

corresponding increase in the demand for sugar, producers have experienced extreme difficulty in disposing of their product at payable prices. Cuban producers, who in recent years have produced nearly one-fifth of the world's total sugar-output, have particularly felt the stress of the severe competition and the low prices.

So seriously has the sugar industry been affected that a consultation of experts by a delegation of the Economic Committee of the League of Nations took place at Geneva in April last. Although the deliberations of the Committee did not produce any scheme or measure for the relief of the industry, the members obtained a good general insight into the position of the world's sugar industry. It proposed to take till June to consider its report, and in the meantime would consult with experts of the beet-sugar industry in respect to that branch of sugar-production. It was clear to the Committee that the present situation of the sugar industry throughout the world was essentially due to lack of equilibrium between production and consumption; hence the natural conclusion was that, to re-establish equilibrium, either an attempt must be made to increase consumption, or production must be reduced, or both solutions must be sought. The League itself could not initiate measures of that sort, and the solution of the problem, therefore, rested on a definite agreement being arrived at between international producers. The problem was an international one, which could not be solved by the action of any single country or by the producers of any one country. The findings of the Committee in connection with its June meeting will therefore be awaited with interest.

As was mentioned in the last report, the position became so acute some time ago that Cuba adopted, in relation to her 1927 crop, a policy of limitation of output, and by an international agreement with the European beet-sugar interests restricted exports for the 1928-29 season upon an arranged quota for each participating country, in an endeavour to regulate prices. As the agreement was, however, only conditional, and as a great portion of the world's sugar-production was not covered by the agreement, only a small measure of success was expected from the scheme. As mentioned above, prices have continued to fall and markets to be depressed.

The great problem confronting the industry, and confronting many other industries, too, seems to be that of marketing. If it is not carried on successfully, no profits above the cost of making are secured. Exhaustive scientific research has been applied all over the world to increasing sugar-production, to the search for better methods of cane-cultivation, milling, and sugar-fabrication, without any considered effort or expenditure being dedicated to efforts to increase the consumption of sugar. The Cuban sugar industry has been developed along modern mass-production lines, with little or no accompanying modernization of selling methods. Marketing methods must be renovated and proper salesmanship employed to build up large-volume trade that will absorb the great sugar crops. Single-selling combinations, schemes to hold sugar off the market, and Government interference will not raise the price as long as the sugar is in existence and has no place to go to. Expansion of consumption by modern marketing methods appears to be the solution to the difficulty.

WHEAT AND WHEAT PRODUCTS.

Although the New Zealand Government has ceased to control the sale of wheat and flour in the Dominion, and has not directly interfered with the three great industries of wheat-growing, flour-milling, and breadmaking during the past year, it is necessary for the Department, owing to the important place these industries occupy in the economic life of the Dominion, to be kept informed of world movements relative to wheat and flour prices, in addition to a knowledge of conditions in New Zealand.

Briefly, the principal wheat-producing countries are carrying large surplus stocks, with a consequent reduction in prices for wheat. In Australia the export trade in wheat and flour is dull, and millers are quoting flour for export at prices much lower than those quoted for home consumption.

The sliding scale of duties on wheat and flour entering New Zealand imposed under the tariff of 1927 has had the effect to a great extent of stabilizing wheat-prices in the Dominion. No violent fluctuations have taken place in the prices for wheat and flour during the period under review.

The formation of a wheat-growers' selling organization marks a new departure by the farmers. The New Zealand Wheat-growers' Co-operative Association, Ltd., with headquarters at Christchurch, has been functioning for some months. A considerable quantity of wheat is being sold through the new organization.

The following table gives information concerning the grain-mills of the Dominion for the year ended 31st March, 1928 :—

Number of establishments	..	..	..	..	..	52
Value of land, buildings, and plant	..	..	..	..	..	£830,178
Persons engaged	..	..	..	..	..	697
Amount paid as salaries and wages	..	..	..	..	..	£175,956
Cost of material used	..	..	..	..	..	£2,341,026
Value of products	..	..	..	..	..	£2,949,021
Added value	..	..	..	..	..	£607,995

Included in the materials used were 6,358,865 bushels of wheat, of a value of £2,050,873. The quantity of flour produced was 134,976 tons, of a value of £2,301,039. There were also produced 31,460 tons of pollard, valued at £250,619, and 19,698 tons of bran, valued at £125,295.