

DEPARTMENT OF COMMERCE

Tientsin

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AUTOMOTIVE DIVISIONBUREAU OF FOREIGN AND
DOMESTIC COMMERCE

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China

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Bishop Wire & Cable Corp.,
420 East 25th Street,
New York.

Gentlemen:

North China Market for Automotive Cable.

We have for acknowledgment your letter of June 10, received here on July 6. We note your request that we inform you as to the possibility of your selling your automotive cable in North China.

We regret that we are unable to encourage you as to the possibility of doing business in this line at the present time. We have consulted with a number of dealers in automotive equipment and while they state that your prices are in line and your product apparently of satisfactory quality for this market, we have been unable to arouse interest among them in your agency or in direct purchases at this time.

As you may be aware, North China offers but a limited market for automotive lines at present. There are estimated to be only in the neighborhood of five thousand automotive vehicles in the entire district which includes an area of more than 250,000 square miles and has a population of upwards of fifty millions. The majority of these vehicles are concentrated in the neighborhood of Peking and Tientsin, but since there are considerable number of makes of cars represented among them and since a comparatively large number of dealers are already in the market it is obvious that the volume of business accruing to any one dealer is but small. Under the present system of doing business in North China most parties handling automotive lines act in the triple capacity of importer, wholesaler, and retailer. Most of them have an agency for one or more motor cars and trucks, operate a garage or service station and import both parts and accessories for wholesale and retail distribution. However, it is obvious that under these conditions little wholesaling is done and it is generally felt that the average importer is not justified in carrying automotive lines purely for wholesaling.

anxious to sell out, but have been unable to find buyers.

Imports of motor cars and trucks into Manchuria during 1930 totalled 540 units valued at \$549,600. Imports of motorcycles during 1930 totalled 192 units valued at \$51,000. During the first nine months of 1931, 88 passenger cars, 58 trucks and 213 motorcycles were imported into Dairen. During the same period 35 passenger cars, 70 trucks and 9 motorcycles were forwarded into the interior. The number of trucks forwarded exceeds the number imported, but this is due to the fact that Dairen being a free port importers carry stocks there and do not forward them until they are needed in Mukden or Harbin. This way they do not have to pay the duty until the cars are removed from Dairen. The number of passenger cars and trucks forwarded do not represent sales as 13 cars and 66 trucks were forwarded in January in order to avoid the payment of increased duties which were put in effect on February 1. While figures are not yet available for October and November, it is not believed that any motor vehicles have been forwarded into the interior during those two months nor does there appear to be any possibility of any imports during December.

There is practically no competition in Manchuria from European manufactured cars. There are very few in use and there are not more than six representatives of cars other than American in Manchuria and none of these are very active.

It is the opinion of local automobile dealers that, if the Japanese retain control in Manchuria, there will eventually be an increase in business as it is believed that the Japanese will go ahead with road construction. There has been practically no extension of roads during the past year, most of the efforts of the Chinese having been placed on improving city streets. However, even Japanese road construction cannot be started before spring and any influence this may have on the automotive market would not be felt before 1933.

Under present conditions there are practically no prospective buyers for motor vehicles in the Mukden territory. It is estimated that 150,000 Chinese have left Mukden since September 18, and this number includes a large majority of the officials and business people who made up the prospective automobile market. The business men who still remain have suffered such heavy losses from an almost total lack of business since September 18, that they will probably have little interest in motor vehicles during the coming year.

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Even should the Chinese officials and wealthier citizens return, it will take considerable time for confidence to be restored and any amount of buying resumed. Should the Japanese retain control there will doubtless be an increase in Japanese business activity and local dealers are of the opinion that a certain amount of business will develop in outlying districts as the Japanese would probably reduce the bandit menace and conditions outside the cities would be greatly improved. If this is the case sales in 1932 will be somewhat better than they were this year.

G. E. Christopherson
Asst. Trade Commissioner In Charge

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