

December 29, 1932

Mr. Pyke Johnson, Vice President,
National Automobile Chamber of Commerce,
Transportation Building,
Washington, D.C.

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RECORDED

Dear Mr. Johnson:

I think you will want to use the following information in your daily bulletin. Please credit it to "a reliable source" rather than to any Government Department.

China

In the Consular District of Yunnanfu, China, there is a possibility of American airplane and automobile manufacturers losing a substantial part of the local market because of the energetic efforts of the French and British representatives. It has been learned that representatives of French manufacturers have turned their attention toward interesting the Yunnan Government in French planes. It is also learned that a British representative, before departing from Yunnanfu, enlisted the good offices of a number of prominent Chinese, officials and others, in presenting his proposition. Commander Chang is reported personally to favor the purchase of American planes but is of the opinion that it would be difficult to sell them to the Provincial Government because of the presence of French and British representatives on the spot who have adapted themselves to Chinese methods of going business and have offered liberal terms. Various demonstration flights have been made and even though no immediate business is in sight the French and British representatives have been willing and anxious to finance such flights on the chance that their sales talks backed by actual demonstrations may bear fruit in the future. The French and British representatives come prepared to pave the way to sales by presenting gifts and by giving elaborate entertainments. The French and British Consuls are assisting actively their respective nationals.

The energetic efforts of the French and British to sell planes are duplicated in the efforts of the French to create a market in this province for French motor cars. Hitherto, American low priced cars have dominated the market. French motor car interests feel that the political sphere exercised by France in this region should be extended to foster their products to the exclusion of the manufactures of other countries. There is at present but little opportunity to sell motor cars in this district owing to the limited mileage of roads, but the French are paving the way for a future dominance by judiciously introducing French workmen into such positions as will enable them to influence future purchases. It is reported that French mechanics from Indo-China have offered their services without salary to municipal garages to teach repairing and to

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There is little doubt that such mechanics are being subsidized by French motor car interests with the understanding that they will suggest purchases of French automobiles, parts and accessories as the occasion warrants. The Commissioner of Reconstruction of the Provincial Government who is in charge of purchasing motor cars for the Government and who is in the best possible position to recommend what type and make of cars are to be purchased, is very pro-French, having been educated in France and having the reputation of being friendly with all French interests. The French promise very liberal credit terms. In this phase, as with airplanes, certain American interests stand to lose because of lack of immediate representation. The sale of one make of American car is covered by an agency located in Hong Kong - much too far away to exert any influence in this district or to see that future opportunities are not overlooked. It is realized that immediate returns would not seem to justify an appointment of a sub-dealer but the future potentialities must be considered. Each year sees the construction of additional motor road mileage and present construction plans envisage a highway system linking all of the Provinces of the southwestern and western parts of China. The representation of another low priced American car, the only other American vehicle which has achieved any success in this territory is in the hands of a local French firm which is reported to be rather indifferent in pushing sales and in preparing for a future expansion of the market.

It will be seen from the above that English and French manufacturers are leaving no stone unturned in their determination to take advantage of future business.

Very truly yours,

A. W. Childs,
Chief, Automotive Division.

A. Childs
Trade Representative

Federal Bureau of Investigation
U. S. Department of Justice
Washington, D. C.