Steel and steel products is the main item continuing to cause concern. The Supply Mission represented our case to the United Kingdom authorities as fully as possible, but on present indications it does not appear that we can expect any substantial improvement in the position, which is serious, affecting as it does the whole of our national economy. Supplies are being obtained to a limited extent from other sources such as Australia, Belgium, and the United States of America, and every possible endeavour is being made to ensure that the suppliers in these and other countries and the authorities concerned are aware of our need for any additional supplies. The position has deteriorated considerably this year, with the result that it has been necessary to bring black steel sheet and galvanized sheet back under control. Even so it is clearly evident that our present allocations from the United Kingdom and Australia are insufficient to meet even out most essential needs. Building materials generally are still in short supply, and to some extent shipping has been a contributing factor in this field.

It is pleasing to note an improvement in the supply of most types of industrial chemicals, and the textile position, including all types of yarns for our domestic knitting-mills, has also improved substantially. There are particular items, however, where some difficulty still exists.

There are some other items which are causing concern in particular phases of industry, mainly because, although they are readily available from overseas, the sources of supply present difficulty so far as foreign exchange is concerned. In many such instances, as, for example, the corsetry and underwear group, the units concerned have been given every possible assistance in their efforts to obtain suitable raw materials from alternative sources. Other cases have arisen where there have been no alternative sources for essential materials, and here we have endeavoured to arrange reasonable provision for their needs. Unfortunately, in terms of the proposed end-usage of materials and the critical dollar situation, supplies to some other units will depend largely upon the extent to which funds can be made available in "hard" currency countries.

SECTION 9.—SHIPPING IN RELATION TO INDUSTRY

Despite the fact that the tonnage of ships operating both coastwise and trans-Tasman is somewhat greater than during the pre-war period, the relatively slow turn-round of vessels, combined with greater tonnages of cargoes offering, has resulted in difficulties throughout the year in regard to the sea-carriage of essential raw materials and other commodities. Consequently, it has not yet been possible to revoke the Shipping Control Emergency Regulations. Moreover, whilst the position remains that priorities in the movement of cargoes must be allocated, the control is necessary.

Mr. J. H. Gilbert continues his able assistance in the office of Shipping Controller, and through the close and co-operative relations between him and the Department (through both its New Zealand and overseas offices) the movement of urgently needed raw materials and other goods has been facilitated.

Trans-Tasman cargoes principally affected by delays have been hardwoods, pig iron, gypsum, steel and steel products, wheat, sugar, and trans-shipment cargoes at Sydney. Delays have been occasioned coastwise in coal, cement, sugar, flour, building-materials, a wide range of raw materials essential to continuity of production in industry, and, in many instances, finished goods for wide distribution.

For the greater part of the year eleven chartered vessels have operated trans-Tasman, but in view of the world-wide demand upon tramp tonnage it is not expected that the number can be retained. On the other hand, the Union Steam Ship Co. has