

before the war, and during that month a shipment of about 400 tons arrived in New York. This gum was formerly almost exclusively marketed in Belgium and London, but lately was being shipped direct to the United States in large quantities. Even now the use of Congo is not as general in the United States as in Europe, being confined to a few of the large manufacturers. What effect the cessation of hostilities will have to the trade in this gum cannot be foreseen.

Manila gum is a product of the Dutch East Indies. It is a semi-fossil, and has been in general use in the manufacture of cheap varnishes, both in Europe and the United States, for many years. It is a competitor of kauri only in the respect that it produces a more lustrous varnish and is better adapted for inside use. Manila is a much cheaper gum than kauri. Lately it has shown a great deterioration in quality, which has resulted in a lesser demand for it and to its being replaced by some of the cheaper grades of Congo.

Pontianak is found chiefly in Borneo. It is a harder gum than Manila, and is sold for about half the price of the medium grades of kauri. Its use is chiefly confined to the manufacture of furniture and other household varnishes. The output of this gum is not great, hence it is not regarded as a serious competitor of kauri.

Koro.—This gum is known and sold in the United States as “East India.” It is produced in large quantities in the Straits Settlements. The gum is used to a certain extent in conjunction with kauri-gum in the manufacture of outside varnishes. The use of this gum is steadily increasing, and the mixing of it with kauri has the effect of reducing the consumption of kauri, and also the cost of the varnish. Koro is a very brittle gum, and unless mixed with a gum like kauri could not be profitably used.

The gums known as “Damar” are not regarded as competitors of kauri, inasmuch as their use is mainly for the purpose of giving a lustre to various colours of enamel paint, for which purpose kauri is unsuitable.

China Wood-oil.—This is extracted from the nut of the tung-tree of China. It was first offered for sale in the European markets in the year 1898, and in the American market about three years later. The oil, besides containing a high percentage of resin, possesses natural drying qualities, and is adaptable for mixing with other oils, especially linseed. It has now become a prime necessity in the manufacture of all varnishes regardless of the kind of gum used therein. The oil also gives to the varnish made from kauri and other hard gums an elastic or binding quality absent from the gums themselves. The use of the oil in the manufacture of varnish has resulted in the elimination of a large proportion of the kauri and other varnish gums previously used. The trade in wood-oil has increased from about 1,000 barrels of 400 lb. each in 1901 to 150,000 barrels in the year 1915. The oil has been used by the Chinese for centuries past, 25,000,000 gallons being used in China annually, while the consumption for the rest of the world does not probably exceed 15,000,000 gallons per annum. The tung-tree grows luxuriantly in a wild state, chiefly in the middle and the southern regions of China, and it would seem that the supply of wood-oil is practically inexhaustible.

(4.) *Speculative Dealings in Gum and other Harmful Practices.*

During periods of dullness in the trade some of the New York dealers try to develop business by cutting prices and selling “short,” in many instances making contracts to sell extending over a whole year, knowing full well at the time that they had no assurance of their being able to obtain the gum required to fulfil their obligations. These speculators then have recourse to many devious devices to aid them in getting off with a “whole skin,” such as the substitution of inferior grades, short weighing, “watering the pile,” and other abuses. These harmful practices are responsible for the oft-repeated complaint of the varnish-manufacturer as to the deterioration in the gradings of gum. Such practices are obviously detrimental to the industry as well as to the legitimate trader.

(5.) *Absence of a System of Standard Grading.*

The lack of uniformity of grading is unsatisfactory both to the buyer and to the legitimate dealer, but particularly to the latter, as it enables the buyer to play one seller off against the other. The seller is often in the dark as to the quality of the sample being offered by his rival, while the buyer has no assurance that he will get the gum he contracted for. A Government standard grading would at once put an end to such a state of affairs, and would be very beneficial to the industry.

While the demand for many grades of kauri-gum still keeps up with the supply, in consequence of a decreasing supply keeping pace with a decreasing demand, conditions in the trade are not satisfactory for the reasons above recited; and it is a regrettable fact that, although kauri-gum is still in favour with some of the varnish and linoleum manufacturers, others have discontinued its use altogether. The placing of the trade on a sound basis is quite a feasible proposition, but in order to do so it is necessary either—

- (1.) That the Government should take control of the whole industry (this would mean the establishment of one standard of grading, with the result that at this end there would be one buyer and one seller, and that all practices which have proved so harmful to the industry in the past would be eliminated and the trade placed on a proper footing); or
- (2.) That a system of Government grading be inaugurated, such as is adopted in connection with the frozen-meat, dairy-produce, and phormium industries.

Full legislative authority is provided in the Kauri-gum Industry Act for giving effect to either of the proposals. Subsection (3) of section 2 of the Kauri-gum Industry Amendment