

importing non-ferrous metals did not permit of a quick and accurate stocktaking of the reserves within the country at any moment or of stocks contracted for and shipped. Accordingly, after full consideration, it was decided that the only safe step to ensure continuity of supplies was to implement a scheme which would enable the Ministry of Supply to undertake overseas purchases and importation. By this procedure it is anticipated that it will be much easier to maintain adequate supplies and at the same time take advantage of the full quota allotted for export to the Dominion. After much negotiation contracts have been arranged for these essential metals. The Ministry of Supply will bring these into the Dominion, but distribution to industry will be arranged through normal channels, thus interfering as little as possible with the business of the firms who, in the past, have been responsible for this service.

Arrangements have now been concluded through official approaches to the controlling authorities overseas for supplies of non-ferrous metals in their ingot form. In addition, the Dominion depends entirely upon overseas suppliers for semi-manufactured non-ferrous metals such as bar, tube, and sheet, and the supply of these had also to be considered. Due to the wide diversity of shapes, sections, and alloys within the non-ferrous group, it was not possible to introduce a scheme along the lines outlined for ingot supplies, and therefore importers are continuing to bring these supplies into the Dominion in the normal way. It was not until February of this year that any serious interruptions in supply of these semi-manufactured non-ferrous metals were experienced, but in that month the authorities in the United Kingdom prohibited all exports of these commodities. This necessitated urgent representations to the authorities in the United Kingdom for the largest quota which could be allocated for export to New Zealand in view of the fact that this Dominion has always been very largely dependent on the United Kingdom for these supplies. The Ministry of Supply in the United Kingdom has agreed to facilitate deliveries of certain tonnages, and the system has been evolved whereby an authority to export from the United Kingdom is obtained on the recommendation of the New Zealand Ministry of Supply.

A great deal of work has also been occasioned in arranging supplies of the ferrous group, both in the unmanufactured and manufactured form, such as steel sections of all descriptions, including black steel sheets, galvanized sheet iron, water-piping, wire, tinplate, &c. The sources of supply for these items are more extensive than the non-ferrous group, and to a large extent the Dominion has been dependent on Australia. Unfortunately, the strike in that country introduced complications, and it was necessary to make arrangements for licenses to be granted to cover Canadian, United Kingdom, and foreign purchases. With the exception of wire and galvanized sheets, the position has been fairly well met, and now that the Australian strike has terminated it is anticipated that deliveries will be re-established from this source.

Consideration is now being given to the steps which must be taken if manufacturers in the Dominion are to live within the various quotas allocated by the United Kingdom authorities, as it is obvious that it would be defeating the purpose of the allotting of a quota by the United Kingdom if we were to adopt the principle of using up that quota and importing our excess requirements from countries outside the sterling group.

CONTROL OF IMPORTS.

The National Supply Committee of the Organization for National Security had this matter under consideration in the very early stages of its preparations for the control of supply in war. It is a fundamental principle that trade in wartime must be expanded or contracted and directed into channels in consideration of the nation's policy of assistance in the war effort.

Import control came into operation in New Zealand prior to the outbreak of war and is now being used as an instrument of control to further our war effort.

All the Dominions of the British Empire are now exercising some degree of control of imports, and most of them are experiencing the unavoidable initial difficulties through which New Zealand has gone since the first introduction of import control. The machinery set up in New Zealand, which has been tested and improved from time to time, is becoming more and more an instrument of war policy for the control and direction of trade and supplies and the conservation of foreign exchanges so that the Empire as a whole can best harvest its resources for the prosecution of the war in which we are all engaged.

In actual practice in New Zealand the import control measures are administered by the Customs Department, but through the Industries Committee the essential requirements, and the policies and proposals of the various Supply Controllers, are given due consideration. In the allocations published for the fourth licensing period due regard has been given to the representations received from the United Kingdom authorities for the conservation of foreign exchange, and the vital question of dollar funds which directly affect the extent of the United Kingdom purchases of essential munitions of war from the United States of America.

The various Supply Controllers are fully informed of the Empire's war policy in these matters, and are giving every consideration to the conservation of materials, and substitution of alternatives, so as to reduce the demand for difficult currencies.

CONTROL OF EXPORTS.

Under the Export Control Emergency Regulations 1939 the Customs Department is charged with the responsibility for the issue of all permits for exports, but, to enable action suitable to the Dominion's economy to be taken, the Ministry of Supply is called upon to make recommendations on all applications received.

The various Controllers, who are in close touch with their industries' requirements, make their recommendations, and these, through the Secretariat of Supply, are made known to the Customs Department.