

2. *Period of Contract.*—It is understood that the period of the contract shall be extended to 31st July 1950, subject to either party having the continuing right of an annual review for these two years and that we shall confer in 1948 on the desirability of extending the contract for a further period of two years to cover production in New Zealand to 31st July 1952.

3. *Reservation of commodities for markets other than the United Kingdom.*—It is agreed that New Zealand may sell in 1946/47 butter and cheese to countries other than the United Kingdom, including sales for relief, within the allocation programme, and we undertake to review this question again one year from now.

4. *Restoration of brands.*—We have noted New Zealand's desire for the abolition of the present regulations regarding National butter and for the resumption of sale by origin. The difficulties of taking immediate steps to bring this about have been explained to you, but we are prepared nevertheless to meet your wishes at a date to be agreed between your officials and ours and hope to be able to give effect to the arrangement early in 1947.

5. *Change in volume of production of butter and cheese.*—Although under the terms of the contract the proportions of butter and cheese to be shipped from the production of each season are to be as nearly as possible in accordance with our requirements, we agree that the maximum notice of change will be given and we accept that no important change in the proportions can be made without a reasonable period of notice. We agree that the respective proportions of butter and cheese made available to us in the 1944/45 season will be the objective for the 1946/47 season.

6. *The resumption of distribution through normal channels.*—For reasons which we have explained to you, we cannot contemplate now any important departure from the present distributive arrangements. Similarly, our rationing machinery does not permit us to bind ourselves to supply certain organisations with a choice of butter nor to distribute regularly definite proportions of New Zealand butter. We are, however, prepared to look at both of these subjects again one year from now.

7. *Cessation of margarine rationing.*—We are willing to give such notice as is practicable about the prospects of discontinuance of margarine rationing and to discuss with you the consequences in so far as they may affect butter when that time comes.

I understand that further consultations will be held on the arrangements to apply to evaporated milk and skim milk powder purchases; these will be the subject of a separate letter.

In the meantime please accept my personal thanks for the helpful and understanding way in which you have approached our common problems.

Reply from High Commissioner for New Zealand dated 8th August, 1946, was as follows,—

Thank you for your letter of the 2nd August summarising the agreement between us relating to the price to be paid for New Zealand butter and cheese exported to you from the production season 1st August 1946 to 31st July 1947, and to the extension of the contract, subject to right of either party to an annual review of prices and conditions, to the end of the 1949/50 production season. It is noted that we shall confer with you in 1948 on the desirability of extending the contract for a further period of two years to cover production in New Zealand to 31st July, 1952.

Your letter correctly records the intention of both parties and I should like to express to you the appreciation of my Government of the courtesy and assistance extended to us during our negotiations.

SHIPMENTS OF DAIRY PRODUCTS TO MARKETS OUTSIDE THE UNITED KINGDOM

In the last year's annual report reference was made to the agreement by the United Kingdom Minister of Food that New Zealand should sell up to 2½ per cent. of the exportable surplus of butter and cheese in re-establishing other markets. This was later made subject to the qualification that such quantities would be subject to the allocation procedure of the Combined Food Board, later succeeded by the International Emergency Food Council.

In pursuance of this arrangement, allocations of global quantities of butter, cheese, and processed milk, in the supply of which New Zealand could share, were made to the following countries: British Caribbean Area, Ceylon, Falkland Islands, Fiji, Gambia, Gold Coast, Gilbert Islands, India, Malta, Mauritius, Aden, Cyprus, Cyrenaica, Egypt, French Somaliland, Iraq, Palestine, Saudi Arabia, Sudan, New Hebrides, Nyasaland, Nigeria, Northern Rhodesia, Seychelles, Sierra Leone, Solomon Islands, South Africa, Southern Rhodesia, Tanganyika, Tonga, Zanzibar, Reunion, Madagascar, French Camerouns, French Equatorial Africa, Belgian Congo, French West Africa, Philippines, British Borneo, Malaya, Shanghai, Hong Kong, Burma.

The qualification for shipment to these countries was that a duly authenticated import licence should be issued by the importing country before an export licence was issued by the supplying country.