

Shanghai, August 7, 1931.

Submitted by: Edgar W. O'Harrow, Assistant Trade Commissioner.CONDITIONS IN THE SHANGHAI PAPER MARKET

According to figures obtained from the Chinese Maritime Customs, imports of leading grades of paper of interest to American manufacturers for the first six months of 1931 with comparative figures for the same period in 1930 were as follows:

Imports of Paper into Shanghai - Jan. - June 1931 Inclusive
(With Comparative Figures for 1930)

	1930		1931		% Increase or Decrease
	Piculs	Gold Units	Piculs	Gold Units	
Cigarette Paper	21,049	1,105,125	26,777	1,774,503	2.66
Common Printing	308,171	1,927,935	69,072	610,092	77.59
M. G. Cap	78,016	945,559	149,061	2,057,628	91.05
Kraft	27,381	279,708	47,039	586,621	2.36
Wrapping & Packing	45,057	532,089	...
Printing	106,095	1,586,545	59,652	1,035,985	43.77
Writing	...	535,436	...	380,466	...
Bond	130,535	4.5

1 Gold Unit equals \$0.40 U. S. Currency.

No explanation can be offered for the extreme increases and decreases noted above, other than the fact that six months returns cannot be taken as indicative of the general condition of the market during this period. It can only be assumed that in one instance large shipments of paper have arrived to swell the returns for 1930, whereas in 1931 there has been a carry over of stocks with the result that orders booked during this period have not arrived and will not show up in the trade returns until the last six months

leg.

263

period and vice versa. Unfortunately, complete figures on total imports of paper imports for the six months period ending June are not available. However, we are attaching figures on such leading items as are available, classified according to country of origin.

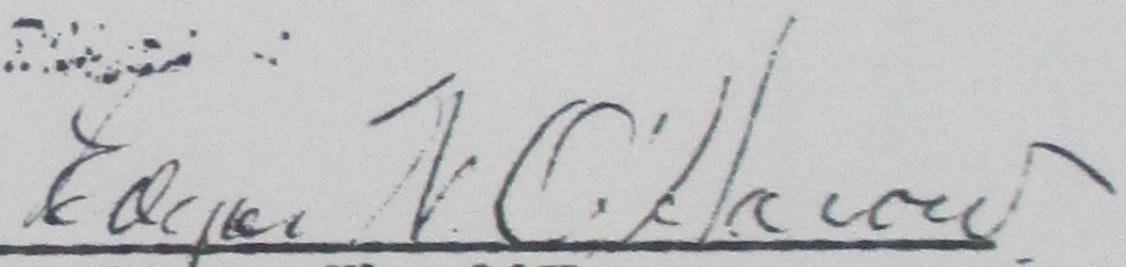
Importers characterize the market for paper during the first six months as satisfactory in consideration of the depressed condition of trade generally. Although business has continued to offer in most lines, it has been spasmodic and difficult owing to the hesitancy of Chinese buyers to buy in large quantities due to the continued weakening of prices. Indications at present are that the strike in Norwegian paper mills will soon be settled which will possibly result in a further weakening of prices. As a result of the boycott in China of Japanese goods, a number of orders for paper which would normally go to Japan have been directed to American and European mills. It is reported that 2,000 tons of White Cap paper were booked with Scandinavian mills immediately after the Japanese boycott became effective. From 600 to 800 tons of thin newsprint have been booked in the United States at \$62. and down to \$60. Gold per ton of 2240 pounds C.I.F. & C. which is the equivalent of £12/10 per ton or approximately 12 shillings below Scandinavian prices. It is interesting to note that this is the first time an American mill has been in the market on this item for at least three years. Practically all large contracts for newsprint (in reels) are being placed in Japan despite the boycott, since the principal demand for this item is from newspapers in Shanghai and

the Municipal Council has taken steps to prevent interference with trade within the International Settlement. Prices on newsprint (in reels) of 48 to 52 grams per square metre, remain the same as last quoted at £10/15 sh. to £11/5 sh. per ton of 2240 pounds C.I.F. Shanghai. Very few orders for Kraft paper have been booked during the past three months owing to the sufficiency of stocks on hand at the present time. Prices on this item also remain the same as last quoted, which on unglazed Kraft 36" x 48" - 46 pounds and up - was £15/5 sh. to £16 per ton of 2240 pounds C.I.F. Shanghai. America still continues to control the market in Sulphite Bonds owing to better and more uniform quality, packing in cases, and quicker deliveries. Prices on these items have eased to £22 per ton of 2240 pounds C.I.F. Shanghai on unwatermarked bonds, and £24 per ton of 2240 pounds C.I.F. Shanghai on watermarked bonds. A shortage of book paper has been noted in the market, which is perhaps due to the Japanese boycott. Prices on this line are now down to £19 per ton C.I.F. Shanghai.

One of the most significant features of the market has been the increasingly keen competition from European mills, even on such items as were formerly controlled by American manufacturers. British manufacturers have been making a determined effort to re-enter the market on banknote paper which was formerly controlled by American manufacturers. Likewise, small quantities of Austrian chipboard have recently appeared in the market at prices substantially lower than those quoted by American mills. Austrian manufacturers are also

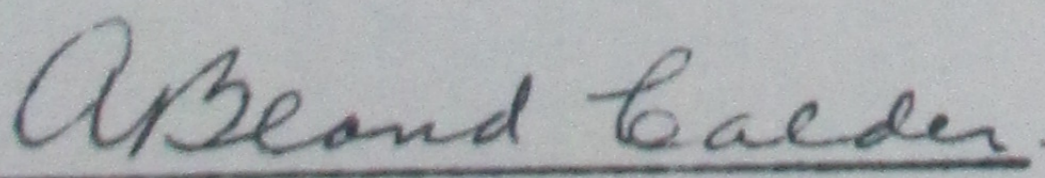
reported as having recently quoted on machine finished book paper; substantial quantities of which have been ordered in the past by local cigarette manufacturers from American mills.

It is difficult to state with any degree of certainty the possible trend of the paper market, as the business that can be done is directly dependent upon the stability of political conditions in the interior of the country and the future trend in exchange rates on silver. However, importers are generally optimistic as regards the future outlook provided conditions affecting trade do not become more difficult than at present.



Edgar W. O'Harrow
Assistant Trade Commissioner

Approved for Transmission:



A. Bland Calder
Assistant Commercial Attache

EMO'H:EH

Imports of Paper into Shanghai

January to June incl. 1930 & 1931

	J A P A N		U. S. A.		SWEDEN		NORWAY	
	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs
Cigarette Paper	12,005	17,515	-	-	-	-	-	-
Common Printing	166,081	58,051	3,945	801	30,714	3,016	58,186	7,546
M. G. Cap	55,747	104,608	-	-	11,578	5,304	5,688	6,507
Kraft	3,490	627	37	84	7,550	8,332	6,294	7,266
Wrapping & Packing		3,829		161		14,676		9,186
Printing (no mec. pulp)	35,816	31,941	34,987	10,665	397	463	14,746	7,974

	ITALY		AUSTRIA		GERMANY		BRITAIN	
	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs
Cigarette Paper	2,728	3,392	-	160	-	259	131	969
Common Printing	970	-	12,987	1,699	12,171	585	2,329	832
M. G. Cap	-	612	941	8,432	2,427	12,590	-	-
Kraft	-	79	1,077	3,164	3,606	11,690	2,455	867
Wrapping & Packing	-	-		821		7,727		1,037
Printing (no mec. pulp)	900	2,555	2,438	413	2,727	844	2,173	652

- 2 -

	FRANCE		FINLAND		NETHERLANDS		BELGIUM	
	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs
Cigarette Paper	6,165	1,100	-	-	-	-	12	-
Common Printing	46	-	18,985	1,532	-	-	-	-
M. G. Cap	-	-	2,587	7,559	-	1,158	1,008	-
Kraft	-	-	-	14,178	1,894	757	30	-
Wrapping & Packing	-	-	-	1,675	-	4,343	-	1,702
Printing (no mec.pulp)	-	3	1,764	-	7,391	2,331	2,748	1,654

	OTHERS		TOTAL		% increase (+) or decrease (-)
	1930 Piculs	1931 Piculs	1930 Piculs	1931 Piculs	
Cigarette Paper	2	382	21,049	26,777	+ 2.66
Common Printing	1,757	-	308,171	69,072	- 77.59
M. G. Cap	-	-	78,016	149,061	+ 91.05
Kraft	-	-	27,381	47,039	+ 236.00
Wrapping & Packing	9,048	-	-	45,057	-
Printing (no mec.pulp)	-	-	106,095	59,652	- 43.77