The following is a return of imports and exports for seven years—1913 to 1919 inclusive :—

Year.	Imports.	Exports.	Total Value.
	£	£	£
1913	110,283	109,926	220,209
1914	91,132	77,512	168,644
1915	65,590	63,057	128,617
1916	58,478	68,146	126,624
1917	80,061	60,190	140,251
1918	99,632	82,708	182,340
1919	142,925	127,729	270,654

This return shows the gradual recovery of the trade from the effects of the war.

Imports.

The imports in 1906 to the whole Group amounted to £41,437 ; in 1910, £83,759 ; in 1914, £91,132 ; in 1918, £99,632 ; and in 1919, £142,925. For the same periods New Zealand's share of these imports was as follows : 1906, £33,056 ; 1910, £64,958 ; 1914, £64,852 ; 1918, £70,773. The figures for 1919 are not available.

A full detailed list showing the value in sterling and country of shipment of all goods imported in 1906, 1910, 1914, and 1918 is appended. From it will be seen at a glance the trend and volume of trade.

At the present moment most of the trade goes to New Zealand, but when exchange in America becomes normal we are of opinion that imports from there will increase, as the San Francisco mail-boats, which call at Rarotonga, invite American trade.

You will notice in the summary that the New Zealand trade has risen from £33,056 in 1906 to £70,773 in 1918, that of the United Kingdom from £1,305 to £8,474, United States from £2,149 to £15,324, while the trade with Tahiti and New South Wales has not maintained its proportion.

As the Cook Islands are an integral part of New Zealand, all goods manufactured in the Dominion are not subject to Customs duty. With such a preference New Zealand manufacturers should find no difficulty in successfully competing for the business. If they fail to hold what they have, the fault must lie with them.

Complaints are made by the traders that New Zealand merchants as a class pay little or no attention to the requirements of the islands, and are a little inclined to adopt the policy of suggesting that " This is what we have got to sell you ; if it does not suit, go somewhere else." If this is the case—which we are inclined to doubt—New Zealand merchants will waken up to the reality that while these islands are indeed a part of New Zealand the trade has gone to merchants in other countries who will make what the people want.

There is not the slightest doubt that, as civilization advances, the demand for tropical products must increase—copra, rubber, cotton, coffee, cocoa, &c. As the demand increases, so will the price increase ; as the price increases, the Native owners will be induced to greater activities ; and as the exports increase, the imports also will increase.

It has been suggested that to encourage the copra trade of the islands, and to keep the business as far as possible in the hands of British manufacturers, a crushing plant should be erected in New Zealand, the oil extracted, and the by-product used in the manufacture of cattle-feed, &c. We do not think, however, New Zealand could at present profitably handle such an undertaking. Refined coconut-oil is principally used in the manufacture of margarine, but the local demand for this butter-substitute is not great at present ; and, as New Zealand is fast becoming a great dairying centre, it is hardly likely that the Government would give much encouragement to the manufacture of an article which might become a serious competitor to one of the most important industries in the country. The demand for cattle-cake, also, in New Zealand is not sufficiently large to warrant