

the intention of Parliament in adopting a Preferential Tariff is essentially to give an advantage to United Kingdom manufactures over those of foreign countries and it was further suggested that where the competition on this market of the products of certain other British Dominions is such as to embarrass the competitive industries of Great Britain, tariff adjustments should be made to carry out effectively the alleged intention of the Legislature.

So far as may be judged from the terms of past Tariff legislation it seems clear that the underlying intention of Parliament has been, not only to afford assistance to the manufacturing industries of the United Kingdom, but also to encourage trade within the Empire, and for this reason the Commission cannot agree with the suggestion above referred to and considers that, subject to special Tariff Treaties, the Tariff Schedule should be so framed as to accord similar treatment to all British countries.

The effect of the Preferential Tariff is, of course, to grant protection in New Zealand to the products and manufactures of the Empire as against those of foreign countries. It may be mentioned that requests have been made for increases in the margins of preference on the grounds that costs of production (and particularly labour costs) are higher in certain portions of the Empire than on the Continent of Europe.

The rates of preference provided by the existing Tariff are generally 10 per cent. or 15 per cent. *ad valorem*. In a few cases the margin of preference is lower than 10 per cent. and in a few cases higher than 15 per cent.

As an indication of the measure of preference accorded under the provisions of the existing tariff we show hereunder the difference between the duty paid during the past four years on goods of British origin as compared with the amount which would have been paid on those goods if the General Tariff rates had been applicable:—

Imports during Year.	Preference (<i>i.e.</i> , Duty Concession) on Goods of United Kingdom Origin only.	Preference (<i>i.e.</i> , Duty Concession) on Goods of Empire Origin.
	£	£
1923	2,922,620	2,558,990
1924	3,179,590	2,618,190
1925	3,392,900	2,877,010
1926	3,294,500	2,590,750

In the Tariff of 1921 the rates of duty on 66 per cent. of the total number of items provided for preference to British goods as compared with 40 per cent. in the previous Tariff.

The following figures show (for the past two years and for the average of the two years prior to the 1921 Tariff) the percentages of our imports from British countries which did and which did not enjoy preferential tariff treatment:—

Imports of United Kingdom Origin.	Percentages of Imports during		
	Two Years prior to 1921 Tariff.	Year 1925.	Year 1926.
<i>Goods subject to preference—</i>			
(a) Free of duty, similar foreign goods being dutiable ..	8	33	33
(b) Dutiable, similar foreign goods being dutiable at higher rates	43	47	48
<i>Goods not subject to preference—</i>			
(a) Free of duty, similar foreign goods also being free of duty	39	12	10
(b) Dutiable, similar foreign goods being dutiable at same rates	10	8	9
Totals for imports of United Kingdom origin ..	100	100	100