

SPECIAL REPORT NO.

Shanghai  
(City)

China  
(Country)

December 7, 1932.  
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Subject: QUESTIONNAIRE 339 - 16 M.M. MOTION PICTURE EQUIPMENT SALES POTENTIALITIES.

Submitted by: H. D. Robison  
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Trade Commissioner.  
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The present market in China for the sale of 16 m.m. motion picture equipment is small as sales are confined to resident foreigners and the wealthier Japanese. Manufacturers should also keep in mind the fact that the majority of foreign residents in China, who are enthusiastic about motion picture photography and can afford such equipment, purchase their supplies in Europe or America before coming to China. Practically all tourists using such equipment also come supplied. The potential market for any volume of trade in 16 m.m. motion picture equipment will depend upon the extent that Chinese become interested and the development of equipment that can be sold at extremely low prices.

There is a limited class of well to do Chinese who have ample means to buy motion picture equipment but so far the efforts to promote sales among them have been discouraging. The Chinese are enthusiastic over photography in general but so far their interest has been confined to taking pictures with still cameras. However, it is believed that the wealthier Chinese in the course of time will become interested in and take up the motion picture photography.

At the present time there are two comparatively low priced 16 m.m. types of equipment offered on the market. One is of German make which retails around

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\*The average value of the Mex. Dollar during 1931 was U.S. \$0.2524

M.\$500.00 (Roughly \$100 U.S. currency) while the other a French 9 m.m. equipment is priced somewhat under that of the German yet distributors of the French and German equipment claim that less than 2% of their sales are to Chinese.

Ques. 1. Approximate total in dollars of 16 m.m. cameras and projectors sold yearly.

During the year 1931 it is estimated that the total value of all makes of 16 m.m. motion picture equipment sold in China was in neighborhood \$200,000 Mex.\* There are four makes on the market, namely, Eastman, Victor, Bell & Howell, and Agfa.

Ques. 2. Approximate total in dollars of other sub-standard cameras and projectors sold yearly.

The Pathé is the only sub-standard equipment offered on the China market. Their total sales are estimated at \$25,000 Mex. yearly.

Class of equipment sold - percentage.

<u>Estimated</u>	
<u>Cameras</u>	<u>Projectors</u>
Below \$75.00 - 5%	Below \$75. - 30%
Between \$75.00 & \$150. - 90%	Between \$75 and \$150. - 20%
Above \$ 150. 2% to 3%	Above \$150 - 50%

Ques. 3. Source of equipment in use - percentages i.e., U.S., German, French, English, and others.

American suppliers secure 85% of the trade in 16 m.m. cameras and projectors in China. German manufactures come second with 15%. There are practically no sales of French or English 16 m.m. cameras in China.

\*The average value of the Mex. Dollar during 1931 was U.S.\$0.2224

Ques. 4. How imported? Through agents (commission) - distributors, dealers, branch offices?

of Japanese. Generally speaking the Chinese cannot afford to buy of Two manufactures, one American and one German, have branch offices in Shanghai which distribute throughout China including Hong Kong, Dairen and Manchuria. Two American concerns have Shanghai distributors that buy outright or sell on a commission basis. The latter

do not attempt to cover other cities in China.

Ques. 5. Name principal port of entry for making c.i.f. quotations.

Seventy-five per cent of all 16 m.m. equipment sold in China is imported through Shanghai. Hong Kong ranks second with Dairen third in value of imports. Quotations should be made c.i.f. to the three

cities named above.

Ques. 6. Number and business classification of dealers selling amateur cine equipment.

There are 60 or more dealers in all China who act as distributors and retailers of 16 m.m. motion picture equipment twenty of which can be considered large. Outside of Shanghai and Hong Kong there is not one distributor who has a projection room suitable for demonstration.

Ques. 7. What methods are being used to promote sales and with what success?

Practically all methods of sales promotion and advertising cinematographic materials that are used in United States are used in China. Coupon advertisement to secure leads which are followed up by personal calls have been tried. Personal demonstration is used in homes and in schools. Advertising is carried on in the English language newspapers in China. The efforts to promote the sales of cine 16 m.m. cameras and projectors have not been very successful as this

of China.

market is practically limited to foreign buyers with a few exceptions of Japanese. Generally speaking the Chinese cannot afford to buy or own a 16 m.m. camera and projector. Most American and other foreigners buy their equipment in their home countries before they arrive here, which tends to make a very saturated market for this class of product.

Ques. 8. To what extent is the time payment plan used?

Time payment plans are not used very extensively in China.

Most distributors sell for cash. Some Chinese dealers might give credit or sell on installment but it is not a common practice. Some distributors place equipment in shops of small dealers on consignment.

Ques. 9. Names of amateur movie clubs or leagues.

At one time there were two amateur movie clubs in Shanghai which were purely Japanese. One of these <sup>which</sup> was fostered by an American concern turned out to be a very expensive procedure because some of the loaned equipment was stolen and it was necessary to arrest and prosecute several of the members. At the present time there are no clubs or leagues operating in Shanghai.

Ques. 10. Is there a local publication which deals primarily with amateur cinematography?

There is one publication in Manchuria which deals half with cinematography and half with still photography. This publication is the only one in all China that could be considered a trade magazine on photography.

Ques. 11. Is photography generally popular in your district?

Yes, and the interest is increasing especially with still cameras. Several amateur exhibitions are held yearly in different cities of China.

Ques. 12. Are there any film producers reducing 35 m.m. film to 16 m.m. width?

There is one company located in Shanghai reducing films from 35 to 16 m.m.

Ques. 13. Nearest film reversal station. If out of country, explain if any difficulties exist with custom house, in shipping films for processing to the nearest film processing station and receiving back processed film.

The Eastman Kodak Company, Shanghai, has a very modern processing plant for handling all types of work on 16 m.m. films. There is another station in Hong Kong. However, considerable difficulty is experienced with the Customs within China regarding import duties on reversing and processing films. A roll of films imported into China is classified as foreign goods and must pay the import duty on market value. The market value of the film includes the cost of the film, the cost of developing, processing, reversing and return transportation to customer. In China after the film has been exposed to light it then becomes native goods and is subject to export duty. For example, if a film is sent from Peiping for processing to Shanghai the owner pays export duty at Peiping and import duty into Shanghai. If it is returned to an address other than from the original shipping point, it must pay export duty on leaving Shanghai and import duty in city of entry. In other words, a tourist who mails his films from Peiping to Shanghai for processing is subject to pay export duty in Peiping, import duty into Shanghai and export duty out of Shanghai unless he takes them out in baggage. If his film is mailed to him (a common practice) from Shanghai to another city in China, he would have to pay another import duty. Thus, there are possibilities of paying

four taxes on films that are processed in China. The Chinese Maritime Customs only allow importers of films a 5% allowance for processing films whereas the cost is equal to at least 30% of its value.

Question 14. Has distribution started on portable 16 m.m. talking picture reproducers?

There is only one 16 m.m. talking picture reproducer in all of China. So far nothing has been done as to distribution of this type. The machine was brought out from the United States by a local business man.

Ques. 15. Is there any non-theatrical use of such equipment?

No, so far the market remains undeveloped for 16 m.m. talking reproducers. Some 16 m.m. silent equipment is used in schools.

Ques. 16. Have any governmental or local agencies been formed for promoting the use of sound pictures in schools?

No.

Ques. 17. What language should be required for the sound version?

Chinese and English.

Ques. 18. Are the local schools using silent motion picture for teaching purposes?

There is some use made of 16 m.m. films in schools but the demand so far is not great.

Ques. 19. If so, in what manner and to what extent? Is 16 m.m. or 35 m.m. equipment used?

The Shanghai American School has a 16 m.m. film library which is the only one known to China. There are some negotiations under way at the present time for the promotion of the use of 16 m.m. films in Chinese schools.

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Ques. 20. If not, has this subject been under discussion by such officials as have jurisdiction over schools? With what results?

Mr. Foster Kent, representative of the League of Nations is now making an effort to promote the use of moving picture films in Chinese schools but so far he has not been very successful on account of the high prices. The Chinese Maritime Customs are contemplating having educational films for school use placed on the free list. There is such a ruling in effect at present but experience has taught local distributors not to try to bring in sound pictures or educational films as they usually have some arguments with the Customs as to whether the pictures are educational or of general interest. Most cases are decided against the importer and duty has been paid.

Ques. 21. Has there been any increase in total sales of amateur cine equipment during the past two years?

Sales of amateur equipment have been about the same for the last two years, with a tendency to decrease since the world wide economic depression. Total sales of dealers and distributors of cine equipment throughout China indicate that percentage of their total sales of all photographic equipment have remained about on the same level for the last three years, namely, 1929, 1930 and 1931. It is thought, however, that as soon as the new low priced American cine camera is offered on the market it will tend to increase the sales. So far this new product has not been shown on the local market as the factory has been unable to produce them fast enough to supply the demands at home.

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