

The outstanding increase in the value of our total exports during 1934 to all European countries was mainly due to the increase in wool prices, together with larger purchases by those countries of skins, apples, and peas.

The foregoing figures are not truly indicative of our export trade to several of these countries—*e.g.*, Germany, France, and Belgium—because a considerable amount of New Zealand produce is purchased via the United Kingdom, and is shown in our statistics as exports to that country.

Direct exports to the eight European countries enumerated in the foregoing table consisted principally of the following products:—

	Value.	Commodity.	Value.
	£(N.Z.)		£(N.Z.)
Wool	2,755,352	Frozen and preserved fish ..	2,860
Sheep-skins	203,594	Seeds	3,513
Calf-skins	34,031	Peas	17,732
Cattle-skins	95,495	Apples	113,352
Rabbit-skins	7,325	Kauri-gum	10,510
Opossum-skins	1,000	Casein	2,518
Tallow	13,191	Sausage-casings	10,527

TRADE WITH THE EAST.

The Department has continued to give special attention to the question of the development of our export trade with the East. Until such time, however, as certain main obstacles to trade are removed development will probably continue to be slow. These obstacles are, firstly, the inadequacy of direct shipping facilities between New Zealand and certain Eastern countries, and, secondly, the comparatively high cost of freight between New Zealand and such countries resulting from the necessity for transshipment either at Sydney or at Honolulu or Vancouver, as the case may be. There are grounds for believing, however, that these difficulties may be overcome in the near future as a result of discussions in both Australia and New Zealand with representatives of shipping companies.

Numerous inquiries for a variety of New Zealand products continue to be received from all parts of the East, and in all such cases the inquirers have been placed in direct touch with persons, firms, and organizations likely to be interested. It is known to the Department that in a number of instances the obstacles referred to in the preceding paragraph have prevented quotations competitive with Australia from being submitted, and, in consequence, the persons and firms approached by the Department were unsuccessful in securing the business.

The following table shows the value of our export and import trade with various Eastern countries for each of the past three calendar years:—

	1932.	1933.	1934.
	£	£	£
Exports to—			
Dutch East Indies	5,255	5,496	2,548
British Malaya	26,868	22,929	49,727
Burma	827	743	208
Ceylon	3,498	2,670	393
Hong Kong	14,153	15,143	16,238
India	53,378	34,326	65,161
China	15,413	54,564	19,099
Japan	236,799	354,462	856,014
Philippine Islands	1,081	413	2,493
Imports from—			
Dutch East Indies	793,647	798,579	1,105,740
British Malaya	86,431	50,545	51,860
Burma	13,437	13,791	9,299
Ceylon	351,598	442,628	468,548
Hong Kong	4,832	5,039	7,745
India	354,752	461,532	534,043
Japan	434,746	541,342	669,278
China	77,283	58,228	78,765
Philippine Islands	5,654	5,626	10,573

The principal features, so far as our export trade is concerned, are the increases in 1934 in the value of sales to British Malaya, India, and Japan, and the decrease in value of sales to China. Of the increases, that in the case of Japan was by far the most important, and this occurred as a result of increased sales of wool, exports of which were valued at £689,851 in 1934, as compared with £233,229 in the preceding year.

Reference should be made to the special inquiries that have been made by the Department during the past year in relation to markets for ghee in the East, and the possibilities of manufacturing that commodity in New Zealand for export. Arrangements were made with the Department of Scientific and Industrial Research and the Dairy Research Institute at Massey Agricultural College for samples of ghee to be prepared for the purpose of trying out various overseas markets. As a result, complete