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FILE No. 531

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Stateholders have been... It appears that the wall has not yet been any and that... will be continued buying activity by the Central Trust not only for trucks but other equipment.

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July 1, 1938.

To: Aeronautic Automotive Division,  
From: Shanghai Office,  
Subject: Motor Vehicle Purchases, Chinese Government.

As our reports from Shanghai will have indicated, all purchasing by the Chinese Government since last November has been done at Hong Kong, and shipment of vehicles into Central, Southern and Western China are through that port. Our present standing instructions for the "Automotive Market Survey" are, that the Hong Kong Consulate General shall periodically cover the Hong Kong market; thus, we have relied upon them to keep you fully informed.

A short memorandum received today from Acting Commercial Attaché Calder, who has been travelling in the South for the past ten weeks, contains some interesting sidelights upon motor vehicle purchases which we give you below:

An order for 500 Ford 1-1/2 ton trucks, heavy duty, heavy tires, was closed on June 23, 1938, for the Chinese Army, purchased by the Central Trust Company through Wash Chang Trading Company, New York. Price, US \$757.00 per unit, c. i. f., Hong Kong, which price is strictly confidential. Negotiations for another 1,200 trucks are under way. Apparently the "squeeze" is out of the situation now. Full United States irrevocable letters of credit are opened and the local dealer gets some legitimate commission from the manufacturer.

Since the outbreak of hostilities, in August, 1937, the Chinese Government has bought upwards of 5,000 trucks, including 2,000 German Mercedes Benz, of which 1,200 to 1,300 have been delivered.

Not all Chinese Government buying has been through the Central Trust Company. Some direct sales have been made to the Purchasing Department of the Chinese Army. More than 200

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July 11, 1940

Studebakers have been sold in this manner. It appears that the well has not yet run dry and that there will be continued buying activity by the Central Trust not only for trucks but other equipment.

Soviet Russia is bringing in trucks over the highway across Sinkiang Province... i.e., from the Turk-Sib Railway through Tihwa, Hani, Suchow, Lanchow, Sian....., a distance of approximately 3,000 miles. No estimates available as to the number of Soviet trucks which have come in over this route, but it is stated that they are used to bring in "freight" (presumably ammunition), and then the trucks are kept in China as it would be too costly to send them back empty to Russia.

The information given above is to be regarded in strictly a confidential manner as very naturally the Chinese Government authorities do not want their purchases to become known to outsiders.

From other travellers we were able to learn that there is a great congestion of motor vehicles in Hong Kong, estimated variously from 1,200 to 3,500 motor trucks, which have been purchased by the Chinese Government, but for which delivery into the interior has not yet been perfected. Though rumors are rife as to the reasons as to why deliveries have not been made, it seems more than probable that the Government purposely is keeping these truck chassis stored in the British Crown Colony and only drawing such units out when and as need arises to supplement their transportation needs in the interior.

Very truly yours,

A. Viola Smith,  
Trade Commissioner,  
Temporarily in Charge.

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