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

TELEGRAM 7

Ottawa, May 29, 1931

IMMEDIATE. CONFIDENTIAL. Your confidential telegram of May 26th, setting forth the view of your Government as to trade relations between our two Dominions, and which we note is intended to be published in New Zealand on June 1st, has been received. I regret that I cannot regard your summary as making adequate recognition of the endeavours we have made to come to a satisfactory and mutually beneficial Trade Agreement. Since assuming office we have sought every opportunity to confer with your Government and while in the short time at our disposal in Ottawa and London it was not found practicable to consider in detail possible bases of Agreement we then expressed and have since consistently maintained our willingness to enter at earliest possible date on definite negotiations. The action which you state you are contemplating cannot but have the effect of making it much more difficult to achieve the end which I am sure we both have in view.

May I point out your opening statement that the Canadian Government are unable to make any concessions on New Zealand butter does not accurately express the situation nor properly represent the views expressed in our cable of May 14th, and earlier telegrams. We simply set forth certain factors which must be taken into account, pointing out that domestic production of butter is increasing rapidly and that Canada is approaching an export basis. Proposals for specific concessions were not made as we have assumed that the proper time for such discussion would be at a Conference which we have suggested and for which we are continuing to press. This view we still hold. Moreover, in considering the exports of your butter to Canada, the abnormal situation of 1929-30 when Canadian production was comparatively low and immense quantities of New Zealand butter were being rushed to Canada to take advantage of the prevailing low rate of one cent per pound, cannot properly be taken as representative of normal trade conditions.

We assure you that you are mistaken in assuming that Canada applies penal measures to the trade of New Zealand. It must be recalled that Canada is today granting New Zealand its British preferential tariff rate on every product, which in the case of butter for example involves a tariff advantage of six cents a pound. New Zealand has already excluded Canada from its British preferential tariff rates on some of our most important exports. We are at a loss to understand on what ground of reciprocal action it is apparently now proposed to exclude still further Canadian products from your British preferential schedule. As regards the lower rate accorded by Canada to certain Australian products you are of course aware that this is due to the existence of a Trade Agreement between the Commonwealth and Canada,