pulp and paper project. On the other hand, it must be remembered that this particular finding is based on the assumption that numerous new projects, including those in New Zealand and Australia, will meantime come into production. The possibility cannot be ignored that even if effective demands have been overestimated, failure to proceed meantime with these new projects could create a significant deficit or shortage. It was concluded by the New Zealand delegation that, whilst this general finding of the Conference did not exactly encourage new projects in New Zealand, it should not discourage them. Under these circumstances it became of vital importance that the delegation itself should endeavour to make those long-term studies of consumption and price trends for both newsprint and pulp which it had originally anticipated would be undertaken by the Conference. It was convinced that only by such studies could the Government be recommended to proceed with the Murupara project.

1947–48 Investigations

(3) As a background to this study the delegation had the views of the Director of Forestry as a result of his investigations in both northern Europe and North America in 1947–48. On his return to New Zealand early in 1948 he had predicted that in the case of both pulp and paper products supply and demand would soon be in balance, and that prices accordingly could be expected to fall significantly within the near future. At the same time, it was doubtful if world capacity in the pulp and paper trade would be sufficient to meet world demand once currency difficulties were overcome and normal international trading relations restored. Although the basis contract price for newsprint (*$104 per short ton of 2,000 lb., delivered New York) has not altered meantime, the fantastic spot market for this product (reaching as high as $250 per short ton) which has ruled since the end of World War II has now virtually disappeared, and pulp prices generally have been materially reduced. It was necessary accordingly for the delegation to further examine the future of these important commodities.

Wood Pulp Conference and Newsprint

(4) Although the original agenda for the Montreal Conference had contemplated study of the newsprint position, the amended and final agenda adopted by the Conference confined discussions to wood-pulp. The only mention of newsprint during the Conference was in the official message from the Director-General of UNESCO urging the importance of making an adequate supply of newsprint available to all countries. This message served to highlight one of the apparent anomalies under which the Conference was convened and conducted. It was initiated by the Department of Economic Affairs of UNO, FAO, UNESCO, and ECE (Economic Commission for Europe) because of *fears of a continuing shortage of newsprint and pulp*, but held in a country—Canada—in which the pulp and paper producers *feared not a shortage, but a surplus*. As consideration of the findings of the Conference has shown, the explanation of these differing views lies in the time element. For the time being, while the effective demand due to currency difficulties is so much less than the potential demand, there is little doubt that with some recession in trade in the United States of America there is a very definite world surplus of pulp. If the current trade recession in the United States of America were to become really serious there would undoubtedly be a very large surplus of pulp and ultimately some temporary surplus of newsprint. In contradistinction, it is equally true that if currency difficulties were resolved and the full potential demand of all countries realized there would be little surplus pulp and a real shortage of newsprint.

* The equivalent price landed in New Zealand main ports is £52 15s. per long ton, *c.i.f.e.* (at $2·80 to the pound). It was only £36 15s. at $4·03 to the pound.