If gold be so treated in Table III of the British Statement, it would be difficult to justify its exclusion from Table I where its inclusion would result in the reduction of the percentage of Union produce enjoying preference in the British market from 52 per cent to 9 per cent.

Table I of the Supplementary Statement shows the value of imports from the Union, retained by the United Kingdom as £11,850,000 in 1930.

Table III with a note of warning that the figures are not comparable with Table I, shows the favourable balance of South African trade with Britain as £34,400,000.

The conclusion drawn in paragraph 6 (1) is "that the visible trade balance in favour of the Dominions is nearly 100 millions." Of this amount South Africa is held to account for rather more than one-third.

Now it is obvious that if Britain consumes only £11,850,000 worth of South African goods, South Africa cannot by any stretch of imagination have a favourable trade balance with her three times as large. Where is the discrepancy?

The discrepancy is in two items, namely, goods subsequently re-exported, and gold.

For the re-exports Britain obtains commission and handling charges, but she is not a customer for these goods, and cannot include them in the trade balance.

As regards gold the position is clear; South Africa uses more than twice as much British merchandise as Britain does South African merchandise. As South Africa has therefore an insufficient amount of commercial bills in Britain to pay for what she buys there, she must needs pay for the rest in cash. The trader who receives payment in cash does not, however, thereby become the customer of the man who buys from him. South Africa is looking for outlets for her ordinary commodities, but not for her gold and does not find it necessary to offer any larger share of her competitive trade to secure an outlet for her gold.

The position may be paralleled in the trade of the United Kingdom. In 1930 the United Kingdom imported goods for £386,000,000 in excess of her exports. How did she pay the difference? She paid it by services, such as shipping and commissions and by income from her foreign investments. But there is no reference in the United Kingdom Statement to payments made by her from sources other than those derived from competitive trade.

In support of its views as set out above, the Delegation for the Union of South Africa desires to draw attention to the statement on this question of balance of trade made by the Right Honourable J. H. Thomas, Secretary of State for Dominion Affairs, on the 8th of October, 1930, at the last Imperial Conference.

As far as the Union is concerned the position is that South Africa in 1930 bought from Britain more than twenty-nine million pounds' worth of commodities which enter into competitive trade while Britain bought from South Africa less than twelve millions' worth of such goods, and this favourable position of Britain in the competitive trade of South Africa is the normal position.

The Union Delegation welcome the invitation to the Dominions to make full statements of the reciprocal advantages, which they hope to obtain in the market of Great Britain, and the assurance by the United Kingdom Delegation that the examination of such statements will be approached with an unprejudiced mind and with an earnest desire to give effect to the wishes of the Dominions. On its part the Delegation for the Union of South Africa desire to reiterate their statement, already made to the Conference, that, if the United Kingdom Delegation are able to meet the wishes of the Union Delegation in regard to assistance to certain products, the Union Delegation will be prepared to give favourable consideration to requests from the United Kingdom for additional preferences on commodities which offer the greatest possibilities of an increase in trade to the mutual benefit of both countries.

It is suggested that a discussion on these lines take place as soon as possible.