

goods during the past twenty years was £2,741,774, of which £1,068,320, or 38.96 per cent., was from the United States, £831,482, or 30.33 per cent., from Germany, and £527,988, or 19.26 per cent., from the United Kingdom.

4. Significance of Increase of Trade with Other Countries.—It has been suggested that the larger proportion of imports now received from foreign countries is due to the establishment and increase of direct shipping with the countries concerned, and that trade formerly received through English ports is now received direct. From the Australian records it is obviously impossible to ascertain the value of the indirect trade with foreign countries through the United Kingdom. The returns of the British Board of Trade, however, shew the exports from the United Kingdom to Australia of foreign and colonial products distinct from the domestic exports, and from this source the table hereunder has been compiled.

It is proper here to mention that, taken in quinquennial periods, the values of the total exports from the United Kingdom to Australia—after making allowance for freight and charges—are in very close agreement with the corresponding import values recorded in this country. For example, for the period 1902 to 1906 the difference amounts to only 1.3 per cent.

**VALUE OF MERCHANDISE AND BULLION AND SPECIE DESPATCHED
FROM THE UNITED KINGDOM TO AUSTRALIA, 1887 TO 1906.**

Years.	Merchandise.			Bullion and Specie.	Total.	Percentage Proportion of Foreign and Colonial Produce.
	United Kingdom Produce.	Foreign and Colonial Produce.				
		Re-exported.	Transhipped under Bond.			
£	£	£	£	£		
1887-1891 ...	20,119,817	2,558,644	872,523	85,278	23,636,262	14.52
1892-1896 ...	14,533,729	1,686,873	547,989	392,523	17,161,114	13.02
1897-1901 ...	19,046,229	1,951,403	444,049	158,919	21,600,600	11.09
1902-1906 ...	18,046,174	2,305,376	908,534	76,624	21,336,708	15.06

From the above table it will be seen that the value and the proportion of foreign goods despatched to Australia through the United Kingdom is now practically the same as in the period 1887-91. During the quinquennium 1887-91 the value of foreign and colonial produce despatched from the United Kingdom to Australia was £3,431,167, equal to 14.52 per cent. of all goods so despatched, while during the period 1902-6 the corresponding amounts were £3,213,910, or 15.06 per cent. It is therefore apparent that the increase of direct imports from foreign countries has not been, in the aggregate, at the expense of the indirect trade *via* Great Britain.

**Report of the Advisory Committee on Commercial Intelligence
of the Board of Trade.**

1. Causes of the Success of Foreign Competition.—In their report, already alluded to in the opening paragraph of this section, the Advisory Committee of the Board of Trade set forth a number of reasons for the advance of foreign competition. These reasons, together with a brief condensation of the accompanying remarks, are as follows:—

(a) *The British Attitude towards the Australian Market.*—The opinion has frequently been expressed that “British manufacturers were too independent, that doing things generally on a big scale they were indifferent in some cases to the Australian market, which in many branches could offer only a small demand and a small profit, and that, consequently, British manufacturers have shewn a good deal of unwillingness to adapt their goods and their methods to Australian conditions and desires.” (p. 36.) “Complaints are also made that British manufacturers do not pay sufficient attention to orders—especially small orders—and that they are too slow both in getting out specifications and executing orders when received.” (p. 37.)

(b) *Some of the Reasons for the Success of Foreign Competition.*—

(i.) *General Business Methods.*—Foreign manufacturers, notably in Germany and the United States, display “anxiety to adapt their goods to the requirements of their customers . . . and to make the most careful study of the market in which they are endeavouring to obtain or maintain a footing. . . . It is asserted that the German and American manufacturers are, as a general rule, very attentive to new business and new requirements; no order is too small to receive the same attention as is given to large ones, and a connection once secured is eagerly followed up.” (p. 37.)

(ii.) *Commercial Agents.*—“Another point to which attention is frequently drawn is the efficiency of trade representation in Australia, . . . and it appears beyond doubt that in some cases the success of German and American manufacturers has been due to the fact that whilst their British rival has been content to wait orders through the merchants they have gone straight to the Australian buyer and even, perhaps, created a demand, on his part, for a particular class of goods. Another disadvantage under which the United Kingdom has suffered, as compared with foreign countries, is the presence in every important centre of very able and energetic foreign consuls, who . . . devote a large amount of attention to the trade interests of those countries. The United Kingdom has no similar representation.” (p. 38.)

(iii.) *Package of Goods.*—“Packages prepared by Americans, particularly for shelf goods, are more useful and economical in the handling than similar goods prepared by both British and Germans, particularly by the former.” (p. 39.) “This applies particularly to ironmongery.” (p. 38.) “In regard to certain chemicals it is declared that England lost the trade mainly because English firms would not pack to suit the Australian market.” (p. 39.)

(iv.) *Quality and Prices of Goods.*—“In a very few cases the goods produced by foreign manufacturers are better than those produced by the United Kingdom . . . but in many more cases the complaint has been not that they are not so good as foreign products, but that they are too good and consequently too dear for the Australian markets.” (p. 39.)

(v.) *Appearance of Goods.*—“Emphasis is laid in a number of instances upon the greater attractiveness of the goods offered by foreign manufacturers. Illustrations of these are dyed goods, coloured prints of various kinds, china ware, glass ware, electroplate goods and fancy articles from America; perfumery from Germany, etc.; in all these an important factor is appearance, and for some reason the Germans and Americans have shewn greater inventiveness in this respect than their English rivals.” (p. 39.)

(vi.) *Lower Prices.*—“In regard to those commodities for which there is a lower price, combined with more or less equal quality, the explanations of the fact differ considerably. In some cases it is unquestionably due simply to greater efficiency, caused,

it may be, by the better adaptation of machinery to the production of goods for a particular market. . . . in a few instances reference was made to 'dumping,' but though this was offered occasionally as an explanation of cheapness, which could not otherwise be accounted for, no concrete examples were given. The statements made on this point were rather general arguments as to the economic possibilities and advantages of 'dumping' by manufacturers who had a large and strongly protected home market entirely under their control. Such instances of extensive sales, at apparently altogether unremunerative prices as were quoted, appear to be rather of the nature of organised attempts to make a strong impression upon a market than of 'dumping' in the ordinary sense of the disposal of goods at any price in order to relieve an overloaded home market, without lowering prices in it or reducing the output.

"Another cause of greater cheapness constantly referred to is 'the lower rates of wages' prevalent in countries of the European continent as compared with those ruling in the United Kingdom, but the opinions expressed were generally little more than vague impressions."

(vii.) *Freights*.—"A factor of considerable importance in determining the price at which goods can be sold in Australia is of course freight charges, and in regard to this there is a widespread belief that German and American manufacturers are helped greatly by lower rates than those obtainable by their British competitors. Reference was also made to the specially low export rates given on the German railways, and to the low through rates on exports from that country, but in the main attention was concentrated on the rates for ocean carriage. The following statement gives, in tabular form, instances of rates in recent months, supplied by London shippers:—

	Fine Goods.		"Rough" Rate.		Dead Weight.	
	s.	d.	s.	d.	s.	d.
General Cargo Steamers:—						
New York to Sydney (direct)	42	6	27	6	...	...
" " via Liverpool (transhipped there)	45	0	30	0	...	...
Liverpool to Sydney	45	0	35	0	30	0
Mail Steamers:—						
London to Sydney (P. & O., Orient, &c.)	60	0	35	0	...	...
Hamburg to Sydney (North German Lloyd)	45	0	25s. to 30s.		14	0
" " (German Australian Line)	about 45s.		20s. to 30s.		15	0
Sailing Vessels:—						
New York to Sydney . . . . .	...	...	17	6	...	...
Hamburg to Sydney . . . . .	...	...	25	0	...	...
Liverpool to Sydney . . . . .	...	...	25s. to 30s.		...	...

"These rates are subject to rebates as follows:—Continental steamers, 10 per cent., payable every six months; English steamers, 5 per cent. at once and 10 per cent. afterwards; English sailing vessels, 10 per cent. afterwards.

"It is stated that on Denims the difference in freight alone (thirty-two shillings and sixpence from the United States against forty-five shillings and 10 per cent. from England) is sufficient to kill the British trade. At the end of 1906 flannelette was carried from New York to Sydney, via Liverpool, with transhipment at this port, for thirty shillings per 40 cubic feet net; by the same line the rate from Liverpool to Sydney was forty-two shillings and sixpence, less 5 per cent. deducted immediately but plus 10 per cent. deducted again after about eleven months, so that the actual rate (after both rebates) worked out at forty shillings and fourpence halfpenny.

"One Australian firm stated that recently they had brought large quantities of goods from New York, via Liverpool, by the White Star Line, at considerably less than the current rate from Liverpool to the colonies. In another case it was alleged that

Scotch pig iron had been imported more cheaply by way of Hamburg than it could be from London or even Glasgow.

“The rates for glassware and indiarubber tubing from Hamburg and Antwerp to New Zealand *via* London (including transshipment there) were actually much lower than from London direct, *e.g.* :—

“From Hamburg or Antwerp, New Zealand <i>via</i> London (including transshipment)	25s. through.
“From London to New Zealand	35s.

“Formerly freights from the United States were very much lower than from England, *e.g.*, from New York to Melbourne the steamer rate was at one time fifteen shillings net, as compared with forty-five shillings and 10 per cent. from Liverpool. The two rates are now much closer, the New York rate having gradually advanced to thirty-two shillings and sixpence.

“Complaints and statements of this kind were constantly made, though often in very vague and general terms. The causes ascribed for this particular condition of things were chiefly the alleged subsidising of the German lines by their Government, and, still more, the influence of the Australian shipping ring. There does not appear to be much evidence that the German lines are substantially subsidised, except in so far as the postal subventions are in excess of the value of the services actually rendered, and they are helped by low export rates on the home railways; but, in regard to the Australian shipping ring, or rather the London ring, which controls the Australian trade, complaints are very general as to its influence on rates by the elimination of competition and consequent monopoly, though in some instances emphasis was laid upon the beneficial effects of the combination in steadying rates, and thus freeing merchants from the uncertainty arising from the former frequent and violent fluctuations.

2. Conclusions.—“From the general survey of the Australian import trade it will be apparent that it is well-nigh impossible to arrive at any definite conclusions as to the actual extent to which foreign manufacturers have improved their position in the Australian markets at the expense of their British rivals. On the whole, such evidence as exists on this point tends to suggest that the foreign gain has been greater in appearance than in reality, or, rather (to put it in another way), that the United Kingdom has been given in some cases much more than its proper share of credit in the past. It is true that British trade has not expanded greatly, but that is also true of Australian trade as a whole; and if the course of trade since the bad years 1893 to 1895 be examined, it will be seen that though the growth of British trade has not apparently been so large as that of foreign countries it has yet been considerable, and it must be remembered that it is in this period that the changes in the methods of shipments of goods to Australia have taken place.

“But though the progress of foreign competition at the expense of British traders has been somewhat exaggerated, yet there has been such a growth; and it is clear that every effort is being made by foreign traders (notably German and American) to get a strong hold upon the Australian market. So far there is little or nothing to suggest that in the great staple lines of cotton (with the exception of one branch) and iron and steel goods, the British position has been at all menaced; and in the other important staple line, woollen goods, the rivalry which British manufacturers have to encounter has arisen in Australia itself. This is the case also with boots and shoes (since the collapse of the American invasion), hats, and mining machinery; and this competition from Australia itself is certain to develop more and more rapidly. The evidence, as a whole, conveys the impression that in the main the growth of non-British trade has been either in known specialities of foreign countries—silk goods from France, dyed goods from Germany, agricultural machinery and various tools and household utensils from the United States; or, in miscellaneous commodities, which foreign countries can produce very cheaply, and

with which British manufacturers do not attempt to compete to any large extent. The conclusion appears to be, on the whole, that British traders have deliberately chosen to restrict themselves to a small number of great main lines of production for the Australian market, and to leave the field offered by the miscellaneous wants of a large community open to their foreign competitors. The demand for cheap goods is also one with which hitherto they have, to a large extent, been reluctant to comply. This policy may be a short-sighted one, and the British manufacturers may have been mistaken in their view of their own interests; but in face of the evidence there can be little doubt as to the fact of a deliberate choice. There is a consensus of opinion that in most of the smaller lines, though, of course, not in absolutely all, British manufacturers could have gained or secured most of the trade had they chosen to make the effort, by regard to small details, attention to the peculiarities of the Australian demand, more vigorous local representation, and greater adaptability.

“Another conclusion which emerges is the widespread belief that something should be done to deal with the problem of freights and to put British and foreign importers to Australia on a more equal footing than is the case at present. Beyond the desire to break down what is widely believed to be a harmful shipping ring, no practical suggestions for the improvement of transport conditions have been put forward, and it is not within the province of this report to make any suggestions upon the subject, beyond pointing out that it is one which appears to call for careful consideration.

“Finally, there is one definite proposal which has frequently been urged, and that is the desirability of providing some means whereby a constant stream of information as to the commercial and industrial conditions of Australia and the needs of its markets (in general and in detail) may be made readily available for British manufacturers. Emphasis is laid upon the services which German and American Consuls have rendered in this way to the merchants and manufacturers of their respective countries, and it is urged the appointment in Australia of a number of competent commercial correspondents of the Board of Trade, together with occasional visits of special commissioners, could be of substantial service to British interests. It is satisfactory to know that already steps are being taken in this direction, and that proposals were laid before the Colonial Conference with a view to the organisation of a system of Imperial commercial representation which will undoubtedly help to meet a widespread desire.”

§ 11. Imports of Dutiable and Free Goods.

1. **Classified Statement of Imports.**—The following table shews, classified according to their nature, and distinguishing between dutiable and free goods, the estimated value of imports entered for home consumption during 1906, together with the amount and equivalent *ad valorem* rates of duty collected thereon. As no record is made of the value, entered for home consumption, of goods subject to specific duties, the value has been estimated on the basis of the value of corresponding imports. The free goods entered for home consumption have been taken to be the total imports of free goods, less the amount of the similar goods re-exported.

The high average rate of duty in class II., foodstuffs, is due to the duty on sugar, equivalent to an *ad valorem* rate of nearly 60 per cent. In class VIII., vegetable substances, the high average rate of duty is similarly due to starch. The import duty on starch in 1906 was twopence per lb., equivalent to an *ad valorem* rate of 85 per cent. Sugar and starch of local manufacture are subject to excise duty, hence the measure of the protective effect of the duty is the difference between the import and excise duties.