

Canadian Minister to visit New Zealand for this purpose have led to no definite results.

(xi) More than 12 months have elapsed since the Canadian Government's notification of their intention to impose a prohibitive duty on New Zealand butter entering Canada. His Majesty's Government in New Zealand have at all times been willing and anxious to discuss in detail the trade relations between New Zealand and Canada, but in view of your reply of the 14th May to my telegram of the 18th March last, the New Zealand Government are forced to the conclusion that there is no immediate prospect of detailed negotiations or of any effective mitigation of unsatisfactory treatment of New Zealand butter in Canada.

(xii) Strong pressure has for years been brought upon His Majesty's Government in New Zealand to increase duty on many lines of Canadian goods of which more than sufficient for local requirements could be produced in New Zealand. These requests have consistently been refused on the ground that mutual sacrifices are necessary to develop inter-imperial trade. For similar reasons repeated requests to impose dumping duty on specific Canadian imports [have] been refused.

(xiii) His Majesty's Government in New Zealand are now, at a time when economic conditions in New Zealand are particularly difficult, faced with position that substantial remissions of duties are granted here to Canadian goods without corresponding advantages to New Zealand.

(xiv) The New Zealand Government are obliged to consider increased taxation to balance Budget and it will be impossible to maintain present position after 1st June.

(xv) His Majesty's Government in New Zealand therefore intend on that date to increase duty on many lines of Canadian goods, but so that remissions made here and resulting trade are not less than remissions now estimated to be made on New Zealand goods entering Canada and trade resulting therefrom.

(xvi) His Majesty's Government in New Zealand would still welcome early negotiations to end the present unsatisfactory position and as already advised would be happy to receive a Canadian Minister here for that purpose at the earliest possible date.

(xvii) In view of the fact that the New Zealand Government have at all times been anxious to enter into effective conversations on Canadian-New Zealand trade and of continued requests in New Zealand for information as to progress of negotiations, I propose to publish the text of this telegram on the 1st June.

FORBES