

an agreement which is at present being revised and extended in an endeavour to increase inter-Dominion trade.

Due to increased Canadian duties on woollen goods adopted in September, 1930, it is expected Canadian market for raw wool will be greatly enlarged. There is evidence of this in opening of six new woollen mills and reopening of four that had been closed as well as 35 per cent increase in number of woollen mill employees. Importation of greasy wool for six months following increased tariff two and quarter million pounds compared with two million pounds for corresponding months under former tariff. Importation of scoured wool increased from 2,400,000 pounds to 3,600,000 pounds. The trade estimates that Canada has a potential market for twenty-four million pounds of imported cross bred wool per annum.

The Canadian Government had hoped that if an earlier discussion did not prove practicable, the forthcoming Imperial Economic Conference at Ottawa would afford an opportunity for full discussion, and the conclusion of a definite agreement. It had contemplated if necessary sending a Minister to New Zealand. It is clear, however, that if the action which you forecast is carried out, our position will be one of great difficulty.

BENNETT

961.

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

TELEGRAM

Wellington, June 9, 1931

Your telegram of the 29th May. I regret very much that New Zealand Government have been unable to defer longer the action indicated in my telegram of the 26th May last and adumbrated in numerous former communications.

2. I note your statement that you are unable to regard summary contained in my telegram of the 26th May as making adequate recognition of endeavours of Canadian Government to come to a satisfactory agreement, and that since assuming office you have sought every opportunity to confer with New Zealand Government. Will you allow me to say in reply that any such efforts have not been apparent to New Zealand Government who retain impression that Canadian Government, having in effect prohibited importation of butter from New Zealand, have been in no haste to enter into definite negotiations. His Majesty's Government in New Zealand have not failed to note that two occasions on which they were prepared for these conversations, namely at Ottawa and at London, were allowed to pass without any attempt on the part of the Canadian Government to give detailed and effective consideration to the matter. Further, your telegram of the 14th May indicated no prospect of immediate negotiations and indeed it would now appear that Canadian