

## ECONOMIC AND TRADE NOTES

Shanghai

(City)

China

(Country)

November 2, 1931.

(Date)

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11-8651

SHANGHAI PAPER MARKET DURING OCTOBER

The Japanese boycott continues to exert a decided influence upon the Shanghai paper market, inasmuch as the source of supply on cheaper grade papers has now been cut off and Chinese dealers have been obliged to turn to Europe and America for supplies of these items. Although large stocks of Japanese paper are available in Shanghai, the boycott has given rise to an acute shortage of various grades in the market, with the result that substantial orders for such items as M.G. Cap, Newsprint, Coated paper and book paper have recently been placed in Europe and to a lesser extent in America. However, some resistance to the higher prices asked in Europe and America is noticeable. Thus, various local printers are now reported as refusing to quote on low grade work since supplies of cheaper quality papers and ink formerly imported from Japan are no longer available.

While there is considerable difference of opinion among importers as to the effect of the depreciation of the pound sterling on the local paper market, it appears that the immediate reaction was to enhance demand from those countries quoting in sterling. However, Continental European countries immediately changed their quotations to gold dollars and Scandinavian countries raised prices in sterling to offset differences in exchange rates. Scandinavian prices on some lines, however,

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have not been raised commensurate with the fall in the pound sterling with the result that demand is now principally from that source. Some Continental European countries have again reverted to sterling quotations and considerable uncertainty exists as to how prices are likely to be quoted.

A determined effort on the part of German paper manufacturers to gain a foothold in this market has been noticeable recently. Thus, Shanghai paper importers of all nationalities are being bombarded with literature, samples and quotations on German paper, the persistence of which has resulted in orders being placed which otherwise would not likely have been placed in Germany. Inasmuch as prices on Scandinavian paper are ruled by convention prices, German manufacturers have seized the opportunity to manufacture grades suitable to this market at prices substantially lower than those quoted by Scandinavian countries.

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