

1934.  
NEW ZEALAND.

---

## TARIFF COMMISSION.

---

*Presented to both Houses of the General Assembly by Command of His Excellency.*

---

APPOINTMENT OF CUSTOMS TARIFF COMMISSION, 1933.

---

BLEDISLOE, Governor-General.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., Comptroller of Customs ; JAMES BURMAN GOW, Esquire, of Whakatanu, Settler ; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., Professor of Economics, Victoria University College, Wellington ; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director :  
Greeting !

IN pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby appoint you, the said

GEORGE CRAIG,  
JAMES BURMAN GOW,  
BERNARD EDWARD MURPHY, and  
GEORGE AUGUSTUS PASCOE,

to be a Commission to inquire into the Customs Tariff of New Zealand, and to recommend for consideration by the Government any alterations therein, having regard to existing trade agreements to which New Zealand is a party and particularly to the agreement concluded at Ottawa in 1932 between His Majesty's Governments in the United Kingdom and in New Zealand ; to the financial, economic, and industrial conditions in the Dominion ; to the reasonable requirements of local industries which are being conducted in an efficient manner and are economically justifiable ; and to all other relevant considerations :

And with the like advice and consent I do further appoint you, the said

GEORGE CRAIG,

to be the Chairman of the said Commission.

And you are hereby authorized to conduct any inquiries under these presents at such times and places as you deem expedient, with power to adjourn from time to time and place to place as you think fit, and to call before you and examine on oath or otherwise such persons as you think capable of affording you information as to the matters aforesaid, and to call for and examine all such documents as you deem likely to afford you information on any such matters ;

And using all due diligence, you are required to report to me, under your hands and seals, not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matter :

And you are hereby strictly charged and directed that you shall not at any time publish or otherwise disclose, save to me in pursuance of these presents or by my direction, the contents or purport of any report so made or to be made by you :

And it is hereby declared that these presents shall continue in force although the inquiry is not regularly continued from time to time or from place to place :

And, lastly, it is hereby further declared that these presents are issued under and subject to the provisions of the Commissions of Inquiry Act, 1908.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 9th day of May, 1933.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,  
Clerk of the Executive Council.

---

EXTENDING THE PERIOD WITHIN WHICH THE CUSTOMS TARIFF COMMISSION SHALL REPORT.

---

BLEDISLOE, Governor-General.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., Comptroller of Customs ; JAMES BURMAN GOW, Esquire, of Whakatanu, Settler ; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., Professor of Economics, Victoria University College, Wellington ; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director : Greeting !

WHEREAS by a Warrant dated the ninth day of May, one thousand nine hundred and thirty-three, and issued under my hand and the Seal of the Dominion of New Zealand, you, the said George Craig, James Burman Gow, Bernard Edward Murphy, and George Augustus Pascoe, were appointed to be a Commission to inquire into and report upon the revision of the Customs Tariff of New Zealand : And whereas by the said Warrant you were required to report to me under your hands and seals not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matters : And whereas it is expedient that the period within which you are required to report to me should be extended :

Now, therefore, in pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby extend the period within which you are required to report to me, as by the said Commission provided, to the thirty-first day of January, one thousand nine hundred and thirty-four :

And in further pursuance of the said powers and authorities and with the like advice and consent I do hereby confirm the said Commission, except as altered by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 8th day of September, 1933.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,  
Clerk of the Executive Council.

EXTENDING THE PERIOD WITHIN WHICH THE CUSTOMS TARIFF COMMISSION  
SHALL REPORT.

—————  
BLEDISLOE, GOVERNOR-GENERAL.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., of Wellington, Comptroller of Customs; JAMES BURMAN GOW, Esquire, of Whakatane, Settler; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., of Wellington, Professor of Economics; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director: Greeting!

WHEREAS by a Warrant dated the ninth day of May, one thousand nine hundred and thirty-three, and issued under my hand and the Seal of the Dominion of New Zealand, you, the said George Craig, James Burman Gow, Bernard Edward Murphy, and George Augustus Pascoe, were appointed to be a Commission to inquire into and report upon the revision of the Customs Tariff of New Zealand: And whereas by the said Warrant you were required to report to me under your hands and seals not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matters: And whereas the period within which you were to report to me was extended to the thirty-first day of January, one thousand nine hundred and thirty-four, by Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, issued under my hand and the Seal of the said Dominion: And whereas it is expedient that such period should be further extended:

Now, therefore, in pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby further extend the period within which you are required to report to me, as provided by the said Commission and by the said Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, to the twenty-eighth day of February, one thousand nine hundred and thirty-four:

And in further pursuance of the said powers and authorities, and with the like advice and consent, I do hereby confirm the said Commission, except as altered by the said Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, and by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 25th day of January, 1934.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,  
Clerk of the Executive Council.

—————  
EXTENDING THE PERIOD WITHIN WHICH THE CUSTOMS TARIFF COMMISSION  
SHALL REPORT.

—————  
BLEDISLOE, Governor-General.

To all to whom these presents shall come, and to GEORGE CRAIG, Esquire, C.M.G., LL.D., of Wellington, Comptroller of Customs; JAMES BURMAN GOW, Esquire, of Whakatane, Settler; BERNARD EDWARD MURPHY, Esquire, M.A., LL.B., B.Com., of Wellington, Professor of Economics; and GEORGE AUGUSTUS PASCOE, Esquire, of Christchurch, Company Director: Greeting!

WHEREAS by a Warrant dated the ninth day of May, one thousand nine hundred and thirty-three, and issued under my hand and the Seal of the Dominion of New Zealand, you, the said George Craig, James Burman Gow, Bernard Edward Murphy, and George Augustus Pascoe, were appointed to be a Commission to inquire into and report upon the revision of the Customs Tariff of New Zealand: And whereas by the said Warrant you were required to report to me under your hands and seals

not later than the thirtieth day of September, one thousand nine hundred and thirty-three, your opinion on the aforesaid matters: And whereas the period within which you were to report to me was extended to the thirty-first day of January, one thousand nine hundred and thirty-four, by Warrant dated the eighth day of September, one thousand nine hundred and thirty-three, issued under my hand and the Seal of the said Dominion: And whereas such period was further extended to the twenty-eighth day of February, one thousand nine hundred and thirty-four, by Warrant dated the twenty-fifth day of January, one thousand nine hundred and thirty-four, issued under my hand and the Seal of the said Dominion: And whereas it is expedient that such period should be further extended:

Now, therefore, in pursuance and exercise of the powers and authorities vested in me by the Commissions of Inquiry Act, 1908, and of all other powers and authorities enabling me in this behalf, I, Charles, Baron Bledisloe, Governor-General of the Dominion of New Zealand, acting by and with the advice and consent of the Executive Council of the said Dominion, do hereby further extend the period within which you are required to report to me, as provided by the said Commission and by the said Warrants dated the eighth day of September, one thousand nine hundred and thirty-three, and the twenty-fifth day of January, one thousand nine hundred and thirty-four, to the thirty-first day of March, one thousand nine hundred and thirty-four:

And in further pursuance of the said powers and authorities, and with the like advice and consent, I do hereby confirm the said Commission, except as altered by the said Warrants dated the eighth day of September, one thousand nine hundred and thirty-three, and the twenty-fifth day of January, one thousand nine hundred and thirty-four, and by these presents.

Given under the hand of His Excellency the Governor-General of the Dominion of New Zealand, and issued under the Seal of that Dominion, this 21st day of February, 1934.

J. G. COATES, Minister of Customs.

Approved in Council.

F. D. THOMSON,  
Clerk of the Executive Council.

---

## REPORT.

---

To His Excellency the Right Honourable Lord Bledisloe, G.C.M.G., K.B.E., Governor-General and Commander-in-Chief in and over His Majesty's Dominion of New Zealand and its Dependencies.

MAY IT PLEASE YOUR EXCELLENCY,—

Your Excellency's Commission, dated the 9th day of May, 1933, directed us to inquire into the Customs Tariff of New Zealand, and to recommend for consideration by the Government any alterations therein, having regard to existing trade agreements to which New Zealand is a party and particularly to the agreement concluded at Ottawa in 1932 between His Majesty's Governments in the United Kingdom and in New Zealand; to the financial, economic, and industrial conditions in the Dominion; to the reasonable requirements of local industries which are being conducted in an efficient manner and are economically justifiable; and to all other relevant considerations.

Your Excellency's further Warrants dated the 8th day of September, 1933, 25th January, 1934, and 21st February, 1934, respectively, extended the time within which we were required to furnish our report to the 31st March, 1934.

We have the honour to report as follows:—

### NOTIFICATION OF SITTINGS AND OF PROCEDURE.

In order that the public and all persons interested might have an opportunity of tendering evidence, advertisements were inserted in the daily newspapers of

the Dominion and in the *New Zealand Gazette* setting forth the dates upon which the Commission would sit at the various centres where evidence was taken.

By notification in the *Gazette* and at the opening of the sittings at each centre visited the public were also advised as to the course of procedure to be adopted by persons desiring to give evidence. Prior to the conclusion of the hearings a notice dated 25th October, 1933, with respect to the taking of evidence, was also published in the *Gazette*.

The *Gazette* notices above referred to are set out in Appendix A to this report.

#### SITTINGS HELD.

Sittings at which evidence was taken were held at Auckland, Wellington, Christchurch, and Dunedin. The Commission was engaged in hearing evidence almost continuously from 7th June, 1933, until 9th November, 1933. It was found necessary, however, to hold further sittings at intervals after that date in order to hear applications forwarded by manufacturers in the United Kingdom as these came to hand. Opportunity was also afforded the parties to rebut, if necessary, statements made in evidence opposing their applications. The final sitting was held on 1st March, 1934.

#### WITNESSES HEARD AND EXAMINED.

As can be understood in the case of an inquiry of this nature, the Commission received an enormous amount of evidence and no fewer than 682 witnesses appeared and were examined. In addition to the information supplied by witnesses, a considerable amount of data was obtained from official sources. In many instances investigations were also made by departmental officers with a view to procuring information required in connection with matters under consideration.

The Commission wishes to place on record its appreciation of the capable and conscientious assistance rendered to it by the Secretary, Mr. J. P. D. Johnsen, during the course of the inquiry.

#### MANUFACTURING ESTABLISHMENTS VISITED.

The Commission took the opportunity whenever possible of visiting the more important manufacturing establishments representing various classes of industry. In all, some sixty-two such establishments were visited and the Commission feels that the knowledge gained on such occasions was invaluable in considering the evidence given in reference to such industries.

---

### GENERAL REPORT.

#### (a) GENERAL CONSIDERATIONS.

A revision of the schedules of duties in our Customs Tariff, while presenting difficulties at any time, is peculiarly subject to perplexities at the moment, owing to the abnormal general economic situation, and the lack of a basis for reasonable prevision and calculability in regard to world economics, to which New Zealand, because of its relatively large volume of foreign trade, is susceptible in a marked degree. In particular there are three abnormal factors in our economic life, the first two of which, we think, are likely, if not to disappear, at all events to become very much less pronounced in the future, while no confident statement can be ventured as to the third, which make the task of determining tariff rates a difficult one at present. These are :—

- (a) Currency instability, both sterling and New Zealand currency being at present unstabilized in reference to an objective basis, gold for example, and the future value of both in terms of gold and in terms of other important currencies, most of which are likewise subject to their own uncertainties, not being ascertainable at the moment.

- (b) The abnormal volume of unemployment in New Zealand and elsewhere, due to causes which seem attributable to the general world depression, and are not the consequences of our tariff policy.
- (c) The development and spread of the policy of quantitative regulation of international trade embodied in import and/or export quotas and similar devices, imposed either in general terms or as the result of international treaties or reprisals. If the quota system comes to supersede the older system of tariffs as a general regulative principle in world trade, or to supplement it on a considerable scale, then our tariff policy might require material alteration, and many of the duty schedules might have to be reconsidered.

The recommendations in the present report are based on the assumption that the present world depression, and the trading restrictions arising peculiarly out of it, will pass, and that world economic life and international trade will be restored in substantially the same form, and governed by substantially the same principles, as prevailed before the depression.

There are some general principles which in our view should be borne in mind when considering our tariff policy. A sound Customs Tariff should embody a long-range and long-period policy, and cannot properly be framed to meet temporary fluctuating economic conjunctures.

“ Few devices are more unsuitable than a tariff for dealing with an emergency situation. Its inevitable crudity must result in the dislocation of industry and trade, the loss of markets, and acute disappointment even to those who anticipate the greatest favours.” (Beveridge and others, “ Tariffs : The Case Examined,” p. 193.)

A tariff should be framed on the assumption and for the conditions of economic stability, and in particular it cannot be framed to function satisfactorily as an equilibrating factor in regard to a currency liable to marked irregular short-period fluctuations in value of an unpredictable type. In the absence of reasonable currency stability, indeed, all economic calculation becomes chaotic. If the currency is stable within close limits over a considerable period economic values will adjust themselves to it, but if the currency is constantly fluctuating in value, an attempt to compensate this by tariff adjustments would be likely to make the position worse. It would be a series of shots at a target subject to a double set of movements. Both currency variations and tariff adjustments to compensate them take time to produce their effects, and are liable to complex and incalculable economic and social interferences and reactions, and taken in conjunction, they do not seem sufficiently controllable by administrative action to secure a definite result at a definite moment. Such a policy would result in a double measure of uncertainty : uncertainty as to the currency, and uncertainty as to the real effect of the tariff variations.

A tariff could not be framed primarily and rapidly to absorb a temporarily swollen margin of unemployment. The causes of our currency instability and abnormal unemployment are largely extraneous to our tariff policy, as is shown by the fact that this policy has not varied over a great many years, whereas currency values and volume of unemployment have done so.

Broadly speaking the tariff has been, and should be, a long-period matter. To employ tariff variations to adjust stresses in other parts of the economic structure, especially short-period stresses which are not consequent or ancillary phenomena to the tariff itself, merely adds further elements of instability to an already unstable situation. Admittedly no tariff schedule or tariff policy can be permanently binding on the future, but a broad continuity of tariff policy, undisturbed by reactions to transitory stresses in other parts of the economic organism, is very desirable.

Our past tariff policy has embodied as its principal objectives the collection of revenue, moderate protection to local industries, preferential treatment to goods of British Empire origin, and, more recently, most favoured nation treatment in the case of certain foreign countries. This policy, as far as the United Kingdom is concerned, appears to have been based on the tacit assumption that the British

market for our exports was indefinitely open at prices satisfactory to us. If this should cease permanently to be the case as a result of the application of a quota system or other restrictive device to our staple exports, doubtless attention would be directed to some modification of our policy, such as a search for alternative export markets, or the expansion of our home market and a consequent redistribution of the balance of our productive resources. It seems certain that this would lead at all events to some change in our past policy, but we are assuming that the policy hitherto pursued is the policy of the country at the present time.

Some of the duties levied in New Zealand are clearly of a purely revenue type, since they are imposed upon goods not produced in the Dominion; while some others are primarily designed for protective purposes, and are substantially effective for this purpose. Many duties are in practice of the dual-purpose type, bringing in revenue and conferring incidental protection. In this way our revenue tariff in the past has led to the establishment of certain industries which have sheltered themselves in the protective vacuum incidentally created by a duty the primary purpose of which was revenue rather than protection.

We think it should be made clear as a matter of future policy that the benefit of the so-called "vested interest" principle will enure only for those industries which come into existence under a tariff primarily and deliberately designed for protective purposes, and that industries which come into existence fortuitously, under the protection of duties primarily designed for revenue purposes, or as a result of currency depreciation, or otherwise, have no claim on the community in the event of the accidental protective factors upon which they have depended being eliminated. This is a matter of considerable practical importance, because it appears that New Zealand will continue to rely very largely upon Customs duties for revenue purposes.

It is possible in some cases to prevent a revenue duty from having a protective effect by imposing an equivalent excise duty on local production. The extent to which such excise duties can be levied depends chiefly upon two factors—(i) the administrative practicability, and (ii) the amount of revenue likely to be obtained. In view of our relatively small population, there are only a few articles with respect to which an excise duty can successfully and economically be levied.

Subject to these general observations, we think that the Customs Tariff should be as simple as is consistent with effecting its objects. The general characteristics of a tariff, whether levied for revenue, or protection, or both, should in our opinion be:

- (a) Simplicity and uniformity of duties.
- (b) Stability of rates of duty, and as little variation therein as possible, to reduce trading uncertainty to a minimum and avoid too frequent redistributions of the national productive powers. Owing to our very large external trade per head, commerce as distinct from manufacture is, and appears likely to remain, very important in New Zealand economic life.
- (c) Rates as low as are consistent with carrying out the desired policy, in order that the burden on consumers shall be as small as possible. While Customs duties are normally passed on to the consumer, frequently with profit accretions, the burden of tariff duties is often exaggerated. In some instances the existence of a New Zealand industry appears to have kept the prices of competing imports down, notably in cases where competition overseas is restricted or in abeyance. In many cases, too, the excessive cost of commodities to the final buyer is the result of wasteful and duplicated trading services, and is not wholly the result of higher manufacturing or importing costs due to the tariff.

New Zealand is highly specialized to international trade, and the value and volume of imports and exports per head are abnormally large. In a broad sense, therefore, few countries have a stronger interest in the freest possible international trade than our own. As we are organized at present, our prosperity is bound up

with a large export trade in primary products for which we must in the long-run, allowing for adjustments on loan capital account and other items, take equivalent imports. At the same time the reasons which make our country a heavy exporter of primary produce contribute to make it relatively unsuited for intensive industrial operations. This should not be taken to imply that in our opinion New Zealand has no industrial present and no industrial future. Certain industries, for example, will probably be kept in operation as an insurance against oversea exploitation, or to diversify the economic and social structure, and thus avoid some of the dangers arising from an over-specialised economic life in a world of rapid change and development. It is, however, essential to retain a population perspective. In New Zealand we have approximately a million and a half people, not the population of a large city in more densely peopled parts of the world. This consideration sets a limit to our possibilities of industrial expansion at the present time.

It is not proposed to deal on an academic basis with the general problem of Free Trade or Protection. We consider that our tariff policy, its continuance or modification, is a matter for the Legislature, and in any case such a discussion would be otiose as far as New Zealand is concerned. The important question is not whether New Zealand shall or shall not have a protective tariff; that issue is practically decided. The point is how high the tariff shall be, and on what commodities and by virtue of what principles it shall be levied. For this reason it is not deemed necessary to refer in set terms to general arguments placed before the Commission as to the desirability of Free Trade or Protection, because it is considered that that issue is definitely decided, for the present at all events, on a basis of moderate Protection. At the same time the arguments placed before the Commission in this connection by witnesses have been carefully considered.

(b) THE OTTAWA TRADE AGREEMENT, ARTICLE 7.

It is, however, necessary for us to consider our tariff policy in connection with the Ottawa Trade Agreement of 1932. We are, of course, not called upon to express an opinion as to whether, as a matter of policy, this Agreement should have been made, or as to the theoretical validity of the principles on which it is based. Our duty is merely to interpret it. The clauses of this Agreement to which our attention has been particularly directed are Articles 7 and 8. Certain difficulties in the interpretation of these clauses were brought out by witnesses before the Commission, and analogous differences of opinion in respect of substantially similar clauses seem to have arisen in other Dominions. Article 7 reads as follows:—

“ His Majesty’s Government in New Zealand undertake that protection by tariffs shall be afforded against United Kingdom products only to those industries which are reasonably assured of sound opportunities for success.”

It was strongly pressed upon us by some witnesses that the effect of this clause was that no Customs duties could be levied in New Zealand even for purely revenue purposes, on imported commodities, unless there was in New Zealand an industry actually manufacturing such commodities. This interpretation, if correct, involves a surrender by New Zealand of the right to levy Customs duties for purely revenue purposes. We have no hesitation in rejecting this interpretation. The clause clearly means, in our opinion, that where duties are levied for protective purposes on United Kingdom goods, the industries so privileged shall be such as are suited to the economic circumstances of the Dominion, and therefore reasonably assured of sound opportunities for success. It is important to notice that the undertaking given in this article does not involve any change of policy as far as the Dominion is concerned, but rather crystallizes and embodies continuity of the policy we have pursued for many years. An examination of Dominion tariffs against the United Kingdom discloses the fact that our tariff is generally much lower than those levied by certain other Dominions. It is further considered that this clause does not contemplate that duties levied in accordance with it should be merely to cover a temporary educative period for the industry protected. We think it is quite consistent with a policy of permanent protection for industries coming within its scope.



## (c) PRINCIPLES ON WHICH TARIFF PROTECTION SHOULD BE GRANTED.

In determining what industries come within the ambit of article 7 of the Ottawa Trade Agreement, or should on other grounds receive tariff protection in New Zealand, the major consideration in our view should be the extent to which it is probable that the producers in question are or will be able within a reasonable period to attain such efficiency as will enable them to turn out products of a quality, and at a price, reasonable in comparison with the price of competing products landed in New Zealand. In addition, regard should, we think, be had to the following considerations, which are not necessarily stated in order of importance :—

1. *The extent to which the industry is dependent upon or likely to make use of imported raw materials as compared with raw materials of local origin.*

To the extent that an industry uses locally produced materials, and utilizes the waste or by-products of other New Zealand industries, it is worthy of consideration from the protective point of view. On the other hand, the greater the reliance of an industry on imported raw materials, the weaker its claim for protection. We endorse the following statement in the Report of the 1927 Tariff Commission :

“In our view, the use of imported material is not, in itself, a valid objection to the granting of protection, but where the material so imported constitutes a relatively high proportion of the value of the finished product, protection should be given only under very special circumstances. Where the competitive position in cases of this kind is shown to be such as to necessitate a relatively high rate of duty, it seems clear that the industry is not one which should be established in New Zealand as a result of tariff assistance.

“We are of the opinion that the essential distinction which may be drawn between industries using imported and those using locally produced raw materials arises from the beneficial effects of the latter class of industry in increasing other forms of local production.” (Report of 1927 Tariff Commission, pp. 6-7.)

2. *The extent to which the industry affords employment for industrial labour.*

We endorse the following passage from the report of the 1927 Tariff Commission :—

“One of the main claims which has been made in favour of protection for local industries has been based upon the fact that employment is afforded to persons in New Zealand and that wage rates paid result in a cost of production high in relation to that of most other countries. In so far as employment in appreciable measure is afforded by such industries the Commission considers that, under our accepted national tariff policy, this fact constitutes a valid reason for the granting of protection.” (Report of 1927 Tariff Commission, p. 7.)

To this should now be added : “Provided that the industry in other respects conforms to the provisions of the Ottawa Trade Agreement.”

It has always been, we consider, an ancillary object of our protective tariff to safeguard the standard of living of our industrial workers. Whether this can be done as amply in the future as it has been in the past is a difficult question on which it is not necessary here to express an opinion. The following quotation appears to us relevant in this connection :—

“Broadly speaking, a country can have any given industry at any given standard of life by paying for it, because this is a problem of distributing the national dividend. But it cannot generalize this for all industries. It cannot raise the standard of living of the population as a whole by Act of Parliament, whether a Minimum Wage Act or a Tariff Act, because the standard of living of the population as a whole is a simple quotient, is the total of all good things produced by the population divided by the number of the population.” (Beveridge and others, “Tariffs: The Case Examined,” p. 51.)

The problem of the absorption of industrial labour is of particular importance at the present time, and, owing to the abnormal, intractable, and prolonged volume of unemployment, we think that any tariff readjustments that would have the effect of causing a considerable displacement of labour should be made only after mature consideration. The popular protectionist argument that a tariff creates additional employment in a community is, in the main, in circumstances of normal prosperity, fallacious, but nevertheless there are conceivable circumstances in which, even in a highly industrialized country, a tariff readjustment might increase the net volume of industrial employment, or prevent it from falling. In the circumstances of New Zealand the reverse application of this principle, namely, that withdrawal of tariff protection already granted would narrow the range of industrial employment, or prevent it from expanding, has some cogency, owing to the restricted avenues of employment available in a country of so simple and undifferentiated an economic structure as ours, and it applies with special force to-day. The following quotation appears relevant in this connection :—

“The fundamental argument for unrestricted Free Trade does not apply without qualification to an economic system which is neither in equilibrium nor in sight of equilibrium. For if a country's productive resources are normally fully employed, a tariff cannot increase output, but can only divert production from one direction into another, whilst there is a general presumption that the natural direction for the employment of resources, which they can reach on their merits and without being given special advantages at the expense of others, will yield a superior national dividend. But if this condition of full employment is neither fulfilled nor likely to be fulfilled for some time, then the position is totally different, since a tariff may bring about a net increase of production and not merely a diversion.” (Addendum I to the British Report of the Committee on Finance and Industry—The Macmillan Report, p. 201.)

If a considerable proportion of the rising generation of young people in our towns are not absorbed into industrial employment it is difficult to see what economic occupation will be available for a great many of them. This must not be taken to indicate our approval of the establishment under a protective tariff of uneconomic industries. It does not seem probable that a great proportion of the growing urban population could be absorbed into occupations ancillary to importation. There seems under present conditions little probability of any large number of them being absorbed into farming pursuits; in fact, owing to the increasing mechanization of farming, the labour requirements per unit of output of primary produce are being restricted.

Witnesses before the Commission who advocated further land settlement as a means of immediately absorbing labour were vague in detail. It is questionable whether in the present position of New Zealand further extensions of primary production are likely to be as important a potential absorbent of labour as manufacturing industries. On the whole the trend of civilization is to enable us to satisfy our primary wants with progressively less labour, and to release labour from the land for the satisfaction of secondary wants. We get our food supplies with the expenditure of a diminishing proportion of human effort. This fact partly explains the tendency for the countryside to become less populous, and for city life to expand. Without expressing a definite conclusion on these difficult matters, we think that a careful consideration of them is a matter of crucial importance in the formulation of a long-period tariff policy. A correct decision in regard to them will determine the enduring factors and forces which underlie the future economic distribution of employment facilities between primary industries in the country and secondary industries in the towns.

To the extent that our people cannot find work, the burden of supporting them will fall on the community in any case, and a soundly devised tariff may easily prove on investigation to be less burdensome than a direct dole or allowance, and would almost certainly be less demoralizing. For these reasons we are of opinion that any downward adjustment of the tariff that would put New Zealand industries which are large employers of labour out of operation at the present time would in the short run, and probably for many years, increase the number of our

unemployed, or prevent that number from falling. Unemployment is a more serious potential menace in a simple and undifferentiated economic environment such as New Zealand than it is in a country of widely diversified industry.

3. *The extent to which the industry requires heavy investment in machinery and plant of a kind that must be imported.*

As things are, and seem likely to remain in New Zealand, most industrial plant and machinery must be imported, because it could not be produced economically in the Dominion, and its initial cost as a productive asset is thus greatly increased. Particularly is this the case if an industry is subject to rapid advances in technique, so that it suffers greatly from obsolescence. In our view the fact that an industry requires a heavy expenditure on imported fixed plant which is likely to depreciate rapidly is *pro tanto* an argument against granting it protection, though this circumstance is only one of many to be taken into consideration.

4. *The extent to which the industry is in an experimental and rapidly developing state.*

To the extent that it is so this is an objection to granting it tariff protection. Where technical processes are in course of rapid evolution, it would be difficult for an industry in this remote part of the world to keep abreast of contemporary technical developments, and the consumer might suffer through excessive costs or antiquated service. This difficulty is accentuated if the industry requires special detailed technical skill that must be continually refreshed to keep up to date. When an industry, further, requires specialized raw material and plant the production of which is actually or virtually the monopoly of some overseas country, and this is liable to interruption of supply, this group of disadvantages applies with special force.

5. *The extent to which the local market can absorb the whole output of a unit working in the industry at the technical optimum efficiency point.*

Many industries today are economic and reasonably assured of sound opportunities for success only if operated on a large scale.

It is not implied that New Zealand industries in general are inefficient, but it is suggested that in many cases they are on too small a scale. Efficiency in some branches of production is bound up with size. Size depends on output, output depends on market. For this type of production the local market is too small, and it does not seem likely that we can get a market abroad owing to high costs of production and transport. In addition we lack local supplies of the basic industrial factors of pig iron and cheap coal, and have no developed machine industry for the manufacture of essential plant. In many instances the Dominion market is so small that it could not absorb the whole product of a single optimum efficiency plant, even if that plant were to secure the whole business available in the country. *Prima facie*, an industry in this position should not, we think, receive tariff protection.

Large scale production, generally speaking, to be economical, requires larger markets than are afforded by the local demand of a country with a population of about a million and a half. In other cases, however, where the optimum efficiency scale of production is small, a strong *prima facie* case can be made out for protection, for the purpose of allowing a local industry to expand its output to the limit of the local market, and thus secure the economies of maximum output. While this could conceivably take place, it must not be forgotten that there is nothing in tariff protection of itself to cause industrial plants to expand to the optimum efficiency point. Experience in New Zealand and elsewhere suggests that in many cases tariff protection is just as likely to increase the number of independent plants out of proportion to the real requirements of the community, and thus to load the industry with unnecessary overhead. There is always a tendency under a protective tariff for too many plants to come into operation; and there is the further danger, if the tariff is sufficiently inviting, that large and powerful overseas concerns may find it worth while to set up local factories within the tariff barrier, and make the economic position of the previously established local concerns difficult

and precarious. This is particularly the case where the protection afforded by the tariff is higher than is necessary to enable industries working to optimum efficiency point to succeed.

It is important not to confuse total volume of output with scale of production. A given output from a small number of plants working to capacity may be economic, but the same output from twice that number of plants operating below capacity would be uneconomic. When the tendency of protection to lead to the multiplication of an excessive number of concerns, most of which are below the optimum efficiency point, is taken into consideration, this type of argument for protection loses much of its cogency. Excessive protection, by encouraging a surplus of partially unutilizable productive power, is detrimental to the national interests. In this connection, too, regard should be had to the capital outlay for plant, the costs of operation, and the rate of obsolescence. For very heavily capitalized industries New Zealand with its limited market is not in general suitable, but there are a number of industries that admittedly can make out a case under this principle. Put in economic phraseology, a *prima facie* case can as a general rule be sustained for tariff protection in the case of industries subject to the law of increasing return or diminishing cost as output expands; and, conversely, there is a presumption against tariff protection to industries subject to diminishing return or increasing cost, where expansion of output brings no appreciable economies, but may actually increase costs. It would appear that the timber and perhaps the wheat industry would come into this latter category, so that there is an initial presumption, on purely economic grounds, against affording them tariff protection.

6. *The extent to which the industry dovetails into or co-ordinates with other industries established in the Dominion, or with fuel or power supplies.*

To the extent that it does this, and in particular makes use of local supplies of coal, electricity or other sources of power that otherwise would remain less completely utilized, this is a point, as far as it goes, in favour of granting it protection.

7. *The extent to which the industry is affected by the freight and transport situation.*

Certain types of imports are useful bulky inward freight, and it would not be economic in the absence of strong countervailing considerations to cut this off by subsidizing local industry if the result will be to raise outward freights and penalize our export industries because of a shortage of inward cargoes. As it happens, imports likely to have this effect usually suffer a considerable natural disadvantage through their bulk and consequent freight charges. A further consideration is the cost of internal and coastal transport, which is heavy in New Zealand, and perhaps over-developed. If it could be more fully utilized by local industries that would be a national advantage.

Generally to the extent that a local industry enjoys elements of natural protection such as bulk reflected in relatively high freight charges from overseas, special liability to damage, or difficulty of preservation, its claim for tariff protection is weakened.

8. *The extent to which the industry presents probabilities of extension, growth, and permanence; or caters to a temporary demand, or makes use of rapidly exhaustible local resources.*

If the latter, then it is clearly not suitable for tariff protection. An analogous consideration is whether it is specially liable to destructive or intermittent dumping competition from abroad. Protection by tariff should, we think, be accorded only to industries that are expected to be a permanent constituent in the national industrial life, since it is presumably granted in the national interest, and not to reward individuals.

9. *The extent to which the industry is already established, or merely contemplated.*

We consider that only in exceptional circumstances should tariff protection be granted in the case of a contemplated industry. If it is desired to encourage such an industry, the bounty method or some other method may in many cases be

preferable. Analogous to this objection is the question whether an industry is of too trivial a nature to be worthy of consideration. It is not worth while to use a steam hammer to crack a nut. We think that in general protection should not be extended to very minor industries with so limited a trade that economic manufacture is not practicable.

10. *The extent to which there are special circumstances in the nature of the demand for the product of the industry that would cause special hardship to consumers or other industries if protection were granted.*

In general a protective tariff on raw materials, plant, and high-grade consumptive specialties is undesirable. The finished products of one industry are frequently the raw materials of another, and it is undesirable to load the price of raw materials, particularly in the constructional industries.

In this connection the Commission is impressed with the burdens imposed by the existing tariff on the building and constructional industries. It will be noticed that in some cases we have recommended reduction of these rates and in others have suggested that the duties under the British Preferential Tariff should be abolished. With respect to the latter class, if our proposals are accepted, a relatively small number of persons may be thrown out of employment, but we believe that the advantages gained by lower costs will stimulate building and constructional activities so that in the aggregate a greater number of persons will be employed than formerly.

It will, of course, be obvious that in most if not all cases a manufacturing industry which is a candidate for a protective tariff would come under some but not all of the above canons, and that these canons are in some cases interrelated, and in some perhaps incompatible. In the case of such incompatibilities it would seem that each industry must be judged, on balance, on its own merits. We think that in principle the onus of proof of the need for the imposition or continuance of tariff protection is always on the applicant. There can be no vested interest in the strict sense in any particular duty or rate of duty, but for practical purposes the *status quo* cannot be ignored.

Perhaps the strongest practical argument for a protective tariff is that it exists, and has created a situation that must be met. If a community has allowed industries to grow up under tariff protection, on the reasonable expectation that protection will continue to be extended, such industries are entitled to the continuance of a measure of protection, and it should not be withdrawn, if at all, except pursuant to a considered policy.

As Salter says:

“When the economic life of a country has been built on a basis of tariffs, it creates a situation which makes radical reform almost impossible. It is not just a matter of a few vested interests (as it is when new tariffs are first proposed): for a vast capital expenditure has been incurred which, if the basis were removed, might be largely lost. A mass of population has become trained and specialized in certain occupations, which they cannot easily change. A national psychology inimical to reform has been created. A prospect of greater but uncertain prosperity is weaker than the apparently certain loss of something already possessed.” (Salter, “Recovery,” p. 178.)

The same point is made by Taussig:

“... No rational person, even though he were the most radical free-trader, would propose to abolish at one fell swoop protective duties to which a great industrial system had accommodated itself. We may not like the result, but it is there, and not to be suddenly modified without widespread loss. Moreover, those engaged in the industries may plead with weight that they have entered on their operations with the sanction of the Government, nay, with its direct encouragement, and that the Government cannot in justice leave them in the lurch.” (Taussig, “Free Trade, the Tariff, and Reciprocity,” pp. 143-4.)

Subject to these considerations, protection already granted should, we think, be the subject of periodic investigation, with a view to determining, in the case of each industry :—

- (1) That the protection is still needed ;
- (2) That a tariff is the best and cheapest way to give it ;
- (3) That the protection granted is not excessive ;
- (4) That the industry is efficiently managed ;
- (5) That the industry is suitable to New Zealand conditions ; and
- (6) That the protection granted is not unreasonably injurious to other interests.

An industry requiring continued protection is asking an economic favour from the State, which has the right and is under a duty to its citizens to determine the conditions under which the privilege shall be granted.

(d) THE OTTAWA TRADE AGREEMENT, ARTICLE 8.

The interpretation of Article 8 of the Ottawa Agreement raises difficult questions. It reads as follows :—

“ His Majesty’s Government in New Zealand undertake to institute an inquiry into the existing protective duties, and, where necessary, to reduce them as speedily as possible to such a level as will place the United Kingdom producer in the position of a domestic competitor—that is, that the protection afforded to the New Zealand producer shall be on a level which will give the United Kingdom producer full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production.”

It would appear that there is little doubt in a broad sense as to the intention of this clause, which is obviously designed to give the United Kingdom manufacturer a reasonable chance to compete on this market. It forbids protective duties of such a nature that they are in effect prohibitive of United Kingdom imports. In other words, it is intended to give the United Kingdom manufacturer a “ fair deal ” in this market in the sense in which that popular though vague expression would be understood by a reasonable and fair-minded man. The expression “ place the United Kingdom producer in the position of a domestic competitor ” is employed, but it is obviously a physical and economic impossibility to give literal effect to this clause, any more than a Dunedin producer could be put literally on the basis of a domestic competitor in Auckland. As long as environmental factors differ, and transport charges from one place to another have to be met an outsider cannot literally be placed in the position of a domestic competitor. We think, however, that the interpretation of this phrase is a matter of little importance in view of its subsequent amplification in the Article itself. Generally Article 8, and for that matter all other clauses in an Agreement of this kind, should, we think, receive that large and generous interpretation which was presumably intended by its signatories, and should not be whittled down by verbal quibbles or captious literal interpretation.

Apart from this point, however, the clause lays down as the regulative principle of our protective system the difference between the relative costs of economical and efficient production in the United Kingdom and New Zealand. In other words, we undertake to impose a tariff intended to equalize costs of production as between home producers and United Kingdom producers. As is well known, this has been the basis in the past of the “ solution ” of the tariff problem in the United States of America, which has been hailed as “ scientific ” by its advocates, and frequently derided by academic opponents. It has been pointed out that, carried to its logical conclusion, the principle would be destructive of all foreign trade whatever, and that a country adopting it, to the extent that it carries it out, cuts itself off from the full advantages of international commerce.

There is no need to express any opinion as to whether this principle is a scientific basis for a tariff or not, because New Zealand has agreed to adopt it. It should be noticed, however, that in our case the formula is intended to keep tariff rates down rather than raise them. In any case the word “ scientific ” more or less

begs the question, because all tariffs must of necessity be empirical and approximate. The theoretical objections to a tariff based on equalization of costs of production seem to us to be irrelevant in the case of a country which in fact has adopted a protectionist policy. New Zealand is a country of moderate protection, and is aware that in adopting this policy it has cut itself off to some extent from some of the benefits of international trade in the form of cheaper goods, but this is the price which we are willing to pay for the presumed direct and indirect advantages of a tariff. The suggestion that the equalization of costs principle carried to its ultimate extreme would be destructive of practically all foreign trade begs the question, because we think there is no intention of carrying the principle beyond what appears to be warranted in the national interest, and we are now bound by agreement not to carry it to the point where it would prevent United Kingdom manufacturers from enjoying an opportunity for reasonable competition in this market. Moreover, by virtue of Article 7 of the Ottawa Agreement, it is limited in its operation to industries that come under the scope of that clause. When these points are taken into consideration the arbitrary element largely disappears and the application depends on applying common sense to the data available. Finally, assuming moderate protection as the country's policy, it is not easy to formulate any rational principle, apart from the equalization of relative costs of economical and efficient production, that could be applied to determine what our tariff rates should in fact be. General arguments in regard to Free Trade and Protection give no guidance here; they may determine whether there should or should not be a tariff, but they cannot determine on what commodities the tariff should be levied, and what the rates should be. It is difficult to see, apart from the equalization of costs principle, any alternative basis for a tariff beyond sectional pressure brought to bear on the legislative body.

In applying the principle, however, there are considerable difficulties. The first springs from the difficulty of obtaining reliable data of a fairly comparable nature. There is something arbitrary in all costings, and as costings do not appear to be definitely standardized, they are frequently made on such different bases that only a detailed knowledge of the figures from which they are built up would be sufficient to establish their comparability in detail. Apart from that, in some instances the cost data submitted to the Commission were incomplete and ambiguous. We think it desirable to mention that those of our recommendations which are based on cost data do not involve any reduction in the level of money wages now paid in New Zealand. In our view cost data in regard to primary products are of limited value for the purposes of this inquiry, owing to the difficulty of determining the extent to which land values enter into costs of production.

There are certain broad elements in industrial costs on which, from the nature of the case, exact or even approximate quantitative data cannot be secured. These may be regarded as environmental constituents or indirect costs. Among these are such factors as the following:

- (a) The relative weight and incidence of taxation.

As is well known, the extent to which certain forms of direct taxation, notably income-tax, enter into costs, if at all, is a problem upon which there is no unanimity, and upon which in any case quantitative data for comparison between two countries would be almost unobtainable.

- (b) The relative weight and incidence of social services, such as education, old-age pensions, and so on;
- (c) The incidence and effects of the recently adopted protective tariff in the United Kingdom;
- (d) Complications arising out of varying degrees of currency depreciation;
- (e) Relative cost of capital for both long and short period uses;
- (f) Relative levels of real wages; and
- (g) Relative climatic conditions, and assistance or hindrance offered to industry by natural environment, showing itself in variations of transport burdens, and in other directions.

These considerations are summarized in the following passage :—

“ The higher cost of production in the importing country may be due to any of several distinct causes or a combination of them—to the higher wages of the workman, to the greater cost of materials, to heavier taxation, to the lesser suitability of climate, geographical position or other physical conditions, or to lower efficiency of management in relation to technical appliances, organization, and half a dozen other matters.” (Beveridge and others, “ Tariffs : The Case Examined,” p. 48.)

On many of these points adequate statistical material is not available, and from the nature of the case could not in any circumstances be available. These difficulties, however, are not collectively as formidable as they appear, but they prevent any recommendations made on the basis of comparative costs of economical and efficient production from possessing an approach to mathematical accuracy. It is not considered, however, that a very high degree of exactitude is necessary to permit their useful application to the problems we have had to consider.

There is a further difficulty, that even if the statistical difficulties above referred to could be overcome, the position that would be created as a result of a tariff based on the information required would not remain static, in that the relative share of the market going respectively to locally made and imported commodities would almost certainly vary, in consequence of varying costs of manufacture, transport and distribution. If that happened, the economies of mass production would from a competitive point of view exert themselves powerfully for the time being in favour of that class of commodities which was expanding its share of the market. But this difficulty is inevitable, and there appears no method of overcoming it. It should be noticed, however, that locally made and imported commodities are not as closely competitive as they may *prima facie* appear to be. In many cases they are of different qualities and price levels, and appeal to different types of consumer because of variations in taste or sentiment. The more expensive market will take the better and therefore the dearer goods, so that where there are considerable differences in quality, get-up, finish, and so on, the commodities are not really fully competitive. This circumstance should go a long way in assuring to each class of goods a reasonably stable market. The result of this discussion is to show that a high degree of mathematical accuracy cannot be expected or attained in the actual calculation of tariff rates based on comparisons of the relative costs of economical and efficient production. Still this drawback must be put up with, since there seems no alternative principle capable of application, and we have undertaken by treaty to adopt it. All practical tariff framing must be to some extent approximate, and cannot make an exact allowance for imponderable factors or for the reactions which a tariff will bring about upon demand and supply, owing to the complex interrelations of various industries.

#### (e) SCHEDULE OF DUTIES.

We recommend that the schedule of duties set out in Appendix B to this report be adopted, subject to the qualifications therein contained.

#### (f) MISCELLANEOUS RECOMMENDATIONS AND OBSERVATIONS.

In the course of taking evidence and overhauling the tariff schedules a number of subsidiary matters were raised on which we desire to record an opinion.

1. Wherever possible, the principle of simplicity in tariff construction should be followed. For this reason we are of opinion that except for temporary revenue requirements the levying of additional duties by way of percentual or fractional surtaxes on existing duties is undesirable in that it necessitates increased calculations, and so complicates the administration from the point of view of the public and the Department. Our view is that this system should be abolished as soon as circumstances will permit.

2. As a general rule *ad valorem* duties are preferable to specific duties. The main objection to specific duties is that they vary in weight, automatically increasing in weight as prices fall, and decreasing in weight as prices rise. In periods of marked price fluctuation this may effect very serious alterations in the real rates



of duty, which could not have been contemplated at the time the duty was imposed. Specific duties also are regressive in their incidence, and bear with special severity on the cheaper grades of commodities, and therefore on the poorer classes of our people. We endorse the following passage from the Report of the 1927 Tariff Commission :

“ The Commission considers that the objectives sought to be achieved by the New Zealand Tariff, and the relative administrative difficulties of operating the two systems of duties under conditions existing in relation to imports into the Dominion are such that, on broad grounds, *ad valorem* duties are to be preferred for the following reasons :—

“(a) Duties on this basis vary in actual amount directly in relation to changes in price-levels and according to the quality of the particular goods imported.

“(b) In consequence, the measure of protection and the amount of revenue derived from the Tariff tend to fluctuate in a proper relation with general economic conditions.” (Report of 1927 Tariff Commission, p. 6.)

We find ourselves in agreement with the following passage from the written evidence presented to the Commission on behalf of the Auckland Chamber of Commerce :—

“ In the existing tariff there is a wide range of similar items on which specific duties have remained stable despite considerable alterations in world prices. The Auckland Chamber of Commerce advocates the abolition of specific duties in these and similar instances, and the substitution therefor of *ad valorem* duties, on the grounds that the specific duties are inelastic and fail to reflect falls or rises in world market prices. A specific duty may be reasonable when imposed ; but when values fall it may become excessive, and when values rise the specific duty may prove inadequate. With *ad valorem* duties this would not be the case, and frequent tariff alterations would be obviated.”

Admittedly there are many cases where, for administrative convenience or owing to the special circumstances or competitive situation of a given commodity, specific duties are preferable. As a general principle the *ad valorem* basis seems more desirable, and should be employed whenever there is no definite reason to the contrary. For analogous reasons, we think that combined alternative specific and *ad valorem* duties of the “double-barrelled” type—*e.g.*, “2d. per lb. or 20 per cent. *ad valorem*, whichever rate returns the higher duty,” are objectionable in principle, and should be imposed only in exceptional circumstances. In this connection we endorse generally the following passage from the written evidence presented to the Commission on behalf of the Auckland Chamber of Commerce :—

“ It is contended by the Auckland Chamber of Commerce that, when extrinsic price levels are low, the benefit of relatively lower duties on an *ad valorem* basis is denied to the people of New Zealand by the unduly harsh operation of the specific duty, and that when world prices rise the relatively lower duties which would be payable under a specific schedule are denied to our people by the operation in such cases of *ad valorem* duties. Under the operation of dual duties a fall in the cost of living and costs of production internally in sympathy with world prices is denied to the people of this country, and, as New Zealand has to sell goods in open competition in the unprotected markets of the world, it is essential that the fall in production costs should not be retarded by an unduly harsh operation of the tariff.”

3. In times of fluctuating currency values the basis of assessment of duties becomes a matter of uncertainty. In our view, Customs duties levied in any country should in principle be based on the value of the dutiable goods converted into the currency of that country at the exchange rate ruling on the date of assessment. Economically the New Zealand pound and the British pound are separate currency units, although until recently they were at par and the point

was of no practical importance. The old mint pars no longer operate to determine relative currency values. The evidence and data received by the Commission were, however, based on the existing system of assessing the current domestic value. Our calculations and determinations were made on the same basis. The future permanent basis of New Zealand currency has not yet been fixed. We therefore think that, in the meantime, it is desirable that the duties should be calculated under the method hitherto in force. At the same time, we think that the law should, if necessary, be altered to enable the Government to base the duties on values in New Zealand currency.

4. Section 20 of the Customs Amendment Act, 1921, reads as follows:—

“Where any dispute arises as to the true meaning and application of any terms used in the Tariff and therein printed in italics, the Minister may determine such dispute in such manner as appears to him just, and his decision thereon shall be final.”

This section of the legislation was subject to criticism by importing interests before the Commission, and it was suggested that the law be so amended as to permit of appeals to the Court from decisions of the Minister in all cases. By the term “Court” the witnesses apparently meant the Supreme Court, from which, in the ordinary course of procedure, an appeal lies first to our Court of Appeal and ultimately to the Privy Council in the United Kingdom. The evidence did not convince us that the complaints in this connection were of a serious nature. Very few specific grievances were referred to by witnesses, and they appeared to be unimportant. The main grievance appears to arise in connection with the classification of goods under the tariff headings, and with the fact that appeals do not lie from these classifications.

In our opinion the present law and practice are in the public interest, and should stand unaltered. It will be appreciated that, with the multiplicity of tariff items, and the infinitely greater multiplicity of commodities imported, the tasks of classification are difficult and complex, demand a highly technical knowledge of various commodities which can be acquired only by considerable experience, and are not matters upon which Supreme Court Judges are specially qualified by experience and training to adjudicate, and upon which we are inclined to think they would be unwilling to be asked to adjudicate. Most of the questions over which real difficulty arises involve rather fine distinctions, and for the purpose of satisfactory administration require to be settled expeditiously. The Supreme Court, if this class of case were forced upon it, would have no precedents arising out of its own experience for its guidance, and would presumably have to decide the issue on the basis of hearing a number of witnesses on both sides. This would cause very considerable delay, and possibly considerable trouble through conflicting decisions by different Judges, because the questions at issue are in the main matters of fact and not of law. It might congest the work of the Supreme Court, cause considerable uncertainty in Customs administration, and make the tariff difficult of consistent and expeditious administration. Incidentally, especially if appeals on points of classification went beyond the Supreme Court, the situation thus created might in some instances be ridiculous. The present procedure is likely to give a much more expeditious and satisfactory decision on matters of Customs classification than the Law Courts of the land. The suggestion that the Minister, in exercising his discretion under the Act, is acting as judge in his own case is a travesty of the situation. The Minister is not judging his own case, but acting as arbiter between the community as a whole and the importer, and, after taking the advice of his responsible officers, is a much more competent arbiter for this class of problem than any lay tribunal possibly could be.

5. We are opposed to making variations in tariff rates for the purpose of offsetting the protective effect of a depreciating or depreciated currency, either by the employment of a sliding scale moving in correspondence with the degree of currency depreciation, or in any other manner. It seems to us unsound in principle and based on a misunderstanding of the effect of exchange and currency depreciation upon prices. It is generally considered that currency depreciation exercises a protective effect only during the actual process of depreciation. When and to the extent that the process of depreciation has worked itself out and produced all its effects, and prices are adjusted to the new currency levels, then the exchange would no longer operate as a protective factor. The major effects of depreciation,

we think, are soon worked out. The home price of raw materials subject to world parity immediately rises in proportion to the amount of the depreciation, and the same effect is produced in the case of imported raw materials, plant, and other commodities. At a later stage the general level of wages will probably be higher than it otherwise would have been, because the cost of living will be higher than it otherwise would have been on account of the currency depreciation, while some of the effects of depreciation will be diffused generally in ways that elude specific identification, but how soon and to what extent this will happen cannot be definitely ascertained in advance. Admittedly, with long-period charges on industry, such as the cost of fixed capital, long-term mortgage loans, rates, rents, and certain other elements of overhead, the period of adjustment to the new currency values may be prolonged indefinitely, but we know of no statistical method of determining how long this period would be, or what proportion of the whole it would amount to, so that no data are available for determining what the compensating effect upon the tariff rates should be. Any tariff compensation would be arbitrary in character, or at all events devoid of a definite statistical basis. Our opinion is that within a comparatively short period the depreciating process produces the major range of its effects. If this is so, then a reduction in our tariff rates by a given percentage to compensate for the raising of the exchange would do serious injustice to our manufacturers, and would remove some if not all of the protection which they are intended to enjoy under the existing tariff.

6. We are of opinion that it is undesirable and impracticable to make the grant of tariff protection subject to an undertaking that the prices of commodities produced by the protected industry shall not be raised. Circumstances quite outside the control of the parties giving such undertakings may make it impossible to carry them out, notably alterations in the ownership and control of the concerns affected, changes in productive or distributive organization and technique, and currency fluctuations either as the result of local conditions or initiated from abroad.

7. With respect to the General Tariff we have in most cases suggested that the margin of preference be left at the present level. So far as many commodities are concerned we think that these rates of duty are too high and should, subject to the Ottawa Agreement, be reduced as soon as circumstances permit. We, however, recognize that the last few years have brought great changes in the sphere of international trading relationships. Nations in their endeavours to obtain markets for their products are willing to make concessions by tariff adjustments and by other means. New Zealand, dependent as she is for her exports upon her primary products, is in urgent need of new markets for her goods, especially in the more highly industrialized countries of the world. We think, therefore, that the General Tariff rates should be reduced on the goods of countries which are willing to make concessions on our products.

Another matter concerning the General Tariff that formed the subject of representations to the Commission was the question of imposing or increasing duties thereunder on raw materials required by the industries of New Zealand. As a general rule we do not favour this. We think that our industries should be able to obtain their raw materials at as low a cost as possible.

8. Many representations were made to the Commission asking that higher duties should be imposed on certain goods imported from the Dominions than from the United Kingdom. We have not, generally speaking, made recommendations with respect to these matters because trade between New Zealand on the one hand, and Canada, Australia, and South Africa on the other, is regulated by Agreements or Arrangements. We think that questions of the kind now being dealt with should be settled by negotiations between the Governments concerned.

9. We think that attention should be drawn to Article 12 of the Ottawa Agreement under which goods imported from the non-self-governing Colonies and Protectorates of the British Empire enjoy the same measure of tariff preference as is accorded to the products of the United Kingdom. In the event of industrialization proceeding at a rapid rate in some of the Eastern dependencies, the low production costs there might enable goods to be landed in New Zealand at very low prices. This might prove an embarrassing problem at some future time.

10. Many representations were made to the Commission with respect to the importation of Japanese goods into New Zealand. It was stated by some witnesses

that at the prices at which certain classes of Japanese goods could be landed in the Dominion, it was impossible for locally manufactured goods and for goods imported from the United Kingdom and other countries to compete. On the other hand, some witnesses indicated that owing to various factors certain Japanese goods were now losing the market to other countries. The question as to Japanese goods is one that presents itself for solution not only in New Zealand but in other countries. The total trade between Japan and New Zealand during the last ten years is set out in Return No. I in Appendix C. These figures show (1) that New Zealand has a considerable export trade with Japan; (2) that although during the last three years the average value of imports is less than during the two preceding triennial periods, it had not fallen to the same extent as imports from most other countries; and (3) that during 1933 the value of goods landed in New Zealand from Japan increased by about 25 per cent. over that for 1932.

Another table showing the values of the principal articles imported from Japan during the last ten years is set out in Return No. 2 in Appendix C. It will be seen that during the period in question we have imported from Japan considerable quantities of apparel, cotton, silk, and artificial silk piece-goods, and oak timber. Even during 1933 they formed over 50 per cent. of the total importations. The Commission fully recognizes that these figures represent value and not volume of imports.

In our view the matter is not one that can satisfactorily be dealt with by means of the tariff, but is more appropriate for negotiations between the Governments of the two countries.

11. In the course of our investigations our attention was drawn to the effect of admitting many lines of goods under the existing tariff item 448. Generally speaking, this affects only articles of relatively small value but in some cases it appreciably increases the protection which has been granted. Sometimes also protection appears to have been afforded to industries of minor importance. We suggest that the decisions which have already been made under this item should be reviewed at a convenient time.

12. The Commission is of opinion that Section 125 of the Customs Act, 1913, as amended by the Customs Amendments Acts, 1914 and 1921, should be repealed. The method of determining duty set out therein creates grave administrative difficulties and imposes an abnormally high rate of protection on the articles affected.

In witness whereof we have hereunder set our hands and seals this twentieth day of March, in the year one thousand nine hundred and thirty-four.

GEO. CRAIG, Chairman.  
J. B. GOW,  
B. E. MURPHY, } Members.  
G. A. PASCOE, }

## APPENDIX A.—*Gazette* NOTIFICATIONS OF SITTINGS AND PROCEDURE.

### CUSTOMS TARIFF COMMISSION, 1933.

Wellington, 15th May, 1933.

It is hereby notified for public information that the Tariff Commission proposes to visit various places in New Zealand for the purpose of taking evidence from persons desiring to make representations respecting the Customs Tariff.

Any person desiring to make such representations in person should advise the Chairman of the Tariff Commission at the above address as to the article or articles in respect of which it is wished that the Customs Tariff should be maintained or altered. It is essential that the place or places at which such evidence can be tendered should be stated as soon as possible, as the itinerary of the Commission must be arranged at an early date.

Where any association, organization, or other body representing any particular industry, trade, or commercial interest is in a position to tender evidence of a satisfactory and comprehensive character, and desires to do so, such evidence would be preferred. The Commission would, however, reserve the right to require evidence from any member of such association, organization, or body.

It is desired that where personal evidence is to be given before the Commission respecting any industry, the person intending to appear should previously supply, if possible, written information along the lines set out in the Schedule hereto.

Due notice will be given in the *New Zealand Gazette*, and in the principal daily newspapers published in the district, as to the time and place at which the Commission will sit in each of the various centres which it will visit, but it is unlikely that sittings will be held except at Auckland, Wellington, Christchurch, and Dunedin.

As the Commission is to report on or before 30th September, 1933, it will be necessary for those interested to indicate as soon as possible the matters upon which they desire to make representations.

All evidence of the kind indicated in the Schedule hereto or other detailed evidence respecting costs of production will, if the witness so desires and subject to the approval of the Commission, be regarded as confidential.

It is important that, as far as possible, all the evidence tendered to the Commission should relate to specific articles or classes of articles, and that where it includes matters of fact such as the landed cost, manufactured cost, selling prices, cost of transport of goods, or rates of wages, whether in New Zealand or elsewhere, such evidence should be supported by the authorities or other documents on which the evidence is based.

Any company, firm, or person desiring that the existing tariff on any class of goods should be maintained, increased, or reduced should give evidence before the Commission, as, in the absence of such evidence, the Commission may come to a conclusion which would be contrary to the interests of such company, firm, or person, and which might be other than the conclusion which would have been arrived at if such evidence had been tendered.

GEO. CRAIG, Chairman.

### SCHEDULE.

#### INFORMATION TO BE SUPPLIED IN WRITING BY PERSON DESIRING TO GIVE EVIDENCE BEFORE THE TARIFF COMMISSION.

1. Full name and address of person, and of person, firm, company, or association (if any) for whom he is acting.

2. Place and nature of business of such person, firm, or company.

3. Article or articles with respect to which it is desired to give evidence.

4. Rates of duty at present in force and alterations (if any) desired.

5. Reasons in full for desired alteration (if any).

6. Whether the person, firm, or company is a manufacturer actually manufacturing or producing the article or articles in New Zealand, the United Kingdom, or elsewhere, or whether the person, firm, or company is intending to produce or manufacture the article or articles in New Zealand.

7. In the case of an established industry in New Zealand—

(a) Average number of employees (showing male and female separately) employed in the business of manufacturing the article or articles during the preceding three years, and the average wages paid thereto.

(b) Average number of hours per week worked by such employees.

(c) Capital of such business during each of the last three years under the following headings:—

	£					
(i) Value of Plant and Machinery	..	..	..	..	..	..
(ii) Value of Buildings	..	..	..	..	..	..
(iii) Value of Land used in the Business	..	..	..	..	..	..
(iv) Working Capital	..	..	..	..	..	..
(v) Other Division of Capital	..	..	..	..	..	..
Total	..	..	..	..	..	£

(d) General management and distribution charges, including salaries of general manager, office staff, travellers, &c. (average during last three years only).

(e) Repairs and maintenance of buildings, plant, machinery, &c. (average during last three years only).

(f) Rents, rates, and taxes (average during last three years only).

(g) Value during each of the last three years (at factory selling-prices) of articles produced at factory.

(h) The principal materials (raw, partly manufactured, or completely manufactured materials) used during each of the last three years in the process of manufacture, showing nature of the same, country of origin thereof, and price delivered at factory.

(i) Approximate proportion which the total New Zealand output of the article or articles in question at present bears to the total requirements of New Zealand.

(j) Countries from which the keenest competition arises, and any available information as to details of landed costs and wages paid to employees in such countries in the particular industry.

(k) Names and addresses of other New Zealand manufacturers of this article.

8. In the case of an established industry in the United Kingdom or elsewhere outside New Zealand—Information similar to that indicated in paragraph 7 above, but with any modifications necessitated by the circumstances.

9. In the case of a prospective industry—
- (a) Does the applicant undertake, if sufficient protection is granted by Parliament, to commence the manufacture of the article or articles in New Zealand; and, if so, within what period?
  - (b) Average number of employees (showing males and females separately) proposed to be employed, and the average wages that would be paid to them.
  - (c) Amount of capital proposed to be invested in the industry under the following headings :—

					£
(i) In Land and Buildings	..	..	..	..	..
(ii) In Plant and Machinery	..	..	..	..	..
(iii) Working Capital, &c.	..	..	..	..	..
Total	..	..	..	..	.. £
  - (d) The principal materials proposed to be used in the process of manufacture, showing nature of same, country of origin thereof, and price delivered at factory.
  - (e) The proportion that the cost of labour will bear to the factory cost of the finished article or articles.
  - (f) Estimated value of the annual requirements of New Zealand in the article or articles.
  - (g) Estimated value of the annual output of the proposed factory.
  - (h) Countries which at the present time supply the New Zealand market, and any available information as to details of landed costs and wages paid to employees in such countries in the particular industry.
10. Any other information in support of request.

CUSTOMS TARIFF COMMISSION, 1933.

Wellington, 25th October, 1933.

It is hereby notified for public information that, except in very special cases, the Customs Tariff Commission, 1933, does not intend to hear evidence after 9th November, 1933.

It should be noted that the Commission may conclude (a) that the position with respect to any particular article under the tariff is as set out in the information already received, or to be received before the conclusion of the hearings, and (b) that where no information has been or will be received by the Commission with respect to any article no person, firm, or company is interested in the maintenance, reduction, increase, or abolition of the existing exemptions thereof from duty or the rates of duty thereon.

It is therefore necessary that any person, firm, or company who desires to give evidence should communicate with the Chairman of the Commission not later than the 6th proximo.

GEO. CRAIG, Chairman.

APPENDIX B.—SCHEDULE OF DUTIES.

THE CUSTOMS TARIFF OF NEW ZEALAND

NOTES.—The headings of the respective classes are used solely for convenience of classification, and do not in any way affect the interpretation of the Tariff.

The term “agriculture” as used in the Tariff includes horticulture and viticulture; the term “iron” includes steel, or steel and iron combined; the term “specific duties” means duties imposed according to a specified quantity, weight, size or number; the term “wine” includes medicated wine or wine mixed with food, and such spirituous beverages and fluid or semi-fluid foods containing not more than 40 per cent. of proof spirit as may be so decided by the Minister.

Steam engines, gas engines, oil engines, electric or other motors, and parts of the foregoing, are not included in the expression “machines, machinery, machine tools or appliances,” as used in the Tariff.

The abbreviation “n.e.i.” means “not elsewhere included.”

The words underlined are those which the Commission considers should be printed in italics—see Section 20 of the Customs Amendment Act, 1921. (Note.—The underlined words appearing in the Report have been printed in italics.)

In the notes included in the “Remarks” column primage duty has been disregarded.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES.				
1	Live animals, including cattle and horses	Free	Free.	We are of the opinion that stock foods should be obtainable at the lowest possible cost and therefore recommend that the duty under the British Preferential Tariff on the goods included under item 2 be abolished. The question as to the duty on linseed-meal cake is dealt with under item 394.
2	Animals, food for, of all kinds, n.e.i., including horse and cattle spices and condiments, proprietary or otherwise; mixed bird-seed	Free	20 per cent. ad val.	
3	Chaff	Free	Free	As chaff is imported practically from Australia only, and as under the existing Agreement with that country chaff is admitted free of duty, we think that no good purpose is served by retaining the existing duties under the British Preferential and General Tariff.
4	Grain and pulse, unground and unmanufactured, viz.:— (1) Maize	1s. 6d. per cental	1s. 6d. per cental	A majority of the Commission is of the opinion that the question as to the existing position of the duties on whole and ground maize is anomalous. In the tariff of 1927 it was provided that a duty of 2s. per cental should be imposed on whole maize but that ground or crushed maize should be free of duty under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.				
Grain and pulse, unground and unmanufactured, viz.—				
continued.				
(2) Wheat	.. .. .	1s. 3d. per bushel	1s. 3d. per bushel	We think that if a duty is imposed on whole maize the duty on ground or crushed maize should, in accordance with the usual practice, be higher than on the whole maize. We are of opinion, however, that the existing duty on whole maize is too high, and recommend that it be reduced to 1s. 6d. per cental, that the rate on ground and crushed maize under the British Preferential Tariff be fixed at 2s. per cental, and that the duty under the General Tariff should be at the rate of 3s. per cental. See remarks appended.
(3) Barley—				
(a) To be used in the manufacture of beer or to be used otherwise than as stock food	.. .. .	2s. per cental	2s. per cental	
(b) To be used as stock food, on declaration by the importer that it will be so used, and on such conditions as may be determined by the Minister	.. .. .	Free	Free	Representations were made to the Commission that the exemption of barley for stock food should be abolished. In view, however, of the desirability of stock foods being obtainable at the lowest possible cost, we are of opinion that the existing exemption should be maintained.
(4) N.e.i.	.. .. .	2s. per cental	2s. per cental	
Grain and pulse, ground or manufactured, viz. :—				
(1) Barley flour, prepared .. .. .	.. .. .	2s. 6d. per cental	2s. 6d. per cental	See remarks under item 4 (1).
(2) Bran or pollard .. .. .	.. .. .	Free	Free	
(3) Maize, flaked .. .. .	.. .. .	5s. per cental	7s. per cental	
(4) Maize, ground or crushed but not otherwise manufactured, n.e.i.	.. .. .	2s. per cental	3s. per cental	See remarks appended.
(5) Malt, whole or ground ; rice malt .. .. .	.. .. .	5s. per cental	7s. per cental	
(6) Oats, or oats in admixture with other grain .. .. .	.. .. .	1d. per lb.	3d. per lb.	
(7) Pearl barley .. .. .	.. .. .	1d. per lb.	2d. per lb.	See remarks appended.
(8) Peas, split .. .. .	.. .. .	3d. per lb.	3d. per lb.	
(9) Wheat-flour, including wheat-meal and similar preparations of wheat .. .. .	.. .. .	£5 15s. per ton of 2,000 lb.	£5 15s. per ton of 2,000 lb.	
(10) N.e.i.	.. .. .	2s. 6d. per cental	2s. 6d. per cental	



Wheat and Flour.—Statement by Majority of Commission.

The Commission received a large volume of evidence with respect to the wheat and flour duties. Wheat-growing is conducted chiefly in the South Island, usually, we understand, in connection with mixed farming. It was stated in evidence that there are approximately 6,500 wheat-growers in the Dominion. For many years the rates of duty levied on these products were specific ones, but in 1927 these were replaced by the sliding scale of duties, the basis of which is that the rates rise and fall as prices outside the Dominion fall and rise. The object of these duties was to afford to the grower, after allowing for certain modifying factors, a reasonably stabilized price for his wheat, and to keep the price of bread as far as possible within reasonable limits. This system of levying duties has had some peculiar effects. The fact that the higher is the value for duty, the lower is the amount payable on importation, introduces some unusual difficulties. With regard to importations of flour, the amount payable in most instances depends on the f.o.b. export cash price and not on the current domestic value of the goods. Generally speaking, the latter value is definitely determinable, but the greatest difficulty has been experienced in ascertaining the f.o.b. export cash price of flour. The change in method of collecting duty has introduced grave difficulties into the administration, both from the points of view of the Customs Department and the public.

After considering the information available, we are of opinion that the existing system cannot long continue to be capable of administration on an ordinary commercial basis. We are satisfied that the system must break down unless authority is given to the Minister of Customs to determine the duty payable practically on each shipment. We could not take the responsibility of recommending such a course with respect to commodities like wheat and flour, and think that the existing system should be abandoned.

In considering what alternative action should be taken we would mention the following:—

- (1) It seems unlikely that New Zealand will ever again be in the position of a wheat exporting country, and therefore if wheat-growing is to continue on an extensive scale, the gristing of locally grown wheat must be encouraged.
- (2) To protect the wheat-grower in New Zealand it is necessary to protect both wheat and flour, since importations of either affect the grower in disposing of his product. The protection should, we think, encourage the importation of wheat rather than that of flour.
- (3) If duties are to provide protection to the grower over the whole of the wheat and flour consumed in the Dominion, it is necessary that the duties should be fixed at a point high enough to ensure protection at the centre (viz., Auckland) farthest from the productive area of wheat. The result is that higher duties have to be charged over the whole of New Zealand than are necessary to protect the grower for wheat or flour consumed in the South Island.
- (4) The sliding scale of duties has had the effect of diverting portion of the import trade from Australia to Canada and the United States of America, where prices are generally higher.
- (5) In considering the duties which are to be levied we think that regard should be had to the duty on wheat and flour imported from Australia, from which country shipments would normally have come but for the sliding scale.
- (6) The average rates of duty collected on wheat and flour imported from Australia since 1928 are shown hereunder, together with the average home consumption values of wheat and the average export values of flour:—

Year.	Wheat.			Flour.	
	Average Current Domestic Value.		Average Rate of Duty.	Average f.o.b. Export Selling-price.	
	s.	d.	s. d.	£ s. d.	£ s. d.
1928 ..	..	..	..	11 12 8	4 2 4
1929 ..	..	..	..	10 17 3	4 17 9
1930 ..	..	..	..	9 8 11	6 6 1
1931 ..	..	..	..	6 16 1	8 18 11
1932 ..	..	..	..	6 9 6	6 17 6
1933 ..	..	..	..	7 9 5	5 17 7

(7) During the last few years, owing to the general economic conditions prevailing, world prices of wheat in the major producing countries have fallen to very low levels. It, however, seems unlikely that they will fall further.

(8) On the assumption that the sliding scale of duties will be abandoned, we have considered various schemes for affording protection to the wheat-grower, but are unable to suggest any practicable and satisfactory method of dealing with the matter otherwise than by a reversion to the system in force before the alterations were made in 1927. One of the objections raised to this is that when world prices fall, the grower will receive a relatively low price for his wheat, and *vice versa* when world prices rise; but we are unable to see any reason why the wheat-farmer should not, like most other primary producers, be subject to the vicissitudes of the world price-level.

(9) On the present low prices of Australian wheat and flour we estimate that duties of 1s. 3d. per bushel on wheat and £5 15s. per ton on flour would enable the grower to obtain about 3s. 10d. per bushel f.o.b. Lyttelton.

(10) On the prices in Australia during the last few years these are high duties, and they raise in our minds the question as to the wisdom from the Dominion's viewpoint of maintaining the protection for the wheat-growing industry.

(11) In discussing this aspect of the matter, we think that cognizance must be taken of the following considerations, namely—wheat-growing is not a new industry applying for the first time for tariff protection, it has been in existence for very many years; it has for a long period been accorded tariff protection, and during recent years it has at various times received assistance from the State by other means; approximately 6,500 farmers have a vital interest in the industry; it gives employment to a large number of persons; farmers' costs are enhanced by the existence of our general protective system; the wheat industry is of special importance to the wheat-growing areas of the Dominion. Our view is that in accordance with our accepted national policy respecting the tariff, protection should continue to be accorded to the wheat-growing industry.

We therefore suggest that duties at the rate of 1s. 3d. per bushel on wheat and £5 15s. per ton on flour be imposed, but that the matter be reviewed if world conditions materially change.

We show in the Appendix various particulars respecting wheat and flour.

In considering this question, there is an aspect of the matter to which we would draw attention. The evidence shows that there are about fifty flour-mills in New Zealand, yet according to the information supplied to us, two mills in the Auckland District grist over 25 per cent. of the flour consumed in the Dominion. The milling side of the industry appears to be overcapitalized, and this consideration, in conjunction with the conditions under which the duties are levied, appears to result in the price-fixing arrangements which we understand now obtain among the majority of millers in the South Island respecting the sale of flour. We have not gone fully into the matter, as we are satisfied that there are no tariff means by which the position could be dealt with, but we suggest that it should receive consideration.

APPENDIX.

(1) RETURN SHOWING FOR THE LAST TEN YEARS THE ACREAGE SOWN AND TOTAL YIELD OF WHEAT IN NEW ZEALAND, THE QUANTITY OF WHEAT AND FLOUR IMPORTED, AND THE AVERAGE RATES OF DUTY COLLECTED.

Year.	Wheat produced in New Zealand.		Imports.			Average Rate of Duty paid.	
	Acres sown.	Yield.	Wheat.	Flour.	Wheat and Flour in Terms of Wheat.	Wheat : Per Bushel.	Flour : Per Ton.
		Bushels.	Bushels.	Tons.	Bushels.		£ s. d.
1924 ..	173,864	4,174,537	3,548,340	1	3,548,402	Nil	2 10 0
1925 ..	166,964	5,447,758	2,253,740	8,205	2,647,628	Portion, ls. 2·4d. ; balance free	3 0 0
1926 ..	151,673	4,617,041	1,697,384	26,891	2,988,152	Portion, ls. 2·4d. ; balance free	3 0 0
						s. d.	
1927 ..	220,083	7,952,442	737,081	14,324	1,424,633	1 3	3 1 4
1928 ..	260,987	9,541,444	761,055	9,500	1,217,055	1 3	2 10 7
1929 ..	255,312	8,832,864	254,491	9,774	723,677	1 4	2 10 6
1930 ..	235,942	7,239,556	280,137	9,538	737,961	1 9	3 13 7
1931 ..	249,014	7,579,153	188,794	11,321	732,202	3 6½	7 11 2
1932 ..	268,756	6,582,698	1,361,387	13,009	1,985,819	1 7¾	3 10 0
1933 ..	302,531	11,054,972	366,741	11,152	902,037	0 11¾	2 2 2½

(2) RETURN SHOWING THE QUANTITY OF WHEAT AND FLOUR IMPORTED FROM VARIOUS COUNTRIES DURING THE LAST TEN YEARS.

Wheat.						Flour.					
Calendar Year.	Australia.	Canada.	United States, America.	Other.	Totals.	Calendar Year.	Australia.	Canada.	United States, America.	Other.	Totals.
	Bushels.	Bushels.	Bushels.	Bus.	Bushels.		Tons.	Tons.	Tons.	Tons.	Tons.
1924 ..	3,548,340	..	..	..	3,548,340	1924 ..	..	..	..	1	1
1925 ..	2,241,700	11,900	128	12	2,253,740	1925 ..	8,087	117	1	..	8,205
1926 ..	1,588,397	74,606	34,373	8	1,697,384	1926 ..	26,537	302	50	2	26,891
1927 ..	729,838	7,230	10	3	737,081	1927 ..	12,157	2,153	13	1	14,324
1928 ..	746,596	14,450	..	9	761,055	1928 ..	3,546	5,731	221	2	9,560
1929 ..	158,074	96,417	..	..	254,491	1929 ..	3,676	5,795	303	..	9,775
1930 ..	122,175	157,850	2	110	280,137	1930 ..	3,379	5,323	835	1	9,538
1931 ..	56,108	130,673	2,001	12	188,794	1931 ..	5,819	5,071	931	..	11,821
1932 ..	1,223,722	137,665	..	..	1,361,387	1932 ..	3,620	7,012	2,377	..	13,009
1933 ..	162,574	204,155	..	12	366,741	1933 ..	1,480	5,944	3,728	..	11,152

(3) RETURN SHOWING THE AVERAGE RATES OF DUTY PAYABLE ON WHEAT AND FLOUR IMPORTED FROM EACH COUNTRY SINCE 1928.

Wheat.				Flour.			
Year.	Australia : Per Bushel.	Canada : Per Bushel.	United States, America : Per Bushel.	Year.	Australia : Per Ton.	Canada : Per Ton.	United States, America : Per Ton.
	s. d.	s. d.	s. d.		£ s. d.	£ s. d.	£ s. d.
1928 ..	1 3	0 9¾	..	1928 ..	4 2 4	1 13 0	1 5 10
1929 ..	1 6	0 9¼	..	1929 ..	4 17 9	1 1 6	1 12 3
1930 ..	2 3½	1 4	..	1930 ..	6 6 1	2 4 3	2 9 1
1931 ..	4 0	3 4½	2 3	1931 ..	8 18 11	6 8 7	5 7 8
1932 ..	2 4¾	1 6	..	1932 ..	6 17 6	2 14 6	1 3 6
1933 ..	2 0	0 11½	..	1933 ..	5 17 7	2 1 6	0 17 10½

*Professor Murphy* desires to add the following memorandum :—

While I endorse the proposals of my colleagues as preferable to the existing sliding-scale regime, which, apart from other objections to which it is subject, has become administratively impracticable, I am of opinion that import duties on wheat and flour should be abolished as soon as is practicable, by progressive reduction over a period of years.

The advantage of wheat duties to the grower is necessarily capitalized, resulting in a level of land-values higher than would prevail in the absence of such duties. As soon as the land has changed hands after this capitalization process the duty ceases to operate as an inducement to production, because it has been cancelled out in the purchase price of the land.

The duties have not stabilized the industry. They have introduced an additional element of uncertainty into an industry which, because of dependence on weather conditions and the vicissitudes of world production, is speculative at best, and that additional element is uncertainty as to the future of the tariff. This point was stressed before the Commission.

The organization and interrelations of the various sections of the industry have under the sliding scale become so complicated and precarious as to constitute a national economic nuisance. The milling side is clearly overcapitalized and the industry at present is in a dangerously unstable position. This instability is likely to persist under any system of protection, owing to the complexity of the relations between the growing of wheat and its milling into flour.

The routine of mixed farming in New Zealand is such that wheat will always be raised on land naturally adapted for it, and the suitable areas in New Zealand are relatively restricted. I see no national advantage in expanding this area by artificial means. There is no reason to suppose that local supplies of wheat cannot when necessary be supplemented from abroad if required. Indications point to a world superfluity of wheat for some years to come. This potential world surplus, if realized, will incidentally make a policy of local protection to the wheat industry more costly to the community and more difficult to carry out.

The only really impressive argument, in my opinion, for wheat and flour duties is that of national sufficiency. This argument is of negligible value. If we were effectively blockaded in time of war, the Empire losing command of the adjacent seas, the question of self-sufficiency in wheat or any other commodity would be immaterial to the ultimate consequences of such a catastrophe. Moreover, practically all our wheat is grown in the South Island, while two-thirds of the population resides in the North Island. If, therefore, the North Island were cut off from the South Island by an effective sea and/or air blockade, the policy of subsidizing an essentially South Island industry at the expense of the whole Dominion would be of no benefit to the majority of our population.

No country, in my opinion, should found its permanent tariff policy on the basis of being continuously on a war footing by complete or approximate self-sufficiency, and for a country so specialized to external trade as New Zealand it would be especially inadvisable to make the attempt. If the argument properly applies to wheat there is no reason why it should not be extended to many other commodities.

The views expressed above apply in my opinion to all cereal production in New Zealand.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued</i> .				
6	Hops	6d. per lb.	1s. per lb.	The average f.o.b. prices of onions imported from the United States of America and Japan during 1930, 1931, and 1932 were as under:—  Imported from £ s. d. 1930 .. .. U.S.A. 8 15 0 1931 .. .. U.S.A. 7 13 0 1932 .. .. Japan 7 12 0  Based on these figures the landed cost without freight, exchange or other charges, but with duty of £1 10s. would be— £ s. d. 1930 .. .. 10 5 0 1931 .. .. 9 3 0 1932 .. .. 9 2 0  The Commission has been advised that a value of £4 10s. per ton at time of harvesting would be regarded as a payable price for a fair average crop of New-Zealand-grown onions over a series of years. Hence it is considered that the rate of duty under the General Tariff should be reduced to the figure stated.
7	Onions	£1 per ton.	£1 10s. per ton.	
8	Potatoes	£1 per ton	£1 per ton	
9	Seeds, viz.:— Canary-grass seed, hemp-seed, linseed, lucerne-seed, mawseed, millet-seed, sorghum-seed, unmixed	Free	Free	
10	Solid wort	6d. per lb.	6d. per lb.	After considering the evidence available to the Commission we are of the opinion that duty under the British Preferential Tariff should be fixed at 20 per cent. ad val.  Representations were made to the Commission respecting the duty on certain goods coming under this item. It is not considered that any alteration in the existing rates is warranted.  The Commission is of opinion that the rate of duty under the British Preferential Tariff can be reduced to 2d. per lb. without adversely affecting the New Zealand growers or manufacturers.
11	Vegetables, viz.:— (1) <i>Preserved</i> peas in tins or <i>similar</i> containers including the weight of any liquid (2) Fresh, dried, or preserved, n.e.i.	20 per cent. ad val.  20 per cent. ad val.	45 per cent. ad val. or 2½d. per lb., whichever rate returns the higher duty 45 per cent. ad val.	
12	Aerated waters, and <i>beverages</i> , n.e.i.	20 per cent. ad val.	40 per cent. ad val.	
13	Mineral waters, being beverages, aerated or otherwise	20 per cent. ad val.	20 per cent. ad val.	
14	Chicory	2d. per lb.	4d. per lb.	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES— <i>continued</i> .				
15	Cocoa-beans, raw .. ..	Free	$\frac{3}{4}$ d. per lb.	The duty on the goods included under this item was considered in connection with the confectionery industry. The Commission is satisfied that the same rates of duty should be levied on these goods as on confectionery.
16	Cocoa and chocolate, viz.:— (1) <i>Cocoa</i> ; also cocoa-beans roasted or crushed (2) Chocolate; also cocoa or chocolate mixed with milk or with any other food substance	3d. per lb. 20 per cent. ad val.	6d. per lb. 45 per cent. ad val.	
17	Coffee, raw .. ..	Free	1d. per lb.	The Commission, after investigating the matter fully, is satisfied that duty on roasted coffee under the British Preferential Tariff should be reduced to 2d. per lb.
18	Coffee, roasted .. ..	2d. per lb.	5d. per lb.	
19	Coffee, essence of, and essence of coffee mixed with milk or with any food substance whatsoever	10 per cent. ad val.	30 per cent. ad val.	Application was made by certain importers that the British Preferential Tariff rate should be reduced to 10 per cent. On the other hand, the New Zealand manufacturers asked that the present rate should be maintained. After reviewing the evidence, the Commission considers that the rate of duty under the British Preferential Tariff should be fixed at 10 per cent. ad val.
20	Fruit-juices unsweetened, in containers having a capacity of 1 gallon or over	Free	Free	
21	Fruit-juices unsweetened, in containers having a capacity of less than 1 gallon; fruit-juices sweetened; syrups n.e.i.; raspberry-vinegar, sweetened	20 per cent. ad val.	40 per cent. ad val.	Applications were received from New Zealand producers and manufacturers for protection on certain products included under item 20 and for increased duty on the goods included under items 21 and 22. After considering the matter, the Commission thinks that the existing position should be maintained.
22	Citrus-fruit pulps (including fruit-juices containing such percentage of citrus-fruit pulp as may be determined by the Minister) sweetened or unsweetened, in bulk or otherwise	20 per cent. ad val.	45 per cent. ad val.	
23	Tea, in bulk—viz., in packages of 5 lb. or over net weight of tea	3d. per lb.	5d. per lb.	The industry of manufacturing biscuits in New Zealand is conducted efficiently, and after allowing for internal costs of distribution it is left with a relatively high natural margin of freight protection. It is considered that the duty under the British Preferential Tariff should be reduced to 15 per cent. ad val.
24	Tea n.e.i. .. ..	5d. per lb.	7d. per lb.	
25	Bacon and hams .. ..	2d. per lb.	4d. per lb.	
26	Biscuits, ships', plain and unsweetened; also dog-biscuits	3s. per cwt.	4s. per cwt.	
27	Biscuits, other kinds .. ..	15 per cent. ad val.	40 per cent. ad val.	
28	Blue .. ..	1d. per lb.	2d. per lb.	
29	Candles, being <i>night-lights</i> , or <i>tapers</i> .. ..	1 $\frac{1}{2}$ d. per lb.	2 $\frac{1}{2}$ d. per lb.	

Candles n.e.i.  
(NOTE.—Candles n.e.i., in packages of a net weight of 8 oz. or less, shall be charged as half-pounds; in packages of a net weight exceeding 8 oz. but not exceeding 16 oz., as pounds; and so on for packages of greater weight.)  
Cocoa or cacao butter, coconut butter, and other vegetable butters or fats  
Confectionery including medicated confectionery, liquorice n.e.i., and sugared or crystallized fruits

1½d. per lb.

2½d. per lb.

Free

Free

20 per cent. ad val.

45 per cent. ad val.

This industry is carried on very efficiently in New Zealand. After considering the evidence submitted to the Commission, including the production costs in New Zealand and the United Kingdom, we are of opinion that the rate of duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.

Lard, stearine, and refined animal fats, n.e.i. .. ..  
Stearine, on declaration that it will be used only in the manufacture of candles, matches, soaps, leather, or other articles approved by the Minister

20 per cent. ad val.  
¾d. per lb.45 per cent. ad val.  
1d. per lb.

Fish, viz. :—  
(1) Anchovies, salted, in casks or other containers capable of holding 28 lb. net or over  
(2) Fish, fresh, smoked, dried, pickled, salted, preserved by cold process, or preserved by sulphurous acid, n.e.i.

Free

Free

10s. per cwt.

15s. per cwt.

(3) Fish, potted, and preserved, n.e.i., including any liquor, oil, or sauce  
(NOTE.—The term "fish" is used in the Tariff in its widest sense, and includes shell-fish, crustaceans, and other foods obtained from the fisheries.)

1¾d. per lb.

3d. per lb.

The rate of duty under item 35 (3) is, for practical purposes a revenue duty, and it is considered that the duty on potted and preserved fish imported from the United Kingdom should be at the same rate as that on preserved salmon, viz., 1¾d. per lb.

Fruits, dried—viz. :—  
(1) Currants, dates, figs, prunes .. ..  
(2) Raisins .. ..  
(3) Apples .. ..  
(4) N.e.i. .. ..

Free

Free

1d. per lb.  
Free1d. per lb.  
3d. per lb.  
2d. per lb.

The Commission considers that a duty of 1d. per lb. on dried apples under the British Preferential Tariff should be sufficient for the industry. The importations during recent years have been negligible. So far as the Commission is aware, no other fruits are likely to be dried in New Zealand, and to keep the cost of these commodities at as low a figure as possible to the consumer we are of opinion that they should be admitted free under the British Preferential Tariff.

Fruits, fresh—viz. :—  
(1) Apples and pears .. ..  
(2) Apricots, cherries, grapes, medlars, nectarines, passion-fruit, peaches, plums, quinces, tomatoes .. ..  
(3) Lemons .. ..  
(No duty exceeding 1d. per lb. shall be levied on any lemons on and from 1st December up to and including 31st May.)  
(4) Blackberries, currants, gooseberries, raspberries, and strawberries .. ..  
(5) Bananas, grape-fruit, mandarins, and oranges .. ..  
(6) N.e.i. .. ..

1d. per lb.  
2d. per lb.1½d. per lb.  
2d. per lb.

1d. per lb.

2d. per lb.

¾d. per lb.

¾d. per lb.

Free  
Free1d. per lb.  
Free

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
<b>CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.</b>				
38	Fruit-pulp, partially preserved fruit, fruit preserved by sulphurous acid, crushed fruit, minced fruit, fruit pastes, unsweetened and n.e.i.	1½d. per lb.	1½d. per lb.	
39	Fruits preserved in juice or syrup .. .. (Fruits preserved in juice or syrup, fortified with alcohol to any extent exceeding 40 per cent. of proof spirit, shall be charged 40s. per liquid gallon on such juice or syrup, in addition to the appropriate duty on the total value of the goods.)	25 per cent. ad val.	50 per cent. ad val.	The rates of duty at present levied on fruits preserved in juice or syrup are— Under the British Preferential Tariff 25 per cent. Under Trade Agreement with Australia (except pine apples and prunes) 35 per cent. Under General Tariff 50 per cent. (plus surtax). It is considered that under normal conditions these duties are sufficient protection for these products. Statements have been made that the local industry is prejudiced by special concessions granted in Australia. The Commission considers that such matters which are of a temporary and changing nature should not be dealt with by means of an amendment of the permanent tariff. If the Government decides that some steps should be taken to meet such abnormal conditions the Commission is of opinion that this should be done by some means outside the tariff.
40	Trees and plants, viz.:— (1) Fruit trees and plants, viz., apple, apricot, blackberry, cherry, currant, gooseberry, lemon, lime, loganberry, nectarine, orange, peach, pear, plum, quince, and raspberry (2) Flowering trees and plants, viz., rose .. ..	Free  Free	20 per cent. ad val.  20 per cent. ad val.	(1) Fruit trees.—The Commission considers that in the interests of the fruit-growing industry of New Zealand fruit trees should be available at the lowest possible cost. (2) Flowering trees, &c.—It is considered advisable that the duty should be removed. The importations of rose-trees during the last few years have been negligible. No representations were made to the Commission respecting this matter.
41	Glucose, grape sugar, and caramel .. ..	Free	Free	Representations were made to the Commission with respect to the exemption of glucose under the General Tariff. As this article is one of the raw materials for the industries of New Zealand, it is not considered that any duty should be charged thereon.
42	Honey .. ..	1d. per lb.	3d. per lb.	It is considered that the rate of duty under the British Preferential Tariff should be reduced to 1d. per lb. The importations into New Zealand during recent years have been negligible.
43	Infants' and invalids' foods, as may be approved by the Minister	Free	10 per cent. ad val.	
44	Gluten flour .. ..	Free	Free	



45	Jams, jellies, marmalade, and preserves	..	..	1d. per lb. on the actual or reputed weight, whichever is the greater	4d. per lb. on the actual or reputed weight, whichever is the greater	Representations were made with respect to the duty on jams, jellies, and marmalade both by United Kingdom and New Zealand manufacturers. After a consideration of the evidence, the Commission is of opinion that the rate of duty under the British Preferential Tariff should be reduced to 1d. per lb. This will conform with the terms of the Ottawa Agreement and should be satisfactory to both the New Zealand industry of manufacturing jams, &c., and the dependent industry of fruitgrowing. It is considered that the duty on preserves under the British Preferential Tariff should also be fixed at 1d. per lb.
46	Jellies, <i>concentrated</i> ..	..	..	10 per cent. ad val.	30 per cent. ad val.	From the evidence available to the Commission we are of opinion that the duty under the British Preferential Tariff should be reduced to 10 per cent. ad val.
47	Macaroni, vermicelli, spaghetti, egg-noodles, and similar alimentary pastes, n.e.i.	..	..	Free	25 per cent. ad val.	
48	Malt-extract, malt-extract with cod-liver oil, and similar preparations containing malt-extract	..	..	2d. per lb., or 20 per cent. ad val., whichever rate returns the higher duty	4d. per lb., or 40 per cent. ad val., whichever rate returns the higher duty	The Commission has carefully considered the evidence submitted by the New Zealand manufacturers and by representatives of United Kingdom manufacturers. We are of opinion that the rates of duty at present in operation should remain.
49	Meats, potted or preserved ..	..	..	20 per cent. ad val.	45 per cent. ad val.	
50	Milk or cream, preserved, evaporated, or dried, and including any of the foregoing in combination with casein, sugar of milk, or other milk product	..	..	20 per cent. ad val.	40 per cent. ad val.	Considerable evidence was obtained with respect to this product. The Commission is of opinion that duty under the British Preferential Tariff should be reduced to 20 per cent. ad. val.
51	Mustard ..	..	..	Free	2d. per lb.	
52	Nuts, and preparations thereof, viz.:— (1) Almonds and nuts, all kinds, shelled or unshelled, n.e.i. (2) Almond-, or nut-, pastes, meals, and similar preparations, n.e.i., not being animal foods (3) Desiccated coconut, sweetened or unsweetened .. (4) Walnuts, shelled or unshelled ..	..	..	Free Free Free 2d. per lb.	Free 3d. per lb. Free 2d. per lb.	
53	Capers, caraway-seeds, caviare, cayenne pepper, curry-powder, curry-paste, olives, ground turmeric	..	..	20 per cent. ad val.	20 per cent. ad val.	
54	Candied peel, and drained peel ..	..	..	2d. per lb.	4d. per lb.	Evidence was received with respect to these commodities. After considering the information available, the Commission is of opinion that the duty under the British Preferential Tariff should be reduced to 2d. per lb.
55	Matches and vestas, viz.:— (1) Wax, in boxes containing not more than 60 matches or vestas (2) Wax, in boxes containing more than 60 matches or vestas, but not more than 100	..	..	9d. per gross of boxes 1s. 1½d. per gross of boxes	1s. 9d. per gross of boxes 2s. 7½d. per gross of boxes	The manufacture of wax matches has been carried on in New Zealand for many years; the manufacture of wooden matches has only recently commenced. The industry is an efficient one. Evidence produced to the

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.				
	Matches and vestas, viz.— <i>continued</i> .			
	(3) Wax, in boxes containing over 100 matches or vestas, for each 100 matches or vestas or fraction thereof contained in one box	1s. 6d. per gross of boxes	3s. 6d. per gross of boxes	Commission shows that the manufacturers are making relatively large profits and it is considered that it is in the interest of the general community that the duty should be reduced. We are of opinion that the industry can function satisfactorily if the lower duties are adopted. No representations were made to the Commission by United Kingdom manufacturers of matches.
	(4) Wooden, in boxes containing not more than 60 matches or vestas	9d. per gross of boxes	1s. 9d. per gross of boxes	
	(5) Wooden, in boxes containing over 60 matches or vestas, for every 100 matches or vestas or fraction thereof contained in one box	1s. 6d. per gross of boxes	3s. 6d. per gross of boxes	
	(6) Matches or vestas, of any material other than wood or wax, in boxes, shall be charged with a duty corresponding to the duty payable on wooden matches.			
	(7) Matches, or vestas, n.e.i. . . . . (Boxes made of gold, silver, metal, wood, or other material, of permanent value when empty, shall be charged as jewellery or fancy goods, in addition to the duty payable on any matches contained therein.)	2d. per 1,000 matches or vestas	4d. per 1,000 matches or vestas	
56	Pickles . . . . .	20 per cent. ad val.	40 per cent. ad val.	After an examination of the evidence, the Commission is satisfied that the rates of duty should be reduced to 20 per cent. under the British Preferential Tariff and to 40 per cent. under the General Tariff. These duties should enable the industry to be efficiently carried on in New Zealand. The imports during recent years have been relatively small.
57	Sauces : chutney ; soy, and catsup, in vessels of 10 gallons capacity and under		6s. per gal.	The industry is an efficient one, and the Commission is of opinion that it can compete with the imported commodity if the rates of duty are reduced to the figures stated.
58	Soy, and catsup, in vessels exceeding 10 gallons capacity		Free	
59	Passover bread ; altar bread	Free	Free	
60	Egg pulp and white or yolk of eggs, whether desiccated, liquid, frozen, or other, also any <i>similar</i> preparation of egg	25 per cent. ad val., or 4d. per lb., whichever rate returns the higher duty	45 per cent. ad val., or 8d. per lb., whichever rate returns the higher duty	

61	Provisions, viz. :— (1) Soups; spaghetti and similar alimentary pastes, cooked, whether or not in combination with other food substances; custard-powder, egg-powder, blanc-mange powder (2) N.e.i.    ..    ..    ..    ..    ..	10 per cent. ad val.  20 per cent. ad val.	35 per cent. ad val.  45 per cent. ad val.	Representations were made to the Commission by United Kingdom manufacturers with respect to the duty on custard-powder and soup squares. The Commission, after receiving the information available, is of opinion that the duty on these and similar products under the British Preferential Tariff should be reduced to 10 per cent. ad val. and that a similar rate of duty should be levied on spaghetti and similar alimentary pastes, cooked, whether or not in combination with other food substances; also egg-powder and blanc-mange powder. It is considered that the rate of duty on other provisions covered by the tariff item should remain as at present.
62 63	Rice, dressed or undressed; rice-meal refuse and rice-meal Soap, all kinds; soap-powder, extract of soap, dry soap, soft-soap, liquid soap, soap solutions; washing or cleansing powders, crystals, pastes or liquids, n.e.i.	Free 20 per cent. ad val.	Free 45 per cent. ad val.	Representations were made to the Commission with respect to the duty on soap. The industry of manufacturing this commodity is an efficient one. It utilizes a large quantity of New Zealand material and employs a considerable number of persons. After considering the evidence, we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.
64	Salt    ..    ..    ..    ..    ..	Free	25 per cent. ad val.	The Commission has gone into the question as to the rate of duty to be charged on salt under the General Tariff. This article is largely used in the dairy and other industries, and it is considered that a preference of 25 per cent. ad val. should be a sufficient margin for United Kingdom manufacturers.
65	Spices, unground, viz. :— (1) Cinnamon, cloves, ginger, mace, nutmeg, pepper, and vanilla (2) N.e.i.    ..    ..    ..    ..	Free Free	10 per cent. ad val. 2d. per lb.	The Commission has fully examined the evidence and it is considered that duty under the British Preferential Tariff should be reduced to 1d. per lb. The importations during recent years have been relatively small. No representations were made to the Commission with respect to articles included under tariff item 67 (1). These duties were imposed to encourage the packing of goods in New Zealand. The Commission is of opinion that such duties imposed on essential foodstuffs are not in the best interests of the public. We are accordingly of opinion that the duties under the British Preferential Tariff on these products should be abolished.
66 67	Spices, ground, n.e.i., including pepper, pimento, and olive-stones, ground  Confectioners' moulding-starch; potato flour; rice flour; arrowroot; sago; tapioca; maizena; cornflour	Free Free	1d. per lb.	An application was received for the imposition of a duty of $\frac{1}{4}$ d. per lb. on ground rice in bulk. The Commission considers that this request should not be granted.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS I.—ANIMALS, AGRICULTURAL PRODUCTS, FOODS, AND GROCERIES—continued.				
68	Starch n.e.i. . . . .	1d. per lb.	2d. per lb.	The evidence obtained by the Commission with respect to this article satisfies them that the duty under the British Preferential Tariff should be reduced to 1d. per lb.
69	Sugar, of Number 22 colour, or <i>over</i> (Dutch Standard) : invert sugar and invert syrup	1½d. per lb.	1½d. per lb.	
70	(1) Sugar n.e.i. : treacle, golden syrup, maple-sugar, and maple-syrup	1d. per lb.	1d. per lb.	
71	(2) Molasses . . . . .	Free	Free	
72	Treacle or molasses, mixed with bone-black in proportions to the satisfaction of the Minister	Free	Free	The industry of manufacturing sugar of milk is an important one from the point of view of the dairy industry since it is made from whey, a residual product from the manufacture of cheese. Competition comes from foreign sources. It is considered that sugar of milk, under the existing items 72 and 73, should be admitted free under the British Preferential Tariff and that a duty of 25 per cent. ad val. should be imposed under the General Tariff.
73	Sugar of milk . . . . .	Free	25 per cent. ad val.	
CLASS II.—TOBACCO.				
74	Cigarettes n.e.i. . . . .	25s. 6d. per 1,000	25s. 6d. per 1,000	Cigarettes and tobacco— See statement appended.
75	Cigarettes, exceeding in weight 2½ lb. per 1,000 . . . . .	10s. 6d. per lb.	10s. 6d. per lb.	
76	Cigars, including the weight of every band, wrapper, or attachment, to any cigar	12s. per lb.	14s. per lb.	
77	Snuff . . . . .	12s. per lb.	12s. per lb.	
78	Omitted.			
79	Tobacco, cut, n.e.i. . . . .	6s. 10d. per lb.	6s. 10d. per lb.	
80	Tobacco n.e.i., including the weight of every label, tag, or other attachment	6s. 8d. per lb.	6s. 8d. per lb.	
81	Tobacco unmanufactured, entered to be manufactured in New Zealand in any licensed tobacco-factory, for manu- facturing purposes only, into tobacco, cigars, cigarettes, or snuff	Free	Free	
82	Tobacco for sheep-wash, or for insecticide, after being rendered unfit for human consumption to the satisfaction of the Minister	Free	Free	

74-81. *Tobacco and Cigarettes*.—The Commission has given consideration to the tobacco growing and manufacturing industries. The existing duties serve the dual purpose of assisting both these industries. The import duties on tobacco leaf, tobacco and cigarettes are as under :—

Tariff Item.	Goods.	Rate of Duty.	
		British Preferential Tariff.	General Tariff.
74	Cigarettes n.e.i. . . . .	33s. 9d. per 1,000	33s. 9d. per 1,000.
75	Cigarettes, exceeding in weight 2½ lb. per 1,000 . .	13s. 9d. per lb.	13s. 9d. per lb.
78	Tobacco, <i>fine cut</i> , suitable for the manufacture of cigarettes	13s. 3d. per lb.	13s. 3d. per lb.
79	Tobacco, cut, n.e.i. . . . .	6s. 10d. per lb.	6s. 10d. per lb.
80	Tobacco n.e.i., including the weight of every label, tag, or other attachment	6s. 8d. per lb.	6s. 8d. per lb.
81	Tobacco, unmanufactured, entered to be manufactured in New Zealand in any licensed tobacco-factory, for manufacturing purposes only, into tobacco, cigars, cigarettes, or snuff	2s. 6d. per lb.	2s. 6d. per lb.

The following are the excise duties :—

Tobacco, cut . . . . .	4s. 0½d. per lb.	Other tobacco . . . . .	3s. 10½d. per lb.	Cigarettes—Not exceeding in weight 2½ lb. the thousand . . . . .	23s. 4d. per thousand.
Tobacco, fine cut, suitable for the manufacture of cigarettes . . . . .	9s. 2d. per lb.	Cigars and snuff . . . . .	5s. 6d. per lb.		
				Exceeding in weight 2½ lb. the thousand . . . . .	9s. 4d. per lb.

The following particulars respecting the industries are interesting :—

Calendar Year.	Imported Leaf Tobacco.		New-Zealand-grown Leaf Tobacco.		Tobacco, Cigars, and Cigarettes entered for Home Consumption.		Amount of Revenue lost through Protection afforded to the Industry of growing Tobacco in New Zealand.
	Quantity imported.	Quantity used in Manufacture.	Delivered to Manufacturers.	Used in Manufacture.	Imported.	New Zealand made.	
	lb.	lb.	lb.	lb.	lb.	lb.	£
1928 . . . . .	1,138,455	749,523	714,255	382,266	3,678,186	1,119,791	38,848
1929 . . . . .	1,402,644	1,095,362	794,152	543,483	3,469,160	1,557,204	55,006
1930 . . . . .	2,300,853	1,827,967	809,793	722,249	2,713,487	2,372,312	87,251
1931 . . . . .	1,916,310	1,909,178	951,216	921,290	1,826,770	2,827,730	141,376
1932 . . . . .	1,739,139	1,964,116	1,636,739	950,090	1,534,204	2,934,214	124,699
1933 . . . . .	2,121,824	2,200,850	2,400,497	1,170,663	1,201,626	3,279,766	153,650

Tobacco is at present grown chiefly in the Nelson province. According to the information supplied to the Commission, the number of growers in that district is at present about 650. There are a number of growers in other districts. The figures are not available, but we have assumed that the total number in New Zealand does not exceed 800. On these figures it would appear that the concession in duty works out at about £192 per grower.

It is generally recognized that tobacco-leaf will continue to be imported for use in manufacture in New Zealand. Hence the possibility of the extension of the industry would appear to be limited.

The existing duty on tobacco-leaf is at the rate of 2s. 6d. per lb. If this rate had been in force during the last four years it would, according to the statistical particulars of importations, have been equivalent to an *ad valorem* duty of over 130 per cent. Notwithstanding this protective duty, the average prices received by the growers, according to the information supplied to us, during the last four years have been as under :—

Flue cured .. .. 1s. 11d. per lb.      Air dried .. .. 1s. 6d. per lb.

This difference is, we understand, absorbed partly by reduced prices of tobacco made in New Zealand containing local leaf and partly by increased profits to the manufacturers. Of the two principal manufacturers the annual accounts of one only are published. These show that very large profits have been made.

So far as can be seen there does not appear to be any reasonable prospect of the exportation of tobacco-leaf taking place on a profitable basis.

The Commission, after considering the matter fully, has come to the conclusion that under existing conditions the industry of growing tobacco as at present conducted is not an economic one and cannot be satisfactorily dealt with by any means within the tariff. If it is considered that assistance should be continued for the industry it is thought that this should be afforded by some method outside the tariff.

The recommendations made relate, therefore, only to the duties on imported tobacco, cigars, and cigarettes, and the manufacture of the same from imported leaf and have been arrived at after consideration of all the evidence and information available.

The existing duties on cigarettes are considered to be too high from the revenue producing point of view. The following figures show the quantity of manufactured tobacco and cigarettes which have been entered for home consumption during the last six years :—

Calendar Year.	Tobacco, Manufactured.			Cigarettes.			Total Tobacco and Cigarettes.	
	Imported.	New Zealand made.		Total.	Imported.	New Zealand made.		
		lb.	lb.			lb.		lb.
1928	2,273,438	743,554	3,016,992	1,377,795	370,044	1,747,839	4,764,831	
1929	2,195,156	967,033	3,162,189	1,248,577	583,924	1,832,501	4,994,690	
1930	1,716,990	1,611,643	3,328,633	977,120	754,952	1,732,071	5,060,704	
1931	1,189,608	2,209,083	3,398,691	628,845	614,511	1,243,356	4,642,047	
1932	1,032,955	2,412,416	3,445,371	497,080	518,003	1,015,083	4,460,454	
1933	788,408	2,618,753	3,407,161	408,195	657,310	1,065,505	4,472,666	

It will be seen that, whereas in 1928 and 1929 cigarettes formed about 37 per cent. of the total quantity shown above, in 1932 and 1933 they represented only about 23 per cent. of the total. The duties on cigarettes were increased in 1930 and we are of opinion that they should now be reduced to the rates recommended.

It is considered that a large amount of revenue has been lost to the Dominion through the development of the practice by private persons of rolling their own cigarettes from tobacco which has been entered as cut tobacco.

An attempt was made to overcome this by imposing a higher duty on fine cut tobacco suitable for the manufacture of cigarettes than on ordinary cut tobacco. This, however, has not proved effective, and we think that an attempt should be made to meet the difficulty by imposing a special duty on cigarette papers at the rate of 1½d. per 60 cigarette papers under the British Preferential Tariff and at 1½d. per 60 cigarette papers under the General Tariff.

It is considered that the manufacture of cigarette papers in New Zealand is not a suitable one for this country and it is suggested that an excise duty should be imposed on such papers at the same rate as on imported cigarette papers under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES.				
83	Ale, beer of all sorts, porter, cider, and perry, when containing more than 2 per cent. of proof spirit; per gallon, or for six reputed quart bottles or the reputed equivalent in bottles of a larger or smaller reputed capacity	2s.	3s.	The minimum excise duty on beer brewed in New Zealand is 1s. 6d. per gallon. The Commission considers that a tariff protection of 6d. per gallon is required under the British Preferential Tariff.
84	Spirits, viz.:— (1) Cordials, bitters, and liqueurs, when exceeding the strength of 40 per cent. of proof spirit, but not exceeding the strength of proof (2) Cordials, bitters, and liqueurs, when exceeding the strength of proof (3) Spirits, and spirituous mixtures, the strength of which can be ascertained by Sykes' hydrometer or other similar instrument, viz.:— (a) <i>Rum</i> .. .. (b) Other kinds .. .. (No allowance beyond 25 under proof shall be made for spirits or spirituous mixtures of a strength less than 25 under proof.) (4) Spirits, and spirituous mixtures, sweetened, n.e.i., when not exceeding the strength of proof (5) Spirits, and spirituous mixtures, sweetened, n.e.i., when exceeding the strength of proof (NOTE.—Spirits, and spirituous mixtures, in bottles or jars in cases, shall be charged as follows—viz.: 2 gallons and under as 2 gallons, over 2 gallons and not exceeding 3 as 3 gallons, over 3 gallons and not exceeding 4 as 4 gallons, and so on for any greater quantity contained in any case: provided that with the sanction of the Collector the foregoing provision need not be applied to absolute alcohol, spirits of wine, spirits for scientific, medicinal, perfumery, or toilet purposes, or to trade samples.) (6) Spirits, and spirituous mixtures, containing more than 40 per cent. of proof spirit, but not exceeding the strength of proof, in combination with other ingredients (7) Spirits, and spirituous mixtures, exceeding the strength of proof, in combination with other ingredients	40s. per liquid gal. 40s. per proof gal.  40s. per proof gal. 40s. per proof gal.  40s. per liquid gal. 40s. per proof gal.  40s. per liquid gal. 40s. per proof gal.  40s. per liquid gal. 40s. per proof gal.	40s. per liquid gal. 40s. per proof gal.  44s. per proof gal. 40s. per proof gal.  40s. per liquid gal. 40s. per proof gal.  40s. per liquid gal. 40s. per proof gal.	These are revenue duties and the Commission considers that for this reason they should be maintained. At the same time, they consider that the allowance, which is at present limited to 16·5 for under-proof spirits, should be reduced to 25. Since this allowance was fixed the strength of case spirits imported into New Zealand has been considerably reduced.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS III.—SPIRITS, AND ALCOHOLIC BEVERAGES—continued.				
85	Spirits for fortifying New Zealand wines, when removed to a storeroom approved by the Collector, and under conditions prescribed by the Minister	18s. per proof gal.	18s. per proof gal.	
86	Perfumed spirits including Cologne water	70s. per liquid gal., or 25 per cent. ad val., whichever rate turns the higher duty	90s. per liquid gal., or 50 per cent. ad val., whichever rate turns the higher duty	
87	Spirits denatured to the satisfaction of the Minister but wholly or partly denatured before importation	6d. per liquid gal., not including the denaturing material (if any) added after importation	1s. per liquid gal., not including the denaturing material (if any) added after importation	As denatured spirits are necessary for industrial purposes, it is considered that when denatured in New Zealand they should be admitted free, and that a corresponding reduction should be made in the duty on imported denatured spirits.
88	Spirits <i>wholly</i> denatured in New Zealand under prescribed conditions	Free	Free	
89	Alcohol, and denatured spirit, for use in museums, universities, hospitals, and similar institutions, or for other scientific or educational purposes, in such quantities and for such purposes and under such conditions as may be approved by the Minister	Free	Free	
90	Wine containing not more than 40 per cent. of proof spirit, viz. :— (1) Sparkling, all kinds ; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity (2) Other kinds ; per gallon, or for six reputed quart bottles, or the reputed equivalent in bottles of a larger or smaller reputed capacity	10s. 4s.	15s. 6s.	The Commission is of opinion that the rates of duty on such wines as are admissible under the British Preferential Tariff should be at the same rates as Australian wines and that, when convenient, the rates on South African wines should be increased to the same basis.
91	Wine of any kind containing more than 40 per cent. of proof spirit	40s. per liquid gal.	40s. per liquid gal.	
CLASS IV.—DRUGS ; CHEMICALS ; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS.				
92 } 93 }	Acid, acetic, n.e.i. ; acetic anhydride	Free	20 per cent. ad val.	No representations were made to the Commission by New Zealand manufacturers for the maintenance of the present duties. As acetic acid is a raw material for New Zealand industries, it is considered that it should be admitted free under the British Preferential Tariff.
94	Vinegar ; acetic acid containing not more than 15 per cent. of acidity	3d. per gal.	6d. per gal.	From the evidence obtained by the Commission they are of opinion that the duty under the British Preferential Tariff should be reduced to 3d. per gal.



95	Acids—viz., <i>inorganic</i> acids, n.e.i.; also benzoic, carbolic, citric, formic, gallic, lactic, oleic, oxalic, picric, pyrogallie, pyroligneous ( <i>crude</i> ), salicylic, tannic, and tartaric acids	Free	Free
96	<i>Anti-incrustation, boiler, and other similar compounds</i> ..	Free	Free
97	Bacteriological products, including viruses, sera, serum extracts, vaccines, antigens, and preparations containing such substances, as may be approved by the Minister	Free	Free
98	Baking-powder; yeast, and similar preparations; yeast foods	10 per cent. ad val.	30 per cent. ad val.
99	<i>Chemicals, and chemical preparations, n.e.i., including photographic chemicals n.e.i.</i>	20 per cent. ad val.	45 per cent. ad val.
100	Chloroform; ethyl ether; other general or local anaesthetics, as may be approved by the Minister; creosote refined; camphor, creosol, guaiacol, iodoform, menthol, mereurochrome, naphthols, resorcin, thymol, thymol iodide, and such other substances specially suited for use as antiseptics as the Minister may approve	Free	20 per cent. ad val.
101	Cream of tartar; cream-of-tartar substitutes—viz., acid calcium phosphate, acid phosphate of soda, pyrophosphate of soda, mixtures of the foregoing with one another or with any other substance, and <i>similar</i> cream-of-tartar substitutes	Free	20 per cent. ad val.
102	Crude distillates of coal-tar or wood; creosote, <i>crude or commercial</i> ; tar	Free	Free
103	Dextrine n.e.i. ....	Free	Free
104	<i>Disinfectants</i> n.e.i., including coal-tar acids in combination with alkalis to form solutions which will give saponaceous disinfectants upon the addition of water; sheep-dip; weed- and scrub-killing preparations	Free	10 per cent. ad val.
105	Drugs and chemicals, viz.:— Acetone; amyl alcohol; butyl alcohol; bromine; calcium carbide; carbon bisulphide; carbon tetrachloride and other chlorides of carbon; chlorinated hydrocarbons n.e.i.; catechu; chlorinated lime; cochineal; formic aldehyde, and solutions thereof; fusel-oil; gall-nuts; hydrogen peroxide; iodine; liquorice in blocks of 7 lb. net and over, or soft liquorice extract in bulk in vessels capable of containing 7 lb. net or over; phosphorus; pyridine; quinine, and salts of quinine; saffron; strychnine, and salts of strychnine; sulphur; turmeric, unground; wood-naphtha, <i>commercial</i> ; nicotine and its salts	Free	Free
106	Drugs, chemicals, and other substances, as may be approved by the Minister, entered to be warehoused in a manufacturing warehouse for the purpose of making therein, according to approved formulæ, medicinal preparations, perfumery, toilet preparations or <i>similar</i> articles	Free	Free
107	Drugs, chemicals, and other substances, as may be enumerated by the Minister, specially suited for use as culture media, stains for use in microscopic work, or as indicators for chemical analysis or scientific investigation	Free	Free

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IV.—DRUGS; CHEMICALS; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS—continued.				
108	Drugs, crude, not powdered, and unsuited for use as foods, or in the manufacture thereof—viz., barks, woods, twigs, leaves, herbs, flowers (except hops), roots, corms, gums, resins, balsams, inspissated juices (including opium), seeds, fruits, fruit-rinds, pitch, cantharides, ergot	Free	Free	
109	Drugs, crude—viz., carrageen or Irish moss .. ..	Free	Free	
110	Dyes, <i>manufactured</i> : non-spirituous solutions of natural or artificial colours or dyes, for colouring confectionery or beverages, and not being culinary- or flavouring-essences	Free	10 per cent. ad val.	
111	Dyeing-materials n.e.i. .. ..	Free	Free	
112	Essences, culinary or flavouring, containing more than 40 per cent. of proof spirit	40s. per liquid gal.	40s. per liquid gal.	
113	Essences, culinary or flavouring, n.e.i. .. ..	20 per cent. ad val.	45 per cent. ad val.	
114	Essences, synthetic—viz., amyl acetate, amyl butyrate, amyl capronate, amyl formate, amyl isovalerate, benzaldehyde, ethyl acetate (acetic ether), ethyl benzoate, ethyl butyrate, ethyl formate, methyl benzoate, methyl salicylate, oenanthic ether; and <i>similar</i> acids, alcohols, aldehydes, esters, ethers, ketones, phenols, or other similar substances, suitable for the manufacture of culinary or flavouring essences or perfumes, as may be approved by the Minister	Free	20 per cent. ad val.	
115	Essential oils .. ..	Free	Free	
116	Gases, liquefied or compressed, viz.:— (1) Anhydrous ammonia .. .. (2) Carbon dioxide or carbonic acid gas .. .. (3) N.e.i. .. ..	Free 1d. per lb. Free	4d. per lb. 3d. per lb. Free	Representations were made to the Commission respecting the protection to be granted on anhydrous ammonia. In view of its importance to the industries of New Zealand, it is not considered that the duty should be increased. Representations were also made by the manufacturers that the duty on carbon dioxide under the British Preferential Tariff should be increased. After considering the evidence available, we are of opinion that the industry does require additional protection.
117	Glycerine, crude or refined .. ..	Free	20 per cent. ad val.	
118	Gums and resins—viz., arabic, benzoin, dammar, tragacanth, and Indian gum; shellac	Free	Free	
119	Insecticides, and fungicides, for agricultural uses; tree-washes; powdered pyrethrum flowers or Dalmatian powder, powdered hellebore, and derris root, powdered, in packages of not less than 5 lb. net weight; <i>concentrated</i> extracts of pyrethrum and of derris root, also mixtures of such concentrated extracts	Free	Free	

120	(1) Insulin; preparations made from animal glands or tissues as may be approved by the Minister (2) Preparations made from liver, pancreas, pituitary gland, or thyroid gland, in combination with other substances (3) Vitamins, vitamin concentrates, and mixtures of such substances	Free Free Free	Free 20 per cent. ad val. 20 per cent. ad val.
121	(1) <i>Medicinal preparations</i> (except wines) containing 50 per cent. of proof spirit or less; <i>medicinal preparations, drugs, druggists' sundries, and apothecaries' wares, n.e.i.</i> ; also <i>aerated-water makers', cordial-makers', and brewers' drugs, chemicals, and other sundries, n.e.i.</i> (2) <i>Medicinal preparations n.e.i.</i> , packed in hermetically sealed glass vessels of a capacity not exceeding $\frac{1}{4}$ fluid ounce	20 per cent. ad val. Free	45 per cent. ad val. 20 per cent. ad val.
122	<i>Medicinal preparations</i> (except medicated wines) containing more than 50 per cent. of proof spirit	9d. per lb.	1s. 9d. per lb.
123	Metal-workers' surface and case hardening compounds; soldering, brazing, and welding compounds	Free	Free
124	Metallic elements n.e.i.; oxides, hydroxides, <i>inorganic salts</i> n.e.i., acetates, and oxalates of aluminium, ammonia, antimony, arsenic, barium, bismuth, boron, cadmium, calcium, cerium, chromium, cobalt, copper, gold, iron, lead, lithium, magnesium, manganese, mercury, nickel, platinum, potassium, radium, silicon, silver, sodium, strontium, tin, zinc, and of the other metallic elements; metallic soaps n.e.i.	Free	Free
125	Mixtures of <i>drugs and chemicals</i> , with each other, or with other substances, and drugs or chemicals in tablet form, or which have been subjected to any other process of <i>manufacture</i> may, at the discretion of the Minister, be classed as medicinal preparations n.e.i., or as chemicals n.e.i., or under any other item of the Tariff which appears to him suitable		
126	Naphthalene, crude, or refined	Free	20 per cent. ad val.
127	Omitted		
128	Rennet, in tablet form, or in liquid form in containers having a capacity of 1 pint or under; rennet in powder, <i>in small packages</i> suitable for retail sale	20 per cent. ad val.	45 per cent. ad val.
129	Rennet n.e.i.	10 per cent. ad val.	20 per cent. ad val.

Representations were made to the Commission both by United Kingdom and New Zealand manufacturers of rennet. The former, also importers' representatives, asked that the article be admitted free of duty under the British Preferential Tariff, while the latter requested that the present rate on bulk rennet be increased and that the existing rate under item 128 be retained. After studying the evidence available, including production costs, we are of opinion that the duties should remain on their present basis. This New Zealand industry is of value to the dairying industry and utilises a product of the Dominion in its manufacture.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IV.—DRUGS; CHEMICALS; SURGICAL, DENTAL, AND SCIENTIFIC APPARATUS—continued.				
130	Saccharin, in the form of tablets, pilules, granules, or cachets, each containing not more than $\frac{1}{2}$ grain of saccharin in combination with at least 10 per cent. of alkali	20 per cent. ad val.	45 per cent. ad val.	
131	Saccharin n.e.i., including substances of a like nature or use, and substances capable of conversion thereinto	1s. 6d. per ounce	2s. 6d. per ounce	
132	Sheep-, and cattle-licks	Free	Free	
133	Soda-crystals	Free	1s. per cwt.	There is a relatively high freight protection on soda crystals and the Commission is of opinion that no duty is required under the British Preferential Tariff. The importations during the last few years have been negligible.
134	Surgeons', physicians', dentists', and opticians' appliances, instruments and materials, viz.:— (1) Appliances (including splints) for wear, even if medicated, <i>peculiarly adapted</i> to correct a deformity of the human body, to afford support to an abnormal condition of the human body, or to reduce or alleviate such condition, or to substitute any part of such body; stump socks; crutches; ear trumpets; ear tubes, and <i>audiophones</i> , for the partially deaf (2) <i>Surgical and dental instruments</i> , also operation chairs <i>specially suited</i> for dentists' use; dentists' spittoons, self-flushing types; opticians' trial cases, frames, spectacles, <i>plain</i> spectacle-cases, test cards and diagrams; also such other instruments and appliances <i>peculiar</i> to surgeons' dentists' or opticians' use as may be enumerated in any order of the Minister (3) Surgeons', physicians', and dentists' materials, viz.: antiseptic dressings, gauzes, lint, tow, cotton-wool, poro-plastic felt, adhesive plaster including medicated remedial plaster or plasters, spongio-piline, bandages, catgut, and sterilized and other sewings, artificial teeth, tooth crowns, celluloid blanks, base plates, denture-strengtheners, guttapercha stick, points, and pellets, amadou absorbent, porcelain powder, enamel, inlays, modelling composition, investment compound, cement and absorbent paper; also such other materials peculiar to surgeons' physicians' or dentists' use as may be enumerated in any order of the Minister	Free	Free	Representations were made to the Commission with respect to the duty on dentists' chairs and dentists' spittoons. The chairs and spittoons now used by dentists are not of a class made in New Zealand and should, we think, be admitted free of duty under the British Preferential Tariff.

135	Scientific and philosophical instruments and apparatus— viz.:— <i>assay balances</i> ; <i>chemical balances</i> , sensitive to 2 milligrammes or less; <i>laboratory retorts</i> , <i>laboratory flasks</i> , and other instruments, and apparatus, peculiarly suited for chemical analysis and assay work; assay furnaces; retorts, dishes, and other apparatus, of fused silica or platinum, for use in chemical manufacture, or in a laboratory; microscopes, telescopes, and <i>magnifying- glasses</i> ; also such instruments, and apparatus, specially suited for scientific and philosophical purposes, as may be approved by the Minister	Free	20 per cent. ad val.
136	Not used.		
137	Apparel, clothing and hosiery, viz.:— (1) Made to the order, or measurement, of residents in New Zealand, and intended for the individual use of such residents, whether imported by the residents themselves or otherwise; uniform clothing made to measurements sent from New Zealand (2) Oilskin clothing and men's, women's, boys', and girls', overcoats made wholly or <i>principally</i> of leather, rubber, or <i>water-proofed</i> material (3) Men's and boys' overcoats, n.e.i., suits, coats, trousers, waistcoats, and <i>similar</i> articles (4) Shirts, collars, cuffs, pyjamas, and <i>similar</i> articles .. (5) <i>Neckties</i> .. .. (6) Corsets, brassieres, and <i>similar</i> articles .. (7) Braces, suspenders, garters, belts, and <i>similar</i> articles (8) Gloves, and mittens, other than those composed wholly or <i>principally</i> of rubber or asbestos (9) Socks, or stockings, made wholly or <i>principally</i> of silk or artificial silk— Up to and including 31st December, 1936 .. Thereafter .. .. (10) N.e.i. .. .. Bags and sacks of textile or felt, all kinds, printed or un- printed; filter-bags and sheaths	40 per cent. ad val.  20 per cent. ad val. 25 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 25 per cent. ad val. 25 per cent. ad val. 20 per cent. ad val. 25 per cent. ad val. 15 per cent. ad val.	65 per cent. ad val.  42½ per cent. ad val. 47½ per cent. ad val. 42½ per cent. ad val. 42½ per cent. ad val. 42½ per cent. ad val. 42½ per cent. ad val. 42½ per cent. ad val. 47½ per cent. ad val. 42½ per cent. ad val. 47½ per cent. ad val. 35 per cent. ad val.
138 } 139 }			
140	<i>Corri-sacks</i> , wool-packs, and wool-pockets; bags or sacks of jute hemp or hessian; bags or sacks of New Zealand tow or flax	Free	Free

The question as to the duties on the goods covered by  
this tariff item is dealt with under item 183.

No representations were made to the Commission with  
respect to the duty on these articles. The importa-  
tions during recent years have been negligible. After  
considering the information obtained, the Commission  
is of opinion that the duty under the British Preferential  
Tariff on goods included under items 138/9 should be  
reduced to 15 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.—continued.				
141	Battery-blanket not exceeding 3 feet wide, material for filter-cloths, and plush or other cloth, on declaration that it will be used only for <i>mining</i> or <i>gold-saving</i> purposes	Free	10 per cent. ad val.	
142	Boot and similar laces, of any material other than leather	20 per cent. ad val.	45 per cent. ad val.	
143	<i>Braids</i> , and <i>bindings</i> , all kinds, n.e.i.; cords, n.e.i., of wool, cotton, silk, <i>imitation silk</i> , <i>artificial silk</i> , or of combinations of these materials with one another or with any other material	20 per cent. ad val.	45 per cent. ad val.	
144	Brattice-cloth of jute or hessian	Free	15 per cent. ad val.	
145	Bunting, in the piece	Free	15 per cent. ad val.	
146	<i>Buttons</i> , <i>crochet</i> , and <i>similar</i>	Free	Free	
147	<i>Buttons n.e.i.</i>	Free	Free	
148	Collar check, similar material plain, and horse-cover-lining material, in the piece, of such quality as may be approved by the Minister	Free	10 per cent. ad val.	
149	Cotton, raw	Free	Free	
150	Cotton and other waste, engineer's	Free	10 per cent. ad val.	
151	Drapery n.e.i.	Free	45 per cent. ad val.	
152	Elastics, all kinds, including boot and brace elastics; elastic threads and cords; plain <i>tape</i> of cotton, linen, or jute; <i>webbings</i> , all kinds, including elastic <i>webbings</i> ; dressmakers' beltings, including cotton petershams, whether plain or circular woven, or reinforced; woven looping and labels, for boots; labels, and hangers, woven, for clothing and other textile articles, including hanger material, plain or otherwise, n.e.i.; chain coat-hangers; woven bandings, bands, tapes, and similar articles (not including arm-bands and hat-bands), with printed, woven, or embroidered lettering, trade name, or trademark, suited for use with boots or other apparel	20 per cent. ad val.		
153	Feathers, ornamental, including ostrich-feathers n.e.i.; artificial flowers leaves or sprays; natural flowers, leaves, and sprays, dyed, painted, or similarly treated	20 per cent. ad val.	45 per cent. ad val.	
154	Omitted.			
155	Felt piece-goods, n.e.i., not including <i>felted textiles</i>	Free	10 per cent. ad val.	
156	<i>Felted textiles</i> , in the piece, on declaration that they will be used only for such manufacturing and industrial purposes as may be approved by the Minister	Free	10 per cent. ad val.	

157	Flags, viz. :— (1) The Union Jack or any flag of which the Union Jack is part	Free	20 per cent. ad val.	No representations were made to the Commission by New Zealand manufacturers for the retention of duty on flock. The information obtained by the Commission is to the effect that duty is not required under the British Preferential Tariff.
158	(2) N.e.i. Flock .. .. .	20 per cent. ad val. Free	40 per cent. ad val. 20 per cent. ad val.	
159	Floor coverings, viz. :— (1) Floor-mats and floor-rugs, of wool or containing wool or other animal fibre, having an area not exceeding 60 square feet	20 per cent. ad val.	45 per cent. ad val.	
	(2) Linoleum, cork carpets, rubber flooring, and floor-mats of <i>similar</i> materials, exceeding 2·30 metres in thickness	20 per cent. ad val.	45 per cent. ad val.	
	(3) Linoleum, and <i>similar</i> floor covering, n.e.i., including mats, matting, and floor-rugs, of <i>similar</i> material	20 per cent. ad val.	45 per cent. ad val.	Representations were made to the Commission by United Kingdom and New Zealand manufacturers with respect to the duty on floor-rugs covered by this item. The Commission is of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad valorem. We also think that when financial conditions permit the duty under the British Preferential Tariff on floor coverings included under the existing tariff item 159 (3) should, in the interests of the general community, be abolished. In addition, we consider that, from the point of view of the revenue, the duty on the goods covered by tariff item 159 (4) should be reduced to 20 per cent. under the British Preferential Tariff.
160	(4) Carpets, floor coverings, floor rugs, mats, and matting; other kinds	20 per cent. ad val.	45 per cent. ad val.	
	Furs and other similar skins, and articles made therefrom, viz. :— (1) Fur skins, green or sun-dried .. .. . (2) Furs, and other similar skins, dressed or prepared, but not made up in any way .. .. . (3) Furs or <i>imitation</i> furs wholly or partly made up into apparel, rugs, or <i>other</i> articles; fur trimmings and <i>imitation</i> fur trimmings	Free 15 per cent. ad val. 25 per cent. ad val.	Free 15 per cent. ad val. 47½ per cent. ad val.	
161	Haberdashery n.e.i. .. .. .	20 per cent. ad val.	45 per cent. ad val.	The Commission understands that in 1931 the duties on fur skins and furs were fixed at the present rates for revenue purposes. It is considered that from this point of view more satisfactory results would be obtained if the tariff were now adjusted to the rates recommended. It is considered that the duties proposed afford reasonable protection to the New Zealand industry.
162	Hair, natural, or imitation, curled, waved, or made up, in any way to make it suitable for wear .. .. .	25 per cent. ad val.	50 per cent. ad val.	
163	Hairpins, hatpins, safety pins, and <i>toilet pins</i> .. .. .	20 per cent. ad val.	45 per cent. ad val.	
164	Hats, and caps, in any stage of manufacture, including hat-hoods n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
165	Hat-hoods, felt, of wool or fur, or containing fur, unblocked and unsewn	Free	Free	Representations were made to the Commission by both importers and New Zealand manufacturers respecting the duty on hats. The evidence has been examined and we are of the opinion that the rates should be fixed as proposed. Representations were made to the Commission that duty under the General Tariff should be imposed on these goods. As they are raw materials for the industry in New Zealand, it is not considered that the existing position should be disturbed. The rates of duty recommended for hats and caps have been based on the assumption that this will be carried out.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued</i> .				
166	Hatmakers' materials—viz., hatters' ribbons, galloons, or linings, when cut up, or otherwise, under such conditions as the Minister may prescribe; leathers, ventilators, cork fronts for hats	Free	Free	
167	Kiln-cloth, of horsehair or similar material, also kiln-cloths made up from such material	Free	Free	
168	Lace, laces, and ribbons, n.e.i. . . . .	20 per cent. ad val.	45 per cent. ad val.	
169	Leather cloth, and oil baize, plain or fancy, in the piece . .	Free	15 per cent. ad val.	
170	Millinery of all kinds, including trimmed hats, caps, and bonnets	20 per cent. ad val.	45 per cent. ad val.	Representations were made to the Commission that duty on leather cloth under the General Tariff should be increased to 25 per cent. As these goods are raw materials for industries in New Zealand, the Commission is of opinion that the existing preference margin should be maintained. No representations were made to the Commission with respect to the duty on goods included under this item. From the information obtained the Commission has come to the conclusion that the rate of duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.
171	Wadding; pins n.e.i.; knitting-pins; needles, viz.,—sewing, darning, and knitting; crochet hooks; hooks and eyes for apparel	Free	Free	
172	Printers' blanketing on declaration that it will be used only in printing	Free	10 per cent. ad val.	
173	Rugs n.e.i., not suited for use as floor-coverings . .			
174	Sewing cottons, silks, threads, and twists; crewel, flourishing, embroidery, darning, knitting, and crochet threads, or silk, artificial silk, imitation silk, linen, or cotton, or mixtures of the same, plain or fancy; gold and silver embroidery threads; mending yarns, of wool, or containing wool, not exceeding 45 yards in length	20 per cent. ad val.	45 per cent. ad val.	
175	Silk for flour-dressing, in the piece . . . . .	Free	10 per cent. ad val.	
176	Oiled silk, in the piece . . . . .	Free	Free	
177	Staymakers' corset-fasteners, corset-shields, corset steels, and busk-protectors	Free	Free	
178	Tailors' trimmings—viz.:— (1) Haircloths and imitation haircloths . . . (2) Silesias, veronas, Italian cloths, and other lining-materials, of such descriptions as may be approved by the Minister	Free Free	Free 15 per cent. ad val.	



No representations were made to the Commission respecting this industry. According to the Annual Statistics the importations during the last three years were—1931, £329; 1932, £217; 1933, £71.

The Commission has come to the conclusion that the duty should be reduced and fixed at 10 per cent. ad val. under the British Preferential Tariff and at 30 per cent. ad val. under the General Tariff.

179	Tarpaulins, tents, sails, rick- and wagon-covers ..	10 per cent. ad val.	30 per cent. ad val.
180	Textile piece-goods of cotton, linen, jute, hemp, other vegetable fibre, silk, imitation silk, artificial silk, or of combinations of these materials with one another, or with any other material (except wool or hair), whether plain, hemmed, whipped, or <i>similarly</i> worked, and <i>plain</i> tablecloths, tablenapkins, towels, quilts, sheets, and <i>similar plain</i> articles, which have been manufactured wholly from such piece-goods merely by cutting, hemming, or any <i>similar</i> operation	Free	15 per cent. ad val.
181	Cotton piece-goods, viz. :—tubular woven or knitted cotton cloth <i>specially</i> suited for use as meat wraps; cheese bandages or caps	Free	Free
182	Textile piece-goods—viz., <i>dress nets</i> , <i>curtain nets</i> , <i>embroidery nets</i> , and <i>similar nets</i> , <i>lace curtain material</i> , and veilings, all kinds	20 per cent. ad val.	45 per cent. ad val.
183	Textile piece-goods, including textiles of wool, or containing wool, viz. :— (1) <i>Moquette</i> and <i>tapestry</i> , of wool, or containing wool .. (2) <i>N.e.i.</i> .. .. .	15 per cent. ad val. 20 per cent. ad val.	40 per cent. ad val. 45 per cent. ad val.

See statement appended.

183. *Textile Piece-goods, Apparel, Clothing, and Hosiery.*

The Commission has investigated as fully as possible the position of the textile, clothing, and hosiery manufacturing industries. These industries are among the largest engaged in manufacturing in the Dominion. They utilize a considerable quantity of New Zealand wool, but this, of course, forms only a relatively small proportion of the total New Zealand clip. According to the figures published in the *Official Year-book* it appears that over the period of the last six years the wool acquired by the local mills averages about 2½ per cent. of the total New Zealand production.

Many persons are engaged in these industries and much capital is employed. The Commission is satisfied that the group contains some very efficient units.

Dealing first with the woollen mills, the Commission would offer the following observations :—

(1) The position of the industry in New Zealand is, owing to our relatively small population, in several respects different from that in many other countries. In New Zealand we find that of the total number of mills several are making a variety of goods and one of the questions for consideration is whether this is in the best interests of the Dominion and, if so, whether it should be supported by a protective tariff.

From the information we have been able to obtain we are of opinion that a condition antecedent to the satisfactory centralization of the manufacture of certain products of the mills in particular factories is the establishment of a wool-top making industry in New Zealand. At the present time each local mill has, we understand, to purchase the whole wool fleece and utilize it to the best advantage, whereas we are advised that in many other countries tops are available to the textile manufacturer, who can readily purchase the grade and quality he requires. The question as to whether or not an efficient wool-top making industry in New Zealand could be satisfactorily established is a difficult and involved one, and the Commission has not been able to obtain sufficient evidence to satisfy it upon the point.

We find that, broadly speaking, the articles which are manufactured in the New Zealand woollen mills are the following: Clothing-tweeds and worsteds, flannel, blankets, woollen and worsted yarns, rugs, and socks, hose and underwear.

We find also that practically all the mills manufacture the first three groups and we are unable to satisfy ourselves that, in the circumstances at present existing in New Zealand, the concentration of the manufacture of particular articles included in these groups is practicable or would be in the best interests of the Dominion.

The manufacture of woollen and worsted yarns is necessary for the manufacture of woollen textiles and the volume of rugs made in the Dominion is now relatively small. We regard the manufacture of socks, hose, and underwear as industries separate from but ancillary to the operations of the woollen mills.

After reviewing the foregoing aspects of the matter we are of opinion that the development of the industry in New Zealand up to the present has, on the whole, proceeded on satisfactory lines and we are unable to state that, under existing manufacturing and marketing conditions, if greater specialization had taken place the industry would have been carried on in a more efficient or satisfactory manner.

(2) Another matter to which the Commission has given considerable attention has been the demand by the community for textiles containing wool but not made wholly or essentially from virgin wool. It will be remembered that under the tariff of 1927 concessions were made on raw cotton and cotton yarn presumably to encourage the manufacture of union piece-goods in New Zealand. The Commission is informed, however, that with the exception of the admixture of a certain amount of silk the products of the mills are confined to all wool fabrics. According to the statistical information in our possession it appears that during the last five years for which particulars are available the quantity of fabrics made from wool mixed with other materials and known as "woollens" or "worsted" exported to New Zealand from the United Kingdom are as under:—

Year.	Quantity. Sq. Yds.	Value. £	Year.	Quantity. Sq. Yds.	Value. £
1928	..	1,354,064	1931	..	1,249,245
1929	..	1,504,934	1932	..	1,625,438
1930	..	1,381,991			158,568

(NOTE.—These values represent the f.o.b. values in the United Kingdom.)

Our view is that if the woollen manufacturing industry is to receive protection for all articles containing wool imported into the Dominion it should be prepared to consider seriously the manufacture of all grades of goods for which there is a public demand and which are of sufficient volume to enable production on a satisfactory basis to take place. We are of opinion that if, after a period of (say) two years the woollen mills are unable or are not prepared to manufacture such textiles the protection accorded on these goods should be withdrawn.

With respect to all wool products, we find that during recent years greater quantities of these lines are being imported than are manufactured locally. The Commission recognizes that in some cases there are special reasons for these importations, but we think that with respect to these goods there is still a large field for the development of the industry.

The Commission, of course, recognizes that the manufacturers should be in the best position to judge as to the collaboration which is necessary among themselves to ensure the greatest possible diversity of production on economic lines and as to the means by which this can be achieved.

After reviewing the whole matter and considering all the factors involved we are of opinion that tariff protection at 20 per cent. under the British Preferential Tariff should be accorded to piece-goods made wholly from wool and that in the meantime the duty on piece-goods not made wholly or essentially from virgin wool should be fixed at the same rate.

*Apparel and Hosiery.*—With respect to the apparel and hosiery manufacturing industries we would point out that these are of special importance in the employment of female workers. The industry is a very comprehensive one embracing as it does a wide range of articles. We would offer the following comments with respect to certain classes of these goods:—

(1) As regards men's and boys' overcoats, suits, and parts thereof, we are of opinion that, with the exception to be mentioned hereafter, the industry is sufficiently protected if the duty under the British Preferential Tariff were reduced to 20 per cent. *ad valorem*. Owing to the development of manufacturing in New Zealand the proportion of the value of such clothing made locally as compared with that of the clothing exported from the United Kingdom to New Zealand has considerably increased during the last few years for which statistics are available.

The following are the figures which approximately represent the position with respect to (1) overcoats and (2) men's and boys' suits, coats, vests, and trousers:—

(1) Overcoats—		1929.	1930.	1931.	1932.
Manufactured in New Zealand during the year ended 31st March		£	£	£	£
Exported from the United Kingdom to New Zealand during the calendar year		..	Not available.	138,000	249,356
(2) Men's and boys' suits, vests, and trousers—		..	173,035	159,108	61,005
Manufactured in New Zealand during the year ended 31st March		..	679,314	480,990	573,479
Exported from the United Kingdom to New Zealand during the calendar year		..	110,295	40,369	19,383

(NOTE.—The figures shown as exports from the United Kingdom are f.o.b. values in that country. The values of goods manufactured in New Zealand represent factory selling prices in the Dominion.)

There is, however, one aspect of the matter that should, we think, be considered. A considerable quantity of what may be regarded as low grade clothing is at present manufactured in the Dominion from certain imported textile materials of inferior quality containing wool. We are satisfied that if the duty on this class of clothing is reduced to 20 per cent. under the British Preferential Tariff and the existing rate retained on the materials the manufacture of such clothing could not be successfully carried on here. The demand for this clothing shows that it is required by the community. The fabrics in question form a portion of those to the manufacture of which, the Commission thinks, urgent consideration should be given by the woollen mills. To enable this question to be gone into and to avoid undue complexities in administration we are of opinion that the rate of duty under the British Preferential Tariff on these classes of clothing should for a period of (say) two years be fixed at 25 per cent. and that the question of reducing the rate to 20 per cent. *ad valorem* should then be considered in the light of the conditions existing at that time.

(2) With respect to silk and artificial silk socks and stockings, the local industry has recently been handicapped by the purchase of expensive plant to manufacture the goods which changing fashion demands, with the probable obsolescence of much of the machinery hitherto used. We are satisfied that the industry is one which is reasonably assured of sound opportunities for success. When the necessary adjustments have taken place we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. *ad valorem*, but in the meantime we think that for a period of at least two years the rate should be fixed at 25 per cent. *ad valorem*.

(3) With respect to the other articles included under this tariff item we recommend that the rates suggested be adopted. We have gone very fully into this matter and have taken evidence at all the centres visited and are satisfied that the quantity of such goods imported from abroad is decreasing and is negligible as compared with the total volume consumed.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued</i> .				
184	All articles n.e.i., made of textile, felt, or other piece-goods, or of any combination of the same, wholly or partly made up or manufactured, and not being apparel or clothing either wholly or partly made up	20 per cent. ad val.	45 per cent. ad val.	Representations were made on behalf of manufacturers in the United Kingdom and by New Zealand manufacturers with respect to the duty on handkerchiefs. The Commission regards the existing duties on handkerchiefs as a revenue one and does not regard the industry of manufacturing handkerchiefs in New Zealand from imported piece goods as of sufficient importance to warrant special consideration.
185	Umbrellas, parasols, and sunshades .. .. .	20 per cent. ad val. Free	45 per cent. ad val. Free	
186	Umbrella makers' materials—viz., textile piece-goods approved by the Minister, and on such conditions as he may prescribe; sticks; runners; notches; caps; ferrules; cups; ribs; stretchers; tips; rings; running and capping leathers; preventis; splicing - tubes; annealed wires up to 4 inches in length; springs; tassels; plated metal bands; fasteners or bands made up of elastic or webbing with all or any of the following attachments—ring, button, or tassel			

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS V.—TEXTILES, CLOTHING, DRAPERY, ETC.— <i>continued</i> .				
187	<i>Union textiles n.e.i.</i> , in the piece, the current domestic value of which does not exceed that specified by the Minister, when cut up and made into shirts, pyjamas, or underclothing, under such conditions and regulations as the Minister may prescribe (NOTE.—Until otherwise notified by Minister's Order, published in the <i>Gazette</i> , the current domestic value above referred to shall be deemed to be 1s. per yard.)	Free	10 per cent. ad val.	
188	Upholsterers' materials—viz. :—hair-seating and imitation hair-seating; <i>gimp</i> ; curled hair; tufts; studs; cord tips; cord-knot holders; blind or shade pulls, suited for the manufacture of blinds	Free	Free	
189	Upholstery n.e.i. .. .. .	15 per cent. ad val.	40 per cent. ad val.	No representations were made to the Commission with respect to the duty on upholstery. These goods have a considerable freight protection and the importations are relatively small. The Commission, after considering the information obtained, is of opinion that the duty under the British Preferential Tariff should be reduced to 15 per cent.
190	Waterproof material in the piece, having within, or upon it, a coating of rubber	Free	15 per cent. ad val.	Representations were made to the Commission that the duty on this material under the General Tariff should be increased to 25 per cent. These goods are a raw product for New Zealand industries, and the Commission is of opinion that the existing position should be maintained.
191	Yarn—viz., coir, flax, jute, and hemp .. .. .	Free	Free	
192	Yarns of cotton, silk, <i>artificial silk</i> , <i>imitation silk</i> , or mixtures of the same	Free	10 per cent. ad val.	
193	Yarns n.e.i. .. .. .	20 per cent. ad val.	45 per cent. ad val.	Representations were made to the Commission that the duty on these yarns should be reduced to 10 per cent. under the British Preferential Tariff. The industry of manufacturing woollen yarns in New Zealand is an efficient one, and the Commission, after reviewing the whole matter, is of opinion that the existing duties should be maintained.

## CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS.

194	Belts, and belting, n.e.i., for driving machinery; conveyor belts, and belting of rubber, textile, fibre, or combinations of these materials; cordage or rope on declaration that it will be used only for driving machinery	Free	25 per cent. ad val.	Representations were made to the Commission both by United Kingdom and New Zealand manufacturers with respect to the duty on boots and shoes. The industry as carried on in New Zealand contains some very efficient units employing a large number of work-people and using a considerable quantity of local materials. The Commission, after considering the evidence obtained and the production costs both in United Kingdom and New Zealand, is of opinion that to comply with the Ottawa Agreement the duty on boots and shoes under the British Preferential Tariff should be reduced to 20 per cent. ad val. Requests were also made that the range of boots and shoes to be exempted under item 195 should be modified. The Commission considers that in the interests of the general community the existing exemption under the British Preferential Tariff of children's boots and shoes should be maintained, and that to enable the New Zealand industry to function efficiently the range of exemption should not be extended. According to the information supplied to the Commission, the manufacture of slippers is carried on at a few factories only. Certain of the manufacturing units can be classed as efficient ones. It is considered that the rates of duty on slippers should be the same as those on boots and shoes.
195	Boots, shoes, shoettes, sandals, clogs, pattens, slippers, and goloshes—namely, children's 0 to 9 inclusive	Free	20 per cent. ad val.	
196	Boots, shoes, clogs, pattens, slippers, shoettes, sandals, goloshes, overshoes, and other footwear, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
197	Gumboots, half-knee, knee, or thigh, with soles either of leather or of rubber, and measuring not less than 9½ inches from the lowest point reached by the line of the top of the upper to a horizontal surface on which the boot is placed	Free	25 per cent. ad val.	
198	Grindery, viz. :— (1) Boot-protectors (2) Boot shoe and slipper heels, knobs, and soles, of rubber (3) Cork soles, and sock soles, except those composed wholly or partly of leather (4) Heel plates, and toe plates (5) Nails, pegs, rivets, and tacks, <i>peculiar</i> to use in boot-making (6) Shoemakers' binding and beading	Free Free Free Free Free Free	20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val.  Free Free	Heel plates, and toe plates—No representations were made to the Commission respecting this item. We do not consider that the making of these articles is an industry which should be assisted by a protective tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS—continued.				
Grindery, viz.:— <i>continued</i> .				
199	(7) Shoemakers' wax, and heel balls	Free	Free	The Commission has gone fully into the tanning industry, which occupies an intermediate position between the primary industries and the manufacture of leather goods. It utilizes a considerable quantity of New Zealand hides and skins and affords employment to a large number of persons. We offer the following observations with respect to certain kinds of leather:— <i>Chamois leather</i> .—Representations were made by United Kingdom and New Zealand manufacturers concerning the duty on chamois leather. We have considered the information obtained and have come to the conclusion that the existing duty of 20 per cent. ad val. under the British Preferential Tariff should be maintained. <i>Goat- and kid-skins</i> .— <i>Japanned and enamelled leather</i> .—An application was made for the imposition of duty on goat- and kid-skins to assist an industry which has only recently been commenced. The skins have to be imported, and owing to the great diversity of range required by manufacturers using such leather the Commission does not think that it is in the best interests of New Zealand that protection should be accorded to the industry. An application was also made for the imposition of duty under the General Tariff on these leathers and on japanned and enamelled leathers. From the information supplied to the Commission they have come to the conclusion that, as these leathers are raw material for industries in New Zealand, and as certain qualities, grades, &c., required for manufacturing in New Zealand cannot be satisfactorily obtained from the United Kingdom, the existing position should be maintained.
	(8) Wooden heels, plain, or covered with leather, textile, or celluloid, and with or without tops of leather or metal and leather (leather tops not to exceed $\frac{1}{2}$ inch in thickness)	Free	Free	
	(9) <i>Grindery</i> n.e.i.	Free	Free	
200	Hose, tubing, or piping, flexible, of canvas, rubber, metal, or other material (except leather), armoured or otherwise, n.e.i.	Free	25 per cent. ad val.	The Commission has gone fully into the tanning industry, which occupies an intermediate position between the primary industries and the manufacture of leather goods. It utilizes a considerable quantity of New Zealand hides and skins and affords employment to a large number of persons. We offer the following observations with respect to certain kinds of leather:— <i>Chamois leather</i> .—Representations were made by United Kingdom and New Zealand manufacturers concerning the duty on chamois leather. We have considered the information obtained and have come to the conclusion that the existing duty of 20 per cent. ad val. under the British Preferential Tariff should be maintained. <i>Goat- and kid-skins</i> .— <i>Japanned and enamelled leather</i> .—An application was made for the imposition of duty on goat- and kid-skins to assist an industry which has only recently been commenced. The skins have to be imported, and owing to the great diversity of range required by manufacturers using such leather the Commission does not think that it is in the best interests of New Zealand that protection should be accorded to the industry. An application was also made for the imposition of duty under the General Tariff on these leathers and on japanned and enamelled leathers. From the information supplied to the Commission they have come to the conclusion that, as these leathers are raw material for industries in New Zealand, and as certain qualities, grades, &c., required for manufacturing in New Zealand cannot be satisfactorily obtained from the United Kingdom, the existing position should be maintained.
	Leather, viz.:—	Free	10 per cent. ad val.	
	(1) Bookbinders' leather of qualities approved by the Minister and under conditions prescribed by him	Free	40 per cent. ad val.	
	(2) Chamois leather	20 per cent. ad val.	Free	The Commission has gone fully into the tanning industry, which occupies an intermediate position between the primary industries and the manufacture of leather goods. It utilizes a considerable quantity of New Zealand hides and skins and affords employment to a large number of persons. We offer the following observations with respect to certain kinds of leather:— <i>Chamois leather</i> .—Representations were made by United Kingdom and New Zealand manufacturers concerning the duty on chamois leather. We have considered the information obtained and have come to the conclusion that the existing duty of 20 per cent. ad val. under the British Preferential Tariff should be maintained. <i>Goat- and kid-skins</i> .— <i>Japanned and enamelled leather</i> .—An application was made for the imposition of duty on goat- and kid-skins to assist an industry which has only recently been commenced. The skins have to be imported, and owing to the great diversity of range required by manufacturers using such leather the Commission does not think that it is in the best interests of New Zealand that protection should be accorded to the industry. An application was also made for the imposition of duty under the General Tariff on these leathers and on japanned and enamelled leathers. From the information supplied to the Commission they have come to the conclusion that, as these leathers are raw material for industries in New Zealand, and as certain qualities, grades, &c., required for manufacturing in New Zealand cannot be satisfactorily obtained from the United Kingdom, the existing position should be maintained.
	(3) Goat-skins, and kid-skins, however dressed; <i>persians</i> ; <i>reptile</i> skins, dressed or undressed	Free	10 per cent. ad val.	
	(4) <i>Hide leathers</i> , kangaroo-skins, and wallaby-skins, <i>crust or rough tanned</i> , but <i>undressed</i>	5 per cent. ad val.	10 per cent. ad val.	
	(5) Hog-skins	Free	Free	The Commission has gone fully into the tanning industry, which occupies an intermediate position between the primary industries and the manufacture of leather goods. It utilizes a considerable quantity of New Zealand hides and skins and affords employment to a large number of persons. We offer the following observations with respect to certain kinds of leather:— <i>Chamois leather</i> .—Representations were made by United Kingdom and New Zealand manufacturers concerning the duty on chamois leather. We have considered the information obtained and have come to the conclusion that the existing duty of 20 per cent. ad val. under the British Preferential Tariff should be maintained. <i>Goat- and kid-skins</i> .— <i>Japanned and enamelled leather</i> .—An application was made for the imposition of duty on goat- and kid-skins to assist an industry which has only recently been commenced. The skins have to be imported, and owing to the great diversity of range required by manufacturers using such leather the Commission does not think that it is in the best interests of New Zealand that protection should be accorded to the industry. An application was also made for the imposition of duty under the General Tariff on these leathers and on japanned and enamelled leathers. From the information supplied to the Commission they have come to the conclusion that, as these leathers are raw material for industries in New Zealand, and as certain qualities, grades, &c., required for manufacturing in New Zealand cannot be satisfactorily obtained from the United Kingdom, the existing position should be maintained.
	(6) Leather, japanned, or enamelled; also such other leather specially suited for furniture and upholstery work, as may be approved by the Minister, and under conditions prescribed by him	Free	Free	
		Free	Free	

Leather, viz.:—*continued*.

- (7) Sole leather, being bands each weighing 14 lb. net or over  
(8) Leather n.e.i.; belts (not being apparel), and belting, wholly or partly composed of leather  
(9) Parchment or vellum made from skins

- 201 Leather board, or compo, composed of skivings, split leathers, leather scraps, or the same mixed with other material, cemented and pressed together, cut into shapes or otherwise  
202 Leather laces; vamps, and uppers; leather cut into shapes; clog and patten soles; leather leggings  
203 Leather manufactures n.e.i.  
204 Portmanteaux; trunks; bags of leather or of leather cloth; attache-cases, suit-cases, and similar receptacles (not including basketware, wickerware, or receptacles made of similar materials)

Rubber, manufactures of, viz.:—

- (1) Articles composed wholly or principally of rubber, viz.:—  
(a) Water beds and cushions, ice bags and caps, air beds, air cushions, urinals  
(b) Hot water bags and hot water bottles  
(2) Rubber gloves, n.e.i.  
(3) Rubber or gutta-percha solutions and cements  
(4) Rubber tiring suited for use on perambulator-wheels  
(5) Rubber tires, viz.:—bicycle, tricycle, perambulator, and similar, and inner tubes of rubber for pneumatic tires, not exceeding 1½ inches in diameter

*Sole leather in bands weighing 14 lb. or over, and leather n.e.i.*—Several applications were made for the modification of the existing duties on these items. Arguments were produced for and against altering the present position under the tariff of leather sole bands. A detailed examination of the industry showed that the manufacturers have formed an Association among themselves to utilize the services of a trained expert on the staff of the Department of Scientific and Industrial Research. The Commission is satisfied that certain tanneries are efficiently conducted and are producing high grade leather at a reasonable cost. We think that the maintenance of the existing duties under the British Preferential Tariff is in accordance with the principles contained in the Ottawa Agreement.

Various representations were made to the Commission with respect to the goods covered by these tariff items. After considering the information obtained we are of opinion that duty under the British Preferential Tariff should be reduced to 20 per cent. No representations were made to the Commission respecting this industry. On the information in possession of the Commission it is considered that protection at the rate of 20 per cent. under the British Preferential Tariff should be accorded to these goods.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VI.—LEATHER, LEATHER MANUFACTURES, GRINDERY, AND RUBBER GOODS—continued.				
<i>Rubber</i> , manufactures of, viz. :— <i>continued</i>				
	(6) Rubber tires, rubber tiring, and inner tubes of rubber for pneumatic tires, n.e.i.	15 per cent. ad val.	45 per cent. ad val.	The Commission is of opinion that the duties on the goods covered by this item and on those mentioned in item 335 (a) should, as far as possible, be at the same rates as those levied on motor vehicles under item 389.
	(7) Rubber tire repair <i>outfits</i> for bicycles, cycles, and motor vehicles, consisting of rubber solution, sheet rubber, and such other articles as may be enumerated by the Minister	Free	10 per cent. ad val.	
	(8) Rubber valves and teats for feeding-bottles, and rubber teats for use in feeding animals	Free	20 per cent. ad val.	
206	Saddlery, harness, whips, and whip-thongs .. ..	20 per cent. ad val.	45 per cent. ad val.	
207	Tanners' curriers', and bootmakers' <i>inks and stains</i> ..	Free	Free	
CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS.				
208	<i>Bottles and jars</i> , empty <i>plain</i> glass, not being cut or <i>ground</i> except as specified, viz. :— (1) <i>Bottles</i> or <i>jars</i> <i>specially suited</i> for the distribution of milk or cream; <i>siphon</i> bottles for aerated waters; <i>opal</i> glass bottles and jars; all bottles or jars <i>ground</i> only at the neck for stopper or cap; infants' feeding bottles with or without attachments (2) Other kinds, viz. :— (a) Having a <i>capacity</i> exceeding one fluid ounce... (b) N.e.i. .. ..	Free  20 per cent. ad val. Free	25 per cent. ad val.  45 per cent. ad val. 25 per cent. ad val.	The principal matter for consideration in connection with this tariff item is the industry of manufacturing glass bottles and jars at present carried on in the Auckland District. It utilises a considerable proportion of New Zealand materials, gives considerable employment, and is efficiently conducted. It has been in operation since 1922 and supplies a large proportion of the requirements of the Dominion. A close survey of the whole position, including production costs, shows that, in terms of the Ottawa Agreement, the duty under the British Preferential Tariff on the goods included under item 208 (2) (a) should be fixed at 20 per cent. ad val.
209	<i>Bottles and jars</i> , viz. :— <i>Plain</i> empty stone <i>bottles</i> ; <i>plain</i> empty earthen <i>jars</i> , up to 3 inches in diameter at the mouth, whether wickered or not	Free	20 per cent. ad val.	
210	<i>Jars</i> , or other dutiable vessels, containing free goods or goods subject to a specific rate of duty, and being ordinary trade packages for the goods contained in them	Free	Free	



211	Bricks, fireclay, and refractory materials, viz.:— (1) Firebricks .. .. (2) Bricks n.e.i. .. .. (3) <i>Refractory materials n.e.i.</i> , viz.: Ganister, silica clay, silica bricks, magnesite bricks, and similar bricks blocks or linings, specially suited for use in furnaces retorts and similar articles (4) Fireclay ground n.e.i. .. ..	Free Free Free  Free	25 per cent. ad val. Free Free  25 per cent. ad val.	Applications have been received by the Commission with respect to the duty included under this tariff item. Considerable numbers of firebricks are made in New Zealand. An examination of the position shows that there is a relatively large freight protection. In view of this and of the terms of the Ottawa Agreement, we consider that the existing duty under the British Preferential Tariff on firebricks and fireclay ground should be abolished.
212	Building materials, viz.:— (1) Roofing tiles, ridging, and finials, glass, and earthen .. (2) <i>Sheets</i> , plain or corrugated, roofing slates and tiles, ridging, and finials, composed of cement and asbestos or of similar materials (3) Plaster-pulp sheets, plasterboard, and <i>similar</i> materials (4) Roofing-slates n.e.i. .. ..	10 per cent. ad val. Free  10 per cent. ad val. Free	30 per cent. ad val. 15 per cent. ad val.  35 per cent. ad val. Free	Applications were received by the Commission with respect to duty on the goods included under item 212 (1). After a consideration of the evidence the Commission considers that the existing duty under the British Preferential Tariff should be maintained. The Commission has given consideration to the question as to the duty to be charged on the goods included under item 212 (3). An examination of the evidence, including the production costs in New Zealand, shows that the industry can be efficiently carried on if the duty under the British Preferential Tariff is reduced to 10 per cent. ad val.
213	Cement, Portland, and other structural, or building cement	8d. per cwt.	1s. 2d. per cwt.	The manufacture of cement has been carried on in New Zealand for many years. It utilises a large quantity of local materials and employs a considerable number of persons. The Commission regards it as an efficient industry. Cement is a product that enters largely into public works, building construction, farm work, and many other forms of industrial activity. It is therefore important that it should be obtainable at as low a cost as possible, consistent with the satisfactory functioning of the manufacturing industry. The evidence shows that, generally speaking, the industry is able to earn relatively large profits. The Commission is of opinion that the manufacture could be efficiently carried on with lower costs to users if the duty under the British Preferential Tariff were reduced to 8d. per cwt.
214	Chinaware, earthenware, and porcelainware, viz., <i>bouls</i> , cups, saucers, plates, jugs, <i>dishes</i> , tea-pots, and such <i>similar</i> articles, suited for <i>table use</i> , as may be approved by the Minister	20 per cent. ad val.	45 per cent. ad val.	This is a duty for revenue purposes reimposed in 1931. The Commission is of opinion that the duty under the British Preferential Tariff should be abolished as soon as financial conditions permit.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VII.—GLASS, CHINA, EARTHENWARE, STONE, AND CEMENTS— <i>continued</i> .				
215	Chinaware, earthenware, porcelainware, and stoneware, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	This item includes sanitary earthenware with respect to which representations were made both by United Kingdom and New Zealand manufacturers. The Commission is of opinion that this is a suitable industry for New Zealand, utilising a considerable amount of local material. After an examination of the evidence, including production costs, the Commission is satisfied that the existing duty under the British Preferential Tariff is in accordance with the Ottawa Agreement and should be maintained.
216	Drainage-pipes, drainage-tiles, conduit-pipes, and chimney-pots of earthenware, concrete, or <i>similar</i> materials	Free	25 per cent. ad val.	The Commission is of opinion that, with the relatively high freight protection on these goods, they can be economically manufactured and satisfactorily sold in competition with imported goods without any duty under the British Preferential Tariff.
217	Eyes, artificial	Free	Free	
218	Flooring, wall, hearth, and garden tiles	20 per cent. ad val.	45 per cent. ad val.	Representations were made to the Commission both for an increase in and abolition of the duty on the goods included under this tariff item. After considering the evidence we are of opinion that the duties should be left on their present basis.
219	Glass, <i>sheet</i> , common window or plate, whether polished, coloured, bent or otherwise, cut to any size or shape, n.e.i.	Free	10 per cent. ad val.	
220	Glass, plate or <i>sheet</i> , in sizes not exceeding 20 superficial feet, only on declaration that it will be used in the manufacture of bevelled or silvered glass	Free	Free	
221	Glass plates (engraved) for photo-lithographic work	Free	Free	No representations were made to the Commission by New Zealand manufacturers of these articles. The principal raw material, namely, sheet glass, is all imported and is admitted free. From the information obtained the Commission is of opinion that the rate of duty under the British Preferential Tariff should be reduced to 15 per cent. ad val.
222	Glass, bevelled, silvered, or with rounded or polished edges; mirrors, and looking-glasses, framed or unframed	15 per cent. ad val.	40 per cent. ad val.	
223	Glass cloches or bells specially suited for horticultural purposes	Free	Free	
224	Glass rods, tubes or tubing, <i>plain</i>	Free	10 per cent. ad val.	
225	Glassware n.e.i.; globes, and chimneys, for lamps, n.e.i.; lamps, lanterns, and lampwick, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
226	Lamps, <i>miners' safety</i> , and glasses therefor; lamps <i>peculiarly adapted</i> for use on harbour beacons and lighthouses, also <i>appliances peculiar to</i> such lamps; side lights, and head lights, especially suited for the use of ships	Free	Free	Applications were received for the imposition of duty under the General Tariff on miners' safety lamps and on lighthouse apparatus. As these goods are necessary for the preservation of life in mines and the safety of shipping, the Commission does not consider that any alteration should be made.

227	Lenses, all kinds, unmounted, and without attachments ..	Free	20 per cent. ad val.	An application was received for an increase of the General Tariff rate on these goods. In our opinion a preference margin of 20 per cent. on this class of goods is sufficient. An application was received for the imposition of duty at the rate of 10 per cent. under the General Tariff. As this is a raw material used extensively for industrial purposes, it is considered that the exemption should continue.
228	Plaster-of-Paris .. .. .	Free	Free	
229	Stone, viz.:— (1) Marble, <i>in the rough</i> , or <i>rough-sawn</i> , not <i>dressed</i> or <i>polished</i> (2) Granite, or other stone, n.e.i., <i>in the rough</i> , including scabbled from the pick (3) Granite, or other stone, n.e.i., <i>rough-sawn</i> , not <i>dressed</i> or <i>polished</i> (4) Granite, or other stone, and imitation stone, n.e.i., viz.:— (a) Dressed or polished .. .. . (b) Articles n.e.i. made therefrom or from cement (5) Marble dressed or polished and articles n.e.i. made from marble (6) Slates specially suited for the manufacture of billiard-tables	Free Free Free Free 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. Free	Free 10 per cent. ad val. 10 per cent. ad val. 40 per cent. ad val. 40 per cent. ad val. 20 per cent. ad val. Free	
230	Stones, mill, grind, oil, and whet .. .. .	Free	Free	
231	Watch glasses and <i>similar</i> articles .. .. .	Free	20 per cent. ad val.	The Commission does not consider that any useful purpose is served by maintaining a duty under the British Preferential Tariff on the goods included under item 229 (3). On the evidence in our possession we have come to the conclusion that the duty under the British Preferential Tariff on goods covered by items 229 (4) and (5) should be reduced to 20 per cent. ad val.
232	Antiques and works of art, as may be approved by the Minister, and on conditions prescribed by him provided that he is satisfied that such articles were produced or manufactured at least one hundred years prior to the date of importation	Free	Free	An application was received for a reduction in the duty on these goods. It is considered to be a revenue one, and we are of opinion that the existing rates should be maintained.
233	Artists' materials—viz., academy boards, canvas in the piece or on stretchers, oiled paper and drawing-paper in blocks, colours, palettes, and palette-knives	Free	25 per cent. ad val.	
234	Camera covers and cases .. .. .	20 per cent. ad val.	45 per cent. ad val.	
235	<i>Cards, playing</i> .. .. .	6d. per pack	1s. per pack	
236	Cigarette-papers entered to be warehoused in any licensed tobacco-factory for the manufacture therein of cigarettes	Free	Free	Various applications were made for the reduction or abolition of the duty on clocks. These goods are not made in New Zealand and the Commission regards the duties as revenue ones.
237	Clocks, time-registers, and time-detectors .. .. .	20 per cent. ad val.	45 per cent. ad val.	

## CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS.



248	(5) Musical instruments n.e.i. (6) Organ pipes and stop-knobs; metal piano frames; articles for the <i>manufacture or repair</i> of organs, harmoniums, pianos, or player-pianos—viz., <i>action work, player mechanism</i> , and keys in frames or otherwise (7) Strings of metal wire, catgut, or similar material, <i>especially suited</i> for musical instruments	10 per cent. ad val. Free	35 per cent. ad val. Free	
249	(1) Phonographs, gramophones, graphophones, and similar instruments, including accessories peculiar thereto, n.e.i. (2) Voice recording and reproducing appliances specially suited for office use, also record shaving appliances for use therewith	10 per cent. ad val. Free	35 per cent. ad val. Free	The Commission is of opinion that the duty on the goods included under this tariff item should be reduced by 10 per cent. ad val.
249	Records for phonographs, gramophones, and for <i>similar</i> instruments	Free	25 per cent. ad val.	An application was received for the exemption of dictaphones and similar instruments. We think that these goods should be placed on a similar footing to typewriters and similar articles for office use.
250	Tuning-forks, and other appliances, peculiarly suited for use in tuning musical instruments	Free	20 per cent. ad val.	
251	Paintings or pictures, painted or drawn by New Zealand students, within five years of the time of their departure from New Zealand for the purpose of undergoing a period of tuition abroad for the first time, upon evidence to the foregoing effect being produced to the satisfaction of a Collector of Customs	Free	Free	
252	Paintings, statuary, other works of art, curios, and other articles approved by the Minister, for display in public museums, the buildings of <i>public institutions</i> or art associations registered as corporate bodies, public parks or other public places, on such conditions as may be prescribed by the Minister	Free	Free	
253	Paintings, pictures, drawings, engravings, and photographs, n.e.i., framed or unframed; picture or photograph frames or mounts (NOTE.—No painting, drawing, or photograph, in any medium, shall be assessed at a value for duty exceeding £5, provided that if the Collector is of opinion that duty on the frame of any such painting, drawing, or photograph, is being, or is likely to be intentionally evaded or avoided by this provision, he may require that duty shall be charged separately on such frame.)	20 per cent. ad val.	45 per cent. ad val.	
254	Photographic cameras	20 per cent. ad val.	45 per cent. ad val.	Applications were received for reduction of duty on some articles included under this item. None of these goods is made in New Zealand. The Commission regards the duties as revenue ones.
255	Photographic goods n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
256	Photographs, unframed, of personal friends, not for purposes of trade	Free	Free	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS VIII.—FANCY GOODS, MUSICAL INSTRUMENTS, SPORTING GOODS, AND PHOTOGRAPHIC GOODS—continued.				
257	Precious stones, and <i>semi-precious</i> stones, cut or uncut, if unmounted or unset	5 per cent. ad val.	5 per cent. ad val.	The Commission regards the duties levied on these goods as revenue ones and thinks that the duty should be reduced by 5 per cent. ad val. This matter has been dealt with under Class II.
258	Sensitized surfaces, and albumenized paper, plain, not being postcards or other stationery	Free	25 per cent. ad val.	
259	Slides for magic lanterns	Free	Free	
260	Statues, statuettes, casts, and bronzes	20 per cent. ad val.	45 per cent. ad val.	
261	(1) Tobacco pipes, pouches, and cases, cigar and cigarette holders and cases	20 per cent. ad val.	45 per cent. ad val.	
262	(2) Cigarette papers n.e.i.	1½d. for every 60 cigarette papers	1½d. for every 60 cigarette papers	The Commission regards the duties on the goods included under this item as revenue ones. The increased duties imposed in 1931 have, in our opinion, encouraged industries for the manufacture of various lines of toilet preparations, &c., which are not considered to be compatible with Article 7 of the Ottawa Agreement. We therefore think that the duties should be reduced to the old rates, viz., 25 per cent. under the British Preferential Tariff and 50 per cent. under the General Tariff.
	Toilet preparations, and perfumery, n.e.i., including perfumed oil	25 per cent. ad val.	50 per cent. ad val.	
263	<i>Trophies, prizes, flags, medals, medallions, badges, and other decorations, which have been awarded or presented or which are to be awarded or presented to persons in New Zealand and which have been donated by persons resident abroad; trophies and prizes won abroad; medals, badges, flags, and similar articles, approved by the Minister, imported by New Zealand branches of the Navy League, St. John Ambulance Association, or similar patriotic ambulance or other societies</i>	Free	Free	Representations were made to the Commission that the duties under the General Tariff should be reduced. These goods are not made in New Zealand. The duties are therefore revenue ones and we think that the existing rates should be maintained.
264	Watches	20 per cent. ad val.	30 per cent. ad val.	

CLASS IX.—PAPER AND STATIONERY.

Many of the items included in this class affect the printing and stationery manufacturing industries of New Zealand. The Commission received a large volume of evidence respecting these industries. They are, generally speaking, efficiently conducted and give employment to a very large number of persons. We consider that the duties imposed on several classes of goods are higher than are necessary to maintain the industries on an efficient basis. After an examination of the mass of information in our possession we are of opinion that the rates recommended should be adopted. Special reference is made below to certain items included in this class.

265	Albums, all kinds	20 per cent. ad val.	45 per cent. ad val.
266	Bookbinders' materials—viz., head-bands, tacketing-gut, marbling-colours, blue or red paste for ruling-ink	Free	Free

Articles made of cardboard, papier-mache, or similar material, viz. :—  
 (1) Flower-pots, table and household utensils, n.e.i. ..  
 (2) Cream-mugs, honey-jars, and *similar receptacles*, printed or otherwise

20 per cent. ad val.  
Free

45 per cent. ad val.  
Free

Cream-mugs, &c.—

According to the evidence in the possession of the Commission, the goods included under this tariff item are not made in New Zealand. Requests were received for the imposition of duty under the General Tariff. As the articles are used in packing perishable goods and primary products in New Zealand, it is considered that they should be obtainable at the lowest possible cost. The Commission does not, therefore, recommend that the request be granted.

268

Cardboard boxes, and paper boxes, complete ; paper n.e.i., and cardboard, cut or shaped, for wrappers, boxes, or other receptacles

20 per cent. ad val.

45 per cent. ad val.

269

Cardboard, pasteboard, wood-pulp board, corrugated board, fibre board, strawboard and similar board, of size not less than 20 inches by 15 inches or the equivalent and weighing not less than 1½ oz. per sheet of 20 inches by 15 inches or the equivalent ; cloth-lined board of size not less than 20 inches by 15 inches or the equivalent ; *millboard*, of size not less than 15 inches by 15 inches or the equivalent

Free

Free

Various requests were made to the Commission respecting the goods covered by this tariff item, including the following—

(a) that duty at the rate of 20 per cent. ad val. should be imposed under the General Tariff on such materials when they were to be used for certain purposes. As these goods are all, generally speaking, raw materials for the industries of New Zealand, the Commission is of opinion that the existing position should be maintained.

(b) that duty should be imposed on wood pulp and fibre wall-board. These materials are not made in New Zealand and are essential for certain building purposes. The Commission does not think that duty should be levied.

270

Cardboard, pasteboard, wood-pulp board, corrugated board, millboard, fibre board, straw-board, and cloth-lined board, n.e.i.

20 per cent. ad val.

45 per cent. ad val.

271

Celluloid, and *similar* materials, plain, in sheets or rolls, unprinted, n.e.i.

Free

Free

272

Crayons, all kinds ..

Free

25 per cent. ad val.

273

Directories of New Zealand, or of any part thereof ; covers for directories

20 per cent. ad val.

45 per cent. ad val.

Not used.

274

Not used.

275

Handbills n.e.i., circulars, programmes, playbills, printed posters, trade catalogues, price-lists, and fashion-plates

6d. per lb.

1s. 6d. per lb.

276

(NOTE.—This shall not apply to trade catalogues or price-lists of the goods of firms or persons having no *established business* in New Zealand or to cut samples mounted in books or on folders or cards or to colour cards provided that such books, folders, or cards, are issued by and bear the name and overseas address of the firm or person whose goods are represented therein.)

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IX.—PAPER AND STATIONERY— <i>continued</i> .				
277	Ink powders, and ink pellets, n.e.i. . . . .	20 per cent. ad val.	45 per cent. ad val.	Many representations were made to the Commission with respect to the duty on inks. The industry of manufacturing inks in the Dominion is relatively a small one. According to the evidence submitted to the Commission they are of good quality. After a consideration of the evidence in our possession we are of opinion that the existing duties and exemption should be maintained.
278	Ink, printing, black, in packages containing not less than 1 cwt., the current domestic value of which does not exceed 7d. per lb.	Free	20 per cent. ad val.	
279	Ink, printing, n.e.i.; stencilling and similar inks; showcard or poster colours in <i>liquid</i> form	15 per cent. ad val.	40 per cent. ad val.	
280	Ink n.e.i., including writing, drawing, and marking ink . .	20 per cent. ad val., or 2s. per gallon, whichever rate returns the higher duty	45 per cent. ad val., or 4s. per gallon, whichever rate returns the higher duty	
281	Maps, charts, plans, and similar articles . . . . .	Free	Free	
282	Envelopes and bags, paper, n.e.i. . . . .	25 per cent. ad val.	50 per cent. ad val.	
283	Envelopes and bags of celluloid or <i>similar</i> material . . .	Free	25 per cent. ad val.	
284	Paper, viz.:—Bleached sulphite or similar paper, on declaration that it will be used only in the manufacture of twine or imitation wickerware	Free	Free	
285	Carpet-felt paper, and paper-felt n.e.i. . . . .	Free	20 per cent. ad val.	
286	Paper on declaration that it will be used only in the manufacture of cartridges (not including paper for wrapping cartridges or other goods)	Free	Free	
287	Emery-paper, emery-cloth, and glass-paper, cut into shapes, in rolls, or in sheets	Free	25 per cent. ad val.	
288	Filter-paper, and filter-papers; filter-pulp . . . . .	Free	Free	
289	Monotype-paper, in rolls, suitable for use with monotype machine	Free	20 per cent. ad val.	
290	Paperhangings . . . . .	Free	25 per cent. ad val.	
291	Paper-lace, embossed, and similar material, suitable for use in the manufacture of cardboard boxes	Free	Free	
292	Paper-pulp, for the manufacture of paper . . . . .	Free	Free	
293	Printing-paper and writing-paper, in rolls not less than 10 inches wide, wholly or partly carbon-coated on one side, on declaration that it will be used only in the manufacture of counter-check books	Free	Free	
294	Paper seed-pockets, printed, or lithographed, <i>especially suited</i> for packing seeds	Free	20 per cent. ad val.	
295	Paper, unprinted—viz.:—true vegetable parchment; glazed transparent greaseproof paper greaseproof imitation parchment paper and similar paper of such qualities as may be approved by the Minister	Free	Free	
296	Paper (other than <i>wrapping</i> paper) waxed, unprinted; also such paper printed and then <i>waxed</i>	Free	20 per cent. ad val.	



297	Paper, celluloid, or <i>similar</i> materials and wrappers made from such materials, <i>printed, lithographed, or ruled, n.e.i.</i>	20 per cent. ad val.	45 per cent. ad val.	
298	<i>Wrapping-paper</i> , printed or unprinted, viz.:— (1) In sheets of size not less than 20 inches by 15 inches or the equivalent or in rolls not less than 10 inches wide— (a) Of <i>substance</i> not lighter in weight than $\frac{1}{4}$ ounce per sheet of 20 inches by 15 inches or the equivalent (b) N.e.i. . . . .	6s. 6d. per cwt.	10s. 6d. per cwt.	The Commission received a large amount of evidence and went fully into the question as to the duty which should be imposed on wrapping paper. No representations were, however, made by United Kingdom manufacturers of such paper. The industry of paper making has been carried on in New Zealand for many years and at present employs a considerable number of persons. It is a large user of New Zealand fuel and power, although the principal raw material is imported. We are of opinion that the existing duties should be maintained.
299	(2) In sheets of size less than 20 inches by 15 inches or the equivalent or in rolls less than 10 inches wide (except such rolls specially suited for industrial or <i>similar</i> purposes in such widths not exceeding 2 inches as the Minister may determine) Paper of qualities and sizes approved by the Minister, on declaration that it will be used by orchardists only in wrapping fruit	6s. 6d. per cwt., or 20 per cent. ad val., whichever rate returns the higher duty 20 per cent. ad val.	10s. 6d. per cwt., or 45 per cent. ad val., whichever rate returns the higher duty 45 per cent. ad val.	
300	Paper, viz.:— (1) Carbon and <i>similar</i> copying paper . . . . . (2) N.e.i., including tin-foil paper, and gummed paper n.e.i.,— (a) In sheets of size less than 20 inches by 15 inches or the equivalent (b) In sheets of size not less than 20 inches by 15 inches or the equivalent (c) In rolls less than 10 inches wide except such rolls specially suited for industrial or <i>similar</i> purposes in such widths not exceeding 2 inches as the Minister may determine (d) In rolls n.e.i. . . . .	Free Free 20 per cent. ad val. Free 20 per cent. ad val. Free	Free 20 per cent. ad val. 40 per cent. ad val. 10 per cent. ad val. 40 per cent. ad val. 20 per cent. ad val.	Representations were made to the Commission respecting the duty on carbon paper. After going into the matter, we are of opinion that the industry of cutting and packeting carbon paper is not one suited to New Zealand. We think that the existing duty under the British Preferential Tariff—item 300 (1) (b)—should be abolished.  Representations were made (a) that the duty under the General Tariff should be increased to 20 per cent., and (b) that certain kinds of printing paper of foreign origin should be admitted free. With respect to the former, the view taken by the Commission is that paper covered by this tariff item is raw material for the stationery manufacturing and printing industries and that higher duty should not be levied. As regards the second request, a duty of 10 per cent. was imposed as a result of the Ottawa Conference, and in view of this the Commission could not recommend a variation of the same.
301	Printed books papers music or advertising-matter, n.e.i. . .	Free	Free	
302	Religious tracts handbills and folders . . . . .	Free	Free	
303	Show-cards, and calendars, all kinds, including glacier stickers suited for exhibition on windows	20 per cent. ad val.	45 per cent. ad val.	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS IX.—PAPER AND STATIONERY—continued.				
304	Stationery, and paper, manufactured—viz., account-books, scribbling-books, letter-books, copying letter-books, counter books, guard books, copy-books with headlines on each page, drawing-books, sketch-books, diaries, birthday-books, scribbling, and letter blocks; book-covers; book-markers; billhead, invoice, and statement forms, cheque, and draft forms; tags; labels, all kinds; printed window-tickets; blotting-pads; Christmas, New Year, birthday, Easter, and other booklets and cards, n.e.i.; printed, lithographed, ruled, or embossed stationery, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
305	Stationery n.e.i.; cards, printers' menu, programme, calendar, Christmas, and similar, of cardboard, celluloid or similar material, edged, or having embossed or printed thereon such words as "Menu," "Calendar," "Christmas Greetings," but otherwise unprinted, and suited to be completed in New Zealand	20 per cent. ad val.	45 per cent. ad val.	
306	Sunday school and day school lesson sheets and cards; Sunday school tickets, and <i>reward</i> cards, being scriptural or religious motto cards, and having no reference on them to Christmas, New Year, Easter, or birthdays	Free	Free	
CLASS X.—METALS AND MACHINERY.				
307	Ball bearings, and roller bearings, not being ball or roller bearing plummer or hanger blocks; steel balls, and rollers, suitable for ball or roller bearings	Free	15 per cent. ad val.	
308	Beekeepers' tools, implements, and apparatus—viz., metal fittings for beehives, bee-smokers, wax-extractors, queen-cages, comb foundation, foundation machines, honey-knives, honey-extractors, queen-rearing outfits, wax-presses, <i>tools peculiar to bee-keepers' use</i> , gloves of textile soaked in oil, and rubber gloves, specially suited for beekeepers' use, and such other articles, appliances, and implements, <i>peculiar to use in beekeeping</i> , as may be approved by the Minister	Free	Free	Application was received for the imposition of duty on comb foundation. As this is a raw material for the use of beekeepers it is not considered advisable that duty should be imposed.
309	Bel lows n.e.i.			
310	Bolts, and bolt ends, up to 24 inches in length, including insulator bolts, n.e.i.; nuts, blank or screwed; metal threaded screws, screws for wood; set-screws, engineers' studs, taper pins, and split pins; rivets and washers	20 per cent. ad val. Free	45 per cent. ad val. 20 per cent. ad val.	
311	Buckles, and <i>similar</i> articles, wholly of metal (other than precious metal) even if covered with leather or cloth	Free	25 per cent. ad val.	
312	Castors <i>suited</i> for furniture	Free	25 per cent. ad val.	

313	Chain, and chains, metal (other than key, watch, bracelet, pendant, eyeglass, and similar chains, and chain made of precious metal), plain, or with hook, swivel, or ring attached, n.e.i.	Free	20 per cent. ad val.	
314	Chain-belt (not being conveyor chain or belting), loose-link, and other	Free	25 per cent. ad val.	
315	Clips, tags, rings, and <i>similar</i> articles, for the identification of live-stock, poultry, fish, and other animals; metal labels with names of trees plants or shrubs stamped or cast thereon, specially suited for use in botanical gardens, public parks, and similar places	Free	Free	
316	Cocks, metal, low pressure, not exceeding $\frac{1}{2}$ inch in <i>internal diameter</i> , and lubricators, on declaration by a manufacturer that they will be used by him solely in the completion of articles in New Zealand	Free	Free	
317	Culverts of galvanized corrugated iron (of 10 to 18 Birmingham wire gauge), iron gates for the same, and fluming of plain or corrugated galvanized iron (of 10 to 18 Birmingham wire gauge), on declaration by an official of a duly constituted local government body that they will be used only on public works	Free	Free	
318	Cylinders for compressed gases	Free	Free	
319	Eyelets n.e.i.	Free	20 per cent. ad val.	
320	Filters, and appliances specially suited for the chemical treatment of water, as may be approved by the Minister, on declaration by an official of a duly constituted local government body that they will be used only in purifying water-supplies	Free	25 per cent. ad val.	
321	Firearms and fittings therefor, viz.:— (1) Rifles, .22 calibre; rifles, .303 calibre (including service fittings therefor); rifles, n.e.i., of such calibres as may be authorized by the Minister of Defence (including service fittings therefor) (2) Sights for military rifles, of such patterns as may be approved by the Minister; cleaning rods specially suited for use with rifles of .22 calibre, or with rifles of such calibre as may be authorized by the Minister of Defence	Free	25 per cent. ad val.	
322	(3) Firearms n.e.i. Cartridges, cartridge cases, and materials for the manufacture thereof, viz.:— (1) Cartridges— (a) Shot, 10 to 24 bore  (b) Shot, n.e.i. (c) Ball, .22 calibre (d) N.e.i.	20 per cent. ad val.  3s. per 100, or 30 per cent. ad val., whichever rate returns the higher duty  25 per cent. ad val. Free 20 per cent. ad val.	45 per cent. ad val.  5s. per 100, or 55 per cent. ad val., whichever rate returns the higher duty  50 per cent. ad val. 25 per cent. ad val. 45 per cent. ad val.	

An application was received for the imposition of duty on the goods included under this tariff item. As the articles are essential to the primary and other industries, we do not consider that a protective tariff would be advisable.

A considerable amount of evidence was obtained by the Commission with respect to the articles included under this tariff item, especially from the local manufacturers of cartridges, &c., in Auckland. We are of opinion that the existing duties should be maintained.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
Cartridges, &c.—continued.				
323	(2) Cartridge cases— (a) 10 to 24 bore .. .. .	1s. 6d. per 100, or 30 per cent. ad val., whichever rate re- turns the higher duty	2s. 6d. per 100, or 50 per cent. ad val., whichever rate re- turns the higher duty	
	(b) N.e.i. .. .. .	25 per cent. ad val. 30 per cent. ad val.	45 per cent. ad val. 50 per cent. ad val.	
324	(3) Parts of cartridge-cases, including tubes for the manu- facture of cartridge-cases; gun-wads, all kinds .. .. .	10s. per cwt. Free	20s. per cwt. Free	
	(4) Shot and bullets .. .. .	Free	Free	
325	(5) Metal cups for the manufacture of cartridge-cases .. .. .	Free	20 per cent. ad val.	
	Percussion caps; detonators .. .. .	Free	20 per cent. ad val.	
326	Guns, tools, and ammunition, specially suited for use in whaling .. .. .	Free	20 per cent. ad val.	
	Fire engines; chemical fire-engines; chemical fire- extinguishers, including such chemicals n.e.i. for charging the same as may be approved by the Minister; fire-hose, and couplings therefor, portable fire-escapes, fire-ladders, also fire-reels, on declaration that they will be used only by fire-brigades; and such other articles (including firemen's helmets) peculiar to use by fire-brigades or in fire extinguishing, as may be approved by the Minister .. .. .	Free	25 per cent. ad val. 45 per cent. ad val.	
327	Fishhooks, unmounted and without attachments .. .. .	Free	25 per cent. ad val. 45 per cent. ad val.	
	Galvanized-iron manufactures, n.e.i., made up from galvan- ized iron, or from plain sheet iron and then galvanized; japanned or lacquered metalware; furniture, cabinet- ware, and shelving, specially suited for office shop or warehouse use, made up from sheet metal not exceeding 0·080 inch in thickness .. .. .	Free	25 per cent. ad val. 45 per cent. ad val.	

Representations were made to the Commission with respect to the protection to be accorded to the industry of manufacturing furniture, cabinetwork and shelving specially suited for office or warehouse use. In this connection it was urged that there were advantages through the importation of certain parts from the United Kingdom for use in New Zealand in the manu-  
facture of the completed articles. This was to be arranged under an agreement between the manufac-  
turers in the two countries by which the New Zealand  
manufacturer undertook to take from the United King-  
dom manufacturer materials representing a certain  
percentage of the New Zealand works cost of certain  
articles.

On the evidence before the Commission we do not regard such arrangements as being in the best interests of the industrial and economic welfare of the Dominion. Some of the objections which might be raised are the following :—

- (a) The New Zealand manufacturer may be limited in the source of his supply of parts.
- (b) It might be necessary for the local manufacturer to purchase from abroad articles which could have been economically produced in New Zealand.
- (c) A portion of the saving of the cost of manufacture in the United Kingdom compared with manufacture in New Zealand would be discounted by a second profit having to be taken on the imported parts during the final manufacture.
- (d) If, under such an arrangement, the United Kingdom manufacturer is restricted in the selling of the complete articles, the effect would be to reduce competition in this market.
- (e) If, consequent upon such an arrangement, the imported parts were exempted from duty, the following difficulties might arise :—
  - (i) The admission free of articles which might have been economically made in New Zealand.
  - (ii) Different agreements might involve a variation in the list of articles admissible free.

In the particular case in question the evidence shows that the industry of manufacturing steel filing cabinets cannot be profitably carried on in New Zealand except by levying a duty at the rate of 25 per cent. ad val. under the British Preferential Tariff as well as exempting from duty the imported parts. The Commission considers that an industry requiring such a relatively high protection under the circumstances stated is not in the best interests of the Dominion and should be regarded as an uneconomic one, especially in view of the limited market for goods of this nature. On these grounds a recommendation cannot be made in favour of a protective duty. It is considered that these, along with other articles of office equipment, are reasonably subject to a revenue duty which the Commission thinks should be fixed at 20 per cent. under the British Preferential Tariff. It is considered that the other articles which are covered by the existing Tariff item 327 and which are of a class economically made in New Zealand are sufficiently protected by a duty of 20 per cent. under the British Preferential Tariff.

No representations were made to the Commission respecting this matter. It is considered that, in the interests of the poultry industry, incubators should be admitted free under the British Preferential Tariff.

328	Implements and fittings specially suited for use in straining or stretching fencing wires	Free	10 per cent. ad val.
329	Incubators for poultry-raising	Free	20 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY.— <i>continued.</i>				
330	Iron drums, empty, not exceeding 10 gallons capacity .. .. .	Free	20 per cent. ad val.	Considerable evidence was received by the Commission with respect to the industry of manufacturing agricultural implements and machinery at present carried on in New Zealand. The protection on this class of goods is relatively low, and it is considered to be in the interests of primary producers that such an industry should be maintained in the Dominion. We recommend that there should be no alteration in the existing duties.
331	Lawn-mowers .. .. .	20 per cent. ad val.	45 per cent. ad val.	
332	Adding and computing machines and instruments; accounting and book-keeping machines; cash registering machines, not including recording paper; combined adding and typing machines; typewriters (including covers); duplicating machines and apparatus, n.e.i.; addressing machines	Free	25 per cent. ad val.	
333	Agricultural implements and machinery, viz.:— (1) Cultivators; harrows; ploughs; drills; seed and fertilizer sowers or distributors combined or separate; lime sowers; seed or grain cleaners, and cellular seed or grain separators	10 per cent. ad val.	35 per cent. ad val.	Representations were made to the Commission that duty should be levied under the General Tariff on certain implements and machinery covered by this item. Implements of these classes are not made in New Zealand. We are of opinion that it is not in the best interests of the Dominion that such a duty should be imposed.
334	Dairying machinery, and appliances, viz.:— (1) <i>Churns</i> , power driven, including butter-workers; butter-packers, butter-pounders, and cheese-presses (2) <i>Dairying machinery n.e.i.</i> , including <i>coolers</i> but not including coil pipes or <i>similar</i> articles; machinery <i>specially suited</i> for use in the manufacture of dried milk, casein, sugar of milk, or other milk product; also the following articles on declaration that they will be used only in dairy factories, or in the manufacture of dried milk or other milk products, viz., vacuum-pans vats or tanks, lined with glass porcelain or enamel, milk-pasteurizers (not being coil pipes or <i>similar</i> articles)	Free  Free	20 per cent. ad val.  Free	Application was made to the Commission for the imposition of duty on foreign cream separators. These machines are of vital importance to the dairy industry. It is admitted that on a previous occasion separators manufactured by the firm in question were found not to be entirely satisfactory. New models have now been introduced which may prove to be equal to the foreign article. The Commission is of opinion that the new machines should be in use for some considerable period before it can be definitely affirmed that they are in all respects satisfactory. We think that, in the meantime, the existing position should be maintained.

- (a) Specially suited for use on *cycles* and motor vehicles  
 (b) Specially suited for use on tractors or traction engines, on declaration that they will be used only on such tractors or traction engines

Engines (including necessary controlling-gear therefor) specially suited for flying machines, on declaration that they will be used solely in the manufacture or completion of the same

Engine governors and turbine governors

*Machinery or appliances, electrical, viz. :—*

- (1) Machinery or appliances peculiar to the generation of electricity, to the transformation of pressures of electric currents, or to the conversion of one type of electric current to another; electric motors; slide rails for electric generators or electric motors  
 (2) Switchboards, fuse boards, and distribution boards or boxes for electric circuits; shunt or voltage regulators; starters or controllers for electric motors; rheostats, and resistances n.e.i. including reactance or choking coils, for the reduction or control of electric currents, condensers, relays, electro-magnets, switches, wall-plugs and shoes or sockets therefor, circuit breakers, circuit makers, cut-outs, fuses, wire or cable connectors and *similar* articles, and terminals; lightning arresters for the protection of electrical apparatus  
 (3) Carbons or electrodes for arc lamps, for electric furnaces, or for electric welding  
 (4) Electrical appliances peculiar to electro plating, electro-chemistry, electro-metallurgy, surgery, telegraphy, telephony including wireless broadcast receiving *sets* not mounted in *cabinets* but not including *cabinets* or parts of *cabinets* for such sets; X-ray tubes and electrical vacuum tubes not suitable for purposes of illumination  
 (5) Electric locomotives; trolley-poles or collectors for electric tram-cars or electric locomotives; frogs, crossings, and line-ears, for overhead conductors for electric railways or tramways; rail bonds with terminals attached  
 (6) Metal *poles* or *towers*, specially suited for use in electrical transmission-lines  
 (7) Insulated cable and wire; carbon in block, sheet, or rod; mica, vulcanite, insulating-tape, and other insulating materials n.e.i., not including insulating-piping or tubing, or insulating fittings for pipes

See remarks under item 205 (6).

45 per cent. ad val.  
 20 per cent. ad val.

10 per cent. ad val.

25 per cent. ad val.

25 per cent. ad val.

25 per cent. ad val.

Representations were made to the Commission requesting a modification of the duties and exemptions provided for under this heading. Certain of these goods form parts of articles at present admitted free under the British Preferential Tariff, and protection was desired on the ground that they were made in New Zealand. The Commission does not consider that the goods in question are of sufficient importance to warrant protection. Requests were also made that certain articles at present covered by paragraph (10) should be admitted free under the British Preferential Tariff. These articles are not made in New Zealand, and the Commission regards them as reasonable items for revenue purposes.

Many representations were made with respect to the duty on wireless broadcast receiving sets. A leading local manufacturer did not request protection from sets manufactured in the United Kingdom. A large number of persons is at present employed in the industry, but in view of the rapid changes in models manufactured abroad, the technological research which has to be undertaken, the limited market in the Dominion, and the fact that certain essential parts have to be imported, the Commission is doubtful whether it is an industry suited to New Zealand conditions. We are of opinion that, to comply with the Ottawa Agreement, wireless broadcast receiving sets manufactured in the United Kingdom should be admitted free. The existing duty of 35 per cent. ad val. should, we think, be maintained on the foreign sets.

25 per cent. ad val.

25 per cent. ad val.

25 per cent. ad val.

25 per cent. ad val.

25 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
<i>Machinery or appliances, electrical—continued.</i>				
339	(8) Sparking-plugs for oil engines .. ..	Free	25 per cent. ad val.	Considerable evidence was received by the Commission with respect to gas meters. The industry of making these goods for domestic use is being efficiently carried on in the Dominion. Employment is given to a considerable number of persons, and we think that an article satisfactory to purchasers is being produced. After a consideration of the evidence, including the production costs, the Commission is of opinion that, under the Ottawa Agreement, the industry is entitled to protection at the rate of 10 per cent. under the British Preferential Tariff. The larger types of gas meters including station meters, are not being made in the Dominion, and the Commission considers that these should be admitted free under the British Preferential Tariff.
	(9) Wireless broadcast receiving sets mounted in cabinets (10) N.e.i. .. ..	Free	35 per cent. ad val.	
	Incandescent filament electric-lamp bulbs, not being peculiar to surgical use, and having, at the marked voltage, a power consumption—	20 per cent. ad val.	45 per cent. ad val.	
	Not exceeding 8 watts .. ..	1d. per bulb	2½d. per bulb	
	Exceeding 8 watts and not exceeding 80 watts .. ..	2d. per bulb	6½d. per bulb	
340 341 342	Exceeding 80 watts and not exceeding 180 watts .. ..	3d. per bulb	1s. 3d. per bulb	Considerable evidence was received by the Commission with respect to gas meters. The industry of making these goods for domestic use is being efficiently carried on in the Dominion. Employment is given to a considerable number of persons, and we think that an article satisfactory to purchasers is being produced. After a consideration of the evidence, including the production costs, the Commission is of opinion that, under the Ottawa Agreement, the industry is entitled to protection at the rate of 10 per cent. under the British Preferential Tariff. The larger types of gas meters including station meters, are not being made in the Dominion, and the Commission considers that these should be admitted free under the British Preferential Tariff.
	Exceeding 180 watts—	6d. per bulb	1s. 3d. per bulb	
	For the first 180 watts .. ..	3d. per bulb	7½d. per bulb	
	For each additional 100 watts or fraction thereof .. ..	10 per cent. ad val.	35 per cent. ad val.	
	Electric lamps n.e.i., not being peculiar to surgical use ..	Free	20 per cent. ad val.	
342A	Omitted.			Considerable evidence was received by the Commission with respect to gas meters. The industry of making these goods for domestic use is being efficiently carried on in the Dominion. Employment is given to a considerable number of persons, and we think that an article satisfactory to purchasers is being produced. After a consideration of the evidence, including the production costs, the Commission is of opinion that, under the Ottawa Agreement, the industry is entitled to protection at the rate of 10 per cent. under the British Preferential Tariff. The larger types of gas meters including station meters, are not being made in the Dominion, and the Commission considers that these should be admitted free under the British Preferential Tariff.
	<i>Measuring, counting, testing, indicating, and recording machines, instruments, and appliances, n.e.i.; drawing instruments; compasses, not being watch-chain pendants</i>			
	<i>Gas meters:—</i>			
	(1) Having a maximum capacity not exceeding 450 cubic feet .. ..	10 per cent. ad val.	30 per cent. ad val.	
	(2) N.e.i. .. ..	Free	20 per cent. ad val.	
343	<i>Machinery peculiar to mining or gold-saving, n.e.i. (not including dredging machinery or screens for same); grizzly bars; ore-crushing rolls; ore-feeders; stamper batteries, and steel shoes and dies for same; concentrators; battery-screening, woven punched or drilled, also similar screening on declaration that it will be used only for gum washing; also the following machinery and engines on declaration that they will be used only for mining (including quarrying) purposes, viz., air compressors (not including the motive power for driving the same), fuel economizers, capstan engines, winding engines (including drums therefor), pumps</i>	Free	25 per cent. ad val.	



344	Power driven spray pumps including <i>oufits</i> therefor, as may be approved by the Minister, specially suited for agricultural uses	Free	Free
345	Pumps <i>peculiar</i> to use in <i>dairying</i> or in the manufacture of dried milk or other milk product (except vacuum pumps suited for use with milking-machines and any other pump which the Minister is satisfied could have been made economically in New Zealand)	Free	20 per cent. ad val.
346	Pumps for raising or distributing liquids, n.e.i.; vacuum-pumps, including those suited for use with milking-machines	20 per cent. ad val.	45 per cent. ad val.
347	<i>Sheep-shearing and horse-clipping-machines</i> .. ..	Free	10 per cent. ad val.
348	<i>Traction engines and tractors</i> ; <i>portable</i> steam engines on wheels, with boilers of locomotive type; <i>road-rollers</i> , self propelled	Free	10 per cent. ad val.
349	Weighing machines, scales, and balances, n.e.i. . .	Free	25 per cent. ad val.
350	Omitted.		
351	Machinery, machines, machine tools, and <i>appliances</i> , viz.:— (1) Anvils, forges, and hearths, viz.:—Blacksmiths', and similar (2) Blacksmiths' braziers', assay, and treadle-power bellows (3) Boring and well-drilling machinery; rock drills, and diamond drills; coal cutters (4) Blowers, and fans, viz.:—Exhaust, blast, and ventilating; vacuum cleaners (5) Card clothing suitable for use in woollen mills and paper mills (6) Crucibles .. .. (7) Grinding machines, emery, and similar; emery and similar wheels	Free Free Free Free Free Free Free	25 per cent. ad val. 25 per cent. ad val. 25 per cent. ad val. 25 per cent. ad val. 25 per cent. ad val. 20 per cent. ad val. 25 per cent. ad val.

Representations have been made to the Commission with respect to the duty on pumps. Various types of pumps are made in New Zealand. We consider that the industry is an efficient one. After considering the evidence we are of opinion that pumps of the classes made in New Zealand should be protected by a duty under the British Preferential Tariff of 20 per cent. ad val. and that, subject to considerations of revenue, other classes of pumps should be admitted free of duty under the British Preferential Tariff.

Several representations were made to the Commission asking that the existing duty under the British Preferential Tariff on the goods included under this item be abolished. No representations were made by any New Zealand manufacturers. These articles are used extensively for commercial and industrial purposes, and the Commission is of opinion that, subject to revenue considerations, these goods should be admitted free of duty under the British Preferential Tariff.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
352	Machinery, &c.—continued.			
	(8) Grinding mills, grinding pans, ball mills, tube mills, bone crushers, corn mills, coffee and spice mills, food chopping, mincing, and similar machines	Free	25 per cent. ad val.	
	(9) Sewing machines	Free	Free	
	(10) Knitting and kitting machines	Free	25 per cent. ad val.	
	(11) Peculiar to metal-working, wood-working, stone-working, or glass-working	Free	25 per cent. ad val.	
353	Machinery, machines, machine tools, engines, and <i>appliances</i> , as may be approved by the Minister, peculiar to use in manufacturing, industrial and similar processes (NOTE.—The Minister may refuse to approve the entry of any article under this item if he is satisfied that the same could have been made economically in New Zealand.)			
	Machinery, machines, engines, and <i>other appliances</i> , n.e.i., viz. :— (1) Gas heating and gas cooking appliances ; valves, cocks, and <i>similar</i> articles, of brass or other <i>copper-alloy</i>	25 per cent. ad val.	50 per cent. ad val.	Gas heating and gas cooking appliances—Representations were made to the Commission with respect to the duty on gas heating and cooking appliances. The industry of manufacturing these articles is carried on efficiently in New Zealand and a considerable number of persons is employed. After considering the information available, we are of opinion that the existing rates should be maintained. Valves, cocks, &c.—Several applications were received by the Commission with respect to the duty on these goods. The industry of manufacturing these articles is carried on efficiently in New Zealand.
	(2) Hydro extractors	Free	25 per cent. ad val.	After reviewing the whole position, the Commission considers that the existing duty under the British Preferential Tariff should be maintained. This industry gives employment to a considerable number of persons. Representations were made to the Commission with respect to hydro extractors. Owing to the limited demand, it is considered that the industry is not suited to New Zealand conditions. We are of opinion that these articles, which are used by other industries in the Dominion, should be admitted free under the British Preferential Tariff.

(3) Gas compressing machines, viz.:—ammonia compressors	10 per cent. ad val.	25 per cent. ad val.	<p>Several representations were made to the Commission with respect to the duty on the goods covered by this item. The industry of manufacturing these goods is carried on to a certain extent in the Dominion, but after examining all the evidence obtained we have come to the conclusion that it is not one to which, under the Ottawa Agreement, protection should be afforded. From the revenue aspect the Commission would point out that the installation of electric cooking and heating appliances in the Dominion, through the consumption of current, directly or indirectly increases the revenue. On this account we think that all these appliances should be obtainable at the lowest possible cost.</p> <p>For the above reasons we recommend that the duty under the British Preferential Tariff be abolished.</p>
(4) Electric cooking and electric heating appliances	Free	25 per cent. ad val.	
(5) Stone crushing machines, viz.:— <i>jaw crushers</i>	10 per cent. ad val.	35 per cent. ad val.	<p>Representations were made to the Commission with respect to the duty on jaw crushers, which are used in crushing metal for road making and other constructional work. After considering the information available, we have come to the conclusion that the rate of duty under the British Preferential Tariff should be reduced to 10 per cent. ad val.</p>
(6) Concrete mixers	15 per cent. ad val.	40 per cent. ad val.	<p>The Commission has received representations with respect to the duty on concrete mixers. These articles are made satisfactorily in New Zealand. From the evidence available we are of opinion that duty under the British Preferential Tariff should be reduced to 15 per cent. ad val.</p>
(7) Other kinds	20 per cent. ad val.	45 per cent. ad val.	<p>Oil engines—Representations were made by United Kingdom and New Zealand manufacturers of oil engines. The local manufacturers requested that a duty of 20 per cent. under the British Preferential Tariff should be imposed. According to the evidence in the possession of the Commission, the article produced in the Dominion is satisfactory and the industry is an efficient one.</p> <p>We are of opinion that duty under the British Preferential Tariff should be fixed at the rate of 20 per cent. ad val.</p>
			<p>Insulators—Representations were made to the Commission with respect to the duty on electric insulators. These articles (except those for very high voltages) are made satisfactorily in the Dominion.</p> <p>After a consideration of the evidence, we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.</p>

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
354	<i>Artificers' tools</i> , n.e.i., not including brushes or brushware; and the following tools—viz., axes, hatchets, spades, shovels, forks, picks, mattocks, hammers, scythes, sheep-shears, reaping-hooks, scissors (not less than 10 inches in length), butchers' and other cleavers and choppers, hand-saws, saw-blades machine or hand	Free	25 per cent. ad val.	
355	Bill-hooks, bush-hooks, slashers, and hedge-knives	Free	25 per cent. ad val.	Representations were made to the Commission with respect to the goods included under this item. They are made in the Dominion but the employment given by this industry is relatively small. We consider that, in view of the importance of these articles to the farming community, the duty under the British Preferential Tariff should be abolished.
355A	Tanks, rectangular, of sheet iron, of capacity not less than 200 gallons, if imported containing goods	Free	25 per cent. ad val.	These are usual containers for certain classes of goods imported into New Zealand, and we are of opinion that they should be admitted free under the British Preferential Tariff.
356	Hardware, hollowware, and ironmongery n.e.i.; manufactured or partly manufactured articles of metal, and manufactured or partly manufactured articles of metal in combination with any other material, n.e.i.	20 per cent. ad val.	45 per cent. ad val.	The Commission offers the following observations respecting the undermentioned articles falling under this tariff item :— <i>Petrol pumps</i> —The Commission received representations with respect to the duty on petrol pumps. These articles are made to some extent in New Zealand, but the Commission does not consider it an industry to which protection should be applied. We regard the duty on the goods as a matter of revenue and recommend that the existing position be maintained. <i>Piston rings and pistons</i> —Representations were made to the Commission with respect to the duty on piston rings and pistons. The manufacture of these goods is carried on in New Zealand and we regard the industry as an efficient one. After considering the evidence we are of opinion that the existing duties on piston rings should be maintained and that pistons should be admitted on the same basis as at present. <i>Enamelledware</i> —It was requested that enamelledware made in foreign countries wholly or partly from British steel or iron should be admitted at a lower rate than the General Tariff—the rate to depend upon the percentage of British material. The granting of this request could not be recommended by the Commission.

356	(1) Porcelain enamelled cast iron baths	..	..	25 per cent. ad val.	50 per cent. ad val.	Representations were made to the Commission with respect to the duty on these baths. The industry of manufacturing these goods is carried on efficiently in the Dominion and we think it desirable that it should be maintained. We are satisfied that, in accordance with the Ottawa Agreement, the duty under the British Preferential Tariff should be increased from 20 to 25 per cent. ad val. This we accordingly recommend.
356	(2) Builders' and cabinetmakers' hardware, viz.:—hinges (not being <i>gate hinges</i> ) suited for doors, box-lids, or <i>similar</i> articles; <i>locks</i> , <i>lock sets</i> , and keys for locks; metal escutcheon plates; handles, <i>pulls</i> , <i>catches</i> , <i>clips</i> , <i>slides</i> , and <i>similar</i> articles, suited for use on drawers and cabinets; handles and <i>bolts</i> for doors	Free	20 per cent. ad val.	Among the articles included under this heading are cabinetmakers' and builders' hardware. The existing duties on these goods increase building costs and impose restrictions on certain manufacturers in the Dominion. We are of opinion that, subject to revenue considerations, the articles mentioned should be admitted free under the British Preferential Tariff.	Free	Representations were made to the Commission with respect to pig iron. The manufacture of pig iron has been carried on in New Zealand for some years. The Commission is of opinion that, notwithstanding considerable assistance from the Government by way of bounty and otherwise, the industry has failed to establish itself on an economic basis. The only operating concern is now in liquidation. We do not think on the available evidence, that the industry can be regarded as reasonably assured of sound opportunities of success. We think that, to enable an iron industry to function satisfactorily, it must be capable of continuous operation and be able to use the by-products commercially. The present consumption of pig iron in New Zealand is too small to permit of this being done.
357	Metal, viz.:— (1) Copper, iron, lead, tin, and other metal, in billets, blooms, ingots, or pigs	Free	Free	We do not think that it is in the best interests of New Zealand that a protective duty should be placed on pig iron, and therefore recommend that the existing position be maintained. Pig iron is the foundation raw material for the engineering industry of the Dominion. We are of the opinion that the dumping duty at present levied on pig iron imported from Australia and India should be removed.	10 per cent. ad val.	
	(2) Aluminium, brass, copper, lead, tin, and other metal, n.e.i., in bars or rods (except cast bars or rods of copper alloy)	Free	Free			
	(3) Gold, platinum, silver, or other precious or rare metals, viz., bar, foil, leaf, plate, sheet, strips, or wire, <i>plain</i>	Free	Free			

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
Metal—continued.				
(4)	Iron, galvanized or <i>plain</i> black, viz., angle, tee, bar, bolt, channel, rod, and rolled girders; iron girders expanded, but otherwise unworked	Free	20 per cent. ad val.	The Commission received an application requesting the imposition of a protective duty on iron and steel bars imported from British dominions. At present such bars are being manufactured by one company in New Zealand from imported steel and local steel scrap. They are producing only a portion of the shapes and sizes consumed in the Dominion. We think that until the local consumption of steel warrants a basic iron industry from which a range of steel products can be made protection is not desirable. Iron and steel bars form an essential raw material for the engineering and building industries.
(5)	Iron, viz.:— (a) Sheet, plate (including rolled chequered plates), or hoop, <i>plain</i> , whether black, polished, galvanized, plated, tinned, or otherwise coated with metal, n.e.i. (b) Corrugated sheet iron .. .. .	Free	20 per cent. ad val. (except hoop 6 inches in width or over)	
(6)	Metal n.e.i., viz.:—foil, leaf; hoop, plate or sheet, <i>plain</i> , whether in the rough, polished, enamelled, galvanized, plated, tinned, or otherwise coated with metal	Free Free	20 per cent. ad val. 10 per cent. ad val.	Application was made for a protective duty on sheet lead imported from Australia. The industry of manufacturing sheet lead from ingots is not regarded by the Commission as an economic one in New Zealand. The labour cost is relatively small and the geographical situation of the works makes delivery uneconomical as compared with the landing costs of imported sheet lead.
(7)	Shafting, plain rolled, or plain turned, but otherwise unwrought	Free	20 per cent. ad val.	
(8)	Sheet, perforated or cellular .. .. .	Free	20 per cent. ad val.	
(9)	<i>Solder</i> .. .. .	Free	Free	
(10)	Wire, metal, plain, n.e.i.; barbed fencing-wire; wire cut to lengths, looped, twisted, or plain, suited for baling and similar purposes	Free	10 per cent. ad val.	Application was made for a protective duty on barbed wire imported from Canada and Australia. The industry of manufacturing barbed wire from imported plain galvanized wire is not, on account of the relatively small labour costs, regarded by the Commission as an economic one. Further, barbed wire is essential to the primary industries and it is desirable that no increase should be made in farmers' costs by the imposition of such a duty.
(11)	Metal cordage, not being gold or silver ..	Free	20 per cent. ad val.	Application was also made for an increase in the rate of duty on foreign plain and barbed wire. For the reasons last stated, we are of opinion that the request should not be granted.

358	Metallic and <i>similar</i> capsules	Free	25 per cent. ad val.	<p>The Commission received representations with respect to the duty on iron nails. This industry has been established in New Zealand for about twenty-two years and no doubt came into existence under the shelter of a revenue duty then in force. The raw materials for the industry have to be imported and the value added in New Zealand is relatively small. The Commission does not consider that the industry of manufacturing nails in the Dominion is one suited to the conditions here and that, therefore, the duty under the British Preferential Tariff should be abolished.</p>
359	Nails or tacks, of copper, brass, and composition, n.e.i.; nails or tacks, n.e.i.; coopers' and <i>similar</i> hooks and tacks; staples	Free	20 per cent. ad val.	
360	Nails or tacks, iron, exceeding 1 inch in length, n.e.i.; also dog-spikes	Free	£2 per ton	
361	Nails, lead-headed, and galvanized cup-headed roofing nails	Free	20 per cent. ad val.	
362	Pipes, piping, tubes, and tubing (except coil pipes), viz.:— (1) <i>Rain-water, soil</i> , and <i>similar</i> pipes (including cast iron, having a thickness of metal not exceeding 5/16 inches) (2) Cast iron, not exceeding 9 inches in internal diameter, n.e.i. (3) Cast iron n.e.i. (4) Wrought iron, screwed; boiler tubes flanged or unflanged (5) Wrought iron or wood, not exceeding 6 inches in internal diameter (6) Wrought iron or wood, n.e.i. (7) Lead or composition	Free Free Free Free Free Free Free	20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 20 per cent. ad val. 3s. 6d. per cwt.	<p>Various representations were made to the Commission with respect to the duty on iron and steel pipes. After a consideration of the evidence, we are of opinion that, under the conditions in which it is at present carried on, the industry of manufacturing these pipes in New Zealand is not one which is reasonably assured of sound opportunities for success. Our opinion is that this industry should be ancillary to a basic iron and steel industry. The manufacture cannot at present be carried on without a duty. The demand for these pipes is not continuous but intermittent. The making of steel pipes in New Zealand is at present carried on chiefly by two manufacturers. [<i>Certain words having reference to the financial position of the manufacturers omitted as being confidential.</i>] Such pipes are required for developmental work, and it is essential that they should be obtainable at the lowest possible cost. We therefore recommend that the duty under the British Preferential Tariff should be abolished.</p> <p>No application was made to the Commission with respect to the goods covered by this tariff item. From the information in our possession we are of opinion that, owing to the relatively small number of men employed, the small added value in New Zealand, and the fact that the raw material has to be imported, this article should not receive a protective duty.</p>





368	Saddlers' ironmongery (except bits and stirrup-irons), hames, and mounts for harness; gag-bits, and drenching-bits	Free	20 per cent. ad val.
369	Ship-chandlery n.e.i., including anchors	Free	20 per cent. ad val.
370	Signalling-apparatus, automatic and other, as may be approved by the Minister, suited for use in connection with ships, railways, and tramways, or for mining, and similar purposes	Free	20 per cent. ad val.
371	Springs, coil, volute, and spiral (other than upholsterers' spiral sofa-springs)	Free	20 per cent. ad val.
372	Thermostats for making incubators for poultry raising	15 per cent. ad val.	40 per cent. ad val.
373	Tinware, and tin manufactures, n.e.i.		
374	Welded and flanged boiler furnaces, plain or corrugated; expansion rings, furnace flues, and unflanged end plates, for boilers	Free	25 per cent. ad val.
375	Window sashes, or frames, metal	20 per cent. ad val.	45 per cent. ad val.

Representations were made to the Commission with respect to the duty on tinware, including milk and cream cans, tins and canisters. The industry is efficiently conducted, employs a large number of persons, and has a large output. The manufacturers have improved the quality of their output so that it reasonably meets all modern requirements. After considering the evidence, we are of opinion that the industry can function satisfactorily if the duty under the British Preferential Tariff is reduced to 15 per cent. ad val.

At present certain tin stampings, parts of tins and tinware for manufacture in New Zealand are admitted free of duty under the British Preferential Tariff. Representations were made to the Commission that the exemption of these articles should be discontinued on the ground that they are now made in New Zealand. Our view with respect to this matter is that where protection is afforded for the manufacture of a complete article and parts of the same are made locally, it is anomalous to admit such parts free of duty.

We therefore suggest that duty at the rate charged on the complete articles be levied on these stampings, &c.

Representations were made to the Commission with respect to the duty on window sashes and frames. These goods have been manufactured at various centres in the Dominion for a number of years. The industry is carried on efficiently, and during normal times employed a considerable number of persons. After reviewing the information received, we are of opinion that the duty under the British Preferential Tariff should be reduced to 20 per cent. ad val.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS X.—METALS AND MACHINERY—continued.				
376	Wire netting, metal wove wire (not including wove wire for mattresses), metal gauze, electrically welded wire fabric; expanded metal lathing and fencing; also metal lathing in combination with earthenware or with such other substances as the Minister may approve, when specially suited for building construction	Free	20 per cent. ad val.	Representations were made to the Commission with respect to electrically welded fabric. It would appear that duty was imposed on this fabric when exceeding $\frac{3}{4}$ inch in diameter to assist the manufacture of woven fabric. The electrically welded article is not at present made in the Dominion. From the information obtained the Commission is satisfied that the latter fabric and plain steel rods, laced or unlaced, are much more suitable for building construction than the woven fabric. We are therefore of opinion that to keep building costs as low as possible all electrically welded fabric should be admitted free under the British Preferential Tariff.
CLASS XI.—VEHICLES.				
377	Air-pressure brakes suited for use on locomotives or on vehicles of any kind	Free	15 per cent. ad val.	
378	Bicycles, tricycles, and motor-cycles, fittings for—viz., spokes, in the rough or finished; and the following articles when not plated, japanned, enamelled, or varnished—viz., drop forgings, stampings, wood or metal rims (not bored), forks, stays, handle-bars, and seat-pillars, <i>unbuilt</i> , bracket shells, fork- and stay-ends, fork-tips, bridges, crowns, and lugs	Free	15 per cent. ad val.	
379	(1) Bicycles, tricycles, and similar vehicles, also parts of same, n.e.i. (2) Motor-cycles, and <i>similar</i> vehicles, and parts thereof n.e.i.; side cars for motor-cycles	10 per cent. ad val. 15 per cent. ad val.	40 per cent. ad val. 45 per cent. ad val.	The question as to the rate of duty which should be charged on motor and other cycles is dealt with under item 389.
380	Flying-machines	Free	10 per cent. ad val.	
381	Carriages, carts, drays, wagons, perambulators, and the like vehicles, not including motor vehicles	20 per cent. ad val.	45 per cent. ad val.	
382	Cars, wagons, and trucks, railway and tramway	20 per cent. ad val.	45 per cent. ad val.	
383	Carriage shafts, poles, spokes, and felloes, dressed; bent carriage timber n.e.i.	20 per cent. ad val.	45 per cent. ad val.	
384	Carriage- and cart-makers' materials—viz., shafts, poles, spokes, and felloes, in <i>the rough</i> ; hubs other than those for motor-vehicles, motor-cycles, or cycles	Free	Free	

385	Axles, axle-arms, axle-boxes, and axle-caps, other than those peculiar to motor-vehicles, motor-cycles, or cycles; <i>bogies</i> and <i>trucks</i> for railway or tramway cars; also <i>power-bogies</i> for locomotives propelled by internal combustion engines	Free	25 per cent. ad val.
386	Undercarriage springs, n.e.i., suited for the manufacture or repair of vehicles, including locomotives	Free	25 per cent. ad val.
387	Metal <i>fittings</i> , <i>mountings</i> , and <i>trimmings</i> , n.e.i., suited for the manufacture or repair of vehicles	Free	15 per cent. ad val.
388	Wheels, and tires, for locomotives or railway or tramway vehicles, whether affixed to axles or separate	Free	25 per cent. ad val.
389	Motor-vehicles n.e.i....	15 per cent. ad val.	45 per cent. ad val.

See remarks appended.

### 389. *Motor-vehicles.*

Many representations were made to the Commission with respect to the duty on motor-vehicles. Apart from the question of preference, the essential matters at issue resolve themselves into two questions, viz., (1) whether a protective duty should be imposed on imported motor-car bodies to assist the manufacture of such bodies in the Dominion, and (2) whether a revenue duty should be imposed on motor-vehicles.

With respect to the first question, the protection at present accorded to the manufacturers of motor-bodies is very high. Notwithstanding this, according to the information obtained by the Commission, the number of complete passenger motor-cars imported into New Zealand during the six years ended 31st March, 1933, was 64,314; during the same period the number of bodies built in New Zealand was 7,554. The total body duty paid on imported complete cars was over £1,100,000. Owing to the rapid changes in design and improved methods of construction, and the difficulty experienced by local body builders in meeting these conditions, we are of opinion that the industry of manufacturing these bodies is not one which is reasonably assured of sound opportunities for success. We are therefore of opinion that the existing body duties should be abolished.

With respect to the second question, the Commission is of opinion that, owing to the importance of the transport industry, it is desirable that the cost of vehicles to the public should be reduced to a minimum. The industry at present contributes largely to the revenue by way of petrol duty, &c. If, therefore, revenue conditions permitted we are of opinion that motor chassis and motor-vehicles should be admitted free of duty under the British Preferential Tariff. It is assumed that at the present time effect cannot be given to this, and we therefore suggest that a duty of 15 per cent. should be charged under the British Preferential Tariff.

One member of the Commission thinks that the rate of duty under the General Tariff should be 35 per cent. and not 45 per cent.

*Assembly of Motor-cars in New Zealand.*—Representations were made with respect to the assembly of motor-cars in New Zealand from completely knocked down imported parts and local materials. This appears to be an industry suited to conditions in the Dominion. Figures which have been produced to the Commission show that, owing to freight and other savings, this industry can be economically carried on without special protection.

*Method of levying Duty.*—A request was made that the duty on motor-vehicles should be determined on a weight basis. The Commission have investigated this matter and find that so many anomalies would arise that they could not recommend it.

*Motor and other Cycles.*—The Commission is of opinion that, for administrative purposes, the rates of duty on motor-cycles should be the same as those on motor-vehicles. This does not apply to self-propelled cycles, and the Commission thinks that the rate of duty under the British Preferential Tariff on these goods should be left at 10 per cent. *ad valorem*.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.				
390	Blacklead, grate- and stove-polishes, -pastes, and -liquids..	10 per cent. ad val.	35 per cent. ad val.	No representations were made to the Commission, except from one company, which has recently started and is manufacturing in a relatively small way, with respect to the goods included under this tariff item and those under item 393, but on the information in possession of the Commission we are of opinion that the rates of duty on these goods under the British Preferential Tariff should be reduced to 10 per cent. ad val.
391	Graphite, and plumbago, in powder, or flake form	Free	Free	
392	Greases, viz.:— (1) Skip-greases, being <i>crude</i> greases, suitable for greasing skips, skids, and truck-axles, and for the like uses, of qualities approved by the Minister (2) Grinding-compounds, composed of greases mixed with abradant substances (3) Lubricating-greases, and other <i>solid lubricants</i> , n.e.i.; petroleum greases, and mixtures of the same with other substances, n.e.i.	Free Free Free	Free Free 10 per cent. ad val.	
393	Leather-dressing, belt-dressing, and harness composition; fat-black and similar preparations in packages of less than 5 lb. net weight; leather revivers, and polishes, n.e.i.; blacking, boot-polishes, and preparations, dry or liquid, put up for renovating or cleaning boots and articles of apparel and clothing, n.e.i.; metal-polishes; furniture, floor, and linoleum polishes, not being varnishes Oils in vessels capable of containing 1 gallon or more, viz.:— (1) Linseed-oil; linseed-oil in admixture with any other oil or oils in such proportions as may be determined by the Minister (2) Vegetable oils n.e.i. (3) Fish oil n.e.i., penguin, mutton-bird, whale, seal, and dugong oils (5) Turpentine; turpentine substitutes composed of volatile mineral oils, or of volatile mineral oils in combination with turpentine or other volatile vegetable oils (6) <i>Crude</i> petroleum, <i>crude</i> residual oil, <i>once-run</i> shale oil, and <i>crude</i> distillates of petroleum	20 per cent. ad val. 10 per cent. ad val.	45 per cent. ad val. 35 per cent. ad val.	See remarks under item 390.
394		Free	6d. per gallon	Linseed-oil—See statement appended.
		Free Free	Free Free	
		Free	Free	
		Free	Free	Requests were made to the Commission for a duty on crude mineral oil on the ground that it was displacing coal and gas. This oil is used for industrial purposes and in connection with certain manufacturing processes is much more satisfactory and economical than coal, coke or gas. We are of opinion that it is not in the best interests of New Zealand industries that duty should be imposed.

394 (1) and (2). *Linseed-oil, &c.*

Representations were made to the Commission with respect to the industry established in New Zealand for the manufacture of linseed-oil and linseed-oil cake. One company in New Zealand has undertaken the manufacture of these products and has been in operation since 1921. Duty at the rate of 6d. per gallon under the British Preferential Tariff was imposed on linseed-oil in 1921; this was increased in 1927 with respect to such oil (other than refined oil) to 9d. per gallon. The duty on linseed-oil cake under the British Preferential Tariff has remained at 20 per cent. *ad valorem* since the company has been in operation. It was claimed that one of the results of the company's activities would be to encourage primary producers to grow linseed. The following figures taken from the official statistics show, as far as available, the acreage sown annually in linseed, the yield therefrom, and the imports and exports since 1917:—

Year.	Acres sown.	Yield.	Imports.	Exports.	Year.	Acres sown.	Yield.	Imports.	Exports.
1917	1,431	Tons. Not available.	Tons. 184	Tons. ..	1926	..	..	Tons. 1,509	Tons. 294
1918	1,456	Not available.	81	571	1927	..	..	501	275
1919	3,890	Not available.	5	1,540	1928	..	..	500	103
1920	5,046	2,291	..	1,038	1929	..	..	2,206	260
1921	9,663	4,552	..	2,971	1930	..	..	..	291
1922	5,880	2,830	..	912	1931	..	..	..	262
1923	10,645	5,133	..	1,338	1932	..	..	..	197
1924	12,119	2,705	1,298	649	1933	..	..	518	118
1925	6,679	2,135	4	324					

The production of linseed-oil in New Zealand and the quantity imported since 1921 are as under:—

Year.	Production. Gallons.	Imports. Gallons.	Year.	Production. Gallons.	Imports. Gallons.
1921	..	368,536	1928	..	407,296
1922	..	299,817	1929	..	391,146
1923	..	378,399	1930	..	321,252
1924	..	402,504	1931	..	335,435
1925	..	408,060	1932	..	251,262
1926	..	579,401	1933	..	266,718
1927	..	318,717			

From these figures it will be seen that the existence of the industry has not stabilized the production of linseed and that, notwithstanding the increase in the tariff in 1927, the production of oil in the Dominion during the last few years has not kept pace with the importations. The costs of production in New Zealand are very high as compared with those in the United Kingdom, even after allowing for the conditions in both countries. The manufacturers have not so far undertaken the production of refined linseed-oil, and a considerable volume is imported.

[*Certain words having reference to the financial position of the manufacturers omitted as confidential.*] After considering the matter, the Commission is of opinion that this industry is not one which is reasonably assured of sound opportunities for success, and recommends that the duty under the British Preferential Tariff on the goods included in Tariff items 394 (1) and (2) be abolished.

With respect to linseed-cake, the Commission regards the manufacture of this product as complementary to that of the oil, and as it is a valuable stock-food we think that the duty thereon under the British Preferential Tariff should be removed.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
	CLASS XII.—GREASES, OILS, PAINTS, POLISHES, WAXES, ETC.— <i>continued.</i>			
394	Oils in vessels capable of containing 1 gallon or more, viz.:—( <i>continued.</i> )			
	(7) <i>Motor-spirits</i> .. .. .	10d. per gallon Free	10d. per gallon Free	
	(8) Coal tar naphtha n.e.i.; benzol, toluol, and xylol, crude or refined, n.e.i.	Free	Free	
	(9) <i>Refined</i> mineral oils, n.e.i., not exceeding in specific gravity 0.880 at 60° F.	6d. per gallon 6d. per gallon	1s. per gallon 1s. per gallon	
	(10) <i>Oil</i> n.e.i., including mineral lubricating <i>oil</i> ..	Free	Free	
	(11) Mineral oils mixed with vegetable oils; also mineral or vegetable oils mixed with fish oils or with oils of animal origin, n.e.i.	Free	Free	
	(12) Mineral oil specially suited for medicinal purposes as may be approved by the Minister	20 per cent. ad val.	40 per cent. ad val.	
395	<i>Oils</i> in vessels having a capacity of less than 1 gallon, viz.:—			
	(1) Linseed-oil; linseed oil in admixture with any other oil or oils, in such proportions as may be determined by the Minister	20 per cent. ad val., or 10d. per gallon, whichever rate re- turns the higher duty	20 per cent. ad val. or 10d. per gallon, whichever rate re- turns the higher duty	
	(2) <i>Motor-spirits</i> .. .. .	20 per cent. ad val.	40 per cent. ad val.	
	(3) Vegetable oils n.e.i. .. .. .	Free	Free	
	(4) N.e.i. .. .. .	Free	Free	
	(1) Cod-liver oil .. .. .	Free	Free	
396	(2) Fish liver oil n.e.i., in vessels having a capacity of less than 1 gallon	Free	Free	
	(3) Oils, other than fish-liver oils, containing vitamins in proportions equal to or greater than those of cod- liver oil	Free	Free	
	Paints, colours, varnishes, and similar materials, viz.:—			
	(1) White-lead ground in oil .. .. .	Free	3s. per cwt.	Representations were made to the Commission by United Kingdom and New Zealand manufacturers with respect to the duty on white lead in oil. This material is prepared in New Zealand from imported dry white lead. From the evidence produced we find that the added manufacturing cost in the Dominion is relatively small. White lead in oil is the base from which paints for use on wooden houses and other structures are prepared and should, in our opinion, be available at the lowest possible cost. We are of opinion that this industry is not suited to New Zealand conditions and that the goods should be admitted free of duty under the British Preferential Tariff.
397				

398	(2) Paints, and colours, ground in liquid, n.e.i.; paints mixed ready for use; enamel paints; ships' anti-fouling composition; <i>paint-thinners</i> , n.e.i.; <i>driers</i> , n.e.i.	15 per cent. ad val.	30 per cent. ad val.	<p>Various applications were made to the Commission with respect to the duty on goods covered by these tariff items. These goods are manufactured in New Zealand chiefly from imported materials. After a consideration of the information available we are of opinion that the duty under the British Preferential Tariff on these goods should be reduced to 15 per cent. ad val.</p> <p>Request was made that a minimum specific rate of duty should be imposed on paste and mixed paints to prevent the importation of low grade paints. The Commission is of opinion that this is not a matter which should be dealt with by means of the Customs tariff. If the necessity exists for such control, it is considered that it should be achieved by means of legislation which would affect both locally made and imported paints.</p> <p>Representations were made to the Commission with respect to the duty on putty. Owing to the limited demand in New Zealand for this product, it is not considered that the industry is suited to conditions here. We therefore recommend that the duty under the British Preferential Tariff be abolished.</p> <p>Requests were made for the imposition of duty under the General Tariff on the goods included under tariff item 397 (6). As these goods are the raw material for industries in New Zealand, the Commission is of opinion that the request should not be granted.</p>
	(3) Varnishes; lacquers; Brunswick black; japans; lithographic varnishes; printers' ink reducer; <i>terebine</i> ; gold-size; liquid stains for wood; metallic paints, and liquid medium for mixing with the same; petrifying-liquids n.e.i. suited for water-proofing concrete, plaster, and similar surfaces, or for use as paint; <i>fused</i> gums for the manufacture of varnishes	15 per cent. ad val.	30 per cent. ad val.	
	(4) Preparations for removing paint and varnish ..	15 per cent. ad val.	30 per cent. ad val.	
	(5) Putty and woodfillers .. .. .	Free	£1 10s. per ton	
	(6) Paints and colours, dry, n.e.i.; barytes; whiting, and chalk; kalsomine, distempers, and similar preparations, in powder form	Free	Free	
399	Waxes, viz.:—			
400	(1) Mineral, vegetable, Japanese, and beeswax, n.e.i. ..	Free	Free	
401	(2) Bottling wax .. .. .	Free	Free	
402	(3) Waxes mixed with colouring-matter only, on declaration that they will be used for manufacturing purposes only	Free	Free	
403	Timber, viz.:— Logs, round, <i>unworked</i> Palings, split .. .. . Posts, split .. .. . Rails, split .. .. . Laths, and shingles .. .. .	Free 2s. per 100 8s. per 100 4s. per 100 20 per cent. ad val.	Free 2s. per 100 8s. per 100 4s. per 100 30 per cent. ad val.	Timber—See statement appended.

## CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE—continued.				
404	Timber rough sawn or <i>rough hewn</i> —viz.:— (1) Ash, hickory, lancewood, lignum vitae, and the timbers the botanical names of which are Swietenia species, Juglans species, Juniperus virginiana (red cedar), pinus lambertiana, pinus strobus and pinus monticola, also oaks, balsa wood, and such other <i>similar</i> species or kinds of timbers as the Minister may from time to time approve (2) Other kinds, in pieces having a length of not less than 25 feet, and having a minimum cross sectional area of not less than 150 square inches (3) N.e.i. Timber sawn dressed	Free  4s. per 100 sup. ft.  6s. per 100 sup. ft. 12s. 6d. per 100 sup. ft.	Free  6s. per 100 sup. ft.  8s. per 100 sup. ft. 14s. 6d. per 100 sup. ft.	
405				
Before the above-mentioned duties on timber under the General Tariff under items 404 and 405 can be brought into force it may be necessary, in view of the Trade Agreement between Canada and New Zealand, to come to an arrangement respecting them with the Government of Canada.				

399-405. *Timber, &c.*

The Commission has received a considerable volume of evidence with respect to the timber industry. This industry is an important one to New Zealand, and employs a very large number of persons. Owing to reduced activity in the building trade through the existing economic conditions, the consumption of timber in recent years has been greatly diminished. We have investigated the production costs of a great number of mills and find great disparity in these costs, not only in different districts but in those of mills situated in the same district. The evidence shows that the production costs in some countries exporting timber to New Zealand are on a much lower scale than those in this country. These higher costs appear to be due to a variety of causes among which are the following:—

(a) The relatively lower quantity of timber per acre in the New Zealand stands as compared with those in some other countries. It is stated that 15,000 ft. B.M. to the acre is a good average "stand" in New Zealand, and that stands below 4,000 ft. B.M. per acre have been sold for milling, whereas in British Columbia stands of 50,000 ft. B.M. per acre are common, and this quantity is frequently exceeded.

(b) The weights of New Zealand timbers are relatively higher than those of the timbers usually imported. This has an effect in increasing production costs.

(c) There are various physical disabilities in New Zealand as compared with some other countries, such as rougher and more broken terrain and denser undergrowth in the timber forests. There is, in addition, a lack of uniformity in the size, shape, and quality of the logs which renders it impossible to adopt purely mechanical processes in milling.

(d) Owing to relatively small quantity of standing timber per acre in New Zealand, the utilization of our timber will tend to drive the production to stands less favourably situated for transport than formerly. To the extent that this takes place it will still further increase production costs.

(e) The relatively high transport costs in New Zealand on milled timber.

These and other facts give the Commission cause to doubt whether the industry can be regarded as an economic one from the point of view of the needs of the Dominion for lower timber costs.



In view, however, of the amount of capital invested in the industry, the number of persons engaged therein, and of the importance of the industry to transport organizations, the Commission could not, under the existing conditions, recommend a drastic reduction of the existing duties.

The following are the rates of duty which have been in force in New Zealand on the chief varieties of imported soft woods since 1921 :—

Years.	Rough Sawn Timber.		Dressed Timber.
	In Pieces having a Length of not less than 25 ft., and having a Minimum Cross-sectional Area of not less than 150 Square Inches.	Other Kinds.	
1921-1927	2s. per 100 sup. ft.	2s. per 100 sup. ft.	4s. per 100 sup. ft.
1927-1930	3s. per 100 sup. ft.	5s. per 100 sup. ft.	7s. 6d. per 100 sup. ft.
1930	7s. 6d. per 100 sup ft..	9s. 6d. per 100 sup. ft.	19s. per 100 sup. ft.

(Notes.—In 1932 the duties on foreign timber of the above classes were increased by 2s. per 100 sup. ft. Surtax of one-twentieth of the duty has been omitted from these figures.)

We show in an appendix hereto figures setting out during the last ten years (a) the total production of timber in New Zealand, and (b) the quantity and value of dutiable rough sawn and dressed timber (other than hardwood) imported into New Zealand, the amount of duty collected during those years, and the equivalent *ad valorem* duties represented by such duties.

From these figures it will be seen that the importations of timber have, during these years, never exceeded 20 per cent. of the total production of New Zealand and that there has been a large increase in the *ad valorem* rates of duty represented by the protection which has been granted.

The Commission understands that under the local regulations in force in some North Island districts heart timber is specified for certain essential building purposes. This, of course, increases the difficulty of disposing of the O.B. timber in those districts, which must tend to increase the price of heart timber.

The Commission is impressed with the necessity of keeping building costs at the lowest possible level consistent with the reasonable development of important industries in New Zealand which depend upon building activities.

We are satisfied that the timber industry can function satisfactorily if the duties are reduced to those recommended.

With respect to Japanese and other oak timbers used chiefly in the manufacture of furniture, the Commission considers that they should be admitted free of duty. We do not regard them as competitive with local timber. The volume of imports indicates that this timber is required for manufacturing purposes in the Dominion.

If the duties proposed on rough sawn and dressed timber are adopted the Commission considers that it will not be necessary to retain the existing duties on logs.

CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE—*continued*.

## TIMBER.—(a) PRODUCTION IN NEW ZEALAND.

—	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.	1932-33.
<i>Thousands of Super. Feet (B.M.)</i>										
Kauri .. ..	19,743	22,892	22,766	18,475	15,874	10,743	10,471	8,943	6,891	5,410
Rimu .. ..	181,094	195,573	195,452	170,498	156,314	156,240	163,293	124,999	71,082	76,193
Kahikatea .. ..	56,699	65,572	75,635	65,490	53,736	56,790	58,505	49,009	43,161	47,998
Matai .. ..	24,326	23,948	26,141	19,381	15,207	15,753	17,972	13,917	7,475	8,161
Totara .. ..	18,904	18,509	14,109	14,179	10,728	8,611	9,046	9,468	5,344	6,347
Beech .. ..	6,529	6,836	8,701	8,596	7,923	9,846	10,225	7,681	5,757	5,781
<i>Pinus radiata</i> .. ..	7,386	7,706	7,072	6,668	7,695	9,168	10,382	12,740	13,405	14,676
Others .. ..	2,388	3,059	3,348	2,388	2,306	3,063	2,510	2,711	1,077	1,703
Totals .. ..	317,069	344,095	353,224	305,675	269,783	270,214	282,405	229,468	154,192	166,269

## TIMBER.—(b) IMPORTS INTO NEW ZEALAND.

*Rough Sawn.*

Year.	Canada.			United States of America.			Japanese Oak.		
	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.
1924 ..	9,339,549	£ 79,636	£ 9,339 = 11·7%	6,066,129	£ 76,135	£ 6,066 = 8%	1,418,088	£ 54,401	£ ..
1925 ..	11,045,541	90,462	11,046 = 12·2%	13,581,835	131,510	13,582 = 10·3%	2,349,634	71,493	..
1926 ..	11,597,756	89,870	11,598 = 12·9%	16,641,685	166,073	16,642 = 10%	2,200,651	56,697	..
1927 ..	9,632,179	62,927	9,632 = 15·3%	15,386,466	139,453	15,386 = 11%	1,686,130	46,064	1,686 = 3·7%
1928 ..	6,978,326	44,093	15,533 = 35·2%	17,301,638	155,442	40,645 = 26·2%	1,892,578	47,614	4,731 = 9·5%
1929 ..	7,477,295	47,357	16,596 = 35%	20,468,848	193,846	48,497 = 25%	2,353,889	60,439	5,885 = 9·7%
1930 ..	5,673,989	36,311	12,603 = 34·7%	16,353,338	148,713	38,703 = 26%	2,250,232	60,086	5,625 = 9·3%
1931 ..	2,217,052	9,178	10,452 = 113%	1,817,613	16,972	8,393 = 49·4%	647,977	14,793	3,078 = 20·8%
1932 ..	1,165,299	7,763	5,143 = 66·2%	329,695	4,873	1,732 = 36%	889,922	12,907	4,227 = 32·7%
1933 ..	1,272,751	8,061	5,763 = 71·5%	535,057	5,657	3,077 = 54·4%	1,029,761	13,265	5,919 = 44·6%

*Sawn Dressed, including Butter, &c., Boxes.*

Year.	Canada.			United States of America.			Norway, Sweden, and Baltic Countries.		
	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.	Superficial Feet.	Value.	Duty Payable.
1924 ..	1,906,646	£ 27,835	£ 3,813 = 13·8%	164,120	£ 2,011	£ 328 = 16·3%	1,307,864	£ 20,086	£ 2,616 = 13%
1925 ..	3,280,014	37,296	6,560 = 17·6%	2,368,046	25,540	4,736 = 18·5%	4,110,672	62,120	8,222 = 13·2%
1926 ..	4,549,122	49,093	9,098 = 18·5%	5,638,876	53,622	11,278 = 21·3%	1,917,172	25,657	3,834 = 14·9%
1927 ..	2,959,233	31,792	5,918 = 18·6%	3,014,865	38,476	6,030 = 15·6%	2,333,145	33,528	4,666 = 13·9%
1928 ..	3,019,982	30,682	11,324 = 36·9%	4,755,190	52,793	17,832 = 33·8%	2,212,802	31,667	8,334 = 26·3%
1929 ..	3,380,927	35,842	12,678 = 35·2%	3,351,697	36,703	12,657 = 34·5%	3,234,110	43,742	12,129 = 27·7%
1930 ..	3,672,725	35,816	13,773 = 38·4%	5,020,415	44,609	18,828 = 42·2%	4,697,405	63,577	17,616 = 27·9%
1931 ..	879,227	7,884	8,353 = 105·9%	500,961	4,432	4,755 = 107·3%	2,912,408	38,542	27,668 = 71·8%
1932 ..	175,123	1,447	1,663 = 114·9%	10,287	146	95 = 65·1%	1,481,140	19,145	14,771 = 77·2%
1933 ..	59,547	478	565 = 118·2%	2,072	101	20 = 20%	1,784,803	24,121	18,740 = 77·7%

NOTE.—Where the rates of duty were altered during a year, the amount of duty payable has been computed at the rates in force during the major portion of the year.

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIII.—TIMBER, WOODENWARE, FURNITURE, AND WICKERWARE— <i>continued</i> .				
406	Basketware, wickerware, imitation wickerware, and <i>similar</i> ware; wicker, bamboo, and cane furniture, and imitations of the same	30 per cent. ad val.	55 per cent. ad val.	
407	(1) Furniture, and cabinetware, n.e.i. and other than metal, including chairs of wood with wicker, bamboo, or cane seats; billiard-tables	15 per cent. ad val.	40 per cent. ad val.	The quantity of furniture and cabinetware imported into New Zealand is relatively small, and it is considered that with freight protection duties at the rates stated will be sufficient to enable the industry to be carried on satisfactorily.
	(2) Doors, and sashes, wooden, plain or glazed; mantel-pieces, other than stone	25 per cent. ad val.	50 per cent. ad val.	Various representations were made to the Commission with respect to the duties on wooden doors. Comparatively few doors have recently been imported into New Zealand. After examining the information obtained, it is considered that duty should be fixed at the rates recommended.
408	Handles, broom, mop, hoe, rake, and <i>similar</i> , viz.:— (1) Hickory .. .. .	Free	20 per cent. ad val.	The Commission is of opinion that as hickory handles are essential for certain agricultural purposes they should be admitted free under the British Preferential Tariff.
409	(2) Other kinds .. .. .	20 per cent. ad val.	45 per cent. ad val.	
410	Handles, wooden, for tools, n.e.i. .. .. .	Free	Free	
	Horse-boxes, and other stock-boxes, imported with the stock for which they have been used on the voyage	Free	Free	
411	Oars and sculls, all kinds .. .. .	Free	Free	
412	Poles of <i>hardwood</i> , dressed or shaped, <i>especially suited</i> for electric power transmission lines	Free	Free	
413	Sieves, hair .. .. .	Free	20 per cent. ad val.	
414	Woodenware, and turnery, n.e.i.; veneers; plywood; saddletrees; wooden tackle-blocks	20 per cent. ad val.	45 per cent. ad val.	This item covers many different classes of goods, and the Commission regards it as essentially a revenue one.
CLASS XIV.—MISCELLANEOUS.				
415	Articles n.e.i., suited for the use of the blind, deaf, or dumb, as may be approved by the Minister	Free	Free	
416	Apparatus, appliances, articles, and materials, for educational purposes, as may be approved by the Minister, and under conditions prescribed by him	Free	Free	
417	Boats, launches, yachts, and other vessels, and all fittings therefor, n.e.i., imported in any vessel	20 per cent. ad val.	45 per cent. ad val.	
418	Handles of bone, celluloid, or <i>base metal</i> , for the manufacture of shaving-brushes or tooth-brushes	Free	Free	

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIV.—MISCELLANEOUS—continued.				
419	Brushes, brushware, and brooms, viz. :— (1) Carpet-sweepers and floor-polishers or -scrubbers, incorporating revolving brushes or mops (2) N.e.i., including knots or tufts for brushmaking ..	Free 25 per cent. ad val.	25 per cent. ad val. 50 per cent. ad val.	Various representations were made to the Commission with respect to the duty on brushes. The industry of manufacturing brushes is carried on extensively in New Zealand and we are of opinion that certain units are efficiently conducted. With respect to tooth brushes, requests were received both from United Kingdom and New Zealand manufacturers, and costs of production in each country were received. After a consideration of all the information obtained, it is considered that the existing position should be maintained.
420	Candlewick .. .. .	Free	Free	
421	<i>Cements</i> n.e.i., powders for adhesives, n.e.i., and liquids for use with the same, put up for household use; mucilage, starch paste, and <i>similar prepared adhesives</i> , in packages of less than 1 gallon .. .. .	20 per cent. ad val.	45 per cent. ad val.	
422	Clay birds or clay targets .. .. .	Free	20 per cent. ad val.	
423	Cordage, and twine, suited for use as fishing-lines, and twine suited for use in the manufacture of netting and nets, of qualities approved by the Minister .. .. .	Free	20 per cent. ad val.	Various representations were made to the Commission with respect to the duties on cordage, rope and twine. The industry of manufacturing these goods has been carried on in New Zealand for many years and is efficiently conducted. A relatively large quantity of local material is used in the industry and a considerable number of persons is employed. After a consideration of the evidence obtained, we are of opinion that the existing position should be retained.
424	Hawsers having a circumference of 12 inches or over ..	Free	20 per cent. ad val.	
425	Cordage, rope, and twine, n.e.i. .. .. .	20 per cent. ad val.	40 per cent. ad val.	
426	Cork, cut; bungs; fishermen's cork floats .. .. .	Free	Free	
427	<i>Plain unornamental stoppers</i> of every description for bottles, jars, and casks, viz. :— (1) <i>Crown seals</i> .. .. . (2) N.e.i. .. .. .	20 per cent. ad val. Free Free	45 per cent. ad val. 15 per cent. ad val. Free	
428	Engine-packing .. .. .	Free	Free	
429	Explosives n.e.i.; powder, sporting; blasting powder and meal .. .. .	Free	Free	
430	Fireworks n.e.i. .. .. .	20 per cent. ad val.	45 per cent. ad val.	

Various representations were made with respect to the duty on gelatine and glue. The industry of manufacturing these products is carried on in New Zealand in an efficient manner and is an important one since it utilises waste products of various industries for which other avenues of use are not available.

We have considered the information obtained and have come to the conclusion that the **existing duties** should be maintained.

431	Gelatine, glue, isinglass, and size	..	..	20 per cent. ad val., or 2d. per lb., whichever rate returns the higher duty	40 per cent. ad val., or 4d. per lb., whichever rate returns the higher duty
432	Agar agar			Free	Free
433	Heirlooms not exceeding in value £100, on such conditions as may be approved by the Minister			Free	Free
434	Manures .. .. .	..	..	Free	Free
435	Natural-history specimens, and such ethnological or similar specimens as may be approved by the Minister	..	..	Free	Free
436	Nets, and netting, n.e.i. .. .. .	..	..	Free	20 per cent. ad val.
437	Official supplies, uniforms, flags, and such other articles as may be approved by the Minister, for the official use of Consular officers, Trade Commissioners, or other accredited representatives of any British or foreign Government	..	..	Free	Free
438	Passengers' baggage and effects, which are not intended for any other person or persons or for sale, viz.— (1) Wearing apparel and other <i>personal effects which have been worn or are in use</i> by persons arriving in New Zealand (2) <i>Implements instruments and tools of trade occupation or employment</i> of any passenger, not exceeding £100 in value, which have been in use by such passenger for twelve months prior to his embarkation (3) Household or other effects which have been in use for twelve months prior to embarkation by the persons or families bringing them to New Zealand, not exceeding in value £100 for each adult passenger, and £50 for each child, provided that the total value of household or other effects so imported does not exceed in value £300 for the members of any one family Provided that if such passengers' baggage and effects are not imported within five years from the date of the arrival in New Zealand of the persons or families by whom they have been used they shall be admitted under this heading only with the approval of the Minister.			Free	Free
439	Regalia, emblems, certificates, almanacs, and banners, being the property of any society or branch registered under the Friendly Societies Act, 1909			Free	Free

Item No.	Tariff Items.	British Preferential Tariff. Column No. 1.	General Tariff. Column No. 2.	Remarks.
CLASS XIV.—MISCELLANEOUS—continued.				
440	Returned empties identified as such to the satisfaction of a Collector of Customs	Free	Free	
441	Rocket life-saving apparatus; and such other life-saving apparatus, n.e.i., as may be approved by the Minister; diving-dresses, and dresses and other apparatus suited solely for use in poisonous gases or smoke, with appliances peculiar to use therewith	Free	Free	
442	Roofing-material n.e.i., including paper felts water-proofed with tar, bitumen, or similar material	Free	15 per cent. ad val.	
443	Sausage skins, and casings, including brine or salt	3d. per lb.	3d. per lb.	
444	Shipbuilders' models of vessels, suited only for exhibition; models of inventions, as may be approved by the Minister	Free	Free	
445	Ships' rockets, blue lights, and danger signals	Free	Free	
446	Stained glass windows	Free	Free	
447	Tanning-materials, <i>crude</i>	Free	Free	
447A	<i>Asphalt</i> and <i>bitumen</i>	Free	10 per cent. ad val.	
448	Articles and materials, specified by the Minister, and on such conditions as he may prescribe, suited for, and to be used solely in, the fabrication or repair of goods within New Zealand. All decisions of the Minister in reference to articles classified under this heading shall be published in the <i>Gazette</i>	Free	Free, or at such rate not exceeding 25 per cent. ad val. as the Minister may, in any case, direct	A request was made to the Commission for the imposition of duty under the British Preferential Tariff on asphalt and bitumen. As these raw materials are used in the Dominion for constructional purposes, the Commission is of opinion that the request should not be granted. Application was made for the imposition of duty at the following rates on cheese colour which is admitted free of duty under this item :— Under the British Preferential Tariff, 10 per cent. ad val. Under the General Tariff, 20 per cent. ad val. The applicants commenced the manufacture of this article in 1930, since when the output has increased each year. The principal materials used in manufacturing are imported. As cheese colour is essential for the dairy industry, we think that the existing position should be maintained.
449	All articles n.e.i.	Free	Free, or at such rate of duty not exceeding 25 per cent. ad val. as the Minister may, in any case, direct	

EXCISE DUTIES.

Goods.	Rate of Duty.	Remarks.
Alcohol used in manufacturing-warehouses in the production of—		
Perfumed spirit .. .. .	36s. per proof gallon	
Toilet preparations .. .. .	34s. per proof gallon	
Culinary and flavouring essences .. .. .	20s. per proof gallon	
Medicinal preparations (excepting medicated wine or wine mixed with food) containing more than 50 per cent. of proof spirit	4s. 6d. per proof gallon	
Medicinal preparations (excepting medicated wine or wine mixed with food) containing not more than 50 per cent. of proof spirit	Free	
Beer—		
(a) Where the specific gravity of the worts used in the production of the beer does not exceed 1,047 : per gallon of beer	1s. 6d.	
(b) Where the specific gravity of the worts exceeds 1,047, the duty per gallon shall be 1s. 6d., increased by $\frac{1}{16}$ d. for every unit of specific gravity above 1,047		
[NOTE.—The specific gravity of distilled water at 60° Fahrenheit is taken at 1,000, and the specific gravity of worts is considered in relation thereto.]		
Tobacco, cut .. .. .	6s. 5d. per lb.	
Other tobacco .. .. .	6s. 3d. per lb.	
Cigars and snuff .. .. .	6s. per lb.	
Cigarettes—		
Not exceeding in weight 2½ lb. the thousand ..	21s. per thousand	
Exceeding in weight 2½ lb. the thousand ..	8s. 6d. per lb.	
Cigarette papers .. .. .	1¼d. for every 60 cigarette papers	
Motor-spirits manufactured in New Zealand ..	Duty at the rate for the time being prescribed by the British Preferential Tariff in respect of goods included in tariff item 394 (7)	An application was received for the exemption from excise duty of benzol, a by-product in the manufacture of gas. The quantity likely to be made in New Zealand under existing conditions is relatively small compared with the total quantity of motor-spirits consumed in the Dominion. We think that the question of reducing or remitting the duty on such spirits should be postponed until either the production of crude petroleum in New Zealand on a commercial basis takes place or until, through technical and scientific advancement, it is found possible to obtain petrol on a large scale from the utilization of coal.
Sugar, whether of Number 22 colour or over (Dutch standard) or not	1d. per lb.	
Invert sugar and invert syrup .. .. .	1d. per lb.	
Treacle, molasses, golden syrup, maple-sugar, and maple-syrup	Free	

## APPENDIX C.

## RETURNS: TRADE WITH JAPAN.

## RETURN No. 1.

—	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
	£	£	£	£	£	£	£	£	£	£
Total exports to Japan ..	330,736	232,213	162,832	251,547	657,915	428,577	154,741	267,899	236,799	354,462
Total imports from Japan ..	496,835	693,632	582,352	591,963	576,495	625,714	565,264	304,532	434,746	541,346

## RETURN No. 2.—MAIN ITEMS IMPORTED FROM JAPAN.

—	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.	1933.
	£	£	£	£	£	£	£	£	£	£
Hosiery .. ..	780	788	1,288	1,447	2,612	2,249	1,418	2,557	3,193	7,055
Apparel n.e.i. .. ..	14,632	22,101	23,371	22,501	24,969	29,146	28,587	18,214	24,558	43,698
Boots and shoes .. ..	109	331	760	990	764	665	1,420	7,590	22,224	52,442
Drapery n.e.i. .. ..	4,071	5,659	4,070	2,403	2,602	2,498	2,042	1,559	1,861	5,406
Cotton piece-goods .. ..	78,656	153,307	30,533	35,879	44,730	26,198	24,543	15,800	21,907	47,187
Silk and artificial silk piece-goods	269,553	311,921	323,720	377,832	368,160	377,624	302,785	148,667	209,211	184,910
Hardware n.e.i. .. ..	18	256	644	127	175	615	301	1,153	2,525	9,174
Rough sawn oak .. ..	54,401	71,493	56,697	46,064	47,614	60,439	60,086	14,793	12,907	13,265
Chinaware .. ..	934	4,922	10,222	7,088	5,658	8,450	9,061	8,558	10,212	26,287
Glassware n.e.i. .. ..	2,433	3,016	1,720	1,112	1,112	2,651	3,701	2,414	3,589	7,817
Fancy goods .. ..	14,089	18,999	19,816	15,572	16,795	16,545	17,338	12,474	11,198	31,389
Sulphur .. ..	..	..	..	7	..	5	31,645	26,110	60,867	15,775

*Approximate Cost of Paper.*—Preparation, not given; printing (1,425 copies), £142 10s.

By Authority: G. H. LONEY, Government Printer, Wellington—1934.

*Price 1s. 9d.]*