

The Commission has considered the facts in relation to the cost of production and distribution of New Zealand pig iron, and has noted that appreciable reductions in cost have been effected, mainly as a result of increased output. The evidence shows that the local works are equipped to produce approximately the total quantity of iron required in the Dominion, and it is further claimed that, with few exceptions, the quality produced meets the needs of users of pig iron. As a result of the competition from imports, however, the local works have each year been forced to cease operations for some months, and costs have accordingly been much higher than would have been the case if the plant had been in continuous operation.

A subsidy is paid by the Government to the company, the present rate being £1 8s. per ton of pig iron produced. The local manufacturers claim that since the payment of this subsidy commenced Indian pig iron has been sold at reduced prices. It is claimed also that Indian pig iron is sold for export to New Zealand at prices below the current domestic value, and that this is the chief reason for the request which has been made for duty upon imported pig iron. The evidence gives some ground for believing that Indian iron is, as claimed, liable to dumping duty, and that if such duty were imposed there would be no necessity for any other duty on this commodity.

The Commission wishes to draw attention to the economic loss resulting from the fact that under present competitive conditions adequate output cannot be secured from these works. The cost of production at Onakaka is largely dependent upon this factor, and, whether or not the industry is to continue to receive State assistance by way of subsidy, an endeavour should, we think, be made to enable the works to increase output and thus reduce costs of production. We therefore recommend that full inquiry be made to ascertain whether the facts justify the imposition of dumping duty on Indian iron under the provisions of the Customs Amendment Act, 1921.

### RENNET.

For some years past rennet has been manufactured in New Zealand by a company established at Eltham and conducted on a co-operative basis, the shareholders being, in the main, co-operative dairy companies. Until recent years the Rennet Company found difficulty in securing an appreciable share of the trade, the quality of the local product being apparently to some extent unsatisfactory. During the past two or three years, however, the production and use of New-Zealand-made rennet has largely increased, and the evidence shows clearly that the local article is of a standard quite equal to that of imported brands. Sale of local rennet during the past season represented approximately one-half of New Zealand's requirements.

Under the present tariff rennet in bulk is admitted free from all sources. Imported rennet comes chiefly from the Continent of Europe, and the prices of these supplies have been cut very finely, owing apparently to the competition of the local factory. Evidence has been produced to show that Continental rennet has been sold in Australia (where until recently no local competition existed) at prices substantially above those at which similar rennet was at the same time sold in New Zealand.

The manufacture of rennet in New Zealand was, until the past year, carried on by the use of imported raw material. As a consequence of the recently developed trade in young veal, there is now available in New Zealand a large supply of calf-vells. Indications point to the probability that New Zealand will shortly produce all the vells required for the production of a very large proportion, if not the whole, of New Zealand's rennet requirements.

Under these circumstances the Commission is of the opinion that a duty of 20 per cent. *ad valorem*, should be levied upon foreign rennet in bulk.

### STATIONERY AND PAPER OTHER THAN WRAPPING-PAPER.

The Commission has given careful consideration to the numerous matters arising in respect of this portion of the tariff. It is quite impossible to report on all the detailed items. One cardinal feature, however, is deserving of special attention: this is the matter of the existing preferential duty of 20 per cent. *ad valorem* against foreign paper, British paper being free. It has been made very evident to the Commission that in this instance the giving of protection of 20 per cent. to British paper-manufacturers (so far as sales to New Zealand are concerned) acts to the prejudice of New Zealand stationery-manufacturers and printers.

The position, of course, is that the British manufacturer of stationery, &c., can import his foreign paper into England free of duty, manufacture it there into account-books and similar articles, and as a general rule send them to New Zealand and have them admitted under the British preferential tariff. The New Zealand maker of similar manufactured articles, who is in competition with the British manufacturer, has at present to pay a duty of 20 per cent. on this foreign paper. In connection with this matter one of the witnesses who appeared before the Commission said that he understood that some of the cheaper books imported from England were made with highly glazed paper peculiar to Scandinavia. He had had a recent quotation for a cheap paper from Scandinavia at £26 5s. per ton, *c.i.f.* New Zealand; the cheapest paper of British manufacture, in minimum lots of 5 tons, was 3d. a pound, or £28 a ton, *f.o.b.* London. After paying the foreign duty the Scandinavian paper actually landed at a lower cost than the British, but he was very loath to use foreign paper.

The position with respect to newsprint paper is not the same as that of other paper used in the manufacturing industries of the Dominion. Newspapers have virtually no external competition, and if some means can be found of distinguishing between these two classes of paper it is considered that the paper with which we are now dealing (other than newsprint) should be exempted from preferential duties. It is found that, with certain minor exceptions, newsprint is imported in rolls, while that used for manufacturing comes in the flat.