

Under this agreement mutually most-favoured-nation treatment as regards Customs and other charges is agreed to. Reductions in duty were made on a limited range of articles produced or manufactured in Germany, including photographic goods and cameras, musical instruments, artificers' tools, field-glasses, medicinal preparations, wine, &c. Germany agreed to devote the whole of the proceeds of her exports to New Zealand in the purchase of New Zealand products, a special provision being made for the purchase of butter, apples, and pears.

Belgium.—Under the Trade Arrangement (Belgium) Order 1938, amendments are made in the duties applied to gloves imported into New Zealand from Belgium.

Australia.—Under the Trade Agreement (Australia) Order 1938, increases in duty were made on certain articles the product or manufacture of Australia, such action having been taken with a view to protecting New Zealand industries.

Canada.—A modification of the New Zealand trade agreement with Canada was effected, whereby certain of New Zealand's products were granted more favourable terms of admission into Canada than had been the case prior to the modification. Among these items were lamb and mutton, canned meats, hops, edible gelatine, and Karitane products. The agreement was extended until 30th September, 1938.

Under the Trade Agreement (Canada) Order 1938, duties were raised on a number of items the produce or manufacture of Canada, with a view to protecting New Zealand industries which were adversely affected by competition from goods produced in that Dominion.

United Kingdom.—By Customs Amendment Order 1938, No. 1, duty on footwear other than children's sizes 0 to 9 was increased, with a view to protecting the New Zealand industry, which was suffering from the competition of imported footwear.

France.—Negotiations are at present in train for the conclusion of a trade arrangement between New Zealand and France.

General.—By the Customs Tariff Amendment Order 1938, No. 2, duties on a number of items were increased, with a view to protecting our local industries.

The increases made therein had general application and covered imports from countries to which specific orders did not apply.

STEAMSHIP SERVICES.

There have been no new steamship services inaugurated during the year reviewed, but progress has been noted both in the tonnage of cargo handled by the main lines trading to and from New Zealand and in the provision of new and faster vessels.

The direct monthly service between New Zealand and the Netherlands East Indies, inaugurated last year with the "Maetsuycker" and "Van Rees," has been maintained, and cargoes carried have shown a progressive gain both on the inwards and outwards journeys. Advice is now to hand that the "Tasman," a larger vessel equipped with refrigerated space, is to go on the run with the "Maetsuycker."

Regular services to Japan and the East have been maintained by the two Japanese steamship companies, the Osaka Shosen Kaisha and the Yamashita Kisen Kaisha.

The Shaw, Savill, and Albion Steamship Co. has advised that a new and fast vessel, the "Dominion Monarch," will shortly be on the run between New Zealand and the United Kingdom, and this will provide a service to South Africa which should promote some growth of trade with that Dominion.

AIR SERVICES.

The year under review is a notable one in New Zealand for the expansion of air services, which have grown in popularity both with regard to transport of passengers and of mails.

Probably the most important events so far as air services are concerned were the visits during the year of the Pan-American Airways four-engined Sikorsky Clipper Ship, and the visit by the Imperial Airways "Centaurus," which arrived in Auckland on 27th December, 1937, on a survey flight over the whole Empire route from England to New Zealand.

The trans-Pacific service was inaugurated by Pan-American Airways on the 29th December, 1937, but owing to the disaster which occurred to the aircraft on the return journey on 11th January, 1938, the service has been discontinued until new aircraft have been delivered to the company from the factories.

In New Zealand there are four companies regularly operating over seven different routes, while, in addition, there are three taxi services available. These commercial aircraft services in the year under review covered 1,501,345 miles, carried 51,556 passengers, and transported 216,238 lb. of mail and 91,703 lb. of freight.

The services operating are—

Union Airways of New Zealand—

(a) Palmerston North—Blenheim—Christchurch—Dunedin;

(b) Auckland—New Plymouth—Palmerston North—Wellington;

East Coast Airways, Ltd.

Gisborne—Napier—Palmerston North;

Cook Strait Airways, Ltd.

(a) Wellington—Blenheim—Nelson;

(b) Nelson—Greymouth—Hokitika;

Air Travel (N.Z.), Ltd.

(a) Hokitika—Haast—Okuru;

(b) Inchebonnie—Hokitika—the Glaciers,

while taxi services are afforded by Waikato Aviation Co. (Rotorua); New Zealand Aerial Mapping, Ltd. (Hastings); and Southland Airways, Ltd. (Invercargill).