

increase in Australia, new areas open up, and nearly native forests are cleared away, that many coastwise ports will provide a market for small lots of timber, such as can only be economically supplied by sailing vessels carrying cargoes of three-quarters to one and a half million. This has been the case in New Zealand, which in proportion to area is more intensely developed than Australia, and is likely to be the case in Australia. Should this development occur the trade will provide a wider market of employment for the motor sail vessels now building.

BUYING METHODS.

The merchants who are the actual importers and carry in stock the rough and dressed lumber, lath, shingles, staves, pickets and other commodities, are kept in touch with the foreign producer, whether European, Russian, Japanese or North American, by resident agents or brokers in Australia. The terms on which the latter do business are varied, and in the case of North American timber goods especially, are changing. Usually the resident commission house or man in Australia, when dealing with timber other than North American, that is, timber from countries where the production is not greater than the demand, is agent for certain producers, sells the product of no other competitive mills, and has the sole selling right for the mills he represents. In this case the mill in Sweden does its own exporting, makes its own freight arrangements, and quotes c.i.f. through its agent. This was once true also of the Australian imports from the North Pacific coast. At a time when over-production was not so great, the lumber was all carried in sailing vessels, and mills did their own chartering. At that time the importing in Australia was in the hands of a few merchants who were in direct communication with mills and purchased in cargo lots.

The great increase in the number of mills cutting for the export trade, the passing of cross Pacific lumber transportation from the small schooner carrying four hundred thousand to fifteen hundred thousand feet which was not too great a financial risk for a mill to charter and did not load faster than a mill could cut, to the steamer carrying two to four million feet which no single mill could handle financially or physically, created a condition radically altering export methods on this side of the Pacific.

At the same time the inability of even the largest yards in Australia to accept large steamer loads of timber, and the growing up of a larger number of smaller merchants, three in Perth and Fremantle, six in Adelaide, thirty-six in Melbourne, forty to fifty in Sydney, twelve in Newcastle and two to three in Brisbane, rendered necessary some middleman at the other or Australian end.

The result on this side has been that the direct connections with the Australian buyer at one time possessed by the mills has, except in the case of one or two mills, passed away. It would be difficult to build up anew such connections. The export of lumber has been divorced from manufacturing and so far as the Australian market for North Pacific lumber is concerned is now in the hands of about ten United States shipping companies. These companies perform three functions. They buy the lumber from the producer, and by the methods of their buying create a state of archaic cut-throat competition unknown now in any other manufacturing industry of like importance, they charter the ships and sell c.i.f. or c.i.f. and c. Australian port, usually financing a portion of the transaction until the cargo is accepted by the purchaser. Only one or two Australian importers make their own freight arrangements.

These exporting companies, wholly of the United States, are the only connection between the manufacturer and the importer. They were at one time in direct communication with the merchant in Australia, without the services of a middleman, received, by cable the inquiries and specifications and quoted direct. In a few instances with the larger and older merchants in Australia this custom yet survives.

The common practice now is either that the exporter sells in Australia through a representative or agent who works on a commission or fixed payment per thousand