

JAN 24 1940

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Finance Division
JAN 15 1940
Bureau of Foreign and Domestic Affairs
December 11, 1939

Post Shanghai, China.

Date December 11, 1939.

Submitted by Julian Arnold
Commercial Attache

for the week ending December 9, 1939.

U.S. FOR. & DOM. AFF.
JAN 11 1940
FOREIGN MAIL

WEEKLY ECONOMIC REPORT

BUREAU OF FOREIGN
DOMESTIC COMMERCE
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Chinese Department Stores, Shanghai: In conversation with the

head of one of the Shanghai Chinese department stores he informed me that the largest of these, the Wing On Co. (Shanghai) Ltd., has an annual turnover of yuan 15 million*. The next two, the Sun Co. (Shanghai) Ltd. and Sincere Co. Ltd., each have a turnover of approximately yuan 10 million annually. The smallest of the four, Sun Sun Co. Ltd., has an annual turnover between yuan 7 and 8 million. Thus the total turnover of these department stores annually is between yuan 40 and 50 million.

In stocks carried, the Wing On Co. leads with about yuan 5 million, the next two in importance carrying about yuan 2 million each and the Sun Sun Co. carrying about yuan 1.5 million. Owing to the present war situation the imports of German goods have been discontinued, as also much other Continental and British commodities, so that a larger market has been opened up for imports of American commodities. However, the currency exchange situation has forced prices of imported commodities up so high there has been a very heavy increase in stocks of native manufactured goods.

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*At today's rate of exchange, 1 yuan or Chinese Standard Dollar is equivalent to approximately US\$0.073

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11-0184

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Conditions in Canton: Consul Kenneth C. Krentz from Canton states that the Japanese are doing very little toward rebuilding and reconstruction work in Canton. In fact, they have only been interested in the rehabilitation of plants or factories from which they can make quick profits. This has meant that their rehabilitation has been practically confined to a few sugar mills from which they expect to make sufficient profits to repay their outlay in a maximum of six months' time. They started early in the year to improve the port of Whampoa and to make this a deep water port in continuation of the work started by the Chinese, but this activity has been discontinued. Thus, it appears the Japanese are merely beating time, apparently with the idea of engaging in only such activities as present quick returns and undoubtedly sensing the necessity of retiring from that section of China when conditions otherwise make this possible.

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