

ECONOMIC AND TRADE NOTES

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(City) (Country) (Date)

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NEW HIGHER TARIFF ON CIGARS IMPORTED INTO CHINA AND COMMENTS ON CHINA CIGAR TRADE.

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A new and revised tariff schedule which went into effect in China on May 23, 1933, substitutes five classifications in place of the former two, and raises the rates on high grade cigars while lowering the duty levied on cigars in the extremely low priced classes. As American cigars do not fall in these low classifications, the new tariff represents a distinct advance in duty rates on the American product, though favoring the very low priced varieties imported from the Philippine Islands.

The former tariff was: (a) Gold Units 65. per 1000 on cigars valued at over Gold Units 70. per 1000 and (b) Gold Units 24. per 1000 on cigars valued at prices not over Gold Units 70. per 1000. The new schedule, now in force, is as follows:

<u>Class</u>	<u>Rate per 1000</u>
(a) Value over G.U. 130. per 1000	G.U. 75.00
(b) Value over G.U. 70. but not over G.U. 130. per 1000	G.U. 50.00
(c) Value over G.U. 50. but not over G.U. 70. per 1000	G.U. 30.00
(d) Value over G.U. 20. but not over G.U. 50. per 1000	G. U. 20.00
(e) Value G.U. 20 or less per 1000	10%

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A surtax of 10% of the duty for Flood Relief and revenue purposes, and of 4% of the duty for wharfage and conservancy fees, are charged over and above the duty on all imports at Shanghai, the wharfage and conservancy charge varying at different ports.

It must be taken into consideration that the Customs Gold Unit up to the time the United States went off the gold standard was equivalent to 40y

U.S. currency, but since that event its value has steadily risen in terms of U.S. currency. On June 1 the Customs Gold Unit was equivalent to 49 1/2 U.S. currency. Thus, while converting the values from U.S. currency into Gold Units is on a more favorable basis, the duty paid in Gold Units represents substantially more American currency per unit than before. Insofar as C.I.F. invoiced prices are accepted by the Customs authorities as the value upon which to levy duty the one situation would tend to offset the other, but it is necessary to bear in mind that the valuation of goods for import duty in China is based on the Shanghai wholesale market price, less duty, and that the Customs does not necessarily accept invoices as indicative of the Shanghai wholesale value but may employ other means of determining the wholesale market value.

American exports of cigars to China are not large, in fact, have been declining heavily in recent years due to unfavorable silver exchange and rising tariffs in China. Out of 8,503,000 cigars imported into China in 1931 only 149,000 pieces came from the United States. China imports from all sources in 1932 fell to a new low of 4,133,750 pieces, detailed statistics by sources not being available as yet.

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