

States of America. Relations with the Government of the United States are intimate and friendly, and the first meeting of the ANZUS Council in Honolulu last year, attended by my Minister of External Affairs, has served to strengthen this association. It is the firm view of my Advisers that the Treaty establishing this Council will be a source of strength not only to the United States, Australia, and New Zealand, but also to the British Commonwealth generally.

My Ministers continue to study the strategically important Middle East situation. The transfer of No. 14 Ground Attack Fighter Squadron of the Royal New Zealand Air Force to Cyprus, where it is now serving with Royal Air Force and Australian units, emphasizes my Government's concern in the security and future of this region. In addition, Hastings long-range transport aircraft are undertaking regular flights from New Zealand to the Middle East and the United Kingdom in support of the fighter squadron. These flights also afford valuable training for the transport crews.

The efforts of the people of France and Vietnam to restore order in the Associated States of Indo-China are regarded with special interest by my Advisers. This struggle against Communist-inspired insurrection has involved great sacrifices for the Government and people of France. As an earnest of New Zealand's interest, a quantity of arms and ammunition was made available last year to the French Forces there.

The Compulsory Military Training Scheme, now in its third year, is proving successful in every way. My Ministers consider that measures to secure military preparedness for any emergency are essential and that the trained reserves now being built up will enable New Zealand to make an effective contribution in the defence of the nation's interests.

In fulfilment of the obligations which New Zealand has assumed in the United Nations Charter all possible measures are being taken to promote the advancement and welfare of the island territories under the jurisdiction of New Zealand. Following the visit of the Minister of External Affairs to Western Samoa last year, my Government has recently announced important steps which it proposes to take in the political, economic, and social spheres of Samoan administration, with the ultimate objective of establishing a system of self-government in the territory. It will no doubt be regarded as a bold step. My advisers are confident, however, that the Samoan people will, as in the past, prove worthy of the trust now being reposed in them and that the goal of their ambitions is within measurable range.

As a further mark of the goodwill towards the Samoan people, my Government is now considering ways and means of handing over to them the ownership and control of the New Zealand Reparation Estates, concurrently with the establishment of self-government in the territory.

In December last my Prime Minister attended an Economic Conference in London convened by the Prime Minister of the United Kingdom. A wide measure of agreement was reached there on policies designed to increase the financial and economic strength of the Commonwealth. The broad plan prepared by this meeting has already been discussed with the United States and is now the subject of consultation with the countries of Western Europe.

In accordance with the general understanding reached at the London Conference, my Advisers are pursuing policies that will enable New Zealand to make a worthwhile contribution to the overall balance-of-payments situation of the sterling area. It is of vital concern to the whole world that the sterling area should continue to recover its strength and influence in world trade.

For the year now drawing to a close the volume of production may well be a record. With prices for meat, dairy produce, and wool at satisfactory levels, the current season should be a prosperous one for New Zealand.