1) Stump socks.
 69, 70 Sugar.
 41 Sugar, grape.
 69 Sugar, invert.
 70 Sugar, maple.
 72 Sugar of milk.
 334 (2) Sugar of milk, machinery for manufacture of.
 32 Sugared fruits.

Item No.		Item No.	
204	Suit-cases.	338 (4)	Telephony, appliances peculiar to.
136 (6)	Suits, men's and boys'.	135	Telescopes.
105	Sulphur.	179	Tents.
306	Sunday-school papers, tickets, and cards.	397 (3)	Terebine.
121	Sundries, aerated-water makers'.	338 (2)	Terminals, electric.
121	Sundries, brewers'.	134 (2)	Test cards, opticians'.
121	Sundries, cordialmakers'.	342	Testing appliances, &c.
121	Sundries, druggists'.	138	Textile bags and sacks.
185	Sunshades.		Textile piece-goods—
123	Surface-hardening compounds.	184	Articles made of, n.e.i.
338 (4)	Surgical electrical goods.	180	Artificial silk.
134	Surgical goods.	169	Baize, oil.
136 (3)	Suspenders.	141	Blanket, battery.
404 (1)	Swietenia timber.	172	Blanketing, printers'.
338 (2)	Switchboards.	144	Brattice-cloth.
338 (2)	Switches, electric.	145	Bunting.
39	Syrup, fruit, fortified with spirit.	181	Cheese bandages or caps.
70	Syrup, golden and maple.	148	Collar check.
69	Syrups, invert.	180	Cotton.
21	Syrups n.e.i.	182	Curtain lace.
		182	Curtain-net.
		182	Dress nets.
		182	Embroidery nets.
		156	Felted.
		141	Filter-cloth.
180	Tablecloths and table-napkins.	141	Gold-saving cloth.
267 (1)	Table utensils, cardboard and similar.	178	Haircloth, imitation.
125	Tablet, drugs, &c., in form of.	167	Haircloth, kiln.
266	Tacketing-gut, bookbinders'.	178 (1)	Haircloth, tailors'.
414	Tackle-blocks, wooden.	188	Hair seating, upholsterers'.
198 (5)	Tacks, boot.	166	Hat linings.
359	Tacks, coopers'.	180	Hemp.
359	Tacks n.e.i.	144	Hessian brattice-cloth.
360	Tacks, exceeding 1 inch.	148	Horse-cover lining.
304	Tags.	178 (1)	Imitation-hair cloth.
315	Tags, fish, &c., identification.	188	Imitation-hair seating.
178	Tailors' trimmings.	180	Imitation silk.
334 (2)	Tanks, milk and cream.	178 (2)	Italians.
355	Tanks, rectangular metal.	180	Jute.
207	Tanners' inks and stains.	144	Jute, brattice-cloth.
95	Tannic acid.	167	Kiln-cloth.
447	Tanning-materials, crude.	182	Lace-curtain material.
152	Tape, cotton, &c.	169	Leather-cloth.
338 (7)	Tape, insulating.	180	Linen.
310	Taper pins.	166	Linings, hatmakers'.
29	Tapers.	148	Lining, horse-cover.
152	Tapes with lettering for apparel.	178 (2)	Linings, tailors'.
183 (1)	Tapestry.	181	Meat wraps, tubular cotton.
67	Tapioca.	141	Mining, cloth and plush for.
102	Tar.	183 (1)	Moquette.
422	Targets, clay.	183 (2)	N.e.i.
179	Tarpaulins.	182	Nets.
442	Tarred roofing-material.	169	Oil-baize.
95	Tartaric acid.	176	Oiled-silk.
186	Tassels, umbrella.	141	Plush, gold-saving.
23	Tea, bulk.	172	Printers' blanketing.
24	Tea n.e.i.	178 (2)	Silesias.
214	Teasets, china, &c.	180	Silk.
205 (8)	Teats, rubber.	175	Silk for flour-dressing.
357 (4)	Tee iron.	176	Silk, oiled.
134 (3)	Teeth, artificial.	178	Tailors' trimmings.
338 (4)	Telegraphy, appliances peculiar to.	183 (1)	Tapestry.

Item No.	Textile piece-goods— <i>continued</i> .	Item No.	
181	Tubular woven cotton for meat wraps.	236 (1)	Tobacco factory, cigarette - paper for use in.
186	Umbrella material.	82	Tobacco for sheep-wash, &c.
187	Union, for manufacture of shirts, &c.	80	Tobacco n.e.i.
180	Vegetable fibre.	261	Tobacco pipes, pouches, and cases.
182	Veilings.	81	Tobacco, unmanufactured.
178 (2)	Veronas.	198 (4)	Toe-plates.
190	Waterproof material.	239	Toilet-combs.
183	Wool or containing wool.	163	Toilet-pins.
372	Thermostats for incubators.	262	Toilet preparations n.e.i.
397 (2)	Thinners, paint.	106	Toilet preparations, drugs, &c., for making in bond.
174	Thread, crewel, embroidery, knitting, &c.	394 (8)	Toluol.
152	Thread, elastic.	37 (2)	Tomatoes, fresh.
174	Thread, sewing.		Tools—
100	Thymol and thymol iodide.	354	Artificers', n.e.i.
120 (2)	Thyroid gland preparations.	354	Axes.
306	Tickets, Sunday-school.	308	Beekeepers'.
304	Tickets, window.	354	Billhooks.
365	Tie-irons (rail-fastenings).	354	Bushhooks.
216	Tiles, drainage, earthen or concrete.	354	Butchers' cleavers and choppers.
218	Tiles, flooring.	354	Choppers.
218	Tiles, garden.	354	Cleavers.
218	Tiles, hearth.	354	Forks.
212 (1) (2)	Tiles, roofing.	354	Hammers.
218	Tiles, wall.	408, 409	Handles for, wooden.
	Timber—	354	Hatchets.
404 (1)	Ash.	354	Hedge-knives.
404 (1)	Balsa wood.	351, 352	Machine.
383	Carriage timber.	354	Mattocks.
405	Dressed, sawn.	438	Of trade, passengers'.
404 (1)	Hickory.	354	Picks.
404 (1)	Juglans.	354	Reaping-hooks.
404 (1)	Juniperus.	354	Saws.
404 (1)	Lancewood.	354	Scissors, 10 in. and over.
403	Laths.	354	Scythes.
404 (1)	Lignum-vitae.	354	Sheep-shears.
399	Logs.	354	Shovels.
404 (1)	Oaks.	354	Slashers.
400	Palings.	354	Spades.
404 (1)	Pinus lambertiana, monticola, and strobus.	324	Whaling.
412	Poles, hardwood, for transmission-lines.	408, 409	Wooden handles for.
401	Posts.	418	Tooth-brushes, handles for.
404 (1)	Quercus, pedunculata, and sessiliflora.	134 (3)	Tooth-crowns.
402	Rails.	338 (6)	Towers, metal, for transmission lines.
404	Rough sawn and hewn.	134 (3)	Tow, surgical.
403	Shingles.	180	Towels.
404 (1)	Swietenia.	239	Toys.
237	Time-detectors.	348	Traction-engines.
237	Time-registers.	335 (3)	Traction-engines, engines for.
357 (2)	Tin, bar.	348	Tractors.
357 (1)	Tin, ingot.	335 (3)	Tractors, engines for.
373	Tin manufactures.	302	Tracts, religious.
124	Tin, salts of.	437	Trade Commissioners' supplies.
357 (5) (6)	Tinned metal, sheet, plate, and hoop.	118	Tragacanth.
373	Tinware.	385	Tramway bogies or trucks.
186	Tips, umbrella.	338 (5)	Tramway-cars, trolley-poles for.
388	Tires, railway, &c.	382	Tramway cars, wagons, and trucks.
205 (4-6)	Tires and tiring, rubber.	338 (5)	Tramway overhead gear, electric.
120 (1)	Tissues, animal, preparations made from.	365	Tramway-rails.
79	Tobacco, cut.	370	Tramway signalling-apparatus.

Item No.	
388	Tramway wheels and tires.
394 (13)	Transformer, oil.
338 (1)	Transformers, electric.
333 (3)	Traps, rabbit and similar.
70	Treacle.
71	Treacle with bone black.
351 (2)	Treadle power bellows.
119	Tree-washes.
40	Trees, fruit, and flowering.
315	Trees, metal labels for.
134 (2)	Trial cases, opticians'.
379	Tricycles.
378	Tricycles, fittings for.
160 (3)	Trimmings, fur and imitation-fur.
178	Trimmings, tailors'.
387	Trimmings, vehicle.
338 (5)	Trolley-poles, tram-car, &c.
263	Trophies for presentation in New Zealand.
263	Trophies won abroad.
136 (6)	Trousers, men's and boys'.
385	Trucks for railway or tramway vehicles.
382	Trucks, railway and tramway.
204	Trunks.
351 (7)	Tube mills.
236 (2)	Tubes, cigarette.
322 (3)	Tubes for making cartridge-cases.
186	Tubes, splicing, umbrella.
	Tubes (see Pipes).
199	Tubing, flexible.
224	Tubing, glass.
	Tubing (see Pipes).
419	Tufts, brushmakers'.
188	Tufts, upholsterers'.
250	Tuning-appliances for musical instruments.
337	Turbine governors.
53	Turmeric, ground.
105	Turmeric, unground.
414	Turnery n.e.i.
394 (5)	Turpentine and substitutes.
108	Twigs, crude drugs.
423	Twine for fishing-lines.
425	Twine n.e.i.
423	Twine, netting and net.
284	Twine, paper for manufacture of.
174	Twist, sewing.
363	Type printing.
332	Typewriters.
332	Typing and adding machines, combined.
185	Umbrellas.
186	Umbrellas, materials and parts for.
186	Umbrellas, textiles for.
386	Undercarriage-springs.
187	Underclothing, union textiles cut up for.
136	Uniform clothing made to measure.

Item No.	
437	Uniforms, 'Consuls', &c.
157 (1)	Union Jacks.
187	Union textiles for cutting up.
89	Universities, alcohol for use in.
188	Upholsterers' blind or shade pulls.
188	Upholsterers' cord-knot holders.
188	Upholsterers' cord-tips.
188	Upholsterers' curled hair.
188	Upholsterers' gimp.
188	Upholsterers' hair seating, and imitation-hair seating.
188	Upholsterers' studs.
188	Upholsterers' tufts.
200 (6)	Upholstery, leather for.
189	Upholstery n.e.i.
202	Uppers, boot.
205 (1)	Urinals, rubber.
97	Vaccines.
351 (4)	Vacuum cleaners.
334 (2)	Vacuum pans, glass lined, for manufacture of milk products.
338 (4)	Vacuum tubes, electric.
205 (8)	Valves for feeding-bottles.
353 (1)	Valves of brass.
202	Vamps, boot.
65 (1)	Vanilla.
397 (4)	Varnish removers.
397 (3)	Varnishes.
397 (3)	Varnishes, fused gums for making.
334 (2)	Vats for milk and cream.
31	Vegetable butters or fats.
180	Vegetable fibre, piece-goods of.
395, 394	Vegetable oils.
11 (2)	Vegetables, dried or preserved, n.e.i.
11 (2)	Vegetables, fresh, n.e.i.
7	Vegetables, onions.
11 (1)	Vegetables, preserved peas.
8	Vegetables, potatoes.
378	Vehicles, bicycles, &c.
381	Vehicles, carriages, carts, &c.
382	Vehicles, cars, railway and tramway.
	Vehicles, fittings and parts (see Carriages).
380	Vehicles, flying-machines.
389	Vehicles, motor.
381	Vehicles, perambulators.
377-89	Vehicles and parts (see also Carriages).
182	Veilings.
200 (9)	Vellum.
414	Veneers.
351 (4)	Ventilating-fans.
166	Ventilators, hatmakers'.
47	Vermicelli.
178 (2)	Veronas.
417	Vessels, boats, &c.
55	Vestas.

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|----------|---|----------|---|
| Item No. | | Item No. | |
| 94 | Vinegar. | 351 (12) | Weighing-machines. |
| 21 | Vinegar, raspberry. | 338 (3) | Welding, carbons or electrodes for. |
| 97 | Viruses. | 123 | Welding-compounds. |
| 396 (3) | Vitamin mixed with oil. | 351 (3) | Well-drilling machinery. |
| 120 (3) | Vitamins and vitamin concentrates. | 394 (4) | Whale-oil. |
| 248 (2) | Voice recording and reproducing appliances. | 324 | Whaling guns, tools, and ammunition. |
| 338 (2) | Voltage-regulators. | 4 (2) | Wheat. |
| 371 | Volute springs. | 5 (9) | Wheat-flour, wheat-meal, and similar preparations of wheat. |
| 338 (7) | Vulcanite. | 378 | Wheel-rims, bicycle. |
| | | 351 (6) | Wheels, emery, &c. |
| | | 388 | Wheels, railway, &c. |
| | | 230 | Whetstones. |
| | | 206 | Whips and thongs. |
| 171 | Wadding. | 397 (1) | White-lead ground in oil. |
| 322 (3) | Wads for cartridges. | 397 (7) | Whiting. |
| 179 | Wagon-covers. | 406 | Wicker furniture. |
| 381 | Wagons. | 209 | Wickered earthen jars. |
| 382 | Wagons, railway and tramway. | 406 | Wickerware. |
| 136 (6) | Waistcoats, men's and boys'. | 284 | Wickerware, imitation, paper for manufacture of. |
| 239 | Walking-sticks. | 343 | Winding-engines for mining. |
| 338 (2) | Wall plugs, electric, and shoes and sockets therefor. | 219 | Window-glass. |
| 218 | Wall-tiles. | 407 | Window-sashes, wooden. |
| 200 (4) | Wallaby-skins, rough-tanned. | 375 | Window sashes or frames, metal. |
| 52 (4) | Walnuts. | 303 | Window-stickers. |
| 245 | War medals. | 304 | Window-tickets. |
| 106 | Warehouses, manufacturing, drugs, &c., for use in. | 446 | Windows, stained glass. |
| 310 | Washers. | 91 | Wine, containing over 40 per cent. of proof spirit. |
| 63 | Washing crystals n.e.i. | 90-91 | Wine, medicated or mixed with food. |
| 63 | Washing-liquids. | 90 (2) | Wine, other kinds. |
| 63 | Washing-pastes. | 90 (1) | Wine, sparkling. |
| 63 | Washing-powder. | 85 | Wine, spirit for fortifying. |
| 150 | Waste, engineers'. | 357 (10) | Wire, baling. |
| 231 | Watch-glasses and similar articles. | 357 (10) | Wire, barbed fencing. |
| 264 | Watches. | 338 (2) | Wire connectors. |
| 320 | Water, appliances for treatment of. | 376 | Wire fabric, electrically welded. |
| 205 (1) | Water bags and bottles. | 357 (10) | Wire, fencing. |
| 205 (1) | Water beds and cushions, rubber. | 338 (7) | Wire, insulated. |
| 190 | Waterproof material. | 357 (3) | Wire, gold, silver, &c., plain. |
| 442 | Waterproof roofing-paper. | 357 (10) | Wire, metal, plain. |
| 397 (3) | Waterproofing-liquids for concrete, &c. | 376 | Wire, metal, wove. |
| 12 | Waters, aerated. | 376 | Wire, netting. |
| 13 | Waters, mineral. | 328 | Wire strainers. |
| | Wax— | 247 (7) | Wire strings for musical instruments. |
| 398 (1) | Beeswax. | 338 (4) | Wireless broadcast sets. |
| 398 (2) | Bottling. | 338 (9) | |
| 398 (1) | Japanese. | 186 | Wires, annealed, umbrella. |
| 398 (1) | Mineral. | 102 | Wood, distillates of, crude. |
| 398 (3) | Mixed with colouring. | 105 | Wood-naphtha, commercial. |
| 198 (7) | Shoemakers'. | 362 | Wood, pipes of. |
| 398 (1) | Vegetable. | 310 | Wood-screws. |
| 308 | Wax-extractors. | 409, 408 | Wooden handles for tools. |
| 308 | Wax-presses. | 198 (8) | Wooden heels. |
| 296 | Waxed paper. | 412 | Wooden poles for transmission lines. |
| 152 | Webbings, all kinds. | 378 | Wooden rims for bicycle-wheels. |
| 104 | Weed-killing preparations. | 407 | Wooden sashes. |
| 135 | Weighing appliances, assay, &c. | 414 | Wooden tackle-blocks. |
| | | 414 | Woodenware n.e.i. |
| | | 397 (5) | Woodfillers. |
| | | 269-70 | Woodpulp board. |

Item No.		Item No.	
397 (3)	Woodstains.	338 (4)	X-ray tubes.
351 (10)	Woodworking-machines.	394 (8)	Xylol.
108	Woods, crude drugs.		
174	Wool mending yarns.		
183 (1)	Wool moquettes.	417	Yachts.
140	Wool-packs.	192	Yarns, artificial silk.
140	Wool-pockets.	191	Yarns, coir.
183 (1)	Wool tapestries.	192	Yarns, cotton.
183	Wool, textiles containing.	191	Yarns, flax.
143	Woollen cords.	191	Yarns, hemp.
351 (5)	Woollen-mills, card clothing.	192	Yarns, imitation silk.
252	Works of art for public display.	191	Yarns, jute.
232	Works of art 100 years old.	193	Yarns n.e.i.
10	Wort, solid.	192	Yarns, silk.
376	Woven wire.	98	Yeast and similar preparations.
268	Wrappers, paper cut for.	98	Yeast foods.
297	Wrappers, paper, printed, lithographed, or ruled.		
298, 299	Wrapping-paper.	363 (1)	Zinc plates for photo-lithographic work.
181	Wraps, meat, cloth for.	124	Zinc, salts of.
280	Writing-ink.		
362	Wrought iron pipes.		

1934.
NEW ZEALAND.

TARIFF COMMISSION.

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

APPOINTMENT OF CUSTOMS TARIFF COMMISSION, 1933.

BLEDISLOE, Governor-General.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., Comptroller of Customs; JAMES BURMAN GOW, Esquire, of Whakataane, Settler; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., Professor of Economics, Victoria University-College, Wellington; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director: Greeting!

In pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby appoint you, the said

GEORGE CRAIG,
JAMES BURMAN GOW,
BERNARD EDWARD MURPHY, and
GEORGE AUGUSTUS PASCOE,

to be a Commission to inquire into the Customs Tariff of New Zealand, and to recommend for consideration by the Government any alterations therein, having regard to existing trade agreements to which New Zealand is a party and particularly to the agreement concluded at Ottawa in 1932 between His Majesty's Governments in the United Kingdom and in New Zealand; to the financial, economic, and industrial conditions in the Dominion; to the reasonable requirements of local industries which are being conducted in an efficient manner and are economically justifiable; and to all other relevant considerations:

And with the like advice and consent I do further appoint you, the said

GEORGE CRAIG,

to be the Chairman of the said Commission.

And you are hereby authorized to conduct any inquiries under these presents at such times and places as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and to call before you and examine on oath or otherwise such persons as you think capable of affording you information as to the matters aforesaid, and to call for and examine all such documents as you deem likely to afford you information on any such matters:

And using all due diligence, you are required to report to me, under your hands and seals, not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matter :

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose, save to me in pursuance of these presents or by my direction, the contents or purport of any report so made or to be made by you :

And it is hereby declared that these presents shall continue in force although the inquiry is not regularly continued from time to time or from place to place :

And, lastly, it is hereby further declared that these presents are issued under and subject to the provisions of the Commissions of Inquiry Act, 1908.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 9th day of May, 1933.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,
Clerk of the Executive Council.

EXTENDING THE PERIOD WITHIN WHICH THE CUSTOMS TARIFF COMMISSION SHALL REPORT.

BLEDISLOE, Governor-General.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., Comptroller of Customs ; JAMES BURMAN GOW, Esquire, of Whakataane, Settler ; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., Professor of Economics, Victoria University College, Wellington ; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director : Greeting !

WHEREAS by a Warrant dated the ninth day of May, one thousand nine hundred and thirty-three, and issued under my hand and the Seal of the Dominion of New Zealand, you, the said George Craig, James Burman Gow, Bernard Edward Murphy, and George Augustus Pascoe, were appointed to be a Commission to inquire into and report upon the revision of the Customs Tariff of New Zealand : And whereas by the said Warrant you were required to report to me under your hands and seals not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matters : And whereas it is expedient that the period within which you are required to report to me should be extended :

Now, therefore, in pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby extend the period within which you are required to report to me, as by the said Commission provided, to the thirty-first day of January, one thousand nine hundred and thirty-four :

And in further pursuance of the said powers and authorities and with the like advice and consent I do hereby confirm the said Commission, except as altered by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 8th day of September, 1933.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,
Clerk of the Executive Council.

EXTENDING THE PERIOD WITHIN WHICH THE CUSTOMS TARIFF COMMISSION
SHALL REPORT.

BLEDISLOE, GOVERNOR-GENERAL.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., of Wellington, Comptroller of Customs; JAMES BURMAN GOW, Esquire, of Whakatane, Settler; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., of Wellington, Professor of Economics; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director: Greeting!

WHEREAS by a Warrant dated the ninth day of May, one thousand nine hundred and thirty-three, and issued under my hand and the Seal of the Dominion of New Zealand, you, the said George Craig, James Burman Gow, Bernard Edward Murphy, and George Augustus Pascoe, were appointed to be a Commission to inquire into and report upon the revision of the Customs Tariff of New Zealand: And whereas by the said Warrant you were required to report to me under your hands and seals not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matters: And whereas the period within which you were to report to me was extended to the thirty-first day of January, one thousand nine hundred and thirty-four, by Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, issued under my hand and the Seal of the said Dominion: And whereas it is expedient that such period should be further extended:

Now, therefore, in pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby further extend the period within which you are required to report to me, as provided by the said Commission and by the said Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, to the twenty-eighth day of February, one thousand nine hundred and thirty-four:

And in further pursuance of the said powers and authorities, and with the like advice and consent, I do hereby confirm the said Commission, except as altered by the said Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, and by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 25th day of January, 1934.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,
Clerk of the Executive Council.

EXTENDING THE PERIOD WITHIN WHICH THE CUSTOMS TARIFF COMMISSION
SHALL REPORT.

BLEDISLOE, Governor-General.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., of Wellington, Comptroller of Customs; JAMES BURMAN GOW, Esquire, of Whakatane, Settler; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., of Wellington, Professor of Economics; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director: Greeting!

WHEREAS by a Warrant dated the ninth day of May, one thousand nine hundred and thirty-three, and issued under my hand and the Seal of the Dominion of New Zealand, you, the said George Craig, James Burman Gow, Bernard Edward Murphy, and George Augustus Pascoe, were appointed to be a Commission to inquire into and report upon the revision of the Customs Tariff of New Zealand: And whereas by the said Warrant you were required to report to me under your hands and seals

not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matters: And whereas the period within which you were to report to me was extended to the thirty-first day of January, one thousand nine hundred and thirty-four, by Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, issued under my hand and the Seal of the said Dominion: And whereas such period was further extended to the twenty-eighth day of February, one thousand nine hundred and thirty-four, by Warrant dated the twenty-fifth day of January, one thousand nine hundred and thirty-four, issued under my hand and the Seal of the said Dominion: And whereas it is expedient that such period should be further extended:

Now, therefore, in pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby further extend the period within which you are required to report to me, as provided by the said Commission and by the said Warrants dated the eighth day of September, one thousand nine hundred and thirty-three, and the twenty-fifth day of January, one thousand nine hundred and thirty-four, to the thirty-first day of March, one thousand nine hundred and thirty-four:

And in further pursuance of the said powers and authorities, and with the like advice and consent, I do hereby confirm the said Commission, except as altered by the said Warrants dated the eighth day of September, one thousand nine hundred and thirty-three, and the twenty-fifth day of January, one thousand nine hundred and thirty-four, and by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 21st day of February, 1934.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,
Clerk of the Executive Council.

REPORT.

To His Excellency the Right Honourable Lord Bledisloe, G.C.M.G., K.B.E., Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

MAY IT PLEASE YOUR EXCELLENCY,—

Your Excellency's Commission, dated the 9th day of May, 1933, directed us to inquire into the Customs Tariff of New Zealand, and to recommend for consideration by the Government any alterations therein, having regard to existing trade agreements to which New Zealand is a party and particularly to the agreement concluded at Ottawa in 1932 between His Majesty's Governments in the United Kingdom and in New Zealand; to the financial, economic, and industrial conditions in the Dominion; to the reasonable requirements of local industries which are being conducted in an efficient manner and are economically justifiable; and to all other relevant considerations.

Your Excellency's further Warrants dated the 8th day of September, 1933, 25th January, 1934, and 21st February, 1934, respectively, extended the time within which we were required to furnish our report to the 31st March, 1934.

We have the honour to report as follows:—

NOTIFICATION OF SITTINGS AND OF PROCEDURE.

In order that the public and all persons interested might have an opportunity of tendering evidence, advertisements were inserted in the daily newspapers of

the Dominion and in the *New Zealand Gazette* setting forth the dates upon which the Commission would sit at the various centres where evidence was taken.

By notification in the *Gazette* and at the opening of the sittings at each centre visited the public were also advised as to the course of procedure to be adopted by persons desiring to give evidence. Prior to the conclusion of the hearings a notice dated 25th October, 1933, with respect to the taking of evidence, was also published in the *Gazette*.

The *Gazette* notices above referred to are set out in Appendix A to this report.

SITTINGS HELD.

Sittings at which evidence was taken were held at Auckland, Wellington, Christchurch, and Dunedin. The Commission was engaged in hearing evidence almost continuously from 7th June, 1933, until 9th November, 1933. It was found necessary, however, to hold further sittings at intervals after that date in order to hear applications forwarded by manufacturers in the United Kingdom as these came to hand. Opportunity was also afforded the parties to rebut, if necessary, statements made in evidence opposing their applications. The final sitting was held on 1st March, 1934.

WITNESSES HEARD AND EXAMINED.

As can be understood in the case of an inquiry of this nature, the Commission received an enormous amount of evidence and no fewer than 682 witnesses appeared and were examined. In addition to the information supplied by witnesses, a considerable amount of data was obtained from official sources. In many instances investigations were also made by departmental officers with a view to procuring information required in connection with matters under consideration.

The Commission wishes to place on record its appreciation of the capable and conscientious assistance rendered to it by the Secretary, Mr. J. P. D. Johnsen, during the course of the inquiry.

MANUFACTURING ESTABLISHMENTS VISITED.

The Commission took the opportunity whenever possible of visiting the more important manufacturing establishments representing various classes of industry. In all, some sixty-two such establishments were visited and the Commission feels that the knowledge gained on such occasions was invaluable in considering the evidence given in reference to such industries.

GENERAL REPORT.

(a) GENERAL CONSIDERATIONS.

A revision of the schedules of duties in our Customs Tariff, while presenting difficulties at any time, is peculiarly subject to perplexities at the moment, owing to the abnormal general economic situation, and the lack of a basis for reasonable prevision and calculability in regard to world economics, to which New Zealand, because of its relatively large volume of foreign trade, is susceptible in a marked degree. In particular there are three abnormal factors in our economic life, the first two of which, we think, are likely, if not to disappear, at all events to become very much less pronounced in the future, while no confident statement can be ventured as to the third, which make the task of determining tariff rates a difficult one at present. These are:—

- (a) Currency instability, both sterling and New Zealand currency being at present unstabilized in reference to an objective basis, gold for example, and the future value of both in terms of gold and in terms of other important currencies, most of which are likewise subject to their own uncertainties, not being ascertainable at the moment.

- (b) The abnormal volume of unemployment in New Zealand and elsewhere, due to causes which seem attributable to the general world depression, and are not the consequences of our tariff policy.
- (c) The development and spread of the policy of quantitative regulation of international trade embodied in import and/or export quotas and similar devices, imposed either in general terms or as the result of international treaties or reprisals. If the quota system comes to supersede the older system of tariffs as a general regulative principle in world trade, or to supplement it on a considerable scale, then our tariff policy might require material alteration, and many of the duty schedules might have to be reconsidered.

The recommendations in the present report are based on the assumption that the present world depression, and the trading restrictions arising peculiarly out of it, will pass, and that world economic life and international trade will be restored in substantially the same form, and governed by substantially the same principles, as prevailed before the depression.

There are some general principles which in our view should be borne in mind when considering our tariff policy. A sound Customs Tariff should embody a long-range and long-period policy, and cannot properly be framed to meet temporary fluctuating economic conjunctures.

“Few devices are more unsuitable than a tariff for dealing with an emergency situation. Its inevitable crudity must result in the dislocation of industry and trade, the loss of markets, and acute disappointment even to those who anticipate the greatest favours.” (Beveridge and others, “Tariffs: The Case Examined,” p. 193.)

A tariff should be framed on the assumption and for the conditions of economic stability, and in particular it cannot be framed to function satisfactorily as an equilibrating factor in regard to a currency liable to marked irregular short-period fluctuations in value of an unpredictable type. In the absence of reasonable currency stability, indeed, all economic calculation becomes chaotic. If the currency is stable within close limits over a considerable period economic values will adjust themselves to it, but if the currency is constantly fluctuating in value, an attempt to compensate this by tariff adjustments would be likely to make the position worse. It would be a series of shots at a target subject to a double set of movements. Both currency variations and tariff adjustments to compensate them take time to produce their effects, and are liable to complex and incalculable economic and social interferences and reactions, and taken in conjunction, they do not seem sufficiently controllable by administrative action to secure a definite result at a definite moment. Such a policy would result in a double measure of uncertainty: uncertainty as to the currency, and uncertainty as to the real effect of the tariff variations.

A tariff could not be framed primarily and rapidly to absorb a temporarily swollen margin of unemployment. The causes of our currency instability and abnormal unemployment are largely extraneous to our tariff policy, as is shown by the fact that this policy has not varied over a great many years, whereas currency values and volume of unemployment have done so.

Broadly speaking the tariff has been, and should be, a long-period matter. To employ tariff variations to adjust stresses in other parts of the economic structure, especially short-period stresses which are not consequent or ancillary phenomena to the tariff itself, merely adds further elements of instability to an already unstable situation. Admittedly no tariff schedule or tariff policy can be permanently binding on the future, but a broad continuity of tariff policy, undisturbed by reactions to transitory stresses in other parts of the economic organism, is very desirable.

Our past tariff policy has embodied as its principal objectives the collection of revenue, moderate protection to local industries, preferential treatment to goods of British Empire origin, and, more recently, most favoured nation treatment in the case of certain foreign countries. This policy, as far as the United Kingdom is concerned, appears to have been based on the tacit assumption that the British

market for our exports was indefinitely open at prices satisfactory to us. If this should cease permanently to be the case as a result of the application of a quota system or other restrictive device to our staple exports, doubtless attention would be directed to some modification of our policy, such as a search for alternative export markets, or the expansion of our home market and a consequent redistribution of the balance of our productive resources. It seems certain that this would lead at all events to some change in our past policy, but we are assuming that the policy hitherto pursued is the policy of the country at the present time.

Some of the duties levied in New Zealand are clearly of a purely revenue type, since they are imposed upon goods not produced in the Dominion; while some others are primarily designed for protective purposes, and are substantially effective for this purpose. Many duties are in practice of the dual-purpose type, bringing in revenue and conferring incidental protection. In this way our revenue tariff in the past has led to the establishment of certain industries which have sheltered themselves in the protective vacuum incidentally created by a duty the primary purpose of which was revenue rather than protection.

We think it should be made clear as a matter of future policy that the benefit of the so-called "vested interest" principle will enure only for those industries which come into existence under a tariff primarily and deliberately designed for protective purposes, and that industries which come into existence fortuitously, under the protection of duties primarily designed for revenue purposes, or as a result of currency depreciation, or otherwise, have no claim on the community in the event of the accidental protective factors upon which they have depended being eliminated. This is a matter of considerable practical importance, because it appears that New Zealand will continue to rely very largely upon Customs duties for revenue purposes.

It is possible in some cases to prevent a revenue duty from having a protective effect by imposing an equivalent excise duty on local production. The extent to which such excise duties can be levied depends chiefly upon two factors—(i) the administrative practicability, and (ii) the amount of revenue likely to be obtained. In view of our relatively small population, there are only a few articles with respect to which an excise duty can successfully and economically be levied.

Subject to these general observations, we think that the Customs Tariff should be as simple as is consistent with effecting its objects. The general characteristics of a tariff, whether levied for revenue, or protection, or both, should in our opinion be:

- (a) Simplicity and uniformity of duties.
- (b) Stability of rates of duty, and as little variation therein as possible, to reduce trading uncertainty to a minimum and avoid too frequent redistributions of the national productive powers. Owing to our very large external trade per head, commerce as distinct from manufacture is, and appears likely to remain, very important in New Zealand economic life.
- (c) Rates as low as are consistent with carrying out the desired policy, in order that the burden on consumers shall be as small as possible. While Customs duties are normally passed on to the consumer, frequently with profit accretions, the burden of tariff duties is often exaggerated. In some instances the existence of a New Zealand industry appears to have kept the prices of competing imports down, notably in cases where competition overseas is restricted or in abeyance. In many cases, too, the excessive cost of commodities to the final buyer is the result of wasteful and duplicated trading services, and is not wholly the result of higher manufacturing or importing costs due to the tariff.

New Zealand is highly specialized to international trade, and the value and volume of imports and exports per head are abnormally large. In a broad sense, therefore, few countries have a stronger interest in the freest possible international trade than our own. As we are organized at present, our prosperity is bound up

with a large export trade in primary products for which we must in the long-run, allowing for adjustments on loan capital account and other items, take equivalent imports. At the same time the reasons which make our country a heavy exporter of primary produce contribute to make it relatively unsuited for intensive industrial operations. This should not be taken to imply that in our opinion New Zealand has no industrial present and no industrial future. Certain industries, for example, will probably be kept in operation as an insurance against oversea exploitation, or to diversify the economic and social structure, and thus avoid some of the dangers arising from an over-specialised economic life in a world of rapid change and development. It is, however, essential to retain a population perspective. In New Zealand we have approximately a million and a half people, not the population of a large city in more densely peopled parts of the world. This consideration sets a limit to our possibilities of industrial expansion at the present time.

It is not proposed to deal on an academic basis with the general problem of Free Trade or Protection. We consider that our tariff policy, its continuance or modification, is a matter for the Legislature, and in any case such a discussion would be otiose as far as New Zealand is concerned. The important question is not whether New Zealand shall or shall not have a protective tariff; that issue is practically decided. The point is how high the tariff shall be, and on what commodities and by virtue of what principles it shall be levied. For this reason it is not deemed necessary to refer in set terms to general arguments placed before the Commission as to the desirability of Free Trade or Protection, because it is considered that that issue is definitely decided, for the present at all events, on a basis of moderate Protection. At the same time the arguments placed before the Commission in this connection by witnesses have been carefully considered.

(b) THE OTTAWA TRADE AGREEMENT, ARTICLE 7.

It is, however, necessary for us to consider our tariff policy in connection with the Ottawa Trade Agreement of 1932. We are, of course, not called upon to express an opinion as to whether, as a matter of policy, this Agreement should have been made, or as to the theoretical validity of the principles on which it is based. Our duty is merely to interpret it. The clauses of this Agreement to which our attention has been particularly directed are Articles 7 and 8. Certain difficulties in the interpretation of these clauses were brought out by witnesses before the Commission, and analogous differences of opinion in respect of substantially similar clauses seem to have arisen in other Dominions. Article 7 reads as follows:—

“ His Majesty’s Government in New Zealand undertake that protection by tariffs shall be afforded against United Kingdom products only to those industries which are reasonably assured of sound opportunities for success.”

It was strongly pressed upon us by some witnesses that the effect of this clause was that no Customs duties could be levied in New Zealand even for purely revenue purposes, on imported commodities, unless there was in New Zealand an industry actually manufacturing such commodities. This interpretation, if correct, involves a surrender by New Zealand of the right to levy Customs duties for purely revenue purposes. We have no hesitation in rejecting this interpretation. The clause clearly means, in our opinion, that where duties are levied for protective purposes on United Kingdom goods, the industries so privileged shall be such as are suited to the economic circumstances of the Dominion, and therefore reasonably assured of sound opportunities for success. It is important to notice that the undertaking given in this article does not involve any change of policy as far as the Dominion is concerned, but rather crystallizes and embodies continuity of the policy we have pursued for many years. An examination of Dominion tariffs against the United Kingdom discloses the fact that our tariff is generally much lower than those levied by certain other Dominions. It is further considered that this clause does not contemplate that duties levied in accordance with it should be merely to cover a temporary educative period for the industry protected. We think it is quite consistent with a policy of permanent protection for industries coming within its scope.

(c) PRINCIPLES ON WHICH TARIFF PROTECTION SHOULD BE GRANTED.

In determining what industries come within the ambit of article 7 of the Ottawa Trade Agreement, or should on other grounds receive tariff protection in New Zealand, the major consideration in our view should be the extent to which it is probable that the producers in question are or will be able within a reasonable period to attain such efficiency as will enable them to turn out products of a quality, and at a price, reasonable in comparison with the price of competing products landed in New Zealand. In addition, regard should, we think, be had to the following considerations, which are not necessarily stated in order of importance :—

1. *The extent to which the industry is dependent upon or likely to make use of imported raw materials as compared with raw materials of local origin.*

To the extent that an industry uses locally produced materials, and utilizes the waste or by-products of other New Zealand industries, it is worthy of consideration from the protective point of view. On the other hand, the greater the reliance of an industry on imported raw materials, the weaker its claim for protection. We endorse the following statement in the Report of the 1927 Tariff Commission :

“ In our view, the use of imported material is not, in itself, a valid objection to the granting of protection, but where the material so imported constitutes a relatively high proportion of the value of the finished product, protection should be given only under very special circumstances. Where the competitive position in cases of this kind is shown to be such as to necessitate a relatively high rate of duty, it seems clear that the industry is not one which should be established in New Zealand as a result of tariff assistance.

“ We are of the opinion that the essential distinction which may be drawn between industries using imported and those using locally produced raw materials arises from the beneficial effects of the latter class of industry in increasing other forms of local production.” (Report of 1927 Tariff Commission, pp. 6-7.)

2. *The extent to which the industry affords employment for industrial labour.*

We endorse the following passage from the report of the 1927 Tariff Commission :—

“ One of the main claims which has been made in favour of protection for local industries has been based upon the fact that employment is afforded to persons in New Zealand and that wage rates paid result in a cost of production high in relation to that of most other countries. In so far as employment in appreciable measure is afforded by such industries the Commission considers that, under our accepted national tariff policy, this fact constitutes a valid reason for the granting of protection.” (Report of 1927 Tariff Commission, p. 7.)

To this should now be added : “ Provided that the industry in other respects conforms to the provisions of the Ottawa Trade Agreement.”

It has always been, we consider, an ancillary object of our protective tariff to safeguard the standard of living of our industrial workers. Whether this can be done as amply in the future as it has been in the past is a difficult question on which it is not necessary here to express an opinion. The following quotation appears to us relevant in this connection :—

“ Broadly speaking, a country can have any given industry at any given standard of life by paying for it, because this is a problem of distributing the national dividend. But it cannot generalize this for all industries. It cannot raise the standard of living of the population as a whole by Act of Parliament, whether a Minimum Wage Act or a Tariff Act, because the standard of living of the population as a whole is a simple quotient, is the total of all good things produced by the population divided by the number of the population.” (Beveridge and others, “ Tariffs : The Case Examined,” p. 51.)

The problem of the absorption of industrial labour is of particular importance at the present time, and, owing to the abnormal, intractable, and prolonged volume of unemployment, we think that any tariff readjustments that would have the effect of causing a considerable displacement of labour should be made only after mature consideration. The popular protectionist argument that a tariff creates additional employment in a community is, in the main, in circumstances of normal prosperity, fallacious, but nevertheless there are conceivable circumstances in which, even in a highly industrialized country, a tariff readjustment might increase the net volume of industrial employment, or prevent it from falling. In the circumstances of New Zealand the reverse application of this principle, namely, that withdrawal of tariff protection already granted would narrow the range of industrial employment, or prevent it from expanding, has some cogency, owing to the restricted avenues of employment available in a country of so simple and undifferentiated an economic structure as ours, and it applies with special force to-day. The following quotation appears relevant in this connection :—

“The fundamental argument for unrestricted Free Trade does not apply without qualification to an economic system which is neither in equilibrium nor in sight of equilibrium. For if a country's productive resources are normally fully employed, a tariff cannot increase output, but can only divert production from one direction into another, whilst there is a general presumption that the natural direction for the employment of resources, which they can reach on their merits and without being given special advantages at the expense of others, will yield a superior national dividend. But if this condition of full employment is neither fulfilled nor likely to be fulfilled for some time, then the position is totally different, since a tariff may bring about a net increase of production and not merely a diversion.” (Addendum I to the British Report of the Committee on Finance and Industry—The Macmillan Report, p. 201.)

If a considerable proportion of the rising generation of young people in our towns are not absorbed into industrial employment it is difficult to see what economic occupation will be available for a great many of them. This must not be taken to indicate our approval of the establishment under a protective tariff of uneconomic industries. It does not seem probable that a great proportion of the growing urban population could be absorbed into occupations ancillary to importation. There seems under present conditions little probability of any large number of them being absorbed into farming pursuits; in fact, owing to the increasing mechanization of farming, the labour requirements per unit of output of primary produce are being restricted.

Witnesses before the Commission who advocated further land settlement as a means of immediately absorbing labour were vague in detail. It is questionable whether in the present position of New Zealand further extensions of primary production are likely to be as important a potential absorbent of labour as manufacturing industries. On the whole the trend of civilization is to enable us to satisfy our primary wants with progressively less labour, and to release labour from the land for the satisfaction of secondary wants. We get our food supplies with the expenditure of a diminishing proportion of human effort. This fact partly explains the tendency for the countryside to become less populous, and for city life to expand. Without expressing a definite conclusion on these difficult matters, we think that a careful consideration of them is a matter of crucial importance in the formulation of a long-period tariff policy. A correct decision in regard to them will determine the enduring factors and forces which underlie the future economic distribution of employment facilities between primary industries in the country and secondary industries in the towns.

To the extent that our people cannot find work, the burden of supporting them will fall on the community in any case, and a soundly devised tariff may easily prove on investigation to be less burdensome than a direct dole or allowance, and would almost certainly be less demoralizing. For these reasons we are of opinion that any downward adjustment of the tariff that would put New Zealand industries which are large employers of labour out of operation at the present time would in the short run, and probably for many years, increase the number of our

unemployed, or prevent that number from falling. Unemployment is a more serious potential menace in a simple and undifferentiated economic environment such as New Zealand than it is in a country of widely diversified industry.

3. *The extent to which the industry requires heavy investment in machinery and plant of a kind that must be imported.*

As things are, and seem likely to remain in New Zealand, most industrial plant and machinery must be imported, because it could not be produced economically in the Dominion, and its initial cost as a productive asset is thus greatly increased. Particularly is this the case if an industry is subject to rapid advances in technique, so that it suffers greatly from obsolescence. In our view the fact that an industry requires a heavy expenditure on imported fixed plant which is likely to depreciate rapidly is *pro tanto* an argument against granting it protection, though this circumstance is only one of many to be taken into consideration.

4. *The extent to which the industry is in an experimental and rapidly developing state.*

To the extent that it is so this is an objection to granting it tariff protection. Where technical processes are in course of rapid evolution, it would be difficult for an industry in this remote part of the world to keep abreast of contemporary technical developments, and the consumer might suffer through excessive costs or antiquated service. This difficulty is accentuated if the industry requires special detailed technical skill that must be continually refreshed to keep up to date. When an industry, further, requires specialized raw material and plant the production of which is actually or virtually the monopoly of some oversea country, and this is liable to interruption of supply, this group of disadvantages applies with special force.

5. *The extent to which the local market can absorb the whole output of a unit working in the industry at the technical optimum efficiency point.*

Many industries today are economic and reasonably assured of sound opportunities for success only if operated on a large scale.

It is not implied that New Zealand industries in general are inefficient, but it is suggested that in many cases they are on too small a scale. Efficiency in some branches of production is bound up with size. Size depends on output, output depends on market. For this type of production the local market is too small, and it does not seem likely that we can get a market abroad owing to high costs of production and transport. In addition we lack local supplies of the basic industrial factors of pig iron and cheap coal, and have no developed machine industry for the manufacture of essential plant. In many instances the Dominion market is so small that it could not absorb the whole product of a single optimum efficiency plant, even if that plant were to secure the whole business available in the country. *Prima facie*, an industry in this position should not, we think, receive tariff protection.

Large scale production, generally speaking, to be economical, requires larger markets than are afforded by the local demand of a country with a population of about a million and a half. In other cases, however, where the optimum efficiency scale of production is small, a strong *prima facie* case can be made out for protection, for the purpose of allowing a local industry to expand its output to the limit of the local market, and thus secure the economies of maximum output. While this could conceivably take place, it must not be forgotten that there is nothing in tariff protection of itself to cause industrial plants to expand to the optimum efficiency point. Experience in New Zealand and elsewhere suggests that in many cases tariff protection is just as likely to increase the number of independent plants out of proportion to the real requirements of the community, and thus to load the industry with unnecessary overhead. There is always a tendency under a protective tariff for too many plants to come into operation; and there is the further danger, if the tariff is sufficiently inviting, that large and powerful oversea concerns may find it worth while to set up local factories within the tariff barrier, and make the economic position of the previously established local concerns difficult

and precarious. This is particularly the case where the protection afforded by the tariff is higher than is necessary to enable industries working to optimum efficiency point to succeed.

It is important not to confuse total volume of output with scale of production. A given output from a small number of plants working to capacity may be economic, but the same output from twice that number of plants operating below capacity would be uneconomic. When the tendency of protection to lead to the multiplication of an excessive number of concerns, most of which are below the optimum efficiency point, is taken into consideration, this type of argument for protection loses much of its cogency. Excessive protection, by encouraging a surplus of partially unutilizable productive power, is detrimental to the national interests. In this connection, too, regard should be had to the capital outlay for plant, the costs of operation, and the rate of obsolescence. For very heavily capitalized industries New Zealand with its limited market is not in general suitable, but there are a number of industries that admittedly can make out a case under this principle. Put in economic phraseology, a *prima facie* case can as a general rule be sustained for tariff protection in the case of industries subject to the law of increasing return or diminishing cost as output expands; and, conversely, there is a presumption against tariff protection to industries subject to diminishing return or increasing cost, where expansion of output brings no appreciable economies, but may actually increase costs. It would appear that the timber and perhaps the wheat industry would come into this latter category, so that there is an initial presumption, on purely economic grounds, against affording them tariff protection.

6. *The extent to which the industry dovetails into or co-ordinates with other industries established in the Dominion, or with fuel or power supplies.*

To the extent that it does this, and in particular makes use of local supplies of coal, electricity or other sources of power that otherwise would remain less completely utilized, this is a point, as far as it goes, in favour of granting it protection.

7. *The extent to which the industry is affected by the freight and transport situation.*

Certain types of imports are useful bulky inward freight, and it would not be economic in the absence of strong countervailing considerations to cut this off by subsidizing local industry if the result will be to raise outward freights and penalize our export industries because of a shortage of inward cargoes. As it happens, imports likely to have this effect usually suffer a considerable natural disadvantage through their bulk and consequent freight charges. A further consideration is the cost of internal and coastal transport, which is heavy in New Zealand, and perhaps over-developed. If it could be more fully utilized by local industries that would be a national advantage.

Generally to the extent that a local industry enjoys elements of natural protection such as bulk reflected in relatively high freight charges from overseas, special liability to damage, or difficulty of preservation, its claim for tariff protection is weakened.

8. *The extent to which the industry presents probabilities of extension, growth, and permanence; or caters to a temporary demand, or makes use of rapidly exhaustible local resources.*

If the latter, then it is clearly not suitable for tariff protection. An analogous consideration is whether it is specially liable to destructive or intermittent dumping competition from abroad. Protection by tariff should, we think, be accorded only to industries that are expected to be a permanent constituent in the national industrial life, since it is presumably granted in the national interest, and not to reward individuals.

9. *The extent to which the industry is already established, or merely contemplated.*

We consider that only in exceptional circumstances should tariff protection be granted in the case of a contemplated industry. If it is desired to encourage such an industry, the bounty method or some other method may in many cases be

preferable. Analogous to this objection is the question whether an industry is of too trivial a nature to be worthy of consideration. It is not worth while to use a steam hammer to crack a nut. We think that in general protection should not be extended to very minor industries with so limited a trade that economic manufacture is not practicable.

10. *The extent to which there are special circumstances in the nature of the demand for the product of the industry that would cause special hardship to consumers or other industries if protection were granted.*

In general a protective tariff on raw materials, plant, and high-grade consumptive specialties is undesirable. The finished products of one industry are frequently the raw materials of another, and it is undesirable to load the price of raw materials, particularly in the constructional industries.

In this connection the Commission is impressed with the burdens imposed by the existing tariff on the building and constructional industries. It will be noticed that in some cases we have recommended reduction of these rates and in others have suggested that the duties under the British Preferential Tariff should be abolished. With respect to the latter class, if our proposals are accepted, a relatively small number of persons may be thrown out of employment, but we believe that the advantages gained by lower costs will stimulate building and constructional activities so that in the aggregate a greater number of persons will be employed than formerly.

It will, of course, be obvious that in most if not all cases a manufacturing industry which is a candidate for a protective tariff would come under some but not all of the above canons, and that these canons are in some cases interrelated, and in some perhaps incompatible. In the case of such incompatibilities it would seem that each industry must be judged, on balance, on its own merits. We think that in principle the onus of proof of the need for the imposition or continuance of tariff protection is always on the applicant. There can be no vested interest in the strict sense in any particular duty or rate of duty, but for practical purposes the *status quo* cannot be ignored.

Perhaps the strongest practical argument for a protective tariff is that it exists, and has created a situation that must be met. If a community has allowed industries to grow up under tariff protection, on the reasonable expectation that protection will continue to be extended, such industries are entitled to the continuance of a measure of protection, and it should not be withdrawn, if at all, except pursuant to a considered policy.

As Salter says:

“When the economic life of a country has been built on a basis of tariffs, it creates a situation which makes radical reform almost impossible. It is not just a matter of a few vested interests (as it is when new tariffs are first proposed): for a vast capital expenditure has been incurred which, if the basis were removed, might be largely lost. A mass of population has become trained and specialized in certain occupations, which they cannot easily change. A national psychology inimical to reform has been created. A prospect of greater but uncertain prosperity is weaker than the apparently certain loss of something already possessed.” (Salter, “Recovery,” p. 178.)

The same point is made by Taussig:

“ . . . No rational person, even though he were the most radical free-trader, would propose to abolish at one fell swoop protective duties to which a great industrial system had accommodated itself. We may not like the result, but it is there, and not to be suddenly modified without widespread loss. Moreover, those engaged in the industries may plead with weight that they have entered on their operations with the sanction of the Government, nay, with its direct encouragement, and that the Government cannot in justice leave them in the lurch.” (Taussig, “Free Trade, the Tariff, and Reciprocity.” pp. 143-4.)

Subject to these considerations, protection already granted should, we think, be the subject of periodic investigation, with a view to determining, in the case of each industry :—

- (1) That the protection is still needed ;
- (2) That a tariff is the best and cheapest way to give it ;
- (3) That the protection granted is not excessive ;
- (4) That the industry is efficiently managed ;
- (5) That the industry is suitable to New Zealand conditions ; and
- (6) That the protection granted is not unreasonably injurious to other interests.

An industry requiring continued protection is asking an economic favour from the State, which has the right and is under a duty to its citizens to determine the conditions under which the privilege shall be granted.

(d) THE OTTAWA TRADE AGREEMENT, ARTICLE 8.

The interpretation of Article 8 of the Ottawa Agreement raises difficult questions. It reads as follows :—

“ His Majesty’s Government in New Zealand undertake to institute an inquiry into the existing protective duties, and, where necessary, to reduce them as speedily as possible to such a level as will place the United Kingdom producer in the position of a domestic competitor—that is, that the protection afforded to the New Zealand producer shall be on a level which will give the United Kingdom producer full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production.”

It would appear that there is little doubt in a broad sense as to the intention of this clause, which is obviously designed to give the United Kingdom manufacturer a reasonable chance to compete on this market. It forbids protective duties of such a nature that they are in effect prohibitive of United Kingdom imports. In other words, it is intended to give the United Kingdom manufacturer a “ fair deal ” in this market in the sense in which that popular though vague expression would be understood by a reasonable and fair-minded man. The expression “ place the United Kingdom producer in the position of a domestic competitor ” is employed, but it is obviously a physical and economic impossibility to give literal effect to this clause, any more than a Dunedin producer could be put literally on the basis of a domestic competitor in Auckland. As long as environmental factors differ, and transport charges from one place to another have to be met an outsider cannot literally be placed in the position of a domestic competitor. We think, however, that the interpretation of this phrase is a matter of little importance in view of its subsequent amplification in the Article itself. Generally Article 8, and for that matter all other clauses in an Agreement of this kind, should, we think, receive that large and generous interpretation which was presumably intended by its signatories, and should not be whittled down by verbal quibbles or captious literal interpretation.

Apart from this point, however, the clause lays down as the regulative principle of our protective system the difference between the relative costs of economical and efficient production in the United Kingdom and New Zealand. In other words, we undertake to impose a tariff intended to equalize costs of production as between home producers and United Kingdom producers. As is well known, this has been the basis in the past of the “ solution ” of the tariff problem in the United States of America, which has been hailed as “ scientific ” by its advocates, and frequently derided by academic opponents. It has been pointed out that, carried to its logical conclusion, the principle would be destructive of all foreign trade whatever, and that a country adopting it, to the extent that it carries it out, cuts itself off from the full advantages of international commerce.

There is no need to express any opinion as to whether this principle is a scientific basis for a tariff or not, because New Zealand has agreed to adopt it. It should be noticed, however, that in our case the formula is intended to keep tariff rates down rather than raise them. In any case the word “ scientific ” more or less

begs the question, because all tariffs must of necessity be empirical and approximate. The theoretical objections to a tariff based on equalization of costs of production seem to us to be irrelevant in the case of a country which in fact has adopted a protectionist policy. New Zealand is a country of moderate protection, and is aware that in adopting this policy it has cut itself off to some extent from some of the benefits of international trade in the form of cheaper goods, but this is the price which we are willing to pay for the presumed direct and indirect advantages of a tariff. The suggestion that the equalization of costs principle carried to its ultimate extreme would be destructive of practically all foreign trade begs the question, because we think there is no intention of carrying the principle beyond what appears to be warranted in the national interest, and we are now bound by agreement not to carry it to the point where it would prevent United Kingdom manufacturers from enjoying an opportunity for reasonable competition in this market. Moreover, by virtue of Article 7 of the Ottawa Agreement, it is limited in its operation to industries that come under the scope of that clause. When these points are taken into consideration the arbitrary element largely disappears and the application depends on applying common sense to the data available. Finally, assuming moderate protection as the country's policy, it is not easy to formulate any rational principle, apart from the equalization of relative costs of economical and efficient production, that could be applied to determine what our tariff rates should in fact be. General arguments in regard to Free Trade and Protection give no guidance here; they may determine whether there should or should not be a tariff, but they cannot determine on what commodities the tariff should be levied, and what the rates should be. It is difficult to see, apart from the equalization of costs principle, any alternative basis for a tariff beyond sectional pressure brought to bear on the legislative body.

In applying the principle, however, there are considerable difficulties. The first springs from the difficulty of obtaining reliable data of a fairly comparable nature. There is something arbitrary in all costings, and as costings do not appear to be definitely standardized, they are frequently made on such different bases that only a detailed knowledge of the figures from which they are built up would be sufficient to establish their comparability in detail. Apart from that, in some instances the cost data submitted to the Commission were incomplete and ambiguous. We think it desirable to mention that those of our recommendations which are based on cost data do not involve any reduction in the level of money wages now paid in New Zealand. In our view cost data in regard to primary products are of limited value for the purposes of this inquiry, owing to the difficulty of determining the extent to which land values enter into costs of production.

There are certain broad elements in industrial costs on which, from the nature of the case, exact or even approximate quantitative data cannot be secured. These may be regarded as environmental constituents or indirect costs. Among these are such factors as the following:

(a) The relative weight and incidence of taxation.

As is well known, the extent to which certain forms of direct taxation, notably income-tax, enter into costs, if at all, is a problem upon which there is no unanimity, and upon which in any case quantitative data for comparison between two countries would be almost unobtainable.

- (b) The relative weight and incidence of social services, such as education, old-age pensions, and so on;
- (c) The incidence and effects of the recently adopted protective tariff in the United Kingdom;
- (d) Complications arising out of varying degrees of currency depreciation;
- (e) Relative cost of capital for both long and short period uses;
- (f) Relative levels of real wages; and
- (g) Relative climatic conditions, and assistance or hindrance offered to industry by natural environment, showing itself in variations of transport burdens, and in other directions.

These considerations are summarized in the following passage :—

“The higher cost of production in the importing country may be due to any of several distinct causes or a combination of them—to the higher wages of the workman, to the greater cost of materials, to heavier taxation, to the lesser suitability of climate, geographical position or other physical conditions, or to lower efficiency of management in relation to technical appliances, organization, and half a dozen other matters.” (Beveridge and others, “Tariffs : The Case Examined,” p. 48.)

On many of these points adequate statistical material is not available, and from the nature of the case could not in any circumstances be available. These difficulties, however, are not collectively as formidable as they appear, but they prevent any recommendations made on the basis of comparative costs of economical and efficient production from possessing an approach to mathematical accuracy. It is not considered, however, that a very high degree of exactitude is necessary to permit their useful application to the problems we have had to consider.

There is a further difficulty, that even if the statistical difficulties above referred to could be overcome, the position that would be created as a result of a tariff based on the information required would not remain static, in that the relative share of the market going respectively to locally made and imported commodities would almost certainly vary, in consequence of varying costs of manufacture, transport and distribution. If that happened, the economies of mass production would from a competitive point of view exert themselves powerfully for the time being in favour of that class of commodities which was expanding its share of the market. But this difficulty is inevitable, and there appears no method of overcoming it. It should be noticed, however, that locally made and imported commodities are not as closely competitive as they may *prima facie* appear to be. In many cases they are of different qualities and price levels, and appeal to different types of consumer because of variations in taste or sentiment. The more expensive market will take the better and therefore the dearer goods, so that where there are considerable differences in quality, get-up, finish, and so on, the commodities are not really fully competitive. This circumstance should go a long way in assuring to each class of goods a reasonably stable market. The result of this discussion is to show that a high degree of mathematical accuracy cannot be expected or attained in the actual calculation of tariff rates based on comparisons of the relative costs of economical and efficient production. Still this drawback must be put up with, since there seems no alternative principle capable of application, and we have undertaken by treaty to adopt it. All practical tariff framing must be to some extent approximate, and cannot make an exact allowance for imponderable factors or for the reactions which a tariff will bring about upon demand and supply, owing to the complex interrelations of various industries.

(e) SCHEDULE OF DUTIES.

We recommend that the schedule of duties set out in Appendix B to this report be adopted, subject to the qualifications therein contained.

(f) MISCELLANEOUS RECOMMENDATIONS AND OBSERVATIONS.

In the course of taking evidence and overhauling the tariff schedules a number of subsidiary matters were raised on which we desire to record an opinion.

1. Wherever possible, the principle of simplicity in tariff construction should be followed. For this reason we are of opinion that except for temporary revenue requirements the levying of additional duties by way of percentual or fractional surtaxes on existing duties is undesirable in that it necessitates increased calculations, and so complicates the administration from the point of view of the public and the Department. Our view is that this system should be abolished as soon as circumstances will permit.

2. As a general rule *ad valorem* duties are preferable to specific duties. The main objection to specific duties is that they vary in weight, automatically increasing in weight as prices fall, and decreasing in weight as prices rise. In periods of marked price fluctuation this may effect very serious alterations in the real rates

of duty, which could not have been contemplated at the time the duty was imposed. Specific duties also are regressive in their incidence, and bear with special severity on the cheaper grades of commodities, and therefore on the poorer classes of our people. We endorse the following passage from the Report of the 1927 Tariff Commission :

“ The Commission considers that the objectives sought to be achieved by the New Zealand Tariff, and the relative administrative difficulties of operating the two systems of duties under conditions existing in relation to imports into the Dominion are such that, on broad grounds, *ad valorem* duties are to be preferred for the following reasons :—

“ (a) Duties on this basis vary in actual amount directly in relation to changes in price-levels and according to the quality of the particular goods imported.

“ (b) In consequence, the measure of protection and the amount of revenue derived from the Tariff tend to fluctuate in a proper relation with general economic conditions.” (Report of 1927 Tariff Commission, p. 6.)

We find ourselves in agreement with the following passage from the written evidence presented to the Commission on behalf of the Auckland Chamber of Commerce :—

“ In the existing tariff there is a wide range of similar items on which specific duties have remained stable despite considerable alterations in world prices. The Auckland Chamber of Commerce advocates the abolition of specific duties in these and similar instances, and the substitution therefor of *ad valorem* duties, on the grounds that the specific duties are inelastic and fail to reflect falls or rises in world market prices. A specific duty may be reasonable when imposed ; but when values fall it may become excessive, and when values rise the specific duty may prove inadequate. With *ad valorem* duties this would not be the case, and frequent tariff alterations would be obviated.”

Admittedly there are many cases where, for administrative convenience or owing to the special circumstances or competitive situation of a given commodity, specific duties are preferable. As a general principle the *ad valorem* basis seems more desirable, and should be employed whenever there is no definite reason to the contrary. For analogous reasons, we think that combined alternative specific and *ad valorem* duties of the “ double-barrelled ” type—*e.g.*, “ 2d. per lb. or 20 per cent. *ad valorem*, whichever rate returns the higher duty,” are objectionable in principle, and should be imposed only in exceptional circumstances. In this connection we endorse generally the following passage from the written evidence presented to the Commission on behalf of the Auckland Chamber of Commerce :—

“ It is contended by the Auckland Chamber of Commerce that, when extrinsic price levels are low, the benefit of relatively lower duties on an *ad valorem* basis is denied to the people of New Zealand by the unduly harsh operation of the specific duty, and that when world prices rise the relatively lower duties which would be payable under a specific schedule are denied to our people by the operation in such cases of *ad valorem* duties. Under the operation of dual duties a fall in the cost of living and costs of production internally in sympathy with world prices is denied to the people of this country, and, as New Zealand has to sell goods in open competition in the unprotected markets of the world, it is essential that the fall in production costs should not be retarded by an unduly harsh operation of the tariff.”

3. In times of fluctuating currency values the basis of assessment of duties becomes a matter of uncertainty. In our view, Customs duties levied in any country should in principle be based on the value of the dutiable goods converted into the currency of that country at the exchange rate ruling on the date of assessment. Economically the New Zealand pound and the British pound are separate currency units, although until recently they were at par and the point

was of no practical importance. The old mint pars no longer operate to determine relative currency values. The evidence and data received by the Commission were, however, based on the existing system of assessing the current domestic value. Our calculations and determinations were made on the same basis. The future permanent basis of New Zealand currency has not yet been fixed. We therefore think that, in the meantime, it is desirable that the duties should be calculated under the method hitherto in force. At the same time, we think that the law should, if necessary, be altered to enable the Government to base the duties on values in New Zealand currency.

4. Section 20 of the Customs Amendment Act, 1921, reads as follows:—

“Where any dispute arises as to the true meaning and application of any terms used in the Tariff and therein printed in italics, the Minister may determine such dispute in such manner as appears to him just, and his decision thereon shall be final.”

This section of the legislation was subject to criticism by importing interests before the Commission, and it was suggested that the law be so amended as to permit of appeals to the Court from decisions of the Minister in all cases. By the term “Court” the witnesses apparently meant the Supreme Court, from which, in the ordinary course of procedure, an appeal lies first to our Court of Appeal and ultimately to the Privy Council in the United Kingdom. The evidence did not convince us that the complaints in this connection were of a serious nature. Very few specific grievances were referred to by witnesses, and they appeared to be unimportant. The main grievance appears to arise in connection with the classification of goods under the tariff headings, and with the fact that appeals do not lie from these classifications.

In our opinion the present law and practice are in the public interest, and should stand unaltered. It will be appreciated that, with the multiplicity of tariff items, and the infinitely greater multiplicity of commodities imported, the tasks of classification are difficult and complex, demand a highly technical knowledge of various commodities which can be acquired only by considerable experience, and are not matters upon which Supreme Court Judges are specially qualified by experience and training to adjudicate, and upon which we are inclined to think they would be unwilling to be asked to adjudicate. Most of the questions over which real difficulty arises involve rather fine distinctions, and for the purpose of satisfactory administration require to be settled expeditiously. The Supreme Court, if this class of case were forced upon it, would have no precedents arising out of its own experience for its guidance, and would presumably have to decide the issue on the basis of hearing a number of witnesses on both sides. This would cause very considerable delay, and possibly considerable trouble through conflicting decisions by different Judges, because the questions at issue are in the main matters of fact and not of law. It might congest the work of the Supreme Court, cause considerable uncertainty in Customs administration, and make the tariff difficult of consistent and expeditious administration. Incidentally, especially if appeals on points of classification went beyond the Supreme Court, the situation thus created might in some instances be ridiculous. The present procedure is likely to give a much more expeditious and satisfactory decision on matters of Customs classification than the Law Courts of the land. The suggestion that the Minister, in exercising his discretion under the Act, is acting as judge in his own case is a travesty of the situation. The Minister is not judging his own case, but acting as arbiter between the community as a whole and the importer, and, after taking the advice of his responsible officers, is a much more competent arbiter for this class of problem than any lay tribunal possibly could be.

5. We are opposed to making variations in tariff rates for the purpose of offsetting the protective effect of a depreciating or depreciated currency, either by the employment of a sliding scale moving in correspondence with the degree of currency depreciation, or in any other manner. It seems to us unsound in principle and based on a misunderstanding of the effect of exchange and currency depreciation upon prices. It is generally considered that currency depreciation exercises a protective effect only during the actual process of depreciation. When and to the extent that the process of depreciation has worked itself out and produced all its effects, and prices are adjusted to the new currency levels, then the exchange would no longer operate as a protective factor. The major effects of depreciation,

we think, are soon worked out. The home price of raw materials subject to world parity immediately rises in proportion to the amount of the depreciation, and the same effect is produced in the case of imported raw materials, plant, and other commodities. At a later stage the general level of wages will probably be higher than it otherwise would have been, because the cost of living will be higher than it otherwise would have been on account of the currency depreciation, while some of the effects of depreciation will be diffused generally in ways that elude specific identification, but how soon and to what extent this will happen cannot be definitely ascertained in advance. Admittedly, with long-period charges on industry, such as the cost of fixed capital, long-term mortgage loans, rates, rents, and certain other elements of overhead, the period of adjustment to the new currency values may be prolonged indefinitely, but we know of no statistical method of determining how long this period would be, or what proportion of the whole it would amount to, so that no data are available for determining what the compensating effect upon the tariff rates should be. Any tariff compensation would be arbitrary in character, or at all events devoid of a definite statistical basis. Our opinion is that within a comparatively short period the depreciating process produces the major range of its effects. If this is so, then a reduction in our tariff rates by a given percentage to compensate for the raising of the exchange would do serious injustice to our manufacturers, and would remove some if not all of the protection which they are intended to enjoy under the existing tariff.

6. We are of opinion that it is undesirable and impracticable to make the grant of tariff protection subject to an undertaking that the prices of commodities produced by the protected industry shall not be raised. Circumstances quite outside the control of the parties giving such undertakings may make it impossible to carry them out, notably alterations in the ownership and control of the concerns affected, changes in productive or distributive organization and technique, and currency fluctuations either as the result of local conditions or initiated from abroad.

7. With respect to the General Tariff we have in most cases suggested that the margin of preference be left at the present level. So far as many commodities are concerned we think that these rates of duty are too high and should, subject to the Ottawa Agreement, be reduced as soon as circumstances permit. We, however, recognize that the last few years have brought great changes in the sphere of international trading relationships. Nations in their endeavours to obtain markets for their products are willing to make concessions by tariff adjustments and by other means. New Zealand, dependent as she is for her exports upon her primary products, is in urgent need of new markets for her goods, especially in the more highly industrialized countries of the world. We think, therefore, that the General Tariff rates should be reduced on the goods of countries which are willing to make concessions on our products.

Another matter concerning the General Tariff that formed the subject of representations to the Commission was the question of imposing or increasing duties thereunder on raw materials required by the industries of New Zealand. As a general rule we do not favour this. We think that our industries should be able to obtain their raw materials at as low a cost as possible.

8. Many representations were made to the Commission asking that higher duties should be imposed on certain goods imported from the Dominions than from the United Kingdom. We have not, generally speaking, made recommendations with respect to these matters because trade between New Zealand on the one hand, and Canada, Australia, and South Africa on the other, is regulated by Agreements or Arrangements. We think that questions of the kind now being dealt with should be settled by negotiations between the Governments concerned.

9. We think that attention should be drawn to Article 12 of the Ottawa Agreement under which goods imported from the non-self-governing Colonies and Protectorates of the British Empire enjoy the same measure of tariff preference as is accorded to the products of the United Kingdom. In the event of industrialization proceeding at a rapid rate in some of the Eastern dependencies, the low production costs there might enable goods to be landed in New Zealand at very low prices. This might prove an embarrassing problem at some future time.

10. Many representations were made to the Commission with respect to the importation of Japanese goods into New Zealand. It was stated by some witnesses

that at the prices at which certain classes of Japanese goods could be landed in the Dominion, it was impossible for locally manufactured goods and for goods imported from the United Kingdom and other countries to compete. On the other hand, some witnesses indicated that owing to various factors certain Japanese goods were now losing the market to other countries. The question as to Japanese goods is one that presents itself for solution not only in New Zealand but in other countries. The total trade between Japan and New Zealand during the last ten years is set out in Return No. I in Appendix C. These figures show (1) that New Zealand has a considerable export trade with Japan; (2) that although during the last three years the average value of imports is less than during the two preceding triennial periods, it had not fallen to the same extent as imports from most other countries; and (3) that during 1933 the value of goods landed in New Zealand from Japan increased by about 25 per cent. over that for 1932.

Another table showing the values of the principal articles imported from Japan during the last ten years is set out in Return No. 2 in Appendix C. It will be seen that during the period in question we have imported from Japan considerable quantities of apparel, cotton, silk, and artificial silk piece-goods, and oak timber. Even during 1933 they formed over 50 per cent. of the total importations. The Commission fully recognizes that these figures represent value and not volume of imports.

In our view the matter is not one that can satisfactorily be dealt with by means of the tariff, but is more appropriate for negotiations between the Governments of the two countries.

11. In the course of our investigations our attention was drawn to the effect of admitting many lines of goods under the existing tariff item 448. Generally speaking, this affects only articles of relatively small value but in some cases it appreciably increases the protection which has been granted. Sometimes also protection appears to have been afforded to industries of minor importance. We suggest that the decisions which have already been made under this item should be reviewed at a convenient time.

12. The Commission is of opinion that Section 125 of the Customs Act, 1913, as amended by the Customs Amendments Acts, 1914 and 1921, should be repealed. The method of determining duty set out therein creates grave administrative difficulties and imposes an abnormally high rate of protection on the articles affected.

In witness whereof we have hereunder set our hands and seals this twenty-ninth day of March, in the year one thousand nine hundred and thirty-four.

GEO. CRAIG, Chairman.
 J. B. GOW,
 B. E. MURPHY, } Members.
 G. A. PASCOE, }

APPENDIX A.—*Gazette* NOTIFICATIONS OF SITTINGS AND PROCEDURE.

CUSTOMS TARIFF COMMISSION, 1933.

Wellington, 15th May, 1933.

It is hereby notified for public information that the Tariff Commission proposes to visit various places in New Zealand for the purpose of taking evidence from persons desiring to make representations respecting the Customs Tariff.

Any person desiring to make such representations in person should advise the Chairman of the Tariff Commission at the above address as to the article or articles in respect of which it is wished that the Customs Tariff should be maintained or altered. It is essential that the place or places at which such evidence can be tendered should be stated as soon as possible, as the itinerary of the Commission must be arranged at an early date.

Where any association, organization, or other body representing any particular industry, trade, or commercial interest is in a position to tender evidence of a satisfactory and comprehensive character, and desires to do so, such evidence would be preferred. The Commission would, however, reserve the right to require evidence from any member of such association, organization, or body.

It is desired that where personal evidence is to be given before the Commission respecting any industry, the person intending to appear should previously supply, if possible, written information along the lines set out in the Schedule hereto.

Due notice will be given in the *New Zealand Gazette*, and in the principal daily newspapers published in the district, as to the time and place at which the Commission will sit in each of the various centres which it will visit, but it is unlikely that sittings will be held except at Auckland, Wellington, Christchurch, and Dunedin.

As the Commission is to report on or before 30th September, 1933, it will be necessary for those interested to indicate as soon as possible the matters upon which they desire to make representations.

All evidence of the kind indicated in the Schedule hereto or other detailed evidence respecting costs of production will, if the witness so desires and subject to the approval of the Commission, be regarded as confidential.

It is important that, as far as possible, all the evidence tendered to the Commission should relate to specific articles or classes of articles, and that where it includes matters of fact such as the landed cost, manufactured cost, selling prices, cost of transport of goods, or rates of wages, whether in New Zealand or elsewhere, such evidence should be supported by the authorities or other documents on which the evidence is based.

Any company, firm, or person desiring that the existing tariff on any class of goods should be maintained, increased, or reduced should give evidence before the Commission, as, in the absence of such evidence, the Commission may come to a conclusion which would be contrary to the interests of such company, firm, or person, and which might be other than the conclusion which would have been arrived at if such evidence had been tendered.

GEO. CRAIG, Chairman.

SCHEDULE.

INFORMATION TO BE SUPPLIED IN WRITING BY PERSON DESIRING TO GIVE EVIDENCE BEFORE THE TARIFF COMMISSION.

1. Full name and address of person, and of person, firm, company, or association (if any) for whom he is acting.
2. Place and nature of business of such person, firm, or company.
3. Article or articles with respect to which it is desired to give evidence.
4. Rates of duty at present in force and alterations (if any) desired.
5. Reasons in full for desired alteration (if any).
6. Whether the person, firm, or company is a manufacturer actually manufacturing or producing the article or articles in New Zealand, the United Kingdom, or elsewhere, or whether the person, firm, or company is intending to produce or manufacture the article or articles in New Zealand.

7. In the case of an established industry in New Zealand—

- (a) Average number of employees (showing male and female separately) employed in the business of manufacturing the article or articles during the preceding three years, and the average wages paid thereto.
- (b) Average number of hours per week worked by such employees.
- (c) Capital of such business during each of the last three years under the following headings:—

	£
(i) Value of Plant and Machinery .. .. .	.. .. .
(ii) Value of Buildings .. .. .	.. .. .
(iii) Value of Land used in the Business .. .. .	.. .. .
(iv) Working Capital .. .. .	.. .. .
(v) Other Division of Capital .. .. .	.. .. .
Total .. .. .	.. .. .

- (d) General management and distribution charges, including salaries of general manager, office staff, travellers, &c. (average during last three years only).
 - (e) Repairs and maintenance of buildings, plant, machinery, &c. (average during last three years only).
 - (f) Rents, rates, and taxes (average during last three years only).
 - (g) Value during each of the last three years (at factory selling-prices) of articles produced at factory.
 - (h) The principal materials (raw, partly manufactured, or completely manufactured materials) used during each of the last three years in the process of manufacture, showing nature of the same, country of origin thereof, and price delivered at factory.
 - (i) Approximate proportion which the total New Zealand output of the article or articles in question at present bears to the total requirements of New Zealand.
 - (j) Countries from which the keenest competition arises, and any available information as to details of landed costs and wages paid to employees in such countries in the particular industry.
 - (k) Names and addresses of other New Zealand manufacturers of this article.
8. In the case of an established industry in the United Kingdom or elsewhere outside New Zealand—
Information similar to that indicated in paragraph 7 above, but with any modifications necessitated by the circumstances.

9. In the case of a prospective industry—

- (a) Does the applicant undertake, if sufficient protection is granted by Parliament, to commence the manufacture of the article or articles in New Zealand; and, if so, within what period?
- (b) Average number of employees (showing males and females separately) proposed to be employed, and the average wages that would be paid to them.
- (c) Amount of capital proposed to be invested in the industry under the following headings:—

					£
(i) In Land and Buildings	..	..	..	..	..
(ii) In Plant and Machinery	..	..	..	..	..
(iii) Working Capital, &c.	..	..	..	..	..
Total	..	..	..	..	£

- (d) The principal materials proposed to be used in the process of manufacture, showing nature of same, country of origin thereof, and price delivered at factory.
- (e) The proportion that the cost of labour will bear to the factory cost of the finished article or articles.
- (f) Estimated value of the annual requirements of New Zealand in the article or articles.
- (g) Estimated value of the annual output of the proposed factory.
- (h) Countries which at the present time supply the New Zealand market, and any available information as to details of landed costs and wages paid to employees in such countries in the particular industry.
10. Any other information in support of request.

CUSTOMS TARIFF COMMISSION, 1933.

Wellington, 25th October, 1933.

It is hereby notified for public information that, except in very special cases, the Customs Tariff Commission, 1933, does not intend to hear evidence after 9th November, 1933.

It should be noted that the Commission may conclude (a) that the position with respect to any particular article under the tariff is as set out in the information already received, or to be received before the conclusion of the hearings, and (b) that where no information has been or will be received by the Commission with respect to any article no person, firm, or company is interested in the maintenance, reduction, increase, or abolition of the existing exemptions thereof from duty or the rates of duty thereon.

It is therefore necessary that any person, firm, or company who desires to give evidence should communicate with the Chairman of the Commission not later than the 6th proximo.

GEO. CRAIG, Chairman.

APPENDIX B.—SCHEDULE OF DUTIES.

THE CUSTOMS TARIFF OF NEW ZEALAND

NOTES.—The headings of the respective classes are used solely for convenience of classification, and do not in any way affect the interpretation of the Tariff.

The term "agriculture" as used in the Tariff includes horticulture and viticulture; the term "iron" includes steel, or steel and iron combined; the term "specific duties" means duties imposed according to a specified quantity, weight, size or number; the term "wine" includes medicated wine or wine mixed with food, and such spirituous beverages and fluid or semi-fluid foods containing not more than 40 per cent. of proof spirit as may be so decided by the Minister.

Steam engines, gas engines, oil engines, electric or other motors, and parts of the foregoing, are not included in the expression "machines, machinery, machine tools or appliances," as used in the Tariff.

The abbreviation "n.e.i." means "not elsewhere included."

The words underlined are those which the Commission considers should be printed in italics—see Section 20 of the Customs Amendment Act, 1921. (Note.—The underlined words appearing in the Report have been printed in italics.)

In the notes included in the "Remarks" column primage duty has been disregarded.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES.				
1	Live animals, including cattle and horses	Free	Free.	
2	Animals, food for, of all kinds, n.e.i., including horse and cattle spices and condiments, proprietary or otherwise; mixed bird-seed	Free	20 per cent. ad val.	We are of the opinion that stock foods should be obtainable at the lowest possible cost and therefore recommend that the duty under the British Preferential Tariff on the goods included under item 2 be abolished. The question as to the duty on linseed-meal cake is dealt with under item 394.
3	Chaff	Free	Free	As chaff is imported practically from Australia only, and as under the existing Agreement with that country chaff is admitted free of duty, we think that no good purpose is served by retaining the existing duties under the British Preferential and General Tariff.
4	Grain and pulse, unground and unmanufactured, viz. :— (1) Maize	1s. 6d. per cental	1s. 6d. per cental	A majority of the Commission is of the opinion that the question as to the existing position of the duties on whole and ground maize is anomalous. In the tariff of 1927 it was provided that a duty of 2s. per cental should be imposed on whole maize but that ground or crushed maize should be free of duty under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.				
	Grain and pulse, unground and unmanufactured, viz.— <i>continued.</i>			We think that if a duty is imposed on whole maize the duty on ground or crushed maize should, in accordance with the usual practice, be higher than on the whole maize. We are of opinion, however, that the existing duty on whole maize is too high, and recommend that it be reduced to 1s. 6d. per cental, that the rate on ground and crushed maize under the British Preferential Tariff be fixed at 2s. per cental, and that the duty under the General Tariff should be at the rate of 3s. per cental.
	(2) Wheat	1s. 3d. per bushel	1s. 3d. per bushel	See remarks appended.
	(3) Barley—			
	(a) To be used in the <i>manufacture</i> of beer or to be used otherwise than as <i>stock food</i>	2s. per cental	2s. per cental	Representations were made to the Commission that the exemption of barley for stock food should be abolished. In view, however, of the desirability of stock foods being obtainable at the lowest possible cost, we are of opinion that the existing exemption should be maintained.
	(b) To be used as <i>stock food</i> , on declaration by the importer that it will be so used, and on such conditions as may be determined by the Minister	Free	Free	
	(4) N.e.i.	2s. per cental	2s. per cental	
5	Grain and pulse, ground or <i>manufactured</i> , viz. :—			
	(1) Barley flour, prepared	2s. 6d. per cental	2s. 6d. per cental	
	(2) Bran or pollard	Free	Free	
	(3) Maize, flaked	5s. per cental	7s. per cental	
	(4) Maize, ground or crushed but not otherwise manufactured, n.e.i.	2s. per cental	3s. per cental	See remarks under item 4 (1).
	(5) Malt, whole or ground; rice malt	5s. per cental	7s. per cental	
	(6) Oats, or oats in admixture with other grain	½d. per lb.	¾d. per lb.	
	(7) Pearl barley	½d. per lb.	¾d. per lb.	
	(8) Peas, split	½d. per lb.	¾d. per lb.	
	(9) Wheat-flour, including wheat-meal and similar preparations of wheat	£5 15s. per ton of 2,000 lb.	£5 15s. per ton of 2,000 lb.	See remarks appended.
	(10) N.e.i.	2s. 6d. per cental	2s. 6d. per cental	

Wheat and Flour.—Statement by Majority of Commission.

4—H. 28.

The Commission received a large volume of evidence with respect to the wheat and flour duties. Wheat-growing is conducted chiefly in the South Island, usually, we understand, in connection with mixed farming. It was stated in evidence that there are approximately 6,500 wheat-growers in the Dominion. For many years the rates of duty levied on these products were specific ones, but in 1927 these were replaced by the sliding scale of duties, the basis of which is that the rates rise and fall as prices outside the Dominion fall and rise. The object of these duties was to afford to the grower, after allowing for certain modifying factors, a reasonably stabilized price for his wheat, and to keep the price of bread as far as possible within reasonable limits. This system of levying duties has had some peculiar effects. The fact that the higher is the value for duty, the lower is the amount payable on importation, introduces some unusual difficulties. With regard to importations of flour, the amount payable in most instances depends on the f.o.b. export cash price and not on the current domestic value of the goods. Generally speaking, the latter value is definitely determinable, but the greatest difficulty has been experienced in ascertaining the f.o.b. export cash price of flour. The change in method of collecting duty has introduced grave difficulties into the administration, both from the points of view of the Customs Department and the public.

After considering the information available, we are of opinion that the existing system cannot long continue to be capable of administration on an ordinary commercial basis. We are satisfied that the system must break down unless authority is given to the Minister of Customs to determine the duty payable practically on each shipment. We could not take the responsibility of recommending such a course with respect to commodities like wheat and flour, and think that the existing system should be abandoned.

In considering what alternative action should be taken we would mention the following:—

(1) It seems unlikely that New Zealand will ever again be in the position of a wheat exporting country, and therefore if wheat-growing is to continue on an extensive scale, the gristing of locally grown wheat must be encouraged.

(2) To protect the wheat-grower in New Zealand it is necessary to protect both wheat and flour, since importations of either affect the grower in disposing of his product. The protection should, we think, encourage the importation of wheat rather than that of flour.

(3) If duties are to provide protection to the grower over the whole of the wheat and flour consumed in the Dominion, it is necessary that the duties should be fixed at a point high enough to ensure protection at the centre (viz., Auckland) farthest from the productive area of wheat. The result is that higher duties have to be charged over the whole of New Zealand than are necessary to protect the grower for wheat or flour consumed in the South Island.

(4) The sliding scale of duties has had the effect of diverting portion of the import trade from Australia to Canada and the United States of America, where prices are generally higher.

(5) In considering the duties which are to be levied we think that regard should be had to the duty on wheat and flour imported from Australia, from which country shipments would normally have come but for the sliding scale.

(6) The average rates of duty collected on wheat and flour imported from Australia since 1928 are shown hereunder, together with the average home consumption values of wheat and the average export values of flour:—

Year.	Wheat.		Flour.	
	Average Current Domestic Value.	Average Rate of Duty.	Average f.o.b. Export Selling-price.	Average Rate of Duty.
1928	s. d. 5 6	s. d. 1 3	£ s. d. 11 12 8	£ s. d. 4 2 4
1929	5 3	1 6	10 17 3	4 17 9
1930	4 5½	2 3½	9 8 11	6 6 1
1931	2 9	4 0	6 16 1	8 18 11
1932	3 3½	2 4¾	6 9 6	6 17 6
1933	3 8	2 0	7 9 5	5 17 7

25

H.—28.

(7) During the last few years, owing to the general economic conditions prevailing, world prices of wheat in the major producing countries have fallen to very low levels. It, however, seems unlikely that they will fall further.

(8) On the assumption that the sliding scale of duties will be abandoned, we have considered various schemes for affording protection to the wheat-grower, but are unable to suggest any practicable and satisfactory method of dealing with the matter otherwise than by a reversion to the system in force before the alterations were made in 1927. One of the objections raised to this is that when world prices fall, the grower will receive a relatively low price for his wheat, and *vice versa* when world prices rise; but we are unable to see any reason why the wheat-farmer should not, like most other primary producers, be subject to the vicissitudes of the world price-level.

(9) On the present low prices of Australian wheat and flour we estimate that duties of 1s. 3d. per bushel on wheat and £5 15s. per ton on flour would enable the grower to obtain about 3s. 10d. per bushel f.o.b. Lyttelton.

(10) On the prices in Australia during the last few years these are high duties, and they raise in our minds the question as to the wisdom from the Dominion's viewpoint of maintaining the protection for the wheat-growing industry.

(11) In discussing this aspect of the matter, we think that cognizance must be taken of the following considerations, namely—wheat-growing is not a new industry applying for the first time for tariff protection, it has been in existence for very many years; it has for a long period been accorded tariff protection, and during recent years it has at various times received assistance from the State by other means; approximately 6,500 farmers have a vital interest in the industry; it gives employment to a large number of persons; farmers' costs are enhanced by the existence of our general protective system; the wheat industry is of special importance to the wheat-growing areas of the Dominion. Our view is that in accordance with our accepted national policy respecting the tariff, protection should continue to be accorded to the wheat-growing industry.

We therefore suggest that duties at the rate of 1s. 3d. per bushel on wheat and £5 15s. per ton on flour be imposed, but that the matter be reviewed if world conditions materially change.

We show in the Appendix various particulars respecting wheat and flour.

In considering this question, there is an aspect of the matter to which we would draw attention. The evidence shows that there are about fifty flour-mills in New Zealand, yet according to the information supplied to us, two mills in the Auckland District grist over 25 per cent. of the flour consumed in the Dominion. The milling side of the industry appears to be overcapitalized, and this consideration, in conjunction with the conditions under which the duties are levied, appears to result in the price-fixing arrangements which we understand now obtain among the majority of millers in the South Island respecting the sale of flour. We have not gone fully into the matter, as we are satisfied that there are no tariff means by which the position could be dealt with, but we suggest that it should receive consideration.

APPENDIX.

(1) RETURN SHOWING FOR THE LAST TEN YEARS THE ACREAGE SOWN AND TOTAL YIELD OF WHEAT IN NEW ZEALAND, THE QUANTITY OF WHEAT AND FLOUR IMPORTED, AND THE AVERAGE RATES OF DUTY COLLECTED.

Year.	Wheat produced in New Zealand.		Imports.			Average Rate of Duty paid.	
	Acres sown.	Yield.	Wheat.	Flour.	Wheat and Flour in Terms of Wheat.	Wheat: Per Bushel.	Flour: Per Ton.
1924	173,864	Bushels. 4,174,537	Bushels. 3,548,340	Tons. 1	Bushels. 3,548,402	Nil	£ s. d. 2 10 0
1925	166,964	5,447,758	2,253,740	8,205	2,647,628	Portion, 1s. 2-4d.; balance free	3 0 0
1926	151,673	4,617,041	1,697,384	26,891	2,988,152	Portion, 1s. 2-4d.; balance free	3 0 0
1927	220,083	7,952,442	737,081	14,324	1,424,633	s. d. 1 3	3 1 4
1928	260,987	9,541,444	761,055	9,500	1,217,055	1 3	2 10 7
1929	255,312	8,832,864	254,491	9,774	723,677	1 4	2 10 6
1930	235,942	7,239,556	280,137	9,538	737,961	1 9	3 13 7
1931	249,014	7,579,153	188,794	11,321	732,202	3 6½	7 11 2
1932	268,756	6,582,698	1,361,387	13,009	1,985,819	1 7½	3 10 0
1933	302,531	11,054,972	366,741	11,152	902,037	0 11½	2 2 2½

(2) RETURN SHOWING THE QUANTITY OF WHEAT AND FLOUR IMPORTED FROM VARIOUS COUNTRIES DURING THE LAST TEN YEARS.

Calendar Year.	Wheat.					Calendar Year.	Flour.				
	Australia.	Canada.	United States, America.	Other.	Totals.		Australia.	Canada.	United States, America.	Other.	Totals.
	Bushels.	Bushels.	Bushels.	Bus.	Bushels.		Tons.	Tons.	Tons.	Tons.	Tons.
1924	3,548,340	..	..	..	3,548,340	1924	..	..	..	1	1
1925	2,241,700	11,900	128	12	2,253,740	1925	8,087	117	1	..	8,205
1926	1,588,397	74,606	34,373	8	1,697,384	1926	26,537	302	50	2	26,891
1927	729,838	7,230	10	3	737,081	1927	12,157	2,153	13	1	14,324
1928	746,596	14,450	..	9	761,055	1928	3,546	5,731	221	2	9,560
1929	158,074	96,417	..	..	254,491	1929	3,676	5,795	303	..	9,775
1930	122,175	157,850	2	110	280,137	1930	3,379	5,323	835	1	9,538
1931	56,108	130,673	2,001	12	188,794	1931	5,819	5,071	931	..	11,821
1932	1,223,722	137,665	..	..	1,361,387	1932	3,620	7,012	2,377	..	13,009
1933	162,574	204,155	..	12	366,741	1933	1,480	5,944	3,728	..	11,152

(3) RETURN SHOWING THE AVERAGE RATES OF DUTY PAYABLE ON WHEAT AND FLOUR IMPORTED FROM EACH COUNTRY SINCE 1928.

Year.	Wheat.			Year.	Flour.		
	Australia: Per Bushel.	Canada: Per Bushel.	United States, America: Per Bushel.		Australia: Per Ton.	Canada: Per Ton.	United States, America: Per Ton.
	£ s. d.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.
1928	1 3	0 9½	..	1928	4 2 4	1 13 0	1 5 10
1929	1 6	0 9½	..	1929	4 17 9	1 1 6	1 12 3
1930	2 3½	1 4	..	1930	6 6 1	2 4 3	2 9 1
1931	4 0	3 4½	2 3	1931	8 18 11	6 8 7	5 7 8
1932	2 4½	1 6	..	1932	6 17 6	2 14 6	1 3 6
1933	2 0	0 11½	..	1933	5 17 7	2 1 6	0 17 10½

Professor Murphy desires to add the following memorandum:—

While I endorse the proposals of my colleagues as preferable to the existing sliding-scale regime, which, apart from other objections to which it is subject, has become administratively impracticable, I am of opinion that import duties on wheat and flour should be abolished as soon as is practicable, by progressive reduction over a period of years.

The advantage of wheat duties to the grower is necessarily capitalized, resulting in a level of land-values higher than would prevail in the absence of such duties. As soon as the land has changed hands after this capitalization process the duty ceases to operate as an inducement to production, because it has been cancelled out in the purchase price of the land.

The duties have not stabilized the industry. They have introduced an additional element of uncertainty into an industry which, because of dependence on weather conditions and the vicissitudes of world production, is speculative at best, and that additional element is uncertainty as to the future of the tariff. This point was stressed before the Commission.

The organization and interrelations of the various sections of the industry have under the sliding scale become so complicated and precarious as to constitute a national economic nuisance. The milling side is clearly overcapitalized and the industry at present is in a dangerously unstable position. This instability is likely to persist under any system of protection, owing to the complexity of the relations between the growing of wheat and its milling into flour.

The routine of mixed farming in New Zealand is such that wheat will always be raised on land naturally adapted for it, and the suitable areas in New Zealand are relatively restricted. I see no national advantage in expanding this area by artificial means. There is no reason to suppose that local supplies of wheat cannot when necessary be supplemented from abroad if required. Indications point to a world superfluity of wheat for some years to come. This potential world surplus, if realized, will incidentally make a policy of local protection to the wheat industry more costly to the community and more difficult to carry out.

The only really impressive argument, in my opinion, for wheat and flour duties is that of national sufficiency. This argument is of negligible value. If we were effectively blockaded in time of war, the Empire losing command of the adjacent seas, the question of self-sufficiency in wheat or any other commodity would be immaterial to the ultimate consequences of such a catastrophe. Moreover, practically all our wheat is grown in the South Island, while two-thirds of the population resides in the North Island. If, therefore, the North Island were cut off from the South Island by an effective sea and/or air blockade, the policy of subsidizing an essentially South Island industry at the expense of the whole Dominion would be of no benefit to the majority of our population.

No country, in my opinion, should found its permanent tariff policy on the basis of being continuously on a war footing by complete or approximate self-sufficiency, and for a country so specialized to external trade as New Zealand it would be especially inadvisable to make the attempt. If the argument properly applies to wheat there is no reason why it should not be extended to many other commodities.

The views expressed above apply in my opinion to all cereal production in New Zealand.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.																																															
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.																																																			
6	Hops	6d. per lb.	1s. per lb.	The average f.o.b. prices of onions imported from the United States of America and Japan during 1930, 1931, and 1932 were as under :— <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">Imported from</th> <th style="text-align: center;">£</th> <th style="text-align: center;">s.</th> <th style="text-align: center;">d.</th> </tr> </thead> <tbody> <tr> <td>1930</td> <td>.. .. .</td> <td>U.S.A.</td> <td>8</td> <td>15</td> <td>0</td> </tr> <tr> <td>1931</td> <td>.. .. .</td> <td>U.S.A.</td> <td>7</td> <td>13</td> <td>0</td> </tr> <tr> <td>1932</td> <td>.. .. .</td> <td>Japan</td> <td>7</td> <td>12</td> <td>0</td> </tr> </tbody> </table> <p>Based on these figures the landed cost without freight, exchange or other charges, but with duty of £1 10s. would be—</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="text-align: center;">£</th> <th style="text-align: center;">s.</th> <th style="text-align: center;">d.</th> </tr> </thead> <tbody> <tr> <td>1930</td> <td>.. .. .</td> <td>.. .. .</td> <td>10</td> <td>5</td> <td>0</td> </tr> <tr> <td>1931</td> <td>.. .. .</td> <td>.. .. .</td> <td>9</td> <td>3</td> <td>0</td> </tr> <tr> <td>1932</td> <td>.. .. .</td> <td>.. .. .</td> <td>9</td> <td>2</td> <td>0</td> </tr> </tbody> </table> <p>The Commission has been advised that a value of £4 10s. per ton at time of harvesting would be regarded as a payable price for a fair average crop of New-Zealand-grown onions over a series of years. Hence it is considered that the rate of duty under the General Tariff should be reduced to the figure stated.</p>	Imported from			£	s.	d.	1930	U.S.A.	8	15	0	1931	U.S.A.	7	13	0	1932	Japan	7	12	0	£			s.	d.	1930	10	5	0	1931	9	3	0	1932	9	2	0
Imported from			£		s.	d.																																													
1930	U.S.A.	8	15	0																																														
1931	U.S.A.	7	13	0																																														
1932	Japan	7	12	0																																														
£			s.	d.																																															
1930	10	5	0																																														
1931	9	3	0																																														
1932	9	2	0																																														
7	Onions	£1 per ton.	£1 10s. per ton.																																																
8	Potatoes	£1 per ton	£1 per ton	<p>After considering the evidence available to the Commission we are of the opinion that duty under the British Preferential Tariff should be fixed at 20 per cent. ad val.</p> <p>Representations were made to the Commission respecting the duty on certain goods coming under this item. It is not considered that any alteration in the existing rates is warranted.</p> <p>The Commission is of opinion that the rate of duty under the British Preferential Tariff can be reduced to 2d. per lb. without adversely affecting the New Zealand growers or manufacturers.</p>																																															
9	Seeds, viz. :— Canary-grass seed, hemp-seed, linseed, lucerne-seed, maw-seed, millet-seed, sorghum-seed, unmixed	Free	Free																																																
10	Solid wort	6d. per lb.	6d. per lb.																																																
11	Vegetables, viz. :— (1) <i>Preserved</i> peas in tins or <i>similar</i> containers including the weight of any liquid	20 per cent. ad val.	45 per cent. ad val. or 2½d. per lb., whichever rate returns the higher duty																																																
	(2) Fresh, dried, or preserved, n.e.i.	20 per cent. ad val.	45 per cent. ad val.																																																
12	Aerated waters, and <i>beverages</i> , n.e.i.	20 per cent. ad val.	40 per cent. ad val.																																																
13	Mineral waters, being <i>beverages</i> , aerated or otherwise	20 per cent. ad val.	20 per cent. ad val.																																																
14	Chicory	2d. per lb.	4d. per lb.																																																

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>				
15	Cocoa-beans, raw	Free	½d. per lb.	
16	Cocoa and chocolate, viz. :— (1) <i>Cocoa</i> ; also cocoa-beans roasted or crushed .. (2) Chocolate ; also cocoa or chocolate mixed with milk or with any other food substance	3d. per lb. 20 per cent. ad val.	6d. per lb. 45 per cent. ad val.	The duty on the goods included under this item was considered in connection with the confectionery industry. The Commission is satisfied that the same rates of duty should be levied on these goods as on confectionery.
17	Coffee, raw	Free	1d. per lb.	
18	Coffee, roasted	2d. per lb.	5d. per lb.	The Commission, after investigating the matter fully, is satisfied that duty on roasted coffee under the British Preferential Tariff should be reduced to 2d. per lb.
19	Coffee, essence of, and essence of coffee mixed with milk or with any food substance whatsoever	10 per cent. ad val.	30 per cent. ad val.	Application was made by certain importers that the British Preferential Tariff rate should be reduced to 10 per cent. On the other hand, the New Zealand manufacturers asked that the present rate should be maintained. After reviewing the evidence, the Commission considers that the rate of duty under the British Preferential Tariff should be fixed at 10 per cent. ad val.
20	Fruit-juices unsweetened, in containers having a capacity of 1 gallon or over	Free	Free	Applications were received from New Zealand producers and manufacturers for protection on certain products included under item 20 and for increased duty on the goods included under items 21 and 22. After considering the matter, the Commission thinks that the existing position should be maintained.
21	Fruit-juices unsweetened, in containers having a capacity of less than 1 gallon ; fruit-juices sweetened ; syrups n.e.i. ; raspberry-vinegar, sweetened	20 per cent. ad val.	40 per cent. ad val.	
22	Citrus-fruit pulps (including fruit-juices containing such percentage of citrus-fruit pulp as may be determined by the Minister) sweetened or unsweetened, in bulk or otherwise	20 per cent. ad val.	45 per cent. ad val.	
23	Tea, in bulk—viz., in packages of 5 lb. or over net weight of tea	3d. per lb.	5d. per lb.	
24	Tea n.e.i.	5d. per lb.	7d. per lb.	
25	Bacon and hams	2d. per lb.	4d. per lb.	
26	Biscuits, ships' plain and unsweetened ; also dog-biscuits	3s. per cwt.	4s. per cwt.	
27	Biscuits, other kinds	15 per cent. ad val.	40 per cent. ad val.	The industry of manufacturing biscuits in New Zealand is conducted efficiently, and after allowing for internal costs of distribution it is left with a relatively high natural margin of freight protection. It is considered that the duty under the British Preferential Tariff should be reduced to 15 per cent. ad val.
28	Blue	1d. per lb.	2d. per lb.	
29	Candles, being <i>night-lights</i> , or <i>tapers</i>	1½d. per lb.	2½d. per lb.	

30	Candles n.e.i. (NOTE.—Candles n.e.i., in packages of a net weight of 8 oz. or less, shall be charged as half-pounds; in packages of a net weight exceeding 8 oz. but not exceeding 16 oz., as pounds; and so on for packages of greater weight.)	1½d. per lb.	2½d. per lb.
31	Cocoa or cacao butter, coconut butter, and other vegetable butters or fats	Free	Free
32	Confectionery including medicated confectionery, liquorice n.e.i., and sugared or crystallized fruits	20 per cent. ad val.	45 per cent. ad val.
33	Lard, stearine, and refined animal fats, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
34	Stearine, on declaration that it will be used only in the manufacture of candles, matches, soaps, leather, or other articles approved by the Minister	¾d. per lb.	1d. per lb.
35	Fish, viz. :— (1) Anchovies, salted, in casks or other containers capable of holding 28 lb. net or over (2) Fish, fresh, smoked, dried, pickled, salted, preserved by cold process, or preserved by sulphurous acid, n.e.i. (3) Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce (NOTE.—The term "fish" is used in the Tariff in its widest sense, and includes shell-fish, crustaceans, and other foods obtained from the fisheries.)	Free 10s. per cwt. 1¾d. per lb.	Free 15s. per cwt. 3d. per lb.
36	Fruits, dried—viz. :— (1) Currants, dates, figs, prunes (2) Raisins (3) Apples (4) N.e.i.	Free Free 1d. per lb. Free	Free 1d. per lb. 3d. per lb. 2d. per lb.
37	Fruits, fresh—viz. :— (1) Apples and pears (2) Apricots, cherries, grapes, medlars, nectarines, passion-fruit, peaches, plums, quinces, tomatoes (3) Lemons (No duty exceeding 1d. per lb. shall be levied on any lemons on and from 1st December up to and including 31st May.) (4) Blackberries, currants, gooseberries, raspberries, and strawberries (5) Bananas, grape-fruit, mandarins, and oranges .. (6) N.e.i.	1d. per lb. 2d. per lb. 1d. per lb. ¾d. per lb. Free Free	1½d. per lb. 2d. per lb. 2d. per lb. ¾d. per lb. 1d. per lb. Free

This industry is carried on very efficiently in New Zealand. After considering the evidence submitted to the Commission, including the production costs in New Zealand and the United Kingdom, we are of opinion that the rate of duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.

The rate of duty under item 35 (3) is, for practical purposes a revenue duty, and it is considered that the duty on potted and preserved fish imported from the United Kingdom should be at the same rate as that on preserved salmon, viz., 1¾d. per lb.

The Commission considers that a duty of 1d. per lb. on dried apples under the British Preferential Tariff should be sufficient for the industry. The importations during recent years have been negligible. So far as the Commission is aware, no other fruits are likely to be dried in New Zealand, and to keep the cost of these commodities at as low a figure as possible to the consumer we are of opinion that they should be admitted free under the British Preferential Tariff.

31

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>				
38	Fruit-pulp, partially preserved fruit, fruit preserved by sulphurous acid, crushed fruit, minced fruit, fruit pastes, unsweetened and n.e.i.	1½d. per lb.	1½d. per lb.	
39	Fruits preserved in juice or syrup (Fruits preserved in juice or syrup, fortified with alcohol to any extent exceeding 40 per cent. of proof spirit, shall be charged 40s. per liquid gallon on such juice or syrup, in addition to the appropriate duty on the total value of the goods.)	25 per cent. ad val.	50 per cent. ad val.	The rates of duty at present levied on fruits preserved in juice or syrup are— Under the British Preferential Tariff 25 per cent. Under Trade Agreement with Australia (except pine-apples and prunes) 35 per cent. Under General Tariff 50 per cent. (plus surtax). It is considered that under normal conditions these duties are sufficient protection for these products. Statements have been made that the local industry is prejudiced by special concessions granted in Australia. The Commission considers that such matters which are of a temporary and changing nature should not be dealt with by means of an amendment of the permanent tariff. If the Government decides that some steps should be taken to meet such abnormal conditions the Commission is of opinion that this should be done by some means outside the tariff.
40	Trees and plants, viz. :— (1) Fruit trees and plants, viz., apple, apricot, black-berry, cherry, currant, gooseberry, lemon, lime, logan-berry, nectarine, orange, peach, pear, plum, quince, and raspberry (2) Flowering trees and plants, viz., rose	Free	20 per cent. ad val.	(1) Fruit trees—The Commission considers that in the interests of the fruit-growing industry of New Zealand fruit trees should be available at the lowest possible cost. (2) Flowering trees, &c.—It is considered advisable that the duty should be removed. The importations of rose-trees during the last few years have been negligible. No representations were made to the Commission respecting this matter.
41	Glucose, grape sugar, and caramel	Free	Free	Representations were made to the Commission with respect to the exemption of glucose under the General Tariff. As this article is one of the raw materials for the industries of New Zealand, it is not considered that any duty should be charged thereon.
42	Honey	1d. per lb.	3d. per lb.	It is considered that the rate of duty under the British Preferential Tariff should be reduced to 1d. per lb. The importations into New Zealand during recent years have been negligible.
43	Infants' and invalids' foods, as may be approved by the Minister	Free	10 per cent. ad val.	
44	Gluten flour	Free	Free	

45	Jams, jellies, marmalade, and preserves	1d. per lb. on the actual or reputed weight, whichever is the greater	4d. per lb. on the actual or reputed weight, whichever is the greater
46	Jellies, concentrated	10 per cent. ad val.	30 per cent. ad val.
47	Macaroni, vermicelli, spaghetti, egg-noodles, and similar alimentary pastes, n.e.i.	Free	25 per cent. ad val.
48	Malt-extract, malt-extract with cod-liver oil, and similar preparations containing malt-extract	2d. per lb., or 20 per cent. ad val., whichever rate returns the higher duty	4d. per lb., or 40 per cent. ad val., whichever rate returns the higher duty
49	Meats, potted or preserved	20 per cent. ad val.	45 per cent. ad val.
50	Milk or cream, preserved, evaporated, or dried, and including any of the foregoing in combination with casein, sugar of milk, or other milk product	20 per cent. ad val.	40 per cent. ad val.
51	Mustard	Free	2d. per lb.
52	Nuts, and preparations thereof, viz. :— (1) Almonds and nuts, all kinds, shelled or unshelled, n.e.i. (2) Almond-, or nut-, pastes, meals, and similar preparations, n.e.i., not being animal foods (3) Desiccated coconut, sweetened or unsweetened .. (4) Walnuts, shelled or unshelled	Free Free Free 2d. per lb.	Free 3d. per lb. Free 2d. per lb.
53	Capers, caraway-seeds, caviare, cayenne pepper, curry-powder, curry-paste, olives, ground turmeric	20 per cent. ad val.	20 per cent. ad val.
54	Candied peel, and drained peel	2d. per lb.	4d. per lb.
55	Matches and vestas, viz. :— (1) Wax, in boxes containing not more than 60 matches or vestas (2) Wax, in boxes containing more than 60 matches or vestas, but not more than 100	9d. per gross of boxes 1s. 1½d. per gross of boxes	1s. 9d. per gross of boxes 2s. 7½d. per gross of boxes

Representations were made with respect to the duty on jams, jellies, and marmalade both by United Kingdom and New Zealand manufacturers. After a consideration of the evidence, the Commission is of opinion that the rate of duty under the British Preferential Tariff should be reduced to 1d. per lb. This will conform with the terms of the Ottawa Agreement and should be satisfactory to both the New Zealand industry of manufacturing jams, &c., and the dependent industry of fruitgrowing. It is considered that the duty on preserves under the British Preferential Tariff should also be fixed at 1d. per lb.

From the evidence available to the Commission we are of opinion that the duty under the British Preferential Tariff should be reduced to 10 per cent. ad val.

The Commission has carefully considered the evidence submitted by the New Zealand manufacturers and by representatives of United Kingdom manufacturers. We are of opinion that the rates of duty at present in operation should remain.

Considerable evidence was obtained with respect to this product. The Commission is of opinion that duty under the British Preferential Tariff should be reduced to 20 per cent. ad. val.

Evidence was received with respect to these commodities. After considering the information available, the Commission is of opinion that the duty under the British Preferential Tariff should be reduced to 2d. per lb.

The manufacture of wax matches has been carried on in New Zealand for many years; the manufacture of wooden matches has only recently commenced. The industry is an efficient one. Evidence produced to the

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.	
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>					
	<i>Matches and vestas, viz.—continued.</i>				
	(3) Wax, in boxes containing over 100 matches or vestas, for each 100 matches or vestas or fraction thereof contained in one box	1s. 6d. per gross of boxes	3s. 6d. per gross of boxes	Commission shows that the manufacturers are making relatively large profits and it is considered that it is in the interest of the general community that the duty should be reduced. We are of opinion that the industry can function satisfactorily if the lower duties are adopted. No representations were made to the Commission by United Kingdom manufacturers of matches.	
	(4) Wooden, in boxes containing not more than 60 matches or vestas	9d. per gross of boxes	1s. 9d. per gross of boxes		
	(5) Wooden, in boxes containing over 60 matches or vestas, for every 100 matches or vestas or fraction thereof contained in one box	1s. 6d. per gross of boxes	3s. 6d. per gross of boxes		
	(6) Matches or vestas, of any material other than wood or wax, in boxes, shall be charged with a duty corresponding to the duty payable on wooden matches.				
	(7) Matches, or vestas, n.e.i. (Boxes made of gold, silver, metal, wood, or other material, of permanent value when empty, shall be charged as jewellery or fancy goods, in addition to the duty payable on any matches contained therein.)	2d. per 1,000 matches or vestas	4d. per 1,000 matches or vestas		
56	Pickles	20 per cent. ad val.	40 per cent. ad val.		After an examination of the evidence, the Commission is satisfied that the rates of duty should be reduced to 20 per cent. under the British Preferential Tariff and to 40 per cent. under the General Tariff. These duties should enable the industry to be efficiently carried on in New Zealand. The imports during recent years have been relatively small.
57	Sauces ; chutney ; soy, and catsup, in vessels of 10 gallons capacity and under	2s. per gal.	6s. per gal.			The industry is an efficient one, and the Commission is of opinion that it can compete with the imported commodity if the rates of duty are reduced to the figures stated.
58	Soy, and <i>catsup</i> , in vessels exceeding 10 gallons capacity	Free	Free		
59	Passover bread ; altar bread	Free	Free		
60	Egg pulp and white or yolk of eggs, whether desiccated, liquid, frozen, or other, also any <i>similar</i> preparation of egg	25 per cent. ad val., or 4d. per lb., whichever rate returns the higher duty	45 per cent. ad val., or 8d. per lb., whichever rate returns the higher duty		

61	Provisions, viz. :— (1) Soups ; spaghetti and similar alimentary pastes, cooked, whether or not in combination with other food substances ; custard-powder, egg-powder, blanc-mange powder (2) N.e.i.	10 per cent. ad val. 20 per cent. ad val.	35 per cent. ad val. 45 per cent. ad val.	Representations were made to the Commission by United Kingdom manufacturers with respect to the duty on custard-powder and soup squares. The Commission, after receiving the information available, is of opinion that the duty on these and similar products under the British Preferential Tariff should be reduced to 10 per cent. ad val. and that a similar rate of duty should be levied on spaghetti and similar alimentary pastes, cooked, whether or not in combination with other food substances ; also egg-powder and blanc-mange powder. It is considered that the rate of duty on other provisions covered by the tariff item should remain as at present.
62	Rice, dressed or undressed ; rice-meal refuse and rice-meal	Free	Free	
63	Soap, all kinds ; soap-powder, extract of soap, dry soap, soft-soap, liquid soap, soap solutions ; washing or cleansing powders, crystals, pastes or liquids, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	Representations were made to the Commission with respect to the duty on soap. The industry of manufacturing this commodity is an efficient one. It utilizes a large quantity of New Zealand material and employs a considerable number of persons. After considering the evidence, we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.
64	Salt	Free	25 per cent. ad val.	The Commission has gone into the question as to the rate of duty to be charged on salt under the General Tariff. This article is largely used in the dairy and other industries, and it is considered that a preference of 25 per cent. ad val. should be a sufficient margin for United Kingdom manufacturers.
65	Spices, unground, viz. :— (1) Cinnamon, cloves, ginger, mace, nutmeg, pepper, and vanilla (2) N.e.i.	Free	10 per cent. ad val.	
66	Spices, ground, n.e.i., including pepper, pimento, and olive-stones, ground	Free 1d. per lb.	Free 2d. per lb.	The Commission has fully examined the evidence and it is considered that duty under the British Preferential Tariff should be reduced to 1d. per lb. The importations during recent years have been relatively small.
67	Confectioners' moulding-starch ; potato flour ; rice flour ; arrowroot ; sago ; tapioca ; maizena ; cornflour	Free	1d. per lb.	No representations were made to the Commission with respect to articles included under tariff item 67 (1). These duties were imposed to encourage the packeting of goods in New Zealand. The Commission is of opinion that such duties imposed on essential foodstuffs are not in the best interests of the public. We are accordingly of opinion that the duties under the British Preferential Tariff on these products should be abolished. An application was received for the imposition of a duty of ½d. per lb. on ground rice in bulk. The Commission considers that this request should not be granted.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued.</i>				
68	Starch n.e.i.	1d. per lb.	2d. per lb.	The evidence obtained by the Commission with respect to this article satisfies them that the duty under the British Preferential Tariff should be reduced to 1d. per lb.
69	Sugar, of Number 22 colour, or <i>over</i> (Dutch Standard); invert sugar and invert syrup	1½d. per lb.	1½d. per lb.	
70	(1) Sugar n.e.i.; treacle, golden syrup, maple-sugar, and maple-syrup	1d. per lb.	1d. per lb.	
71	(2) Molasses	Free	Free	The industry of manufacturing sugar of milk is an important one from the point of view of the dairy industry since it is made from whey, a residual product from the manufacture of cheese. Competition comes from foreign sources. It is considered that sugar of milk, under the existing items 72 and 73, should be admitted free under the British Preferential Tariff and that a duty of 25 per cent. ad val. should be imposed under the General Tariff.
71	Treacle or molasses, mixed with bone-black in proportions to the satisfaction of the Minister	Free	Free	
72 } 73 }	Sugar of milk	Free	25 per cent. ad val.	
CLASS II.—TOBACCO.				
74	Cigarettes n.e.i.	25s. 6d. per 1,000	25s. 6d. per 1,000	Cigarettes and tobacco— See statement appended.
75	Cigarettes, exceeding in weight 2½ lb. per 1,000 ..	10s. 6d. per lb.	10s. 6d. per lb.	
76	Cigars, including the weight of every band, wrapper, or attachment, to any cigar	12s. per lb.	14s. per lb.	
77	Snuff	12s. per lb.	12s. per lb.	
78	Omitted.			
79	Tobacco, cut, n.e.i.	6s. 10d. per lb.	6s. 10d. per lb.	
80	Tobacco n.e.i., including the weight of every label, tag, or other attachment	6s. 8d. per lb.	6s. 8d. per lb.	
81	Tobacco unmanufactured, entered to be manufactured in New Zealand in any licensed tobacco-factory, for manufacturing purposes only, into tobacco, cigars, cigarettes, or snuff	Free	Free	
82	Tobacco for sheep-wash, or for insecticide, after being rendered unfit for human consumption to the satisfaction of the Minister	Free	Free	

74-81. *Tobacco and Cigarettes*.—The Commission has given consideration to the tobacco growing and manufacturing industries. The existing duties serve the dual purpose of assisting both these industries. The import duties on tobacco leaf, tobacco and cigarettes are as under :—

Tariff Item.	Goods.	Rate of Duty.	
		British Preferential Tariff.	General Tariff.
74	Cigarettes n.e.i.	33s. 9d. per 1,000	33s. 9d. per 1,000.
75	Cigarettes, exceeding in weight 2½ lb. per 1,000 ..	13s. 9d. per lb.	13s. 9d. per lb.
78	Tobacco, <i>fine cut</i> , suitable for the manufacture of cigarettes	13s. 3d. per lb.	13s. 3d. per lb.
79	Tobacco, cut, n.e.i.	6s. 10d. per lb.	6s. 10d. per lb.
80	Tobacco n.e.i., including the weight of every label, tag, or other attachment	6s. 8d. per lb.	6s. 8d. per lb.
81	Tobacco, unmanufactured, entered to be manufactured in New Zealand in any licensed tobacco-factory, for manufacturing purposes only, into tobacco, cigars, cigarettes, or snuff	2s. 6d. per lb.	2s. 6d. per lb.

The following are the excise duties :—

Tobacco, cut	4s. 0½d. per lb.	Other tobacco	3s. 10½d. per lb.	Cigarettes—Not exceeding in weight 2½ lb. the thousand .. 23s. 4d. per thousand. Exceeding in weight 2½ lb. the thousand .. 9s. 4d. per lb.
Tobacco, <i>fine cut</i> , suitable for the manufacture of cigarettes	9s. 2d. per lb.	Cigars and snuff	5s. 6d. per lb.	

The following particulars respecting the industries are interesting :—

Calendar Year.	Imported Leaf Tobacco.		New-Zealand-grown Leaf Tobacco.		Tobacco, Cigars, and Cigarettes entered for Home Consumption.			Amount of Revenue lost through Protection afforded to the Industry of growing Tobacco in New Zealand.
	Quantity imported.	Quantity used in Manufacture.	Delivered to Manufacturers.	Used in Manufacture.	Imported.	New Zealand made.	Totals.	
	lb.	lb.	lb.	lb.	lb.	lb.	lb.	£
1928	1,138,455	749,523	714,255	382,266	3,678,186	1,119,791	4,797,977	38,848
1929	1,402,644	1,095,362	794,152	543,483	3,469,160	1,557,204	5,026,364	55,006
1930	2,300,853	1,827,967	809,793	722,249	2,713,487	2,372,312	5,085,799	87,251
1931	1,916,310	1,909,178	951,216	921,290	1,826,770	2,827,730	4,654,500	141,376
1932	1,739,139	1,964,116	1,636,739	950,090	1,534,204	2,934,214	4,468,418	124,699
1933	2,121,824	2,200,850	2,400,497	1,170,663	1,201,626	3,279,766	4,481,392	153,650

Tobacco is at present grown chiefly in the Nelson province. According to the information supplied to the Commission, the number of growers in that district is at present about 650. There are a number of growers in other districts. The figures are not available, but we have assumed that the total number in New Zealand does not exceed 800. On these figures it would appear that the concession in duty works out at about £192 per grower.

It is generally recognized that tobacco-leaf will continue to be imported for use in manufacture in New Zealand. Hence the possibility of the extension of the industry would appear to be limited.

The existing duty on tobacco-leaf is at the rate of 2s. 6d. per lb. If this rate had been in force during the last four years it would, according to the statistical particulars of importations, have been equivalent to an *ad valorem* duty of over 130 per cent. Notwithstanding this protective duty, the average prices received by the growers, according to the information supplied to us, during the last four years have been as under:—

Flue cured 1s. 11d. per lb. Air dried 1s. 6d. per lb.

This difference is, we understand, absorbed partly by reduced prices of tobacco made in New Zealand containing local leaf and partly by increased profits to the manufacturers. Of the two principal manufacturers the annual accounts of one only are published. These show that very large profits have been made.

So far as can be seen there does not appear to be any reasonable prospect of the exportation of tobacco-leaf taking place on a profitable basis.

The Commission, after considering the matter fully, has come to the conclusion that under existing conditions the industry of growing tobacco as at present conducted is not an economic one and cannot be satisfactorily dealt with by any means within the tariff. If it is considered that assistance should be continued for the industry it is thought that this should be afforded by some method outside the tariff.

The recommendations made relate, therefore, only to the duties on imported tobacco, cigars, and cigarettes, and the manufacture of the same from imported leaf and have been arrived at after consideration of all the evidence and information available.

The existing duties on cigarettes are considered to be too high from the revenue producing point of view. The following figures show the quantity of manufactured tobacco and cigarettes which have been entered for home consumption during the last six years:—

Calendar Year.	Tobacco, Manufactured.			Cigarettes.			Total Tobacco and Cigarettes.
	Imported.	New Zealand made.	Total.	Imported.	New Zealand made.	Total.	
	lb.	lb.	lb.	lb.	lb.	lb.	lb.
1928 ..	2,273,438	743,554	3,016,992	1,377,795	370,044	1,747,839	4,764,831
1929 ..	2,195,156	967,033	3,162,189	1,248,577	583,924	1,832,501	4,994,690
1930 ..	1,716,990	1,611,643	3,328,633	977,120	754,952	1,732,071	5,060,704
1931 ..	1,189,608	2,209,083	3,398,691	628,845	614,511	1,243,356	4,642,047
1932 ..	1,032,955	2,412,416	3,445,371	497,080	518,003	1,015,083	4,460,454
1933 ..	788,408	2,618,753	3,407,161	408,195	657,310	1,065,505	4,472,666

It will be seen that, whereas in 1928 and 1929 cigarettes formed about 37 per cent. of the total quantity shown above, in 1932 and 1933 they represented only about 23 per cent. of the total. The duties on cigarettes were increased in 1930 and we are of opinion that they should now be reduced to the rates recommended.

It is considered that a large amount of revenue has been lost to the Dominion through the development of the practice by private persons of rolling their own cigarettes from tobacco which has been entered as cut tobacco.

An attempt was made to overcome this by imposing a higher duty on fine cut tobacco suitable for the manufacture of cigarettes than on ordinary cut tobacco. This, however, has not proved effective, and we think that an attempt should be made to meet the difficulty by imposing a special duty on cigarette papers at the rate of 1½d. per 60 cigarette papers under the British Preferential Tariff and at 1½d. per 60 cigarette papers under the General Tariff.

It is considered that the manufacture of cigarette papers in New Zealand is not a suitable one for this country and it is suggested that an excise duty should be imposed on such papers at the same rate as on imported cigarette papers under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES.				
83	Ale, beer of all sorts, porter, cider, and perry, when containing more than 2 per cent. of proof spirit; per gallon, or for six reputed quart bottles or the reputed equivalent in bottles of a larger or smaller reputed capacity	2s.	3s.	The minimum excise duty on beer brewed in New Zealand is 1s. 6d. per gallon. The Commission considers that a tariff protection of 6d. per gallon is required under the British Preferential Tariff.
84	<p>Spirits, viz. :—</p> <p>(1) Cordials, bitters, and liqueurs, when exceeding the strength of 40 per cent. of proof spirit, but not exceeding the strength of proof</p> <p>(2) Cordials, bitters, and liqueurs, when exceeding the strength of proof</p> <p>(3) Spirits, and spirituous mixtures, the strength of which can be ascertained by Sykes' hydrometer or other similar instrument, viz. :—</p> <p>(a) <i>Rum</i></p> <p>(b) Other kinds</p> <p>(No allowance beyond 25 under proof shall be made for spirits or spirituous mixtures of a strength less than 25 under proof.)</p> <p>(4) Spirits, and spirituous mixtures, sweetened, n.e.i., when not exceeding the strength of proof</p> <p>(5) Spirits, and spirituous mixtures, sweetened, n.e.i., when exceeding the strength of proof</p> <p>(NOTE.—Spirits, and spirituous mixtures, in bottles or jars in cases, shall be charged as follows—viz. : 2 gallons and under as 2 gallons, over 2 gallons and not exceeding 3 as 3 gallons, over 3 gallons and not exceeding 4 as 4 gallons, and so on for any greater quantity contained in any case : provided that with the sanction of the Collector the foregoing provision need not be applied to absolute alcohol, spirits of wine, spirits for scientific, medicinal, perfumery, or toilet purposes, or to trade samples.)</p> <p>(6) Spirits, and spirituous mixtures, containing more than 40 per cent. of proof spirit, but not exceeding the strength of proof, in combination with other ingredients</p> <p>(7) Spirits, and spirituous mixtures, exceeding the strength of proof, in combination with other ingredients</p>	<p>40s. per liquid gal.</p> <p>40s. per proof gal.</p> <p>40s. per proof gal.</p> <p>40s. per proof gal.</p> <p>40s. per liquid gal.</p> <p>40s. per proof gal.</p> <p>40s. per liquid gal.</p> <p>40s. per proof gal.</p> <p>40s. per liquid gal.</p> <p>40s. per proof gal.</p>	<p>40s. per liquid gal.</p> <p>40s. per proof gal.</p> <p>44s. per proof gal.</p> <p>40s. per proof gal.</p> <p>40s. per liquid gal.</p> <p>40s. per proof gal.</p> <p>40s. per liquid gal.</p> <p>40s. per proof gal.</p>	<p>These are revenue duties and the Commission considers that for this reason they should be maintained.</p> <p>At the same time, they consider that the allowance, which is at present limited to 16·5 for under-proof spirits, should be reduced to 25. Since this allowance was fixed the strength of case spirits imported into New Zealand has been considerably reduced.</p>

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES— <i>continued.</i>				
85	Spirits for fortifying New Zealand wines, when removed to a storeroom approved by the Collector, and under conditions prescribed by the Minister	18s. per proof gal.	18s. per proof gal.	
86	Perfumed spirits including Cologne water	70s. per liquid gal., or 25 per cent. ad val., whichever rate returns the higher duty	90s. per liquid gal., or 50 per cent. ad val., whichever rate returns the higher duty	
87	Spirits denatured to the satisfaction of the Minister but wholly or partly denatured before importation	6d. per liquid gal., not including the denaturing material (if any) added after importation	1s. per liquid gal., not including the denaturing material (if any) added after importation	As denatured spirits are necessary for industrial purposes, it is considered that when denatured in New Zealand they should be admitted free, and that a corresponding reduction should be made in the duty on imported denatured spirits.
88	Spirits <i>wholly</i> denatured in New Zealand under prescribed conditions	Free	Free	
89	Alcohol, and denatured spirit, for use in museums, universities, hospitals, and similar institutions, or for other scientific or educational purposes, in such quantities and for such purposes and under such conditions as may be approved by the Minister	Free	Free	
90	Wine containing not more than 40 per cent. of proof spirit, viz. :— (1) Sparkling, all kinds; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity (2) Other kinds; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity	10s. 4s.	15s. 6s.	The Commission is of opinion that the rates of duty on such wines as are admissible under the British Preferential Tariff should be at the same rates as Australian wines and that, when convenient, the rates on South African wines should be increased to the same basis.
91	Wine of any kind containing more than 40 per cent. of proof spirit	40s. per liquid gal.	40s. per liquid gal.	
CLASS IV.—DRUGS; CHEMICALS; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS.				
92 } 93 }	Acid, acetic, n.e.i.; acetic anhydride	Free	20 per cent. ad val.	No representations were made to the Commission by New Zealand manufacturers for the maintenance of the present duties. As acetic acid is a raw material for New Zealand industries, it is considered that it should be admitted free under the British Preferential Tariff.
94	Vinegar; acetic acid containing not more than 15 per cent. of acidity	3d. per gal.	6d. per gal.	
				From the evidence obtained by the Commission they are of opinion that the duty under the British Preferential Tariff should be reduced to 3d. per gal.

95	Acids—viz., <i>inorganic</i> acids, n.e.i. ; also benzoic, carbolic, citric, formic, gallic, lactic, oleic, oxalic, picric, pyrogallic, pyroligneous (<i>crude</i>), salicylic, tannic, and tartaric acids	Free	Free
96	<i>Anti-incrustation, boiler, and other similar compounds</i> . . .	Free	Free
97	Bacteriological products, including viruses, sera, serum extracts, vaccines, antigens, and preparations containing such substances, as may be approved by the Minister	Free	Free
98	Baking-powder ; yeast, and similar preparations ; yeast foods	10 per cent. ad val.	30 per cent. ad val.
99	<i>Chemicals, and chemical preparations, n.e.i., including photographic chemicals n.e.i.</i>	20 per cent. ad val.	45 per cent. ad val.
100	Chloroform ; ethyl ether ; other general or local anaesthetics, as may be approved by the Minister ; creosote refined ; camphor, creosol, guaiacol, iodoform, menthol, mercurochrome, naphthols, resorcin, thymol, thymol iodide, and such other substances specially suited for use as antiseptics as the Minister may approve	Free	20 per cent. ad val.
101	Cream of tartar ; cream-of-tartar substitutes—viz., acid calcium phosphate, acid phosphate of soda, pyrophosphate of soda, mixtures of the foregoing with one another or with any other substance, and <i>similar</i> cream-of-tartar substitutes	Free	20 per cent. ad val.
102	Crude distillates of coal-tar or wood ; creosote, <i>crude or commercial</i> ; tar	Free	Free
103	Dextrine n.e.i.	Free	Free
104	<i>Disinfectants</i> n.e.i., including coal-tar acids in combination with alkalis to form solutions which will give saponaceous disinfectants upon the addition of water ; sheep-dip ; weed- and scrub-killing preparations	Free	10 per cent. ad val.
105	Drugs and chemicals, viz. :— Acetone ; amyl alcohol ; butyl alcohol ; bromine ; calcium carbide ; carbon bisulphide ; carbon tetrachloride and other chlorides of carbon ; chlorinated hydrocarbons n.e.i. ; catechu ; chlorinated lime ; cochineal ; formic aldehyde, and solutions thereof ; fusel-oil ; gall-nuts ; hydrogen peroxide ; iodine ; liquorice in blocks of 7 lb. net and over, or soft liquorice extract in bulk in vessels capable of containing 7 lb. net or over ; phosphorus ; pyridine ; quinine, and salts of quinine ; saffron ; strychnine, and salts of strychnine ; sulphur ; turmeric, unground ; wood-naphtha, <i>commercial</i> ; nicotine and its salts	Free	Free
106	Drugs, chemicals, and other substances, as may be approved by the Minister, entered to be warehoused in a manufacturing warehouse for the purpose of making therein, according to approved formulae, medicinal preparations, perfumery, toilet preparations or <i>similar</i> articles	Free	Free
107	Drugs, chemicals, and other substances, as may be enumerated by the Minister, specially suited for use as culture media, stains for use in microscopic work, or as indicators for chemical analysis or scientific investigation	Free	Free

After considering the evidence available to the Commission, we consider that the duty under the British Preferential Tariff should be reduced to 10 per cent.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IV.—DRUGS ; CHEMICALS ; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS— <i>continued.</i>				
108	Drugs, crude, not powdered, and unsuited for use as foods, or in the manufacture thereof—viz., barks, woods, twigs, leaves, herbs, flowers (except hops), roots, corms, gums, resins, balsams, inspissated juices (including opium), seeds, fruits, fruit-rinds, pitch, cantharides, ergot	Free	Free	
109	Drugs, crude—viz., carrageen or Irish moss	Free	Free	
110	Dyes, <i>manufactured</i> ; non-spirituuous solutions of natural or artificial colours or dyes, for colouring confectionery or beverages, and not being culinary- or flavouring-essences	Free	10 per cent. ad val.	
111	Dyeing-materials n.e.i.	Free	Free	
112	Essences, culinary or flavouring, containing more than 40 per cent. of proof spirit	40s. per liquid gal.	40s. per liquid gal.	
113	Essences, culinary or flavouring, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
114	Essences, synthetic—viz., amyl acetate, amyl butyrate, amyl capronate, amyl formate, amyl isovalerate, benzaldehyde, ethyl acetate (acetic ether), ethyl benzoate, ethyl butyrate, ethyl formate, methyl benzoate, methyl salicylate, oenanthic ether; and <i>similar</i> acids, alcohols, aldehydes, esters, ethers, ketones, phenols, or other similar substances, suitable for the manufacture of culinary or flavouring essences or perfumes, as may be approved by the Minister	Free	20 per cent. ad val.	
115	Essential oils	Free	Free	
116	Gases, liquefied or compressed, viz. :— (1) Anhydrous ammonia (2) Carbon dioxide or carbonic acid gas (3) N.e.i.	Free 1d. per lb. Free	4d. per lb. 3d. per lb. Free	Representations were made to the Commission respecting the protection to be granted on anhydrous ammonia. In view of its importance to the industries of New Zealand, it is not considered that the duty should be increased. Representations were also made by the manufacturers that the duty on carbon dioxide under the British Preferential Tariff should be increased. After considering the evidence available, we are of opinion that the industry does require additional protection.
117	Glycerine, crude or refined	Free	20 per cent. ad val.	
118	Gums and resins—viz., arabic, benzoin, dammar, tragacanth, and Indian gum; shellac	Free	Free	
119	Insecticides, and fungicides, for agricultural uses; tree-washes; powdered pyrethrum flowers or Dalmatian powder, powdered hellebore, and derris root; powdered, in packages of not less than 5 lb. net weight; <i>concentrated</i> extracts of pyrethrum and of derris root, also mixtures of such concentrated extracts	Free	Free	

120	(1) Insulin; preparations made from animal glands or tissues as may be approved by the Minister	Free	Free
	(2) Preparations made from liver, pancreas, pituitary gland, or thyroid gland, in combination with other substances	Free	20 per cent. ad val.
	(3) Vitamins, vitamin concentrates, and mixtures of such substances	Free	20 per cent. ad val.
121	(1) Medicinal preparations (except wines) containing 50 per cent. of proof spirit or less; medicinal preparations, drugs, druggists' sundries, and apothecaries' wares, n.e.i.; also aerated-water makers', cordial-makers', and brewers' drugs, chemicals, and other sundries, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
	(2) Medicinal preparations n.e.i., packed in hermetically sealed glass vessels of a capacity not exceeding ¼ fluid ounce	Free	20 per cent. ad val.
122	Medicinal preparations (except medicated wines) containing more than 50 per cent. of proof spirit	9d. per lb.	1s. 9d. per lb.
123	Metal-workers' surface and case hardening compounds; soldering, brazing, and welding compounds	Free	Free
124	Metallic elements n.e.i.; oxides, hydroxides, inorganic salts n.e.i., acetates, and oxalates of aluminium, ammonia, antimony, arsenic, barium, bismuth, boron, cadmium, calcium, cerium, chromium, cobalt, copper, gold, iron, lead, lithium, magnesium, manganese, mercury, nickel, platinum, potassium, radium, silicon, silver, sodium, strontium, tin, zinc, and of the other metallic elements; metallic soaps n.e.i.	Free	Free
125	Mixtures of drugs and chemicals, with each other, or with other substances, and drugs or chemicals in tablet form, or which have been subjected to any other process of manufacture may, at the discretion of the Minister, be classed as medicinal preparations n.e.i., or as chemicals n.e.i., or under any other item of the Tariff which appears to him suitable		
126	Naphthalene, crude, or refined	Free	20 per cent. ad val.
127	Omitted.		
128	Rennet, in tablet form, or in liquid form in containers having a capacity of 1 pint or under; rennet in powder, in small packages suitable for retail sale	20 per cent. ad val.	45 per cent. ad val.
129	Rennet n.e.i.	10 per cent. ad val.	20 per cent. ad val.

Representations were made to the Commission both by United Kingdom and New Zealand manufacturers of rennet. The former, also importers' representatives, asked that the article be admitted free of duty under the British Preferential Tariff, while the latter requested that the present rate on bulk rennet be increased and that the existing rate under item 128 be retained. After studying the evidence available, including production costs, we are of opinion that the duties should remain on their present basis. This New Zealand industry is of value to the dairying industry and utilises a product of the Dominion in its manufacture.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IV.—DRUGS ; CHEMICALS ; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS— <i>continued.</i>				
130	Saccharin, in the form of tablets, pilules, granules, or cachets, each containing not more than $\frac{1}{2}$ grain of saccharin in combination with at least 10 per cent. of alkali	20 per cent. ad val.	45 per cent. ad val.	
131	Saccharin n.e.i., including substances of a like nature or use, and substances capable of conversion thereinto	1s. 6d. per ounce	2s. 6d. per ounce	
132	Sheep-, and cattle-licks	Free	Free	
133	Soda-crystals	Free	1s. per cwt.	There is a relatively high freight protection on soda crystals and the Commission is of opinion that no duty is required under the British Preferential Tariff. The importations during the last few years have been negligible.
134	Surgeons', physicians', dentists', and opticians' appliances, instruments and materials, viz. :—			
	(1) Appliances (including splints) for wear, even if medicated, <i>peculiarly adapted</i> to correct a deformity of the human body, to afford support to an abnormal condition of the human body, or to reduce or alleviate such condition, or to substitute any part of such body; stump socks; crutches; ear trumpets; ear tubes, and <i>audiophones</i> , for the partially deaf	Free	Free	
	(2) <i>Surgical and dental instruments</i> , also operation chairs <i>specially suited</i> for dentists' use; dentists' spittoons, self-flushing types; opticians' trial cases, frames, spectacles, <i>plain</i> spectacle-cases, test cards and diagrams; also such other instruments and appliances <i>peculiar</i> to surgeons' dentists' or opticians' use as may be enumerated in any order of the Minister	Free	20 per cent. ad val.	Representations were made to the Commission with respect to the duty on dentists' chairs and dentists' spittoons. The chairs and spittoons now used by dentists are not of a class made in New Zealand and should, we think, be admitted free of duty under the British Preferential Tariff.
	(3) Surgeons', physicians', and dentists' materials, viz., antiseptic dressings, gauzes, lint, tow, cotton-wool, poro-plastic felt, adhesive plaster including medicated remedial plaster or plasters, spongio-piline, bandages, catgut, and sterilized and other sewings, artificial teeth, tooth crowns, celluloid blanks, base plates, denture-strengtheners, guttapercha stick, points, and pellets, amadou absorbent, porcelain powder, enamel, inlays, modelling composition, investment compound, cement and absorbent paper; also such other materials peculiar to surgeons' physicians' or dentists' use as may be enumerated in any order of the Minister	Free	10 per cent. ad val.	

135	Scientific and philosophical instruments and apparatus— viz.:— <i>assay balances</i> ; <i>chemical balances</i> , sensitive to 2 milligrammes or less; <i>laboratory retorts</i> , <i>laboratory flasks</i> , and other instruments, and apparatus, peculiarly suited for chemical analysis and assay work; assay furnaces; retorts, dishes, and other apparatus, of fused silica or platinum, for use in chemical manufacture, or in a laboratory; microscopes, telescopes, and <i>magnifying-glasses</i> ; also such instruments, and apparatus, specially suited for scientific and philosophical purposes, as may be approved by the Minister	Free	20 per cent. ad val.
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CLASS V.—TEXTILES, CLOTHING, DRAPEY, ETC.

136	Not used.		
137	Apparel, clothing and hosiery, viz.:—		
	(1) Made to the order, or measurement, of residents in New Zealand, and intended for the individual use of such residents, whether imported by the residents themselves or otherwise; uniform clothing made to measurements sent from New Zealand	40 per cent. ad val.	65 per cent. ad val.
	(2) Oilskin clothing and men's, women's, boys', and girls', overcoats made wholly or <i>principally</i> of leather, rubber, or <i>water-proofed</i> material	20 per cent. ad val.	42½ per cent. ad val.
	(3) Men's and boys' overcoats, n.e.i., suits, coats, trousers, waistcoats, and <i>similar</i> articles	25 per cent. ad val.	47½ per cent. ad val.
	(4) Shirts, collars, cuffs, pyjamas, and <i>similar</i> articles ..	20 per cent. ad val.	42½ per cent. ad val.
	(5) <i>Neckties</i>	20 per cent. ad val.	42½ per cent. ad val.
	(6) Corsets, brassieres, and <i>similar</i> articles	20 per cent. ad val.	42½ per cent. ad val.
	(7) Braces, suspenders, garters, belts, and <i>similar</i> articles	20 per cent. ad val.	42½ per cent. ad val.
	(8) Gloves, and mittens, other than those composed wholly or <i>principally</i> of rubber or asbestos	20 per cent. ad val.	42½ per cent. ad val.
	(9) Socks, or stockings, made wholly or <i>principally</i> of silk or artificial silk—		
	Up to and including 31st December, 1936 ..	25 per cent. ad val.	47½ per cent. ad val.
	Thereafter	20 per cent. ad val.	42½ per cent. ad val.
	(10) N.e.i.	25 per cent. ad val.	47½ per cent. ad val.
138 } 139 }	Bags and sacks of textile or felt, all kinds, printed or unprinted; filter-bags and sheaths	15 per cent. ad val.	35 per cent. ad val.
140	<i>Corn-sacks</i> , wool-packs, and wool-pockets; bags or sacks of jute hemp or hessian; bags or sacks of New Zealand tow or flax	Free	Free

The question as to the duties on the goods covered by this tariff item is dealt with under item 183.

No representations were made to the Commission with respect to the duty on these articles. The importations during recent years have been negligible. After considering the information obtained, the Commission is of opinion that the duty under the British Preferential Tariff on goods included under items 138/9 should be reduced to 15 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC— <i>continued.</i>				
141	Battery-blanket not exceeding 3 feet wide, material for filter-cloths, and plush or other cloth, on declaration that it will be used only for <i>mining</i> or <i>gold-saving</i> purposes	Free	10 per cent. ad val.	
142	Boot and similar laces, of any material other than leather	20 per cent. ad val.	45 per cent. ad val.	
143	<i>Braids</i> , and <i>bindings</i> , all kinds, n.e.i.; cords, n.e.i., of wool, cotton, silk, <i>imitation silk</i> , <i>artificial silk</i> , or of combinations of these materials with one another or with any other material	20 per cent. ad val.	45 per cent. ad val.	
144	Brattice-cloth of jute or hessian	Free	15 per cent. ad val.	
145	Bunting, in the piece	Free	15 per cent. ad val.	
146	<i>Buttons</i> , <i>crochet</i> , and <i>similar</i>	Free	Free	
147	<i>Buttons n.e.i.</i>	Free	Free	
148	Collar check, similar material plain, and horse-cover-lining material, in the piece, of such quality as may be approved by the Minister	Free	10 per cent. ad val.	
149	Cotton, raw	Free	Free	
150	Cotton and other waste, engineer's	Free	10 per cent. ad val.	
151	Drapery n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
152	Elastics, all kinds, including boot and brace elastics; elastic threads and cords; plain <i>tape</i> of cotton, linen, or jute; <i>webbings</i> , all kinds, including elastic <i>webbings</i> ; dressmakers' beltings, including cotton petershams, whether plain or circular woven, or reinforced; woven looping and labels, for boots; labels, and hangers, woven, for clothing and other textile articles, including hanger material, plain or otherwise, n.e.i.; chain coat-hangers; woven bandings, bands, tapes, and similar articles (not including arm-bands and hat-bands), with printed, woven, or embroidered lettering, trade name, or trademark, suited for use with boots or other apparel	Free	10 per cent. ad val.	
153	Feathers, ornamental, including ostrich-feathers n.e.i.; artificial flowers leaves or sprays; natural flowers, leaves, and sprays, dyed, painted, or similarly treated	20 per cent. ad val.	45 per cent. ad val.	
154	Omitted.			
155	Felt piece-goods, n.e.i., not including <i>felted textiles</i> ..	Free	10 per cent. ad val.	
156	<i>Felted textiles</i> , in the piece, on declaration that they will be used only for such manufacturing and industrial purposes as may be approved by the Minister	Free	10 per cent. ad val.	

157	Flags, viz. :— (1) The Union Jack or any flag of which the Union Jack is part	Free	20 per cent. ad val.
	(2) N.e.i.	20 per cent. ad val.	40 per cent. ad val.
158	Flock	Free	20 per cent. ad val.
159	Floor coverings, viz. :— (1) Floor-mats and floor-rugs, of wool or containing wool or other animal fibre, having an area not exceeding 60 square feet	20 per cent. ad val.	45 per cent. ad val.
	(2) Linoleum, cork carpets, rubber flooring, and floor mats of <i>similar</i> materials, exceeding 2·30 millimetres in thickness	20 per cent. ad val.	45 per cent. ad val.
	(3) Linoleum, and <i>similar</i> floor covering, n.e.i., including mats, matting, and floor-rugs, of <i>similar</i> material	20 per cent. ad val.	45 per cent. ad val.
	(4) Carpets, floor coverings, floor rugs, mats, and matting, other kinds	20 per cent. ad val.	45 per cent. ad val.
160	Furs and other similar skins, and articles made therefrom, viz. :— (1) Fur skins, green or sun-dried	Free	Free
	(2) Furs, and other similar skins, dressed or prepared, but not made up in any way	15 per cent. ad val.	15 per cent. ad val.
	(3) Furs or <i>imitation</i> furs wholly or partly made up into apparel, rugs, or <i>other</i> articles; fur trimmings and <i>imitation</i> fur trimmings	25 per cent. ad val.	47½ per cent. ad val.
161	Haberdashery n.e.i.	20 per cent. ad val.	45 per cent. ad val.
162	Hair, natural, or imitation, curled, waved, or made up, in any way to make it suitable for wear	25 per cent. ad val.	50 per cent. ad val.
163	Hairpins, hatpins, safety pins, and <i>toilet pins</i>	20 per cent. ad val.	45 per cent. ad val.
164	Hats, and caps, in any stage of manufacture, including hat-hoods n.e.i.	20 per cent. ad val.	45 per cent. ad val.
165	Hat-hoods, felt, of wool or fur, or containing fur, unblocked and unsewn	Free	Free

No representations were made to the Commission by New Zealand manufacturers for the retention of duty on flock. The information obtained by the Commission is to the effect that duty is not required under the British Preferential Tariff.

Representations were made to the Commission by United Kingdom and New Zealand manufacturers with respect to the duty on floor-rugs covered by this item. The Commission is of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad valorem. We also think that when financial conditions permit the duty under the British Preferential Tariff on floor coverings included under the existing tariff item 159 (3) should, in the interests of the general community, be abolished. In addition, we consider that, from the point of view of the revenue, the duty on the goods covered by tariff item 159 (4) should be reduced to 20 per cent. under the British Preferential Tariff.

The Commission understands that in 1931 the duties on fur skins and furs were fixed at the present rates for revenue purposes. It is considered that from this point of view more satisfactory results would be obtained if the tariff were now adjusted to the rates recommended. It is considered that the duties proposed afford reasonable protection to the New Zealand industry.

Representations were made to the Commission by both importers and New Zealand manufacturers respecting the duty on hats. The evidence has been examined and we are of the opinion that the rates should be fixed as proposed.

Representations were made to the Commission that duty under the General Tariff should be imposed on these goods. As they are raw materials for the industry in New Zealand, it is not considered that the existing position should be disturbed. The rates of duty recommended for hats and caps have been based on the assumption that this will be carried out.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued.</i>				
166	Hatmakers' materials—viz., hatters' <i>ribbons, galloons, or linings</i> , when cut up, or otherwise, under such conditions as the Minister may prescribe; leathers, ventilators, cork fronts for hats	Free	Free	
167	Kiln-cloth, of horsehair or similar material, also kiln-cloths made up from such material	Free	Free	
168	Lace, laces, and ribbons, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
169	Leather cloth, and oil baize, plain or fancy, in the piece	Free	15 per cent. ad val.	Representations were made to the Commission that duty on leather cloth under the General Tariff should be increased to 25 per cent. As these goods are raw materials for industries in New Zealand, the Commission is of opinion that the existing preference margin should be maintained.
170	Millinery of all kinds, including trimmed hats, caps, and bonnets	20 per cent. ad val.	45 per cent. ad val.	No representations were made to the Commission with respect to the duty on goods included under this item. From the information obtained the Commission has come to the conclusion that the rate of duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.
171	Wadding; <i>pins n.e.i.</i> ; knitting-pins; needles, viz.,—sewing, darning, and knitting; crochet hooks; hooks and eyes for apparel	Free	Free	
172	Printers' blanketing on declaration that it will be used only in printing	Free	10 per cent. ad val.	
173	Rugs n.e.i., not suited for use as floor-coverings	20 per cent. ad val.	45 per cent. ad val.	
174	Sewing cottons, silks, threads, and twists; crewel, flourishing, embroidery, darning, knitting, and crochet threads, or silk, artificial silk, imitation silk, linen, or cotton, or mixtures of the same, plain or fancy; gold and silver embroidery threads; mending yarns, of wool, or containing wool, not exceeding 45 yards in length	Free	10 per cent. ad val.	
175	Silk for flour-dressing, in the piece	Free	Free	
176	Oiled silk, in the piece	Free	10 per cent. ad val.	
177	Staymakers' corset-fasteners, corset-shields, corset steels, and busk-protectors	Free	Free	
178	Tailors' trimmings—viz. :— (1) Haircloths and imitation haircloths (2) Silesias, veronas, Italian cloths, and other lining-materials, of such descriptions as may be approved by the Minister	Free	Free	
		Free	15 per cent. ad val.	

179	Tarpaulins, tents, sails, rick- and wagon-covers ..	10 per cent. ad val.	30 per cent. ad val.	No representations were made to the Commission respecting this industry. According to the Annual Statistics the importations during the last three years were—1931, £329; 1932, £217; 1933, £71. The Commission has come to the conclusion that the duty should be reduced and fixed at 10 per cent. ad val. under the British Preferential Tariff and at 30 per cent. ad val. under the General Tariff.
180	Textile <i>piece-goods</i> of cotton, linen, jute, hemp, other vegetable fibre, silk, imitation silk, artificial silk, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or <i>similarly</i> worked, and <i>plain</i> table-cloths, table-napkins, towels, quilts, sheets, and <i>similar plain</i> articles, which have been manufactured wholly from such <i>piece-goods</i> merely by cutting, hemming, or any <i>similar</i> operation	Free	15 per cent. ad val.	
181	Cotton <i>piece-goods</i> , viz. :—tubular woven or knitted cotton cloth <i>especially</i> suited for use as meat wraps; cheese bandages or caps	Free	Free	
182	Textile <i>piece-goods</i> —viz., <i>dress nets, curtain nets, embroidery nets, and similar nets, lace curtain material, and veilings, all kinds</i>	20 per cent. ad val.	45 per cent. ad val.	
183	Textile <i>piece-goods</i> , including textiles of wool, or containing wool, viz. :— (1) <i>Moquette and tapestry, of wool, or containing wool</i> .. (2) <i>N.e.i.</i>	15 per cent. ad val. 20 per cent. ad val.	40 per cent. ad val. 45 per cent. ad val.	See statement appended.

183. *Textile Piece-goods, Apparel, Clothing, and Hosiery.*

The Commission has investigated as fully as possible the position of the textile, clothing, and hosiery manufacturing industries. These industries are among the largest engaged in manufacturing in the Dominion. They utilize a considerable quantity of New Zealand wool, but this, of course, forms only a relatively small proportion of the total New Zealand clip. According to the figures published in the *Official Year-book* it appears that over the period of the last six years the wool acquired by the local mills averages about 2½ per cent. of the total New Zealand production.

Many persons are engaged in these industries and much capital is employed. The Commission is satisfied that the group contains some very efficient units.

Dealing first with the woollen mills, the Commission would offer the following observations :—

(1) The position of the industry in New Zealand is, owing to our relatively small population, in several respects different from that in many other countries. In New Zealand we find that of the total number of mills several are making a variety of goods and one of the questions for consideration is whether this is in the best interests of the Dominion and, if so, whether it should be supported by a protective tariff.

From the information we have been able to obtain we are of opinion that a condition antecedent to the satisfactory centralization of the manufacture of certain products of the mills in particular factories is the establishment of a wool-top making industry in New Zealand. At the present time each local mill has, we understand, to purchase the whole wool fleece and utilize it to the best advantage, whereas we are advised that in many other countries tops are available to the textile manufacturer, who can readily purchase the grade and quality he requires. The question as to whether or not an efficient wool-top making industry in New Zealand could be satisfactorily established is a difficult and involved one, and the Commission has not been able to obtain sufficient evidence to satisfy it upon the point.

We find that, broadly speaking, the articles which are manufactured in the New Zealand woollen mills are the following: Clothing-tweeds and worsteds, flannel, blankets, woollen and worsted yarns, rugs, and socks, hose and underwear.

We find also that practically all the mills manufacture the first three groups and we are unable to satisfy ourselves that, in the circumstances at present existing in New Zealand, the concentration of the manufacture of particular articles included in these groups in certain mills is practicable or would be in the best interests of the Dominion.

The manufacture of woollen and worsted yarns is necessary for the manufacture of woollen textiles and the volume of rugs made in the Dominion is now relatively small. We regard the manufacture of socks, hose, and underwear as industries separate from but ancillary to the operations of the woollen mills.

After reviewing the foregoing aspects of the matter we are of opinion that the development of the industry in New Zealand up to the present has, on the whole, proceeded on satisfactory lines and we are unable to state that, under existing manufacturing and marketing conditions, if greater specialization had taken place the industry would have been carried on in a more efficient or satisfactory manner.

(2) Another matter to which the Commission has given considerable attention has been the demand by the community for textiles containing wool but not made wholly or essentially from virgin wool. It will be remembered that under the tariff of 1927 concessions were made on raw cotton and cotton yarn presumably to encourage the manufacture of union piece-goods in New Zealand. The Commission is informed, however, that with the exception of the admixture of a certain amount of silk the products of the mills are confined to all wool fabrics. According to the statistical information in our possession it appears that during the last five years for which particulars are available the quantity of fabrics made from wool mixed with other materials and known as "woollens" or "worsted" exported to New Zealand from the United Kingdom are as under:—

Year.	Quantity. Sq. Yds.	Value. £	Year.	Quantity. Sq. Yds.	Value. £
1928	1,354,064	193,203	1931	1,249,245	144,266
1929	1,504,934	213,087	1932	1,625,438	158,568
1930	1,381,991	195,786			

(NOTE.—These values represent the f.o.b. values in the United Kingdom.)

Our view is that if the woollen manufacturing industry is to receive protection for all articles containing wool imported into the Dominion it should be prepared to consider seriously the manufacture of all grades of goods for which there is a public demand and which are of sufficient volume to enable production on a satisfactory basis to take place. We are of opinion that if, after a period of (say) two years the woollen mills are unable or are not prepared to manufacture such textiles the protection accorded on these goods should be withdrawn.

With respect to all wool products, we find that during recent years greater quantities of these lines are being imported than are manufactured locally. The Commission recognizes that in some cases there are special reasons for these importations, but we think that with respect to these goods there is still a large field for the development of the industry.

The Commission, of course, recognizes that the manufacturers should be in the best position to judge as to the collaboration which is necessary among themselves to ensure the greatest possible diversity of production on economic lines and as to the means by which this can be achieved.

After reviewing the whole matter and considering all the factors involved we are of opinion that tariff protection at 20 per cent. under the British Preferential Tariff should be accorded to piece-goods made wholly from wool and that in the meantime the duty on piece-goods not made wholly or essentially from virgin wool should be fixed at the same rate.

Apparel and Hosiery.—With respect to the apparel and hosiery manufacturing industries we would point out that these are of special importance in the employment of female workers. The industry is a very comprehensive one embracing as it does a wide range of articles. We would offer the following comments with respect to certain classes of these goods:—

(1) As regards men's and boys' overcoats, suits, and parts thereof, we are of opinion that, with the exception to be mentioned hereafter, the industry is sufficiently protected if the duty under the British Preferential Tariff were reduced to 20 per cent. *ad valorem*. Owing to the development of manufacturing in New Zealand the proportion of the value of such clothing made locally as compared with that of the clothing exported from the United Kingdom to New Zealand has considerably increased during the last few years for which statistics are available.

The following are the figures which approximately represent the position with respect to (1) overcoats and (2) men's and boys' suits, coats, vests, and trousers:—

	1929. £	1930. £	1931. £	1932. £
(1) Overcoats—				
Manufactured in New Zealand during the year ended 31st March .. ..	..	..	138,000	249,356
Exported from the United Kingdom to New Zealand during the calendar year ..	173,035	159,108	97,496	61,005
(2) Men's and boys' suits, vests, and trousers—				
Manufactured in New Zealand during the year ended 31st March .. ..	..	..	480,990	573,479
Exported from the United Kingdom to New Zealand during the calendar year ..	110,295	97,560	40,369	19,383

(NOTE.—The figures shown as exports from the United Kingdom are f.o.b. values in that country. The values of goods manufactured in New Zealand represent factory selling prices in the Dominion.)

There is, however, one aspect of the matter that should, we think, be considered. A considerable quantity of what may be regarded as low grade clothing is at present manufactured in the Dominion from certain imported textile materials of inferior quality containing wool. We are satisfied that if the duty on this class of clothing is reduced to 20 per cent. under the British Preferential Tariff and the existing rate retained on the materials the manufacture of such clothing could not be successfully carried on here. The demand for this clothing shows that it is required by the community. The fabrics in question form a portion of those to the manufacture of which, the Commission thinks, urgent consideration should be given by the woollen mills. To enable this question to be gone into and to avoid undue complexities in administration we are of opinion that the rate of duty under the British Preferential Tariff on these classes of clothing should for a period of (say) two years be fixed at 25 per cent. and that the question of reducing the rate to 20 per cent. *ad valorem* should then be considered in the light of the conditions existing at that time.

(2) With respect to silk and artificial silk socks and stockings, the local industry has recently been handicapped by the purchase of expensive plant to manufacture the goods which changing fashion demands, with the probable obsolescence of much of the machinery hitherto used. We are satisfied that the industry is one which is reasonably assured of sound opportunities for success. When the necessary adjustments have taken place we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. *ad valorem*, but in the meantime we think that for a period of at least two years the rate should be fixed at 25 per cent. *ad valorem*.

(3) With respect to the other articles included under this tariff item we recommend that the rates suggested be adopted.

Strong representations were made to the Commission regarding the volume of clothing imported as end of season goods at jobbed prices. We have gone very fully into this matter and have taken evidence at all the centres visited and are satisfied that the quantity of such goods imported from abroad is decreasing and is negligible as compared with the total volume consumed.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued</i> .				
184	All articles n.e.i., made of textile, felt, or other piece-goods, or of any combination of the same, wholly or partly made up or manufactured, and not being apparel or clothing either wholly or partly made up	20 per cent. ad val.	45 per cent. ad val.	Representations were made on behalf of manufacturers in the United Kingdom and by New Zealand manufacturers with respect to the duty on handkerchiefs. The Commission regards the existing duties on handkerchiefs as a revenue one and does not regard the industry of manufacturing handkerchiefs in New Zealand from imported piece goods as of sufficient importance to warrant special consideration.
185	Umbrellas, parasols, and sunshades	20 per cent. ad val.	45 per cent. ad val.	
186	Umbrella makers' materials—viz., textile piece-goods approved by the Minister, and on such conditions as he may prescribe; sticks; runners; notches; caps; ferrules; cups; ribs; stretchers; tips; rings; running and capping leathers; prevents; splicing-tubes; annealed wires up to 4 inches in length; springs; tassels; plated metal bands; fasteners or bands made up of elastic or webbing with all or any of the following attachments—ring, button, or tassel	Free	Free	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued.</i>				
187	<p><i>Union textiles n.e.i.</i>, in the piece, the current domestic value of which does not exceed that specified by the Minister, when cut up and made into shirts, pyjamas, or underclothing, under such conditions and regulations as the Minister may prescribe</p> <p>(NOTE.—Until otherwise notified by Minister's Order, published in the <i>Gazette</i>, the current domestic value above referred to shall be deemed to be 1s. per yard.)</p>	Free	10 per cent. ad val.	
188	Upholsterers' materials—viz. :—hair-seating and imitation hair-seating; <i>gimp</i> ; curled hair; tufts; studs; cord tips; cord-knot holders; blind or shade pulls, suited for the manufacture of blinds	Free	Free	
189	Upholstery n.e.i.	15 per cent. ad val.	40 per cent. ad val.	No representations were made to the Commission with respect to the duty on upholstery. These goods have a considerable freight protection and the importations are relatively small. The Commission, after considering the information obtained, is of opinion that the duty under the British Preferential Tariff should be reduced to 15 per cent.
190	Waterproof material in the piece, having within, or upon it, a coating of rubber	Free	15 per cent. ad val.	Representations were made to the Commission that the duty on this material under the General Tariff should be increased to 25 per cent. These goods are a raw product for New Zealand industries, and the Commission is of opinion that the existing position should be maintained.
191	Yarn—viz., coir, flax, jute, and hemp	Free	Free	
192	Yarns of cotton, silk, <i>artificial silk</i> , <i>imitation silk</i> , or mixtures of the same	Free	10 per cent. ad val.	
193	Yarns n.e.i.	20 per cent. ad val.	45 per cent. ad val.	Representations were made to the Commission that the duty on these yarns should be reduced to 10 per cent. under the British Preferential Tariff. The industry of manufacturing woollen yarns in New Zealand is an efficient one, and the Commission, after reviewing the whole matter, is of opinion that the existing duties should be maintained.

CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS.

194	Belts, and belting, n.e.i., for driving machinery; conveyor belts, and belting of rubber, textile, fibre, or combinations of these materials; cordage or rope on declaration that it will be used only for driving machinery	Free	25 per cent. ad val.
195	Boots, shoes, shoettes, sandals, clogs, pattens, slippers, and goloshes—namely, children's 0 to 9 inclusive	Free	20 per cent. ad val.
196	Boots, shoes, clogs, pattens, slippers, shoettes, sandals, goloshes, overshoes, and other footwear, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
197	Gumboots, half-knee, knee, or thigh, with soles either of leather or of rubber, and measuring not less than 9½ inches from the lowest point reached by the line of the top of the upper to a horizontal surface on which the boot is placed	Free	25 per cent. ad val.
198	Grindery, viz. :—		
	(1) Boot-protectors	Free	20 per cent. ad val.
	(2) Boot shoe and slipper heels, knobs, and soles, of rubber	Free	20 per cent. ad val.
	(3) Cork soles, and sock soles, except those composed wholly or partly of leather	Free	20 per cent. ad val.
	(4) Heel plates, and toe plates	Free	20 per cent. ad val.
	(5) Nails, pegs, rivets, and tacks, peculiar to use in boot-making	Free	Free
	(6) Shoemakers' binding and beading	Free	Free

Representations were made to the Commission both by United Kingdom and New Zealand manufacturers with respect to the duty on boots and shoes. The industry as carried on in New Zealand contains some very efficient units employing a large number of work-people and using a considerable quantity of local materials. The Commission, after considering the evidence obtained and the production costs both in United Kingdom and New Zealand, is of opinion that to comply with the Ottawa Agreement the duty on boots and shoes under the British Preferential Tariff should be reduced to 20 per cent. ad val.

Requests were also made that the range of boots and shoes to be exempted under item 195 should be modified. The Commission considers that in the interests of the general community the existing exemption under the British Preferential Tariff of children's boots and shoes should be maintained, and that to enable the New Zealand industry to function efficiently the range of exemption should not be extended. According to the information supplied to the Commission, the manufacture of slippers is carried on at a few factories only. Certain of the manufacturing units can be classed as efficient ones. It is considered that the rates of duty on slippers should be the same as those on boots and shoes.

Heel plates, and toe plates—No representations were made to the Commission respecting this item. We do not consider that the making of these articles is an industry which should be assisted by a protective tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS— <i>continued.</i>				
	Grindery, viz.:— <i>continued.</i>			
	(7) Shoemakers' wax, and heel balls	Free	Free	
	(8) Wooden heels, plain, or covered with leather, textile, or celluloid, and with or without tops of leather or metal and leather (leather tops not to exceed $\frac{1}{4}$ inch in thickness)	Free	Free	
	(9) <i>Grindery</i> n.e.i.	Free	Free	
199	Hose, tubing, or piping, flexible, of canvas, rubber, metal, or other material (except leather), armoured or otherwise, n.e.i.	Free	25 per cent. ad val.	
200	Leather, viz.:—			
	(1) Bookbinders' leather of qualities approved by the Minister and under conditions prescribed by him	Free	10 per cent. ad val.	The Commission has gone fully into the tanning industry, which occupies an intermediate position between the primary industries and the manufacture of leather goods. It utilizes a considerable quantity of New Zealand hides and skins and affords employment to a large number of persons. We offer the following observations with respect to certain kinds of leather:— <i>Chamois leather</i> —Representations were made by United Kingdom and New Zealand manufacturers concerning the duty on chamois leather. We have considered the information obtained and have come to the conclusion that the existing duty of 20 per cent. ad val. under the British Preferential Tariff should be maintained.
	(2) Chamois leather	20 per cent. ad val.	40 per cent. ad val.	
	(3) Goat-skins, and kid-skins, however dressed; <i>persians</i> ; <i>reptile</i> skins, dressed or undressed	Free	Free	<i>Goat- and kid-skins</i> — <i>Japanned and enamelled leather</i> —An application was made for the imposition of duty on goat- and kid-skins to assist an industry which has only recently been commenced. The skins have to be imported, and owing to the great diversity of range required by manufacturers using such leather the Commission does not think that it is in the best interests of New Zealand that protection should be accorded to the industry. An application was also made for the imposition of duty under the General Tariff on these leathers and on japanned and enamelled leathers. From the information supplied to the Commission they have come to the conclusion that, as these leathers are raw material for industries in New Zealand, and as certain qualities, grades, &c., required for manufacturing in New Zealand cannot be satisfactorily obtained from the United Kingdom, the existing position should be maintained.
	(4) <i>Hide leathers</i> , kangaroo-skins, and wallaby-skins, <i>crust or rough tanned</i> , but <i>undressed</i>	5 per cent. ad val.	10 per cent. ad val.	
	(5) Hog-skins	Free	10 per cent. ad val.	
	(6) Leather, japanned, or enamelled; also such other leather specially suited for furniture and upholstery work, as may be approved by the Minister, and under conditions prescribed by him	Free	Free	

Leather, viz. :— <i>continued.</i>		3d. per lb.	5d. per lb.
	(7) Sole leather, being bends each weighing 14 lb. net or over		
	(8) Leather n.e.i. ; belts (not being apparel), and belting, wholly or partly composed of leather	15 per cent. ad val., or 3d. per lb., whichever rate returns the higher duty	25 per cent. ad val., or 5d. per lb., whichever rate returns the higher duty
	(9) Parchment or vellum made from skins	Free	20 per cent. ad val.
201	Leather board, or compo, composed of skivings, split leathers, leather scraps, or the same mixed with other material, cemented and pressed together, cut into shapes or otherwise	1s. per lb.	1s. per lb.
202	Leather laces ; vamps, and uppers ; leather cut into shapes ; clog and patten soles ; leather leggings	20 per cent. ad val.	45 per cent. ad val.
203	Leather manufactures n.e.i.	20 per cent. ad val.	45 per cent. ad val.
204	Portmanteaux ; trunks ; bags of leather or of leather cloth ; attache-cases, suit-cases, and similar receptacles (not including basketware, wickerware, or receptacles made of similar materials)	20 per cent. ad val.	45 per cent. ad val.
205	<i>Rubber, manufactures of, viz. :—</i>		
	(1) Articles composed wholly or principally of rubber, viz. :—		
	(a) Water beds and cushions, ice bags and caps, air beds, air cushions, urinals	Free	20 per cent. ad val.
	(b) Hot water bags and hot water bottles	Free	20 per cent. ad val.
	(2) Rubber gloves, n.e.i.	Free	20 per cent. ad val.
	(3) Rubber or guttapercha solutions and cements	Free	10 per cent. ad val.
	(4) Rubber tiring suited for use on perambulator-wheels	Free	10 per cent. ad val.
	(5) Rubber tires, viz. :—bicycle, tricycle, perambulator, and similar, and inner tubes of rubber for pneumatic tires, not exceeding 1½ inches in diameter	Free	20 per cent. ad val.

Sole leather in bends weighing 14 lb. or over, and leather n.e.i.—Several applications were made for the modification of the existing duties on these items. Arguments were produced for and against altering the present position under the tariff of leather sole bends. A detailed examination of the industry showed that the manufacturers have formed an Association among themselves to utilize the services of a trained expert on the staff of the Department of Scientific and Industrial Research. The Commission is satisfied that certain tanneries are efficiently conducted and are producing high grade leather at a reasonable cost. We think that the maintenance of the existing duties under the British Preferential Tariff is in accordance with the principles contained in the Ottawa Agreement.

Various representations were made to the Commission with respect to the goods covered by these tariff items. After considering the information obtained we are of opinion that duty under the British Preferential Tariff should be reduced to 20 per cent. No representations were made to the Commission respecting this industry. On the information in possession of the Commission it is considered that protection at the rate of 20 per cent. under the British Preferential Tariff should be accorded to these goods.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
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CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS—*continued.*

<i>Rubber, manufactures of, viz. :—continued</i>				
	(6) Rubber tires, rubber tiring, and inner tubes of rubber for pneumatic tires, n.e.i.	15 per cent. ad val.	45 per cent. ad val.	The Commission is of opinion that the duties on the goods covered by this item and on those mentioned in item 335 (a) should, as far as possible, be at the same rates as those levied on motor vehicles under item 389.
	(7) Rubber tire repair <i>outfits</i> for bicycles, cycles, and motor vehicles, consisting of rubber solution, sheet rubber, and such other articles as may be enumerated by the Minister	Free	10 per cent. ad val.	
	(8) Rubber valves and teats for feeding-bottles, and rubber teats for use in feeding animals	Free	20 per cent. ad val.	
206	Saddlery, harness, whips, and whip-thongs	20 per cent. ad val.	45 per cent. ad val.	
207	Tanners', curriers', and bootmakers' <i>inks and stains</i>	Free	Free	

CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS.

208	<i>Bottles and jars, empty plain glass, not being cut or ground except as specified, viz. :—</i>	Free	25 per cent. ad val.	The principal matter for consideration in connection with this tariff item is the industry of manufacturing glass bottles and jars at present carried on in the Auckland District. It utilises a considerable proportion of New Zealand materials, gives considerable employment, and is efficiently conducted. It has been in operation since 1922 and supplies a large proportion of the requirements of the Dominion. A close survey of the whole position, including production costs, shows that, in terms of the Ottawa Agreement, the duty under the British Preferential Tariff on the goods included under item 208 (2) (a) should be fixed at 20 per cent. ad val.
	(1) Bottles or jars <i>especially suited</i> for the distribution of milk or cream; <i>syphon</i> bottles for aerated waters; <i>opal</i> glass bottles and jars; all bottles or jars <i>ground</i> only at the neck for stopper or cap; infants' feeding bottles with or without attachments	Free	25 per cent. ad val.	
	(2) Other kinds, viz. :— (a) Having a <i>capacity</i> exceeding one fluid ounce. (b) N.e.i.	20 per cent. ad val. Free	45 per cent. ad val. 25 per cent. ad val.	
209	<i>Bottles and jars, viz. :—</i> <i>Plain empty stone bottles; plain empty earthen jars, up to 3 inches in diameter at the mouth, whether wickered or not</i>	Free	20 per cent. ad val.	
210	<i>Jars, or other dutiable vessels, containing free goods or goods subject to a specific rate of duty, and being ordinary trade packages for the goods contained in them</i>	Free	Free	

211	Bricks, fireclay, and refractory materials, viz. :— (1) Firebricks (2) Bricks n.e.i. (3) <i>Refractory materials n.e.i.</i> , viz. : Ganister, silica clay, silica bricks, magnesite bricks, and similar bricks blocks or linings, specially suited for use in furnaces retorts and similar articles (4) Fireclay ground n.e.i.	Free Free Free Free	25 per cent. ad val. Free Free 25 per cent. ad val.	Applications have been received by the Commission with respect to the duty included under this tariff item. Considerable numbers of firebricks are made in New Zealand. An examination of the position shows that there is a relatively large freight protection. In view of this and of the terms of the Ottawa Agreement, we consider that the existing duty under the British Preferential Tariff on firebricks and fireclay ground should be abolished.
212	Building materials, viz. :— (1) Roofing tiles, ridging, and finials, glass, and earthen . . (2) <i>Sheets</i> , plain or corrugated, roofing slates and tiles, ridging, and finials, composed of cement and asbestos or of similar materials (3) Plaster-pulp sheets, plasterboard, and <i>similar</i> materials (4) Roofing-slates n.e.i.	10 per cent. ad val. Free 10 per cent. ad val. Free	30 per cent. ad val. 15 per cent. ad val. 35 per cent. ad val. Free	Applications were received by the Commission with respect to duty on the goods included under item 212 (1). After a consideration of the evidence the Commission considers that the existing duty under the British Preferential Tariff should be maintained. The Commission has given consideration to the question as to the duty to be charged on the goods included under item 212 (3). An examination of the evidence, including the production costs in New Zealand, shows that the industry can be efficiently carried on if the duty under the British Preferential Tariff is reduced to 10 per cent. ad val.
213	Cement, Portland, and other structural, or building cement	8d. per cwt.	1s. 2d. per cwt.	The manufacture of cement has been carried on in New Zealand for many years. It utilises a large quantity of local materials and employs a considerable number of persons. The Commission regards it as an efficient industry. Cement is a product that enters largely into public works, building construction, farm work, and many other forms of industrial activity. It is therefore important that it should be obtainable at as low a cost as possible, consistent with the satisfactory functioning of the manufacturing industry. The evidence shows that, generally speaking, the industry is able to earn relatively large profits. The Commission is of opinion that the manufacture could be efficiently carried on with lower costs to users if the duty under the British Preferential Tariff were reduced to 8d. per cwt.
214	Chinaware, earthenware, and porcelainware, viz.: <i>bowls</i> , cups, saucers, plates, jugs, <i>dishes</i> , tea-pots, and such <i>similar</i> articles, suited for <i>table use</i> , as may be approved by the Minister	20 per cent. ad val.	45 per cent. ad val.	This is a duty for revenue purposes reimposed in 1931. The Commission is of opinion that the duty under the British Preferential Tariff should be abolished as soon as financial conditions permit.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS— <i>continued.</i>				
215	Chinaware, earthenware, porcelainware, and stoneware, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	This item includes sanitary earthenware with respect to which representations were made both by United Kingdom and New Zealand manufacturers. The Commission is of opinion that this is a suitable industry for New Zealand, utilising a considerable amount of local material. After an examination of the evidence, including production costs, the Commission is satisfied that the existing duty under the British Preferential Tariff is in accordance with the Ottawa Agreement and should be maintained.
216	Drainage-pipes, drainage-tiles, conduit-pipes, and chimney-pots of earthenware, concrete, or <i>similar</i> materials	Free	25 per cent. ad val.	The Commission is of opinion that, with the relatively high freight protection on these goods, they can be economically manufactured and satisfactorily sold in competition with imported goods without any duty under the British Preferential Tariff.
217	Eyes, artificial	Free	Free	Representations were made to the Commission both for an increase in and abolition of the duty on the goods included under this tariff item. After considering the evidence we are of opinion that the duties should be left on their present basis.
218	Flooring, wall, hearth, and garden tiles	20 per cent. ad val.	45 per cent. ad val.	
219	Glass, <i>sheet</i> , common window or plate, whether polished, coloured, bent or otherwise, cut to any size or shape, n.e.i.	Free	10 per cent. ad val.	No representations were made to the Commission by New Zealand manufacturers of these articles. The principal raw material, namely, sheet glass, is all imported and is admitted free. From the information obtained the Commission is of opinion that the rate of duty under the British Preferential Tariff should be reduced to 15 per cent. ad val.
220	Glass, plate or <i>sheet</i> , in sizes not exceeding 20 superficial feet, only on declaration that it will be used in the manufacture of bevelled or silvered glass	Free	Free	
221	Glass plates (engraved) for photo-lithographic work ..	Free	Free	
222	Glass, bevelled, silvered, or with rounded or polished edges; mirrors, and looking-glasses, framed or unframed	15 per cent. ad val.	40 per cent. ad val.	
223	Glass cloches or bells specially suited for horticultural purposes	Free	Free	Applications were received for the imposition of duty under the General Tariff on miners' safety lamps and on lighthouse apparatus. As these goods are necessary for the preservation of life in mines and the safety of shipping, the Commission does not consider that any alteration should be made.
224	Glass rods, tubes or tubing, <i>plain</i>	Free	10 per cent. ad val.	
225	Glassware n.e.i.; globes, and chimneys, for lamps, n.e.i.; lamps, lanterns, and lampwick, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
226	Lamps, <i>miners' safety</i> , and glasses therefor; lamps <i>peculiarly adapted</i> for use on harbour beacons and lighthouses, also <i>appliances peculiar to</i> such lamps; side lights, and head lights, especially suited for the use of ships	Free	Free	

227	Lenses, all kinds, unmounted, and without attachments ..	Free	20 per cent. ad val.
228	Plaster-of-Paris	Free	Free
229	Stone, viz. :—		
	(1) Marble, <i>in the rough</i> , or <i>rough-sawn</i> , not <i>dressed</i> or <i>polished</i>	Free	Free
	(2) Granite, or other stone, n.e.i., <i>in the rough</i> , including scabbled from the pick	Free	10 per cent. ad val.
	(3) Granite, or other stone, n.e.i., <i>rough-sawn</i> , not <i>dressed</i> or <i>polished</i>	Free	10 per cent. ad val.
	(4) Granite, or other stone, and imitation stone, n.e.i., viz. :—		
	(a) Dressed or polished	20 per cent. ad val.	40 per cent. ad val.
	(b) Articles n.e.i. made therefrom or from cement	20 per cent. ad val.	40 per cent. ad val.
	(5) Marble dressed or polished and articles n.e.i. made from marble	20 per cent. ad val.	20 per cent. ad val.
	(6) Slates specially suited for the manufacture of billiard-tables	Free	Free
230	Stones, mill, grind, oil, and whet	Free	Free
231	Watch glasses and <i>similar</i> articles	Free	20 per cent. ad val.

An application was received for an increase of the General Tariff rate on these goods. In our opinion a preference margin of 20 per cent. on this class of goods is sufficient. An application was received for the imposition of duty at the rate of 10 per cent. under the General Tariff. As this is a raw material used extensively for industrial purposes, it is considered that the exemption should continue.

The Commission does not consider that any useful purpose is served by maintaining a duty under the British Preferential Tariff on the goods included under item 229 (3). On the evidence in our possession we have come to the conclusion that the duty under the British Preferential Tariff on goods covered by items 229 (4) and (5) should be reduced to 20 per cent. ad val.

CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS.

232	Antiques and works of art, as may be approved by the Minister, and on conditions prescribed by him provided that he is satisfied that such articles were produced or manufactured at least one hundred years prior to the date of importation	Free	Free
233	Artists' materials—viz., academy boards, canvas in the piece or on stretchers, oiled paper and drawing-paper in blocks, colours, palettes, and palette-knives	Free	25 per cent. ad val.
234	Camera covers and cases	20 per cent. ad val.	45 per cent. ad val.
235	<i>Cards, playing</i>	6d. per pack	1s. per pack
236	Cigarette-papers entered to be warehoused in any licensed tobacco-factory for the manufacture therein of cigarettes	Free	Free
237	Clocks, time-registers, and time-detectors	20 per cent. ad val.	45 per cent. ad val.

An application was received for a reduction in the duty on these goods. It is considered to be a revenue one, and we are of opinion that the existing rates should be maintained.

Various applications were made for the reduction or abolition of the duty on clocks. These goods are not made in New Zealand and the Commission regards the duties as revenue ones.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS— <i>continued.</i>				
238	Clocks <i>specially suited</i> for use in timing flights of pigeons ..	Free	Free	This item covers many lines of goods of which only relatively a small portion is made in New Zealand. The Commission regards these duties as revenue ones but thinks that the existing rates should be reduced by 5 per cent. ad val.
239	Fancy goods, and toys; sporting, gaming, and athletic requisites, n.e.i., including billiard requisites n.e.i.; fishing-tackle n.e.i., including artificial flies and other baited hooks; walking-sticks; combs, hair and toilet	20 per cent. ad val.	45 per cent. ad val.	
240	Films for cinematographs and similar instruments ..	Free	Free	Various applications were received for reduction of duty on the goods included under this tariff item. The Commission regards the duties as revenue ones and thinks that the rates should be reduced by 5 per cent. ad val.
241	Greenstone, cut and polished, unmounted ..	20 per cent. ad val.	20 per cent. ad val.	
242	Jewellery; plate, gold or silver; platedware ..	20 per cent. ad val.	45 per cent. ad val.	
243	Lay figures, busts, and dress stands	20 per cent. ad val.	45 per cent. ad val.	An application was received for the maintenance of the existing duties on the goods covered by this tariff item. After considering the evidence, the Commission considers that the duties should be retained.
244	Magic lanterns, cinematographs, and <i>similar</i> instruments, including accessories peculiar thereto n.e.i.	20 per cent. ad val.	45 per cent. ad val.	Various applications were made to the Commission respecting certain of the goods included under this tariff item. After surveying the evidence, the Commission considers that the existing position should be maintained.
245	Medals—viz., war medals, humane societies', and similar, also such miniatures of the same as may be approved by the Minister; old coins	Free	Free	
246	Mouldings in the piece, and <i>panels</i> , suited for use in picture-frames or furniture-making, in building construction, or for <i>similar</i> purposes	20 per cent. ad val.	45 per cent. ad val.	
247	Musical instruments, and parts, viz. :—			According to the evidence obtained by the Commission there are no goods of the classes included under this tariff item at present made in New Zealand. We are of opinion that the existing position with respect to the items included under paragraphs (1), (2), (3), (6) and (7) should be maintained but that the rates under paragraphs (4) and (5) should be reduced by 10 per cent. ad val.
	(1) <i>Band</i> instruments entered by or for any band or musical society duly registered and incorporated under the Incorporated Societies Act, 1908, on declaration by a responsible officer of such band or society that the said instruments will remain the property of the band or society and will not be sold or otherwise disposed of without payment of the duty otherwise imposed under the Tariff	Free	Free	
	(2) Musical instruments, imported for exclusive use by bands which are approved by the Defence Department, and under such conditions as the Minister may prescribe	Free	Free	
	(3) Organs, viz., <i>great</i> organs and <i>similar</i> organs ..	Free	Free	
	(4) Pianos, player pianos, organs n.e.i., harmoniums, and <i>similar</i> instruments	10 per cent. ad val.	35 per cent. ad val.	

	(5) Musical instruments n.e.i.	10 per cent. ad val. Free	35 per cent. ad val. Free
	(6) Organ pipes and stop-knobs; metal piano frames; articles for the <i>manufacture or repair</i> of organs, harmoniums, pianos, or player-pianos—viz., <i>action work, player mechanism</i> , and keys in frames or otherwise	Free	Free
	(7) Strings of metal wire, catgut, or similar material, <i>specially suited</i> for musical instruments	Free	Free
248	(1) Phonographs, gramophones, graphophones, and similar instruments, including accessories peculiar thereto, n.e.i.	10 per cent. ad val.	35 per cent. ad val.
	(2) Voice recording and reproducing appliances specially suited for office use, also record shaving appliances for use therewith	Free	25 per cent. ad val.
249	Records for phonographs, gramophones, and for <i>similar instruments</i>	Free	25 per cent. ad val.
250	Tuning-forks, and other appliances, peculiarly suited for use in tuning musical instruments	Free	20 per cent. ad val.
251	Paintings or pictures, painted or drawn by New Zealand students, within five years of the time of their departure from New Zealand for the purpose of undergoing a period of tuition abroad for the first time, upon evidence to the foregoing effect being produced to the satisfaction of a Collector of Customs	Free	Free
252	Paintings, statuary, other works of art, curios, and other articles approved by the Minister, for display in public museums, the buildings of <i>public institutions</i> or art associations registered as corporate bodies, public parks or other public places, on such conditions as may be prescribed by the Minister	Free	Free
253	Paintings, pictures, drawings, engravings, and photographs, n.e.i., framed or unframed; picture or photograph frames or mounts (NOTE.—No painting, drawing, or photograph, in any medium, shall be assessed at a value for duty exceeding £5, provided that if the Collector is of opinion that duty on the frame of any such painting, drawing, or photograph, is being, or is likely to be intentionally evaded or avoided by this provision, he may require that duty shall be charged separately on such frame.)	20 per cent. ad val.	45 per cent. ad val.
254	Photographic cameras	20 per cent. ad val.	45 per cent. ad val.
255	Photographic goods n.e.i.	20 per cent. ad val.	45 per cent. ad val.
256	Photographs, unframed, of personal friends, not for purposes of trade	Free	Free

The Commission is of opinion that the duty on the goods included under this tariff item should be reduced by 10 per cent. ad val.
An application was received for the exemption of dictaphones and similar instruments. We think that these goods should be placed on a similar footing to typewriters and similar articles for office use.

Applications were received for reduction of duty on some articles included under this item. None of these goods is made in New Zealand. The Commission regards the duties as revenue ones.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS— <i>continued.</i>				
257	Precious stones, and <i>semi-precious</i> stones, cut or uncut, if unmounted or unset	5 per cent. ad val.	5 per cent. ad val.	
258	Sensitized surfaces, and albumenized paper, plain, not being postcards or other stationery	Free	25 per cent. ad val.	
259	Slides for magic lanterns	Free	Free	
260	Statues, statuettes, casts, and bronzes	20 per cent. ad val.	45 per cent. ad val.	
261	(1) Tobacco pipes, pouches, and cases, cigar and cigarette holders and cases	20 per cent. ad val.	45 per cent. ad val.	The Commission regards the duties levied on these goods as revenue ones and thinks that the duty should be reduced by 5 per cent. ad val.
	(2) Cigarette papers n.e.i.	1½d. for every 60 cigarette papers	1½d. for every 60 cigarette papers	This matter has been dealt with under Class II.
262	Toilet preparations, and perfumery, n.e.i., including perfumed oil	25 per cent. ad val.	50 per cent. ad val.	The Commission regards the duties on the goods included under this item as revenue ones. The increased duties imposed in 1931 have, in our opinion, encouraged industries for the manufacture of various lines of toilet preparations, &c., which are not considered to be compatible with Article 7 of the Ottawa Agreement. We therefore think that the duties should be reduced to the old rates, viz., 25 per cent. under the British Preferential Tariff and 50 per cent. under the General Tariff.
263	<i>Trophies, prizes, flags, medals, medallions, badges, and other decorations, which have been awarded or presented or which are to be awarded or presented to persons in New Zealand and which have been donated by persons resident abroad; trophies and prizes won abroad; medals, badges, flags, and similar articles, approved by the Minister, imported by New Zealand branches of the Navy League, St. John Ambulance Association, or similar patriotic ambulance or other societies</i>	Free	Free	
264	Watches	20 per cent. ad val.	30 per cent. ad val.	Representations were made to the Commission that the duties under the General Tariff should be reduced. These goods are not made in New Zealand. The duties are therefore revenue ones and we think that the existing rates should be maintained.

CLASS IX.—PAPER AND STATIONERY.

Many of the items included in this class affect the printing and stationery manufacturing industries of New Zealand. The Commission received a large volume of evidence respecting these industries. They are, generally speaking, efficiently conducted and give employment to a very large number of persons. We consider that the duties imposed on several classes of goods are higher than are necessary to maintain the industries on an efficient basis. After an examination of the mass of information in our possession we are of opinion that the rates recommended should be adopted. Special reference is made below to certain items included in this class.

265	Albums, all kinds	20 per cent. ad val.	45 per cent. ad val.
266	Bookbinders' materials—viz., head-bands, tacketing-gut, marbling-colours, blue or red paste for ruling-ink	Free	Free

267	Articles made of cardboard, papier-mache, or similar material, viz. :— (1) Flower-pots, table and household utensils, n.e.i. . . (2) Cream-mugs, honey-jars, and similar receptacles, printed or otherwise	20 per cent. ad val. Free	45 per cent. ad val. Free
268	Cardboard boxes, and paper boxes, complete; paper n.e.i., and cardboard, cut or shaped, for wrappers, boxes, or other receptacles	20 per cent. ad val.	45 per cent. ad val.
269	Cardboard, pasteboard, wood-pulp board, corrugated board, fibre board, strawboard and similar board, of size not less than 20 inches by 15 inches or the equivalent and weighing not less than 1½ oz. per sheet of 20 inches by 15 inches or the equivalent; cloth-lined board of size not less than 20 inches by 15 inches or the equivalent; millboard, of size not less than 15 inches by 15 inches or the equivalent	Free	Free
270	Cardboard, pasteboard, wood-pulp board, corrugated board, millboard, fibre board, straw-board, and cloth-lined board, n.e.i.	20 per cent. ad val.	45 per cent. ad val.
271	Celluloid, and similar materials, plain, in sheets or rolls, unprinted, n.e.i.	Free	Free
272	Crayons, all kinds	Free	25 per cent. ad val.
273	Directories of New Zealand, or of any part thereof; covers for directories	20 per cent. ad val.	45 per cent. ad val.
274	Not used.		
275	Not used.		
276	Handbills n.e.i., circulars, programmes, playbills, printed posters, trade catalogues, price-lists, and fashion-plates (NOTE.—This shall not apply to trade catalogues or price-lists of the goods of firms or persons having no established business in New Zealand or to cut samples mounted in books or on folders or cards or to colour cards provided that such books, folders, or cards, are issued by and bear the name and overseas address of the firm or person whose goods are represented therein.)	6d. per lb.	1s. 6d. per lb.

Cream-mugs, &c.—

According to the evidence in the possession of the Commission, the goods included under this tariff item are not made in New Zealand. Requests were received for the imposition of duty under the General Tariff. As the articles are used in packing perishable goods and primary products in New Zealand, it is considered that they should be obtainable at the lowest possible cost. The Commission does not, therefore, recommend that the request be granted.

Various requests were made to the Commission respecting the goods covered by this tariff item, including the following—

- (a) that duty at the rate of 20 per cent. ad val. should be imposed under the General Tariff on such materials when they were to be used for certain purposes. As these goods are all, generally speaking, raw materials for the industries of New Zealand, the Commission is of opinion that the existing position should be maintained.
- (b) that duty should be imposed on wood pulp and fibre wall-board. These materials are not made in New Zealand and are essential for certain building purposes. The Commission does not think that duty should be levied.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IX.—PAPER AND STATIONERY— <i>continued.</i>				
277	Ink powders, and ink pellets, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	} Many representations were made to the Commission with respect to the duty on inks. The industry of manufacturing inks in the Dominion is relatively a small one. According to the evidence submitted to the Commission they are of good quality. After a consideration of the evidence in our possession we are of opinion that the existing duties and exemption should be maintained.
278	Ink, printing, black, in packages containing not less than 1 cwt., the current domestic value of which does not exceed 7d. per lb.	Free	20 per cent. ad val.	
279	Ink, printing, n.e.i. ; stencilling and similar inks ; showcard or poster colours in <i>liquid</i> form	15 per cent. ad val.	40 per cent. ad val.	
280	Ink n.e.i., including writing, drawing, and marking ink . .	20 per cent. ad val., or 2s. per gallon, whichever rate returns the higher duty	45 per cent. ad val., or 4s. per gallon, whichever rate returns the higher duty	
281	Maps, charts, plans, and similar articles	Free	Free	
282	Envelopes and bags, paper, n.e.i.	25 per cent. ad val.	50 per cent. ad val.	
283	Envelopes and bags of celluloid or <i>similar</i> material	Free	25 per cent. ad val.	
284	Paper, viz. :—Bleached sulphite or similar paper, on declaration that it will be used only in the manufacture of twine or imitation wickerware	Free	Free	
285	Carpet-felt paper, and paper- <i>felt</i> n.e.i.	Free	20 per cent. ad val.	
286	Paper on declaration that it will be used only in the manufacture of cartridges (not including paper for wrapping cartridges or other goods)	Free	Free	
287	Emery-paper, emery-cloth, and glass-paper, cut into shapes, in rolls, or in sheets	Free	25 per cent. ad val.	
288	Filter-paper, and filter-papers ; filter-pulp	Free	Free	
289	Monotype-paper, in rolls, suitable for use with monotype machine	Free	20 per cent. ad val.	
290	Paperhangings	Free	25 per cent. ad val.	
291	Paper-lace, embossed, and similar material, suitable for use in the manufacture of cardboard boxes	Free	Free	
292	Paper-pulp, for the manufacture of paper	Free	Free	
293	Printing-paper and writing-paper, in rolls not less than 10 inches wide, wholly or partly carbon-coated on one side, on declaration that it will be used only in the manufacture of counter-check books	Free	Free	
294	Paper seed-pockets, printed, or lithographed, <i>especially suited</i> for packing seeds	Free	20 per cent. ad val.	
295	Paper, unprinted—viz. :—true vegetable parchment ; glazed transparent greaseproof paper greaseproof imitation parchment paper and similar paper of such qualities as may be approved by the Minister	Free	Free	
296	Paper (other than <i>wrapping</i> paper) waxed, unprinted ; also such paper printed and then <i>waxed</i>	Free	20 per cent. ad val.	

297	Paper, celluloid, or <i>similar</i> materials and wrappers made from such materials, <i>printed, lithographed, or ruled, n.e.i.</i>	20 per cent. ad val.	45 per cent. ad val.
298	<i>Wrapping-paper, printed or unprinted, viz. :—</i> (1) In sheets of size not less than 20 inches by 15 inches or the equivalent or in rolls not less than 10 inches wide— (a) Of <i>substance</i> not lighter in weight than $\frac{1}{4}$ ounce per <i>sheet</i> of 20 inches by 15 inches or the equivalent (b) N.e.i. (2) In sheets of size less than 20 inches by 15 inches or the equivalent or in rolls less than 10 inches wide (except such rolls specially suited for industrial or <i>similar</i> purposes in such widths not exceeding 2 inches as the Minister may determine)	6s. 6d. per cwt. 6s. 6d. per cwt., or 20 per cent. ad val., whichever rate returns the higher duty 20 per cent. ad val.	10s. 6d. per cwt. 10s. 6d. per cwt., or 45 per cent. ad val., whichever rate returns the higher duty 45 per cent. ad val.
299	Paper of qualities and sizes approved by the Minister, on declaration that it will be used by orchardists only in wrapping fruit	Free	Free
300	Paper, viz. :— (1) Carbon and <i>similar</i> copying paper (2) N.e.i., including tin-foil paper, and gummed paper n.e.i.— (a) In sheets of size less than 20 inches by 15 inches or the equivalent (b) In sheets of size not less than 20 inches by 15 inches or the equivalent (c) In rolls less than 10 inches wide except such rolls specially suited for industrial or <i>similar</i> purposes in such widths not exceeding 2 inches as the Minister may determine (d) In rolls n.e.i.	Free 20 per cent. ad val. Free 20 per cent. ad val. Free	20 per cent. ad val. 40 per cent. ad val. 10 per cent. ad val. 40 per cent. ad val. 20 per cent. ad val.
301	Printed books papers music or advertising-matter, n.e.i. . .	Free	Free
302	Religious tracts handbills and folders	Free	Free
303	Show-cards, and calendars, all kinds, including glacier stickers suited for exhibition on windows	20 per cent. ad val.	45 per cent. ad val.

The Commission received a large amount of evidence and went fully into the question as to the duty which should be imposed on wrapping paper. No representations were, however, made by United Kingdom manufacturers of such paper.

The industry of paper making has been carried on in New Zealand for many years and at present employs a considerable number of persons. It is a large user of New Zealand fuel and power, although the principal raw material is imported. We are of opinion that the existing duties should be maintained.

Representations were made to the Commission respecting the duty on carbon paper. After going into the matter, we are of opinion that the industry of cutting and packeting carbon paper is not one suited to New Zealand. We think that the existing duty under the British Preferential Tariff—item 300 (1) (b)—should be abolished.

Representations were made (a) that the duty under the General Tariff should be increased to 20 per cent., and (b) that certain kinds of printing paper of foreign origin should be admitted free.

With respect to the former, the view taken by the Commission is that paper covered by this tariff item is raw material for the stationery manufacturing and printing industries and that higher duty should not be levied. As regards the second request, a duty of 10 per cent. was imposed as a result of the Ottawa Conference, and in view of this the Commission could not recommend a variation of the same.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
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CLASS IX.—PAPER AND STATIONERY—*continued.*

304	Stationery, and paper, manufactured—viz., account-books, scribbling-books, letter-books, copying letter-books, counter books, guard books, copy-books with headlines on each page, drawing-books, sketch-books, diaries, birthday-books, scribbling, and letter blocks; book-covers; book-markers; billhead, invoice, and statement forms, cheque, and draft forms; tags; labels, all kinds; printed window-tickets; blotting-pads; Christmas, New Year, birthday, Easter, and other booklets and cards, n.e.i.; printed, lithographed, ruled, or embossed stationery, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
305	Stationery n.e.i.; cards, printers' menu, programme, calendar, Christmas, and similar, of cardboard, celluloid or similar material, edged, or having embossed or printed thereon such words as "Menu," "Calendar," "Christmas Greetings," but otherwise unprinted, and suited to be completed in New Zealand	20 per cent. ad val.	45 per cent. ad val.	
306	Sunday school and day school lesson sheets and cards; Sunday school tickets, and <i>reward</i> cards, being scriptural or religious motto cards, and having no reference on them to Christmas, New Year, Easter, or birthdays	Free	Free	

CLASS X.—METALS AND MACHINERY.

307	Ball bearings, and roller bearings, not being ball or roller bearing plummer or hanger blocks; steel balls, and rollers, suitable for ball or roller bearings	Free	15 per cent. ad val.	
308	Beekeepers' tools, implements, and apparatus—viz., metal fittings for beehives, bee-smokers, wax-extractors, queen-cages, comb foundation, foundation machines, honey-knives, honey-extractors, queen-rearing outfits, wax-presses, <i>tools peculiar to bee-keepers' use</i> , gloves of textile soaked in oil, and rubber gloves, specially suited for beekeepers' use, and such other articles, appliances, and implements, <i>peculiar to use in beekeeping</i> , as may be approved by the Minister	Free	Free	Application was received for the imposition of duty on comb foundation. As this is a raw material for the use of beekeepers it is not considered advisable that duty should be imposed.
309	Bellows n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
310	Bolts, and bolt ends, up to 24 inches in length, including insulator bolts, n.e.i.; nuts, blank or screwed; metal threaded screws, screws for wood; set-screws, engineers' studs, taper pins, and split pins; rivets and washers	Free	20 per cent. ad val.	
311	Buckles, and <i>similar</i> articles, wholly of metal (other than precious metal) even if covered with leather or cloth	Free	25 per cent. ad val.	
312	Castors suited for furniture	Free	25 per cent. ad val.	

313	Chain, and chains, metal (other than key, watch, bracelet, pendant, eyeglass, and similar chains, and chain made of precious metal), plain, or with hook, swivel, or ring attached, n.e.i.	Free	20 per cent. ad val.
314	Chain-belt (not being conveyor chain or belting), loose-link, and other	Free	25 per cent. ad val.
315	Clips, tags, rings, and <i>similar</i> articles, for the identification of live-stock, poultry, fish, and other animals; metal labels with names of trees plants or shrubs stamped or cast thereon, specially suited for use in botanical gardens, public parks, and similar places	Free	Free
316	Cocks, metal, low pressure, not exceeding $\frac{1}{2}$ inch in <i>internal diameter</i> , and lubricators, on declaration by a manufacturer that they will be used by him solely in the completion of articles in New Zealand	Free	Free
317	Culverts of galvanized corrugated iron (of 10 to 18 Birmingham wire gauge), iron gates for the same, and fluming of plain or corrugated galvanized iron (of 10 to 18 Birmingham wire gauge), on declaration by an official of a duly constituted local government body that they will be used only on public works	Free	Free
318	Cylinders for compressed gases	Free	Free
319	Eyelets n.e.i.	Free	Free
320	Filters, and appliances specially suited for the chemical treatment of water, as may be approved by the Minister, on declaration by an official of a duly constituted local government body that they will be used only in purifying water-supplies	Free	20 per cent. ad val.
321.	Firearms and fittings therefor, viz. :—		
	(1) Rifles, .22 calibre; rifles, .303 calibre (including service fittings therefor); rifles, n.e.i., of such calibres as may be authorized by the Minister of Defence (including service fittings therefor)	Free	25 per cent. ad val.
	(2) Sights for military rifles, of such patterns as may be approved by the Minister; cleaning rods specially suited for use with rifles of .22 calibre, or with rifles of such calibre as may be authorized by the Minister of Defence	Free	25 per cent. ad val.
	(3) Firearms n.e.i.	20 per cent. ad val.	45 per cent. ad val.
322	Cartridges, cartridge cases, and materials for the manufacture thereof, viz. :—		
	(1) Cartridges—		
	(a) Shot, 10 to 24 bore	3s. per 100, or 30 per cent. ad val., whichever rate returns the higher duty	5s. per 100, or 55 per cent. ad val., whichever rate returns the higher duty
	(b) Shot, n.e.i.	25 per cent. ad val.	50 per cent. ad val.
	(c) Ball, .22 calibre	Free	25 per cent. ad val.
	(d) N.e.i.	20 per cent. ad val.	45 per cent. ad val.

An application was received for the imposition of duty on the goods included under this tariff item. As the articles are essential to the primary and other industries, we do not consider that a protective tariff would be advisable.

A considerable amount of evidence was obtained by the Commission with respect to the articles included under this tariff item, especially from the local manufacturers of cartridges, &c., in Auckland. We are of opinion that the existing duties should be maintained.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>				
	<i>Cartridges, &c.—continued.</i>			
	(2) Cartridge cases—			
	(a) 10 to 24 bore	1s. 6d. per 100, or 30 per cent. ad val., whichever rate re- turns the higher duty	2s. 6d. per 100, or 50 per cent. ad val., whichever rate re- turns the higher duty	
	(b) N.e.i.	25 per cent. ad val.	45 per cent. ad val.	
	(3) Parts of cartridge-cases, including tubes for the manu- facture of cartridge-cases; gun-wads, all kinds	30 per cent. ad val.	50 per cent. ad val.	
	(4) Shot and bullets	10s. per cwt.	20s. per cwt.	
	(5) Metal cups for the manufacture of cartridge-cases ..	Free	Free	
323	Percussion caps; detonators	Free	Free	
324	Guns, tools, and ammunition, specially suited for use in whaling	Free	20 per cent. ad val.	
325	Fire engines; chemical fire-engines; chemical fire- extinguishers, including such chemicals n.e.i. for charging the same as may be approved by the Minister; fire-hose, and couplings therefor, portable fire-escapes, fire-ladders, also fire-reels, on declaration that they will be used only by fire-brigades; and such other articles (including firemen's helmets) peculiar to use by fire-brigades or in fire extinguishing, as may be approved by the Minister	Free	20 per cent. ad val.	
326	Fishhooks, unmounted and without attachments ..	Free	25 per cent. ad val.	
327	Galvanized-iron manufactures, n.e.i., made up from galvan- ized iron, or from plain sheet iron and then galvanized; japanned or lacquered metalware; furniture, cabinet- ware, and <i>shelving</i> , specially suited for office shop or warehouse use, <i>made up</i> from sheet metal not exceeding 0·080 inch in thickness	20 per cent. ad val.	45 per cent. ad val.	<p>Representations were made to the Commission with respect to the protection to be accorded to the industry of manufacturing furniture, cabinetware and shelving specially suited for office or warehouse use. In this connection it was urged that there were advantages through the importation of certain parts from the United Kingdom for use in New Zealand in the manufacture of the completed articles. This was to be arranged under an agreement between the manufacturers in the two countries by which the New Zealand manufacturer undertook to take from the United Kingdom manufacturer materials representing a certain percentage of the New Zealand works cost of certain articles.</p> <p>On the evidence before the Commission we do not regard such arrangements as being in the best interests of the industrial and economic welfare of the Dominion. Some of the objections which might be raised are the following:—</p>

328 Implements and fittings specially suited for use in straining
or stretching fencing wires
329 Incubators for poultry-raising ..

Free

10 per cent. ad val.

Free

20 per cent. ad val.

- (a) The New Zealand manufacturer may be limited in the source of his supply of parts.
- (b) It might be necessary for the local manufacturer to purchase from abroad articles which could have been economically produced in New Zealand.
- (c) A portion of the saving of the cost of manufacture in the United Kingdom compared with manufacture in New Zealand would be discounted by a second profit having to be taken on the imported parts during the final manufacture.
- (d) If, under such an arrangement, the United Kingdom manufacturer is restricted in the selling of the complete articles, the effect would be to reduce competition in this market.
- (e) If, consequent upon such an arrangement, the imported parts were exempted from duty, the following difficulties might arise :—
 - (i) The admission free of articles which might have been economically made in New Zealand.
 - (ii) Different agreements might involve a variation in the list of articles admissible free.

In the particular case in question the evidence shows that the industry of manufacturing steel filing cabinets cannot be profitably carried on in New Zealand except by levying a duty at the rate of 25 per cent. ad val. under the British Preferential Tariff as well as exempting from duty the imported parts. The Commission considers that an industry requiring such a relatively high protection under the circumstances stated is not in the best interests of the Dominion and should be regarded as an uneconomic one, especially in view of the limited market for goods of this nature. On these grounds a recommendation cannot be made in favour of a protective duty. It is considered that these, along with other articles of office equipment, are reasonably subject to a revenue duty which the Commission thinks should be fixed at 20 per cent. under the British Preferential Tariff. It is considered that the other articles which are covered by the existing Tariff item 327 and which are of a class economically made in New Zealand are sufficiently protected by a duty of 20 per cent. under the British Preferential Tariff.

No representations were made to the Commission respecting this matter. It is considered that, in the interests of the poultry industry, incubators should be admitted free under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>				
330	Iron drums, empty, not exceeding 10 gallons capacity ..	Free	20 per cent. ad val.	
331	Lawn-mowers	20 per cent. ad val.	45 per cent. ad val.	
332	Adding and computing machines and instruments; accounting and book-keeping machines; cash registering machines, not including recording paper; combined adding and typing machines; typewriters (including covers); duplicating machines and apparatus, n.e.i.; addressing machines	Free	25 per cent. ad val.	
333	Agricultural implements and machinery, viz. :— (1) Cultivators; harrows; ploughs; drills; seed and fertilizer sowers or distributors combined or separate; lime sowers; seed or grain cleaners, and cellular seed or grain separators	10 per cent. ad val.	35 per cent. ad val.	Considerable evidence was received by the Commission with respect to the industry of manufacturing agricultural implements and machinery at present carried on in New Zealand. The protection on this class of goods is relatively low, and it is considered to be in the interests of primary producers that such an industry should be maintained in the Dominion. We recommend that there should be no alteration in the existing duties.
	(2) N.e.i., including ploughs, cultivators, and seed drills, hand-worked, combined or separate; ploughs, single furrow mouldboard, not exceeding 266 lb. net weight; also the following parts of ploughs or harrows, viz.—mould-board plates unbent, steel share-plates cut to pattern, skeith-plates, plough beam forgings, and discs for harrows or ploughs	Free	Free	Representations were made to the Commission that duty should be levied under the General Tariff on certain implements and machinery covered by this item. Implements of these classes are not made in New Zealand. We are of opinion that it is not in the best interests of the Dominion that such a duty should be imposed.
334	Dairying machinery, and appliances, viz. :— (1) <i>Churns</i> , power driven, including butter-workers; butter-packers, butter-pounders, and cheese-presses (2) <i>Dairying machinery n.e.i.</i> , including <i>coolers</i> but not including coil pipes or <i>similar</i> articles; machinery <i>especially suited</i> for use in the manufacture of dried milk, casein, sugar of milk, or other milk product; also the following articles on declaration that they will be used only in dairy factories, or in the manufacture of dried milk or other milk products, viz., vacuum-pans vats or tanks, lined with glass porcelain or enamel, milk-pasteurizers (not being coil pipes or <i>similar</i> articles)	Free	20 per cent. ad val.	
		Free	Free	Application was made to the Commission for the imposition of duty on foreign cream separators. These machines are of vital importance to the dairy industry. It is admitted that on a previous occasion separators manufactured by the firm in question were found not to be entirely satisfactory. New models have now been introduced which may prove to be equal to the foreign article. The Commission is of opinion that the new machines should be in use for some considerable period before it can be definitely affirmed that they are in all respects satisfactory. We think that, in the meantime, the existing position should be maintained.

335	<i>Engines, viz. :—</i>			
	(a) Specially suited for use on <i>cycles</i> and motor vehicles	15 per cent. ad val.	45 per cent. ad val.	
	(b) Specially suited for use on tractors or traction engines, on declaration that they will be used only on such tractors or traction engines	Free	20 per cent. ad val.	
336	Engines (including necessary controlling-gear therefor) specially suited for flying machines, on declaration that they will be used solely in the manufacture or completion of the same	Free	10 per cent. ad val.	
337	Engine governors and turbine governors	Free	25 per cent. ad val.	
338	<i>Machinery or appliances, electrical, viz. :—</i>			
	(1) Machinery or appliances peculiar to the generation of electricity, to the transformation of pressures of electric currents, or to the conversion of one type of electric current to another; electric motors; slide rails for electric generators or electric motors	Free	25 per cent. ad val.	
	(2) Switchboards, fuse boards, and distribution boards or boxes for electric circuits; shunt or voltage regulators; starters or controllers for electric motors; rheostats, and resistances n.e.i. including reactance or choking coils, for the reduction or control of electric currents, condensers, relays, electro-magnets, switches, wall-plugs and shoes or sockets therefor, circuit breakers, circuit makers, cut-outs, fuses, wire or cable connectors and <i>similar</i> articles, and terminals; lightning arresters for the protection of electrical apparatus	Free	25 per cent. ad val.	
	(3) Carbons or electrodes for arc lamps, for electric furnaces, or for electric welding	Free	25 per cent. ad val.	
	(4) Electrical appliances peculiar to electro plating, electro-chemistry, electro-metallurgy, surgery, telegraphy, telephony including wireless broadcast receiving <i>sets</i> not mounted in <i>cabinets</i> but not including <i>cabinets</i> or parts of <i>cabinets</i> for such sets; X-ray tubes and electrical vacuum tubes not suitable for purposes of illumination	Free	25 per cent. ad val.	
	(5) Electric locomotives; trolley-poles or collectors for electric tram-cars or electric locomotives; frogs, crossings, and line-ears, for overhead conductors for electric railways or tramways; rail bonds with terminals attached	Free	25 per cent. ad val.	
	(6) Metal <i>poles</i> or <i>towers</i> , specially suited for use in electrical transmission-lines	Free	25 per cent. ad val.	
	(7) Insulated cable and wire; carbon in block, sheet, or rod; mica, vulcanite, insulating-tape, and other insulating materials n.e.i., not including insulating-piping or tubing, or insulating fittings for pipes	Free	25 per cent. ad val.	

See remarks under item 205 (6).

Representations were made to the Commission requesting a modification of the duties and exemptions provided for under this heading. Certain of these goods form parts of articles at present admitted free under the British Preferential Tariff, and protection was desired on the ground that they were made in New Zealand. The Commission does not consider that the goods in question are of sufficient importance to warrant protection. Requests were also made that certain articles at present covered by paragraph (10) should be admitted free under the British Preferential Tariff. These articles are not made in New Zealand, and the Commission regards them as reasonable items for revenue purposes.

Many representations were made with respect to the duty on wireless broadcast receiving sets. A leading local manufacturer did not request protection from sets manufactured in the United Kingdom. A large number of persons is at present employed in the industry, but in view of the rapid changes in models manufactured abroad, the technological research which has to be undertaken, the limited market in the Dominion, and the fact that certain essential parts have to be imported, the Commission is doubtful whether it is an industry suited to New Zealand conditions. We are of opinion that, to comply with the Ottawa Agreement, wireless broadcast receiving sets manufactured in the United Kingdom should be admitted free. The existing duty of 35 per cent. ad val. should, we think, be maintained on the foreign sets.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>				
<i>Machinery or appliances, electrical—continued.</i>				
	(8) Sparking-plugs for oil engines	Free	25 per cent. ad val.	
	(9) Wireless broadcast receiving sets mounted in cabinets	Free	35 per cent. ad val.	
	(10) N.e.i.	20 per cent. ad val.	45 per cent. ad val.	
339	Incandescent filament electric-lamp bulbs, not being peculiar to surgical use, and having, at the <i>marked voltage</i> , a power consumption—			
	Not exceeding 8 watts	1d. per bulb	2½d. per bulb	
	Exceeding 8 watts and not exceeding 80 watts ..	2d. per bulb	6½d. per bulb	
	Exceeding 80 watts and not exceeding 180 watts ..	3d. per bulb	1s. 3d. per bulb	
	Exceeding 180 watts—			
	For the first 180 watts	6d. per bulb	1s. 3d. per bulb	
	For each additional 100 watts or fraction thereof ..	3d. per bulb	7½d. per bulb	
340	Electric lamps n.e.i., not being peculiar to surgical use ..	10 per cent. ad val.	35 per cent. ad val.	
341	Omitted.			
342	<i>Measuring, counting, testing, indicating, and recording machines, instruments, and appliances, n.e.i.; drawing instruments; compasses, not being watch-chain pendants</i>	Free	20 per cent. ad val.	
342A	<i>Gas meters:—</i>			
	(1) Having a <i>maximum capacity</i> not exceeding 450 cubic feet	10 per cent. ad val.	30 per cent. ad val.	Considerable evidence was received by the Commission with respect to gas meters. The industry of making these goods for domestic use is being efficiently carried on in the Dominion. Employment is given to a considerable number of persons, and we think that an article satisfactory to purchasers is being produced. After a consideration of the evidence, including the production costs, the Commission is of opinion that, under the Ottawa Agreement, the industry is entitled to protection at the rate of 10 per cent. under the British Preferential Tariff. The larger types of gas meters including station meters, are not being made in the Dominion, and the Commission considers that these should be admitted free under the British Preferential Tariff.
	(2) N.e.i.	Free	20 per cent. ad val.	
343	<i>Machinery peculiar to mining or gold-saving, n.e.i. (not including dredging machinery or screens for same); grizzly bars; ore-crushing rolls; ore-feeders; stamper batteries, and steel shoes and dies for same; concentrators; battery-screening, woven punched or drilled, also similar screening on declaration that it will be used only for gum washing; also the following machinery and engines on declaration that they will be used only for mining (including quarrying) purposes, viz., air compressors (not including the motive power for driving the same), fuel economizers, capstan engines, winding engines</i>	Free	25 per cent. ad val.	

344	Power driven spray pumps including <i>oufits</i> therefor, as may be approved by the Minister, specially suited for agricultural uses	Free	Free
345	Pumps <i>peculiar</i> to use in <i>dairying</i> or in the manufacture of dried milk or other milk product (except vacuum pumps suited for use with milking-machines and any other pump which the Minister is satisfied could have been made economically in New Zealand)	Free	20 per cent. ad val.
346	Pumps for raising or distributing liquids, n.e.i. ; vacuum-pumps, including those suited for use with milking-machines	20 per cent. ad val.	45 per cent. ad val.
347	<i>Sheep-shearing and horse-clipping-machines</i>	Free	10 per cent. ad val.
348	<i>Traction engines and tractors ; portable steam engines on wheels, with boilers of locomotive type ; road-rollers, self propelled</i>	Free	10 per cent. ad val.
349	Weighing machines, scales, and balances, n.e.i.	Free	25 per cent. ad val.
350	Omitted.		
351	Machinery, machines, machine tools, and <i>appliances</i> , viz. :—		
	(1) Anvils, forges, and hearths, viz. :—blacksmiths', and similar	Free	25 per cent. ad val.
	(2) Blacksmiths', braziers', assay, and treadle-power bellows	Free	25 per cent. ad val.
	(3) Boring and well-drilling machinery ; rock drills, and diamond drills ; coal cutters	Free	25 per cent. ad val.
	(4) Blowers, and fans, viz. :—Exhaust, blast, and ventilating ; vacuum cleaners	Free	25 per cent. ad val.
	(5) Card clothing suitable for use in woollen mills and paper mills	Free	25 per cent. ad val.
	(6) Crucibles	Free	20 per cent. ad val.
	(7) Grinding machines, emery, and similar ; emery and similar wheels	Free	25 per cent. ad val.

Representations have been made to the Commission with respect to the duty on pumps. Various types of pumps are made in New Zealand. We consider that the industry is an efficient one. After considering the evidence we are of opinion that pumps of the classes made in New Zealand should be protected by a duty under the British Preferential Tariff of 20 per cent. ad val. and that, subject to considerations of revenue, other classes of pumps should be admitted free of duty under the British Preferential Tariff.

Several representations were made to the Commission asking that the existing duty under the British Preferential Tariff on the goods included under this item be abolished. No representations were made by any New Zealand manufacturers. These articles are used extensively for commercial and industrial purposes, and the Commission is of opinion that, subject to revenue considerations, these goods should be admitted free of duty under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>				
	<i>Machinery, &c.—continued.</i>			
	(8) Grinding mills, grinding pans, ball mills, tube mills, bone crushers, corn mills, coffee and spice mills, food chopping, mincing, and similar machines	Free	25 per cent. ad val.	
	(9) Sewing machines	Free	Free	
	(10) Knitting and kilting machines	Free	25 per cent. ad val.	
	(11) Peculiar to metal-working, wood-working, stone-working, or glass-working	Free	25 per cent. ad val.	
352	<i>Machinery, machines, machine tools, engines, and appliances, as may be approved by the Minister, peculiar to use in manufacturing, industrial and similar processes</i> (NOTE.—The Minister may refuse to approve the entry of any article under this item if he is satisfied that the same could have been made economically in New Zealand.)	Free	25 per cent. ad val.	
353	<i>Machinery, machines, engines, and other appliances, n.e.i., viz. :—</i> (1) Gas heating and gas cooking appliances; valves, cocks, and <i>similar</i> articles, of brass or other <i>copper-alloy</i>	25 per cent. ad val.	50 per cent. ad val.	Gas heating and gas cooking appliances—Representations were made to the Commission with respect to the duty on gas heating and cooking appliances. The industry of manufacturing these articles is carried on efficiently in New Zealand and a considerable number of persons is employed. After considering the information available, we are of opinion that the existing rates should be maintained. Valves, cocks, &c.—Several applications were received by the Commission with respect to the duty on these goods. The industry of manufacturing these articles is carried on efficiently in New Zealand. After reviewing the whole position, the Commission considers that the existing duty under the British Preferential Tariff should be maintained. This industry gives employment to a considerable number of persons. Representations were made to the Commission with respect to hydro extractors. Owing to the limited demand, it is considered that the industry is not suited to New Zealand conditions. We are of opinion that these articles, which are used by other industries in the Dominion, should be admitted free under the British Preferential Tariff.
	(2) Hydro extractors	Free	25 per cent. ad val.	

(3) Gas compressing machines, viz. :—ammonia compressors	10 per cent. ad val.	25 per cent. ad val.
(4) Electric cooking and electric heating appliances ..	Free	25 per cent. ad val.
(5) Stone crushing machines, viz. :— <i>jaw crushers</i> ..	10 per cent. ad val.	35 per cent. ad val.
(6) Concrete mixers	15 per cent. ad val.	40 per cent. ad val.
(7) Other kinds	20 per cent. ad val.	45 per cent. ad val.

Several representations were made to the Commission with respect to the duty on the goods covered by this item. The industry of manufacturing these goods is carried on to a certain extent in the Dominion, but after examining all the evidence obtained we have come to the conclusion that it is not one to which, under the Ottawa Agreement, protection should be afforded. From the revenue aspect the Commission would point out that the installation of electric cooking and heating appliances in the Dominion, through the consumption of current, directly or indirectly increases the revenue. On this account we think that all these appliances should be obtainable at the lowest possible cost.

For the above reasons we recommend that the duty under the British Preferential Tariff be abolished. Representations were made to the Commission with respect to the duty on jaw crushers, which are used in crushing metal for road making and other constructional work. After considering the information available, we have come to the conclusion that the rate of duty under the British Preferential Tariff should be reduced to 10 per cent. ad val.

The Commission has received representations with respect to the duty on concrete mixers. These articles are made satisfactorily in New Zealand. From the evidence available we are of opinion that duty under the British Preferential Tariff should be reduced to 15 per cent. ad val. Oil engines—Representations were made by United Kingdom and New Zealand manufacturers of oil engines. The local manufacturers requested that a duty of 20 per cent. under the British Preferential Tariff should be imposed. According to the evidence in the possession of the Commission, the article produced in the Dominion is satisfactory and the industry is an efficient one.

We are of opinion that duty under the British Preferential Tariff should be fixed at the rate of 20 per cent. ad val.

Insulators—Representations were made to the Commission with respect to the duty on electric insulators. These articles (except those for very high voltages) are made satisfactorily in the Dominion.

After a consideration of the evidence, we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
<i>CLASS X.—METALS AND MACHINERY—continued.</i>				
354	<i>Artificers' tools</i> , n.e.i., not including brushes or brushware ; and the following tools—viz., axes, hatchets, spades, shovels, forks, picks, mattocks, hammers, scythes, sheep-shears, reaping-hooks, scissors (not less than 10 inches in length), butchers' and other cleavers and choppers, hand-saws, saw-blades machine or hand	Free	25 per cent. ad val.	
355	Bill-hooks, bush-hooks, slashers, and hedge-knives	Free	25 per cent. ad val.	Representations were made to the Commission with respect to the goods included under this item. They are made in the Dominion but the employment given by this industry is relatively small. We consider that, in view of the importance of these articles to the farming community, the duty under the British Preferential Tariff should be abolished.
355A	Tanks, rectangular, of sheet iron, of capacity not less than 200 gallons, if imported containing goods	Free	25 per cent. ad val.	These are usual containers for certain classes of goods imported into New Zealand, and we are of opinion that they should be admitted free under the British Preferential Tariff.
356	Hardware, hollowware, and ironmongery n.e.i. ; manufactured or partly manufactured articles of metal, and manufactured or partly manufactured articles of metal in combination with any other material, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	<p>The Commission offers the following observations respecting the undermentioned articles falling under this tariff item :—</p> <p><i>Petrol pumps</i>—The Commission received representations with respect to the duty on petrol pumps. These articles are made to some extent in New Zealand, but the Commission does not consider it an industry to which protection should be applied. We regard the duty on the goods as a matter of revenue and recommend that the existing position be maintained.</p> <p><i>Piston rings and pistons</i>—Representations were made to the Commission with respect to the duty on piston rings and pistons. The manufacture of these goods is carried on in New Zealand and we regard the industry as an efficient one. After considering the evidence we are of opinion that the existing duties on piston rings should be maintained and that pistons should be admitted on the same basis as at present.</p> <p><i>Enamelledware</i>—It was requested that enamelledware made in foreign countries wholly or partly from British steel or iron should be admitted at a lower rate than the General Tariff—the rate to depend upon the percentage of British material. The granting of this request could not be recommended by the Commission.</p>

356	(1) Porcelain enamelled cast iron baths	25 per cent. ad val.	50 per cent. ad val.	Representations were made to the Commission with respect to the duty on these baths. The industry of manufacturing these goods is carried on efficiently in the Dominion and we think it desirable that it should be maintained. We are satisfied that, in accordance with the Ottawa Agreement, the duty under the British Preferential Tariff should be increased from 20 to 25 per cent. ad val. This we accordingly recommend.
356	(2) Builders' and cabinetmakers' hardware, viz. :—hinges (not being <i>gate hinges</i>) suited for doors, box-lids, or <i>similar</i> articles; <i>locks</i> , <i>lock sets</i> , and keys for locks; metal escutcheon plates; handles, <i>pulls</i> , <i>catches</i> , <i>clips</i> , <i>slides</i> , and <i>similar</i> articles, suited for use on drawers and cabinets; handles and <i>bolts</i> for doors	Free	20 per cent. ad val.	Among the articles included under this heading are cabinetmakers' and builders' hardware. The existing duties on these goods increase building costs and impose restrictions on certain manufacturers in the Dominion. We are of opinion that, subject to revenue considerations, the articles mentioned should be admitted free under the British Preferential Tariff.
357	Metal, viz. :— (1) Copper, iron, lead, tin, and other metal, in billets, blooms, ingots, or pigs	Free	Free	Representations were made to the Commission with respect to pig iron. The manufacture of pig iron has been carried on in New Zealand for some years. The Commission is of opinion that, notwithstanding considerable assistance from the Government by way of bounty and otherwise, the industry has failed to establish itself on an economic basis. The only operating concern is now in liquidation. We do not think on the available evidence, that the industry can be regarded as reasonably assured of sound opportunities of success. We think that, to enable an iron industry to function satisfactorily, it must be capable of continuous operation and be able to use the by-products commercially. The present consumption of pig iron in New Zealand is too small to permit of this being done. We do not think that it is in the best interests of New Zealand that a protective duty should be placed on pig iron, and therefore recommend that the existing position be maintained. Pig iron is the foundation raw material for the engineering industry of the Dominion. We are of the opinion that the dumping duty at present levied on pig iron imported from Australia and India should be removed.
	(2) Aluminium, brass, copper, lead, tin, and other metal, n.e.i., in bars or rods (except cast bars or rods of copper alloy)	Free	10 per cent. ad val.	
	(3) Gold, platinum, silver, or other precious or rare metals, viz., bar, foil, leaf, plate, sheet, strips, or wire, <i>plain</i>	Free	Free	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
<i>Metal—continued.</i>				
(4)	Iron, galvanized or <i>plain</i> black, viz., angle, tee, bar, bolt, channel, rod, and rolled girders; iron girders expanded, but otherwise unworked	Free	20 per cent. ad val.	The Commission received an application requesting the imposition of a protective duty on iron and steel bars imported from British dominions. At present such bars are being manufactured by one company in New Zealand from imported steel and local steel scrap. They are producing only a portion of the shapes and sizes consumed in the Dominion. We think that until the local consumption of steel warrants a basic iron industry from which a range of steel products can be made protection is not desirable. Iron and steel bars form an essential raw material for the engineering and building industries.
(5)	Iron, viz. :— (a) Sheet, plate (including rolled chequered plates), or hoop, <i>plain</i> , whether black, polished, galvanized, plated, tinned, or otherwise coated with metal, n.e.i. (b) Corrugated sheet iron	Free	20 per cent. ad val. (except hoop 6 inches in width or over)	
(6)	Metal n.e.i., viz. :—foil, leaf; hoop, plate or sheet, <i>plain</i> , whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal	Free Free	20 per cent. ad val. 10 per cent. ad val.	Application was made for a protective duty on sheet lead imported from Australia. The industry of manufacturing sheet lead from ingots is not regarded by the Commission as an economic one in New Zealand. The labour cost is relatively small and the geographical situation of the works makes delivery uneconomical as compared with the landing costs of imported sheet lead.
(7)	Shafting, plain rolled, or plain turned, but otherwise unwrought	Free	20 per cent. ad val.	
(8)	Sheet, perforated or cellular	Free	20 per cent. ad val.	
(9)	<i>Solder</i>	Free	Free	
(10)	Wire, metal, plain, n.e.i.; barbed fencing-wire; wire cut to lengths, looped, twisted, or plain, suited for baling and similar purposes	Free	10 per cent. ad val.	Application was made for a protective duty on barbed wire imported from Canada and Australia. The industry of manufacturing barbed wire from imported plain galvanized wire is not, on account of the relatively small labour costs, regarded by the Commission as an economic one. Further, barbed wire is essential to the primary industries and it is desirable that no increase should be made in farmers' costs by the imposition of such a duty. Application was also made for an increase in the rate of duty on foreign plain and barbed wire. For the reasons last stated, we are of opinion that the request should not be granted.
(11)	Metal cordage, not being gold or silver ..	Free	20 per cent. ad val.	

358	Metallic and <i>similar</i> capsules	Free	25 per cent. ad val.
359	Nails or tacks, of copper, brass, and composition, n.e.i.; nails or tacks, n.e.i.; coopers' and <i>similar</i> hooks and tacks; staples	Free	20 per cent. ad val.
360	Nails or tacks, iron, exceeding 1 inch in length, n.e.i.; also dog-spikes	Free	£2 per ton
361	Nails, lead-headed, and galvanized cup-headed roofing nails	Free	20 per cent. ad val.
362	Pipes, piping, tubes, and tubing (except coil pipes), viz. :—		
	(1) <i>Rain-water, soil, and similar</i> pipes (including cast iron, having a thickness of metal not exceeding 5/16 inches)	Free	20 per cent. ad val.
	(2) Cast iron, not exceeding 9 inches in internal diameter, n.e.i.	Free	20 per cent. ad val.
	(3) Cast iron n.e.i.	Free	20 per cent. ad val.
	(4) Wrought iron, screwed; boiler tubes flanged or unflanged	Free	20 per cent. ad val.
	(5) Wrought iron or wood, not exceeding 6 inches in internal diameter	Free	20 per cent. ad val.
	(6) Wrought iron or wood, n.e.i.	Free	20 per cent. ad val.
	(7) Lead or composition	Free	3s. 6d. per cwt.

The Commission received representations with respect to the duty on iron nails. This industry has been established in New Zealand for about twenty-two years and no doubt came into existence under the shelter of a revenue duty then in force. The raw materials for the industry have to be imported and the value added in New Zealand is relatively small. The Commission does not consider that the industry of manufacturing nails in the Dominion is one suited to the conditions here and that, therefore, the duty under the British Preferential Tariff should be abolished.

Various representations were made to the Commission with respect to the duty on iron and steel pipes. After a consideration of the evidence, we are of opinion that, under the conditions in which it is at present carried on, the industry of manufacturing these pipes in New Zealand is not one which is reasonably assured of sound opportunities for success. Our opinion is that this industry should be ancillary to a basic iron and steel industry. The manufacture cannot at present be carried on without a duty. The demand for these pipes is not continuous but intermittent. The making of steel pipes in New Zealand is at present carried on chiefly by two manufacturers. [*Certain words having reference to the financial position of the manufacturers omitted as being confidential.*] Such pipes are required for developmental work, and it is essential that they should be obtainable at the lowest possible cost. We therefore recommend that the duty under the British Preferential Tariff should be abolished.

No application was made to the Commission with respect to the goods covered by this tariff item. From the information in our possession we are of opinion that, owing to the relatively small number of men employed, the small added value in New Zealand, and the fact that the raw material has to be imported, this article should not receive a protective duty.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY— <i>continued.</i>				
362	Pipes, piping, tubes, and tubing (except coil pipes)— <i>continued.</i>			
	(8) Omitted.			
	(9) Omitted.			
	(10) N.e.i.	Free	20 per cent. ad val.	
	(11) Knees, bends, elbows, junction or inspection boxes including covers therefor, and other <i>fittings</i> n.e.i. for pipes, piping, tubes, or tubing—			
	(a) Of brass or other <i>copper-alloy</i>	Free	20 per cent. ad val.	Pipe fittings of this nature are not manufactured in New Zealand according to the most modern methods of fabrication, and the selling prices of locally made fittings are very much higher than those of imported lines. It is not considered that it is in the best interests of New Zealand that the existing duties on these goods should be maintained. We therefore recommend the duty at present levied under the British Preferential Tariff should be abolished.
	(b) Of cast iron, for pipes, piping, tubes, and tubing, exceeding 3 inches in internal diameter	Free	20 per cent. ad val.	
	(12) Knees, bends, elbows, junction or inspection boxes including covers therefor, and other <i>fittings</i> , n.e.i., for any of the above-mentioned pipes, piping, tubes, or tubing, shall be classed under the same item of the Tariff as the pipes, piping, tubes, and tubing, for which they are fittings.			No representations were made to the Commission with respect to the goods included under this tariff item. We are of opinion that such goods should be admitted on the same footing as the pipes with which they are to be used.
363	Printers' type and materials, viz. :—			
	(1) Printing-type, and printing-materials, n.e.i., suited only for the use of printers; zinc plates or copper plates for photo-lithographic work	Free	20 per cent. ad val.	
	(2) Stereotypes, electrotypes, matrices, half-tone and line blocks	20 per cent. ad val.	45 per cent. ad val.	
364	Propelling-screws, metal, including only bosses and blades	Free	20 per cent. ad val.	
365	Rails for railways or tramways, including lay-outs, <i>points</i> , and crossings, for the same; rail-fastenings—viz., fish-plates, creep-clips, tie-irons, bearing-brackets, bed-plates, cast-iron chocks, and bored iron bars	Free	20 per cent. ad val.	
366	Road-graders	Free	20 per cent. ad val.	
367	Omitted.			

368	Saddlers' ironmongery (except bits and stirrup-irons), hames, and mounts for harness ; gag-bits, and drenching-bits	Free	20 per cent. ad val.
369	Ship-chandlery n.e.i., including anchors	Free	20 per cent. ad val.
370	Signalling-apparatus, automatic and other, as may be approved by the Minister, suited for use in connection with ships, railways, and tramways, or for mining, and similar purposes	Free	20 per cent. ad val.
371	Springs, coil, volute, and spiral (other than upholsterers' spiral sofa-springs)	Free	20 per cent. ad val.
372	Thermostats for making incubators for poultry raising ..	Free	20 per cent. ad val.
373	Tinware, and tin manufactures, n.e.i.	15 per cent. ad val.	40 per cent. ad val.
374	Welded and flanged boiler furnaces, plain or corrugated ; expansion rings, furnace flues, and unflanged end plates, for boilers	Free	25 per cent. ad val.
375	Window sashes, or frames, metal	20 per cent. ad val.	45 per cent. ad val.

Representations were made to the Commission with respect to the duty on tinware, including milk and cream cans, tins and canisters. The industry is efficiently conducted, employs a large number of persons, and has a large output. The manufacturers have improved the quality of their output so that it reasonably meets all modern requirements. After considering the evidence, we are of opinion that the industry can function satisfactorily if the duty under the British Preferential Tariff is reduced to 15 per cent. ad val.

At present certain tin stampings, parts of tins and tinware for manufacture in New Zealand are admitted free of duty under the British Preferential Tariff. Representations were made to the Commission that the exemption of these articles should be discontinued on the ground that they are now made in New Zealand. Our view with respect to this matter is that where protection is afforded for the manufacture of a complete article and parts of the same are made locally, it is anomalous to admit such parts free of duty.

We therefore suggest that duty at the rate charged on the complete articles be levied on these stampings, &c.

Representations were made to the Commission with respect to the duty on window sashes and frames. These goods have been manufactured at various centres in the Dominion for a number of years. The industry is carried on efficiently, and during normal times employed a considerable number of persons. After reviewing the information received, we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
376	Wire netting, metal wove wire (not including wove wire for mattresses), metal gauze, electrically welded wire fabric; expanded metal lathing and fencing; also metal lathing in combination with earthenware or with such other substances as the Minister may approve, when specially suited for building construction	Free	20 per cent. ad val.	Representations were made to the Commission with respect to electrically welded fabric. It would appear that duty was imposed on this fabric when exceeding $\frac{1}{8}$ inch in diameter to assist the manufacture of woven fabric. The electrically welded article is not at present made in the Dominion. From the information obtained the Commission is satisfied that the latter fabric and plain steel rods, laced or unlaced, are much more suitable for building construction than the woven fabric. We are therefore of opinion that to keep building costs as low as possible all electrically welded fabric should be admitted free under the British Preferential Tariff.
CLASS XI.—VEHICLES.				
377	Air-pressure brakes suited for use on locomotives or on vehicles of any kind	Free	15 per cent. ad val.	
378	Bicycles, tricycles, and motor-cycles, fittings for—viz., spokes, in the rough or finished; and the following articles when not plated, japanned, enamelled, or varnished—viz., drop forgings, stampings, wood or metal rims (not bored), forks, stays, handle-bars, and seat-pillars, <i>unbuilt</i> , bracket shells, fork- and stay-ends, fork-tips, bridges, crowns, and lugs	Free	15 per cent. ad val.	
379	(1) Bicycles, tricycles, and similar vehicles, also parts of same, n.e.i. (2) Motor-cycles, and <i>similar</i> vehicles, and parts thereof n.e.i.; side cars for motor-cycles	10 per cent. ad val.	40 per cent. ad val.	The question as to the rate of duty which should be charged on motor and other cycles is dealt with under item 389.
		15 per cent. ad val.	45 per cent. ad val.	
380	Flying-machines	Free	10 per cent. ad val.	
381	Carriages, carts, drays, wagons, perambulators, and the like vehicles, not including motor vehicles	20 per cent. ad val.	45 per cent. ad val.	
382	Cars, wagons, and trucks, railway and tramway.	20 per cent. ad val.	45 per cent. ad val.	
383	Carriage shafts, poles, spokes, and felloes, dressed; bent carriage timber n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
384	Carriage- and cart-makers' materials—viz., shafts, poles, spokes, and felloes, in <i>the rough</i> ; hubs other than those for motor-vehicles, motor-cycles, or cycles	Free	Free	

385	Axles, axle-arms, axle-boxes, and axle-caps, other than those peculiar to motor-vehicles, motor-cycles, or cycles; bogies and trucks for railway or tramway cars; also power-bogies for locomotives propelled by internal combustion engines	Free	25 per cent. ad val.	
386	Undercarriage springs, n.e.i., suited for the manufacture or repair of vehicles, including locomotives	Free	25 per cent. ad val.	
387	Metal fittings, mountings, and trimmings, n.e.i., suited for the manufacture or repair of vehicles	Free	15 per cent. ad val.	
388	Wheels, and tires, for locomotives or railway or tramway vehicles, whether affixed to axles or separate	Free	25 per cent. ad val.	
389	Motor-vehicles n.e.i.	15 per cent. ad val.	45 per cent. ad val.	See remarks appended.

389. *Motor-vehicles.*

Many representations were made to the Commission with respect to the duty on motor-vehicles. Apart from the question of preference, the essential matters at issue resolve themselves into two questions, viz., (1) whether a protective duty should be imposed on imported motor-car bodies to assist the manufacture of such bodies in the Dominion, and (2) whether a revenue duty should be imposed on motor-vehicles.

With respect to the first question, the protection at present accorded to the manufacturers of motor-bodies is very high. Notwithstanding this, according to the information obtained by the Commission, the number of complete passenger motor-cars imported into New Zealand during the six years ended 31st March, 1933, was 64,314; during the same period the number of bodies built in New Zealand was 7,554. The total body duty paid on imported complete cars was over £1,100,000. Owing to the rapid changes in design and improved methods of construction, and the difficulty experienced by local body builders in meeting these conditions, we are of opinion that the industry of manufacturing these bodies is not one which is reasonably assured of sound opportunities for success. We are therefore of opinion that the existing body duties should be abolished.

With respect to the second question, the Commission is of opinion that, owing to the importance of the transport industry, it is desirable that the cost of vehicles to the public should be reduced to a minimum. The industry at present contributes largely to the revenue by way of petrol duty, &c. If, therefore, revenue conditions permitted we are of opinion that motor chassis and motor-vehicles should be admitted free of duty under the British Preferential Tariff. It is assumed that at the present time effect cannot be given to this, and we therefore suggest that a duty of 15 per cent. should be charged under the British Preferential Tariff.

One member of the Commission thinks that the rate of duty under the General Tariff should be 35 per cent. and not 45 per cent.

Assembly of Motor-cars in New Zealand.—Representations were made with respect to the assembly of motor-cars in New Zealand from completely knocked down imported parts and local materials. This appears to be an industry suited to conditions in the Dominion. Figures which have been produced to the Commission show that, owing to freight and other savings, this industry can be economically carried on without special protection.

Method of levying Duty.—A request was made that the duty on motor-vehicles should be determined on a weight basis. The Commission have investigated this matter and find that so many anomalies would arise that they could not recommend it.

Motor and other Cycles.—The Commission is of opinion that, for administrative purposes, the rates of duty on motor-cycles should be the same as those on motor-vehicles. This does not apply to self-propelled cycles, and the Commission thinks that the rate of duty under the British Preferential Tariff on these goods should be left at 10 per cent. *ad valorem.*

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.				
390	Blacklead, grate- and stove-polishes, -pastes, and -liquids . .	10 per cent. ad val.	35 per cent. ad val.	No representations were made to the Commission, except from one company, which has recently started and is manufacturing in a relatively small way, with respect to the goods included under this tariff item and those under item 393, but on the information in possession of the Commission we are of opinion that the rates of duty on these goods under the British Preferential Tariff should be reduced to 10 per cent. ad val.
391	Graphite, and plumbago, in powder, or flake form . .	Free	Free	
392	Greases, viz. :—	Free	Free	
	(1) Skip-greases, being <i>crude</i> greases, suitable for greasing skips, skids, and truck-axles, and for the like uses, of qualities approved by the Minister	Free	10 per cent. ad val.	
	(2) Grinding-compounds, composed of greases mixed with abradant substances	Free	10 per cent. ad val.	
	(3) Lubricating-greases, and other <i>solid lubricants</i> , n.e.i. ; petroleum greases, and mixtures of the same with other substances, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
393	Leather-dressing, belt-dressing, and harness composition ; fat-black and similar preparations in packages of less than 5 lb. net weight ; leather revivers, and polishes, n.e.i. ; blacking, boot-polishes, and preparations, dry or liquid, put up for renovating or cleaning boots and articles of apparel and clothing, n.e.i. ; metal-polishes ; furniture, floor, and linoleum polishes, not being varnishes	10 per cent. ad val.	35 per cent. ad val.	See remarks under item 390.
394	Oils in vessels capable of containing 1 gallon or more, viz. :—	Free	6d. per gallon	Linseed-oil—See statement appended.
	(1) Linseed-oil ; linseed-oil in admixture with any other	Free	6d. per gallon	
	(2) oil or oils in such proportions as may be determined by the Minister	Free	Free	
	(3) Vegetable oils n.e.i.	Free	Free	
	(4) Fish oil n.e.i., penguin, mutton-bird, whale, seal, and dugong oils	Free	Free	
	(5) Turpentine ; turpentine substitutes composed of volatile mineral oils, or of volatile mineral oils in combination with turpentine or other volatile vegetable oils	Free	Free	
	(6) <i>Crude</i> petroleum, <i>crude</i> residual oil, <i>once-run</i> shale oil, and <i>crude</i> distillates of petroleum	Free	Free	Requests were made to the Commission for a duty on crude mineral oil on the ground that it was displacing coal and gas. This oil is used for industrial purposes and in connection with certain manufacturing processes is much more satisfactory and economical than coal, coke or gas. We are of opinion that it is not in the best interests of New Zealand industries that duty should be

394 (1) and (2). *Linseed-oil, &c.*

Representations were made to the Commission with respect to the industry established in New Zealand for the manufacture of linseed-oil and linseed-oil cake. One company in New Zealand has undertaken the manufacture of these products and has been in operation since 1921. Duty at the rate of 6d. per gallon under the British Preferential Tariff was imposed on linseed-oil in 1921; this was increased in 1927 with respect to such oil (other than refined oil) to 9d. per gallon. The duty on linseed-oil cake under the British Preferential Tariff has remained at 20 per cent. *ad valorem* since the company has been in operation. It was claimed that one of the results of the company's activities would be to encourage primary producers to grow linseed. The following figures, taken from the official statistics show, as far as available, the acreage sown annually in linseed, the yield therefrom, and the imports and exports since 1917:—

Year.	Acres sown.	Yield.	Imports.	Exports.	Year.	Acres sown.	Yield.	Imports.	Exports.
		Tons.	Tons.	Tons.			Tons.	Tons.	Tons.
1917	1,431	Not available.	184	..	1926	8,143	2,361	1,509	294
1918	1,456	Not available.	81	571	1927	4,933	1,929	501	275
1919	3,890	Not available.	5	1,540	1928	5,213	1,563	500	103
1920	5,046	2,291	..	1,038	1929	2,800	1,161	2,206	260
1921	9,663	4,552	..	2,971	1930	7,757	3,519	..	291
1922	5,880	2,830	..	912	1931	12,200	4,367	..	262
1923	10,645	5,133	..	1,338	1932	1,765	638	..	197
1924	12,119	2,705	1,298	649	1933	333	135	518	118
1925	6,679	2,135	4	324					

The production of linseed-oil in New Zealand and the quantity imported since 1921 are as under:—

Year.	Production. Gallons.	Imports. Gallons.	Year.	Production. Gallons.	Imports. Gallons.
1921	105,774	368,536	1928	153,013	407,296
1922	94,454	299,817	1929	191,962	391,146
1923	187,957	378,399	1930	197,315	321,252
1924	189,248	402,504	1931	144,535	335,435
1925	140,398	408,060	1932	69,984	251,262
1926	200,170	579,401	1933	38,476	266,718
1927	196,439	318,717			

From these figures it will be seen that the existence of the industry has not stabilized the production of linseed and that, notwithstanding the increase in the tariff in 1927, the production of oil in the Dominion during the last few years has not kept pace with the importations. The costs of production in New Zealand are very high as compared with those in the United Kingdom, even after allowing for the conditions in both countries. The manufacturers have not so far undertaken the production of refined linseed-oil, and a considerable volume is imported.

[*Certain words having reference to the financial position of the manufacturers omitted as confidential.*] After considering the matter, the Commission is of opinion that this industry is not one which is reasonably assured of sound opportunities for success, and recommends that the duty under the British Preferential Tariff on the goods included in Tariff items 394 (1) and (2) be abolished.

With respect to linseed-cake, the Commission regards the manufacture of this product as complementary to that of the oil, and as it is a valuable stock-food we think that the duty thereon under the British Preferential Tariff should be removed.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.— <i>continued.</i>				
394	Oils in vessels capable of containing 1 gallon or more, viz. :—(<i>continued.</i>)			
	(7) <i>Motor-spirits</i>	10d. per gallon	10d. per gallon	
	(8) Coal tar naphtha n.e.i.; benzol, toluol, and xylol, crude or refined, n.e.i.	Free	Free	
	(9) <i>Refined</i> mineral oils, n.e.i., not exceeding in specific gravity 0.880 at 60° F.	Free	Free	
	(10) <i>Oil</i> n.e.i., including mineral lubricating oil ..	6d. per gallon	1s. per gallon	
	(11) Mineral oils mixed with vegetable oils; also mineral or vegetable oils mixed with fish oils or with oils of animal origin, n.e.i.	6d. per gallon	1s. per gallon	
	(12) Mineral oil specially suited for medicinal purposes as may be approved by the Minister	Free	Free	
395	Oils in vessels having a capacity of less than 1 gallon, viz. :—			
	(1) Linseed-oil; linseed oil in admixture with any other oil or oils, in such proportions as may be determined by the Minister	20 per cent. ad val.	40 per cent. ad val.	
	(2) <i>Motor-spirits</i>	20 per cent. ad val., or 10d. per gallon, whichever rate re- turns the higher duty	20 per cent. ad val., or 10d. per gallon, whichever rate re- turns the higher duty	
	(3) Vegetable oils n.e.i.	20 per cent. ad val.	20 per cent. ad val.	
	(4) N.e.i.	20 per cent. ad val.	40 per cent. ad val.	
396	(1) Cod-liver oil	Free	Free	
	(2) Fish liver oil n.e.i., in vessels having a capacity of less than 1 gallon	Free	20 per cent. ad val.	
	(3) Oils, other than fish-liver oils, containing vitamins in proportions equal to or greater than those of cod-liver oil	Free	20 per cent. ad val.	
397	Paints, colours, varnishes, and similar materials, viz. :—			
	(1) White-lead ground in oil	Free	3s. per cwt.	Representations were made to the Commission by United Kingdom and New Zealand manufacturers with respect to the duty on white lead in oil. This material is prepared in New Zealand from imported dry white lead. From the evidence produced we find that the added manufacturing cost in the Dominion is relatively small. White lead in oil is the base from which paints for use on wooden houses and other structures are prepared and should, in our opinion, be available at the lowest possible cost. We are of opinion that this industry is not suited to New Zealand conditions and that the goods should be admitted free of duty under the British Preferential Tariff.

	(2) Paints, and colours, ground in liquid, n.e.i.; paints mixed ready for use; enamel paints; ships' anti-fouling composition; <i>paint-thinners, n.e.i.; driers, n.e.i.</i>	15 per cent. ad val.	30 per cent. ad val.
	(3) Varnishes; lacquers; Brunswick black; japans; lithographic varnishes; printers' ink reducer; <i>terebine</i> ; gold-size; liquid stains for wood; metallic paints, and liquid medium for mixing with the same; petrifying-liquids n.e.i. suited for water-proofing concrete, plaster, and similar surfaces, or for use as paint; <i>fused gums</i> for the manufacture of varnishes	15 per cent. ad val.	30 per cent. ad val.
	(4) Preparations for removing paint and varnish ..	15 per cent. ad val.	30 per cent. ad val.
	(5) Putty and woodfillers	Free	£1 10s. per ton
	(6) Paints and colours, dry, n.e.i.; barytes; whiting, and chalk; kalsomine, distempers, and similar preparations, in powder form	Free	Free
398	Waxes, viz. :—		
	(1) Mineral, vegetable, Japanese, and beeswax., n.e.i. . .	Free	Free
	(2) Bottling wax	Free	Free
	(3) Waxes mixed with colouring-matter only, on declaration that they will be used for manufacturing purposes only	Free	Free

CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE.

	Timber, viz. :—		
399	Logs, round, <i>unworked</i>	Free	Free
400	Palings, split	2s. per 100	2s. per 100
401	Posts, split	8s. per 100	8s. per 100
402	Rails, split.. .. .	4s. per 100	4s. per 100
403	Laths, and shingles	20 per cent. ad val.	30 per cent. ad val.

Various applications were made to the Commission with respect to the duty on goods covered by these tariff items. These goods are manufactured in New Zealand chiefly from imported materials. After a consideration of the information available we are of opinion that the duty under the British Preferential Tariff on these goods should be reduced to 15 per cent. ad val.

Request was made that a minimum specific rate of duty should be imposed on paste and mixed paints to prevent the importation of low grade paints. The Commission is of opinion that this is not a matter which should be dealt with by means of the Customs tariff. If the necessity exists for such control, it is considered that it should be achieved by means of legislation which would affect both locally made and imported paints.

Representations were made to the Commission with respect to the duty on putty. Owing to the limited demand in New Zealand for this product, it is not considered that the industry is suited to conditions here. We therefore recommend that the duty under the British Preferential Tariff be abolished.

Requests were made for the imposition of duty under the General Tariff on the goods included under tariff item 397 (6). As these goods are the raw material for industries in New Zealand, the Commission is of opinion that the request should not be granted.

Timber—See statement appended.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE— <i>continued.</i>				
404	Timber rough sawn or <i>rough hewn</i> — <i>viz.</i> :— (1) Ash, hickory, lancewood, lignum vitae, and the timbers the botanical names of which are Swietenia species, Juglans species, Juniperus virginiana (red cedar), pinus lambertiana, pinus strobus and pinus monticola, also oaks, balsa wood, and such other <i>similar</i> species or kinds of timbers as the Minister may from time to time approve (2) Other kinds, in pieces having a length of not less than 25 feet, and having a minimum cross sectional area of not less than 150 square inches (3) N.e.i.	Free 4s. per 100 sup. ft. 6s. per 100 sup. ft.	Free 6s. per 100 sup. ft. 8s. per 100 sup. ft.	
405	Timber sawn dressed	12s. 6d. per 100 sup. ft.	14s. 6d. per 100 sup. ft.	

Before the above-mentioned duties on timber under the General Tariff under items 404 and 405 can be brought into force it may be necessary, in view of the Trade Agreement between Canada and New Zealand, to come to an arrangement respecting them with the Government of Canada.

399-405. *Timber, &c.*

The Commission has received a considerable volume of evidence with respect to the timber industry. This industry is an important one to New Zealand, and employs a very large number of persons. Owing to reduced activity in the building trade through the existing economic conditions, the consumption of timber in recent years has been greatly diminished. We have investigated the production costs of a great number of mills and find great disparity in these costs, not only in different districts but in those of mills situated in the same district. The evidence shows that the production costs in some countries exporting timber to New Zealand are on a much lower scale than those in this country. These higher costs appear to be due to a variety of causes among which are the following:—

- (a) The relatively lower quantity of timber per acre in the New Zealand stands as compared with those in some other countries. It is stated that 15,000 ft. B.M. to the acre is a good average "stand" in New Zealand, and that stands below 4,000 ft. B.M. per acre have been sold for milling, whereas in British Columbia stands of 50,000 ft. B.M. per acre are common, and this quantity is frequently exceeded.
- (b) The weights of New Zealand timbers are relatively higher than those of the timbers usually imported. This has an effect in increasing production costs.
- (c) There are various physical disabilities in New Zealand as compared with some other countries, such as rougher and more broken terrain and denser undergrowth in the timber forests. There is, in addition, a lack of uniformity in the size, shape, and quality of the logs which renders it impossible to adopt purely mechanical processes in milling.
- (d) Owing to relatively small quantity of standing timber per acre in New Zealand, the utilization of our timber will tend to drive the production to stands less favourably situated for transport than formerly. To the extent that this takes place it will still further increase production costs.
- (e) The relatively high transport costs in New Zealand on milled timber.

These and other facts give the Commission cause to doubt whether the industry can be regarded as an economic one from the point of view of the needs of the Dominion for lower timber costs.

In view, however, of the amount of capital invested in the industry, the number of persons engaged therein, and of the importance of the industry to transport organizations, the Commission could not, under the existing conditions, recommend a drastic reduction of the existing duties.

The following are the rates of duty which have been in force in New Zealand on the chief varieties of imported soft woods since 1921 :—

Years.	Rough Sawn Timber.		Dressed Timber.
	In Pieces having a Length of not less than 25 ft., and having a Minimum Cross-sectional Area of not less than 150 Square Inches.	Other Kinds.	
1921-1927	2s. per 100 sup. ft.	2s. per 100 sup. ft.	4s. per 100 sup. ft.
1927-1930	3s. per 100 sup. ft.	5s. per 100 sup. ft.	7s. 6d. per 100 sup. ft.
1930	7s. 6d. per 100 sup. ft..	9s. 6d. per 100 sup. ft.	19s. per 100 sup. ft.

(NOTES.—In 1932 the duties on foreign timber of the above classes were increased by 2s. per 100 sup. ft. Surtax of one-twentieth of the duty has been omitted from these figures.)

We show in an appendix hereto figures setting out during the last ten years (a) the total production of timber in New Zealand, and (b) the quantity and value of dutiable rough sawn and dressed timber (other than hardwood) imported into New Zealand, the amount of duty collected during those years, and the equivalent *ad valorem* duties represented by such duties.

From these figures it will be seen that the importations of timber have, during these years, never exceeded 20 per cent. of the total production of New Zealand and that there has been a large increase in the *ad valorem* rates of duty represented by the protection which has been granted.

The Commission understands that under the local regulations in force in some North Island districts heart timber is specified for certain essential building purposes. This, of course, increases the difficulty of disposing of the O.B. timber in those districts, which must tend to increase the price of heart timber.

The Commission is impressed with the necessity of keeping building costs at the lowest possible level consistent with the reasonable development of important industries in New Zealand which depend upon building activities.

We are satisfied that the timber industry can function satisfactorily if the duties are reduced to those recommended.

With respect to Japanese and other oak timbers used chiefly in the manufacture of furniture, the Commission considers that they should be admitted free of duty. We do not regard them as competitive with local timber. The volume of imports indicates that this timber is required for manufacturing purposes in the Dominion.

If the duties proposed on rough sawn and dressed timber are adopted the Commission considers that it will not be necessary to retain the existing duties on logs.

CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE—continued.

TIMBER.—(a) PRODUCTION IN NEW ZEALAND.

	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<i>Thousands of Super. Feet (B.M.)</i>									
Kauri	19,743	22,892	22,766	18,475	15,874	10,743	10,471	8,943	6,891
Rimu	181,094	195,573	195,452	170,498	156,314	156,240	163,293	124,999	71,082
Kahikatea	56,699	65,572	75,635	65,490	53,736	56,790	58,505	49,009	43,161
Matai	24,326	23,948	26,141	19,381	15,207	15,753	17,972	13,917	7,475
Totara	18,904	18,509	14,109	14,179	10,728	8,611	9,046	9,468	5,344
Beech	6,529	6,836	8,701	8,596	7,923	9,846	10,225	7,681	5,757
<i>Pinus radiata</i>	7,386	7,706	7,072	6,668	7,695	9,168	10,382	12,740	13,405
Others	2,388	3,059	3,348	2,388	2,306	3,063	2,510	2,711	1,077
Totals	317,069	344,095	353,224	305,675	269,783	270,214	282,405	229,468	154,192

TIMBER.—(b) IMPORTS INTO NEW ZEALAND.

Rough Sawn.

Year.	Canada.			United States of America.			Japanese Oak.		
	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty
		£	£		£	£		£	£
1924 ..	9,339,549	79,636	9,339= 11·7%	6,066,129	76,135	6,066= 8%	1,418,088	54,401	
1925 ..	11,045,541	90,462	11,046= 12·2%	13,581,835	131,510	13,582= 10·3%	2,349,634	71,493	
1926 ..	11,597,756	89,870	11,598= 12·9%	16,641,685	166,073	16,642= 10%	2,200,651	56,697	
1927 ..	9,632,179	62,927	9,632= 15·3%	15,386,466	139,453	15,386= 11%	1,686,130	46,064	1,686
1928 ..	6,978,326	44,093	15,533= 35·2%	17,301,638	155,442	40,645= 26·2%	1,892,578	47,614	4,731
1929 ..	7,477,295	47,357	16,596= 35%	20,468,848	193,846	48,497= 25%	2,353,889	60,439	5,885
1930 ..	5,673,989	36,311	12,603= 34·7%	16,353,338	148,713	38,703= 26%	2,250,232	60,086	5,625
1931 ..	2,217,052	9,178	10,452= 113%	1,817,613	16,972	8,393= 49·4%	647,977	14,793	3,078
1932 ..	1,165,299	7,763	5,143= 66·2%	329,695	4,873	1,732= 36%	889,922	12,907	4,227
1933 ..	1,272,751	8,061	5,763= 71·5%	535,057	5,657	3,077= 54·4%	1,029,761	13,265	5,919

Sawn Dressed, including Butter, &c., Boxes.

Year.	Canada.			United States of America.			Norway, Sweden, and Baltic		
	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty
		£	£		£	£		£	£
1924 ..	1,906,646	27,835	3,813= 13·8%	164,120	2,011	328= 16·3%	1,307,864	20,086	2,616
1925 ..	3,280,014	37,296	6,560= 17·6%	2,368,046	25,540	4,736= 18·5%	4,110,672	62,120	8,222
1926 ..	4,549,122	49,093	9,098= 18·5%	5,638,876	53,622	11,278= 21·3%	1,917,172	25,657	3,834
1927 ..	2,959,233	31,792	5,918= 18·6%	3,014,865	38,476	6,030= 15·6%	2,333,145	33,528	4,666
1928 ..	3,019,982	30,682	11,324= 36·9%	4,755,190	52,793	17,832= 33·8%	2,212,802	31,667	8,334
1929 ..	3,380,927	35,842	12,678= 35·2%	3,351,697	36,703	12,657= 34·5%	3,234,110	43,742	12,129
1930 ..	3,672,725	35,816	13,773= 38·4%	5,020,415	44,609	18,828= 42·2%	4,697,405	63,577	17,616
1931 ..	879,227	7,884	8,353= 105·9%	500,961	4,432	4,755= 107·3%	2,912,408	38,542	27,668
1932 ..	175,123	1,447	1,663= 114·9%	10,287	146	95= 65·1%	1,481,140	19,145	14,771
1933 ..	59,547	478	565= 118·2%	2,072	101	20= 20%	1,784,803	24,121	18,740

NOTE.—Where the rates of duty were altered during a year, the amount of duty payable has been computed at in force during the major portion of the year.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE— <i>continued.</i>				
406	Basketware, wickerware, imitation wickerware, and <i>similar</i> ware; wicker, bamboo, and cane furniture, and imitations of the same	30 per cent. ad val.	55 per cent. ad val.	
407	(1) Furniture, and cabinetware, n.e.i. and other than metal, including chairs of wood with wicker, bamboo, or cane seats; billiard-tables	15 per cent. ad val.	40 per cent. ad val.	The quantity of furniture and cabinetware imported into New Zealand is relatively small, and it is considered that with freight protection duties at the rates stated will be sufficient to enable the industry to be carried on satisfactorily.
	(2) Doors, and sashes, wooden, plain or glazed; mantel-pieces, other than stone	25 per cent. ad val.	50 per cent. ad val.	Various representations were made to the Commission with respect to the duties on wooden doors. Comparatively few doors have recently been imported into New Zealand. After examining the information obtained, it is considered that duty should be fixed at the rates recommended.
408	Handles, broom, mop, hoe, rake, and <i>similar</i> , viz. :— (1) Hickory	Free	20 per cent. ad val.	The Commission is of opinion that as hickory handles are essential for certain agricultural purposes they should be admitted free under the British Preferential Tariff.
	(2) Other kinds	20 per cent. ad val.	45 per cent. ad val.	
409	Handles, wooden, for tools, n.e.i.	Free	Free	
410	Horse-boxes, and other stock-boxes, imported with the stock for which they have been used on the voyage	Free	Free	
411	Oars and sculls, all kinds	Free	Free	
412	Poles of <i>hardwood</i> , dressed or shaped, <i>specially suited</i> for electric power transmission lines	Free	Free	
413	Sieves, hair	Free	20 per cent. ad val.	
414	Woodenware, and turnery, n.e.i.; veneers; plywood; saddletrees; wooden tackle-blocks	20 per cent. ad val.	45 per cent. ad val.	This item covers many different classes of goods, and the Commission regards it as essentially a revenue one.
CLASS XIV.—MISCELLANEOUS.				
415	Articles n.e.i., suited for the use of the blind, deaf, or dumb, as may be approved by the Minister	Free	Free	
416	Apparatus, appliances, articles, and materials, for educational purposes, as may be approved by the Minister, and under conditions prescribed by him	Free	Free	
417	Boats, launches, yachts, and other vessels, and all fittings therefor, n.e.i., imported in any vessel	20 per cent. ad val.	45 per cent. ad val.	
418	Handles of bone, celluloid, or <i>base metal</i> , for the manufacture of shaving-brushes or tooth-brushes	Free	Free	

CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE—*continued.*

TIMBER.—(a) PRODUCTION IN NEW ZEALAND.

	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
<i>Thousands of Super. Feet (B.M.)</i>									
Kauri	19,743	22,892	22,766	18,475	15,874	10,743	10,471	8,943	6,891
Rimu	181,094	195,573	195,452	170,498	156,314	156,240	163,293	124,999	71,082
Kahikatea ..	56,699	65,572	75,635	65,490	53,736	56,790	58,505	49,009	43,161
Matai	24,326	23,948	26,141	19,381	15,207	15,753	17,972	13,917	7,475
Totara	18,904	18,509	14,109	14,179	10,728	8,611	9,046	9,468	5,344
Beech	6,529	6,836	8,701	8,596	7,923	9,846	10,225	7,681	5,757
<i>Pinus radiata</i> ..	7,386	7,706	7,072	6,668	7,695	9,168	10,382	12,740	13,405
Others	2,388	3,059	3,348	2,388	2,306	3,063	2,510	2,711	1,077
Totals	317,069	344,095	353,224	305,675	269,783	270,214	282,405	229,468	154,192

TIMBER.—(b) IMPORTS INTO NEW ZEALAND.

Rough Sawn.

Year.	Canada.			United States of America.			Japanese Oak.	
	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.
		£	£		£	£		£
1924 ..	9,339,549	79,636	9,339 = 11.7%	6,066,129	76,135	6,066 = 8%	1,418,088	54,401
1925 ..	11,045,541	90,462	11,046 = 12.2%	13,581,835	131,510	13,582 = 10.3%	2,349,634	71,493
1926 ..	11,597,756	89,870	11,598 = 12.9%	16,641,685	166,073	16,642 = 10%	2,200,651	56,697
1927 ..	9,632,179	62,927	9,632 = 15.3%	15,386,466	139,453	15,386 = 11%	1,686,130	46,064
1928 ..	6,978,326	44,093	15,533 = 35.2%	17,301,638	155,442	40,645 = 26.2%	1,892,578	47,614
1929 ..	7,477,295	47,357	16,596 = 35%	20,468,848	193,846	48,497 = 25%	2,353,889	60,439
1930 ..	5,673,989	36,311	12,603 = 34.7%	16,353,338	148,713	38,703 = 26%	2,250,232	60,086
1931 ..	2,217,052	9,178	10,452 = 113%	1,817,613	16,972	8,393 = 49.4%	647,977	14,793
1932 ..	1,165,299	7,763	5,143 = 66.2%	329,695	4,873	1,732 = 36%	889,922	12,907
1933 ..	1,272,751	8,061	5,763 = 71.5%	535,057	5,657	3,077 = 54.4%	1,029,761	13,265

Sawn Dressed, including Butter, &c., Boxes.

Year.	Canada.			United States of America.			Norway, Sweden, and Baltic Countries.	
	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.
		£	£		£	£		£
1924 ..	1,906,646	27,835	3,813 = 13.8%	164,120	2,011	328 = 16.3%	1,307,864	20,086
1925 ..	3,280,014	37,296	6,560 = 17.6%	2,368,046	25,540	4,736 = 18.5%	4,110,672	62,120
1926 ..	4,549,122	49,093	9,098 = 18.5%	5,638,876	53,622	11,278 = 21.3%	1,917,172	25,657
1927 ..	2,959,233	31,792	5,918 = 18.6%	3,014,865	38,476	6,030 = 15.6%	2,333,145	33,528
1928 ..	3,019,982	30,682	11,324 = 36.9%	4,755,190	52,793	17,832 = 33.8%	2,212,802	31,667
1929 ..	3,380,927	35,842	12,678 = 35.2%	3,351,697	36,703	12,657 = 34.5%	3,234,110	43,742
1930 ..	3,672,725	35,816	13,773 = 38.4%	5,020,415	44,609	18,828 = 42.2%	4,697,405	63,577
1931 ..	879,227	7,884	8,353 = 105.9%	500,961	4,432	4,755 = 107.3%	2,912,408	38,542
1932 ..	175,123	1,447	1,663 = 114.9%	10,287	146	95 = 65.1%	1,481,140	19,145
1933 ..	59,547	478	565 = 118.2%	2,072	101	20 = 20%	1,784,803	24,121

NOTE.—Where the rates of duty were altered during a year, the amount of duty payable has been computed at the in force during the major portion of the year.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE— <i>continued.</i>				
406	Basketware, wickerware, imitation wickerware, and <i>similar</i> ware; wicker, bamboo, and cane furniture, and imitations of the same	30 per cent. ad val.	55 per cent. ad val.	
407	(1) Furniture, and cabinetware, n.e.i. and other than metal, including chairs of wood with wicker, bamboo, or cane seats; billiard-tables	15 per cent. ad val.	40 per cent. ad val.	The quantity of furniture and cabinetware imported into New Zealand is relatively small, and it is considered that with freight protection duties at the rates stated will be sufficient to enable the industry to be carried on satisfactorily.
	(2) Doors, and sashes, wooden, plain or glazed; mantel-pieces, other than stone	25 per cent. ad val.	50 per cent. ad val.	Various representations were made to the Commission with respect to the duties on wooden doors. Comparatively few doors have recently been imported into New Zealand. After examining the information obtained, it is considered that duty should be fixed at the rates recommended.
408	Handles, broom, mop, hoe, rake, and <i>similar</i> , viz.:— (1) Hickory	Free	20 per cent. ad val.	The Commission is of opinion that as hickory handles are essential for certain agricultural purposes they should be admitted free under the British Preferential Tariff.
	(2) Other kinds	20 per cent. ad val.	45 per cent. ad val.	
409	Handles, wooden, for tools, n.e.i.	Free	Free	
410	Horse-boxes, and other stock-boxes, imported with the stock for which they have been used on the voyage	Free	Free	
411	Oars and sculls, all kinds	Free	Free	
412	Poles of <i>hardwood</i> , dressed or shaped, <i>especially suited</i> for electric power transmission lines	Free	Free	
413	Sieves, hair	Free	20 per cent. ad val.	
414	Woodenware, and turnery, n.e.i.; veneers; plywood; saddletrees; wooden tackle-blocks	20 per cent. ad val.	45 per cent. ad val.	This item covers many different classes of goods, and the Commission regards it as essentially a revenue one.
CLASS XIV.—MISCELLANEOUS.				
415	Articles n.e.i., suited for the use of the blind, deaf, or dumb, as may be approved by the Minister	Free	Free	
416	Apparatus, appliances, articles, and materials, for educational purposes, as may be approved by the Minister, and under conditions prescribed by him	Free	Free	
417	Boats, launches, yachts, and other vessels, and all fittings therefor, n.e.i., imported in any vessel	20 per cent. ad val.	45 per cent. ad val.	
418	Handles of bone, celluloid, or <i>base metal</i> , for the manufacture of shaving-brushes or tooth-brushes	Free	Free	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIV.—MISCELLANEOUS—continued.				
419	Brushes, brushware, and brooms, viz. :— (1) Carpet-sweepers and floor-polishers or -scrubbers, incorporating revolving brushes or mops (2) N.e.i., including knots or tufts for brushmaking ..	Free 25 per cent. ad val.	25 per cent. ad val. 50 per cent. ad val.	Various representations were made to the Commission with respect to the duty on brushes. The industry of manufacturing brushes is carried on extensively in New Zealand and we are of opinion that certain units are efficiently conducted. With respect to tooth brushes, requests were received both from United Kingdom and New Zealand manufacturers, and costs of production in each country were received. After a consideration of all the information obtained, it is considered that the existing position should be maintained.
420	Candlewick	Free	Free	
421	Cements n.e.i., powders for adhesives, n.e.i., and liquids for use with the same, put up for household use; mucilage, starch paste, and <i>similar prepared adhesives</i> , in packages of less than 1 gallon	20 per cent. ad val.	45 per cent. ad val.	
422	Clay birds or clay targets	Free	20 per cent. ad val.	
423	Cordage, and twine, suited for use as fishing-lines, and twine suited for use in the manufacture of netting and nets, of qualities approved by the Minister	Free	20 per cent. ad val.	
424	Hawsers having a circumference of 12 inches or over ..	Free	20 per cent. ad val.	Various representations were made to the Commission with respect to the duties on cordage, rope and twine. The industry of manufacturing these goods has been carried on in New Zealand for many years and is efficiently conducted. A relatively large quantity of local material is used in the industry and a considerable number of persons is employed. After a consideration of the evidence obtained, we are of opinion that the existing position should be retained.
425	Cordage, rope, and twine, n.e.i.	20 per cent. ad val.	40 per cent. ad val.	
426	Cork, cut; bungs; fishermen's cork floats	Free	Free	
427	Plain unornamental stoppers of every description for bottles, jars, and casks, viz. :— (1) <i>Crown seals</i> (2) N.e.i.	20 per cent. ad val. Free	45 per cent. ad val. 15 per cent. ad val.	
428	Engine-packing	Free	Free	
429	Explosives n.e.i.; powder, sporting; blasting powder and meal	Free	Free	
430	Fireworks n.e.i.	20 per cent. ad val.	45 per cent. ad val.	

431	Gelatine, glue, isinglass, and size	20 per cent. ad val., or 2d. per lb., whichever rate returns the higher duty	40 per cent. ad val., or 4d. per lb., whichever rate returns the higher duty
432	Agar agar	Free	Free
433	Heirlooms not exceeding in value £100, on such conditions as may be approved by the Minister	Free	Free
434	Manures	Free	Free
435	Natural-history specimens, and such ethnological or similar specimens as may be approved by the Minister	Free	Free
436	Nets, and netting, n.e.i.	Free	20 per cent. ad val.
437	Official supplies, uniforms, flags, and such other articles as may be approved by the Minister, for the official use of Consular officers, Trade Commissioners, or other ac- credited representatives of any British or foreign Go- vernment	Free	Free
438	Passengers' baggage and effects, which are not intended for any other person or persons or for sale, viz.— (1) Wearing apparel and other <i>personal effects which have been worn or are in use</i> by persons arriving in New Zealand (2) <i>Implements instruments and tools of trade occupation or employment</i> of any passenger, not exceeding £100 in value, which have been in use by such passenger for twelve months prior to his embarka- tion (3) Household or other effects which have been in use for twelve months prior to embarkation by the persons or families bringing them to New Zealand, not exceeding in value £100 for each adult passenger, and £50 for each child, provided that the total value of household or other effects so imported does not exceed in value £300 for the members of any one family Provided that if such passengers' baggage and effects are not imported within five years from the date of the arrival in New Zealand of the persons or families by whom they have been used they shall be admitted under this heading only with the approval of the Minister.	Free	Free
439	Regalia, emblems, certificates, almanacs, and banners, being the property of any society or branch registered under the Friendly Societies Act, 1909	Free	Free

Various representations were made with respect to the duty on gelatine and glue. The industry of manufacturing these products is carried on in New Zealand in an efficient manner and is an important one since it utilises waste products of various industries for which other avenues of use are not available.

We have considered the information obtained and have come to the conclusion that the existing duties should be maintained.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIV.—MISCELLANEOUS— <i>continued.</i>				
440	Returned empties identified as such to the satisfaction of a Collector of Customs	Free	Free	
441	Rocket life-saving apparatus; and such other life-saving apparatus, n.e.i., as may be approved by the Minister; diving-dresses, and dresses and other apparatus suited solely for use in poisonous gases or smoke, with appliances peculiar to use therewith	Free	Free	
442	Roofing-material n.e.i., including paper felts water-proofed with tar, bitumen, or similar material	Free	15 per cent. ad val.	
443	Sausage skins, and casings, including brine or salt	3d. per lb.	3d. per lb.	
444	Shipbuilders' models of vessels, suited only for exhibition; models of inventions, as may be approved by the Minister	Free	Free	
445	Ships' rockets, blue lights, and danger signals	Free	Free	
446	<i>Stained</i> glass windows	Free	Free	
447	Tanning-materials, <i>crude</i>	Free	Free	
447A	<i>Asphalt</i> and <i>bitumen</i>	Free	10 per cent. ad val.	A request was made to the Commission for the imposition of duty under the British Preferential Tariff on asphalt and bitumen. As these raw materials are used in the Dominion for constructional purposes, the Commission is of opinion that the request should not be granted.
448	Articles and materials, specified by the Minister, and on such conditions as he may prescribe, suited for, and to be used solely in, the fabrication or repair of goods within New Zealand. All decisions of the Minister in reference to articles classified under this heading shall be published in the <i>Gazette</i>	Free	Free, or at such rate not exceeding 25 per cent. ad val. as the Minister may, in any case, direct	Application was made for the imposition of duty at the following rates on cheese colour which is admitted free of duty under this item:— Under the British Preferential Tariff, 10 per cent. ad val. Under the General Tariff, 20 per cent. ad val. The applicants commenced the manufacture of this article in 1930, since when the output has increased each year. The principal materials used in manufacturing are imported. As cheese colour is essential for the dairy industry, we think that the existing position should be maintained.
449	All articles n.e.i.	Free	Free, or at such rate of duty not exceeding 25 per cent. ad val. as the Minister may, in any case, direct	

EXCISE DUTIES.

Goods.	Rate of Duty.	Remarks.
Alcohol used in manufacturing-warehouses in the production of—		
Perfumed spirit	36s. per proof gallon	
Toilet preparations	34s. per proof gallon	
Culinary and flavouring essences	20s. per proof gallon	
Medicinal preparations (excepting medicated wine or wine mixed with food) containing more than 50 per cent. of proof spirit	4s. 6d. per proof gallon	
Medicinal preparations (excepting medicated wine or wine mixed with food) containing not more than 50 per cent. of proof spirit	Free	
Beer—		
(a) Where the specific gravity of the worts used in the production of the beer does not exceed 1,047 : per gallon of beer	1s. 6d.	
(b) Where the specific gravity of the worts exceeds 1,047, the duty per gallon shall be 1s. 6d., increased by $\frac{1}{18}$ d. for every unit of specific gravity above 1,047		
[NOTE.—The specific gravity of distilled water at 60° Fahrenheit is taken at 1,000, and the specific gravity of worts is considered in relation thereto.]		
Tobacco, cut	6s. 5d. per lb.	
Other tobacco	6s. 3d. per lb.	
Cigars and snuff	6s. per lb.	
Cigarettes—		
Not exceeding in weight 2½ lb. the thousand ..	21s. per thousand	
Exceeding in weight 2½ lb. the thousand ..	8s. 6d. per lb.	
Cigarette papers	1½d. for every 60 cigarette papers	
Motor-spirits manufactured in New Zealand ..	Duty at the rate for the time being prescribed by the British Preferential Tariff in respect of goods included in tariff item 394 (7)	An application was received for the exemption from excise duty of benzol, a by-product in the manufacture of gas. The quantity likely to be made in New Zealand under existing conditions is relatively small compared with the total quantity of motor-spirits consumed in the Dominion. We think that the question of reducing or remitting the duty on such spirits should be postponed until either the production of crude petroleum in New Zealand on a commercial basis takes place or until, through technical and scientific advancement, it is found possible to obtain petrol on a large scale from the utilization of coal.
Sugar, whether of Number 22 colour or over (Dutch standard) or not	1d. per lb.	
Invert sugar and invert syrup	1d. per lb.	
Treacle, molasses, golden syrup, maple-sugar, and maple-syrup	Free	

APPENDIX C.

RETURNS: TRADE WITH JAPAN.

RETURN No. 1.

	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
	£	£	£	£	£	£	£	£	£	£
Total exports to Japan ..	330,736	232,213	162,832	251,547	657,915	428,577	154,741	267,899	236,799	354,462
Total imports from Japan ..	496,835	693,632	582,352	591,963	576,495	625,714	565,264	304,532	434,746	541,346

RETURN No. 2.—MAIN ITEMS IMPORTED FROM JAPAN.

	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
	£	£	£	£	£	£	£	£	£	£
Hosiery	780	788	1,288	1,447	2,612	2,249	1,418	2,557	3,193	7,055
Apparel n.e.i.	14,632	22,101	23,371	22,501	24,969	29,146	28,587	18,214	24,558	43,698
Boots and shoes	109	331	760	990	764	665	1,420	7,590	22,224	52,442
Drapery n.e.i.	4,071	5,659	4,070	2,403	2,602	2,498	2,042	1,559	1,861	5,406
Cotton piece-goods	78,656	153,307	30,533	35,879	44,730	26,198	24,543	15,800	21,907	47,187
Silk and artificial silk piece-goods	269,553	311,921	323,720	377,832	368,160	377,624	302,785	148,667	209,211	184,910
Hardware n.e.i.	18	256	644	127	175	615	301	1,153	2,525	9,174
Rough sawn oak	54,401	71,493	56,697	46,064	47,614	60,439	60,086	14,793	12,907	13,265
Chinaware	934	4,922	10,222	7,088	5,658	8,450	9,061	8,558	10,212	26,287
Glassware n.e.i.	2,433	3,016	1,720	1,112	1,112	2,651	3,701	2,414	3,589	7,817
Fancy goods	14,089	18,999	19,816	15,572	16,795	16,545	17,338	12,474	11,198	31,389
Sulphur	7	..	5	31,645	26,110	60,867	15,775

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FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY

Ref. No. F.77

Kamla Tower,

Cawnpore, 23rd January, 1936. 8

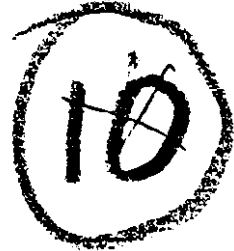
To

The Editor,

Servant of India.

Poona.

Subject: Ottawa scheme of preferences.

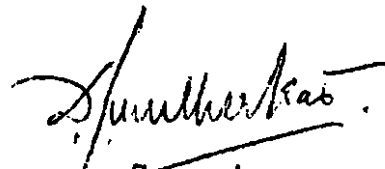


Dear Sir,

I am directed to forward, under separate cover, a copy of the note prepared by the Committee of the Federation on the results of the working of the Ottawa scheme of preferences on the import and export trade of India. The question of renewing the trade agreement will come up before the Legislative Assembly for consideration during the budget session and as this question affects the whole course of the import and export trade of India, I hope you will realise the importance of giving due publicity to the views expressed by the Committee of the Federation on this issue. I am also enclosing a summary of some of the main findings of the Committee for your use and trust you will examine the findings of the Committee and express your opinion in the columns of your paper.

Thanking you,

Yours faithfully,


Secretary.

Enclo: As specified

Summarised version of the note issued by the Committee of Federation of Indian Chambers of Commerce and Industry on the Government of India's Report regarding the effect of the working of the Ottawa scheme of preferences on import and export trade of India.

The Committee of the Federation have, in a very exhaustive note issued by them examining the report of the Government of India on the working of the Ottawa scheme of preferences, traced the history regarding the attempts of the British statesmen to create in the Empire an economic block for promotion of British industries which they have been trying to create since 1902 and which failed to evoke any appreciable enthusiasm in the various self-governing units of the Empire till the beginning of the Great War. After the termination of the Great War, every country of importance decided to follow the ^{policy of} intense economic nationalism and tried to become self-sufficient in its requirements with the result that international trade between countries received a severe setback and the supremacy of the British industries gradually began to diminish in the world markets. Successive attempts were made by the British Government at Imperial Conferences of 1923, 1926 and 1930 to create an economic block within the Empire and thus to preserve the Empire markets, particularly for the manufactured goods of the United Kingdom, as the McKenna Duties of 1926 and the Safeguarding of Industries Act of 1922 failed to afford adequate protection to British industries. The Import Duties Act of 1932 was fully utilised at the Imperial Economic Conference of 1932 for concluding reciprocal trade treaties with the Dominions and India at Ottawa.

The commercial and industrial interests in India unequivocally maintained, while the deliberations were going on at Ottawa, that it would not be in the best interests of India if a reciprocal agreement was entered into with the United Kingdom at a time when her Constitution was in the melting pot. In spite of all these protests from all quarters in the country,

the Government of India entered into a certain reciprocal trade agreement at Ottawa and claimed substantial benefits to agricultural produce of India in exchange for certain preferences for manufactured articles from the United Kingdom. They particularly claimed that in certain important commodities of export, such as, vegetable oils, linseed, coffee, tea, hides and skins, jute, raw cotton, pig iron and tobacco, India would not only capture a substantial market from the foreign competitors in the United Kingdom but as a result of the preference, it would lead to greater acreage of some of the crops and the position of the agriculturists in India would improve. An attempt is made in the note issued by the Committee of the Federation to show how these expectations held out by the Government of India at the time of the ratification of the Ottawa pact failed to materialise. On the other hand, the working of the Ottawa trade treaty obstructed India's direct trade relations with a number of foreign countries, particularly with the European countries which initiated exchange quota restrictions, import licences and ~~overs~~ control to arrest their passivity of trade with India as the working of the Ottawa scheme and the depreciation of the £ increased the competitive power of the United Kingdom industries, while that of countries like Germany, Italy, France, Czechoslovakia declined in the Indian market for the manufactured goods. The European countries were, therefore, compelled to find means for balancing their international accounts and there has begun a period of sub-conscious retaliation for these countries towards India purely as a self-defensive measure. These new systems introduced by the European countries gave rise to clearing agreements and bilateral treaties between industrial and agricultural countries. As an illustration, the note resorts to India's export trade in raw materials to Germany, which was to the extent of 26.6 crores in 1929-30 and which came down to 10.3 crores in 1931-32 and after the working of the Ottawa pact, dwindled to 7 crores in 1934-35.

India's export trade to Germany suffered because the scope in the Indian market for German manufactured goods was restricted by the effective operation of the Ottawa scheme. The Government of India's contention that there was no discrimination aimed at India by these European countries in their resorting to licences, quota restrictions or exchange control, did not save this country from the same harmful effects as would result from an act of discrimination against India. As quotas have to be allotted as between countries, the danger of discrimination was inevitable and so is the case of foreign exchange control; the inevitable corollary of exchange regulations is the control of imports. These devices can be utilised in complete freedom either to placate a friendly nation or to annoy a country like India and Germany has been fully utilising the power vested in her executive to so control the foreign exchange as to adjust her balances of trade with her foreign customers.

France and Italy have been following since the Ottawa agreement a policy of developing their colonial possessions on lines similar to the British scheme and France is now taking from French West Africa raw materials in greater quantities at the cost of her trade with India. The forces thus let loose as a result of the Ottawa scheme in the sphere of international trade are responsible for the coming into existence of import licences or quota restrictions or exchange control. The United States of America have already on hand negotiations with not less than 14 countries for bilateral treaties and every country of industrial importance is trying to arrive at a certain reciprocal trade understanding with another agricultural country for the adjustment of trade balances between them. Unfortunately, under the Ottawa scheme, India's power to enter into bilateral treaties with her chief foreign customers got restricted and there was no scope left for offering a certain portion in the import trade of manufactured articles to non-Empire countries who happened

to be the United Kingdom's competitor in the Indian markets.

If India is to be a willing party to a certain scheme of economic block within the British Empire, she must secure sufficient freedom to adjust her import trade with such of her chief non-Empire customers which have been in the past and even continue to be at present her substantial customers in her export trade.

The Committee have tried to examine the results of the Ottawa scheme with an unbiassed mind free from all considerations other than those warranted by the necessities of India and would have welcomed any appreciable improvement as a result of the scheme in the trade relations between India and the United Kingdom, but even after giving the scheme a trial for over two years, the Committee have no hesitation in asserting that any impartial examination of the working of the agreement will arrive at the same conclusions to which the Committee have come, namely, -

- (a) That India's export trade in agricultural produce with the United Kingdom did not show any substantial advance owing to the fact that the British dominions securing similar preference gained a better and stronger footing in the United Kingdom market over India's produce;
- (b) That the intense economic nationalism initiated by the United Kingdom in creating an economic block within the Empire has restricted the growth of internationalism of trade instead of encouraging it and forced a number of manufacturing non-Empire countries to resort to import licences, quota restrictions and exchange control to arrest the passivity of trade, which measures, in case of India, affected her export trade to these non-Empire countries.

The Committee feel that in view of the facts and conclusions adduced above, they are justified in recommending to

the Government of India the termination of the present trade agreement between the United Kingdom and India as it has resulted in no material benefit to India's agricultural produce and has unnecessarily called for retaliation - however subconscious - from her other foreign customers. The Committee are not averse to any trade pact between India and any of her customers; on the other hand, they would welcome such pacts on purely reciprocal basis. They, therefore, suggest that the Government of India should forthwith terminate the present trade treaty and should open up fresh negotiations not only with the United Kingdom but with all other foreign countries for trade treaties, in consultation with representatives of commerce, agriculture and industry in India.

Import trade of India

Dealing with the import trade of India, the note says that the United Kingdom's share in the import trade of India stood at the lowest ebb at 35.5% in 1931-32 prior to the deliberations at Ottawa, with the foreign countries commanding 55.3% of the import trade. With the Ottawa scheme in operation, the United Kingdom's share improved from 36.9% in 1932-33 to 41.1% in 1933-34 and 40.6 % in 1934-35; during these two years the share of the foreign countries dwindled from 55.4% to 50.6%. It is worth while noting that while the United Kingdom improved her position by about 4%, the foreign countries lost theirs by about 5%.

The value of imports from the United Kingdom rose from 48.8 crores in 1932-33 to 53.7 crores in 1934-35, while that of the foreign countries fell from 73.2 crores in 1932-33 to 66.9 crores in 1934-35. Thus it will be seen that while the United Kingdom gained an additional market of the value of 5 crores, the chief industrial countries of Europe and the United States of America suffered a setback of 6.2 crores in the import trade of India. Even in articles enjoying the preference, the United Kingdom improved her share from 39.8 % in 1932-33 to 44.0% in

1934-35, against other countries suffering a setback from 60.2% in 1932-33 to 56.0% in 1934-35. In practically every important line of import trade, the United Kingdom secured either a substantial gain or consolidated her position in several of the important items imported into India, such as chemicals and chemical preparations, instruments, apparatus, machinery and millwork, iron and steel, rubber manufactures, motor cars and cycles. The figures further go to prove that this gain which the United Kingdom industries were able to secure in the Indian market was at the cost of non-Empire countries.

Export trade of India

The export trade of India^y in 1934-35 shows an improvement of 19 crores over her 1932-33 position. Japan was responsible for an increase of 11 crores, U.S.A. for 3 crores, while the United Kingdom took additional exports worth 11 crores. But India received a setback to the extent of Rs.8.7 crores in her export trade with non-Empire countries, Germany, Netherlands and France registering a setback.

India's position with her foreign customers.

India's favourable trade balances with Germany, Netherlands, France diminished, as the enforcement of the Ottawa scheme practically shut the door of better trade relations with important non-Empire countries.

Vegetable Oils

Sir Joseph Bhero, while recommending ratification of the Ottawa Agreement, stated that India would be in a position to supply all the requirements of the United Kingdom in vegetable oils to the extent of nearly 4 crores as a result of the preference, while the figures go to prove that India's exports to the United Kingdom suffered in all varieties. In case of linseed oil, though the United Kingdom increased her imports of linseed oil from 7,000 tons in 1933 to 33,000 tons in 1934, India^y was

scarcely able to supply anything to the United Kingdom, probably due to a system of drawback prevailing in the tariff structure of the United Kingdom whereby the preference of £3-10s. per ton is nullified. The export of groundnut oil for which the Indian Delegation said they secured a permanent position dwindled from 10 lakhs in 1932-33 to 6 lakhs in 1933-34 and still further to Rs. 93,000 in 1934-35. In the supply of rapeseed oil, the share of countries granting preference registered a decline both relatively and absolutely.

LINSEED

Sir Joseph Bherc referring to the grant of preference for the export of linseed, gave the Assembly to understand that India would be in a position to capture the United Kingdom market from foreign countries to the extent of 2½ crores and that it would result in bringing under more remunerative cultivation area that is now being cultivated with less paying crops. He expected the Indian cultivator to secure an advantage of a crore of rupees as a result of this preference. The figures of export of linseed show that India secured some advantage in the United Kingdom market owing to the failure of crop in Argentina and America in the year 1933-34. But in 1934-35, India could not maintain her position which was secured in the previous year and could not face competition against Argentina in spite of the preference. She lost her trade with Germany, France and Italy.

Coffee

Dr. F. X. DeSouza, in supporting the ratification of the Ottawa Trade Agreement, being interested in coffee plantation, assured the Assembly that the ratification would benefit the planting industry and that India might be in a position to capture market to the extent of 4 crores. Within a year of the ratification, Dr. De Souza expressed the view that "the preference has been of no benefit to the Indian producer but that Kenya has

reaped a decided benefit. Our trade in fact received a setback in the United Kingdom market". The exports of coffee from India indicate a very sad tale. Her exports to the United Kingdom dwindled from 52,000 cwts. in 1932-33 to 28,000 cwts. in 1934-35 and there has been a drop of 32,000 cwts. in the total exports during the same period. Comparing the values of the exports, India lost trade in the United Kingdom market to the extent of 17 lakhs of rupees during the same period, while her total exports were reduced from 1 crore in 1932-33 to 72 lakhs in 1934-35. Even with a preference, India could not improve her position in the United Kingdom market in face of competition from Costa Rica and British East Africa. The plea put forward by the Government of India that Indian coffee is only required for blending and is of superior quality is not supported by Dr. De Souza who is intimately connected with the coffee planting industry, and the speeches in the Legislative Assembly with regard to these three important articles, namely, vegetable oils, linseed and coffee, justify the view that unnecessary false hopes were raised in the minds of the Assembly Members regarding the effectiveness of the preference scheme in respect of some of the chief agricultural products of India. Another illustration ~~was~~ so pointedly brought forward by the Committee of the Federation in support of their view was in relation to the export of unmanufactured tobacco to the United Kingdom. The figures given in the note about the imports of unmanufactured tobacco into the United Kingdom indicate that in spite of the United Kingdom increasing her imports in 1934 by 28 million lbs./^{more} from Southern Rhodesia, 2 million lbs. more from Nyasaland and 30 million lbs. more from U.S.A., the United Kingdom reduced her requirements from India to the extent of 3 million lbs.

Groundnut

Groundnut constitutes an important item of export, and India was once exporting groundnut to the value of 16.4 crores

in 1929-30. During the two years of the Ottawa scheme of preference, though India regained her market of the United Kingdom to the extent of 36 lakhs of rupees, she lost during the same period her trade with the non-Empire countries to the extent of 121 lakhs. Germany reduced her offtake of Indian groundnut by 26.7 lakhs, Netherlands by 57.8 lakhs and France by 253.7 lakhs.

Raw Cotton

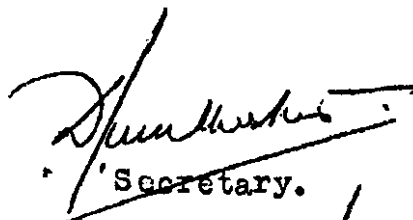
✱ In spite of all the efforts by the Lancashire Indian Cotton Committee, the United Kingdom could scarcely take 400 tons more in 1934-35 over her 1933-34 requirements, while there has been an increase of 113,000 tons in her total exports in 1934-35 over her exports in 1933-34. India, however, lost her trade with Germany to the tune of 16,800 tons, Belgium 7,000 tons, Netherlands 3,400 tons, France 2,300 tons.

It will be seen from the examination of some of the important commodities in the export trade of India that in spite of the United Kingdom increasing her imports in articles, such as, linseed oil, hides and skins undressed, pepper, tobacco and pig lead, she took less from India, and the extra market was either taken up by the Dominions or foreign countries. In case of rice, oil seed cake, rice meal and dust, groundnut, pulses, goatskins, the United Kingdom no doubt took more from India, but India's exports to other non-Empire countries received a setback. In case of coffee and tobacco, India could not improve her position in the United Kingdom market owing to the preference being quite inadequate and ineffective. Such a position calls for a very serious consideration at the hands of the Government of India and they should investigate each and every case of export commodity and the extent of preference which is necessary for giving adequate advantage to Indian produce over the non-Empire suppliers in the United Kingdom market. It will be found that the non-Empire suppliers of the United Kingdom market are neutralising the 10 per cent. preference by greater depreciation

of their currencies.

There are thus a number of factors which ^{have to} will/be taken into consideration if India is to form a part of the economic block within the British Empire. The Committee of the Federation are, therefore, justified in recommending to the Government of India the termination of the present trade agreement between the United Kingdom and India and further suggest that the Government should open up ^{fresh} ~~British~~ negotiations for a new trade treaty with the United Kingdom in consultation with the representatives of commerce, agriculture and industry in India.

Kamla Tower,
Cawnpore, 23rd Jany., 1936.


Secretary.
28/.

Speech of Mr. A. D. Shroff, Vice-President,
Indian Merchants' Chamber, at the First
Quarterly General Meeting of members of
the Chamber, held on 28th April 1936.



OTTAWA AGREEMENT.

The country must express its gratitude to the Legislative Assembly for resolving to give notice for the termination of the Ottawa Agreement. A close study of the various constituent items making up our import and export trade with Great Britain clearly demonstrates that the Agreement has not worked to the advantage of India as was claimed in 1932 by the Government. A few benefits, prominently brought out in the first year's working, like the export of linseed from India have proved to be ephemeral and seasonal. I am sorry to refer in this connection to the propaganda which is being engineered by some scaremongers that the termination of the Ottawa Agreement would lead to a serious dislocation of India's foreign trade and that India would lose her market in the United Kingdom. This is either the cry from interested quarters or from people who have not cared to make a close study of the question. Whilst the commercial community has advised termination of this agreement as a purely business proposition, it is at the same time prepared to negotiate a fresh agreement which would secure for India a complete quid pro quo and is not based on considerations other than the mutual economic benefit of the two countries. Supporters of Ottawa Agreement recommended its acceptance to the country, among other reasons, on the ground of promoting goodwill between the two countries. It

is really sad that the very niggardly fashion in which the British Parliament has responded to this gesture of goodwill in granting political powers to this country is hardly calculated to encourage a repetition of such a gesture now from India.

COMPANY LAW.

A very important piece of legislation which will now engage the attention of the Assembly will be a Bill for the amendment of the Indian Companies Act, 1913. The law regulating the incorporation, working and winding up of Joint-Stock companies in India has long become out of date, and I congratulate the Government of India and particularly the Law Member on the earnestness and care with which they have now taken up this question. After an investigation through a special officer Government prepared a draft Bill which was submitted to an informal Committee composed of representatives of different interests concerned. With the guidance obtained from the deliberations of this Committee the Law Member recently introduced a Bill in the Legislative Assembly and referred it to a Select Committee. A commercial Chamber like ours naturally represents vested interests which are directly affected by the various provisions of this Bill, but I would like you all to look at the amendments proposed in the light of the present-day requirements and to appreciate that the Company Law is being sought to be amended for the sole purpose of encouraging industrial enterprise through the formation and working of Joint-stock companies on a well-ordered and progressive basis. That the existing law is not satisfactory has been admitted by every interest concerned including the Managing Agents themselves.

3.

would also like the vested interests to bear in mind the rapid growth and spread of socialistic ideas in the country, which fortunately are still confined to very few persons, but you cannot for all times dam the onrushing tide of ideas which demand a gradual narrowing of the disparity between the haves and have-nots and for modifying the existing form of capitalism. I consider it in the highest interests of those responsible for the running of our industries that they should be prepared to move with the times and whilst taking care to safeguard their legitimate interests, they should not stand in the way of reasonable reform. No honest industrialist, whether he be a Managing Agent or not, has anything to fear from the very mild provisions in the draft Bill which are aimed at purging the Managing Agency system of some of its patent abuses and thus to create confidence amongst the investing public in the attractiveness of industrial investments. As I have said in another connection, if the reasonable and practicable is denied, the impossible will be demanded. I trust, therefore, that no unreasonable or unmeaning opposition would be offered to the amendment of the existing law on the lines laid down in the draft Bill.

Whilst it is not possible for me today to examine in detail the one hundred new clauses of the draft Bill, I may refer to a few of them which appear to me to be of outstanding importance. I would refer particularly to clause 41 of the amendment Bill. I believe that it is one of the serious weaknesses in the industrial finance of this country that companies are floated

without adequate capital and particularly without making provision for working capital. Numerous have been the instance within our experience that soon after companies are started they are short of capital and have to resort to various devices like raising debentures on block account, thus depriving the shareholders from the very outset of the security created out of their own subscriptions. The requirements of clause 41 if finally accepted by the Legislative Assembly, will have the salutary effect of checking the flotation of companies on lines which have become peculiar, for instance, to Ahmedabad where the paid-up capital forms a small proportion of the total moneys invested, the bulk of which is raised in the form of twelve-month deposits. This is a fair-weather system of finance and even in our recent experience has led to the collapse of several companies which were known to enjoy in the past very high credit but which failed to appreciate the weakness of leaving the paid-up capital as a small fraction of the total capital expenditure incurred by the company. This clause by providing for a minimum subscription of 33 1/3rd per cent. of the share capital offered to the public for subscription or a sum which will cover the fixed capital expenditure, preliminary expenses and working capital, whichever of the two sums is higher, lays down very sound fundamentals of industrial finance and must be welcomed by everyone who desires our industries to be started and worked on healthy lines.

Clause 35 of the amending Bill deals with the Managing Agency system. One of the provisions deals with the remuneration of the Managing Agent in regard to companies incorporated after

the commencement of this new amendment Act. I believe that one of the greatest abuses of the Managing Agency system in India is the freedom left by the existing law to the Managing Agent to adopt any basis for determining his remuneration. . . . Where the remuneration of the Managing Agent is determined on the basis of a fixed percentage of the net annual profits of the company with provision for a minimum payment in the absence of profits, even the most vehement critic of the Managing Agency system will concede it as a fair basis for remuneration; but when this remuneration is determined on the basis of production or sales, regardless of the profits made by the company, that basis lacks equity and is calculated to encourage inefficiency and indifference on the part of the Managing Agent regarding the profitability of the industry he manages. I find some opposition to this proposed amendment from certain interested quarters, and it is claimed that no such provision is found to be existing in any other country in the world. These critics, I am surprised, forget that the Managing Agency system does not exist anywhere in the world in the form in which it has come to be established in India. It is also claimed by the critics that the amendment proposed "cuts right across the right to the freedom of contract". It is true that the existing Company law does not recognise the Managing Agent as such and has, therefore, hitherto allowed the continuance of this licence to exact any remuneration that the Managing Agent liked. Those who claim the continuance of the enjoyment of this freedom of contract hardly need to be reminded that this freedom has been violently abused to the entire prejudice of the development of industries in the country in that, it has undermined the

confidence of the investing public in the profitability of industry. It would be entirely against public policy to allow such licence to continue, and I cannot imagine the vested interests provoking more violent changes in the existing arrangements than by persistently claiming this freedom of contract, which may more aptly be described as a licence for personal exploitation. I am glad that a number of Managing Agents, inspired by enlightened self-interest, not only in Bombay but outside have expressed their acquiescence to the proposed amendment, and I hope that on reconsideration all Managing Agents, whether in Bombay, Ahmedabad or Calcutta, will realise the futility of opposing a very desirable change in the existing arrangement, which change they may perhaps succeed in obstructing for a time but looks inevitable in the course of the next few years. My only suggestion to Government and the Legislative Assembly is that this amendment should be made applicable to the existing Agency Agreements as well after say, a notice of five years.

The provision to restrict the period of the Managing Agency agreement to twenty years in the first instance is conceived on very sound lines in that it at once ensures stability in management and periodical revision of the terms and conditions, but I cannot understand why the existing Agency agreements should not be terminated after a short notice from the passing of this amendment, act and made subject to renewal under the provisions of the amendment Bill.

My greatest disappointment with the amendment Bill is

that the Government have still neglected to deal comprehensively with the recommendations of the Central Banking Committee. I should personally prefer a Special Banking Act to regulate the formation and working of banks in this country. If Government are really solicitous of promoting the economic betterment of this country, comprehensive legislation based on the recommendations of the Central Banking Committee ought to be undertaken by Government without further delay. I believe that with the inauguration of the Reserve Bank, Government have now been better placed both in regard to guidance and machinery for a proper and adequate regulation of the banking business, and it really baffles us why Government have been putting off this important legislation for the last so many years.

ECONOMIC CONDITION AND ITS CURE.

As a commercial association this Chamber is not directly interested in the pronouncements and programmes of political party leaders except insofar as they have a bearing on the commercial and economic life of the country. Pandit Jawaharlal Nehru in his Presidential address at the Lucknow Congress has definitely expressed himself in favour of a programme which cannot merely be regarded as Socialism pure and simple. The extremes of wealth and poverty, the incredibly low standard of living generally prevalent all over the country, the existence side by side of the princes with their shocking extravagance and the toiling peasant struggling for a bare sustenance, the growth of industries on a large scale with the concomitant evils of an increasing labour population mainly illiterate, living in slums and without hope for betterment in life, cannot but be the breeding ground for socialistic

tendencies. Pandit Jawaharlal no doubt spoke with conviction and after deliberation, but it is equally undoubted that his programme and the cure for the evils prevalent are engendered by a feeling of despair resulting from a callous and nonchalant laissez-faire attitude on the part of the ruling authorities of this country. The Government of India and the Provincial Governments have been times without number reminded of the growing economic unrest in the country, unrest which has been accentuated during the present trade depression by a phenomenal drop in agricultural prices driving people to the last necessity of disposing of their slender savings in the form of gold trinkets and ornaments for keeping their body and soul together. Furthermore, the alarming increase in unemployment amongst the educated young men of this country has been a significant pointer for years past, but it has still been disregarded by the ruling authorities. The Sapru Unemployment Committee Report ought to serve as a fresh reminder both to Government and the public in general that unless some action on a well-considered basis is now taken immediately hungry stomachs with intelligent heads will only lead to the further spread of ideas and of a philosophy of life which cannot but prove most disturbing to the existing order of society. The Government of India have through the mouth of their accredited spokesman, Sir James Grigg, ridiculed suggestions of economic planning and are claiming credit for refraining from idiotic action. Their policy so far has been one of complete drift. Whatever they have done hitherto in amelioration of the much-emphasised misery has been done without definite policy and in every case too late to be adequately fruitful. Their action

may well be compared to that of the Russian peasant, who in order to repair a hole in the back of his garment, took off a piece from the other portion of the garment and patched up the front and thus went on doing indefinitely till the whole garment was a series of patches. The responsibility of Government, therefore, in allowing the economic conditions of this country to worsen to the existing low level and consequently of driving people in a feeling of despair to panaceas of the character suggested by Pandit Jawaharlal Nehru cannot now be questioned. Let not Government forget that the impossible will be asked only when the reasonable, and the practicable is denied; for it is only when the possible is made difficult that people fancy the impossible to be easy. I believe even now it is not too late for Government to move immediately in the direction of appointing an Economic Council which should be entrusted with the task of preparing a co-ordinated scheme for the handling of our economic problem in its various ramifications, viz: the raising of the standard of living of the average inhabitant of India. Any such scheme will have to include measures for the wider spread of literacy and a drastic change in the existing educational system to impart a vocational and industrial bias. Since the controversy between ^{the late Mr.} R.C. Dutt and Lord Curzon on the intricate question of the effect of the Land Revenue system in impoverishing the Indian agriculturist, sporadic action in the shape of tenancy legislation in certain Provinces has been taken to protect the actual tiller against the landlord; but the fundamental issue of the relation of the burden of land revenue assessment to the continued poverty-stricken condition of the

agriculturist still awaits a scientific investigation and a well-considered solution. Surely it cannot be beyond the wit of men to devise a system which would provide relief to the agriculturist by adjusting the demands of land revenue and cognate dues to the return he obtains from the land. The inequity of the existing arrangements is pathetically laid bare in our experience of a few wealthy Zamindars permitted by law to enjoy the increasing unearned increment provided by the Permanent Revenue Settlement whilst millions of agriculturists are hard put to collecting sufficient cash to meet the rigid and unadjustable demand of the Land Revenue Collectors. It is high time Government now took courage in both hands and modified the entirely indefensible and one-sided Permanent Revenue Settlements and I have no doubt that public opinion will be entirely with Government. Any well-planned economic policy must mean a complete re-orientation of the attitude of Government towards the industrial development of this country. As Montford Report says, the economics of a country with 80 per cent. of its population dependent on agriculture must be unstable economics. I believe that apart from developing large-scale industries, there is a vast field for the establishment of cottage industries. As John Bright said, "The nation lives in the cottage". These will relieve the pressure on land, remove intellectual deadness and stimulate accumulation of capital. Sir James Grigg's clap-trap grants for rural uplift are once again a tragic repetition of aimless spending which cannot bring us the maximum return for every rupee of our slender resources.

Reverting to Pandit Nehru's speech, there is one particular point of view which affects us as a commercial association. Apart from the undesirability at this juncture in the history of this country of evoking class hatred between the haves and the have-nots, Pandit Jawaharlal Nehru has indulged in a very serious self-contradiction when he wants a rapid industrialisation of the country and at the same time preaches the abolition of private property. Pronouncements of this character coming particularly from a person in the position of the President of the most important political organisation in the country are more likely to injure the best interests of this country if they result in checking industrial enterprise and in encouraging flight of capital from India. It is no doubt a matter of no small relief to know that the President of the Congress does not express the majority view of the Party, but it will not pay the country to be blind to the stern realities of the situation, that the use of the organisation and the machinery of an influential Party like the Congress for the spread of such ill-considered ideas and policies in the existing conditions of widespread economic misery is fraught with consequences which may more easily be imagined than described. The commercial and industrial community of this country, in my opinion, must make it perfectly clear to the Congress that the most vital economic interests of the country are being endangered and a most undesirable and, if I may say so, anti-national feeling of class war is fostered by the teaching of

the philosophy of which the President of the Indian National Congress is the author. On the other hand, I should also like the Indian commercial and industrial community to make it equally clear to the country that they are not standing in the way of securing minimum conditions of comfortable living for those engaged either in the factories or in tilling the soil, and that any scheme or plan towards that end which may be evolved by Government or the Congress will meet with their sympathetic consideration. The commercial and industrial community will always be prepared to move with the times, though the new requirements may entail an increasingly heavy burden and reduce correspondingly the attractiveness of further commitments. But in seeking relief for our economic conditions we have primarily to obtain our political freedom, and I would appeal to the Congress not to disturb that complete unity with which the country today demands from Great Britain concession of what is in justice due to us.

PRESS NOTE.

"INDIA AND OTTAWA"

Article I.



It is intended to publish a series of Press Notes, of which this is the first, on present tendencies of India's foreign trade.

These have an important bearing on the working of the Ottawa Agreement.

Critics of this Agreement, both friendly and hostile, have rightly insisted that in any study of its working the issues involved should be examined against the background of economic developments, which have influenced the course of international trade in recent years.

A bare comparison of the figures of India's foreign trade before and after Ottawa, which failed to take into account the economic forces which have convulsed world trade in the interval, would yield wholly misleading results.

Even in normal times the delicate mechanism of international trade is profoundly affected from year to year by a variety of disturbing causes. Failure or abundance of crops in the principal agricultural countries, price fluctuations, political disturbances, changes in fashion or taste in the consuming countries, industrial disputes, these are some of many such factors.

But the period during which the Agreement has been in operation has been far from normal.

Since the autumn of 1929 the world has been deeply enmeshed in an economic depression of unparalleled severity. The economic structure of the world has been dislocated. The gold value of international trade has been steadily declining, and is now only about one-third of

what it was in 1929. The volume of world trade, despite a slight recovery since 1932, is no more than 77.5 per cent. of what it was in 1929.

As the crisis has proceeded, a number of countries have imposed ever fresh restrictions on imports by such means as higher tariffs, quotas and clearing and compensation agreements, for the purpose of protecting home industries, for maintaining currency stability and an even balance of trade.

If we are to gain a due perspective in which to judge of the effects of the Ottawa preferences, it is essential to pass in review the salient features of world economic conditions, particularly in their relation to the trade and business of India, in the years immediately preceding and following the conclusion of the Ottawa Agreement.

The economic recuperation of the world after the crisis of 1920-21, though slow at first, proceeded with surprising rapidity between the years 1925 and 1929. The total world trade in 1927 (recalculated at 1913 values) was 20% greater than in 1913, while in India although local production was being increasingly diverted to the satisfaction of local needs, both imports and exports in 1928 equalled in volume those of 1913.

With stable prices and an expanding trade there emerged the characteristic phenomena associated with an industrial boom, and it looked as though, after the sore trials of the post-war period, the world was once again entering on an era of prosperity.

Yet, amid this scene of world-wide progress, a discerning observer might have discovered cause for uneasiness in the position of India as a great supplier of raw materials. The gradual tendency towards overproduction made the outlook for countries producing raw materials increasingly disturbing.

Of more ominous significance to India was the growing competition to which her export trade was being subjected in western markets. Virgin land in many parts of the world was being brought under cultivation, and, thanks to improved transport facilities, the resulting products were being introduced to markets where they were before unknown.

In other countries production was expanding, and export trades which before the war were of negligible proportions were proving to be serious competitors in the markets of the western world. Oil-seeds, textile fibres, food-grains, dried and fresh fruit and timber might be cited as examples of products in respect of which India had to face increasingly keen competition.

The position was aggravated by the measures taken by many Continental countries, and by the United States of America, to stimulate the demand for the products of their respective colonial territories.

France, Italy, Belgium, Spain and Portugal were pursuing a policy to stimulate imports of produce from their tropical and sub-tropical possessions. In other countries, with no tropical colonies, which could not themselves produce the natural products they required, considerable attention was being paid to the development of synthetic substitutes in direct competition with Indian goods.

Already, therefore, even before the onset of the present depression, it was becoming increasingly apparent that defensive measures would have to be taken to maintain the position India had attained in world markets.

The problem was rendered more acute by the crisis which began in 1929. As a producer of primary products India was one of the first countries to feel the full effects of the catastrophic fall in prices. By the end of 1930 the Calcutta index number of wholesale prices had fallen

by 30 per cent. from the level of September 1929, while the fall in the price of exported articles during the same period amounted to 33 per cent against 17 per cent for imported articles. The strain on the price structure was equally severe in Australia and the Argentine, both of them debtor agricultural countries, and before the close of the year they were compelled to go off gold.

In 1931 the deflationary tendency in prices continued unchecked, with disastrous consequences to countries producing primary commodities, such as India and the Dutch East Indies. The total value of world trade in that year in terms of sterling fell by 38 per cent as compared with 1929, and India's share in the total trade receded from 3.02 per cent to 2.54 per cent. This was partly due to the relatively greater fall in the price of raw materials, and partly to the growing restrictions continually being placed on international trade by the importing countries.

In an endeavour to combat the growing menace of the depression, many countries, notably the newer economic units in Europe created by the war, embarked on a policy of economic isolationism by the erection of higher tariff walls, the imposition of 'contingents' or quotas and the institution of stringent foreign exchange controls. The result was a steady decline in demand and a gradual restriction of the free markets of the world.

Such, in brief, was the position in 1931 when two events of outstanding importance to India occurred.

The first was Great Britain's abandonment of the gold standard in September 1931 and the linking of the currencies of most of the Empire countries, including that of India, to sterling. The departure of sterling from gold served to arrest the fall of the prices of India's staple exports for a time, but this was a purely temporary phase. In June 1932 rupee prices again began to show a distinct-

ly downward trend.

The second notable event was Great Britain's formal renunciation of a Free Trade in favour of a Protectionist regime with the enactment of the Import Duties Act in March, 1932.

By that Act duties were imposed on a wide range of articles covering nearly two-thirds of the total imports into the United Kingdom. Provision was made, however, for the exemption of Empire products from these duties, pending negotiations with the Dominions and India for the conclusion of reciprocal tariff arrangements.

Accordingly in July, 1932, an Imperial Economic Conference met at Ottawa for the discussion of the new policy of trade agreements between the constituent parts of the Empire.

It is only necessary to emphasise that refusal to negotiate would have meant for India forfeiture of her freedom of access to the world's most stable and largest open market.

The main features of India's export trade after Ottawa are discussed in the next article, which will appear on Saturday, January 18.

End "INDIA AND OTTAWA" I.

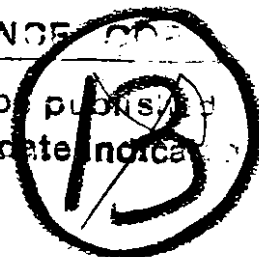
Press Note.

"INDIA AND OTTAWA".

ARTICLE II.

ADVANCE COPY

Not to be published
before date indicated



This is the second of a series of Press Notes reviewing India's foreign trade tendencies.

In the first article events leading up to the Ottawa Agreement were summarised. The main features of India's export trade after the Ottawa Agreement are now examined.

After Ottawa the course of events suggest that the forces making for recovery or recession in international trade are about evenly balanced, with perhaps some slight advantage to the former. On the one hand, commercial and monetary policies pursued by a number of countries continue to be restrictive of trade. In particular, the increasing number of clearing and compensation agreements that have been concluded have tended to reduce triangular trade and depress prices. In the League of Nations "Enquiry Into Clearing Agreements" it is stated that reduction in purchases by debtor countries in Europe of "oversea raw materials, due to diversion of her demand to the countries with which she had concluded clearing agreements, naturally contributed to the fall in world market prices and thus affected adversely the economic situation of the world as a whole."

On the other hand, prices have generally risen, as a result in some cases of agreements to restrict output - tea, rubber and tin are examples of interest to India; production has increased, and there is evidence of increasing economic activity over a wide area, notably in U.K. and U.S.A.

It should be stated, however, that the rise in industrial activity is still confined in the main to capital equipment industries, especially the building industry, and that

expansion in the textile industries and in consumers' goods trades generally is much less marked than in the heavy industries. At the same time, the trend of prices of raw materials and manufactured products indicates a further approach to the relationship which existed between them in pre-dépression days.

Further, though the gold value of world trade has continued to decline, there has been a progressive increase in the quantum of trade since 1932, and as the following figures will indicate the pace of recovery has been greater in the case of India's foreign trade than in world trade as a whole.

Movement of quantum of trade.

(i) <u>World Trade.</u>					
1929	1930	1931	1932	1933	1934
100	93	86	74	75.5	77.5
(ii) <u>India's trade.</u>					
1929-30	1930-31.	1931-32.	1932-33.	1933-34	1934-35
100	87	76	75	78.5	86

These indications point to an upward tendency in international trade, but there are still so many elements of instability in the world economic situation that it seems justifiable to regard the recovery so far registered as "superficial rather than fundamental."

An examination may now be made of the figures of India's exports before and after Ottawa. The relevant figures are exhibited in the following table :-

Total exports from India.

(In lakhs of rupees).

<u>Total value.</u>	<u>1931-32</u>	<u>1932-33</u>	<u>1933-34</u>	<u>1934-35-</u>
To all countries	157,56	133,27	147,52	152,39
Index	100	84.6	93.6	96.7
To U.K.	42,88	36,82	47,21	48,07
Index.	100	85.9	116.1	112.1
To other countries.	114,68	96,45	100,31	104,32
Index.	100	84.1	87.5	90.9
	Percentage increase in 1933-34 in comperison with 1932-33.		percentage increase in 1934-35 in comparison with 1933-34.	Percentage increase in 1934-35 in comparison with 1932-33.
All countries	10.5		3.3	14
U.K.	28.2		1.8	30.5
Other countries	4		3.9	8

(These figures differ somewhat from those given in the Review of Trade 1934.35, and have been constructed on the basis of figures in Tables II and III which are reproduced from the Second Report on the working of the Ottawa Agreement.)

It will be observed that between 1932-33 and 1933-34, India's export trade to the United Kingdom increased by 28.2 per cent, while her trade with other countries advanced by only 4 per cent.

It has been suggested in certain quarters that the remarkable improvement in the trade to the United Kingdom is due almost entirely to the increased business activity in that country and can in no way be attributed to the preferences granted to India.

It may at once be admitted that the increased demand for raw materials was partly responsible for this improvement; but, as has been pointed out, industrial recovery in the United Kingdom has not been uniform over the whole range of production. The degree of recovery was greatest in the heavy industries, the raw materials for which are not supplied by India on any large scale, and this factor therefore cannot wholly account for the increase in India's exports to the United Kingdom during the year.

This conclusion is borne out by an examination of the import trade figures of the United Kingdom for 1932 and 1933. Total imports in 1933 declined to £675.02 million from £ 701.67 million in 1932, while imports of raw materials and articles mainly unmanufactured rose from £ 164.51 million to £ 180.40 million, or by 10 per cent. At the same time imports from India of articles other than tea (tea has been omitted as it is not a raw material of industry) advanced from £ 19.16 million to £ 23.33 million, or by 21 per cent, and India's share in the total import trade of the United Kingdom increased from 4.6 per cent to 5.5 per cent.

That is to say the increase in imports from India was more than in proportion to the increase in the total imports of raw materials.

It may fairly be claimed therefore that the preferences must have contributed in no small measure to the expansion in India's exports in 1933-34.

The most striking feature of the figures for 1934-35 is the slowing-down in the rate of improvement in the trade with United Kingdom as compared with that with other countries. On this ground it has been argued that the Ottawa Agreement has been of no substantial benefit to India. This view fails to take into account certain important

considerations.

In the first place it is only to be expected that extension of trade due to the stimulus of a preferential duty will normally be most marked in the first year; therefore, progress will be more gradual, the rate of development showing a progressive decline until the limit of expansion is reached.

Secondly, the special factors at work during the year operated to put a definite check to the rate of increase in India's trade with the United Kingdom.

For instance, with the restriction of exports, tea has become for all practical purposes an inelastic item, any considerable increase in the value of the exports being possible only in the event of a rise in prices above the level attained in 1933-34. Again, in contrast with the tendency observable in the previous year, the increase in the quantum of world trade in 1934 was accounted for not so much by raw materials as by iron and steel, building materials and semi-capital goods such as motor cars.

In the United Kingdom though the imports of raw materials increased from £180.40 million to £209.68 million, the improvement (except in the case of rubber of which India is not an important supplier) was confined to the raw materials of the engineering and building industries, the demand for agricultural raw materials showing no great variation from the previous year.

While these causes led to a slackening in the rate of expansion in India's exports to the United Kingdom, her exports to countries other than the United Kingdom were assisted by abnormal purchases of cotton by Japan to make up for the short purchases during the 1933 boycott.

Japan's purchases in 1934-35 amounted in value to Rs. 21 crores against an average of Rs. 11 crores for the three years ending 1933-34. If her purchases in 1933-34 and 1934-35 are averaged out and India's total exports to countries other than the United Kingdom are adjusted accordingly, the percentage variation in each year will be found to be as follows :-

Percentage variation
in 1933-34 in comparison
with 1932-33.

Percentage variation
in 1934-35 in
comparison with 1933-34.

~~+~~ 9.2.

- 5.7

But for the accident of Japan's having purchased less cotton in one year and more in the next, there would have been a decline of 5.7 per cent in India's exports to foreign countries in 1934-35.

→ If any useful deduction could be drawn from this regarding the value of the Ottawa Agreement, it must surely be one in favour of the Agreement rather than adverse to it.

A better method would perhaps be to examine the results of the two years 1933-34 and 1934-35 as a whole, instead of separately, in order to secure the elimination of the effects of the abnormal features of each year.

A comparison of the figures on this basis still reveals a higher relative expansion in the exports to U.K. the percentage increase being 30.5 against 8 in the case of exports to foreign countries. (It may be objected that an adjustment should be made on account of the increase in the price of tea. If this is done, the percentage increase will be reduced to 22.5., but it is still considerably higher than the corresponding figure for foreign countries.)

Clearly, therefore, it would be unreasonable to base
an indictment of Ottawa on these figures.

In the next note (to be published Tuesday, January 21st)
India's trade with the United Kingdom is compared with that
with other countries.

NOT FOR PUBLICATION BEFORE TUESDAY, JANUARY 21.

PRESS NOTE.

"INDIA AND OTTAWA".

ARTICLE III.

ADVANCE COPY

Not to be published
before [unclear] [unclear].

India's trade with the United Kingdom is compared with that with other countries in this the third Press note on the tendencies of India's foreign trade.

Events leading up to the Ottawa Agreement and the main features of India's trade afterwards have been summarised in previous articles.

When trade is separated into articles enjoying preferences and those which do not, a more detailed and vivid appreciation of the effect of all these preferences is obtained.

These figures tell their own story:

Exports from India of articles
enjoying preference.

	(In lakhs of rupees.)			
	1931-32.	1932-33.	1933-34.	1934-35.
Total exports.	110,93	95,04	99,34	94,41
Index.	100	85.7	89.6	85.1
To United Kingdom.	33,30	29,73	36,48	36,71
Index.	100	89.3	109.5	110.2
Percentage share of U.K. in total exports.	30.0	31.3	36.7	38.9
To other countries.	77,63	65,31	62,86	57,70
Index.	100	84.1	81.0	74.3
Percentage share of other countries in total exports.	70.0	68.7	63.3	61.1

	Percentage variation in 1933-34 in comparison with 1932- 33.	Percentage variation in 1934-35 in comparison with 1933- 34.	Percentage variation in 1934-35 in comparison with 1932- 33.
United Kingdom.	+22.6	+6	+23.4
Other countries.	-3.7	-8.3	-11.7
Total.	+4.5	-5	-.7

(The total value of our export trade was Rs.152.4 crores in 1934-35. The preferential items accounted for 62 per cent of it.)

Exports of Coir manufactures, Spices, Castor seed and Groundnuts from the Indian States enjoying preferences have been taken into account so far as statistics are available.

Exports from India of articles not enjoying preferences in the United Kingdom.

	(In lakhs of rupees.)			
	1931-32	1932-33	1933-34	1934-35
Total exports.	45,63	38,23	48,18	57,98
Index.	100	82.0	103.3	124.3
Exports to the U.K.	9,58	7,09	10,73	11,36
Index.	100	74.0	112.0	118.6
Percentage share of U.K.	20.5	18.5	22.3	19.6
Exports to other countries.	37,05	31,14	37,45	46,62
Index.	100	84.0	101.1	125.8
Percentage share of other countries.	79.5	81.5	77.7	80.4

	Percentage increase in 1933-34 in comparison with 1932-33.	Percentage increase in 1934-35 in comparison with 1933-34.	Percentage increase in 1934-35 in comparison with 1932-33.
United Kingdom.	51.3	7.7	50.3
Other countries.	20.4	24.4	49.7
Total.	26.0	20.3	51.6

The enormous increase in the consumption of articles not on the preferential list has been interpreted by some critics as justifying the conclusion that the extension in the trade in the preferential items has been due, not so much to the Agreement, as to the general increase in the demand for Indian goods in the United Kingdom.

In the view of these critics the conclusion to be drawn from these figures is twofold. First, that the revival of industrial activity in the United Kingdom has stimulated a demand for such commodities. Second, that in regard to the preferential items the preferences granted by the United Kingdom have been of little benefit to India.

This view seems to be based on an insufficient appreciation of the facts. Of the total increase of Rs.364 lakhs under the "non-preferential" head in 1933-34, Rs.176 lakhs was accounted for by cotton and Rs. 45 lakhs by raw wool. The greater use of Indian cotton in the United Kingdom was due partly to the favourable price parity, but more particularly to the propaganda conducted by the Lancashire Indian Cotton Committee.

In so far as the increased offtake was due to the price factor, it is clear that industrial revival was not the cause of the improvement; and in so far as it was due to the activities of the Lancashire Indian Cotton Committee it was a measure of the success that has attended the steps taken by His Majesty's Government to implement Article 8 of the Agreement.

The second item, namely, raw wool, is liable to wide fluctuations from year to year, presumably in accordance with variations in the price parity, and no valid general conclusion could be drawn from the volume of the trade in it in any particular year.

In 1934-35 there was a further advance of Rs. 63 lakhs in the non-preferential items owing mainly to increases in rubber (25 lakhs), metals and ores (18 lakhs), lac (14 lakhs), and cotton (4 lakhs).

The increase in rubber was due solely to the restriction scheme; that in metals and ores apparently to the renewed activity in the heavy industries; that in lac to speculative purchases by the London 'ring', which tried to operate a 'corner' in shellac and pepper; and that in cotton to the circumstances already explained.

There is thus little evidence to support the view that the improvement in the exports in the non-preferential items was due mainly to industrial revival, and that the trade in the preferential items would on that account have in any case shown a sympathetic increase.

A study of the figures shows that the Ottawa preferences must have been of material advantage to India in improving

her position in the United Kingdom market. In 1933-34 there was a net increase of Rs. 430 lakhs (+4.5 per cent) in her total exports of the articles enjoying preference, resulting from an increase of Rs. 675 lakhs (+22.6 per cent) in the trade to the United Kingdom, partially offset, however, by a decline of Rs. 245 lakhs (-3.7 per cent) in the trade to other countries.

In 1934-35 there was a further decline of Rs. 516 lakhs in the exports to foreign countries, but exports to the United Kingdom increased by Rs. 25 lakhs.

Between 1932-33 and 1934-35, therefore, there was a total decline of Rs. 761 lakhs in the exports to foreign countries and an advance of Rs. 698 lakhs in the exports to the United Kingdom.

That is to say, at a time when India's competitive power in world markets outside the United Kingdom was falling off she made up nearly the whole of the loss in the United Kingdom.

In Article IV (to be published on Friday, January 24) the criticism that the increased exports to the United Kingdom are a diversion of trade is met and shown to be fallacious.

(End Article III "India and Ottawa")

NOT FOR PUBLICATION BEFORE FRIDAY JANUARY 24th."INDIA AND OTTAWA".ARTICLE. IV.

15

Is the contention of critics of the Ottawa Agreement correct that the recent increased exports to the United Kingdom are merely a diversion of trade ?

In this fourth Press Note on India's foreign trade tendencies this contention is examined and shown to be inaccurate.

The principal decreases in 1933-34 in the total trade to countries other than the United Kingdom in the articles enjoying preference are tabulated below.

The articles are arranged in two groups, Group A comprising those which registered a decline both to the United Kingdom and to other countries and Group B comprising all others. The figures in brackets indicate the percentage decreases as compared with 1932-33.

Group A.

Articles.	Total decrease in comparison with 1932-33. Rs. (in Lakhs).	
1. Rice.	351	(26)
2. Castor Seed.	25	(26)
3. Bran & Pollard.	7	(46)
4. Coffee.	4	(5)
Total.	387	

Group B.

5. Groundnuts.	39	(6)
6. Tea.	9	(4)
Total.	48	

As the trade with U.K. in the articles included in Group A also showed a decline, it is clear that in the case of these articles the hypothesis of diversion is untenable.

It will nevertheless be of interest to examine the reasons for the abnormal decline in the trade in rice, the largest single item of decrease on the export side.

The Review of Trade for 1933-34 attributes the loss in trade, firstly, to the "deliberate and intensive development of certain tracts which, instead of importing their requirements of rice from outside, endeavoured to grow the crop themselves," and, secondly, to the restrictions imposed on imports in some foreign countries by legislation and other measures.

As illustrative of these measures the Review gives the following instances :-

"In Netherlands India, for instance, where a drastic reduction in the cultivation of sugarcane was producing a steady change over to rice, it was found necessary to restrict imports of rice in order to conserve the home market for the local production. China and the Federated Malay States imposed an import duty on rice. Further Japan has inaugurated elaborate measures for rice control, and the change in her status from an importing to an exporting country is important to India.

Concurrently, China has decided to protect herself by the imposition of a small import tariff on rice coming from abroad.

All these factors were bound to have considerable reactions on the rice export trade of Burma. Even in those markets where rice is capable of being sold on a strictly price basis in competition with other foodstuffs, the inability to provide in sufficient quantities the quality of rice demanded by the consumer, had had a restrictive effect on the export trade."

The articles included in Group B stand on a different footing in that smaller exports to foreign countries were accompanied by larger sales to the United Kingdom.

In the case of groundnuts, however, the fall in value does not indicate a diminution in the volume of exports. Actually, despite smaller despatches to France owing, it is said, to the imposition of an import duty on groundnuts other than those grown in the French Colonies, the quantum of trade with foreign countries rose from 31600 tons to 52800 tons.

As an instance of the difficulty of reconciling trade figures of different countries in regard to the same item it may be mentioned that according to the French official statistics India increased her exports from 2,595,000 quintals to 3,070,000 quintals, thus capturing a larger share of the French market.

On the other hand, in the case of tea, there was drop both in value and quantity. For this, however, the division of markets agreed upon by the parties to the international scheme for the restriction of exports was no doubt responsible.

It follows, therefore, that there is no foundation for the suggestion that the improvement in the United Kingdom market disclosed by the figures for 1933-34 was gained at the expense of the trade with other countries.

The figures for 1934-35 point to the same conclusion. The trade with foreign countries in the articles admitted to preference dropped by Rs. 516 lakhs, resulting in a net decrease of Rs. 493 lakhs in the total trade. The principal decreases during the year are shown below:

Group A.

Article.	Total decrease in comparison with 1933-34. Rs. (lakhs).	
1. Linseed.	85	(33)
2. Goat Skins (raw)	60	(30)
3. Paraffin Wax	29	(17)
4. Coffee.	21	(30)
5. Cotton Yarn.	18	(23)
6. Castor Seed.	16	(23)
7. Coir Yarn.	6	(7)
8. Miscellaneous.	87	(9.5)
	Total	322

Group B.

9. Groundnuts.	167	(28)
10. Rice	67	(7)
11. Tea.	29	(13)
	Total	263

Here again, as regards articles in Group A, it is only necessary to point out that the reduced output by foreign countries is due to curtailment of demand (e.g. castor seed and goat skins), or to increased competition (e.g. linseed) and that the corresponding decline in each case in the demand from U.K. precludes the possibility of diversion.

In Group B the principal item that calls for comment is groundnuts, the exports of which to France fell from 188,100 tons to 99,300 tons in the year as a result of reduction of demand to about half the usual volume and of the imposition of a quota system, limiting foreign imports to 50 per cent of the total imports.

The recession in rice exports was due mainly to the causes observed in the previous year, but partly to import restrictions introduced by Germany and certain other European countries.

Exports of tea during the year to foreign countries were regulated in accordance with marketing arrangements entered into by the producing countries; they were also affected by a shift in demand from the higher grades to lower grades represented by Java growths, and, as a result a larger quantity was shipped to the United Kingdom than would otherwise have been.

The diversion, therefore, was entirely caused by extraneous factors.

It is abundantly clear that the causes underlying the rapid expansion in the trade in non-preferential items, both with the United Kingdom and foreign countries, are hardly such as would have led to a spontaneous improvement to the extent that has been achieved in the trade in the preferential items to the United Kingdom. Nor can it be contended that the trade has been artificially increased by the diversion of exports from foreign to inter-Imperial channels.

The advance that India has made in the British market in the last two years has resulted in a genuine expansion of trade in many, if not all, of the articles entitled to preference, and has been facilitated by the preferences granted, particularly on such commodities as rice, ground-nuts and teak and other hardwoods.

Where India has lost ground to other parts of the Empire, as for instance to Kenya in the trade in coffee, it is easy to see that she would have fared worse had she been under a tariff handicap.

It is obviously necessary in such cases, in order to take the fullest possible advantage of the preferences,

to improve our methods of marketing and publicity with special reference to the needs of the British market.

It is to be hoped that the labours of the newly constituted Coffee Cess Committee will bring about an early revival in our export trade in coffee. The gains secured by Kenya and other Colonies are a measure of the advantages accruing from the preferences. There is no reason why India, by suitable propaganda and other measures, should not participate in an increasing degree in the expanding British market for Empire products.

In the preferential section of our trade, it is true that the gains so far made in the United Kingdom market have not been sufficient to compensate for the losses in other markets, but as has already been shown the contraction of demand in foreign markets has been due ^{the result} to operation of special factors.

When international trade is so disorganised as at the present time it is idle to expect speedy or sensational results from any programme of recovery. Nor must it be forgotten that the year 1934 was on the whole unfavourable to debtor countries, particularly those producing raw materials.

In the great majority of debtor countries, the balance of trade in merchandise was less satisfactory than in the previous year (e.g. Germany, Australia, New Zealand and Cuba).

Trade Balances.

(Merchandise only)

in terms of U.S. gold dollars (000,000)

(+) Surplus of exports; (-) Surplus of imports.

<i>Country</i>	<i>1933</i>	<i>1934.</i>
<i>India</i>	<i>+ 73.6</i>	<i>+ 52.2.</i>
<i>Netherlands Indies</i>	<i>+ 56.7</i>	<i>+ 93.4</i>
<i>Argentina</i>	<i>+ 57</i>	<i>+ 66.4</i>
<i>Brazil</i>	<i>+ 37.3</i>	<i>+ 48.5</i>
<i>New Zealand.</i>	<i>+ 38.1</i>	<i>+ 36.0</i>
<i>British Malaya</i>	<i>+ 8.1</i>	<i>+ 28.4</i>
<i>Germany.</i>	<i>+ 159.1</i>	<i>- 66.8</i>
<i>Roumania.</i>	<i>+ 14.6</i>	<i>+ 3.1</i>
<i>Denmark</i>	<i>- 9.2</i>	<i>- 16.4</i>
<i>Australia.</i>	<i>+ 113.1</i>	<i>+ 40.1</i>
<i>Cuba</i>	<i>+ 32.3</i>	<i>+ 5</i>
<i>South Africa.</i>	<i>+ 139.5</i>	<i>+ 32.4.</i>

The main exceptions were countries which benefitted from restriction schemes raising the prices of their exports (e.g. British Malaya and the Netherlands Indies), and those which depreciated their currencies further and also benefited from restriction schemes brought into force in other parts of the world (e.g. the Argentine and Brazil).

India has, nevertheless, been able, despite the unfavourable conditions of the year, to record an appreciable expansion of her export trade.

The extent to which the preferences have contributed to this result is not capable of exact statistical assessment. No one examining the question with an unprejudiced mind, can fail to be convinced that the unrestricted right of entry obtained by India under the Agreement, ranks high amongst the factors which have enabled her to maintain and develop her position in the British market during a period of exceptional difficulty.

Have foreign countries retaliated against India for giving tariff preferences to the United Kingdom?

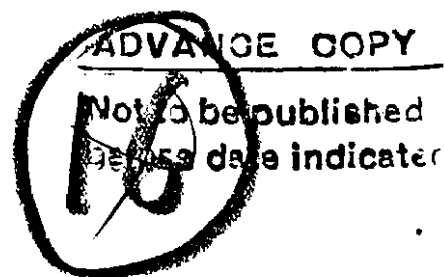
This aspect of the Ottawa Agreement will be surveyed in Article V (to be published Sunday, January 26th).

NOT FOR PUBLICATION BEFORE SUNDAY, January 26.

PRESS NOTE.

"INDIA AND OTTAWA".

Article V.



One of the most persistent criticisms of the Ottawa Agreement in its application to India is that foreign countries have retaliated against this giving of tariff preferences.

In this and two following Press Notes that criticism will be examined:

Previous Press Notes in this series have surveyed India's trade tendencies in relation to the Ottawa Agreement.

When the Ottawa Resolution was debated in the Legislative Assembly in 1932, it was pointed out that the fear of reprisals was greatly exaggerated. The necessity of obtaining raw materials in the cheapest market, and the obligation resting on most foreign countries under treaty engagements to accord to Indian goods most-favoured-nation treatment, were alone sufficient to restrain aggrieved foreign countries, should there be any such, from taking retaliatory action against India.

Critics of the Agreement were not disposed to agree with this view. They considered that India's dependence on foreign markets for the absorption of nearly two-thirds of her exports made her position specially vulnerable, and that, even if foreign countries refrained from subjecting Indian goods to discriminatory treatment by way of retaliation, the inevitable result of a system of preferences in favour of the United Kingdom would be a decline of India's import trade with foreign countries and with it a corresponding diminution in her exports to such countries.

In 1934, when a Committee of the Assembly was appointed to examine and report on the working of the Agreement, the

suggestion was made that certain foreign countries had imposed restrictions on imports from India by way of retaliation.

The Committee made a detailed review of the restrictive measures introduced by foreign countries since 1927 and, by a majority, recorded the finding that "in no case was the restrictive action retaliatory in nature or specially directed against India".

Nevertheless, the accusation has been freely made in recent months that the restrictions on imports imposed by a number of foreign countries since 1932 are a direct result of the Ottawa Agreement.

Here and there, it is true, a voice has been raised in protest against so baseless a charge. The "Indian Finance", for instance, in its issue of September 28, 1935, remarked, "it must be admitted, too, that those, who condemn the Ottawa Pact for the restrictions on Indian imports in foreign markets, are guilty of either ignorance or intellectual dishonesty".

The majority of the opponents of the Agreement, however, are still obsessed with the idea that the Agreement is somehow responsible for the spate of emergency restrictions on trade, which have been so marked a feature of European commercial policy since the deepening of the depression.

It is singular that there should be so much ill-informed criticism on a matter which is not one of opinion, but of fact.

It is pertinent to inquire in the first place whether there was any reason to suppose that the institution, on a reciprocal basis, of preferential tariff arrangements between the United Kingdom and India would be regarded by any foreign country as constituting a breach of any of the accepted canons of commercial policy.

In order to answer this question it is necessary to examine briefly the inter-related questions of the exceptions to the "most-favoured-nation" principle and of the Colonial and inter-Imperial trade policies of the big Powers.

There have always been recognized certain customary exceptions to the unlimited and unconditional application of the most-favoured-nation clause. One such exception permits countries bound by the clause to enter into a customs union providing complete free trade with each other, while continuing to impose tariffs against others. In virtue of another, certain groups of closely associated countries, e.g. the 'Baltic' group comprising the Scandinavian countries and the 'Iberian' group covering Spain and Portugal and countries of Latin America, have been allowed to impose specially favourable duties inter se which are inapplicable to other countries.

Of this type also are the preferential tariff arrangements between U.S.A. and Cuba and U.S.A. and the Philippine Islands (since the enactment of the Act of Independence), the benefits of which are not available to third parties.

To these must be added the right of preferential treatment enjoyed as between members of the British Commonwealth of Nations, although the right is sometimes expressed as one arising from their common political sovereignty rather than as an exception to the clause.

The position that a general preferential scheme within the Empire is a matter of domestic concern, and cannot be regarded as discriminatory by any foreign power, was attained by stages, and has not been seriously challenged since the end of the tariff war between Canada and Germany in the early years of the present century.

The first step in the direction of a system of inter-Imperial preferences was taken by Canada in 1897 when she reduced import duties by one-eighth on goods coming from the United Kingdom. The benefit of the lower duties was for a time extended to a number of foreign countries, but in 1907 a new Tariff Act was enacted containing three columns of duties, British preferential, intermediate and general. The example of Canada was followed by New Zealand and South Africa in 1903 and by Australia in 1907.

The War brought the question of inter-Imperial trade once again into prominence, and since 1920 the Dominions and Colonies have given further extensive preferences to the United Kingdom.

By 1922 there were already preferential tariffs in operation in twenty-six British Colonies, the Mother country being the principal beneficiary.

For her part, the United Kingdom, in 1919, abandoned her opposition to preferences in favour of Empire countries and introduced preferential rates of duty on a limited number of articles of Empire origin.

From then on the policy of preference was consistently pursued within the framework of the British fiscal system, and additions were made from year to year to the list of articles entitled to preference.

The nucleus of a preferential scheme within the Empire was thus already in existence at the time of the Ottawa Agreements. What was achieved at Ottawa was the general extension of the scheme throughout the Empire on the basis of reciprocity.

The adoption of this scheme by India no doubt meant a re-orientation of her tariff policy, but the right of Empire countries to establish a system of preferential tariffs to their mutual advantage was by then so well established that it was hardly likely that India's exercise of that right would involve serious reactions upon her commercial relations with foreign countries.

To the policy of inter-Empire preferences, moreover, none would be less justified in taking exception than the big Colonial Powers.

Officially the United States of America has no Colonies, but it nevertheless possesses a Colonial Empire with a population of 14 millions. Its policy in respect of Hawaii and Porto Rico has been one of assimilation, that is to say, of

extension to the Colonies of the tariff system of the Mother Country with mutual free trade amongst themselves, while as between the U.S.A. and the Philippine Islands there exists a preferential regime.

France, too, has extended the principle of assimilation to a number of her foreign possessions, e.g. Indo-China, Madagascar and Guadeloupe, and French goods enter these assimilated territories free of duty. Among the non-assimilated group of colonies, some maintain the Open Door while many accord preferential treatment to goods of French origin in return for tariff concessions in respect of their exports to France. The aim of French Colonial trade policy has been in fact to foster the closest trade relations between the Mother Country and the Colonies.

Since the War, various measures have been taken with a surprising degree of success to stimulate Franco-colonial exchanges.

The Conference held in Paris at the beginning of this year to concert measures for the further encouragement of colonial trade was therefore hardly in the nature of a counterblast to Ottawa, but rather the logical outcome of the policy unswervingly pursued by France since the War.

But, it may be asked, while it is true that foreign countries could have no justifiable grievance against India's acceptance of the principle of inter-Empire preferences, is it still not possible that some of them, at any rate, through a feeling of irritation, may have discriminated against Indian goods?

This is a valid objection, and one which requires to be carefully considered.

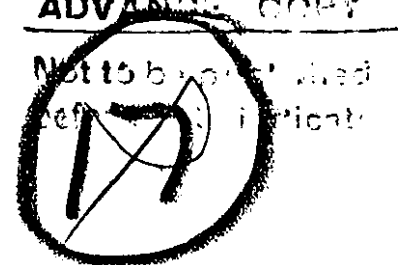
This survey will be continued in Article VI, to be published^{on} Wednesday, January 29.

(End Article V "India and Ottawa".)

PRESS NOTE.

ADVANCE COPY

"INDIA AND OTTAWA".



Article VI.

This Press Note continues the examination of the suggestion that foreign countries have retaliated against India for giving preferences under the Ottawa Agreement.

The series, which has surveyed India's recent foreign trade tendencies, will be concluded with the next article.

Have foreign countries discriminated against India's exports because of a feeling of justifiable irritation?

The Report of the Committee of the Legislative Assembly appointed to examine the working of the Agreement sets out in one of the Appendices a list of the restrictive measures taken by other countries which affect exports from India.

Since the issue of the Report further restrictions have been introduced by a number of countries.

It is significant that the foreign countries which are sometimes described as our "best customers" are not alone in applying quantitative restrictions to trade. A number of other countries with whom our trade exchanges are of negligible proportions, and even certain Empire countries, have adopted the use of quotas, licensing systems and similar weapons as instruments of commercial policy.

It is also significant that the restrictions apply to all countries alike, and that, in addition to raw materials, a number of commodities in the export of which India is not interested fall within their scope.

So universal an application of emergency trade restrictions suggests that the action of particular countries, even when it may be said to affect adversely the interests of India's export trade, cannot have been inspired by animus against India.

The fact is that the quantitative regulation of imports,

in the various forms in which it is in operation in different parts of the world, has unfortunately come to be regarded by many countries as the most effective device in present conditions for maintaining their commercial and financial stability.

It follows that where foreign countries which compete with the United Kingdom for the Indian market have adopted restrictive measures they have done so for reasons of domestic policy, and not with the intention of retaliating against India.

Of the countries said to have vigorously pursued a policy of retaliation against India, the more important are France, Germany and Italy in Europe and Turkey and Iran in Asia. The restrictive measures taken by these countries may therefore suitably form the subject of detailed examination.

France has the unenviable distinction of being the originator of what has been described as the "pernicious system" of import quotas. Originally introduced in 1931 to restrict imports of manufactured goods into France, the quota system has been rapidly extended to cover imports of agricultural products and raw materials.

By 1933 quotas had been applied to no fewer than 1200 tariff items, or about one-sixth of the whole, including many of the chief import groups.

The following commodities in which India is interested are now subject to import quotas, viz., coffee, dari, barley, maize, pulses, lentils, peas, tissues of jute, cotton manufactures, oil cakes, oil seeds, tanned hides and skins and sports goods. In the case of some of these commodities there is in existence a licensing system as an adjunct to the quota.

A tariff change of some importance to India is the imposition of a duty on groundnuts of other than colonial origin, which came into effect in August 1933.

As the following figures will indicate, the duty must have been imposed with the object of preserving a due share

of the home market for the colonial product (mainly undecorticated) against the invasion of British West Africa.

Imports of groundnuts (decorticated)
into France.

(In thousand quintals)

	1929	1930	1931	1932	1933 (Jany.- Oct.)
British India.	2926	2542	2462	2695	2635
British West Africa.	581	450	632	1175	1165
Total.	3656	3417	3446	4532	4055

In 1934 a system of licensing was introduced in respect of imports of groundnuts, but the French trade statistics for the year show that, despite these handicaps, India continues to hold her own in the French market.

The measures referred to above were taken in the interests of French West Africa whose prosperity depends on the price of groundnuts, the principal crop of the Colony, and were in no way directed against India.

If further proof were needed to show that the extension of the quota system to commodities in which India is interested was not actuated by a spirit of vindictiveness, it is supplied by the fact that the French Government are now being urged to impose a quota for Algerian and Tunisian wines in the interests of the French wine industry.

The quantitative control of imports was undertaken by Germany in 1932, partly with a view to safeguarding her financial stability and partly in pursuance of her policy of agricultural protection.

The import of a number of agricultural and dairy products was made subject to a quota system, while that of rice and rice products was severely restricted by reason of their inclusion in the Maize Monopoly. With the deterioration in her exchange position a system of licensing was introduced for the import

of the more important raw materials of industry, such as cotton, jute, wool and hides and skins accompanied by a rigid system of 'rationing' of foreign exchange.

By September, 1934, the position had become so embarrassing that a new method of control was established, under which the total amount of exchange made available for the financing of imports was to be based from month to month on an estimate of the exchange likely to result from Germany's exports in the ensuing month.

All foreign exchange dealings and all imports are thus now subject to control in Germany, the avowed object of the German Government being to create an export surplus by establishing in the first instance equilibrium between foreign imports and the exchange obtained from exports.

As further measures to this end, Germany has negotiated a number of clearing agreements, designed to secure (though seldom successfully) an even balance of trade with individual countries as well as compensation agreements, for the bartering of goods against goods, both with State organizations and with private individuals and firms. It is understood that much of the import business with India lately has been done on the basis of compensation arrangements with the larger exporters.

Under the new regime of exchange control introduced in September 1934, priority is to be given to essential food stuffs, raw materials and semi-manufactured goods.

India with other suppliers of raw materials is thus placed in a less unfavourable position than other exporting countries.

A further advantage to India has been secured by a clause in the Agreement between the United Kingdom and Germany concluded in November, 1934, providing that on the allocation of foreign exchange Germany will take no measures to reduce the customary proportions enjoyed by the United Kingdom and the British Colonies in the supply of raw materials and food

stuffs which she has been accustomed to purchase, either through the United Kingdom or as re-exports from the United Kingdom.

Notwithstanding these provisions, India's export trade with Germany, particularly in rice, hides and skins and oil seeds, has fallen off considerably in the last two years.

Indian trade figures indicate that the balance of trade has moved heavily against India, but, according to the German figures, which in view of the obvious limitations of the Indian statistics relating to trade with Germany may be accepted as the more reliable, there is still a small margin in favour of India.

The heavy export surpluses of the pre-depression period have, however, disappeared, and in certain of her main export staples India is apparently being displaced by countries with whom Germany has concluded clearing agreements. These are almost all of them countries which had an adverse balance with Germany and accordingly found it in their own interest to come to terms with her.

On the other hand, countries in a similar position to India which have a favourable balance with Germany have nothing to gain and everything to lose by entering into an agreement of this nature. The only effect of so doing would be to reduce still further the balance in their favour.

Nor is India the only country whose trade with Germany has suffered by reason of the restrictions; other countries have also been badly hit, particularly the United States of America, whose share in Germany's cotton purchases has fallen to a fifth of what it was two years ago. These facts are plainly irreconcilable with the theory of retaliation, except on the assumption that Germany, in her bitterness, has thought fit to penalise the trade not only of India but of innocent countries outside the British Empire!

The fact, of course, is that for India's declining trade

with Germany no blame can attach to the Ottawa Agreement. It is the direct consequence of the application by Germany of the new doctrine of regulated bilateral trade with a view to the maintenance of an even balance in the trade with each and every foreign country.

In the seventh and concluding article (to be published on Saturday, February 1) the position of other countries, such as Italy, Iran & Turkey, in which India is interested economically is examined and conclusions reached.

(End Article VI "India and Ottawa".)

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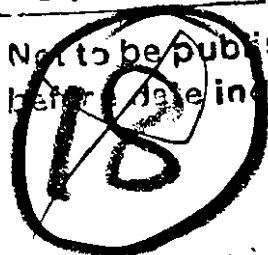
PRESS NOTE.

"INDIA AND OTTAWA"

Article VII.

ADVANCE COPY

Not to be published
before date indicated.



This concludes the series of Press Notes on present tendencies of India's foreign trade, with special reference to the Ottawa Agreement.

In the last two articles an examination was begun of the criticism that the granting of tariff preferences to the United Kingdom has led to retaliatory duties against India's goods. The position in France and Germany was reviewed and no such discrimination discovered. How the case of Italy and other countries is taken and a conclusion reached?

It was not until December 1934 that import restrictions were first applied in Italy. The strain on the balance of payments was so severe that all foreign exchange transactions were centralised in a new Government institute, and a system of quotas was prescribed for a number of articles, of which the most important from the point of view of India's trade was oil seeds.

The Italian Government's main concern was to reduce the unfavourable balance which had resulted from the import of raw materials on an abnormal scale earlier in the year. The measures taken, however, were of so little avail that they were supplemented in February 1935 by rigid control of imports of all classes of goods, coupled with a system of licensing.

As in Germany, the restrictive measures were introduced for the purpose of safeguarding exchange stability. While they aimed at the reduction of Italy's passive balance of trade, they were not discriminatory in character, except to the extent that special facilities were provided for the conclusion of barter arrangements with countries with whom she had

As might be expected, the effect of the restrictions on India's exports did not begin to show itself till the beginning of the current financial year, but the matter has ceased to be of any practical significance in view of the entirely new situation created by the recent enforcement of economic sanctions against Italy.

The restrictions in force in Turkey, in so far as they affect India's exports, while permitting such essential imports as those of raw hides, gunny bags and gunny cloth, prohibit the imports of rice and provide for the prescription of a global quota for tea. The provisions of the Exchange Decree of August 1934 are, however, of such a nature that they amount in effect to a virtual prohibition of imports from countries such as India, which, while having a heavy favourable balance with Turkey, have not concluded a treaty of commerce with her.

Here again the reason for the restrictions is to be found in exchange difficulties. The fact that Turkish imports into India are of negligible proportions and are hardly affected by the Ottawa preferences is sufficient to negative the suggestion of retaliation.

In Iran the State has assumed complete control of external trade by virtue of the Foreign Trade Monopoly Law of 1932, which provides inter alia for the **allocation** of exchange to finance imports in such a manner as to encourage the export of Persian produce. This measure was followed by the prohibition of the importation of cotton yarns below 20 s, and later by the creation of an import monopoly in regard to cotton piece-goods. Partly as a result of these handicaps and partly on account of intensified competition from Japan in the piece-goods trade, there has been a serious falling off in India's exports to Iran.

Iran, however, like Turkey, cannot be said to have been placed at a disadvantage in the Indian market by the Ottawa Agreement, and, whatever may be the reasons for her new trade

change of preferences between United Kingdom and India.

Those who trace to Ottawa the origin of the present international regime of trade restrictions, have, in developing their thesis, shown remarkable consistency in calling to their aid the alleged retaliatory action taken or contemplated in Roumania and Belgium.

Roumania, it is said, refused permission a year ago for Indian hides and skins to be landed at her ports. Details have not been given, but it is possible that the action taken was in pursuance of the prohibition on the import of animals and animal products on hygienic and sanitary grounds. In any case it is impossible that Ottawa would have ruffled Roumania's temper, because fuel oils and kerosene, the main items of import from Roumania, are outside the preferential scheme, and also because since 1931-32 Roumania has had a favourable trade balance with India.

In April last, however, the Roumanian Government temporarily suspended the issue of import permits for Indian goods, under the erroneous impression that the balance of trade between the two countries was against Roumania. On the mistake being brought to their notice, immediate instructions were given by the Roumanian Government to the appropriate Department to resume the issue of licences for goods imported from India.

Evidence of the alleged unfriendly attitude of Belgium is said to be contained in a press telegram, stating that, in view of the handicaps on Belgium's trade with India in iron and steel, Belgian importing interests are considering the desirability of purchasing from sources other than India such articles as raw cotton, hemp, oil seeds, oilcakes, rice and zinc ore.

It is at least arguable that the annoyance of Belgian industrialists was due just as much to India's policy of protection, as to the differential duties in favour of the United Kingdom. But assuming that the differential duties were the cause of provocation, is there any evidence that the threat,

The following figures of exports of the commodities named to Belgium during the six months, April to September, in each of the years 1933-34, 1934-35, 1935-36 will indicate that such evidence is entirely lacking.

Article.	<u>Exports to Belgium.</u>		
	1933-34 April - September Rs(in lakhs)	1934-35 April - September Rs(in lakhs)	1935-36 April - September Rs(in lakhs)
1. Raw Cotton.	75	59	89 ^(a)
2. Hemp.	4	3	6
3. Zinc.	13	13	14
4. Oil seeds.			
(i) Groundnuts.	2	10	16 ^(b)
(ii) Linseed.	8	.3	.9
(iii) Mustard.	.25	.23	.24
(iv) Rape-seed.	3	2	.3
5. Oilcakes.			
(i) Groundnut cake.	2	6	3.5
(ii) Coconut cake.	.9	1	1.5
(iii) Linseed cake.	1.85	.34	.27
6. Rice.	9	6	3

(a) Includes "for orders" cargoes valued at Rs3½ lakhs.

(b) Includes "for orders" cargoes valued at Rs13 lakhs.

Where exports have declined, as in rice, linseed, rape-seed and groundnut cake, the similar reductions which have occurred in the trade with other Continental countries suggest that the decline of trade is due to general factors, such as increased competition and general trade restrictions, and not to a deliberate diversion of trade from India to other countries.

It remains to consider the criticism that the preferences granted to the United Kingdom would result in a decline of India's import trade with foreign countries, and, consequently, in a proportionate loss of India's export markets in those countries.

Referring to this criticism, Sir Joseph Bhore spoke as follows in his reply to the debate on the Ottawa Resolution :-

My conception of the cycle of economic cause and effect is entirely different to that of the opponents of the Agreement. They are entirely obsessed by a purely static idea of trade.

To them its quantity and volume are fixed; if we sell more to one country, we must sell less to another, and if we buy more from one country we must buy less from another. If this were correct, then surely it would put an end to all advancement and all progress.

"I place before the House the dynamic view of trade. If, as a result of these preferences, I am able to sell more to the United Kingdom, then surely my purchasing power is increased, and, with every increase in my purchasing power, I set in motion forces which induce wider and still wider markets for my goods."

In India, where the tariff wall is by no means low, one effect of a lowering of duty on articles admitted to preference would naturally be to stimulate demand for such articles by bringing them within the reach of a wider circle of consumers. The additional market thus gained would not be at the expense of similar foreign products, nor need the advantage secured by the preferential articles necessarily result in a permanent contraction of the demand for foreign goods.

This conclusion is corroborated by the movement of the import trade in the preferential articles in the last few years.

Imports into British India of articles enjoying preferences.			
1931-32.	1932-33.	1933-34	1934-35.
(In lakhs of rupees)			
12,61	13,27	14,91	16,90
18,17	20,06	17,61	21,51
30,78	33,33	32,52	38,42

In the first year after Ottawa there was a sudden drop in the imports from countries other than the United Kingdom.

This, however, was not wholly due to the preferences, as the recessive tendency in the imports from countries in the gold bloc had been in evidence for some time before. According to German trade figures, for instance, exports to India in 1932 were 25 per cent less than in the previous year. In 1934-35, however there was an equally striking recovery in the imports from foreign countries, the value of the trade being nearly Rs1.5 crores more than in 1932-33.

The quantum of imports from foreign countries has thus suffered no permanent set-back by reason of the preferences.

At the same time it is indisputable that the additional territory gained by British goods in the Indian market represents in part ground won from foreign countries. It is not correct to say, however, that a diminution in our imports from foreign countries would necessarily be followed by a corresponding diminution in the offtake of Indian goods by those countries. This view is based on the narrow conception of international trade as a series of bilateral exchange: however popular this theory may be at the present time, it is nevertheless true that-"the world-wide specialisation of production and interchange was essentially triangular in character and remains so to the present day." ("World Economic Survey", 1934-35, p. 178)

It follows, therefore, that the consequence of any disturbance to the triangular trade between India, the United Kingdom, and other countries will not be confined to any one link in the chain of transactions. If the United Kingdom increased her exports she would automatically make larger loans to foreign countries or increase her imports of foreign goods; and in either event the countries so benefited would be enabled to increase their purchases from India.

(End.)