

The policy of keeping the produce of the country before the traders and consumers of Great Britain by means of exhibitions has been extended during the year under review. Exhibits of a more comprehensive nature than hitherto have been shown at the Indian and Colonial Exhibition, London, the Colonial Produce Exhibition, Liverpool, the Royal Horticultural Society's Show, London; and a permanent exhibit has been established at the Crystal Palace. The cost of representation at these exhibitions is small, and results have been in every way satisfactory.

Arrangements have been made for a very large exhibit, principally of New Zealand tinned meats, at the Groceries Exhibition, to be held in the Agricultural Hall, London, in September. In view of the Chicago scandals this Exhibition is particularly opportune to further introduce New Zealand tinned goods to the British consumer. A pamphlet showing the rigid methods of inspection adopted in New Zealand to insure that tinned goods reach the consumer in a perfectly healthy condition has been prepared, and will be freely distributed at the Groceries Exhibition. The question of exhibiting on a fairly comprehensive scale at the Irish International Exhibition, to be held early in Dublin, is now under consideration.

The proposed renewal of the South African subsidised steam service has engaged the attention of the Government, but owing to the tenders for a new service being considered too high the Government did not see its way to accept any of the offers made. The subsidies required were excessive compared with the volume of trade to be expected from the service. The Tyser Company has now decided to establish a service calling at South African ports, and the steamers despatched by this company should fill the requirements of New Zealand shippers for the time being. Unless there are full cargoes offering in New Zealand, this company's steamers will call at Australian ports to complete loading. Where a number of Australian ports are touched, the voyage will unfortunately be prolonged so as to make arrivals in Africa rather indefinite.

I am pleased to be able to state that the West of England steam service, arranged by contract with the New Zealand and African Steamship Company, has proved of great benefit to this country. The monthly sailings for months past have comprised full cargoes of frozen meat and general produce, chiefly for Cardiff, Bristol, Liverpool, Manchester, and Glasgow. The demand for New Zealand produce in the provincial markets of Great Britain may be considered very satisfactory, and the extension of trade in this direction will, no doubt, be great.

With a view to getting into more direct trade connection with our great sister country of Canada, a steam-service contract between the Canadian Government and the New Zealand Government on the one hand and Messrs. Alley and Co. on the other has been entered into. The contract provides a two-monthly cargo service for a period of one year between New Zealand ports and the western ports of Canada. Efforts are now being made to convert this service into a refrigerator one, as it is hoped considerable trade may be done with Canadian western ports in frozen meats, butter, &c., at certain periods of the year. So far, full cargoes have not been shipped by these steamers, but it is expected that when the exporters and merchants of the two countries concerned get into closer touch better results will be accomplished.

The question of opening up trade with the East has engaged the attention of the Government, and, in view of the large quantities of produce identical with that which New Zealand could supply now being imported by Japan and other Eastern countries, there is little doubt that, given suitable shipping facilities, a valuable trade may be worked up in this part of the world. The Australasian exports to Japan for 1904 amounted to £439,906. Included in this amount is the item, Wool, £233,919, and as the total quantity imported into Japan is £637,694 c.i.f., it will be seen that Australia has secured over a third of the whole trade in this commodity. Hemp and jute total £6,464 18s., and, as the former is not produced in Australia, it is only reasonable to conclude that the imports of this product originate in New Zealand. Australia has five direct lines of steamers to the East, and some call at Manila and Singapore with large consignments of produce.

Trade with Australia and China is increasing, and in the report furnished by the New South Wales Intelligence Department I note the item, "Exports from Australia and New Zealand," £72,166. The trade with China is still in its infancy, and I look forward to a great expansion of trade with this Empire. At the close of 1904, thirty-six ports were opened for trade, Shanghai, Hankow, Canton, Tientsin, and Newchang being the principal. Hong Kong exported to China in 1904 goods to the value of £20,574,897, a large quantity of which was imported from the United Kingdom and the British colonies.

The present condition of the hemp-market calls for special attention. I am pleased to note that the demand for this commodity is increasing and extending year by year. Recently to the list of regular buyers have been added large rope-manufacturers in Germany, France, and Japan. Many of these buyers, however, find the utmost difficulty in obtaining supplies, due to two causes—firstly, that the supplies are not at present sufficient to meet demands, and, secondly, that the American, Canadian, and British operators have booked orders months ahead, absorbing practically the whole output. The want of sufficient supplies is therefore losing to the colony profitable trade, and disappointed would-be buyers must turn their attention to other fibres for the purposes of manufacture. To maintain a stable trade continuity of supply is essential, and, for the purpose of assisting an industry which provides so much employment for unskilled labour and is so profitable to this country, I am of opinion that immediate consideration should be given to the planting of some of the waste lands of the colony with the best qualities of *Phormium tenax*. Already inquiries are being made from Commonwealth States and the United States of America regarding the obtaining of supplies of plants for the purpose of producing the fibre in these countries, which will ultimately come into competition with New Zealand.

I regret to find that the blending and "faking" of colonial butter by British traders is likely to become a serious menace to the New Zealand trade. The quality of New Zealand butter and the low percentage of moisture which it contains make it specially adaptable for the purposes of the blender and "faker." Producers and exporters in this country do not appear to realise