

SPECIAL REPORT NO.

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Shanghai, China, December 8, 1932.
(City) (Country) (Date)Subject: ASIA ELECTRIC COMPANY, FEDERAL INC. U.S.A., SHANGHAI.

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Submitted by: John J. Ehrhardt, Trade Commissioner.
(Name) (Title)

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The Asia Electric Company, Federal Inc. U.S.A. organized only one year ago with an authorized capital of Chinese silver \$700,000. has recently applied for an increased authorized capital to a total of \$1,200,000. and is now erecting its own factory building and enlarging its plant. This company has had considerable success in the manufacture and sale of numerous items of electrical equipment and shows promise of rapid expansion in the future.

The new plant will have machinery valued at Chinese silver \$140,000., building \$60,000., land \$90,000. and stocks of material valued at \$200,000., making a total of Chinese silver \$490,000.

The capital stock of this company is controlled by Americans and the plant supervision is also under American and foreign superintendents. The company is specializing in numerous items for which there is a fairly large market and is gradually adding new lines as it develops.

The company had had a considerable measure of success in the manufacture of small transformers for Neon signs and other transformers ranging in size from 200 to 2,000 watts. Shanghai has developed a good market for Neon signs and therefore the manufacture of Neon light transformers has been profitable. Also due to the various voltages in use for electric house current, there has been a considerable demand for small transformers for this purpose and this market has also been well supplied by this company.

The company has also had a considerable success in the manufacture and sale of small radio transmitting sets and has supplied quite a number for

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Army and government use and has also built a number of the small commercial broadcasting stations. The latest development along this line is a radio telephone which was sold to the Macao Government and with the prospect of sales of several other sets for connecting Shanghai, Hong Kong and Macao by radio telephone. Along with the radio transmitters this company is also building the motor generators and rotary converters necessary for supplying the current. The company has not gone into the manufacture of radio broadcasting receivers as it cannot compete with imported equipment and there are numerous small Chinese concerns manufacturing these. This market has as yet not developed to such an extent that a manufacturer could go in on a larger production basis for one particular model of sets. Should this market develop in the future it is quite likely that the company will also go into this line of business.

Several types and sizes of small motors ranging in from 1/8 to 1 h.p. in size are being manufactured but the company does not contemplate going into the manufacture of motors to any extent as yet as the market is too small for any special size and type and this precludes the possibility of competing with the imported motors which are made on a large production basis.

The company has also found it profitable to go into the manufacture of numerous miscellaneous items on specifications of the buyers. Principal among these have been searchlights for harbor boats, switches and switchboards and numerous other items which are carried on more or less on a jobbing basis. The company has also manufactured electric heaters on contract for some of the large electrical companies.

When this company first started manufacturing a year ago, it stocked up on numerous items imported from Japan including wire, insulation, mica and

all kinds of wire. Since then, however, it has found that this material was so poor that it ran into numerous difficulties and it is now buying American and European materials of higher quality. Lamination steel, instruments, various kinds of copper and resistance wire, aluminum in various forms, cambric, tape, and insulating paper are some of the principal products which this company imports from the United States. Other products are also imported from England and Germany.

The new plant will include new machinery of various types but very little of this will be furnished from the United States as most of the American equipment is claimed to be not suitable for the small scale operations conducted in this plant. According to the statements of the engineer in charge, this company finds numerous items of German machinery more suitable for its needs. In many cases it is also advantageous to have more elementary machines such as for coil winding and presses for stamping made locally.

The new shop will be laid out along the lines of a specialty shop rather than a production shop because the company manufactures numerous items in small quantities. The company has in mind that this equipment will be needed later when it introduces production lines for certain commodities and that it can proceed for the next few years profitably with such a plant and that its future investments in production lines will not make its present layout obsolete. Future expansion of this company will depend on the development of markets for certain items on a larger production basis and undoubtedly radio receivers will be an important item of its expansion.

John J. Ehrhardt,
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