

## APPENDIX IV.

## Review of the Fundamental Considerations which have Guided the Signatories.

The basic thought which has guided us under Clause (11A) has been the desirability of securing as much as possible of the Empire's consumption for Empire producers whilst maintaining, in so far as trade barriers and increasing foreign competition will allow, the full volume of Exports to foreign countries.

It has been recognized throughout, that the plan must be such as will not prejudice the genuine interests of Empire consumers and that in view of the additional duty which would require to be imposed on foreign glues and gelatines by the British Government in order to give the added protection required by the British manufacturers (cases submitted to Import Duties Advisory Committee), and the Preference required by the Dominion manufacturers that special consideration was necessary as regards the United Kingdom.

We commenced our examination by considering our case from the broad Empire standpoint according to the principles outlined above and to ascertain the facts which emerged.

The examination necessitated a careful study of such questions as, Empire production and consumption, foreign imports and exports, Empire exchange of glues and gelatines, the supplies of the differing qualities of raw materials, their availability and suitability for the manufacture of different qualities of product, complementary production throughout the Empire, the nature of foreign imports and foreign competition, and all these questions required examination for the different parts of the Empire, as well as the Empire as a whole.

This examination led us to the following conclusions:

1. That the requisite raw materials (including osseine, derived from Indian bone, mainly acid treated in European countries) of the qualities required (dealt with more fully in "Appendix I") are available from Empire sources for supply to Empire works, in sufficient quantities and at economic prices to enable our manufacturers to supply the Empire consumption, with a surplus for export to foreign countries.
2. That the manufacturing capacity of the Empire works is sufficient to supply the Empire consumption of Glues and Gelatines with a surplus for export to foreign countries.
3. That accordingly the consumer will not be prejudiced by the grant of a reasonable measure of protection against the foreign product.
4. That as our manufacture is one converting into valuable and essential products waste materials (otherwise valueless) which must for reasons of national economy and hygiene be systematically collected (see "Appendix I") the quantities of the products produced are governed far more by the amount of waste material available than by the market for the products. Glues and Gelatines are therefore peculiarly liable to be "dumped," and for that reason as well as others, the trade is one which should have Empire protection. It might be added that an example of the "dumping" referred to is that of Soviet Russia which has steadily increased its imports into the United Kingdom from 3 cwts. in 1925, 272 cwts. in 1926, 2071 cwts. in 1927, to 51,553 cwts. in 1931. (The Russian problem is dealt with more fully in "Appendix VI") on Page 21.
5. That these conclusions apply to the United Kingdom as well as to the other parts of the Empire.

We then proceeded to carry our task a step further by examining as far as possible the requirements of each section of the Empire. We immediately came

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up against the considerations outlined in the first paragraph of Clause 10 of our main case and in subsections (b) (c) and (d) of Clause 11 of our main case. We proceed to deal below with these considerations.

We have already explained (in Clauses 5, 6 and 8 of our main case) which portions of the Empire are glue and gelatine manufacturers and exporters, and it should now be explained that the remainder of the Empire consists of Countries which for climatic or other reasons, are importers of glues and gelatines and exporters of raw materials in a dry form (generally sun-dried). Of these the two most important are India and South Africa which have built up a substantial export trade in dried waste materials of various qualities broadly known as glue stock. Trade depression to some extent but also foreign competition, and especially Russian competition in glues has caused a heavy fall in the value of glue stock over the past two years, indeed the United Kingdom and Australia have recently had to stop buying.

We claim that our scheme will give to these parts of the Empire a much improved and far more secure market for their glue stock, which will be sought for by Empire manufacturers.

Section 11 (d) has necessitated much thought and examination in order to decide what rates of duty, if any, are necessary to protect the differing standards referred to. The general standard of prices is lower in the United Kingdom than in those other parts of the Empire where glue and gelatine manufacture is carried on, whilst the economic laws referred to in 11 (b) as well as the nature of the raw material render it necessary that that raw material should be treated in the country of origin. Without some protective duty, manufacture in the Dominions would suffer severely.

It is in accordance with the foregoing conclusions that our application has been drafted.