

Wales; but with the arrival on the market in November of new season's wheat a decline set in, and at the end of that month values were down to around 5s. 7d. per bushel, flour being priced in the different States at from £11 10s. to £12. Prices continued to ease in Victoria and South Australia, and to a lesser extent in New South Wales, until a low point was reached about the middle of February. At that time Victorian and South Australian f.a.q. wheat was quoted at 5s. 4d., while flour from all States was selling for export as low as £10 15s. per ton. A sharp rise took place during March, when wheat was worth 5s. 7½d. to 5s. 8d., and the market continued upwards during April and early May until 6s. was generally quoted, with export flour back to £12 10s.

SUGAR.

Mention was made in the Department's report for last year of the action which was being taken to assess the prospects of establishing the beet-sugar industry in the Dominion. Very full information was collected by the Department bearing upon this subject, and particulars of the experience of other countries were available for consideration. During the past session of Parliament the subject was presented for the attention of the Industries and Commerce Committee of the House of Representatives. The Committee reached the conclusion that under the conditions relative to agricultural and industrial costs ruling in the Dominion there would be no prospect of economically producing beet-sugar, and that the industry could be carried on in New Zealand only with the aid of very substantial tariff or direct financial assistance.

Sugar constitutes one of the most important items of importation into the Dominion, and the Dominion pays annually approximately £1,000,000 for our raw-sugar requirements. The Department has continued to receive and record information regarding the world's sugar-markets, and has compared the movement of overseas prices with the prices ruling for the product of the New Zealand refinery. The prices of refined sugars are, of course, appreciably above those quoted for standard raws, while the latter are, too, subject to more frequent fluctuations than in the case of the finished product. The graph published herewith shows, however, the marked agreement which has been maintained between the price of refined sugar in the Dominion and the price of raw sugars sold in the chief markets of the world.

It is of interest to record that during the past few years world prices have generally been so low as to be unsatisfactory to raw-sugar producers, and particularly to the producers of Cuba, a country which in recent years has produced nearly one-fifth of the world's total sugar-output. World production has shown, since the war, very substantial increase, and this, while largely due to a recovery in the European beet-output, is also in some measure accounted for by greater production of cane-sugars.

The position has become so acute that Cuba adopted in relation to her 1927 crop a policy of limitation of output. To make this more effective and more equitable, Cuban interests have during the past few months negotiated with the European beet-sugar interests an international agreement which for the 1928-29 season will restrict exports upon an arranged quota for each participating country. The object is, of course, the better regulation of prices, and, while some such result may be achieved, the interested parties are as yet bound only to a conditional agreement, which may under certain circumstances be non-effective. Moreover, a great portion of the world's sugar-production is still in no way covered by the agreement above referred to. The success or failure of this important international effort at market-regulation will be watched with much interest both by sugar-producing and sugar-importing countries.

CONCLUSION.

The manufacturing industries of the Dominion continue to show a steady and healthy development. It will probably be generally agreed that manufacture cannot for many years reach a state of economic importance equal to that of the production from our agricultural and pastoral industries.

The Department has noted in recent years a satisfactory development of the sentiment in favour of granting a buying preference for New Zealand-made goods. Such preferences could do much to render tariff protection less necessary. There is still, however, marked evidence of an insufficient and incomplete contact between manufacturers and the retail trade. Retailers as well as the public must be brought into sympathy with the object of supporting local industry, and, while manufacturers individually and collectively are working to secure the good will of the buying public, the retailer as the intervening link in the chain of distribution, has not as yet been adequately encouraged to recognize the fundamental advantages of dealing wherever possible in the goods of his neighbour, the New Zealand manufacturer.

Both industry and commerce have during the past year or two been experiencing difficult conditions. Money has been dear, trade has been restricted, and competition has been particularly keen. Commercial combinations and agreements, and endeavours in the direction of price-maintenance, have been more noticeably in evidence than in the past.

With the marked improvement in the overseas trade of the Dominion and in the banking and financial position, however, much more favourable trading and manufacturing conditions are confidently to be expected in the ensuing year.

For the Department of Industries and Commerce:
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