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~~DEPARTMENT OF COMMERCE~~  
~~BUREAU OF FOREIGN AND DOMESTIC COMMERCE~~

OFFICE OF COMMERCIAL ATTACHÉ  
KIANGSE ~~51~~ CANTON ROAD  
SHANGHAI, CHINA

SHANGHAI

November 10, 1939

ENCLOSURE

American Consular Officers in China (including Manchuria  
and also Hong Kong)

Periodic Economic and Trade Reports

As you are probably aware, we have not in the past compiled individual trade and economic reports for the months of December and January, but have made annual surveys instead. The Department of Commerce requires that we send in a radioed resume for the year not later than January 20, followed by a brief written report which we try to mail as soon as possible in January after the 20th. Under date of February 15 we submit a more complete annual analysis incorporating such statistical data as **available in further amplification.**

Where it is not possible to secure the returns of trade for the last month or two of the year, or even if the returns are available for the nine months only, rather than delay the compilation of the annual resume, it is desired to cover the situation as well as possible with the data available. This means that we should have the pertinent preliminary data here in Shanghai by the tenth of January and a more complete analysis here in Shanghai early in February.

I notice in some of the periodic reports that are coming to us, comparisons are made with figures for the previous year. For instance, in crop estimates it is not unusual to make a statement that a certain crop is estimated at a certain percentage above the last year's crop. It is difficult for us here to trace back from previous reports just what is meant by last year's crop and how far it may be above or below a normal or an average year's crop. Thus, it is suggested that rather than use the expression "last year's crop", or in addition to the comparison with last year's crop, a brief statement be made indicating how far the data given are above or below an average, presuming the average would cover a period of five or more years.

In import and export figures, it is desirable also to avoid references to data of uncertain interpretation. For instance, in dealing with kerosene imports into China, it would be very useful to indicate whether the imports for 1939 are in excess or below the trends in the kerosene trade during the past four or five years and if so, state the reasons. In other words, wherever possible include a bit of perspective in items of importance to American trade. I realize that since these war years have thrown so much out of gear in the way of trade data in their relations to normal trade trends, it is not easy to present a picture in perspective, but this very fact makes such a treatment of special value.

- 2 -

It is also desired that you indicate instances where certain commodities enter or leave through channels other than the Customs' recorded returns. Certain imports and exports, under special government permits or under the guise of military supplies, do not find their way into the Customs Returns of Trade. In some cases it may be impossible, even to make rough estimates of the quantities. On the other hand, there are often individuals in the community who are in a position to furnish fairly good estimates on certain of these. As a matter of fact, it is very important that in all trade and economic reporting, the fullest possible advantage be taken of local business, professional and industrial contacts. The value of the reports is greatly enhanced by the inclusion of reliable first hand material secured from authentic sources.

We are also now confronted with complicated currency valuations which necessitate trying to strike a common denominator. This also accentuates the need for giving greater emphasis to volume rather than value in specific commodities imported and exported. It is suggested that in referring to or compiling statistical data you refrain from decimals and fractional amounts where these are of no real significance. The statistical data in Customs and other compilations here in China are in the vast majority of cases inaccurate at least to a degree of several per cent, hence discretion may be used in deleting units or fractional amounts in figures quoted.

We are especially interested in any significant changes in the channels through which trade is now flowing for comparison with those of several years ago. For instance, it may be discovered that certain imports which formerly figured prominently in American trade with China have been replaced by those of certain other countries or have fallen down in importance otherwise. In some commodities trade has become indirect and may figure in the Customs Returns as exports to Hong Kong or to Japan or imports from these countries, whereas in reality the final country of origin or destination is the United States. Finally, we are especially interested in listing any significant impediments or obstacles which prevent the flow of trade between the United States and China or divert it into other channels.

We are particularly desirous of incorporating in our surveys any comments that you may have to offer regarding legislation or war conditions, affecting trade and economic conditions especially as related to American interests. Our American manufacturers and foreign traders are eager to secure your views regarding the outlook for the coming year, mainly as concerns the prospects of the trade with our country. Where you have information which is of a confidential nature, we shall appreciate your marking it as confidential so we may indicate it as such when transmitting it to the Department. While we shall have to leave it to your own judgment as to what may be considered confidential, yet where information has become common knowledge it would seem that it would not be necessary to designate it as confidential except for obvious reasons otherwise.

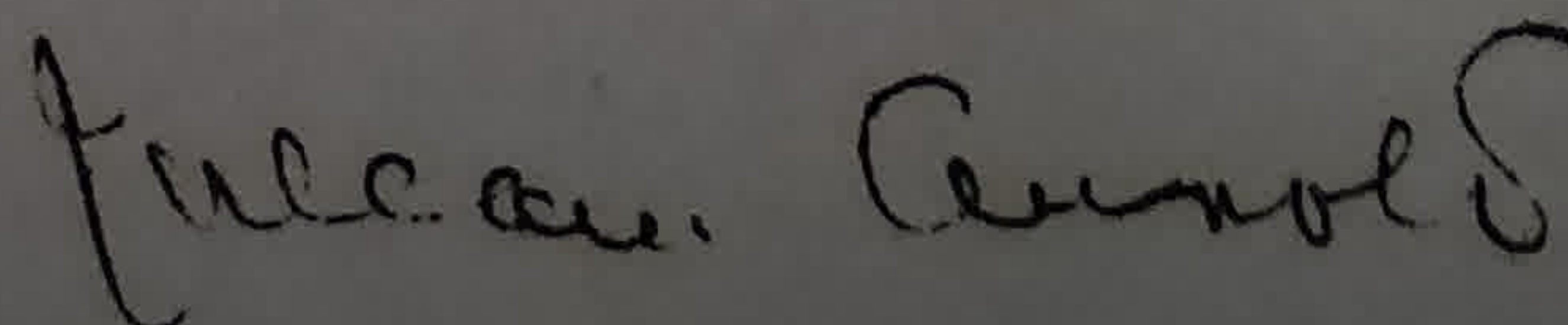
I take it that you will review carefully the economic and trade reports as compiled by your office during the year and cull from these any material of a pertinent character which may be advantageously embraced in the annual survey. However, on the other hand, it is highly desirable that both the monthly and annual surveys be condensed into reports as brief as consistent with the production of a comprehensive report. For Hong Kong, Canton, Hankow, Tientsin, Dairen and Mukden, it is suggested that the annual reports be limited to a maximum of 25 pages of double spaced typed material, and for the other ports to a maximum of 15 pages.

Regarding the set-up of the completed report, it is suggested that special care be taken to make the arrangement logical and to see that all material regarding any one subject be included under its fitting sub-topic using the topical arrangement of our last annual report, with a minimum of duplication and with a nice discrimination in the selection of the type of material used. And now a very important suggestion is to take the completed report and make a last final revision still further eliminating non-essential material, using still more care in logical arrangement of data presented. Try to give the reader who may not be conversant with conditions in your district a comprehensive picture of the economic and trade conditions as it relates to China and surrounding territory as a whole. Regarding the completed reports, you will of course, comply with existing instructions concerning copies to be furnished to other offices or departments of our Government.

I take it that you have a copy of the China Annual Economic Report for 1938 as compiled by this office under date of January 30, 1939, and also a copy of the China Monthly Trade Report dated February 15, 1939, which is in reality a summary of trade and economic conditions in China for the year 1938, but on a more amplified and elaborated basis than the earlier report. These reports received special commendatory comments from the Bureau of Foreign and Domestic Commerce in Washington. Thus, I take it, they may be used as guides indicating the character of information desired.

Kindly bear in mind that under present disrupted conditions in China our American foreign trade interests are more dependent than ever before upon our government agencies for enlightenment concerning existing conditions and the outlook for the future. It will be very helpful to us here if you will give to us the advantages of any suggestions you have to offer in regard to the compilation and submission of these monthly and annual economic surveys.

Very sincerely yours,



Julian Arnold,  
Commercial Attache.