

1. The San Francisco service furnishes the shortest mail route to England for all parts of New Zealand. As the records of the Post Office Department demonstrate this, it is unnecessary to make any argument in its support. Recent changes in the railroad time-schedule between New York and San Francisco have shortened the overland transportation to five days. If the New Zealand mails were despatched from London by fast Atlantic steamers the time between New Zealand and London might be lessened by two days.

2. It is proposed to improve the San Francisco service by establishing a fortnightly line of steamers carrying the British, Australian, New Zealand, and American mails upon such terms as would provide the cheapest and best possible postal service for New Zealand while developing trade with the United States.

3. A condition of the proposed service is that the United States should contribute one-half of the subsidy, the other moiety being apportioned among the colonies using the subsidized steamships for postal purposes. As the colonial contribution is estimated at £40,000 per annum, it follows that New Zealand's share would be considerably less than it is at present paying for a four-weekly service, while it would have the great advantage of securing a fortnightly mail to and from England, *via* the United States of America, upon conditions which could not fail to identify the United States Government and people with the trade and industries of the contracting and contributing colonies.

4. The advantage of such a connection cannot well be over-estimated. The United States is the largest consuming market for British and colonial products. The imports by the United States from Great Britain and her possessions in the fiscal year 1887 aggregated \$242,182,054 (£48,436,412), of which Australasia made direct shipments representing \$4,411,119. But inasmuch as 114,404,173 (over 114,000,000) pounds of wool were imported by the United States in the year named, chiefly from England, it is fair to assume that Australian and New Zealand products representing a much larger sum than £882,223 were bought on American account.

The wool import of the United States is mainly of long staple, to mix with the short wool of the country; and, as the production of wool is decreasing in the United States, while the consumption of woollen goods is increasing owing to the steady growth of population, it follows that the demand for colonial wool on American account will grow, and must be met by purchases in the London market, as at present, or in the colonial markets, to the greater advantage of the wool-growers, who would thereby save freight and commission, and charges on shipments to England. The establishment of a fortnightly line of steamships between New Zealand, Australia, and San Francisco—by increasing facilities for travel and for handling freight—would tend to bring American buyers to the colonial markets, with the consequent expenditure of money and development of local trade.

5. The United States furnish a market for table fruit, which a fortnightly steamship service between New Zealand and San Francisco would place within reach of colonial fruit-growers. The fruit imports of the United States in 1886-87, to supplement home production, were as follow:—

Fruit, duty free	...	...	\$4,767,659 =	£953,531
Fruit and nuts, paying duty	...	...	\$15,088,074 =	£3,017,614

These figures prove that there is a large market for Australian and New Zealand fruit, which is in season when the United States have no available home supply. The imported fruit referred to above, being grown in the northern hemisphere, came into competition with the home supply. Australian and New Zealand fruit, owing to the difference in seasons, would have the market to itself, and should command high prices, if properly packed and were reliable agencies for sale and distribution established.

The export value of fruit—ripe, green, canned, dried, and preserved—in the same year was \$2,670,976. As the total import value of fruit was \$19,855,733, it follows that there was a deficiency in the home supply of \$17,184,757, or £3,346,951, on the season's consumption. This fact alone guarantees a paying American market for New Zealand fruit, because the demand, owing to the growth of population and accumulation of wealth, greatly outruns production.

Apples are duty free. If shipped of large size, carefully selected and packed, they would bring in the San Francisco market from \$2 to \$3 per box (8s. to 12s.) between March and July. Oranges and lemons pay duty, but are in demand between May and November at from \$1 50c. to \$2 (6s. to 8s.) per hundred for Lisbon lemons, and oranges at from \$1 50c. to \$3 per hundred. Navel oranges were selling wholesale at San Francisco at latest advices for about 2½d. each. Apples might be grown for export throughout the colony; oranges and lemons in the northern parts.

Nuts may also be grown all over New Zealand. The import of walnuts and filberts into the United States in 1886-87 was 11,207,548lb., upon which 3c. per pound duty was paid. Over 29,000,000lb. of currants were imported from Mediterranean countries. This fruit might also be grown over a wide area in New Zealand. Nearly 71,000,000lb. of plums and prunes, subject to duty, were imported from southern Europe. The duty did not prevent large imports, and need not therefore deter colonial growers from trying the American market. The import duty on fruit in 1886-87 was equivalent to £840,000.

6. California offers a paying market for New Zealand dairy products for several months of the year, and under proper business arrangements New Zealand mutton might be marketed all the year round at San Francisco.

It would be the business interest of the Oceanic Steamship Company, of California, if it secured a fortnightly contract as proposed, to develop an export trade between New Zealand and San Francisco and intermediate ports. Arrangements would be made to provide cool-air chambers for fruit, dairy products, fish, mutton, &c., to meet the requirements of the trade, while ordinary passenger and tourist travel would be developed to the utmost.

7. The proposed Californian mail-service and trade would not interfere with the English market. Its commercial advantage would consist in opening a second market for colonial products