

ECONOMIC AND TRADE NOTES

Lyman

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Financial Conditions of Certain Chinese Railways as of July, 1931.

There recently appeared in the Bank of China Monthly a statement on the above subject. This Office has translated it into English, and it reads as follows: (Note the currency valuations are given in Chinese silver dollars. One silver dollar is equivalent to about 25 cents, U. S. Gold).

1. Shanghai-Nanking and Shanghai-Hangchow -Ningpo lines: Serious plans are under way to complete the section of this line connecting Hangchow and Tsao-ngo Kiang in order that the railway may be a through trunk line traversing the richest provinces of China. A survey has been prepared which involves the construction of 76 kilometers of railway and the work will be divided into two sections, one linking Shaching with Tsao-ngo Kiang for a length of 31 kilometers, and the other joining Shaching with Sihing -- a distance of 76 kilometers. The cost for this work is estimated to be \$3,320,275 and \$5,662,953 respectively. The Ministry of Railways took a survey which reveals that the population in this region is the same as that in the Ningpo section. However, there is other competition -- highway and river junk transportation. Deducting 30% from the estimate as the part likely to be taken away through rival competition, a receipt of \$340,000 from passenger traffic and \$257,000 from freight traffic may be expected. Based on this estimate, the construction is considered to be a paying proposition and may provide adequate returns for initial investments. The Nanking government is asked to set aside a portion of the funds available from either the Russian or Italian Boxer Indemnity Remissions.

2. Tientsin-Pukow line: The revenues of this line decreased considerably since last May. At its peak, the daily receipts had been as high as \$60,000 to \$70,000, while at present, the line earns only some \$10,000 per day. It is reported that this financial difficulty compelled the railway to approach the Central Bank of China for a loan to pay off its employees.

3. Peiping-Hankow line: A portion of the rolling stocks for the northern section of this line, which had been commandeered, has been returned by the troops. The returned equipment consists of two locomotives, 120 cargo wagons, and there remains another fifteen locomotives and 350 open cargo-wagons which have yet to be returned.

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- "4. Kiacchow-Tsinan line: Surveys for the extension of two branch lines to Paoshan and Lintsing respectively have been completed, the construction cost being estimated at \$5,200,000. When these lines are completed, additional rolling stocks will be needed and the authorities are expected to allot certain funds from the Boxer Indemnity Remissions. The four locomotives purchased from the South Manchuria Railway works were delivered during the latter part of August. This purchase amounts to 130,000 Yen.
- "5. Langhai line: It was the plan of the Ministry of Railways to complete the section to Linpao and Tungkwan at an early date, and the Tientsin-Pukow, Peiping-Hankow, and Kiacchow-Tsinan lines were instructed to make an advance to cover the cost of construction. This advance, according to the plan, will be refunded from funds of the British Indemnity Remissions. Lately the former two railways have been in financial difficulties, and only the Kiacchow-Tsinan line is remitting \$39,000 which is insufficient for the purpose. Under the circumstances, Mr. Lin Hung-hsun, Co-Director of the line, was instructed to alter the original program and proceed only within the limits of the finances.
- "6. Paochow-Ningshia line: This is a projected railway, with a mileage of some 1200 li (about 400 miles). The first survey which took place last summer, covered as far as the section from Paochow to Linho, 233 miles. The cost for this section is estimated at about 70 million dollars. Peiping will be made the seat of the Engineering Bureau for this line and work will be started next year.
- "7. South Manchuria Railway: This line is under Japanese control and is well known. It is the center of activities of the ambitious Japanese. According to the report of the railway, the first three quarters of the fiscal year 1930-31, ending on March 31st, recorded a total revenue receipt of Yen 188,104,062 and a net profit of Yen 21,673,461. The South Manchuria Railway Company has Yen 39,052,000 debentures in circulation in American and European markets. These surpluses and debentures are sources from which the South Manchuria Railway draws its funds to exploit the other Chinese lines in South Manchuria. In its revised budget of the fiscal year 1930-31, the total revenues receipt was estimated at Yen 170,000,000, against a total expenditure Yen 150,000,000, with a dividend of Yen 20,000,000. The research department of the South Manchuria Railway gives the following figures to show revenue receipts for the month of July with comparison with those in the same period of last fiscal year:-

Passenger revenues	Yen 612,771
Decrease as compared with 1930	286,739
Freight revenues	5,010,073
Increase as compared with 1930	357,796
Other revenues	273,343
Decrease as compared with 1930	78,044
Total	5,896,187
Decrease as compared with 1930	6,987
Average daily receipt	190,135
Decrease as compared with 1930	225

"8. Chinese Eastern Railway: The budget for 1931 was completed early in December last year, but when it was in operation this Spring, the decline of traffic was so considerable that the railway found it impossible to keep the estimates. A revised budget was prepared. Nevertheless, as the decline continued, the railway again became unable to operate within its limits. The budget was again amended and a great reduction in expenditures was made. This latest budget estimates an income of 37,500,000 gold roubles, with an layout of gold roubles to the extent of 27,000,000 and a profit of 11,500,000 gold roubles. In addition to its maintenance of ways, equipment, and operation expenses, the Chinese Eastern Railway is held responsible for huge contributions to the administration of the "Chinese Eastern Railway Special Zone". If the depression continues to go on in the second half year, this reduced budget may once more become impracticable, as the average daily revenues received at present in Harbin is \$90,000 -- one third of those received during the year 1925. The decision to develop the Chalairnor coal mine may be mentioned as a recent significant act of the Chinese Eastern Railway. Only on the 5th of August the Management Committee decided to follow the proposal with an annual appropriation of 130,000 gold roubles, for an output of 20,000 tons. Gradual increases of allowance have been provided and consequently it is hoped that outputs will be increased from year to year.

"9. Shengyang-Hailung line: This line has been enjoying prosperity and has decided to purchase 50 cargo-wagons, 30 service cars, 4 locomotives. The order will involve some three million dollars.

"10. Hulan-Hailan line: A decrease of \$400,000 of revenues is reported in the 1930-31 statement.

"11. Tsitsihar-Kaoshan line: In this line, only the section connecting Tsitsihar with Talaichen is completed. But during the last period its revenue receipts broke all records and exceeded its estimates as the silver slump enabled it to absorb a large part of freight traffic from the Chinese Eastern Railway. During the market season of staple produce, the total freight amounted to 10,000 car-lots of 30 tons each. The management is now taking every step to have the line completed to its terminus before the coming market season, to provide facilities for handling cargo and to develop highways as feeders.

"12. Revenues received by various lines in Manchuria: According to the report released from railway authorities, the total revenue received by various Chinese lines in Manchuria for July amounted to \$3,330,316. The distribution is as follows:-

1. Peiping-Hukdon line	\$1,514,078
2. Shengyang-Hailung line	610,990
3. Kirin-Hailung line	104,078
4. Kirin Tunghua line	122,700
5. Kirin-Changchun line	277,000
6. Tsupingkai-Taonan line	564,970
7. Taonan-Anganki line	116,500.

Unless otherwise stated, the figures for value are in Mexican Dollars."

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