

New United States Tariff Serious Blow to China Egg Industry



A cargo of China eggs as they arrived on canal boats from an interior point.

THE financial investment of exclusively American capital in the egg business in China has represented more than one million gold dollars (G. \$1,000,000.), much of which is seriously jeopardised, and part of it already lost as a result of the new U.S. Tariff now in force. The losses, so far as can be observed, have failed to benefit any part of the American people, and have probably prejudiced many.

The trade has 31 direct buying stations in China, trading as American companies, in the five provinces of Kiangsu, Anhwei, Chekiang, Shantung and Honan, their trade names being well known, however, over a much wider area. In the event of the companies having to close their plants as seems probable unless adjustments can be made, the bad effect on American commercial prestige is to be expected over a very wide area.

The American Companies are producers of:

- Frozen Whites
- Frozen Yolks
- Frozen Whole Eggs
- Dried Albumen
- Dried Yolks
- Dried Whole Eggs

Some of them have also been shippers of shell eggs.

During 1922 the American companies operating in China have filled all available space (about 60 tons a steamer) on all United States Shipping Board steamers on the Pacific sailing under the Admiral Line and Pacific Mail Service from March to August, when the tariff prohibited further business. The same companies' annual use of American tinplate amounts from about G. \$75,000.00 to G. \$100,000.00. For three years ending 1922, sundry imports (not including tinplate but including machinery) have amounted to G. \$500,000.00. One of the companies concerned is importing annually American butter and cheese to the extent of G. \$100,000.00, which it can do as a side line, but this business as a sole source of revenue would preclude keeping the plant running, being insufficient in volume or profits. The continued activities of the egg industry in China offer, therefore, increased outlets for American domestic industry (including agricultural products), and the retarding of one has a counter effect on the other.

Since the enactment of the tariff one American factory in China has been bought out by other nationals and negotiations are now being made in respect to a second in regard to which there is every reason to believe the result will be the same. It is believed that had the outlet to America not been closed, these factories would still be held by American interests. The remaining companies believe business with America to be impossible and think the tariff is prohibitive unless something, now unforeseen, happens.

The question has been raised as to why other nationals should take over these factories and be able to operate, whereas American owners could not. The establishing of European outlets takes time, and inasmuch as buyers of factories have established connections, the factor is a big one in considering future business for the plants acquired.

The egg production of China is maintained by villagers, and the village, as a whole, limits the number of head of poultry to what may be kept by each family. This is done because any family keeping more than a stipulated number, usually varying from 6 to 10 hens, cannot feed enough to the stock, resulting in the birds ranging in the surrounding fields of growing crops and causing considerable loss and damage to others than their owners. J. L. Buck of Nanking University in a series of experiments demonstrated that it was not profitable to the Chinese villager to feed more grain. The scare of untold quantities of eggs from China flooding the world's markets is a fallacy which has no foundation in fact, and it will need a complete revolution in present production methods in China before it can even become anything approaching a possibility. China moves slowly. So far as the three companies are concerned, they are unaware of the existence of such a thing as a poultry farm, in China and the opinion expressed here respecting egg production is one resulting from a very close and unremitting study over a period of not less than five years.

The trade in Chinese eggs has been badly slandered ever since its inception. The production of the three American companies is of the highest quality as is proved by the standing of the consumers in the United States, and it is their feeling that what the slanders would not do, has been done now by the imposition of prohibitive tariffs.

The conclusions to be drawn are, that the prohibitive tariffs on egg products imposed to protect only 3 percent of the egg production in the United States are doing infinite harm in many other directions.

It is strangling a natural outlet for American products in the Orient.

It is withdrawing support from the United States Shipping Board steamers from the Orient, and for supplies by those steamers to the Orient.

It is definitely increasing the cost of living to a vast number of citizens in industrial areas of the United States, many of whom, probably, are those who can least afford any such increase in the cost of living.

It is giving protection to only 3 percent of an industry which cannot naturally take care of the kindred trades' requirements.

It has definitely put one American Company out of business in the Orient, another is pending, and it is jeopardising American capital to the extent of over G. \$1,000,000.00 without, it is submitted, any real benefit to the majority of Americans and solely for the benefit of a 3 percent out-turn of undergrade of the American egg crop.

It is jeopardising American commercial prestige generally in China on account of the wide-spread activities of the companies operating, and working a real hardship on American capital which has had sufficient courage to further American activities in China.