R.G. 59 GENERAL RECORDS OF THE DEPARTMENT OF STATE

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STATE

CONSULAR TRADE REPORTS

1931

FROM SEVILLE

TO SHANGHAI

Box No. 762

DEPARTMENT OF STATE
SEP 15 1931
ASSISTANT SECRETARY OF STATE
A-C/G

THE DECLINING AUTOMOTIVE TRADE IN CHINA

(Compiled from data submitted by the various consular officers stationed throughout China and collected by the Shanghai Consulate General.)

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A GLOOMY OUTLOOK

A thirty-two per cent decrease in automotive imports into Shanghai during the first five months of 1931 as compared with the same period in 1930 shows concretely that the automobile industry in China is in a precarious condition. That this is realized by dealers and manufacturers is shown by the fact that the budgeted factory sales of one large American manufacturer for 1931 are 34 per cent less than for 1930. At the end of the first six months this company had sold to dealers approximately half of their years forecast but the Assistant Manager of the Shanghai office stated that he did not see how they could possibly come up to their quota for the last six months.

When it is borne in mind that the imports of motor cars and trucks into the whole of China decreased practically 50 per cent in 1930 from the 1929 totals it will be seen that the situation is indeed serious. Imports of motor cars and trucks into the whole of China during 1930 amounted to 4,455 units as compared with 8,869 in 1929. The figures for the whole of China for the first five months of 1931 are not yet available but the imports into Shanghai show what the general situation is, for, more than 70 per cent of all China automotive imports come into this city. There were 839 cars and trucks brought into Shanghai during the first 5 months of 1931 while the total for the same period in 1930 was 1,238.

The decline in the value of silver to unprecedented levels, thus reducing the purchasing power of China

residents,

residents, the recrudescence of civil war and banditry throughout the interior and the general world-wide economic depression have all been factors in the decline of the automotive business. The promulgation on December 30, 1930, of a new National Tariff which raised the duty on trucks from 12½% to 15% and on passenger cars from 22½% to 30% dealt a further blow to the prospects of the automobile importers.

For the first time in six years the percentage of American cars imported into China failed to show an increase at the end of 1930. For the first quarter of 1931 the figures show a slight increase over 1930 but are still under the 1929 record. In figuring these percentages it is necessary to add the figures for the imports from the United States alone and also those from Japan, for practically all motor cars imported from that country are the product of branch factories, in Osaka and Yokohama, of two of the largest American manufacturers.

The figures for the importations from the United States alone have been continually dropping as more and more of the cars were supplied by the Japan organizations. On the other hand, the percentage of cars imported from the United States and Japan had been increasing by leaps and bounds until in 1929 it amounted to over 80 per cent of all cars imported into China. In 1930, though, the charm was broken and the imports from the United States alone, as well as from the United States and Japan dropped practically 10 per cent. During the first quarter of 1931 the percentage of cars imported from the United States showed a further decrease of seven per cent from

the

the 1930 figures, but the imports from the United States and Japan increased slightly over 6 per cent. The percentages in 1931 are based on the imports into Shanghai alone, rather than the whole of China, but are indicative of the trend.

While the imports of American cars have been decreasing those of English and European cars have been showing substantial increases. In 1929, Great Britain, America's nearest competitor, supplied but 4.42 per cent of the imports into the whole of China. In 1930 this figure had increased to 5 per cent and then during the first quarter of 1931 Great Britain furnished 11.82 per cent of the motor cars and trucks imported into Shanghai. The figures for importations from France show a similar increase. In 1929 they amounted to 2.54 per cent, in 1930 4.55 and during the first quarter of 1931 they had increased to 6.26 per cent.

These figures are somewhat deceiving for the Chinese Maritime Customs, from whose figures the above percentages are calculated, only list cars according to their port of embarcation, not their real origin. Most of the cars listed as coming from France are in reality Fiats from Italy. This increase in the importations of English and European cars at the expense of ones from America is mainly due to the drop in the value of the local currency and the high price of gasoline which prevailed during most of the past year. The European cars sell at retail from 20% to 40% under the American cars and they generally use much less gasoline.

The following table shows the percentage of cars

imported

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imported into the whole of China from the United States alone and also from the United States and Japan for the past six years, and for the first quarter of 1931. As stated above the figures for 1931 are only for imports into Shanghai but as they account for 72 per cent of the imports into all China they can be taken as indicators of the general situation.

Per Cent of American Cars Imported into China.

Year	From United States Alone	From United States and Japan
1925	51.63	56.42
1926	47.32	58.75
1927	45.60	64.89
1928	38.05	65.16
1929	39.76	80.18
1930	29.90	70.20
1931 (1st Quarter)	22.93	76.34

WHY AMERICAN MOTOR CAR IMPORTS ARE ON DECREASE

Manufacturers representatives and dealers who have been interviewed are not overly optimistic about the prospects for the present or coming year. While stocks have been fairly well liquidated and at present are much less than was the case a year ago, the continued low value of local currency, the intermittent civil war and banditry which prevents stocks moving in and out of the interior, and the increased tariff all combine to make the outlook very uncertain to say the least. The tendency of local officials to tax bus companies and operators of hire cars, the confiscation of cars and trucks by the military, the fact that soldiers will pile into buses and cars and ride miles with never a thought of paying, and the fact that government officials are not giving as much attention as formerly to road building and the motorization of China due to their time being taken up

with

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with the suppression of banditry and other internal affairs, are all factors which operate against the increased sale of automotive products.

New models of both American and European cars have recently appeared on the market and a certain number of sales have been made though not in any great quantities. A new German 2-cylinder car has appeared on the market, made by the well known D.K.W. Motor Works of Zschopau. These are front drive cars and it is claimed they will go 40 miles on a gallon of gas and 800 miles to a gallon of oil. They sell at retail for approximately Tls. 1,000 (US$300) less than the cost of the lowest price American 4-cylinder car and with their economical operating expense it is feared that they may cut still further into the sales of American cars.

During the past year road building has suffered and this has been another factor in the declining motor car and truck sales. In September of this year there is to be held in Shanghai a Good Roads Exhibition and Conference and it is hoped by those interested that this will greatly stimulate the interest in motor roads and motor transportation throughout this section of China. Under present circumstances described above there is little upon which to base such hopes. The local motor car dealers association has refused to take any financial part in supporting this project because of the fact that they are not making any money. And because of the present situation in China with some 16 flood stricken provinces in distress and some 50 million people needing relief, there is not likely to be anything worthwhile come out

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the holding of this exhibition so far as American manufacturers are concerned. The government news agency estimates that a sum of Mex. $600,000,000 (US$127,600,000) will be needed to purchase rice for the sufferers. Little energy will be left for road building. The Conference is to celebrate the Tenth Anniversary of the founding of the National Good Roads Association of China. According to this Association the number of miles of motor roads in China has increased from 1,500 miles in 1921 to 35,000 miles in 1931. The figures obtained from the various American Consular Officers throughout China, show only slightly more than 31,000 miles of road suitable for motor traffic.

Any set of figures, however, is at best only an estimate, for it is practically impossible to get figures from many sections of the country. Reports received from many districts show that while there are a certain number of real roads in each district, many that are recorded as motor roads are but little better than cart trails. In Manchuria there are practically no roads outside the cities of Harbin and Mukden but due to the fact that much of the year the ground is frozen solid, motor vehicles are able to cover a great deal of territory.

<u>WHY ALL OF CHINA'S FOUR HUNDRED MILLIONS CANNOT OWN MOTOR CARS</u>.

While the motor car has come to China to stay and while sales should gradually increase year by year there will be no immediate betterment of the present situation. In fact, present indications are that the throughout the coming months the trend will be down rather than otherwise. Too many American manufacturers have assumed an

unjustified

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unjustified optimism when they have considered the vast population of China and the small number of motor cars in the country. Writing in 1925 Professor C. F. Remer in his book, THE FOREIGN TRADE OF CHINA, has the following to say regarding those persons who jump to conclusions when thinking of the future of China's trade.

> "It may be remarked that the limited size of China's foreign trade has usually been veiled by expressions which call attention to the 'vast potentialities.' The trade of China has always exerted a certain power over the imaginations of those who have written from the point of view of trade promotion. Such writers commonly accept four hundred million as the population of China and proceed upon this doubtful fact to build up the most fanciful calculations of the magnitude of the trade to be expected, based upon the assumption that the purchasing power of the individual Chinese is equal to that of the Westerner. No consideration is given to the time that must elapse or to the sweeping changes that must take place in every department of Chinese life in order to bring their calculations within the bounds of possibility."

The above remarks are probably more true of the automotive industry in China than of almost any other.

Sales promotion agents of the American automobile manufacturers have pointed out that there is only 1 motor car in China for every 10,000 people while in the United States there is 1 for every 5 people, and they have drawn the conclusion that the field was unlimited. As a result they have sent out high salaried men, built up uneconomic branch organizations and have forced their local dealers to take more units than could be disposed of profitably. These persons have forgotten that the average monthly wage of almost 90 per cent of the population is but US$5.00, and that millions are always on the verge of starvation. It is interesting to note that

according

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according to a semi-official study, the results of which were published in the Chinese Economic Journal for May 1931, the average amount expended per year by city industrial workers for transportation was only from two to four dollars local currency. At present rates of exchange this means much less than a dollar gold a year.

With 300,000 Communists in active revolt against the Central Government and 30 divisions of government troops in the field endevoring to suppress them, it is not strange that the officials can spend but little time on road building projects and the motorization of China. When the military take the field the motor car and truck business comes to a standstill. The following paragraphs taken from THE CHINA PRESS of July 24, 1931, give a graphic description of what happens in one part of interior China. A correspondent in Ichowfu, Shantung Province writes as follows:

> "This city for one well off the railroad, would seem to have many ways for reaching a railhead. We are 53 miles from the Lung Hai railhead, 60 miles from the Tientsin-Pukow, and 137 miles from the Kiaochow-Tsinan. There are supposed to be motor buses running to all three, but as most of the traffic is in the hands of the military who drive all other cars off the roads, and only run when they wish, it happens that you can scarcely find any one day when more than one of these routes will be open.
>
> "All the buses, except the military, are compelled to register and all tickets are sold by the Government who take 25 per cent of the gross receipts for military purposes. This, together with the taking over by the military of all the buses here in the southern part of the Province makes the matter of opening up motor routes by the community quite difficult and yet no place is more in need of this means of transportation."

The situation recorded above is not an isolated instance but is typical of what goes on in most sections of interior China. Is it any wonder that dealers in the "outports"

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are making no sales? The Shanghai branch of one prominant American manufacturer reports that its dealer in Hankow, a city of more than a million, has not ordered any new stock for 3 months past and that his estimate of sales for the next few months is nil. Too many Communists and soldiers is the reason. In addition, at the present moment, some 50,000 or more square miles of China is under water. Millions of acres have been flooded with water to the ruination of crops, the death of live stock and the destruction of thousands of peasant hovels. During the coming winter millions will face starvation because of the floods.

Previously, before militarism had such a grip upon the country, automotive dealers believed that the building of roads in the interior had a great future; consequently an ever increasing import of cars might normally be expected. This spirit of optimism was encouraged by the announcement of the Nanking Government proposing a very extensive road building program. These hopes have now vanished. Banditry, militarism, the suppression of the Reds and now the devastating floods will demand all the attention both financial and physical which the members of the National Government can give. Nor can much be expected in the immediate future. The Chinese people have a saying: 'If it isn't the grasshoppers, it is the locusts.'

FUTURE DEVELOPMENT WILL BE SLOW

In his annual report for 1930 on the Foreign Trade of China, H. D. Hilliard, Statistical Secretary of the Chinese Maritime Customs, has some interesting comments

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to make on the future of the automotive industry. After mentioning the few sections of China where progress in road building was seen during the past year, he goes on to say

> "Elsewhere Communism, banditry, extortionate taxation, and higher costs, contingent on the depreciation of silver, have dulled the first flush of enthusiasm, and this apathy and stagnation are reflected in the decreased number of cars and trucks imported during 1930. But that with more stable conditions and an adjustment of prices it will revive is certain, and it is to motor-car manufacturers rather than to vendors of railway material that China offers a fertile market capable of the greatest development. Manufacturers would be well advised to bear this in mind and to study carefully China's immediate and future requirements both as regards quality and price. For those who do so, and are prepared to forgo immediate profits, there should be no reason to regret their initiative."

There are several points in the above quotation which merit close study. Mr. Hilliard looks for a revival in the automotive industry in China, but not until there are more stable conditions than at present and only on the basis of an adjustment of prices. At present it does not look as if there is any immediate prospect if conditions becoming more stable and as yet no American manufacturer has made any steps towards lowering prices.

The Chinese people simply have not got the money to spend on high priced motor cars. If they are to be reached at all it will only be through the smaller four and six-cylinder machines, or even two-cylinder cars. Not only do cars of this class cost less in the beginning, their consumption of gasoline is not so great. It is true that they may not last as long and that it may be necessary to purchase repairs more often but the average Chinese does not consider this. He thinks first of

price,

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price, then of quality, and it is the first price only which interests him. American manufacturers will have to keep this fact in mind and formulate their sales policies accordingly if they wish to maintain their position in the China market.

Another point which Mr. Hilliard brings out is that for those manufacturers who are prepared to forgo immediate profits there should be a good future market. This was pointed out in the report prepared by this Consulate General last year and it was stated that manufacturers should be willing to spend money during periods of depression in building up prestige for their own products and laying a foundation for future sales. This is still true but it must be remembered, as Mr. Hilliard says there will be no immediate profit.

The coming year will be a time when American manufacturers will have to be very patient with their China dealers and not expect the impossible of them. It will also be necessary to use all the skill possible in adapting the latest American methods of merchandising and sales promotion to use in China. Those firms who are willing to sacrifice present profits for future ones will eventually reap their reward but it will take hard work over a long period of years before there is built up a really satisfactory volume of business.

The two following tables are prepared from figures obtained from the various American Consular Officers throughout China and should give one an idea of the number and distribution of motor roads and automotive vehicles in China. It should be borne in mind that these figures

* - Estimate.

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are based on government statistics, reports supplied by various firms in the motor car business and allied lines, and estimates made by missionaries and others living in the interior. While the accuracy of these figures is not guaranteed, it is believed that they are substantially correct and that they err on the side of conservatism if at all.

REGISTRATION OF AUTOMOTIVE VEHICLES IN THE VARIOUS CONSULAR DISTRICTS

January 1, 1931

Consular District	Passenger Cars	Motor Buses	and	Motor Trucks	Motor Cycles	
Amoy	43	31		25	2	
Canton						
City of Canton	684	135	977	137	90	
Rest of Dist.	419				95	x
Chefoo	95	45		4	11	
Dairen	660	55		325	425	
Foochow	160 *	159 *		4 *	8 *	
Hankow	785	712		120	46	
Harbin	2,059		1,751		53	
Hong Kong	1,945	175		501	489	
Mukden	1,585	288		402	100 *	
Nanking	2,777	120		811	25	
Swatow	68	85		20	17	
Tientsin	3,020	725		475	100	
Tsingtao	542	102		104	57	
Tsinan	140	178	4,471	14	12	
Yunnanfu	9	4		9	3	
Shanghai						
F.M.C.	3,991	1,265			118	
S.M.C.	5,815	1,684			714	
Sp. M. of Greater S'hai	12	93		31	-	
Chekiang	124	270		70	50	
Kiangsu	50		60		10	
	24,983	3,177	5,737	3,052	2,425	

All China Motor Buses and Trucks

Jan. 1, 1931	24,983	14,391	2,425
" 1, 1930	22,466	12,036	2,303
	2,517	2,355	122

Or an increase of 4,994 motor vehicles.

x - As of November 1, 1930.

* - Estimate.

Shanghai

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Shanghai Consular District			
Jan. 1, 1931	9,992	3,473	892
Jan. 1, 1930	9,020	3,054	882
	972	419	10
		1,401	

ROAD MILEAGE IN CHINA AS OF JANUARY 1, 1931

Consular District	In Operation	Under Construction	and Projected
Amoy	509	---	25
Canton	6,000		
Chefoo	929		
Dairen	873		
Foochow	235	29	551
Hankow	3,112	4,062	2,467
Harbin	137*		
Hongkong	254		19
Mukden	1,500	300	50
Nanking	1,800		
Swatow	170		
Tientsin	13,520		250
Tsinan	850*		
Tsingtao	250		
Yunnanfu	80	70	1,000
Shanghai			
S.M.C.	176		23
F.M.C.	61		
Chinese Area	163		
Outside City	800		150
Total Mileage:	31,419	4,471	4,535

* No other regular motor roads in the District but there are cart trails and paths that pass as roads. In Manchuria the plains are frozen solid during the winter and it is possible to drive motor cars and trucks over a great deal of territory where no roads exist.

THE USE OF TRACTORS AND ROAD BUILDING MACHINERY IN CHINA.

The use of tractors for both agricultural purposes and road building is very limited. This is mainly due to the great amount of cheap labor which is always available as well as the fact that most Provincial Governments who would ordinarily be purchasing these tractors have been using all available funds during the

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past year for military purposes.

The great majority of farms in China are so small that it would be impossible to use a tractor profitably even if the farmer could find the money with which to purchase one. In the interior farms sometimes reach the extent of twenty acres but near the coast and in the more thickly populated areas they vary in size from one-half to five acres, and most of them produce barely enough to keep the occupants alive. Another factor working against the use of tractors on the farm is the danger of their being confiscated by the military. This has been especially true during the past year of all forms of automotive vehicles.

Mr. John Earl Baker, technical advisor to the Ministry of Railways and former Director of Relief Operations for the China International Famine Relief Commission, has the following to say regarding the use of the 'Tractor in China'.

> "China's highways will not accomplish much in extending markets until they are utilized by some device hauling a heavier load and using a cheaper source of power than gasoline. In Shansi a ton of coal costs no more than a gallon of gasoline. A coal-burning tractor, dragging several trailers, so that the individual wheel loads are not too heavy for her temporary bridges, would seem to be the logical development."

Such a development might well take place in the more remote sections of the country but it would hardly be feasible or practical in the more thickly populated parts. Even at its highest point of about Mex.$1.20 (US$0.28) a gallon, gasoline has been considerably cheaper than coal in and around Shanghai, which has been selling at around Mex. $18.00 (US$4.25) a ton.

When

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When tractors have been purchased they have not always been used to the best advantage. In the summer of 1930, according to the American Consul at Tientsin, the Hopei Provincial Government bought an American tractor, together with some road building machinery and conditioning equipment. This was to be used for demonstration and maintenance work of the Tientsin-Peiping highway. After being used in one or two demonstrations the entire equipment was allowed to lie idle and at the last reports it was still rusting away in a small village near Peiping.

There are said to be five tractors in Shansi Province which are being used with artillary units and in the arsenal at Taiyuan. In the province of Yunnan there are at present 11 tractors, all American, and the American Consul in that District reports that there might be prospects for increasing the number if a representative of the manufacturer could be sent down to demonstrate and to assist the local dealers. But in this instance the cost of travel would wholly outweigh any profits that might be realized.

In practically all of the larger ports such as Shanghai, Tientsin, Canton and Hankow there are one or two tractors which are used for hauling purposes. In Shanghai there are regulations which prevent the using of more than one trailer and this naturally reduces the usefulness of the tractor. For these industrial purposes the type of tractor favored is stated to be the industrial model of about 20 horsepower, a speed of 15 to 20 miles an hour and equipped with rubber tyred wheels.

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In the majority of cities and towns there is absolutely no road building or maintenance equipment of any description. In those towns where there is some, it consists mainly of a few steam rollers, dump cars, and perhaps some light grading machinery. In August of 1930 there were several modern road building units purchased by the Kirin Provincial Government but according to the American Consul at Mukden little work has been done with them due to lack of funds.

North Manchuria has hitherto been considered a comparatively good market for tractors and in the report for 1929 it was stated that there were between 100 and 120 tractors in use in that territory. The great decrease in the value of the local currency and the general decline in the buying power of the population in this section of the country have made impossible any increased sales which might otherwise have been expected.

It will be some time before tractors are used extensively in farming or road building in China. The poverty of the people, the danger of confiscation, and the inherent hesitancy of the Chinese to use new methods when the old way seems just as good or better, combined with the present economic depression which shows no signs of letting up, make the immediate prospect for tractor and road building machinery sales very poor.

<u>ROADS IN THE METROPOLITAN AREA OF SHANGHAI</u>.

The number of new motor roads completed in the Metropolitan Area of Shanghai, which includes the International Settlement, the French Concession, (both under Foreign Control) and the Special Municipality of

Greater

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Greater Shanghai, under Chinese control, amounted to 27 miles in 1930 as compared with 16 during 1929. The total for the area is 400 miles while the total in 1929 was but 373.

New roads constructed in the International Settlement totalled slightly less than two, though there was a large amount of widening and resurfacing carried on during the year. This work has been kept up during the present year and from January 2 to April 2, almost seven hundred thousand taels (about US$233,000) was spent on work of this kind. The authorities report that there are 23 miles projected but it is not known when they will be completed.

The French Municipal Council reports that during the year they lived up to their schedule and completed two more miles of road, bringing their total up to 61 miles. They do not venture an estimate of what they expect to do during the coming year.

As last year, the greatest activity in road building has been in the Special Municipality of Greater Shanghai. There were 23 miles completed in the Chinese area in 1930 bringing the total up to 163 miles. Of these, fourteen miles are of asphalt surfacing. In addition to these new roads the authorities of the Chinese area have spent much money improving existing roads. In addition there are 8 miles actually under construction, and 11 miles projected in the Chinese area.

However it can easily be seen from the figures quoted above that there is no really marked improvement over the situation which prevailed last year and there

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is still but a very small mileage available for automobile traffic in and around Shanghai. There are but four roads which lead into the country districts from the International Settlement or the French Concession. One of the longest is the one which leads from Shanghai to Woosung, a distance of about 16 miles. It is at this point that the Whangpoo river, upon which Shanghai is situated, flows into the Yangtsze. There is a fairly good road all the way down to Woosung and it is a popular drive on Saturday afternoons and Sunday. The Shanghai-Taitsang road which runs for 27 miles is the longest leading from the International Settlement. From the French Concession there is a road running to Minghong, a distance of little more than 15 miles, located above Shanghai on the Whangpoo river. It is necessary to pay a toll of $1.00 local currency (about US$0.20) to use this road. For some time it has been planned to continue this road across the river and to the town of Hangchow, the capitol of Chekiang Province, but as yet the road remains uncompleted. If this were done there would be an increased interest in motor cars for it would then be possible to make a really worthwhile week-end trip. Hangchow is noted for its beautiful scenery and many foreigners spend some time at a mountain resort near there during the summer. The Shanghai-Chenju Road which is five miles long is another which can be reached directly from the Settlement.

People in Shanghai still refrain from taking long rides outside the city especially in the evening due to danger from soldiers and kidnappers. Another factor

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which operates against it, is the fact that it is necessary to have an additional license if one is going to drive outside of the Settlement or French Concession into Chinese territory. Many of the extra-settlement roads, about which there has been so much dispute between the Settlement and the Chinese authorities, have been allowed to deteriorate because the Chinese will not allow the Settlement authorities to make repairs and they will not make any themselves.

If these roads outside of Shanghai could be kept in good condition and adequately patrolled in some manner, so that people would feel free to use them at any time, it would do much to increase motor car sales, particularly among foreign residents. As it is, there are not many places to drive except in the city itself, and it is getting so crowded that this is no pleasure. The parking problem has reached Shanghai and it is almost impossible to find a vacant spot in the downtown area during the rush hours.

SHANGHAI AS AN IMPORT CENTER FOR MOTOR CARS.

That Shanghai is the main center for the importation of motor cars into China is shown by the fact, already noted, that seventy-two per cent of all motor cars and trucks imported into all of China during the first five months of 1931 came into the Port of Shanghai. Practically all of the head offices of motor car manufacturers and distributors are located in Shanghai, and this is not to be wondered at when it is remembered that this city has the largest registration of automotive vehicles of any city in the country.

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The total number of automotive vehicles registered in the foreign section of Shanghai, the International Settlement and the French Concession, amounted to 13,775 on July 1, 1931. The latest news from the Chinese area shows that on April 1, 1931 there was a total of 5,144 motor cars and trucks. There is naturally some duplication in these figures but it is safe to say that the total number of motor cars and trucks in the Municipal Area of Greater Shanghai is approximately 12,000. This is not a large number for a city of over three million, but it must be remembered that the number of potential customers among these three million is not more than 2 per cent and it is probably much lower. A ride through Shanghai streets on any warm summer evening will show the aspiring motor car salesman where many of the three million spend their time and how they live. The sidewalks are packed with thousands who do nothing but sit and talk and then sleep all night on the hot cement. It is a little cooler than indoors and anyway most of them have no place else to go. Amongst people in this condition it is idle to think of selling motor cars of any sort. And there are many more of these people than most foreign business men seem to realize.

When exchange becomes more favorable and business in general improves so that it is possible to look for an increase in the automobile market it will be found among the Chinese rather than among the foreign population. This seemingly contradicts what has just gone before, but in reality it does not. The preceeding paragraph pointed out that the market for motor cars

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in Shanghai would, for a long time, be extremely small as compared to a city of its size in Western countries. This does not alter the fact that what little expansion there may be in the market for motor cars will be among the Chinese. There is a group of very wealthy Chinese in Shanghai and it is among these people that motor cars will be sold in the future. Their number is not large but it is a group of large means and by cultivation they could be made purchasers of American motor cars.

The following table shows the number of automotive vehicles imported into Shanghai during the last three years. It is interesting to note that while the number of motor cars and motorcycles imported in 1930 decreased even below the 1928 level, the number of motor trucks imported amounted to approximately 30 per cent more in 1930 than in 1928, though much under the 1929 total. The second table shows the number of automotive vehicles imported into Shanghai during the first quarter of 1931. Motor trucks show the least percentage of decrease and it is with cars of this type that any immediate sales will be made. In the city of Shanghai itself passenger vehicles will probably continue to dominate but in the districts outside the city it is the commercial vehicle which is needed and wanted.

In reading these tables it should be remembered that nearly all the motor cars and trucks which appear as coming from Japan are American products. The two largest American motor cars manufacturers maintain assembly plants in Yokohama and Osaka and most of their cars sold

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in Shanghai come from their Japan plants. Another fact to keep in mind is that the Customs figures, from which these tables are made, show only the country from which the car was shipped and not its country of origin. Thus we see only 4 cars imported from Italy while the Fiat, an Italian car, ranks fourth in the number of cars registered in Shanghai. The explanation is that it is shipped from France.

AUTOMOTIVE VEHICLES IMPORTED INTO SHANGHAI DURING 1928, 1929 AND 1930

Imported From	Motor Cars			Motor Trucks			Motorcycles		
	1930	1929	1928	1930	1929	1928	1930	1929	1928
United States	471	1,165	983	330	818	509	1	23	25
Japan	768	958	321	512	883	116	1	1	12
Great Britain	193	237	204	20	19	12	10	231	99
Canada	95	105	244	--	6	--	19	28	14
France	118	169	146	72	34	25	9	--	2
Hongkong	17	34	24	7	8	6	6	--	4
Germany	14	--	2	8	--	3	100	12	16
Italy	4	2	4	--	1	-	--	--	--
Phillipine Islands	-	11	5	--	-	--	--	--	1
Straits	4	3	5	--	-	--	--	--	-2
Other sources	3	3	-	--	6	--	--	--	--
Total:	1698	2,689	1938	949	1775	671	148	295	173

MOTOR CARS AND TRUCKS IMPORTED INTO SHANGHAI DURING FIRST QUARTER 1931

Imported From	Motor Cars	Motor Trucks
United States	128	33
Japan	170	205
Great Britain	82	1
Canada	11	20
France	40	4
Hongkong	4	-
Germany	-	2
1/ Manila	2	-
Straits	1	-
Total:	438	265

It is interesting to note the increase in European and British cars. If Great Britain continues, during the

the remainder of the year to import as much as she did during the first quarter she will almost double her 1930 total. France will also materially increase her total if she keeps up the pace set in the first quarter.

The reasons for this increase in British and European cars has been touched upon before, but it can not be stressed too much. As long as the present exchange levels prevail and the general business depression continues the people of Shanghai will not pay the money necessary to purchase and keep running a high priced American motor car. Instead they buy the smaller English and European cars for which they pay less in the beginning and which cost them less for upkeep. The advent of the new German D.K.W. two cylinder car has been too recent to show any actual effect as yet, but it should prove a strong competitor under present conditions. If the American manufacturers expect to make sales in this territory they will have to adjust their prices in some manner to meet competition from the Continent.

Another factor militating against sales is the great variety of makes of cars on sale in the city. In the International Settlement and the French Concession there are over 140 different makes of cars registered. There are also over 120 different brands of trucks in

1/ the foreign section of Shanghai. Enclosures Nos. 1
2/ and 2 give the number and make of the cars registered in both the International Settlement and the French Concession. On July 1, 1931 figures are not issued in detail by the Municipality of Greater Shanghai but

totals

totals given out in April of this year show that there are 72 makes of cars registered in this section Shanghai.

Of the five cars with the largest number of registrations in the three sections of Shanghai which make up the Metropolitan Area, four of them are American while the other is the Fiat, an Italian car which has become very popular in Shanghai. This is due to its low initial cost and low upkeep charges in the main, but much of its popularity is because the Fiat dealer is one of the most progressive automotive dealers in the city and has just recently opened up a new showroom on the much travelled Bubbling Well Road.

CONFIDENTIAL.

For many years the Buick car had been the leader in number of registrations in Shanghai, and it still leads in number of passenger cars in the International Settlement. This year, however, the Ford passed it in the totals for all Shanghai, the figures for each on July 1, 1931 being, Ford, 1616, Buick, 1553.

This to a large extent reflects the demand for lower priced cars, but part of this drop in Buick registrations at the expense of other cars is due to the fact that a little more than a year ago the Buick dealership was transferred to a new company. The former Buick dealer was one of the most aggressive salesmen in Shanghai and while he was not always liked because some of his sales tactics, nevertheless he was able at one time to advertise, "Every Sixth Car in Shanghai a Buick." and have the official registration

figures

figures bear him out. After leaving Buick, due to a dispute between him and the local representatives of General Motors, he took the Studebaker agency and in the past year he has done much to bring that car into the limelight in Shanghai. He has reached fifth place in the two foreign administered areas of Shanghai but has not done so well in the Chinese area.

The following are the five cars with the largest number of registrations in all of Shanghai:

Ford	1616
Buick	1553
Chevrolet	1142
Fiat	725
Dodge	611

IMPORTS INTO THE WHOLE OF CHINA.

It is interesting to note the record for the past few years and see the number and value of motor cars and trucks which have come from the various countries. The following tables have been compiled from figures given by the Chinese Maritime Customs and show the gross imports of motor car, trucks, and buses into the whole of China for the years 1925 to 1930. There is added at the end of the section a table showing the per cent imported from the various countries during these years. This percentage is based on quantity, not on value.

FROM	1925 No.	1925 Value in U.S. $	1926 No.	1926 Value in U.S. $
Hongkong	140	78,508	222	100,417
French Indo-China	8	6,487	5	3,628
Siam	13	6,501	31	9,910
Singapore, Straits, etc.	62	33,298	10	3,092
British India	-	-	1	229

Great

FROM	1925 No.	1925 Value in U.S. $	1926 No.	1926 Value in U.S. $
Great Britain	412	511,260	519	565,277
Denmark	1	1,116	-	-
Germany	33	40,935	38	32,544
Netherlands	8	5,403	-	-
Belgium	11	14,586	2	2,298
France	329	328,648	603	536,264
Italy	41	31,784	30	34,108
Russia, Amur Ports	-	-	1	762
" Pacific "	2	2,134	5	4,416
Korea	2	599	6	2,502
Japan (including (Formosa)	156	141,821	527	278,556
Philippine Islands	40	54,261	13	8,372
Canada	312	407,406	414	475,240
U.S. of America (including Hawaii)	1,676	1,607,267	2,181	1,953,916
Mexico and Central America (including Panama)	-	-	-	3,048
DIRECT GROSS IMPORT	3,246	3,272,014	4,609	4,014,579

FROM	1927 No.	1927 Value in U.S. $	1928 No.	1928 Value in U.S. $
Hongkong	484	204,137	672	402,748
Macao	4	696	9	1,712
French Indo-China	4	1,900	4	2,820
Siam	8	2,407	1	212
Singapore, Straits, etc.	35	9,970	88	21,353
Dutch Indies	2	346	1	71
Great Britain	249	250,378	225	202,818
Denmark	2	1,147	-	-
Germany	4	1,941	10	9,312
Netherlands	3	2,970	-	-
Belgium	6	7,102	3	8,582
France	191	185,792	160	148,183
Italy	5	5,206	5	6,172
Russia, Pacific Ports	4	3,108	7	20,571
Korea	4	2,615	2	1,026
Japan (including Formosa)	679	603,833	1,140	1,273,429
Philippine Islands	7	5,882	9	4,449
Canada	223	245,138	265	263,215
U.S.A. (including Hawaii)	1,605	1,447,998	1,600	1,470,671
Other countries	-	-	3	2,994
DIRECT GROSS IMPORT	3,519	2,982,566	4,204	3,840,338

Hongkong

FROM	1929 No.	1929 Value in U.S. $	1930 No.	1930 Value in U.S. $
Hongkong	864	465,650	650	305,395
Macao	11	4,401	20	3,519
French Indo-China	3	2,758	2	310
Siam	3	498	1	185
Singapore, Straits, etc	46	16,898	12	3,337
Dutch Indies	6	2,883	-	-
British India	2	774	-	-
Great Britain	392	398,700	233	231,956
Germany	15	15,911	34	31,305
Netherlands	2	2,493	1	643
France	225	223,324	203	228,023
Italy	3	4,503	13	10,986
Russia Pacific Ports	8	10,895	1	2,058
Japan (including Formosa)	3,582	2,724,939	1,795	1,214,343
Philippine Islands	18	11,867	14	11,621
Canada	161	162,313	132	118,680
U.S. of America (including Hawaii)	3,527	3,453,219	1,332	1,374,014
Other countries	1	323	12	8,153
DIRECT GROSS IMPORT	8,869	7,502,318	4,455	3,544,533

	1925 Per Cent	1926 Percent	1927 Percent	1928 Percent	1929 Percent	1930 Percent
U. S. A.	51.63	47.32	43.60	38.05	39.76	39.90
Canada	9.61	8.98	6.33	6.30	1.81	2.97
Japan	4.79	11.43	19.29	27.11	40.42	40.29
Italy	1.26	0.65	0.14	.125	.003	.29
France	10.13	13.08	5.42	3.8	2.54	4.56
Germany	1.01	0.82	0.11	.25	.016	.76
Great Britain	12.69	11.26	7.07	5.35	4.42	5.23
Others	8.88	6.46	16.04	19.015	11.031	16.00
	100.00	100.00	100.00	100.00	100.00	100.00

MOTOR TRUCK HAULAGE IN SHANGHAI.

At the end of June 1931 there were 1,753 motor trucks and buses registered in the International Settlement of Shanghai. While it is necessary to register trucks in all three sections of Shanghai if they are to be used throughout the city, the number registered in the International Settlement includes practically all the rest. This is due to the fact that the

majority

majority of ships unload their freight there and also because many of the factories and mills are located in this section.

There are four large foreign trucking companies in Shanghai and over two hundred small Chinese companies. Some of the Chinese companies are rather large but the majority of them have only one or two trucks and do a hand-to-mouth business. It has been estimated that the earning capacity of a two-ton truck may run as high as $50.00 local currency a day (about US$11.00). The operating expenses are estimated to be about $28.00 local currency, (US$6.00) which includes wages of crew, gasolene, tires, repairs, licence and depreciation. The gross profit therefore appears to be substantial but due to large overhead and the great competition which makes it difficult to keep all the trucks in a fleet constantly employed, the net profit does not always amount to much.

Drivers are paid from $40 to $50 (US$9 to US$11) a month while the coolies who go along on the truck get from $15 to $20 (US$3 to US$5) a month. Each truck carries from 6 to 8 coolies who do the loading and unloading. The driver takes no part in this for he is of a higher class and will not do coolie work.

The average rates charged are from $3 to $4 (US$0.60 to US$1.00) per haul, by the Chinese companies, while the rates of the foreign companies are slightly higher. There is no organized system of hiring nor is there any standard rate. A Truck Owner's Association has just recently been formed and it is said that they are soon to publish a list of recognized charges.

Most

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Most of the foreign firms have their own godowns and do a large storage business in addition to trucking and it is often from the godowns that the larger share of the profits come. The manager of the largest foreign firm of this kind in Shanghai, a British organization, has said that practically their entire profit came from their godowns.

The two and three ton truck is the most popular in Shanghai though many of the smaller companies are using smaller 1½ ton trucks of a popular American brand. Licence fees are charged according to weight and as they are quite substantial those companies with smaller recources naturally purchase the lighter trucks.

In addition to competition among themselves, the trucking companies have to face the competition of hand labor. At one moment one can see a huge three ton truck lumbering down the Bund with a load of lumber or coal and then trudging and straining along just behind it will be five or six coolies hauling a load of cotton to the wharf. Men are cheap and as long as the element of time is not as urgent here as in the West, the coolie will continue to compete with the truck.

MOTOR TRANSPORTATION BUS COMPANIES OPERATING IN SHANGHAI.

One of the most popular forms of transportation in Shanghai is by bus and there are four companies operating in the foreign and Chinese sections of the city. The largest one is the China General Omnibus Company, a British organization, which operates in the International Settlement. This company was organized first in 1924 and has developed to the point where it now has a fleet

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of 118 buses on 11 different routes. During 1930 the total number of passengers carried by the company's buses amounted to 22,111,396. The total number of miles run during the year was 3,346,307, and the average distance run daily by each bus was about 125 miles. Most of the buses in use by the company are the Tilling-Stevens machines manufactured in England. On some of the routes on the outskirts of the Settlement, smaller American buses are used and some American buses are also used during rush hours on the main routes. The larger buses used by the Company are constructed to carry 24 passengers seated and 20 standing while the smaller ones carry 17 sitting and 8 standing. The above figures are, in practice, very seldom adhered to, especially during the early morning, noon, and evening rush hours.

The company maintains a garage and service station occupying a space of 40,000 square feet in which all the buses are kept, in addition to which there is a well-equipped machine shop, an electrician's shop, carpenter's and paint shop. The company also maintains a school for drivers and conductors lasting from one month to six and eight weeks.

In the French Concession the Compagnie Francaise de Tramways et d'Eclairage Electrique de Shanghai runs a fleet of twenty motor buses all of which are of French manufacture. Their scale of charges is similar to that in the International Settlement and is based upon a sliding rate which works out at about US$0.04 a mile at present rates of exchange.

The two bus companies operating in Chinese territory

are

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are well established organizations. The Shanghai Motor Bus Company which operates in the Chapei section has a fleet of 26 buses all of which are American. They cover two main routes one of 5 miles and one of six miles and the rates charged for the entire trip on Route No.2 of 6 miles is only 38 coppers. This amounts to about 3 cents gold at present exchange rates.

The Nantao Motor Bus Company which operates 4 routes in the other section of the Chinese city, has a fleet of 22 cars, all of them Renaults, made in France. Their rates are even lower than those charged by the other Chinese company. Their Route No.1 covers a distance of 8 miles and the fare is but 36 coppers. Both of these Chinese companies are incorporated and have issued stock. Their cars are practically all two or three years old and while they are still in fairly good condition it will not be long before they should be ready for some new machines. The purchase will be delayed as long as possible inasmuch as replacement at present exchange levels is almost prohibitive.

MARKET FOR MOTOR-CYCLES IN CHINA.

The past year has been a bad one for motor-cycles as well as for the larger automotive vehicles. The Chinese, however, seem to like motor-cycles and there should be an expanding market in this field. America has not had her share of the market in the past, mainly because of the price factor. One Chinese firm which sells a popular brand of American motorcycle states that its sales in Shanghai in 1930 were only 30 as compared with 56 in 1929. During the first six months of

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1931 they have sold 16 machines.

This dealer says that the main factor which prevents the sale of these American machines is its high price which is too far beyond the purchasing power of the Chinese people. The German D.K.W. machine of 6 horsepower sells for Taels 950 (US$316) while the American machine of only 5 horsepower sells for Taels 1,350 (US$447.50). Even though the American machine has a high reputation for quality on the China market, this does not make it sell. The Chinese never thinks of quality when there is the question of price to be settled.

The local dealer stated that he had made two suggestions to the factory in regard to increasing sales. One was, that the price should be reduced to more nearly conform with competition. The manufacturer refused to consider this at all. The other recommendation was that the manufacture of small size or low powered machines be resumed, inasmuch as most buyers prefer the small machine during the present depression period. This suggestion has been adopted and it is expected that the lower powered American machines will make their appearance on the Shanghai market the later part of this year.

The dealer went on to say that ample advertising allowance should be made by the factory to obtain the best results. They now get US$2.00 per machine sold, but this is far from sufficient to meet existing needs. In addition to newspaper advertising the dealer has been printing, on his own account, Chinese pamphlets for

distribution.

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distribution. He is now contemplating the translation of the company's catalog, giving pictures and descriptions of the various models, but this will entail the expenditure of a large amount of money and as the manufacturer has refused to share part of the expense it is doubtful if the work will be done.

It is understood that the local agent for the German D.K.W. machine is allowed to sell on consignment besides being given a substantial reduction from the regular export price which is usually quoted in Germany. The same company which sells the American brand mentioned above also sells the British B.S.A. machine and they claim to get much more liberal treatment from the British than they do from the American firm. Since last year the British firm has allowed them a per cent reduction on its export price due to the low exchange prevailing. The dealer asked the American company for a similar reduction but the request was turned down.

It is the belief of local dealers that if the American manufacturers would be more liberal in their terms to the Chinese agents that much more business could be done. The American machine is well liked in China but it is just too expensive for the Chinese at present rates of exchange.

The following figures taken from the RETURNS OF TRADE of the Chinese Maritime Customs show the gross imports into all of China of motorcycles for the past four years.

MOTORCYCLES IMPORTED INTO WHOLE OF CHINA DURING PAST YEARS.

Imported

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Imported from:	1927		1928		1929		1930	
	No.	Val.in U.S.$	No.	Val.in U.S.$	No.	Val.in U.S.$	No.	Val.in U.S.$
Phillipines	-	-	-	-	-	-	1	144
Hongkong	48	7,273	70	12,754	40	6,164	53	5,643
Macao	2	259	-	-	-	-	-	-
French Indo-China	2	256	-	-	2	295	1	23
Great Britain	233	47,796	189	41,771	335	64,560	121	26,954
Denmark	1	173	-	-	-	-	-	-
Germany	15	3,743	52	8,107	56	10,516	162	37,148
Netherlands	1	138	-	-	-	-	-	-
Belgium	8	1,610	-	-	-	-	2	349
France	21	2,567	8	1,411	29	2,561	22	5,101
Italy	5	755	2	368	-	-	-	-
Russia & Pacific Ports	2	717	-	-	6	1,373	-	-
Korea	-	-	-	-	1	181	14	7,109
Japan (includ. Formosa)	95	31,455	235	72,047	171	39,884	72	20,706
Canada	8	1,710	14	5,838	29	5,811	19	5,272
Straits Settlements	-	-	4	562	8	945	-	-
U.S.A. (including Hawaii)	49	12,163	45	12,457	38	11,933	32	8,062
Sweden	-	-	-	-	11	2,075	4	771
Direct Gross Imports	490	110,616	619	153,316	726	146,639	503	117,309

INSTALLMENT SELLING IN SHANGHAI.

As was mentioned in the report last year, installment selling has come to China and is used in the purchase of practically everything for the home, such as furniture, electric refrigerators, radios, and automobiles. The China Finance Corporation, an American company, does more installment financing than any other company in this city and their experience with the financing of motor car sales will give a good idea of how this work is carried out.

During the first six months of 1931 this company has financed the sale of 131 motor cars in Shanghai. The total amount of money involved was US$69,000 which makes an average for each car of slightly more than US$525. During all of 1930, 392 cars were financed involving

US$232,000

1931

US$232,000 or an average of US$590 per car. During the first six months of 1931 there were but 8 repossessions made by the company. Repossessions made during 1930 averaged around 5 per cent.

The China Finance Company require a minimum down payment of one-third with the remaining payments running from six months to two years. It is very rarely however, that the maximum time is allowed, the usual period being one year. It is estimated that between 85% and 90% of all cars sold are sold on the partial payment plan. Some of the larger dealers finance these sales themselves but there are two or three finance companies who do the main share of the business. The finance charge is usually interest only and amounts to 10 per cent in most cases. Full insurance is required to be placed on the car and the full premium is usually paid at the time the car is purchased. The dealer usually places the insurance, acting as a sub-agent for the finance companies. Both the dealer and the company thus get a commission on the insurance.

The only installment selling is from the dealer to the ultimate buyer, there being no system whereby the dealer can secure cars from the manufacturer on the installment basis. Terms to dealers are strictly cash in the majority of cases and the money must be deposited in the bank before the car is delivered. This strict rule of the manufacturers tend to force the dealers into hand-to-mouth buying and some claim it holds back the sale of cars. The European manufacturers are reputed to be more lenient in their treatment of the

local

1931

local dealers.

AUTOMOTIVE TIRE SITUATION.

During the first six months of 1931 only 48 per cent of the pneumatic tires for automobiles imported into Shanghai came from the United States, while in 1930 the percentage had been almost 58. In 1929 the share of the United States had been slightly over 66 per cent. During the last year and a half the share of Japan in the tire business of Shanghai has been increasing steadily, jumping from 28 per cent in 1930 to 33 per cent in the first six months of 1931.

As stated above this competition from Japan has just sprung up in the past year and it is said to be mainly due to lower prices. Another factor in the decreased sale of American tires is that one of the large American firms, which formerly had a man in this territory, withdrew him in the fall of 1930 and have since made no real effort to develop sales in this territory. It is understood that this company has recently been liquidated in America and is not a factor in tire sales at present.

This Japanese competition is not really Japanese, for the great majority of the tires which come from Japan are from the Kobe factory of the Dunlop Rubber Company, a British organization. For awhile there was some complaint about Dunlop quality but the difficulty seems to have been remedied and this British firm is doing a constantly growing business in China. With their advantages of cheap labor, nearness to the market and a large staff of men trained in selling to Chinese, this company is proving a formidable competitor to the

American

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American companies on the ground.

The prices of all makes of tires has been standardized in Shanghai by the various distributors, and changes in price which occur frequently due to the fluctuations in exchange are made by all the brands at the same time. On fixed prices the dealers are granted a rebate of 30 per cent plus 10 per cent for cash. Most of the American manufacturers have appointed large importing houses as their agents in Shanghai and each of the three largest American companies have their own factory representatives in China as well.

The following tables, taken from the RETURNS OF TRADE of the Chinese Maritime Customs shows the gross imports of the various classes of tires and the five leading countries from which they come for the years 1929, 1930 and the first six months of 1931. Before 1929 the Customs figures did not differentiate between tires for automotive vehicles and those for bicycles and rickshaws so only figures for the past two and a half years will be given.

IMPORTS INTO SHANGHAI

Tires, Solid From:	1929		1930	First Six Months 1931
United States	G$7,084		G$3,326	G$ 90
Japan	2,412		--	--
France	777		1,080	2,532
Great Britain	6,665		8,066	7,934
Straits	602		181	--
		Hongkong	367	
Total:	17,540		13,020	10,556

Tires,

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Tires, Pneumatic	1929		1930		First Six Months 1931
From:					
United States	G$707,929		G$386,286		G$165,018
Japan	145,137		162,520		66,313
France	72,293		44,733		26,844
Great Britain	22,544		21,187		3,890
Straits	20,393	Hongkong	8,680	Canada	2,833
Total:	968,296		623,406		264,898

Tires, inner tubes					
From:					
United States	G$77,483		G$61,402		G$18,852
Japan	24,605		22,124		8,966
France	10,173		6,536		4,751
Great Britain	1,389		1,670		578
Straits	2,837	Canada	3,326	Hongkong	622
Total	116,487		95,058		33,769

The total gross imports from all countries of solid tires, pneumatic tires and inner tubes, for use on automotive vehicles, during the above period was as follows:

1929	G$1,196,855
1930	760,833
1931 (1st 6 months)	328,148

million people in the district, more than half of whom live in the south eastern portion around Tientsin and Peiping. In this section of the district there are estimated to be approximately 22,000 foreigners. The majority of the people in the district are farmers though there are many who have moved into the cities.

Standard of Living.

The standard of living of the masses in North China is very low, the average monthly wage of the urban skilled worker being only U.S.$7.00, while that of the unskilled labor is much lower. It may be stated that, in general, the farmer in North China is usually not about one pace ahead of starvation. Recurrent warfare enhances the struggle for existence of these people

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AUTOMOTIVE SITUATION IN THE TIENTSIN CONSULAR DISTRICT.

The Tientsin Consular District, with 4,320 motor cars, trucks, buses and motorcycles ranks next to Shanghai in the number of automotive vehicles within its boundaries. This is a decided decrease over the number recorded last year, when it was reported that there were 6,533 automotive vehicles in the Tientsin district. The explanation of this decrease of over 2,000 cars will be given in a later paragraph.

Area and Population.

The district comprises the provences of Hopei, Shansi, Jehol, Chahar, Suiyan and that portion of Honan lying north of the Yellow River, as well as Mongolia. It covers an area of about 1,575,000 square miles, or slightly more than half the area of the United States.

It is estimated that there are between 50 and 60 million people in the district, more than half of whom live in the south eastern portion around Tientsin and Peiping. In this section of the district there are estimated to be approvimately 22,000 foreigners. The majority of the people in the district are farmers though there are many who have moved into the cities.

Standard of Living.

The standard of living of the masses in North China is very low, the average monthly wage of the urban skilled worker being only U.S.$3.30, while that of the rural unskilled labor is much lower. It may be stated that, in general, the farmer in North China is usually but about one pace ahead of starvation. Recurrent civil warfare enhances the struggle for existance of these

people

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people through incidental conscription, pillaging and increased taxation. Naturally with these conditions the masses are unable to buy any but the barest necessities.

With the exception of the Russians the white population of Tientsin and Peiping enjoys a standard of living above the average standard in their home countries. This is due to their earning capacity, as they usually occupy executive positions. The Russian "refugees" constitute the lowest economic and social level of the white population and to a great extent live on a "hand to mouth" basis.

Railways.

Next to Manchuria the Provinces of Hopei, Shansi, and Honan have more railway milege than any other portion of China of similar area. The total amounts to almost 1,500 miles. It is interesting, in studying motor transportation in this part of China, to bear in mind that while in the United States there is one mile of railway for each 450 persons, in the Tientsin district there is only one miles for each 40,000 persons.

Industries.

The principal industry of this Consular District is agriculture in which probably 80 to 85 per cent of the population is engaged. The cottage industries, which include weaving, dyeing, rug weaving, the manufacture of small hardware, etc. The growth of modern industries has been slow, due perhaps to the civil wars which have visited North China with discourageing regularity the past few years. The railways and the coal mines are

perhaps

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perhaps the most important of the modern industries. Others in the district are the cotton spinning mills, cigarette factories, flour mills, rug factories, etc.

Motor Roads.

It is very difficult to obtain accurate data regarding motor roads in this district because there is no government agency which keeps an official record. The use of the term "motor roads" is misleading to say the least. There are no rural motor roads in this part of China in the American sense of the term. At best, the local motorhighways are crowned and ditched dirt roads, although in Shansi Province, where stone for crushing purposes is available, certain sections of the roads have been metalled. When it rains the roads become little more than rivers of mud and naturally are not conducive to the promotion of motor transportation.

The following estimate of the motor highway mileage in the district has been prepared from data and information on file in the Tientsin Consulate General:

Chahar Province	820 miles
*Honan Province	230
**Hopei Province	2,485
Jehol Province	970
Shansi Province	1,195
Suiyuan Province	1,740
Mongolia	6,080
Total	13,520 miles

* Mileage in only that part of Honan Province lying north of the Yellow River.

** Including mileage in the foreign concessions of Tientsin and the Legation Quarter of Peiping.

Use of Road Building and Conditioning Machinery.

The very cheap labor which is available in this part of China does much to discourage the introduction of modern road building machinery. As the roads are simply crowned

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crowned and ditched, and not surfaced with concrete, asphalt, brick or other metalling agent, other than crushed rock in a few instances, there is but little demand for the improved devices which are commonly used in the United States. Steam rollers etc., are used in the cities of Tientsin and Peiping.

City or Region	Passenger Cars	Trucks	Other Tractors	Trailers	Motorcycles
	10				70
	2				20
	1				5
	-			-	5
	10			15	100

Number of Motor Vehicles in Tientsin District.

The statistics and records of the motor vehicle registration bureaus in the Tientsin Consular District can not be employed as a reliable source of information regarding the number of such vehicles in use, according to The American Consul at Tientsin. One of the reasons for this is that outside of the cities of Tientsin and Peiping there is no central bureau of this nature. In Tientsin, itself, there are two bureaus, one operated by the foreign concessions and one operated by the Chinese authorities. A motor vehicle may be registered with only one or both of these bureaus, depending upon where it is used. The Chinese authorities have not been known to publish or compile a census or estimate of the number of motor vehicles in this district.

However, at the end of each year, the Tientsin Consulate General, with the assistance and cooperation of local firms dealing in motor vehicles and petroleum products, prepares an estimate of the numbers of vehicles in the Tientsin Consular District. While these estimates only approximate the actual number of vehicles, it is believed, however, that they may be accepted as sufficiently accurate for practical purposes.

City

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City or Region	Passenger Cars	Motor Trucks: Omnibusses	Motor Trucks: Other Trucks*	Motor Trucks: Tractors	Motor Trucks: Trailers	Motorcycles
Tientsin . . .	1,680	125	45	10	10	70
Peiping . . .	1,200	100	30	-	2	20
Region No. 1**	100	375	140	-	1	5
Region No. 2***	40	125	260	-	-	5
Total	3,020	725	475	10	13	100

* "Other Trucks" includes motor ambulances, motorized fire-fighting, street-cleaning and street-watering trucks, motor trucks used for hauling, etc.

** Region No. 1 includes Hopei Province (except the cities of Peiping and Tientsin), Shansi Provinces and that part of Honan Province lying north of the Yellow River.

*** Region No. 2 includes Mongolia and the Provinces of Jehol, Chahar and Suiyuan.

As stated above these figures show a decrease of over two thousand in the number of motor cars, trucks, and motorcycles in the Tientsin district. This is mainly due to confiscation by the military and also to more facilities for a closer check on the figures which brought out some mistakes in previous totals.

Factors Affecting the Sale of Automotive Vehicles.

The American Consul in Tientsin lists the following factors which affect the sale of motor vehicles in that district.

1) The frequent recurrence of armed strife, which has tended to discourage the Chinese living outside Tientsin and Peiping from acquiring and operating automobiles.

2) Poor roads throughout the district and no centralized policy of road building.

3) The lack of regular internal taxation and registration fees. Because of the absence of a regular system operators of bus lines are often compelled to meet extra-ordinary levies imposed by the officials.

4)

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4) Competition of inland waterways where cost of transportation very low.

5) The extremely low standard of living and low wage scale prevelent in the district.

6) The high price of gasoline as compared with that in the United States has also been a real factor in holding back sales. Gas has sold from U.S. $0.27 to U.S. $0.36 a gallon during the past year.

Use and Type of Motor Vehicles.

The dust storms and cold winds during the winter months and the rainy weather during the summer all operate to favor the use of the closed car in this district. However the overwhelming bulk of the passenger automobiles sold in the district are of the low-priced or medium low-priced group, with American cars dominating the market.

The principal sales outlets for the motor trucks are afforded by the Chinese military and bus lines. Relatively small numbers of trucks are used for trucking purposes in the cities, and almost all of these are found in the two cities of Tientsin and Peiping. Almost all the trucks in use are 1-ton and 1½-ton capacity. It is only in unusual cases that truck bodies are imported, most of them being made locally. This is also true of the motor buses in the district.

Ninety per cent of the motorcycles found in the Tientsin district are in the cities of Tientsin and Peiping. Those in use outside of these cities belong almost entirely to the Chinese military. Most of those motorcycles in use outside the cities are equipped with sidecars.

The growth in the number of second-hand cars offered for sale by the local dealers has practically put a stop

to

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to the importation of used cars from abroad, One factor which tends to discourage the importation of used cars is the frequent occurrence of theft and pilferage on unpacked motor vehicles shipped to Tientsin. Unpacked passenger automobiles have arrived stripped of tires, cushions, batteries and other parts and accessories. The Consul at Tientsin reports that as far as his records show, only 2 used cars and 4 used trucks were imported thorugh Tientsin during 1930.

There are about 40 Chinese taxicab companies operating in Tientsin and probably 20 or 30 in Peiping. They are all small companies, each owing but one or two second-hand passenger cars. The tariff varies from U.S. $0.63 for one hour to U.S. $6.30 for a day of 12 hours. Negotiations at the time of engaging the vehicle may make it possible to modify these rates.

Local dealers have stated that there are from 250 to 300 bus companies operating in the district, each with from 1 to 10 buses. The average per company does not exceed two. As in other parts of China during periods of military activity the local motor bus lines suffer severely from the activities of the Chinese military, and frequently their buses are commandeered without compensation for military purposes. Rates on the buses vary according to whether or not competition is keen on that particular route at that particular time. The usual rates in the more settled part of the district averages from U.S. $0.01 to U.S. $0.013 per mile.

Imports into Tientsin.

A graphic description of the imports of passenger

automobiles

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automobiles into Tientsin is afforded by the following schedule, which shows the annual total values of the net imports (i.e., gross imports less re-exports) of these vehicles during the past two decades:

Year	Value of Net Imports
1911	U.S.$ 50,980
1912	42,940
1913	72,340
1914	29,840
1915	52,800
1916	214,920
1917	253,290
1918	474,070
1919	682,130
1920	1,403,120
1921	661,300
1922	595,570
1923	529,650
1924	599,100
1925	1,114,670
1926	925,410
1927	559,680
1928	354,390
1929	177,220
1930	149,320

It will be noted from the above that imports during 1930 fell to the lowest point during the past 15 years.

The number of motor trucks imported into the Tientsin district during 1930 amounted to 351 as compared with 810 in 1929. There were 40 motorcycles imported during the year while in 1929 the number was 66.

Statistical Record of Automotive Imports Maintained by the Tientsin Consulate General.

As the automotive import statistics of the Chinese Maritime Customs at Tientsin do not show the vehicles imported under official permit for Government use and do not always show the actual country of origin, the

Tientsin

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Tientsin Consulate General undertook several years ago to maintain statistical records baced on information obtained from local importers and dealers showing the makes and actual number of the vehicles imported. The following table is a recapitulation of the import statistics furnished this office by local importers and dealers, and covering all motor vehicles imported into China through Tientsin, for the calendar years 1928 to 1930, inclusive:

	1928	1929	1930
Passenger cars, incl. chassis thereof:			
American	396*	247*	150*
British	5	2	4
French	15	24	4
Italian	-	6	17
Used cars imported for sale	-	-	2
Total	416	279	177
Motor trucks, incl. chassis thereof:			
American	296*	883*	359*
French	4	28	18
Used cars imported for sale	-	-	4
Total	300	911	381
Tractors:			
American	4	-	5
French	1	-	-
Total	5	-	5
Motorcycles:			
American	123	6	-
British	3	3	-
French	4	38	18
German	1	22	15
Total	131	69	33
Trailers:			
American	4	-	-

* Including American motor vehicles assembled in Japan.

Merchandising Methods Sales Terms.

Inasmuch as practically 100 percent of the sales effected within the district call for delivery either in Tientsin

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Tientsin or Peiping the allocation of definite sales territories is not a matter of great concern. It is desirable that Shantung Province be included in the sales territory alloted to the distributor in Tientsin.

With the exception of one motor car and one truck, both American, the motor vehicles marketed in the Tientsin district are imported directly by the distributors concerned. The exceptions mentioned are brought into Tientsin by a local firm acting as sub-dealer for a Shanghai firm. There is not a large enough volume of business in this district to warrent there being both distributors and sub-dealers in the same city. There are two firms in Peiping which act as sub-dealers for distributors in Tientsin.

American manufacturers usually require either payment at factory or payment at port of exportation upon presentation of shipping documents against a confirmed irrevocable letter of credit. British and French manufacturers usually extend terms similar to the American but the Tientsin Consulate General states it has been reliably informed that the manufacturers of the "Fiat" (popular Italian car) ship to their local distributor on consignment basis.

With very few exceptions the terms demanded of Chinese individuals and Government organizations are payment in full upon delivery. Sales to reputable firms and foreign individuals are usually made on the basis of one-third upon delivery and the balance within one year. Promissory notes are accepted as security for the unpaid balance, on which the rate of interest is 8 percent a year.

Competition.

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Competition.

Outside of the cities of Tientsin and Peiping practically all the automotive vehicles are of American manufacture. This is due mainly to the superior stamina of the American machines. In the cities mentioned above, however, the situation is different. As the city streets are level and narrow, and country driving is not indulged in due to the bandit menace and poor roads, low-priced small passenger cars of British, French or Italian make find a good market. The present unfavorable rates of exchange favors the importation of the low-priced European cars, but as yet the percentage of these small cars in relation to the whole number of vehicles in use, remains very low.

Outlook for the Future.

Continued unfavorable exchange, general business depression and civil war all operate to make the outlook for the future dark rather than otherwise. The one ray of hope, is the probability that a motor truck freight service will be inaugurated between Sinkiang (Chinese Turkestan) and some point on the Peiping-Suiyuan Railway. Local dealers estimate that should this project be completed a minimum of 100 motor trucks will be necessary in order to begin the service.

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AUTOMOTIVE SITUATION IN THE HARBIN CONSULAR DISTRICT.

With 3,863 motor cars, buses, trucks and motorcycles the Harbin Consular District continues to rank third in China in the number of automotive vehicles. This shows an increase of 278 over the preceeding year. As usual the greatest increase was in motor trucks and buses, which showed a total of 1761 as compared with 1535 the previous year, an increase of 226 units. Passenger cars only increased 189 bringing the total up to 2,059.

Area and Population.

The Harbin Consular District comprises North Manchuria and is separated from Siberia by the Argun, Amur, and Sungari rivers. The District lies between the 45th and 54 parallels, north, or approximately between the latitudes of Montreal Canada, and Juneau Alaska. The total area covered by the District amounts to approximately 247,100 square miles and there are said to be 13,500,000 Chinese in the territory. Harbin, the commercial and industrial center of the area, has the third largest white population of any city in Asia and in appearance and commercial aspect it is a European city. It has approximately 100,000 Russians, a somewhat smaller number of Chinese, 4,000 Japanese, and slightly over 2,000 other foreigners, of whom about 95 are Americans. Fuchiatien, the native city of Harbin contains over 200,000 Chinese.

INDUSTRIES AND COMMERCIAL ACTIVITY OF THE DISTRICT.

The leading industry in this territory is agriculture which is almost entirely in the hands of the Chinese. The principal agriculture products are soya beans, wheat,

millet

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millet and kaoliang (sorghum). The export of Soya beans to Europe constitutes the largest business, though timber abounds in large areas and the lumber industry is an important one. Large quantities of furs and wools are shipped from the District every year to the United States. Oil mills, flour mills, breweries, distilleries, and tobacco factories furnish the other leading means of livelihood.

Roads in District.

It has been estimated that there are approximately 1,000 miles of what might be called roads in the Harbin District. The majority of these are merely unimproved cart trails but they are definitely marked and thus distinguishable from the many miles of flat country over which most of the motor vehicles in the district must pass.

However, roads in the Harbin district should not be judged on the same basis as those in other parts of China due to the fact that over great stretches of the territory the ground is frozen solid most of the year and cars are driven across country. Other roads are merely cart trails formed by the native two-wheeled carts travelling over the same routes time after time. In that part of the district served by the western lines of the Chinese Eastern Railway the ground is so firm that while there are no roads still a large number of trucks are in use hauling farm produce to the railway.

In the city of Harbin itself, the roads are constructed of concrete, stone, dirt and crushed stone

mixed.

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mixed. The condition of most of the roads in this territory outside of the cities is very poor and in the spring months most of the roads are impassable much of the time due to heavy rains. In the fall and winter the ground hardens and the roads become better and it is then that conditions are most favorable for motor transportation. However there is no proper road building program being carried on by the authorities in this District, and until such a program is under way the sales of automotive vehicles will be small.

Motor Vehicles in Harbin Consular District.

According to the report of the American Consulate at Harbin there are in North Manchuria 2,059 motor cars, 1,761 trucks and 53 motorcycles of all makes. The majority of the trucks are converted into motor buses which handle passenger traffic between points in the interior of Heilungchiang and Kirin Provinces. Almost one half the automobiles in North China are used as taxis in the city of Harbin while the balance are in use in the interior. Practically all the motorcycles are owned by the Police Department of the special area. Of the 2,059 motor cars in the Harbin District, 1,939 are of American manufacture while all but 15 of the motor trucks come from America. Forty-seven of the fifty-three motorcycles are also American brands, so it can be seen that in the automotive line the Harbin District is predominately American.

Importations Into Harbin District.

The past year was an unusually unfortunate one for dealers in automotive vehicles. No more than a

total

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total of 120 passenger cars were imported and of these about 50 per cent remain unsold. Of the 150 truck chassis imported 80 were still in stock at the end of the year. One of the greatest unfavorable factors in the situation was that the strong demand for motor cars and trucks during the preceeding years which culminated in 1929, encouraged dealers to such an extent that they imported large stocks in anticipation of continued demand. These expectations, however, failed to materialize. The Sino-Soviet conflict, which primarily affected those parts of the territory which had done the bulk of the buying, coincided with the automobile selling season, and then the settlement of the conflict did not bring the expected improvement. The world wide business depression which resulted in a serious weakening of the export movement from Manchuria, the depreciation in the local currency and the general decline in the buying power of the local population all contributed to place automobile dealers in a precarious condition. The large unsold stocks on hand, either paid for by the importers or held by the banks, demand heavy interest on capital invested, and collection for cars already sold are very slow.

Outlook for the Future.

According to the American Consulate at Harbin, it is confidently felt locally that as soon as business conditions improve, the automotive trade will be the first to revive. North Manchuria, at the present time stands on the threshold of a future important market for automotive vehicles, and the inhabitants of

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the country are only just awakening to a proper appreciation of the advantages offered by automobiles and trucks for passenger and freight hauling. It is felt that the exporters in the United States should give their local agents every support in these critical times, and make it possible for them to exist until conditions become normal again. In this connection it should be borne in mind that credit companies such as operate in the United States for the financing of individual purchases do not operate here, and the entire brunt of the hard times falls upon the dealer who must extend credit and be responsible personally to the banks.

Hongkong is primarily the distributing point for South China as well as Java and the Straits Settlements. Financing and transshipping are said to constitute 65 per cent of the total trade of the colony. There are two large ship building yards capable of turning out ocean going vessels and equipped with dry docks and general repair shops. In addition there are sugar refineries, cigarette factories, cement works, knitting mills, and other smaller manufacturing companies.

Roads in the District.

The Hongkong Government is continuing its plans for highway construction as outlined last year and during the past year has completed about four miles of the projected 23½ miles of the new coastal highway from Kowloon City to Sai King. This brings the total number of miles of roads in the District up to 254. Some of the roads in the district are not open to motor traffic due to their steep grades but all roads which

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AUTOMOTIVE SITUATION IN THE HONGKONG CONSULAR DISTRICT.

Though Hongkong is politically a part of the British Empire it is economically a part of China and as such deserves consideration in this report. The Hongkong Consular District comprises the Crown Colony of Hongkong, including Kowloon, and the New Territories situated on the mainland. The total area amounts to about 390 square miles. The Chinese population is estimated at almost 900,000 while there are about 16,500 foreigners excluding the British troops. The American population is said to be 400 as compared with 6,000 British.

Chief Industries.

Hongkong is primarily the distributing point for South China as well as Java and the Straits Settlements. Financing and transshipping are said to constitute 65 per cent of the total trade of the colony. There are two large ship building yards capable of turning out ocean going vessels and equipped with dry docks and general repair shops. In addition there are sugar refineries, cigarette factories, cement works, knitting mills, and other smaller manufacturing companies.

Roads in the District.

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can be used by automobiles are in excellent condition. Road grading machinery is not used in the Colony because of the rocky and mountainous nature of the land and also because coolie labor is considered cheaper.

Automotive Vehicles in Use in the District.

There is a total of 3,110 automotive vehicles in the Hongkong District of which 1,945 are passenger cars. There are 501 trucks and 175 buses as well as 489 motorcycles. It is interesting to note the percentage of American cars in Hongkong in the different groups. The passenger cars lead with 94 percent American, while 72 percent of the trucks are from the United States. When we come to buses the story is different for only 8 percent of the 175 buses are of American manufacturer. The reason for the small percentage of American buses is that the Hongkong Government have maintained the policy of favoring only British makes to the exclusion of other countries. It is interesting, however, to note that twelve of the new taxis registered during 1930 were of American make, which is a new development as only British taxis had been licensed during the three year previous.

Motor Transportation Companies and Garages.

There are five motor bus companies of importance and three taxicab companies in the colony of Hongkong. There are also some less important lines running between villages in the New Territories. There are approximately 50 garages in Hongkong, about 10 of which may be considered fairly well equipped garages of the type found in towns in the United States and these carry small stocks of

accessories

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accessories and equipment. These garages are all operated by importers who have the agencies for the various cars, tires, equipment etc.

Taxi rates in Hongkong are charged by distance rather than by time as is the custom in most other parts of China. The rate is 40 cents Hongkong currency for the first mile or fraction thereof, plus 10 cents for each additional quarter mile. The number of public taxis licensed has decreased from 269 to 215 in accordance with the police policy reducing the number of independent public drivers to 160 to avoid traffic congestion.

Factors Influencing Sale of Motor Vehicles in Hongkong.

The number of motor cars sold in the Colony continues to increase according to the American Consulate. During 1930 the number of new owners increased approximately 5 percent. The mountainous nature of the land will always be a factor adverse to the use of motor cars but the plans for a vehicular ferry have been approved, which should prove a stimulus to the sale of cars and trucks due to the increased facilities thereby afforded to transportation between Kowloon and Hongkong.

Another favorable factor is that Hongkong is practically a free port and there are no import duties on either automotive vehicles or equipment. However the local currency has depreciated to a large extent and also Hongkong has not been free from the effects of the world wide depression so the motor car business is not very active and will not be for some time.

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AUTOMOTIVE SITUATION IN NANKING CONSULAR DISTRICT.

The Nanking Consular District comprises all of Kiangsu Province north of the Yangtze River, all of Anwhei and those sections of Kiangsu Province immediately surrounding Nanking and Chinkiang, south of the Yangtze River. It covers an area of 90,000 square miles and has a population estimated to be between 50 and 60 million.

Industries.

The chief means of livelihood in the Nanking District is agriculture. There is but one large industrial plant, a factory in Nanking engaged in preparing egg products for shipment abroad. Small handcraft organizations still do much of the limited amount of manufacturing carried on in the District. Tapestry weaving, rice milling, wheat milling and cotton textile weaving constitute the manufactured products of the Nanking Consular District.

Roads in Nanking District.

According to estimates made by the American Consulate at Nanking there are approximately 1,800 miles of road which are traversable by motor vehicles. These roads are generally in a very poor condition and very uncomfortable for automobile driving. It is reported that a group of the leading merchants in Wuhu have inaugurated a program calling for the extension, from Taiping to Nanking of the present Taiping-Wuhu highway. This road will be about 50 miles long when completed.

Automotive Vehicles in Nanking District.

On December 31, 1930 there were estimated to be

3,733

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3,733 motor vehicles in the Nanking Consular District. Of this number 2,163 were known to have been in the city of Nanking. Of the automotive vehicles in the District, 2,777 are passenger cars, 811 motor trucks, and 25 motorcycles. The Consulate reports that it does not know of any tractors being in the District. At least 50 percent of the vehicles are of American manufacture.

Merchandising Methods and Credit Terms.

There are two firms in Nanking dealing in motor vehicles, but they are both merely branches of larger firms who have headquarters in Shanghai. These firms do the greater part of the automobile business in Nanking and they both represent American cars.

The terms of credit have been made more strict during the past year due to the fall in exchange and the general depression. At present dealers in Nanking are requiring 60 percent cash as the first payment and the balance within a year.

Factors affecting Motor Car Sales.

The rapid increase which has taken place in the population of Nanking due to its position as National Capital has been one of the most favorable factors affecting the sales of motor cars. During the two-year period beginning on January 1, 1928, the number of motor vehicles in Nanking increased over 1,500 percent. This is mainly due to the great influx of Chinese officials and their families.

The decrease in the value of silver, necessitating a large increase in the price of imported goods, has

been

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been the most outstanding factor adversely affecting the sales of motor cars in this district as in most other sections of China.

The population of the district is estimated at 17,000,000 including about 100,000 Japanese and some 5,000 occidentals, mostly Russian. There are about 100 Americans in the district. In general it can be said that the standard of living of the great mass of the population is very low.

Chief Industries and Means of Occupation.

Agriculture is the chief occupation of the people and soya beans, kaoliang (sorghum), millet, and Indian corn are the principal crops. The cultivation of rice is said to be rapidly increasing. Under Japanese influence mining has come to be an important industry, the production of coal and pig iron being the most important. The chief manufacturing industries using modern equipment comprise bean mills, cigarette factories, cotton spinning and weaving factories, flour mills, match factories, and foundries, and iron works. There is also a large modern arsenal located at Mukden. Lumber has become a larger factor in the industrial life of the district recently, and an oil-shale industry has been established by the Japanese at Fushun.

Roads in Mukden District.

From the standpoint of roads such as

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AUTOMOTIVE SITUATION IN THE MUKDEN CONSULAR DISTRICT.

The Mukden Consular District covers an area of approximately 115,000 square miles and lies for the most part between the 40th and 44th parallels north latitude. It corresponds roughly to that region known as South Manchuria.

The population of the district is estimated at 17,000,000 including about 100,000 Japanese and some 3,000 occidentals, mostly Russian. There are about 100 Americans in the district. In general it can be said that the standard of living of the great mass of the population is very low.

Chief Industries and Means of Occupation.

Agriculture is the chief occupation of the people and soya beans, kaoliang (sorghum), millet, and Indian corn are the principal crops. The cultivation of rice is said to be rapidly increasing. Under Japanese influence mining has come to be an important industry, the production of coal and pig iron being the most important. The chief manufacturing industries using modern equipment comprise bean mills, cigarette factories, cotton spinning and weaving factories, flour mills, match factories, and foundries, and iron works. There is also a large modern arsenal located at Mukden. Lumber has become a larger factor in the industrial life of the district recently, and an oil shale industry has been established by the Japanese at Fushun.

Roads in Mukden District.

From the standpoint of roads such as are found

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in America there is no such thing in the Mukden District. There are no state roads corresponding to our macadamized state roads and in all Manchuria there is really but one route, the Dairen-Port Arthur road built by the Japanese, which merits the title "motor highway". Due to the tightness of money in the district the projected road building did not take place. During August several modern road building units were purchased by the Kirin Provincial Government but little work was done with them. Bus companies had no money with which to build roads during 1930 and the length of roads in the District outside Mukden is believed to remain at about 1,500 miles.

Motor Vehicles in Mukden District.

A comparison of the estimates of motor vehicles in the district for January 1, 1930 and those for a year later shows increases in the number of trucks and buses and a decrease in the number of passenger cars. The decrease may be explained by the fact that a number of cars belonging to the military were included by mistake. These figures had been supplied by the Kirin Provincial Government and it was not until the later part of 1930 that it was possible to check them.

The correct figures for January 1, 1931 are as follows; 1585 passenger cars, 402 trucks and 288 buses. The market for passenger cars is now very largely confined to Mukden which has 1409 of the 1585 in the district. Until good roads are built and motoring becomes safe from the various hazard of today, including banditry the field for this class of car will remain limited.

Sales

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Sales of Motor Cars.

The number of motor trucks imported into Manchuria during 1930 was less than one-fifth of 1929, while the number of passenger cars was slightly less than one-fourth the number imported the previous year. The biggest single factor in this slump in sales has been the decrease in the value of silver. Other factors which held back sales were, the upset political conditions beginning with the Sino-Soviet trouble, the world wide depression and the decrease in the European market for soya beans and products derived therefrom. That Manchuria will ultimately be a large field for the sale of all types of motor cars cannot be doubted, but the market will certainly remain very small until some cure for silver depreciation is found.

Roads in District.

Due to civil war and depreciation in the value of the local currency there was not much done in the way of extending roads throughout the district during the past year. There are slightly more than 6,000 miles of road which are open to traffic and they are divided among the various sections of the district as follows: Kwangtung Province, 3,156 miles; Hainang Island, 1,416 miles; City of Canton, 59 miles; and Kwangsi Province 1,792 miles.

Motor

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AUTOMOTIVE SITUATION IN CANTON CONSULAR DISTRICT.

The Canton Consular District comprises part of the Province of Kwangtung, the entire Province of Kwangsi, and the Island of Hainan, totaling about 160,000 square miles. The climate is semitropical and it lies in the same latitude as Havana, Cuba.

It is estimated that there are some 35,000,000 people living in this district, of whom about 2200 are foreigners. The American community of 700 and the British and Japanese groups of 500 each are the largest units in the district. The remainder are scattered between French, German, Portuguese, and other European races.

Leading Industries and Occupations.

Agriculture and sericulture are the chief occupations of the district and the chief native industries are the manufacture of raw and waste silk, weaving of matting and mats, the manufacture of bamboo, blackwood, and rattan ware, and the making of firecrackers. Canton is also noted for its wonderful carved ivory and jade.

Roads in District.

Due to civil war and depreciation in the value of the local currency there was not much done in the way of extending roads throughout the district during the past year. There are slightly more than 6,000 miles of road which are open to traffic and they are divided among the various sections of the district as follows: Kwangtung Province, 3,158 miles; Hainang Island, 1,418 miles; City of Canton, 59 miles; and Kwangsi Province 1,792 miles.

Motor

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Motor Vehicles in the Province.

The American Consulate at Canton reports that importations of motor vehicles into the district during 1930 did not exceed 385 which represents a decline of 40 percent as compared with the years 1927-29.

As estimate of the number of motor vehicles in the district at the end of 1930 places the number at 2,800 divided as follows; Kwangtung Province, Macao, and French leased territory of Kwangchowan, 2,650; Kwangsi, 150.

In the city of Canton alone is there reliable data regarding the number of motor vehicles and even these figures, based on official registrations, are incomplete since official military cars are not included. Canton accounts for 40 percent of all the automotive vehicles in the district with a total of 1,159 motor cars, trucks, buses and motorcycles. Almost 86 percent of the passenger cars in Canton are of American make while over 93 percent of the motor trucks and buses come from the United States. Only 28 percent of the motorcycles come from America however.

Outside of Canton in Kwangtung Province the number of motor cars increase practically 70 percent. This expansion in the use of motor cars in the smaller towns and rural districts is one of the outstanding features of automotive development in this section of China. The majority of these vehicles are used for bus services.

Increasing Use of Automotive Vehicles.

It is interesting to note that in 1928 there were 1,650 persons for each passenger car in the city of

Canton

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Canton as compared with 1,275 in 1930. The increase in the use of trucks has been even more marked. In 1928 there were nearly 15,000 persons per truck while in 1930 the number had been reduced to 6,000.

While the opening of streets and the extension of motor roads into the country districts would ordinarily indicate a rapidly broadening market for motor cars the civil war and banditry which prevail as well as the depreciated value of the local currency make prospects of any immediate improvement very slight.

Chief Industries and Occupations.

Agriculture is the chief industry of the people though mining is also of great importance. Coal and iron are the chief minerals found in the district. Cotton, beans, peas, wheat, sesame seed, egg products, tobacco, and various vegetable oils are among the chief products of the district. The manufacture of iron and steel products, cotton textiles, egg products, cigarettes and matches are the most important industries.

Road Construction in Hankow District.

During the past year a large part of the Hankow District was either in a disturbed condition due to civil war or organized banditry. Government officials who in the past have been largely responsible

development of the motor car market and what little

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AUTOMOTIVE SITUATION IN THE HANKOW CONSULAR DISTRICT.

The area included in the Hankow Consular District embraces the Provinces of Hupeh, that part of Honan which lies south of the Yellow River, Kiangsi, Shensi, Sinkiang, and Kansu, together with Szechuen, Tibet, and the Kokonor region, comprising the Chunking Consular District, and Hunan and Kweichow Provinces, formerly in the Changsha Consular District. The total area amounts to 1,933,000 square miles.

Almost half the population of China is to be found in this District for the total population is now almost 200,000,000. There are about 3,000 foreigners in the district, most of whom are British. The majority of the foreigners who live outside the city of Hankow are missionaries and teachers.

Chief Industries and Occupations.

Agriculture is the chief industry of the people though mining is also of great importance. Coal and iron are the chief minerals found in the district. Cotton, beans, peas, wheat, sesame seed, egg products, tobacco, and various vegetable oils are among the chief products of the district. The manufacture of iron and steel products, cotton textiles, egg products, cigarettes and matches are the most important industries.

Road Construction in Hankow District.

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road

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road building has been done were too busy with military affairs to pay any attention to these things

There were only two or three provinces in the entire district which made any appreciable progress in road construction during 1930. Szechuen, being outside the disturbed area, showed the greatest development of any, while in Kansu road construction was carried on by funds furnished by the International Famine Relief Commission. Considerable progress was made in Shensi and a little work was accomplished in Hunan and Hupeh.

In any discussion of the motor roads in this district it must be remembered that the existing highways are nothing more or less than comparatively short and fragmentary stretches of disconnected dirt or clay surfaced roads. Some of the roads have been gravelled in places and a few small streams have been bridged but the highways as a whole are not comparable to those in the United States. Recently the floods have covered hundreds of square miles in this district, the city of Hankow itself being more than fifteen feet under water. Not only has the flood washed out many of the roads both in the city and in the interior, but has ruined countless machines.

A composite table showing the total mileage by provinces of roads already completed, under construction, and contemplated, is given below. It should be noted that some provinces of the consular district have no motor roads or motor vehicles, and information concerning others in extremely remote areas cannot be obtained.

Province

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Province	Completed	Under Construction	Contemplated
Hupeh	850	900	1,267
Hunan	450	400	700
Honan	820	1,352	...
Szechuen	500	1,200	200
Kiangsi	92	60	100
Shensi	400	150	200
	3,112	4,062	2,467

Automobiles in Central China.

The following tables compiled by the American Consulate at Hankow give a graphic picture of the numbers and types of motor vehicles and their distribution in Central China.

Automobiles in Central China:

(a) Hankow Consular District Exclusive of the City of Hankow and the Former Changsha and Chungking Consular Districts.

PASSENGER CARS:
- Total Number 56
- Per cent of American Manufacture ..... 90 %
- Number Privately Owned 40
- Taxicabs and Cars for Hire 16

BUSES:
- Total Number 370
- Per cent of American Manufacture ..... 100 %
- Owned by private operators ..... Nil
- Municipal, State or Federal owned 370
- Owned by railways or Tramways ..... Nil

TRUCKS:
- Total Number 30
- Per cent of American Manufacture ..... 90 %
- Municipal, State and Federal Owned 30

MOTORCYCLES:
- Total Number ..... Nil

(b) City of Hankow.

PASSENGER CARS:
- Total Number 675
- Per cent of American Manufacture ..... 90 %
- Number Privately Owned 595
- Taxicabs and Cars for Hire 80

BUSES:
- Total Number 25

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Per cent of American Manufacture ..... 100 %
Owned by private operators ..... Nil
Municipal, State and Federal Owned 25
Owned by Railways and Tramways ..... Nil

TRUCKS:
Total Number 50
Per cent of American Manufacture ..... 100 %
Municipal, State and Federal Owned 35
Number Privately Owned 15

MOTORCYCLES:
Total Number 30
Per cent of American Manufacture ..... 10 %

(c) Former Changsha Consular District.

PASSENGER CARS:
Total Number 6
Per cent of American Manufacture ..... 100 %
Number Privately Owned 4
Taxicabs and Cars for Hire 2

BUSES:
Total Number 137
Per cent of American Manufacture ..... 100 %
Owned by Private Operators ..... Nil
Municipal, State and Federal Owned 137
Owned by Railways and Tramways ..... Nil

TRUCKS:
Total Number 35
Per cent of American Manufacture ..... 100 %
Municipal, State and Federal Owned 35

MOTORCYCLES:
Total Number ..... Nil

(d) Former Chungking Consular District.

PASSENGER CARS:
Total Number 48
Per cent of American Manufacture ..... 100 %
Number Privately Owned 8
Taxicabs and Cars for Hire 40

BUSES:
Total Number 180
Per cent of American Manufacture ..... 100 %
Owned by Private Operators ..... Nil
Municipal, State and Federal Owned 180
Owned by Railways and Tramways ..... Nil

TRUCKS:
Total Number 5
Per cent of American Manufacture ..... 100 %
Municipal, State and Government Owned .. 5

MOTORCYCLES:
Total Number 16
Per cent of American Manufacture ..... 40 %

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Outlook for Coming Year.

According to the American Consulate at Hankow, most of the sales of motor vehicles in this district have in the past been made to government officials, mainly military, and to private individuals of foreign nationality. Future sales would average many thousands of vehicles each year if there were a semblence of connecting highways even though they were only clay or dirt surfaced. If American motor car manufactures wish to increase their sales in this territory it will be necessary for them to "export highways" as well as motor cars.

Unfavorable rates of exchange and disturbed political conditions have operated to decrease the sales of motor vehicles but even if these conditions are altered there will be no large sales unless roads are built. The recent floods will make conditions even more difficult.

As shown by the tables given above of the motor vehicles in the district, it will be noted that outside the treaty ports most of the vehicles sold were trucks and buses. It is believed that future sales will consist primarily of this type of vehicle for many years to come.

	Jan. 1, 1930	Jan. 1, 1931
Passenger cars-private	370	378
Passenger cars-hire	180	164
Motor trucks	84	104
Motor Buses	71	102
Motorcycles	40	57
Totals	755	805

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AUTOMOTIVE SITUATION IN TSINGTAO CONSULAR DISTRICT.

This district composes the Tsingtao municipal area which has an extent of 342 square miles and a population of 378,600 about 96 percent of whom are Chinese. The great majority of the foreigners are Japanese, only approximately 1,000 being of other nationalities.

Chief Industries and Occupations.

The principal occupations of the people are found in the industries that center in and around Tsingtao and include cotton textile mills, cigarette factories, silk filatures, peanut oil mills, flour mills, railway shops and match factories.

Motor Roads in this District.

There has been no extension of road building in the district during the past year the number still remaining at about 200 miles. There has been considerable work done to improve existing streets and highways, mostly in the form of resurfacing and widening. There is a possible highway contact with Chefoo about 134 miles away but road conditions are not conducive to free use of the routes by motor vehicles.

Motor Vehicles in the District.

Figures obtained from the Municipal Authorities indicate that motor vehicles in the Tsingtao District are as follows:

	Jan. 1, 1930	Jan. 1, 1931
Passenger cars-private	370	378
Passenger cars-hire	190	164
Motor trucks	84	104
Motor Buses	71	102
Motorcycles	40	57
Totals	755	805

It

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It has not been possible to determine the number of each make of car imported, but it is estimated that about 95 percent of the passenger cars, 100 percent of the buses, 96 percent of the trucks and 25 percent of the motorcycles are of American origin.

Factors Influencing Sales.

As in most sections of China the greatest factor operating against sales was exchange. The price of cars in local currency increased about 35 percent during the past year. The price of gasoline was also increased by about one-third during the year and added to the general depression in motor car sales. The increased use of trucks for industrial purposes has added to the numbers of that type of vehicle in the district.

Types of Cars Preferred.

Medium priced, closed vehicles of American make are in the greatest demand for passenger use. The market for high priced cars is practically non-existant. Trucks are as a rule not over 1½ tons capacity and usually the chassis only is imported, local cheap labor making it possible to construct serviceable bodies at lower cost than they can be imported. This is also true of buses.

Outlook for Future.

The past year has been most discouraging and the outlook for the future is not very promising. The market was unduly congested for sometime throught the action of certain manufacturers forcing an annual quota upon their dealers when it was not justified by the sales which might reasonably be expected. Exchange has not

improved

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improved to any extent and the dealers are all very pessimistic as to the future.

The district comprises the whole Province of Shantung with the exception of those portions around Tsingtao and Tsaotso. It has an area of approximately 40,000 square miles and a population of about 30,000,000. The foreign population is quite small, numbering about 330 Americans, 115 British, 245 Germans, and 2,800 Japanese.

Industries and Occupations.

Agriculture is the main occupation of the people in the district, the principal products being, wheat, kaoliang, millet, peanuts, cotton, beans, tobacco, and sweet potatoes. From an industrial point of view the district is not important.

Motor Roads in District.

The Shantung Provincial Government, through its Bureau of Construction, with headquarters at Tsinan, have absolute control over all roads in the district as well as motor transportation. All projects for the building and repair of roads must be instituted by the Bureau and funds are obtained by contributions from the Provincial Government. It is the policy of the Bureau to use impressed labor for the upkeep of many of the roads.

The Bureau of Construction has stated that the number of miles of road over which motor traffic can pass is approximately 7,000 miles. Of this number about 2,500 miles has been classified as trunk or branch line roads, though this does not mean that all construction on these roads has been completed. Of

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AUTOMOTIVE SITUATION IN TSINAN CONSULAR DISTRICT.

The Tsinan Consular District comprises the whole Province of Shantung with the exception of those portions around Tsingtao and Chefoo. It has an area of approximately 46,000 square miles and a population of about 30,000,000. The foreign population is quite small, numbering about 330 Americans, 115 British, 245 Germans, and 2,800 Japanese.

Industries and Occupations.

Agriculture is the main occupation of the people in the district, the principal products being, wheat, kaoliang, millet, peanuts, cotton, beans, tobacco, and sweet potatoes. From an industrial point of view the district is not important.

Motor Roads in District.

The Shantung Provincial Government, through its Bureau of Construction, with headquarters at Tsinan, have absolute control over all roads in the district as well as motor transportation. All projects for the building and repair of roads must be instituted by the Bureau and funds are obtained by contributions from the Provincial Government. It is the policy of the Bureau to use impressed labor for the upkeep of many of the roads.

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the various roads in the district only 7, with a total distance of 900 miles have been classified as having construction actually completed.

Motor Vehicles in District.

The following table shows the number of motor vehicles in this district during 1929 and 1930. No figures are available for 1928 due to the disturbed conditions in the Province at that time.

	1929	1930
Passenger cars	55	140
Buses	184	178
Trucks	15	14
Motorcycles	1	12
Total:	255	344

The Provincial Government of Shantung and the city of Tsinan are by far the largest users of automotive vehicles in this district. All bus lines are controlled by the Government and are operated through the Bureau of Construction. Truck chassis are the most important single item in the local automotive market. Bus bodies usually accommodating from 15 to 20 passengers are made locally for use on the imported chassis.

Factors Influencing Sales.

Competition.

Practically no British or European competition is offered locally. It is believed that at least 98 percent of all motor cars in use are of American manufacture. Only three non-American trucks or passenger cars, of British make, are seen on the streets of Tsinan.

Sales Methods.

Five manufacturers of motor cars and trucks, all American, are represented in Tsinan for the territory

Other

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of central and western Shantung. Four of them are sub-agencies of dealers having their main headquarters in Tientsin or Tsingtao. There is only one agency that deals directly with the manufacturer in the United States. None of the agencies keep stock on hand for distribution in the local market. No British or European manufacturers have agencies directly established in Tsinan.

As the Shantung Provincial Government and the Tsinan Municipal Government are the largest and only important purchasers of automotive products in the district, it is the custom for local representatives to attempt to create some close contact with one of the Government officials. Automotive manufacturers are most successfully represented in this territory who have managed to secure as agent some Chinese who is in close relations with the government authorities. No Americans or other foreigners are stationed in Tsinan as agents but foreign managers come from Tientsin or Tsingtao to close important sales.

Factors Influencing Sales.

The most potent factor affecting the automotive trade in this district in the past has been that of continued internal strife. Under the existing conditions of civil warfare the carrying on of usual business relations has been impossible. The policy of the Provincial Government in regard to bus lines has also retarded sales. Companies which have been operating with good profits have been confiscated or taken over at greatly reduced valuation by the Provincial Government.

Other

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Other less profitable lines have been allowed to continue privately, under government franchise, but at the expense of excessive taxation. In times of war buses are always liable to seizure by the military.

At present the Tsinan Consular District, as a market for American automotive products is not very large but it is not unimportant. With peace prevailing and improved economic conditions the market will have much brighter prospects.

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AUTOMOTIVE SITUATION IN AMOY CONSULAR DISTRICT.

The Amoy Consular District comprises the southern part of the Province of Fukien with an area of approximately 20,000 square miles. The district has a population of 6,000,000, the principal city and trade center being the city of Amoy with a population of 200,000.

Leading Industries and Occupations.

Agriculture and fishing furnish the chief means of livelihood for the population of the district. The leading crops are rice, tea, tobacco, sugar, fruits, peanuts and sweet potatoes. The principal industries are the manufacture of paper and small boats.

Motor Roads in the District.

It is impossible to obtain accurate information regarding the number of miles of roads in the interior of the district. Estimates have been made from information gathered from missionaries, travelling representatives of business firms and such government figures as are available.

The office in charge of road construction in Amoy states that there are approximately 28 miles of roads completed in the city, with about ten miles under construction at the present time. The same office states that there are about 60 miles of roads in the outlying sections of Amoy Island but it is believed that this estimate is exaggerated. In the whole district there are approximately 509 miles of completed roads.

The roads in the city of Amoy are almost all of concrete construction. They range in width from 50

feet,

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feet, with a sidewalk of 10 feet on either side, down to 20 feet with a sidewalk of 6 feet on either side.

Motor Vehicles and Importations into District.

According to the latest available estimate there are about 374 motor cars truck and buses, and 10 motorcycles in the district. They are divided as follows; 184 buses, 150 passenger cars, and 40 trucks. This shows an increase of 69 motor vehicles over 1929.

Importations into the city of Amoy fell off considerably during the past year. They dropped from a total of 306 in 1929 to 136 in 1930. This number was divided in 1930 as follows; passenger cars 48, trucks 87, and motorcycles 1. With possibly two or three exceptions all motor vehicles in Amoy are of American manufacture.

Outlook for Future.

Banditry, brigandage, and general unsettled conditions, which prevailed throughout most of the year in southern Fukien proved to be a great obstacle in the advancement of the automotive industry in this Consular district. While the total road mileage increased by 72 miles and the total number of motor vehicles advanced from 305 to 374 during 1930, these increases were not at all in proportion to the increases that might have been expected were conditions normal and settled. However the fact that these increases did take place under such adverse conditions is indicative of what the market will be when peace comes to the district and roads can be built and then used without interruption on the part of the military.

1930

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AUTOMOTIVE SITUATION IN FOOCHOW CONSULAR DISTRICT.

This district comprises the northern part of Fukien Province and includes an area of 30,000 square miles with a population of about 10,000,000 persons. There are about 250 American and around 400 Europeans in the district. Practically all the foreigners are engaged in missionary work.

Leading Industries and Occupations.

Agriculture is the chief pursuit of the Chinese, the principal crops being rice, tea and bamboo shoots. After agriculture the most important industry is lumbering, the district being noted for its fir and pine poles shipped to North China. The third industry is the manufacturer of paper from bamboo. There are no modern industries nor is machinery used by the Chinese in any of the above occupations.

Motor Roads in District.

According to information furnished by the Provincial Bureau of Construction there were 255 miles of road suitable for motor traffic in the Foochow consular district at the end of 1930. This was an increase of only 36 miles over the mileage in use at the end of 1929. Practically all the roads in the district are unmetalled being merely dirt roads, graded and crowned and except in rare instances no bridges have as yet been built where they cross rivers and streams. About 15 miles of road in Foochow city have a metal surface. Some two miles of roads are made of stone blocks formerly in the city wall. The American Consulate at Foochow reports that it has been informed that in several of

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the more important towns throughout the district small stretches of stone block road are similarly made.

Motor Vehicles in District.

The American Consulate at Foochow estimates that there were 323 motor vehicles and 8 motorcycles in the district. This shows an increase 42 motor vehicles and 2 motorcycles over the year previous. Of the total at tne end of 1930, it is estimated that 159 were buses, 160 passenger cars, 4 trucks and 8 motorcycles. All the buses were locally built bodies on low priced American chassis. It is estimated that 98 percent of the motor cars in operation are of American manufacture. All except one or two are of the low priced class.

During the series of military battles for the control of Foochow City in the summer of 1930 practically all cars were commandeered by the military. Owners and operators used all kinds of subterfuge to keep their automobiles out of the hands of the hands of the military. They did not repair cars out of order and even damaged cars themselves to keep them from being commandeered.

Only 20 motor vehicles were imported into the district during 1930 as compared with 99 during 1929. This decrease in importations was due to several factors. The road building program was almost entirely suspended during 1930 on account of political and military disruption. The seizure by the military without compensation, all available motor cars also operated to discourage importations. These combined with the low price of silver which prevailed all reacted against the sale of motor cars and trucks.

Outlook

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Outlook for Future.

The coming of stable political conditions and the opening of new roads are the two chief factors upon which depend the increased sale of automotive vehicles. The Provincial Government is now trying to raise a loan of about US$200,000 to be used exclusively in road building. Motor cars in the district are used principally for bus or taxi services and the financial returns are so high that they will be able to import low-priced cars even in the face of unfavorable exchange. Imports then will depend entirely on the politico-military situation and will be in proportion to the success the officials have in carrying out their road building program.

Motor Vehicles in the Province.

The total number of vehicles in the district at the end of 1930 was 155 as compared with 109 the year before. Of this number 93 are passenger cars, 4 busses, 45 trucks and 11 motorcycles. Of the above vehicles 139 are American makes, 15 British and 1 French. Of the 11 motorcycles, 1 is German, 5 British

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AUTOMOTIVE SITUATION IN CHEFOO CONSULAR DISTRICT.

The Chefoo Consular District comprises the ten northern districts of Shantung Province, covering approximately 14,000 square miles. The population of the district is estimated at 5,000,000 of whom about 1,250 are foreigners. Chefoo is the largest city in the district and has a population of about 150,000.

Chief Means of Occupation

Agriculture is the principal occupation of the people the main crops being peanuts, millet, beans, and wheat. This section of Shantung is also one of the chief fruit growing districts of China.

Roads in District.

The year 1930 saw much activity in the road building line in this district, there being 530 miles of highway completed in various sections of the district, bringing the total up to 929 miles. However all of these roads with the exception of the Chefoo-Weihsien motor road, 193 miles long, are made of dirt and clay, being in reality only old wagon tracks which have been widened and levelled until they could be used for motor traffic. During the rainy season nearly all of the roads are impassable.

Motor Vehicles in the Province.

The total number of vehicles in the district at the end of 1930 was 155 as compared with 109 the year before. Of this number 93 are passenger cars, 4 buses, 45 trucks and 11 motorcycles. Of the above vehicles 139 are American makes, 15 British and 1 French. Of the 11 motorcycles, 1 is German, 5 British and 5 American.

Local

1931

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Local Garages and Service Stations.

At present there is one service station operated by a British firm in Chefoo. There are also two filling stations in the city both of which sell American gasoline. A third is being constructed by the Asiatic Petroleum Company, a British firm.

At present there are four companies operating hire car services in Chefoo, all of which use American cars. There are two British, one Chinese and one Japanese companies engaged in this business.

Outlook for the Future.

At the beginning of the year the American Consulate reports that the outlook for the future in the district was very bright but more recent advices indicate that continued unfavorable exchange and general depression have made the situation more serious and the present outlook for the year is not bright.

Roads in the District.

There are approximately 875 miles of motor roads practically all of which are passable in dry weather, and there are 415 miles of road which are used by passenger and commercial vehicles the year around.

Automotive Vehicles in District.

At the end of 1930 the total number of automotive vehicles (other than motorcycles) registered in the

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AUTOMOTIVE SITUATION IN DAIREN CONSULAR DISTRICT.

The Dairen Consular District embraces the Kwantung Leased Territory, the southern tip of the Liaotung Peninsula in Shengking Province. It has an area of 1,302 square miles, approximately that of Rhode Island. The territory is held on lease and is ruled by Japan.

There is a population of 803,321 in the district of whom over 700,000 are Chinese, almost 100,000 Japanese, and about 500 of other nationalities. Japanese is the official language but the majority of the people speak only Chinese. It is the Japanese community which is the most important group of purchasers of foreign goods.

Leading Industries and Occupations.

Dairen is the industrial center of the district and the manufacture of oil and cake from soy beans is the principal industry. The Dairen Consulate reports that 46 percent of the people were engaged in agriculture, 14 percent in manufacturing, 12 percent in trade and the remainder in transportation, government service and the like.

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Territory

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Territory was 1,061. There are no accurate figures as to the number of various types of vehicles inasmuch as the official registration does not show this, but the following estimate has been made by the Dairen Consulate and is reputed to be fairly accurate.

Passenger cars	671
*Trucks	335
Buses	55
Total	1,061

*Including some 20 gasoline tractors and 50 electric tractors.

The estimated number on May 1, 1931 was as follows:

Passenger cars	703
Trucks	349
Buses	65
Total motor cars:	1,117
Motorcycles	450

With the exception of motorcycles over 95 percent of all the motor vehicles in the District are American. As to motorcycles only 40 percent of them are from America.

Outlook for Future.

Sales during 1930 were small and it is not believe there will be any great improvement in the near future. This has been a direct result of the general economic depression in the district. The soy bean crop is the mainstay of the Manchurian trade and the past year has seen a collapse in the price of this product. Reserves of soy beans have been constantly increasing thus building barrier against the rise in price even when the demand in Europe picks up. As a result the automotive market is very quiet and it is expected to remain inactive during the next several months. Stocks on hand are rather large and caution is the general sentiment of the trade for the future.

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AUTOMOTIVE SITUATION IN THE SWATOW CONSULAR DISTRICT.

The Swatow Consular District comprises that portion of the Province of Kwangtung lying east of the 115th Meridian, east longitude, and its area is approximately 17,000 square miles. There are about 8,000,000 Chinese in the district along with 200 Americans and Europeans and about 500 Japanese, most of whom are residents of Swatow.

Chief Industries and Occupations.

Most of the natives live either by farming or fishing. The most important single industry is the manufacture by hand labor of laces and linen embroideries. The district is also famous in China for its peweter ware and it has large deposits of clay from which porcelains of fair grade are made.

Motor Roads in District.

There are only some 15 or 20 miles of surfaced roads in the Swatow District over which motor vehicles are run. These roads are in the cities of Swatow and Ch'aochowfu, the two principal cities of the district. Outside of these cities there are some 150 or 200 miles of unsurfaced roads over which buses are run. On about 100 miles of these roads an attempt is made to maintain a daily bus schedule. For almost two years road construction has been practically suspended due to lack of funds since the provincial revenues have nearly all been used by the military.

Motor Vehicles in District.

On January 1, 1931 there were the following number of motor vehicles in the Swatow District.

Passenger

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Passenger cars	68
Motor trucks	15
Motor buses	85
Fire trucks	3
Ambulance	1
Tractor	1
Total	173

Of this number of vehicles it is estimated that only 50 percent are being used at present on account of the unsettled conditions in the interior and the bad condition of the roads. All but two of the motor cars in use in the district are American makes.

Transportation Companies and Agents in Swatow.

There are at present 12 transportation companies operating trucks and buses in the district. Most of them are however in a perpetual state of bankruptcy and are at present only hanging on in the hope that the civil disorders will soon cease.

There are no automobile repair shops in the districts although there are in Swatow agencies for two of the better known American small cars. These agencies keep a stock of spare parts and it is customary for the mechanics employed by the bus lines to make necessary repairs themselves.

Outlook for Future.

The market for motor vehicles in the Swatow district depends entirely on the building and repairing of motor roads and the proper policing of the interior districts which these highways will traverse. There is no market at present for heavy cars and there is practically no market for passenger cars. The only requirement is for light truck chassis to be used mainly for the construction of buses. The local market for heavier cars can quite easily be covered from Shanghai.

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AUTOMOTIVE SITUATION IN YUNNAN CONSULAR DISTRICT.

The Yunnan Consular District comprises the Province of Yunnan and is situated in the extreme south-western part of China proper, covering an area of approximately 146,714 square miles. The district has a population of slightly over 11,000,000 and is among the most backward in China in the use of automotive vehicles.

Chief Industries and Occupations.

About 90 percent of the people are engaged in agriculture. Rice, poppy, beans, wheat and corn are the principal crops. The only industry of any importance is mining and the chief products are coal and tin.

Motor Roads in Province.

According to the American Consul at Yunnan, about 55 miles of new motor road were opened to traffic in Yunnan during 1930. There are between 60 and 70 miles over which motor cars may be operated, running to the east, north and south of Yunnanfu. Some progress was made during the year in providing rolled gravel surface on some of the roads. Before this all roads have been merely earth-surfaced and have frequently proved impassable during the rainy season from June to September.

The Provincial Bureau of Reconstruction states that work will undertaken on nearly 1,000 miles of roadway during the current year. However, due to lack of funds it is not believed that these plans will be consumated on a large scale. As a result of adverse economic conditions in Yunnan, the Provincial Authorities are unable to adequately finance the highway building

program.

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program. Therefore road construction in the near future can progress but slowly. In the meantime the use of motor vehicles will necessarily remain restricted.

Automotive Vehicles in District.

On January 1, 1931 there were 36 automotive vehicles in the Yunnan district, divided as follows:

Passenger cars	9
Motor buses	4
Motor trucks	9
Motorcycles	3
Tractors	11
Total	36

While this shows an increase of 12½ percent over the figures for the previous year the total still remains insignificant. Many of the cars enumerated are believed to be out of commission. All of the buses and trucks are of American manufacture, but only 23 percent of the passenger cars and none of the motorcycles are American makes. All the tractors are American also. The cars which are not American are French makes due to the proximity to French Indo China through which country all cars entering Yunnan must pass and where discriminatory transit dues are levied on cars not of French origin.

Marketing Methods.

The limited market for cars has discouraged manufacturers from trying to push sales in Yunnan. The agencies of French makes are at an advantage, not only as regards exemption from the Tonkin transit dues, but also due to the proximity of the French centers of Haiphong and Hanoi, and the partiality of many local officials to French products.

American

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American cars are usually imported from Hongkong. The periodical visit of qualified representatives of American automotive concerns should do much to stimulate the marketing of cars. There are no public garages or service stations nor any tire and accessory dealers in Yunnan. The Provincial Bureau of Reconstruction maintains a garage for the use of officially owned machines and fairly competent mechanics from outside the province are employed, local workmen not being qualified. Replacements are ordered from Haiphong and Hanoi when wanted.

Outlook for Future.

According to the American Consul at Yunnanfu the immediate outlook for the development of automotive transportion is not very promising. Banditry and unstable government still operates to prevent the increased sales of motor cars along with the dearth of improved roads. The extreme mountainous nature of the country is also an adverse factor, while the extreme poverty of the great majority of the population effectually prevents them from becoming purchasers of foreign goods of any type.

This report has been prepared by Clerk F. M. Allison under the direction of Consul J. C. Huston.

JCH/mcf

In quintuplicate to the Department
One copy to American Legation, Peiping, China.

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SOURCES OF INFORMATION

The preparation of this report was made possible through the cooperation of the American consular officers at the following places:

Tientsin----------Consul A. I. Ward
Harbin----------Consul E. B. Thomas
Hongkong----------Consul Harold Shantz
Mukden----------Vice Consul Andrew G. Lynch
Canton----------Consul Culver B. Chamberlain
Hankow----------Vice Consul James B. Pilcher
Nanking----------Consul General Willeys R. Peck
Tsingtao----------Consul W. Roderick Dorsey
Tsinan----------Vice Consul Ralph J. Blake
Amoy----------Consul John R. Putnam
Foochow----------Consul John J. Muccio
Swatow----------Consul David C. Berger
Yunnan----------Consul Harry E. Stevens
Dairen----------Consul Wm. R. Langdon
Chefoo----------Vice Consul Charles C. Sundell

Aside from these sources of information, which were freely consulted and used in the preparation of the present report, statistics from the Chinese Maritime Customs, the report of the Automobile Club of China, the China Monthly Trade Report compiled by the Commercial Attaché's Office, and various prominent dealers and manufacturer's agents in Shanghai were freely drawn upon as sources of information.

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