

With particular reference to apparel and silks, it has for some years been the settled policy of New Zealand tariff legislation that when any alteration is made in the duty on United Kingdom apparel a reduction should also be made in the duty on foreign silk so that our local manufacturers using silk piece-goods will not be prejudiced.

Honourable members will observe that the resolutions are silent respecting Australia. This is due to the fact that under our existing agreement with the Commonwealth the duties on Australian apparel, hosiery, silks, and confectionery are not greater than the duties now to be levied on United Kingdom goods.

In addition to the foregoing reductions in our Customs tariff insofar as United Kingdom products are concerned, certain changes are agreed to with respect to imports from non-self-governing colonies. These also are dealt with in the Customs resolutions which are to come before the House to-night. The list is as follows, and the Agreement here takes the form not of prescribed maximum duties, but of a guaranteed margin of preference in favour of colonial products:—

Commodity.					Margin of Preference.
Asphalt	..	..	..	..	10% <i>ad valorem</i> .
Cigars	..	..	..	..	2s. per lb.
Cocoa, beans	..	..	..	..	$\frac{1}{2}$ d. per lb.
Coffee, raw	..	..	..	..	1d. per lb.
Rum	..	..	..	..	4s. per proof gallon.
Unground spices, viz.:—					
Cinnamon, cloves, ginger, mace, nutmeg, pepper,					
and vanilla	..	..	..	..	10% <i>ad valorem</i> .

At present asphalt, cocoa-beans, raw coffee, the unground spices mentioned, and printing and writing paper in sheets, are free of duty under both the British Preferential and General Tariffs. The preference on cigars is to be granted by a reduction of the duty on British-made cigars by 1s. per lb. and an increase of the duty on foreign cigars by the same amount. As practically the only cigars of British origin now imported into New Zealand come from the United Kingdom, it is proposed to extend the concession to all British-made cigars. The preference on rum is to be arranged by an increase in the foreign rate by 4s. per proof gallon.

We have agreed that the use of New Zealand flax and other Empire-grown fibres, in preference to foreign supplies which are now used fairly extensively, should be encouraged on a reciprocal basis; we have also agreed to encourage by means of preference the importation of timber, of qualities not produced in our own forests, which is at present obtained from foreign countries.

I have now given all details of the changes in actual Customs duties to which we have agreed. The issue has to some extent been clouded through the alarmist propaganda of interested parties, who have tried to discredit Ottawa by alleging the betrayal of our secondary industries. I have said enough to show the House and the country how fantastic is the statement that, by the Ottawa Agreement, our local industries have been sacrificed. There is nothing in the Agreement or in our obligations under it that will prejudice the establishment or the growth of sound industrial enterprises in New Zealand.

We are, however, bound by the letter and by the spirit of the Agreement to see that reasonable opportunities for trade are extended to the British manufacturer. The general fall in prices has injured trade and has materially added to the burden of protective duties. If we are to revive trade it must be on a reciprocal basis. We cannot expect Great Britain to embark upon a new trade policy designed to help the dominions without our facilitating her trade. The Agreement definitely commits New Zealand to a thorough overhaul of her protective tariff duties. This should be undertaken not merely for the purpose of giving effect to the Ottawa Agreement, but is, I firmly believe, in the interests of our own people. Already the distance that separates New Zealand from the outside world gives substantial protection to local industry. Further artificial protection, which is so easy to establish, so difficult to curb or remove, is apt to be a costly business for our country. If we are to export we must import—we cannot have one-way trade.

There is another side to this question: unnecessary protection is a disadvantage to the manufacturer himself. It is essential in this strenuous industrial age that every industry established in the country should reduce its costs to the lowest