

May we point out that trade is actually on a more even and, we suggest, a more permanent basis than is sometimes considered. In this connection attention may be directed to the very large purchases of wool from New Zealand by Canadian manufacturers through Boston, New York, and London, which are not disclosed in the trade returns of either country. A very careful study by the Trade and Commerce Department discloses a large and steadily growing trade in New Zealand wool. I am further advised that direct purchases of wool from New Zealand by the manufacturers will equal in the near future the value of the butter trade hitherto done by New Zealand. Has not too little importance been attached by your country to the wool trade and overmuch importance to the butter trade? I beg to assure you that my Government will be most happy to enter into negotiations for a trade agreement at an early date.

BENNETT

959.

*Le premier ministre de Nouvelle-Zélande au Premier ministre  
Prime Minister of New Zealand to Prime Minister*

TELEGRAM

Wellington, May 26, 1931

CONFIDENTIAL. Your telegram of the 14th May. I much regret that the Canadian Government are unable to make any concessions on New Zealand butter. The New Zealand Government have attached the greatest importance to tariff treatment of this commodity in view of the fact that it has accounted for 80% of the value of New Zealand's exports to Canada, and has helped materially to reduce otherwise heavy adverse trade balance of this Dominion in respect to Canada. I am unable to understand your statement that direct purchases of wool from New Zealand by Canadian manufacturers will in the near future equal the value of former butter trade between New Zealand and Canada. In this connection I am advised,

(i) That importations of New Zealand butter into Canada in the year 1929-30 amounted to over thirteen and a half million dollars.

(ii) That during year ended March, 1930, the total Canadian importations of unmanufactured wool from all countries (including New Zealand) amounted to just over four million dollars, and that importation of such wool during last 9 months of 1930 showed a fall of more than 40% as compared with the corresponding period of preceding year. Even, therefore, if New Zealand were to provide whole Canadian imports of such wool it would not appear to be possible that the value could approach in the near future the value of New Zealand's former butter exports to Canada. It is agreed that there may be considerable purchases by Canada of New Zealand