

General.

It is very early as yet to offer any opinion as to the market prospects for New Zealand dairy-produce, there being one or two factors that have an important bearing on the subject, the revision of the United States of America tariff and the climatic conditions in the United Kingdom and Continent being perhaps the two most important.

At the present time there are no conditions apparent that need give any anxiety to New Zealand producers, providing butter and cheese of high quality are sent forward. Available statistics do not indicate that there is any danger of production exceeding the demand for dairy-produce in the United Kingdom at the present time.

In the matter of the ability of competing countries to maintain the quantity of the dairy-produce exported by them, statistics for the last ten years show that the imports of butter to the United Kingdom have been practically stationary in quantity; in 1903 the total tonnage was 200,186, and in 1912 200,195, there being only an increase in favour of the year 1912 of 9 tons.

A review of the foregoing shows that the imports into Great Britain of butter from Denmark and Siberia are almost stationary. Although the export of Siberian butter has increased, Germany is now importing more butter from that country, and quantities of milk and cream from Denmark, thus relieving English markets.

Argentine has, if anything, a decreased export butter trade, but the export of butter from Sweden is showing substantial increase; the outputs from the majority of Continental countries show a decrease. In 1903 foreign countries imported into the United Kingdom 176,320 tons, whereas in 1912 the quantity had fallen to 147,338 tons, or a falling-off of 28,982 tons. As it may be argued that the droughty summer conditions of 1911 have some bearing on these figures, still the figures for the year ending 30th June, 1911, show the substantial decrease of 14,553 tons covering the same period.

The net increase in prices for butter from various countries for the last twenty years make interesting reading, and are given for your information: Irish, 15s. 6d. per hundredweight; Australian, 8s. 11d.; New Zealand, 13s. 11d.; Danish and Swedish, 9s. 9d.; Dutch, 18s. 10d.; French, 5s. 2d.; Russian, 18s. 3d.

Cheddar Cheese.

In dealing with the cheese problem there are three countries that are responsible for the major portion of the production of Cheddar cheese—they are the United Kingdom, Canada, and New Zealand. It is impossible to estimate the amount of cheese of this class made in the United Kingdom, so we will only deal with the Canadian and the New Zealand output. In 1903 Canada imported into the United Kingdom 87,883 tons. In the same year the New Zealand figures were only 2,617 tons. In 1912 Canada imported into the United Kingdom 72,690 tons, being a decrease, roughly, of 15,000 tons, a steady decrease being noticeable for the last five years. For the same period New Zealand imported into this country 24,993 tons, or an increase of approximately 22,000 tons over the output for 1903, and may be said to show a steady increase right along the line, with the exception of the year 1911, when a decrease of some 2,000 tons took place owing to drought conditions in New Zealand.

Should the revised tariff, as at present drafted, become law in the United States of America, it will have an important bearing upon the import of Canadian cheese into the United Kingdom. At the present time it is too early to make any definite suggestions as to what extent trade will be affected.

The following table of five years' average prices is of interest:—

	Canada.	New Zealand.
	s. d.	s. d.
1907-8	62 10	62 1
1908-9	63 0	62 10
1909-10	60 6	58 9
1910-11	59 8	59 1
1911-12	71 5	69 10
Average for period	63 6	62 6

Butter and Cheese.

The set-back which this important trade has received this year is largely due to the producers themselves. It is within the power of New Zealand makers to correct this unsatisfactory state of affairs. The chief reason why New Zealand cheese has gone out of consumption is its lack of quality. The supply is not in excess of normal demand—indeed, the reverse is the case. Experience this year has shown, however, that if consumers of Cheddar cheese cannot procure the English or Canadian makes they prefer to do without the article rather than purchase New Zealand cheese.

Dairy By-products.

Reports have been submitted to the Department in New Zealand on the conversion of dairy drainage into artificial manure; casein and machinery; the manufacture of milk-powder, sugar of milk, and synthetic milk. Regarding synthetic milk, this is a subject which is, of course, of more than ordinary interest to New Zealand producers, inasmuch as it is claimed that this substitute for milk can be manufactured at half the cost of the latter, with a food-value equal to that of milk, the manufactured substitute being quite sterile. Recently but little has been heard of this substitute, but the effect that it would have here would be that, if people were to