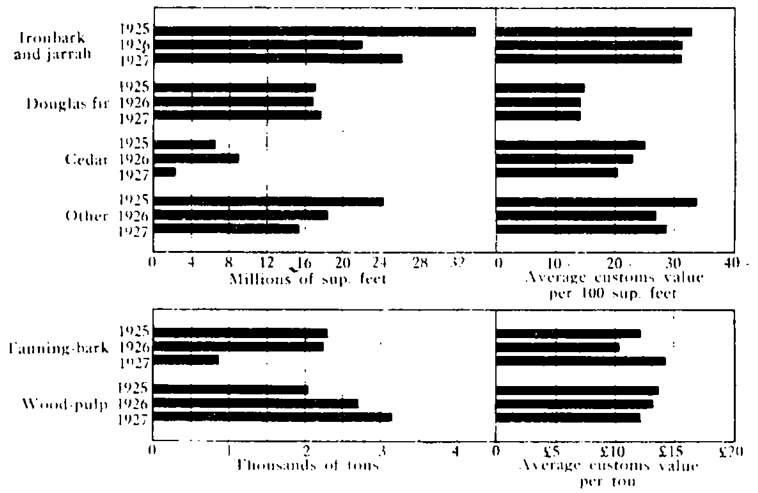

GRAPH SHOWING TIMBER AND TANNING-BARK IMPORTS FOR YEARS ENDED 31ST DECEMBER, 1925 TO 1927.

Softwoods, due to a declining timber market and possibly increased timber import duties, showed a marked decrease compared with the previous year, being only 33,000,000 ft. b.m., or approximately 7,000,000 ft. b.m. below 1926 figures. Despite this, however, Douglas fir experienced its best year in the history of the trade, with importations totalling 17,638,000 ft. b.m., or over half the total softwoods imported. Western red-cedar, so much in evidence during 1925 and 1926, was almost entirely displaced during the year on the local markets, importations totalling only 2,390,000 ft. b.m. during 1927, compared with 9,021,000 ft. b.m. during 1926. Corresponding, however, to this decrease in cedar, redwood importations increased from 3,636,000 ft. b.m. in 1926 to 7,583,000 ft. b.m. in 1927, reflecting the capture of the weatherboard market previously held by the former species. The advertising and price-reduction carried out by redwood-producers has resulted in a heavy trade being established for this product on the local markets. Sawn hemlock, used mainly for lining purposes, also declined severely, with importations of only 2,207,000 ft. b.m. during 1927, compared with 7,787,000 ft. b.m. in 1926. Its reputation for borer attack, combined with its prohibition for house-building by certain local bodies, has resulted in an almost complete disappearance of hemlock from the timber markets. Dairy-produce containers, however, manufactured from hemlock and spruce continue to find an increasing local market, importations of these commodities totalling 3,240,000 ft. b.m. during the year under review, compared with 2,501,000 ft. b.m. imported during 1926. The fact that exporters of produce in these containers receive a drawback duty discounts any advantage manufacturers of local boxes would have obtained from the increased Customs duties.

Markets.

Despite the severe fall in production, the moderately heavy importation and low exports resulted in an additional 238 ft. b.m. *per capita* being made available for a market which already had considerable surplus stocks, due to over-production during the preceding two years. The reasons for the latter were fully discussed in last year's report. The normal *per capita* consumption of timber in New Zealand is approximately 250 ft. b.m., and it is thus evident that production last year would have been insufficient had not such large stocks accumulated from former years. Provided, however, production is further reduced for the current year to enable operators to clear present stocks, it is anticipated that an early recovery in the industry will be experienced. Help for the local industry was, however, accomplished by two very important factors. Firstly, the revision of the Customs tariff on imported timbers resulted in a 3s. per 100 ft. b.m. increase in duty being granted in the small-size rough-sawn timber imported in large quantities for house-building into New Zealand. Other lines had varying additional imports placed on them. Secondly, the formulation of a revised classification and grading system for local timbers has resulted in the grades being defined on a definite specification basis, ensuring uniformity of supply throughout the Dominion. It is anticipated that the increased Customs duties, combined with the improved grading methods, which will come into operation in the year 1928-29, will do much to extend the markets for our local timbers.

Wholesale prices fell considerably, and notwithstanding cuts by various associations individual operators offered large discounts off list prices to effect quick sales. Taking both these factors into consideration, millers probably received poorer returns for their stocks than for many years past.

The railway-tariff charges on fencing-posts and fencing-materials generally were revised. Whereas formerly they were carried at firewood rates, the new regulations determined that they be carried at sawn-timber rates, unless the timber be carried as fencing-battens, and providing such battens did not exceed certain limited dimensions. It is considered that the new regulations would have the effect of limiting the trade in local 1 in. rough heart fencing, as the increased freights will not permit this class of fencing to compete with imported palings. This question brings up the more general one of freight charges on sawmill offcuts, short and slabs, which unless used as firewood are charged at timber rates.