

It is worthy of mention that New Zealand admits under the British preferential tariff paper manufactured in Great Britain from foreign pulp, notwithstanding the fact that the percentage therein of British material and/or labour probably does not approach 50 per cent. of the factory or works cost of the finished paper.

The Commission therefore recommends that provision be made in the new tariff for the admission free from all countries of paper in the flat, but that paper (n.e.i.) in rolls should be charged with duty at 20 per cent. *ad valorem* if of foreign origin. It is believed that this alteration will obviate the necessity for increasing the duty on certain lines of manufactured stationery in respect of which representations have been made to the Commission. The duties recommended in respect of these manufactured items are those at present in force on the assumption that the above-mentioned alteration in the duty on foreign paper will be adopted.

WOOLLEN-MANUFACTURING AND CLOTHING INDUSTRIES.

1. WOOLLEN-MANUFACTURING INDUSTRY.

The tariff items which have to be considered in relation to this industry are as follows:—

	Rate of Duty.	
	British Preferential Tariff.	General Tariff.
Textile piece-goods including textiles of wool or containing wool, n.e.i. ..	20 per cent.	35 per cent.
Union textiles n.e.i., in the piece, the invoice price of which does not exceed that specified by the Minister when cut up and made into shirts, pyjamas, or underclothing, under such conditions as the Minister may prescribe	Free	10 per cent.
(NOTE: At present the price adopted for purposes of this item is 1s. 3d. per yard.)		
Raw cotton	4d. per lb.	4d. per lb.
Cotton yarns (except for certain purposes)—		
As yarns n.e.i.	20 per cent.	35 per cent.

The importations of woollen piece-goods since 1923 have decreased each year. The total value of the imports in 1926 was approximately 83 per cent. of the average value of imports in the three preceding years. These goods constitute the main lines coming into competition with local production from woollen-mills.

The value of the goods produced by the New Zealand woollen-mills in each of the years ended March, 1922 to 1926 inclusive, has been: Year ended 31st March, 1922, £1,229,829; 1923, £1,132,082; 1924, £1,420,853; 1925, £1,263,743; 1926, £1,159,771. The value of local production in 1925–26 was approximately 86 per cent. of the average value of production in the two preceding years.

The evidence shows—and it is, in fact, well recognized—that the New Zealand woollen-mills manufacture a much wider range of products than is the case in the more highly specialized mills in the United Kingdom. This has a direct bearing upon cost of production and the ability of the local mills to compete with importations.

During the period when local mills were manufacturing large quantities of goods to meet the exceptional requirements under war conditions, considerable additions were made to the plant and machinery of local factories. This plant is apparently not now fully utilized. The existing general economic depression which is affecting other industries is doubtless also influencing the prosperity of the New Zealand woollen industry. The demand for silk hosiery and knitted wear of special types has also undoubtedly affected the market for the products of the woollen-mills.

A request was made by manufacturers for special duties on certain low-priced piece-goods, for the reason that these goods, which include shoddy, seriously affected the sale of locally made all-wool products. The Commission is unable to find satisfactory evidence that the importation of shoddy material, either in the form of piece-goods or in the form of made-up clothing, has greatly increased during recent years, or, in fact, that this class of material represents a large proportion of the importations. A system of duties such as has been suggested would affect not only shoddy materials, but also low-priced materials which are of good quality for the purpose for which they are used, and more particularly goods manufactured of cotton and wool.

It is clear that the all-wool products of the New Zealand industry find great difficulty in competing with low-priced materials of wool and cotton imported from abroad, and, more particularly for the reason that a duty exists on raw cotton and cotton yarns, the local mills are unable to engage effectively in the manufacture of union textiles. Neither raw cotton nor cotton yarns are produced in New Zealand, and the Commission therefore considers that the present duties on these articles should not be maintained.