

INDEXED
FILE No. 531

July 15, 1937.

China

August 19, 1937.

L-85. RECEIVED 27-6

OCT 6 1937

OFFICE OF COMMERCIAL ATTACHE
2 CANTON ROAD
SHANGHAI, CHINA

Mr. Julian Arnold,
Commercial Attache,
Shanghai, China.

Dear Mr. Arnold:

Special Report No. 145, dated May 10, 1937, (Bureau No. 68454) entitled "Automotive Market Survey - Quarter Ending March 31, 1937" and prepared by Trade Commissioner A. Viola Smith, has been graded excellent by the Automotive-Aeronautics Trade Division. The Committee on Field Reporting has reviewed the report and agreed with the rating.

This survey is especially complete and shows great care and thought in preparation and also much research and contact work. The report includes detailed information with reference to all products and follows the new outline in every respect. The survey is being published with few changes in the Automotive Foreign Trade Manual. The catalogs forwarded as an inclosure to the report were found very interesting.

The Automotive-Aeronautics Trade Division asked me to take this opportunity to thank Miss Smith for the very thorough manner in which she is covering automotive products.

Very truly yours,

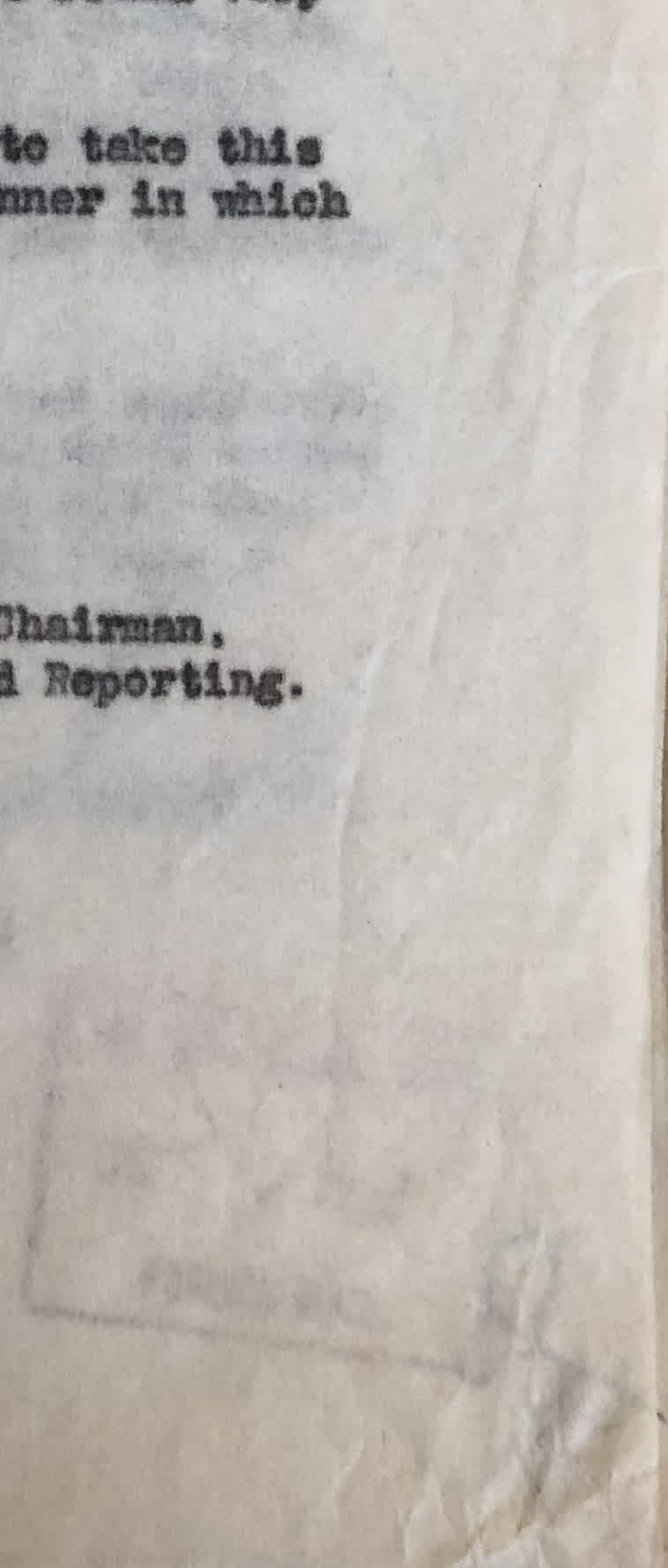
Lacey C. Zapf, Chairman,
Committee on Field Reporting.

PRM
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Approved for transmission

Julian Arnold
Commercial Attache

ATS/tpw.



OFFICE OF COMMERCIAL ATTACHÉ
3 CANTON ROAD
SHANGHAI, CHINA

DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

DEPARTMENT OF STATE
LIAISON OFFICER

OCT 4 - 1937

FORWARDED

INDEXED 531
FILE No.

SHANGHAI

China

August 19, 1937.

L-95.

RECEIVED

OCT 6 1937

To: Automotive-Aeronautics Trade Division

Automotive-Aeronautics
Trade Division

From: Shanghai Office

Subject: Automotive Market Survey, Quarter ended June 30, 1937.

There is going forth in the next pouch Special Report #S-14 constituting the "Automotive Market Survey," for the quarter ended June 30, 1937. We regret the lateness in getting this off to you but a number of urgent questionnaires from other divisions slowed up our automotive reporting schedule.

Since stencilling the report additional information relative to the Hong Kong areas has been received, but as it chiefly consisted of statistics, we have not feel justified in re-framing our report. Your attention is directed to a despatch of Consul Howard Vonovan dated July 31, 1937, entitled "The Hong Kong Automotive Market during the Second Quarter of 1937" a copy of which will doubtless reach you in the usual course through the Department of State.

We have your letter of June 18th acquiescing in our suggestion that the Automotive Market Surveys be on a semi-annual basis rather than a quarterly one. The next report to be submitted will then cover the period July-December, 1937. Any substantial items of interest will be included in our weekly radios.

A. Viola Smith

A. Viola Smith
Trade Commissioner

Approved for Transmission:

JA
Julean Arnold
Commercial Attache

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OCT 5 1937
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SHANGHAI

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April 13, 1938.

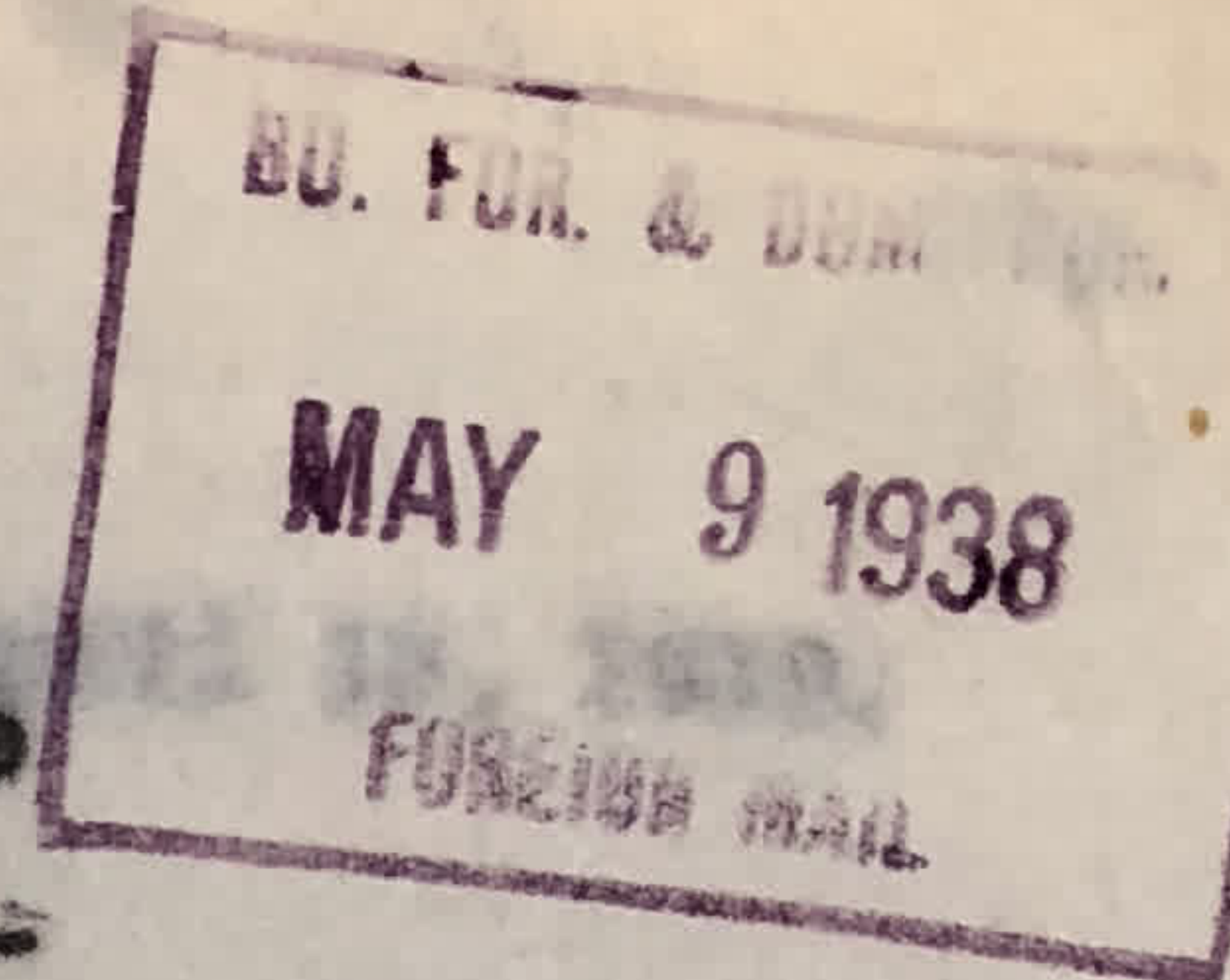
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L-396

TO: Aeronautics-Automotive Division,

FROM: Shanghai Office,

L-396
Questionnaire #27-L
Shanghai, China
SUBJECT: Questionnaire #27-L; Annual World Automotive Vehicle Registrations



We are despatching by the next outgoing pouch mail Special Report # S-81 which represents our final figures for the China Section of the Annual World Automotive Vehicle Registrations. Conditions in China since August, 1937, have been so disturbed and chaotic that we have met with the greatest difficulties in trying to secure even estimates of vehicles in operation. The following quotations from two consular despatches are typical and illustrate our handicaps:

Hankow:

"The usual questionnaires were immediately circulated among the provinces and municipalities of this district, but have received replies to date from only two provinces, namely, Kansu and Shensi. It is not improbable that those provinces and municipalities not returning the questionnaires were prompted to follow that course as a result of instructions from the military authorities, though this office has received no direct intimation to that effect. You will readily appreciate that the information called for has significance of a military character, and no doubt the Chinese are reluctant to divulge it during the course of hostilities. In view of this fact, I believe that it would be inexpedient to press for such information at this time. (P. R. Josselyn, Consul General)."

Nikden:

"Automotive statistics are a military secret. Last year's estimates are not valid as a basis for further estimates this year, due to the undeterminable transfers of Manchurian vehicles to North China and Inner Mongolia. Importations are primarily non-civilian and, therefore, not determinable. This year an estimate could have no statistical value, it would be a blind guess. (John Davies, Jr., Vice Consul)."

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CONFIDENTIAL

U.S. DEPARTMENT OF STATE
OFFICE OF THE TRADE COMMISSIONER
WASHINGTON, D.C.

MAY 25, 1938

- 2 -

Hon. George S. Messersmith,
Assistant Secretary of State,
Department of State,
Washington, D. C.

L-596 Questionnaire #27-L Shanghai, China April 15, 1938.
Attache A-31/3

To complete the census we were eventually obliged to use the estimates of the previous year in seventeen districts, as the only information available.

Under the above circumstances the 1938 Census is most unsatisfactory, but we have done our best with the material available.

A. Viola Smith,
Trade Commissioner.

Approved for Transmission:

A. Bland Calder,
Acting Commercial Attache.

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SECRETARY OF STATE

V-W/C LIFE

WASHINGTON

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SHANGHAI FILE No.

China

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Finance Division

JUL 27 1938

June 23, 1938.

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JUL 23 1938

FOREIGN TARIFF DIV.

located at Hanking. Another retail
Albers 14, the Continental
Shanghai. This company
passenger car and an American
Suzuki truck and motorcycle
applied to you for your agency

Mr. J. L. Todd,
Assistant Export Sales Manager,
Nash Motors,
14250 Plymouth Road,
Detroit, Michigan.

Dear Mr. Todd:

Responding to your inquiry of May 26th the passenger car market has not improved since our letter to you of April 28th, while Chinese currency has since then dropped as low as C\$6.40 to US \$1.00., though within the last week it has strengthened, with today's inter-bank selling rate standing at C\$5.46 to US \$1.00. The system of granting foreign exchange allotments at the official rate of 29-1/8 by the Chinese financial authorities has caused great confusion in the market as applicants have not known from week to week what portion of their requirements they might be able to obtain. This has varied for motor vehicle dealers from 30% of applied for amount to 3% in last week's allocations. In the areas, such as Shanghai, which are now under Japanese occupation, motor vehicles are regarded by the Chinese financial authorities as non-essentials. This means that last week motor car distributors received but 3% of their applications for foreign exchange at the official rate of 29-1/8, and for the remaining 97% had to purchase in the open market at the slumped levels. The spread between official rate and open market rates at times has been as great as 43%. The weakening of Chinese currency has had the effect of temporarily curtailing all imported lines, with many merchants declining to accept any business until conditions become more stable.

With reference to Continental Motors, about whom you inquire, this company is sort of a subsidiary of the German firm of Kunst & Albers. It has chiefly been the servicing end for this firm of importers and distributors, which holds agencies for American and German lines of cars and trucks.

While some retail business has been done, it has never appeared to us to be very active in this field, though for German motorcycles it did a good business with the Chinese Government when the former was

BU. FOR. & DOM. COM.

JUL 20 1938

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U.S. DEPARTMENT OF STATE
WASHINGTON

DEPARTMENT OF STATE
WASHINGTON

located at Nanking. Another retail set-up linked with Kunst & Albers is, the Continental Sales Company at 863 Avenue Foch, Shanghai. This company acts as the retail agents for an American passenger car and an American motor truck line, and for three German truck and motorcycle accounts. If Continental Motors has applied to you for your agency direct, we would regard their ability as very limited. If, however, Kunst & Albers has applied for the distributorship and is going to utilize Continental Motors as the Shanghai retail dealer, then you would have a much more substantial representation than exists at the present time. The connection with these German firms would presumably give you better entree to a small amount of local purchases being made by certain nationals in Shanghai, which could not be readily tendered upon by your present American born Chinese agent.

It is suggested that you secure Sales Information Reports upon these three firms at a nominal fee, by request to the Bureau of Foreign & Domestic Commerce, 371 New Federal Bldg., Detroit, Michigan.

You will also be interested in the import statistics which have just been made available in Shanghai. From January to May, 1938, imports of passenger cars declined 66% as compared with the same period in 1937. There were only 226 passenger cars entering Shanghai during these five months, of which 197 came from the United States.

A new import tariff instituted in the Japanese occupied areas of North China and Central China (including Shanghai) on June 1, 1938, raised the duty on motor car and truck parts and accessories from 15% to 30%. No change in the duty rate for fully assembled cars.

Trusting that this letter may be of assistance to you in keeping abreast with the chaotic conditions which obtain in the Shanghai market, and with kind regards to Mr. Salisbury and yourself,

Very truly yours,

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

AVS:DM