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BUREAU OF FOREIGN AND DOMESTIC COMMERCE

AUTOMOTIVE DIVISION
INDEXED

TRADE COMMISSIONER
HONG KONG

DEC 9 1930

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China

Hong Kong
October 29, 1930.

F. D. C.
DEC 8 1930

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To: Automotive Division
From: Hong Kong Office
Subject: Export Prospects for the New Year.

We have your circular memorandum of September 19, 1930, on the above subject, and note what you have to say regarding your interest in receiving material regarding the sales prospects for American cars in this territory for 1931.

We will endeavor to supply you with an up-to-date, short, concise statement as you require relative to the above in time to reach you before the Automobile Show which we note will be held in New York between January 3rd and 10th 1931.

Granville Woodard
Granville Woodard
Trade Commissioner

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DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
COMMERCIAL ATTACHÉ SERVICE

INDEXED
FILE NO. 531
China

TRADE COMMISSIONER
3 CANTON ROAD
SHANGHAI, CHINA

SHANGHAI

November 10, 1930.

Received by
AUTOMOTIVE DIVISION

To: Automotive Division.
From: Shanghai Office.
Subject: Export Prospects for American Cars During 1931.

DEC 5 1930

Acknowledgment is made of your communication of September 19, 1930, requesting a short resume of the sales possibilities of American motor cars in this territory for 1931.

This matter will be kept in mind and I shall endeavor to mail to you about December 1, a short statement reflecting such consensus of opinion as may be prevalent at that time.

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A. Viola Smith

A. Viola Smith
Trade Commissioner

Approved for Transmission
A. B. Calder
A. Bland Calder
Assistant Commercial Attache

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Tientsin

November 29, 1930.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE
INDEXED
FILE No. 531

531

China

RECEIVED IN FILES SECTION

MAY 5 1931

Mr. A. W. Childs,
Chief of the Automotive Division,
Bureau of Foreign and Domestic Commerce,
Washington, D. C.

Dear Mr. Childs:

Motor Car Prospects for the year 1931 in North China.

In compliance with your request of September 19, 1930, in which you asked this office to supply you with last minute information regarding the new developments in this territory for motor cars, I wish to submit the following:

At the present time all Tientsin dealers are overstocked with last year's trucks. There are not a large number of passenger cars on the market, but dealers feel that their stocks are exceptionally heavy for the trade possibilities. Most motor car importers and dealers are discouraged over the outlook for 1931 and report that they will not be able to place orders with American manufacturers during the first quarter of 1931 and perhaps not until after the first six months.

The Shansi market is practically closed at the moment and the officials of the Tientsin district will not allow motor cars of any kind to be shipped to that province, as they fear that they will be used for military purposes.

There is a possibility that small bus companies in Hebei Province (Chihli), will begin operating in the near future. There are several new companies being organized and if they can secure proper financial backing, they will be in the market for truck chassis on which they build local bodies for the transportation of passengers. It was hoped at the time the Mukden authorities took over the situation here that the military business would improve, but this has not been realized as yet. There are also rumors that if Hanking and Mukden can get together on a peace policy, the present

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military trucks will be sold to merchants for commercial purposes. This would cause an immediate slump in new car business. It is very doubtful if this rumor will ever become a reality.

The prospects in Shantung Province at the present time are favorable, as it is reported that several bus companies are in the market for new cars. The materialization of these prospects, however, depends entirely upon the attitude of the authorities of that province. At the present writing they are attempting to monopolize all motor transport service but have been unable to secure the necessary funds to purchase an entire new fleet of cars. The terms offered to American motor car dealers are not considered good.

In general, the attitude of most dealers is that if anything like a permanent peace can come out of the present conference in Hanking, and the combined efforts of Hanking and Manchuria are in a position to eliminate General Yen Hai Shan, the present stocks in the Tientsin market will move rapidly. This would mean that Mukden will have control of all the territory north of the Yellow River and as the officials there will want to make themselves more comfortable, the sales of motor cars can go on. A period of peace in this area will mean that silver can be transported into the interior to pay for raw materials in those areas and thus will be available for the purchase of motor cars in those areas, at present entirely closed to business.

Yours very truly,

H. D. Robison,
Trade Commissioner.

HDR/HCC

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P.S.

INDEXED
FILE No. 531

Shanghai, China

Recent Files

Sales of "low-priced" cars have been December 2, 1930.
with some interest being displayed in the "medium-priced"
A special sale announced the latter part of November
for the Willys-Knight Mr. A. W. Childs, Chief,
Automotive Division

BUR. FOR DOM. COM.
JAN - 2 1931
FOREIGN SERVICE

RECEIVED IN
SECTION

MAY 8 1931

From: Shanghai Office.
Subject: Export Prospects for American Cars During 1931.

In response to Mr. Childs' request of September 19, 1930, for a short resume as to what the feeling is in this territory regarding sales of American cars in 1931, the following statement represents such gleanings as I have been able to gather from a canvas of the automotive trade during the last week.

Stocks:

It is generally conceded that stocks on January 1, 1931, will be much less than was the case on January 1, 1930, and from this viewpoint the year 1931 may be regarded in a better position than that of 1930 from which to take off.

New Models:

Several new 1931 models have already made their appearance in Shanghai. Buicks lead with a display of their 1931 models the first of October, followed by the Studebaker Free-Wheeling 8, and the Nash "400". Confidentially, I learn that sales of the 1931 Buicks have been far beyond expectation. The Studebaker has reported a few sales but the limited motoring space in the Shanghai area does not offer the free-wheeling principle a very wide scope. The new Nash models have only just gone on display thus making it too early to report upon their reception. The new improved Ford models have been on display for some time past and many are now to be seen on the streets of Shanghai.

Piat 514 model and Citroens are being widely advertised in the local press.

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Recent Sales:

Sales on "low-priced" cars have been picking up a bit, with some interest being displayed in the "medium-priced" lines. A special sale announced the latter part of November by the agents for the Willys-Knight and Whippet lines effecting reductions up to Tael 400 per car for 1930 models of these lines, has succeeded in moving quite a number of these makes.

There is noticeably a much better tone amongst the automotive trade generally, though dealers hesitate to admit that conditions are somewhat better lest some unusual situation arise to wipe out their hopes for a better year. The announcement in Hanking that the Legislative Yuan has passed a new tariff which is generally conceded contains many increases, is causing uneasiness amongst the motor trade, as it has long been felt that the new tariff would increase duty rates on motor vehicles. Unconfirmed reports indicate that motor trucks have been increased from 12% to 17%, with passenger cars remaining at 22% import duty.

In motor trucks some encouragement is taken from recent inquiries in the Shanghai market by Provincial authorities. One deal of 25 trucks has been made with the Shantung authorities, while another order for 18 or 20 trucks with Hanking authorities is just about to be concluded.

Merger of Companies:

The most outstanding thing in the motor trade at the moment is the announcement this week of the merger of the Motor Car Department of the Shanghai Horse Bazaar & Motor Company with the Auto Palace, Ltd. A new public company under the name of the Auto Palace, Ltd. has been formed with a capitalisation of Tael 1,500,000. The new company is to buy over the former Auto Palace, Ltd. (a private company) and the Motor Department of the Shanghai Horse Bazaar and Motor Company, Ltd. It is stated that shares worth Tael 270,000 in the new company will be issued in part consideration of the acquisition of the old Auto Palace Company and that the motor business of the Horse Bazaar will be bought out for cash, the amount yet to be decided upon after consideration and approval of the shareholders of the Horse Bazaar.

This amalgamation brings under the control of the new Auto Palace, Ltd. the following American and British agencies:

Hudson-Essex and Nash-Kellogg Formerly held by Shanghai Horse Bazaar.
 Graham-Paige Auto Palace Co. (old concern)
 Overland Held by Overlands, Ltd., which concern in
 Whippet turn was entirely controlled by the old
 Willys-Knight) Auto Palace, Ltd.
 Federal Trucks Formerly held by Shanghai Horse Bazaar.
 Austin
 Morris (Minor-Cowley-
 Oxford-Isis)

It is stated that separate sales organizations for the different makes of motor cars will be maintained in the merged corporation and that they will work on a competitive basis. It remains to be seen, however, whether this kind of an arrangement will be satisfactory to the head offices of the American lines involved, and if so, how such an arrangement will work out in practice.

General Motors:

The entire China organization of General Motors, China, Inc. has been cut to minimum numbers following out the general retrenchment policy of General Motors throughout the world. Where formerly the Shanghai office had upwards of 65 people on its role, its staff has now been reduced to 25; its Mukden office reduced from 5 to 2. Reports are heard of a reduction in their India staff from 90 to 55 persons; a 50 per cent decrease in Java; and a cut from 75 to 15 foreigners in the Japan organization. The service school at Shanghai has been closed, while the parts depot has been removed from its former location in a spacious warehouse to the quarters which formerly housed the accounting department of the Shanghai office.

Oakland, Pontiac and Oldsmobile lines have been without an active agent in Shanghai for the past year. An arrangement recently concluded has been made for giving the Oakland-Pontiac lines as of January 1, 1931, to a new dealership now being organized in Shanghai under the style of "Triangle Motors".

I hope the above remarks will give some high lights of the automotive situation in this territory which will be of use to you in framing your speech for the 1931 Motor Show. I understand that Mr. Woodard is reporting to you separately for the Hong Kong area, and I assume that Ehrhardt and Robison will do likewise for

North China and Manchuria. From what information I can learn from representatives in Shanghai, conditions in North China and Manchuria are very poor and there are little prospects of conditions bettering in these areas for some months to come.

Looking at China as a whole for 1931 dealers feel that if peace can be maintained, the year should hold prospects of being considerably better than 1930. Even with peace they feel, however, that no appreciable gains can be looked for until 1932.

Bureau of Foreign and Domestic
Washington, D.C.

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A. Viola Smith
Trade Commissioner

Approved for Transmission

A. Eland Calder
Assistant Commercial Attache

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INDEXED
FILE No.

Shanghai,

December 8, 1930.

BUR. FOR DOM. COM.
JAN - 3 1931
FOREIGN SERVICE

Mr. Walter J. Carr,
Assistant Secretary of State,
Department of State,

Mr. A. W. Childs,
Chief, Automotive Division,
Bureau of Foreign and Domestic Commerce,
Washington, D.C.

RECEIVED IN
FILES SECTION

Dear Mr. Childs:

MAY 6 1931

Export Prospects for American
Cars During 1931

With further reference to my memorandum of
December 2, 1930, commenting upon the possibilities
of the automotive market for 1931, I have since re-
ceived statistics from the Chinese Maritime Customs
for the first nine months of 1930. The comparative
statement attached will show that 1930 importations
declined by 45%. These figures tell to you in a very
graphic manner the condition of the automotive market
during 1930 and substantiate the reports which you have
had from the China organization as to the dull condition
of the trade.

Very truly yours,

A. Viola Smith
Trade Commissioner

Approved for Transmission

A. Bland Calder
Assistant Commercial Attache

Enclosure 46069

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