

The factory production of cheese in the United States (excluding that made on farms) in 1929, 1930, and 1931, was 216,000 tons, 223,000 tons, and 220,000 tons respectively. In addition, a special class of cheese produced—cottage pot and baker's cheese—totalled approximately 45,000 tons in 1929. The figures for this special class are, however, not available for 1930 and 1931.

Exports of cheese from the United States amounted to only 37 tons in 1932, while imports aggregated approximately 24,000 tons. The duty on cheese imported into the United States is 7 cents per pound, but not less than 35 per cent. *ad valorem*.

At present the United States is of no value as an outlet for our butter and cheese, but it is considered that it might be possible to conclude a Trade Agreement with her by means of which a market—perhaps seasonal in nature—might be opened. The recent admission of New Zealand apples into the United States suggests the possibility of similar treatment for butter and cheese. The figures available indicate that local production in the United States is able at present to take care of demand, but, with a steadily increasing consumption, there may be an opportunity for the development of a market for New Zealand butter. The figures show that the domestic production of butter in the United States increased from 815,000 tons in 1922 to 980,000 tons in 1931.

93. Reasons for Small Extent of Our Present Trade in Dairy-produce with Countries other than the United Kingdom :

(a) Until the past few years this Dominion has not felt the necessity for developing markets outside the United Kingdom for such commodities as dairy-produce and meat. For many years the United Kingdom has been a satisfactory and a growing market, and we in New Zealand have been accustomed to believe that it was illimitable. Further, in normal times, farmers and others interested in the marketing of our dairy-produce have seldom been willing, while they enjoyed the apparently secure and growing market of the United Kingdom, to spend money on ventures the outcome of which was problematical.

(b) Attempts to open up new markets have hitherto depended on the initiative of individual traders. There has been no co-ordinated effort either by the dairy industry, the meat industry, or any other industry as a whole, and there has been no co-operation among the different industries. Such attempts as have been made have been futile or only partially successful, for the costs of effective market penetration are normally beyond the financial resources of a single trading unit. Moreover, the establishment of new markets should be an enterprise co-operatively undertaken by all our exporting industries.

(c) Our geographical position raises problems of marketing which are not experienced to the same degree by other countries more favourably situated in relation to the world's principal markets. Our comparative isolation from the large consuming centres of the world renders us particularly dependent upon adequate shipping facilities. While such facilities have been developed for the transport of our bulk produce to our main markets, our comparative isolation has been an obstacle to the development of shipping services to other countries where our export and import trade is small. Hitherto it has been considered that the smallness of our trade did not justify the establishment of more regular and direct services. But the new conditions that have arisen make it clear that while our present facilities are sufficient to cater for our present volume of trade, they are not satisfactory from a trade development point of view. In the absence of frequent and regular direct services at low rates of freight, it is difficult for us to compete in Eastern markets, and with many lines of produce it is quite impossible. Unless the buyer in these markets can be assured of obtaining regular and frequent supplies from New Zealand, he will prefer to buy from some other country which can meet his requirements.

(d) So far as markets in the East are concerned, shipping companies have not been prepared to assume the risks of pioneering, and hold the view that they should be protected by the State from any loss that they may incur in instituting new services or expanding those already in operation.

(e) Inadequate knowledge of the characteristics and requirements of certain markets places us at a serious disadvantage when competing with other countries which are either more favourably situated geographically, or which, through the adoption of a more progressive trade development policy, have already established themselves.

(f) Tariff barriers have always been a serious handicap to the development of trade, but this handicap has been accentuated in recent years by additional factors such as quantitative restrictions, production subsidies, and exchange difficulties.

94. Creation of the necessary Organization :

There is need for an organization to function in the co-ordination of the marketing of our produce overseas, and in the investigation and opening up of new markets for the disposal of surplus production. This organization would be in a position to make any necessary trade and market surveys, either directly or by delegation of authority, to determine a trade policy embracing all appropriate industries and products, and to carry out that policy either directly or by delegation of its authority.

95. Market Surveys :

A necessity exists for making complete surveys of particular markets, for the purpose of supplementing the information at present available regarding—

- (a) The special requirements of certain markets :
- (b) The possibilities of adjusting our present methods of production, manufacture, and marketing to meet these requirements :
- (c) The capacity of particular markets to absorb new products :