

89. Panama Canal Zone and South America :

Exports of butter to the Panama Canal Zone have shown a steady increase during the past three calendar years from 308 tons (valued at £32,921) in 1931 to 670 tons (valued at £59,054) in 1933. Exports of cheese are insignificant, amounting to only 33 cwt. (valued at £75) in 1933. Exports of dried, preserved, and condensed milk showed some expansion over the three years, the figures being 14 tons (valued at £542) in 1931, 75 tons (valued at £2,742) in 1932, and 60 tons (valued at £2,204) in 1933.

With suitable shipping arrangements, it is possible that the Panama Canal Zone might be utilized as a centre of distribution for trade with certain South American countries and with certain British West Indian Islands not catered for by direct shipment from New Zealand. In connection with re-export from the Canal Zone and from Panama, it has been ascertained that re-exports of New Zealand dairy-produce are allowed free of duty ex bond, and that a drawback will be allowed in respect of produce which, having been withdrawn from bond and having had duty paid thereon, is subsequently re-exported. Bonded cold storage is, however, stated to be very limited.

90. Belgium :

Despite the Trade Agreement which was recently concluded with Belgium, the prospect of any substantial or rapid development in the volume of our butter or cheese trade with that country is small. No direct export of these commodities to Belgium is recorded in our trade statistics for recent years, but it is understood that some trade, in cheese at any rate, is carried on through London.

The demand for cheese in Belgium has been largely for types produced by the Netherlands. A report recently presented (June, 1934) by a Government officer who visited the Continent of Europe, including Holland and Belgium, states that, while there is not a big outlet for Cheddar cheese in Belgium there nevertheless seems to be a growing taste for it; and that if it be possible to stimulate this trade and to make satisfactory business connections it may later be possible to develop the export of other varieties of cheese. The report further states, however, that traders tend to look to particular countries to supply specific varieties of cheese, and that other countries can gain a footing only by cutting prices. This seemed to be the position with New Zealand Cheddar, for retail prices quoted at the time of his visit were: New Zealand Cheddar, 6½d. per pound; Canadian, 7d. to 8d. per pound; Finnish Gruyère, 8d.; while full-cream Gouda was 6½d. per pound wholesale.

The report concluded with an expression of opinion that under prevailing conditions there was little prospect of gaining a footing in Belgium or other importing European countries with Gouda or other special types of cheese, for the countries at present producing them were well placed to carry on the existing trade. Moreover, as a result of being shut out of some markets which they previously possessed, they were fighting to retain the markets left to them. The importing countries, on the other hand, are trying to encourage their own internal production, and, although Belgium is not a dairying country, she also is doing something in this direction. Certain importers in Belgium stated that the taste for New Zealand Cheddar cheese is growing to the exclusion of Canadian, which up to the present has held the market for that particular type. If this be so, some development of trade in New Zealand Cheddar may be possible; but from the evidence available it would appear that any material expansion must come about through the displacement of types of cheese other than Cheddar.

Quotas, tariff restrictions, and keen competition are effective hindrances to the development of trade in the case of butter.

91. Canada :

The dairying industry in Canada has undergone remarkable changes during the past few years for not only has her greatly increased production enabled her to meet domestic requirements, but it has also enabled her to make a surplus available for export, mainly to England. Two factors largely responsible for this were the modification of the Hawley-Smoot tariff on milk and cream imported into the United States, and the low prices received by Canadian farmers for their grain.

Following upon the raising of the United States tariff on dairy-products, the Canadian Government gave notice of the cancellation of the Trade Treaty to which New Zealand had been a party since 1926, and notified the New Zealand Government that the duty on butter—our principal item of export to Canada—was to be increased from 1 cent to 4 cents per pound. Subsequently the rate of duty was raised to 8 cents per pound, and became effective against New Zealand as from the 12th October, 1930. The adverse effects of the new duties are seen in the decline of butter exports to Canada from 20,530 tons in the 1929-30 season to 1,489 tons in the 1930-31 season.

A new Trade Agreement between Canada and New Zealand came into force on 24th May, 1932, under which the duty on New Zealand butter entering Canada was assessed at 5 cents per pound, as against a British Preferential rate of 8 cents, and a general rate of 14 cents. Despite this new Agreement, however, little advantage has accrued to New Zealand in respect of butter, although in the case of other commodities it has been of undoubted advantage. The policy of the Canadian Government has been to develop the Canadian dairying industry with a view to fulfilling local requirements from local production, and the imposition of restrictions and provisions of other kinds has effectively kept importations from New Zealand down to comparatively negligible figures. For the calendar year 1931, exports from New Zealand were only 180 tons, for 1932, 302 tons, and for 1933, 350 tons.

92. United States :

Exports of butter from the United States in 1930 totalled 1,318 tons, and in 1932, 716 tons, while in the same two years imports into the United States amounted to 1,103 tons and 453 tons respectively. The duty on butter, oleomargarine, and other butter substitutes imported into the United States is 14 cents per pound.