

the margin of error of the estimates. The only major deficiency areas are likely to be Latin America and south-east Asia, but it would appear that their requirements can be met from North America and Europe.

82. In considering this apparent coincidence of supply and demand it must be remembered that both the production and the consumption estimates are subject to a considerable margin of error.

83. On the production side the figures assume that there will be a substantial revival of production in Germany and Japan, the former being assumed to produce two-thirds and the latter over half of its requirements of dissolving pulp. In Scandinavia the estimates, compared with 1937, show a large-scale diversion of sulphite capacity from paper grades to dissolving grades. As regards North America, account has been taken of contemplated increases in capacity which might not be implemented.

84. On the consumption side the possibilities of error appear to be equally great. In Germany, Italy, and Japan, both production and consumption expanded enormously during the war in order to make good the loss of supplies of natural fibres, imports of which were cut off. Much of this capacity still exists, but it is particularly difficult to estimate how far it will be used. Moreover, the estimates of consumption in most major rayon-producing countries are based on export estimates which will probably prove to be mutually inconsistent, in the sense that the sum of their projected exports may well exceed substantially the level of total world import demand.

PART IV—APPLICATION OF CONFERENCE CONCLUSIONS TO NEW ZEALAND

GENERAL

(1) It appeared to the New Zealand Forest Service on receipt of the original agenda providing for an inquiry into the adequacy or otherwise of pulp and newsprint supplies over the period 1949-60 that such an investigation could be soundly based only on studies of long-term trends not merely in *per capita* consumption and population growth, but also in the price of pulp-wood and substitute materials and of the manufactured products. Not until the opening session of the Conference did it become clear to the New Zealand delegation that, with the interim decision to limit the Montreal discussions to pulp alone over the restricted period 1949-55, its members must assume the responsibility for collecting the basic data upon which the Government could be recommended to confirm or otherwise its decision to proceed with the Murupara project for the production of newsprint and sulphate pulp. It was therefore agreed that, while the Director of Forestry should concentrate on the affairs of the Conference, the Hon. the Commissioner of State Forests and Mr. S. J. Robinson should take advantage of every opportunity which offered of conferring with prominent executives in the pulp and paper industry in the vicinity of Montreal, and of forming their conclusions regarding the future economics of the world pulp and paper industry in general and of newsprint and sulphate production in particular.

WORLD WOOD-PULP TRADE, 1949-55

(2) Perusal of the preceding section of the report presenting the outstanding conclusions of the Montreal Conference adequately ventilates the complexity and uncertainty of the wood-pulp trade in the immediate future. The possible sources of error and the admitted unreliability of forecasts referred to throughout the findings of the Conference might be thought to negative the value of the conclusions in paragraph 19 that there is likely to be an approximate equilibrium between world production and requirements for 1948-55 and that unless interim developments operate to the contrary there should be no major wood-pulp surplus or deficit during the period under review. At first sight this statement could certainly not be regarded as encouraging the establishment of any new