

In June these regulations were replaced by the Finance Emergency Regulations 1940 (No. 2), which, in addition to re-enacting the measures of control over exchange transactions, provided for the registration of privately-owned overseas currencies and securities of New Zealand residents. So far as Exchange Control is concerned, the effect of these regulations and subsequent amendments is as follows:—

(a) *Foreign Exchange Transactions*: All transactions must be made through the appropriate official channels—i.e., the Reserve Bank or the trading banks as its agents according to the nature of the transactions—and in accordance with authority granted by the Reserve Bank.

(b) *Dealings in Foreign Securities*: Foreign Securities may not be dealt in except under certain specified conditions. Securities situated or registered overseas may be sold if the buyer is another New Zealand resident and payment is made in New Zealand in New Zealand currency. If the buyer is not another New Zealand resident, the foreign currency must be made available to the Reserve Bank or one of its agents.

Securities on the New Zealand register of concerns having a register both in and outside New Zealand may be dealt in provided that, except with permission of the Reserve Bank, no transfer is made from a resident to a non-resident or to an overseas register.

(c) *Acquisition of Gold Coin and Bullion*: The Minister of Finance is empowered to require New Zealand residents who hold gold coin or gold bullion to offer it for sale to the Reserve Bank at a price to be determined by the Minister of Finance, having regard to the current price of gold in London. So far no action has been taken under this regulation.

(d) *Returns of Foreign Currency, Balances, Fixed Deposits, and Securities*: Every New Zealand resident is required to furnish to the Reserve Bank returns of his holdings of foreign currency, balances, fixed deposits, and securities. Residents must offer to sell the currency and to assign the balances to the Reserve Bank, the price to be determined by the Minister of Finance, having regard to the current rate of exchange. With respect to the foreign securities, the Minister of Finance "if he is of the opinion that it is necessary or expedient so to do for the purposes of strengthening the financial position of New Zealand" may transfer to the Reserve Bank any of these securities at a price to be determined by the Minister, being not less than the market price at the date of transfer. No action has yet been taken by the Government to transfer such securities, or the currencies mentioned above, but the returns have been received and recorded by the Reserve Bank.

The Exchange Control system makes it possible for the first time to make a detailed statement of foreign exchange transactions.

The following table gives a classification of the transactions for the years ended the 31st March 1940 and 1941. The 1940 figures are not as complete as those for 1941 owing to the existence of the free exchange market up to the 10th April, 1940.

Summary of Transactions.

(£(N.Z.)000).

Receipts.	Year ended		Payments.	Year ended	
	31st March 1940.	31st March 1941.		31st March 1940.	31st March 1941.
In respect of—			In respect of—		
Exports	70,975	73,302	Imports, excluding payments in respect of	37,868	42,015
Interest, dividends, legacies, immigrants' funds, repatriated capital, and private debts due in New Zealand	1,588	4,220	Government imports and in respect of goods imported prior to introduction of licensing system		
Trade debts due in New Zealand, including overseas earnings of New Zealand firms	1,734	3,443	Interest, dividends, legacies, emigrants' funds, repatriated capital, and private debts due overseas	3,187	3,935
Commissions, royalties, and insurance	68	120	Trade debts due overseas, including earnings in New Zealand of overseas firms and payments in respect of goods imported prior to introduction of licensing system	4,671	2,759
Donations and allowances	342	382	Government debt and other services, including payments in respect of imports	14,064	19,628
Travellers' expenses	270	280	Local body debt services	1,634	3,635
Local body loan raised overseas	322	..	Commissions, royalties, and insurance	323	538
Government loan raised overseas	2,500*	..	Donations and allowances	547	622
Unclassified	683	965	Film hire and entertainments	293	343
			Travellers' expenses	727	274
			Unclassified	43	15
	78,482	82,712		63,357	73,764

* Sterling Loan from trading banks since repaid.

OVERSEAS TRADE.

Exports: For the year ended 31st March, 1941, exports reached the high level of £71·2 million, compared with £59·7 million in the previous year, an increase of 19 per cent. The disparity between the value of goods exported and the total of export proceeds received during the year 1940 is explained by the fact that, under the United Kingdom purchase agreement, those receipts included approximately £10 million which would otherwise not have come to hand till after the end of the year. At the same time, however, export prices rose by 10·9 per cent., so that the increase in the volume of exports was 7·6 per cent.