

JAPAN.

The war between Japan and China has led to a complete cessation of sales and shipments to Japan.

DUTCH EAST INDIES.

The trade in butter and cheese to these ports is still very small, but the Department is continuing its endeavours to assist exporters by quoting competitive prices and supplying attractive butter cartons printed with the New Zealand national brand.

INDIA.

The sales of butter to India show a steady increase. Butter cartons are supplied in 1 lb. and $\frac{1}{2}$ lb. sizes.

HONOLULU.

Sales to Honolulu during the past season show a decrease, owing to the fact that during the 1936-37 season sales were to a considerable extent influenced by the American shipping strike. The regular trade has been fully maintained.

PANAMA.

Sales to Panama Canal Zone show a decrease compared with the previous year, and it is likely that under existing conditions a further decrease will be shown next year. The United States Government, under a recently issued Agricultural Adjustment Administration Order, subsidize sales of American butter in the Panama Canal Zone, on a basis which makes New Zealand competition virtually impossible. This question has been made the subject of representations to the United States Government.

CANADA.

Owing to a shortage of butter stocks in Canada, 58,550 boxes of New Zealand butter were shipped during the year to Vancouver and Halifax. This market is meantime no more than an occasional market. The position at present is that Canadian stocks are high and quantities of Canadian butter are being shipped to London. It is satisfactory to record that, following discussions between the Canadian and the New Zealand Governments, the Canadian Government have agreed to remove the exchange dumping duty from butter shipped from New Zealand, subject to possible limitation of shipments to reasonable proportions if they appear to threaten the interests of Canadian producers.

GERMANY.

As the result of a trade arrangement made by the Hon. Walter Nash, Minister of Marketing, 58,112 boxes of New Zealand butter were shipped to Germany. Of this quantity, 38,112 boxes were shipped from London stocks. These shipments were made during December, 1937, and January and February, 1938. At this time supplies of butter arriving in London were heavy, and the shipments to Germany materially assisted the level of prices realized in the United Kingdom market.

COMPARISON OF COSTS OF MARKETING BUTTER AND CHEESE UNDER THE OLD AND THE PRESENT MARKETING SYSTEMS.

In order to ascertain the extent of savings in costs under the new marketing procedure compared with the old, an analysis of marketing-costs was made, on the basis of the selling-values for the 1936-37 season of 104s. per hundredweight sterling for butter and 64s. 7d. per hundredweight sterling for cheese. This analysis showed an approximate annual saving in marketing-costs, on outputs of 150,000 tons butter and 85,000 tons cheese, of £219,739.

The savings in marketing-costs based on the approximate selling-values for the 1937-38 season of 117s. 6d. per hundredweight sterling for butter and 68s. 6d. per hundredweight sterling for cheese are: On butter marketing, 13-084d. per hundredweight, or a total saving on an export of 140,000 tons of £152,650; on cheese marketing 7-92d. per hundredweight, or a total saving on an export of 85,000 tons of £56,100. Thus on the export trade in butter and cheese, on the 1937-38 season's realizations and quantities, there is an approximate annual saving of £208,750.