

JUN 4 1937

Subject:

Submitted by:

FRESH WATER SHELL.

H. B. Howard, Assistant Trade Commissioner.

(Required Report, Reference: Specialties  
Division Questionnaire dated Jan. 22, 1937.)

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The nacre or inside enamel from sea and fresh water shell has been utilized in a commercial way for many centuries in China. The teak, mahogany and other hard woods furniture in the homes of wealthy Chinese is frequently inlaid with shell while various objects such as screens and small tables can be seen lavishly figured in designs made from mother-of-pearl. Ancient Chinese doctors prescribed nacre powder (Yun Mu fen 雲母粉) for the treatment and curing of skin diseases, the shell being reduced to a smooth, silvery white, shining powder. Its medicinal value is still held in esteem today as Yun Mu fen can be purchased in native shops in the form of ointment or powder. It is commonly believed that many famous Chinese beauties and theatrical stars in olden times as well as today have preserved their youth at no little expense by taking a powder made exclusively of pulverized pearls.

Today, of course, the principal use of fresh water shell is in the manufacture of buttons and blanks. Fresh water shell are available in commercial quantities from such sources as along the Yangtze river, the lakes in Hunan, Hupeh, Anhwei, Kiangsi, Kiangsu and Chekiang Provinces. According to the Bureau of Foreign Trade, Ministry of Industry, the commercial use of shell on any significant basis began in 1917 when 2 button factories commenced operations in Shanghai. The industry

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developed considerably during the next 3 years, principal consumption, however, being from domestic sources. In 1920 other factories were established but their operations were generally confined to the manufacture of rough bodies of buttons made from shell and bone which were exported in this unfinished state to Japan, Germany and the United States. Exports of finished buttons from China during these years were usually in the form of brass buttons and those known as "Chung Shan" buttons which were cut from tin-plate scrap from can factories. Statistical records detailing the quantities of shell exported are not available until the year 1934 when the Chinese Customs Returns broke down its Returns No. 69 entitled, "Fishery and Sea Products, n.o.r." so as to show amongst other items (also previously not specified) the item "Sea Shell and Oyster Shells". These export figures include fresh water shell and will be dealt with elsewhere in this report.

There are no government regulations applicable to shell fishing. On occasions, however, private enterprises have sought the protection of Chinese authorities to keep off poachers from lakes that have been leased or chartered to individuals for the exclusive right to fish for shells. It is reported that such instances have chiefly arisen in Hupeh and Hunan Provinces.

Generic or Trade Names: Shells of various types are sometimes named according to the location of the place where they are found. Those from Hankow, one of the principal localities of supply, are known as Hankow shells, those from Wuhu, Wuhu shells etc. The Bureau of Foreign Trade Reports that no generic names have been given to shells in China although

trade names similar to this classification are often used. In this respect there seems to be but 2 important types of shells collected commercially, namely the "OHIRA" (a name of Japanese origin) and called by the Chinese "Dah Pan Koh" (大壳) or large shell and the MINO (also Japanese) known in China as the "Siao Pan Koh" (小壳) or small shell. The Siao Pan Koh or small shell type is sub-divided into:

- |     |             |       |                                       |
|-----|-------------|-------|---------------------------------------|
| (1) | Ping Koh    | (平壳)  | flat shell                            |
| (2) | Siao Koh    | (小壳)  | small shell                           |
| (3) | Yuan Koh    | (元壳)  | round type shell                      |
| (4) | Yuan Chi    | (元齶)  | round ventral shell                   |
| (5) | Liu Yah Koh | (柳叶壳) | shaped like an elongated willow leaf. |

The OHIRA type measures about 10" long by 5" wide while the MINO, not taking into consideration its sub-divisions, measures about 6" long by 3" wide.

Quotations: Prices on shell are generally quoted "ex-godown" which means that after a purchase has been made the buyer assumes all other financial obligations starting from the time the shells leave the seller's sheds. Present quotations are approximately as follows:

(1) DAH PAN KOH OR LARGE SHELL

- (a) Measuring about  $7\frac{1}{2}$ " long by  $4\frac{1}{2}$ " wide (thin) \*yuan 4.10 per 100 \*\*catties.
- (b) Measuring about  $3\frac{1}{2}$ " long by  $2\frac{3}{4}$ " wide (thick) yuan 9.00 per 100 catties.

(2) SIAO PAN KOH OR SMALL SHELL

- (a) Measuring about  $3\frac{1}{2}$ " long by 2" wide (iridescent, spot free) yuan 10.00 per 100 catties.
- (b) Measuring about 2" long by  $1\frac{1}{4}$ " wide (thick) yuan 3.80 per 100 catties.

\* - yuan 1.00 equals approximately US\$0.29785 according to the rate of exchange existing on May 6, 1937.

\*\* - 1 Catty equals 1 and 1/3 pounds.

1/ Sample shells are herewith submitted as an enclosure representing the type and quality of shell upon which these quotations have been based.

Export Tariffs: According to the Chinese Maritime Customs publication entitled, "Guide to the Export Tariff and Classification of Returns (1934)" there is an export duty on Sea Shells and Oyster Shells (Tariff No. & Code 018) amounting to yuan 0.36 per \*\*\*quintal. This rate also applies to fresh water shell.

On shell button blanks (Tariff No. & Code 270/90) there is an export duty amounting to  $7\frac{1}{2}\%$  of the value while finished pearl buttons (Tariff No. & Code 264/19) may be exported from China duty free.

Supply: No compilations are known to have been made as to the probable quantities of shell available in China for commercial purposes, but a general idea can be gained as to the extent of this trade by considering trade conditions which exist today. One of the largest companies (Chinese) exporting fresh water shell is located in Shanghai and reports that it carries a stock on hand amounting to approximately 2,000 to 3,000 piculs. A large portion of shells are shipped to the coastal ports, Shanghai in particular, from Hankow and Kiukiang. Various hongts in the interior finance fishermen to gather shell, these hongts in turn supply the requirements of Shanghai and other coastal ports. It is reported that Hankow supplies about 20,000 to 30,000 \*\*\*\*piculs of shell per month and of a better quality than is usually found elsewhere.

\*\*\* - 1 Quintal equals 220.46 pounds.

\*\*\*\* - 1 Picul equals 133-1/3 pounds.

There are but few button manufacturers, or particularly suppliers of shell, adequately equipped or in a position to meet the demands and requirements of export trade. Outside of Shanghai, it is reported that there are only several button factories of some consequence located in such districts as Hankow and Tientsin while the numerous smaller manufacturers at or near the sources of supply, viz. Hunan, Hupeh, Anhwei, etc. employ more or less primitive methods in manufacturing buttons or blanks. In times of flood the supply is curtailed considerably, particularly in the Yangtze river district.

This Shanghai company also manufactures blanks and buttons made of fresh water shell. Its principal export consumer is reported to be Canada, which takes approximately 7 million pieces of blanks per month. It has two agents in Europe (Belgium and Holland) supplying them, according to their reports, a total amounting to 500 great gross of finished buttons per month. This company manufactures shell buttons in 7 sizes, 4 grades and in 17 shapes. Several button machines of American make are installed in its Shanghai factory, also one from Germany and the rest from Japan. This company reports that it recently sent a sample shipment of shells (Ohira type) to a company in Muscatine, Iowa and further states that they believe American importers prefer to have blanks.

Export Statistics: The 1937 edition of the Chinese Maritime Customs' publication entitled "The Trade of China" Vol. III (Analysis of Exports) lists on page 46 the export of "Sea Shells and Oyster Shells". While exact export figures on fresh water shell are hidden in this classification, the Statistical Office of the Customs' reports that the greater percentage

of these figures have been contributed by fresh water shell. This conclusion has been determined upon the interport movement of cargo coming under this sub-heading.

Returns No. 69.

Fishery and Sea Products, n. o. r.

<u>Sea Shells and Oyster Shells</u>	<u>Quintals</u>	<u>1 9 3 4</u>		<u>1 9 3 5</u>		<u>1 9 3 6</u>	
		<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
Japan	"	51,265	332,934	49,248	281,622	48,613	201,399
Straits Settlements and F.M.S.	"	295	7,323	317	10,199	291	14,727
Other Countries	"	420	1,588	163	1,095	242	1,033
Re-imported from Abroad		---	---	---	---	---	---
<b>TOTAL</b>		<b>51,980</b>	<b>341,845</b>	<b>49,728</b>	<b>292,916</b>	<b>49,146</b>	<b>217,159</b>

The Bureau of Foreign Trade reports that some 500,000 piculs of shell are collected annually in China. However, statistics would seem to indicate that only about one sixth of the shell collected are exported. For example, in 1936 a total of only 49,146 quintals or approximately 81,260 piculs (5,400 short tons) of sea and oyster shell were exported, 99% going to Japan. This leads to the conclusion that at this time the use of shell in China is principally directed into channels of manufacture rather than export. The leading manufacturers, however, being Japanese companies.

*H. S. Howard*  
H. S. Howard,  
Assistant Trade Commissioner.

Approved by:  
*J. A.*  
Julean Arnold,  
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HBH:MKD.  
Enclosure No. 41531 (in publications pouch).

SOURCES OF INFORMATION

Mow Lee & Company.

Mr. S. Hopstock, Deputy Commissioner, Statistical  
Department, Chinese Maritime Customs.

Mr. Z. T. Kyi, Secretary, Bureau of Foreign Trade,  
Ministry of Industry.

Mr. Kingwell H. Tsha, Bureau of Foreign Trade,  
Ministry of Industry.

Mr. C. K. Cheng, China Button Manufacturing  
Company.

Far Eastern Products Manual.

China Industrial Handbooks - Kiangsu.

Chinese Maritime Customs Returns.

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C O N F I D E N T I A L

The large Shanghai button company referred to in this report is Messrs. Mow Lee & Company, 62 Kiangse Road. They are the largest Chinese exporters of buttons, blanks and shell in this part of China. Formerly they were affiliated with the Shanghai Button Factory (Sino-2/ British) but this firm was liquidated some 6 months ago. A World Trade Directory Report is herewith submitted as an enclosure. While Canada is their largest foreign customer they have expressed a desire to consider the possible export of shell or blanks to the United States. The Iowa company referred to as receiving a shipment from this Shanghai firm is Pennant & Co., Mascatine, Iowa.

The larger manufacturing companies located in Hankow are Japanese. Tofu & Company - Tokudai Yoko - and Rindai & Company. These firms export chiefly to Japan although the latter company is reported as doing some business with the United States, Germany and Great Britain. In Shanghai the firm of Showa Yoko (Japanese) does an export business in blanks to Japan. They also handle button machinery of Japanese make.

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