Such important commodities as hides, leather, boots and shoes, cement, common building-brick, cedar, maple, and birch lumber long allowed free entry into the United States are now dutiable. As far as New Zealand is concerned, the main items affected are hides, wool, and butter. Hides, formerly admitted free, may now be assessed with 10 per cent. *ad valorem* duty. Wool, on which the duty was formerly 31 cents per pound, may now be subject to 34 cents per pound. On butter the duty was formerly 12 cents per pound, and it is now proposed to increase it to 14 cents.

Formal protests have been made by a number of nations against the duties contained in the Bill, while others have informally presented their distaste for the provisions of the Bill through their trade associations, and reprisals have been threatened in some cases.

As to just what effect the new duties will have on exports from New Zealand it is yet too early to say, but it seems inevitable that they will have some effect. Whether the increased duties will provide sufficient determent to keep out our commodities, and sufficient incentive to induce home producers to supply the full requirements of the people of the United States, depends upon the relative costs of production in the two countries, including, of course, in the case of the exporting country, the cost of transportation and charges incidental thereto, and, further, upon whether the duties can be passed on to the consumers, for that is generally the first effect of the imposition of a duty or an increase in duty, owing to the producer's desire to get his usual return.

Trade with the East.

As has been pointed out on previous occasions by this Department, continued expansion of production in New Zealand must go hand-in-hand with the extension of the markets for the commodities which this country has for exchange. The wider the market, the greater is the demand, and the better is the price or terms of exchange between our products and those of overseas which we wish to import. If exporters wish to increase their trade in a market in which there is no corresponding increase in demand, then a reduction in the prices they receive for their goods is inevitable.

Increased production must be accompanied by increased competition of buyers for the articles produced, and the Department has therefore persisted in its efforts to interest exporters and manufacturers in the possibilities of trade with the East, a market which has as yet been comparatively untouched, and which offers great opportunities for enterprising traders.

Various causes have contributed to the apathy which has been displayed in regard to this matter. The absence of satisfactory financial arrangements and organizations, and the lack of regular shipping and cold-storage facilities, are some of the factors that have been a bar to the exploitation of Eastern markets. These difficulties, however, are gradually being removed.

The necessary business organizations, with officers possessing a knowledge of conditions and tastes in the East, are already established. Cold-storage facilities are rapidly being provided, and the main obstacle, that of shipping facilities may be overcome shortly, following an announcement by the Right Hon. the Prime Minister to the effect that as soon as the Dominion's finances are restored to a favourable balance the Government intends to subsidize steamer communication between this country and the East to enable our products to reach new and existing markets.

The tables given below show the principal items exported to and imported from the East during the three years 1926, 1927, and 1928, and will convey some idea of the extent of our trade and of the need for its development.

Value of Principal Articles exported to Undermentioned Countries.

Country.	Articles.	1926.	1927.	1928.
		£	£	£
Hong Kong	Butter	1,643	4,583	3,372
	Fungus	11,064	20,310	8,540
India	Wool	10,094	..	..
	Gold	13,113	73,642	297,585
	Silver	50,200	41,008	43,355
Straits Settlement	Butter	18,071	29,404	20,848
	Milk and cream (preserved, condensed, and dried)	1,268	3,849	8,546
China	Butter	6,051	22,155	30,366
Japan	Butter	14,923	22,430	13,275
	Casein	27,139	44,587	45,237
	Wool	118,938	150,305	588,226
Philippine Islands	Butter	13,836	9,298	3,364
Dutch East Indies	Butter	10,283	17,418	8,510

The greatest increase in our exports to the East occurs in the figures for Japan, due to the fact that each year increasing quantities of wool are being purchased by that country; but, even so, our exports to Japan in 1928 only amounted to 1·17 per cent. of the whole. Our exports to the East have expanded from £322,245 in 1926 to £523,152 in 1927 and £1,140,363 in 1928. Our imports from the East in the same three years were £3,487,190 in 1926, £3,440,535 in 1927, and £3,607,913 in 1928. Some of the principal items imported and the countries from which they came are set out below. The figures are also given for the two previous years, for purposes of comparison.