

In reply to the first question, both chemical and mechanical pulps are largely produced now in Austria, Germany, Scandinavia, and America. Scandinavia is obliged to export most of its production, turning only a small portion of it into paper, which again goes into export. Austria and Germany are protected by duties against the entry of pulp and paper, which, however, does not prevent Scandinavia from supplying some parts of Germany largely with various kinds of pulps. The quantities made in Austria and Germany are, however, far too large to be taken up by the paper industries in those countries, and very large quantities must absolutely be exported. In former years America was a large consumer of foreign pulps, and was supplied from Europe with its requirements. The trade in general has been so bad of late in America, as well as in Europe, besides which the great strides the pulp industry has made in the United States and Canada have been so really enormous that America is now able to produce all its requirements, and does so with the exception of infinitesimal quantities of fine pulps, mostly bleached, which still go over there.

The consequences of America falling off as a buyer has had the most disastrous effect on the wood-pulp trade of Europe; prices, which a few years ago ruled from £13 to £14 per ton, have fallen away rapidly till very fair and good sulphites are now offered delivered in England at £8 per ton. Nor is there, in my opinion, any substantial rise possible under the circumstances till half of the existing pulp-mills are ruined or closed. I think this sufficiently answers the first question, and that to start a pulp-mill in New Zealand for the purpose of export would end in the total loss of every farthing invested in that industry.

In reply to question No. 2, what we have to consider is how far it is advisable to erect a wood-pulp mill to supply New Zealand with its wants. By the figures given to me regarding the import of paper into New Zealand in 1893, the two items that can only interest us here are the printing- and writing-papers. The value of the writing-papers was £16,000, and I at once put it out of the question that in New Zealand a new industry could be started that could in less than twenty years produce a high-class writing-paper as made now in this country, as well as in Austria and Germany, where paper-making has been followed by generations of the same families, so that they are thoroughly imbued with it from their youth. The manufacture of printing-paper also requires, of course, certain skill and knowledge, but there would be no great difficulty in producing common "news," though much more difficulty in producing fine "printings" in New Zealand. As the matter must, however, be looked at from a commercial and paying standpoint, I will give figures which will prove it a risky undertaking.

To erect a paper-mill for making between £65,000 and £80,000 worth of paper per annum you would require a mill costing at least £150,000, delivered and erected in New Zealand. (I am taking an extremely low figure.) To erect a cellulose-mill for the purpose of making but ten tons per day, the least you would have to calculate would be £30,000 to £40,000, delivered and erected in New Zealand. You would then have to calculate that you would have to get your constant supply of chemicals from Europe; you would want very large water-power, first-rate and skilled labour, which in New Zealand would be three times as expensive as in Scandinavia, as well as in most parts of Austria and Germany; and after you had done all that, and even put a heavy duty on paper, I doubt if even then you could stand against the competition of European manufacturers, especially where protective duties exist, and where certain surplus quantities must be exported, at whatever price they will fetch, for the purpose of upholding prices in their own home countries. As an example of this, we have, during the whole of last year, seen American manufacturers throw enormous quantities of both pulp and paper into this country simply because they had to go on manufacturing, and, as trade was too bad, they had to come over here and sell below cost to get cash. This is not of course the normal state, but with the constant recurrence and always breaking-out of crises somewhere in Europe or America, there is an almost constant supply of material under cost price sent to this country. I understand that a very good mill in Australia—i.e., the Barwon Paper-mill Company, of Geelong, Victoria, actually received from Australian newspapers $\frac{3}{4}$ d. per pound of paper above the price at which they could purchase a foreign supply, simply for the purpose of being kept supplied with paper in the event of war breaking out and supplies from other sources thus cut off. Three farthings per pound means £7 per ton, which, *plus* £1 10s. per ton freight and insurance on foreign, is equivalent to £8 10s. per ton above what foreign mills were prepared to accept on the Melbourne market for the same class of paper, and yet, in spite of this subsidy, this mill could not stand against European competition, and I understand is now making brown papers.

Description of the Samples of Sulphite, Sulphate, and Soda Wood-pulps accompanying Cellulose Report.

No. 1.—Choice quality bleached sulphite pulp; present value, £15 to £16 per ton.

No. 2.—Choice quality unbleached sulphite pulp; present value, about £10 10s. per ton.

No. 3.—Good useful quality unbleached sulphite pulp; present value, about £8 per ton.

(The above sulphite pulps are manufactured on the Ritter-Kellner system.)

No. 4.—Choice quality unbleached sulphite pulp, manufactured by the Mitscherlich system; present value, about £10 per ton.

No. 5.—Choice quality unbleached sulphite pulp; present value, about £9 10s. per ton.

No. 6.—Choice quality unbleached sulphate pulp, not quite so light in colour as No. 5, but rather harder character of fibre; present value, about £9 per ton.

No. 7.—Choice quality unbleached soda pulp; present value, about £9 10s. per ton.

(The above-mentioned prices are all to be understood "delivered England.")

Approximate Cost of Paper.—Preparation, not given; printing (1,200 copies), £1 6s.