

Subject: World Distribution of Newsprint Paper - China

Submitted by: Elizabeth A. Rodgers, Clerk to Commercial Attache.
(Required Report - Reference Letter from Forest Products
Division 12/1/38)

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FOREIGN MAIL

PRODUCTION

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There was no domestic production of newsprint paper on a commercial scale in China during 1938.

The construction of the projected newsprint mill at Wenchow, mentioned in our last year's report, was indefinitely postponed owing to the disrupted conditions resulting from the Sino-Japanese hostilities.

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Reports from the Consulate General at Canton indicate that the Kwangtung Provincial Paper Mill was producing experimental lots of newsprint in the early summer months and expected to start regular production in August. The date for the anticipated commencement of commercial production was later set back until October 1, 1938. However, a radio from the Consulate General dated November 10, 1938, and describing the capture of Canton by the Japanese in late October stated: "Fleeing Chinese, presumably under official orders, destroyed by fire and bombing valuable Government property, including the paper mill, cement mill and power plant". It is not believed that commercial production was ever begun as conditions in South China were already seriously upset by Japanese aerial bombing before the beginning of October. The actual extent of damage to this mill, which was only completed in 1937 at an estimated cost of US\$2,550,000, is not definitely known, but it is believed that it was almost entirely destroyed.

2-29-22
As reported in our weekly economic radio (No. 165, section 3) dated January 13, 1939, news bulletins from Chinese sources state that a new paper mill, the Min Foong Paper Mill, with a capital of yuan 1.4 million has

been organized at Kunming, capital of Yunnan Province, by business and banking interests. Orders have already been placed in Germany for the purchase of equipment capable of producing 5 tons of newsprint paper daily. Further information on this subject will be forwarded when available.

So far as is known, there is no Chinese mill producing newsprint paper at the present time.

EXPORTS

Since China is not a newsprint paper producing country, there was no exportation of newsprint paper from China in 1938, other than that covered by re-exportation abroad of the imported article, as shown in the import statistics given below.

IMPORTS

Import statistics for the years 1938, 1937 and 1936 (last normal year) are given below:

China Imports of Common Printing and Newsprinting Paper
(Made chiefly of Mechanical Wood Pulp)

<u>Countries</u>	<u>1 9 3 6</u>		<u>1 9 3 7</u>		<u>1 9 3 8</u>	
	<u>Quintals</u>	<u>Gold Units</u>	<u>Quintals</u>	<u>Gold Units</u>	<u>Quintals</u>	<u>Gold Units</u>
TOTAL	946,532	6,291,603	1,103,020	9,007,872	391,308	4,284,204
Austria	43,757	271,292	95,665	821,132	---	---
Belgium	--	3	72	649	31	395
Canada	209,171	1,287,286	182,440	1,404,058	19,823	193,113
Czechoslovakia	1,410	8,528	14,460	120,522	10,341	95,296
Finland	38,513	274,680	57,393	453,934	5,569	65,004
Germany	448,995	2,816,706	433,966	3,157,441	201,102	1,981,066
Great Britain	2,259	15,034	18,756	163,019	5,585	56,019
Hong Kong	56	630	93	953	435	5,490
Japan	97,129	798,319	61,626	596,789	60,998	843,167
Latvia	1,758	18,294	3,082	34,526	240	2,904
Netherlands	4,291	26,689	2,432	17,280	277	3,059
Norway	41,672	320,584	111,591	1,122,387	52,798	664,215
Sweden	53,672	431,430	85,377	826,542	26,882	300,337
U. S. America	2,381	13,089	6,085	50,202	3,694	34,390
Kwantung L. T.	12	90	111	1,276	143	1,930
Other Countries	1,456	8,949	29,871	237,162	4,697	50,355
Re-exported abroad	-8	-69	-300	-2,811	-1,307	-12,536

1 quintal equals 220.4 lbs.

The average value of one Customs Gold Unit during 1936 was US\$0.67645.

The average value of one Customs Gold Unit during 1937 was US\$0.67149.

For computation of trade values, the average value of one Customs Gold Unit during 1938 was approximately US\$0.49147.

The effects of the hostilities upon imports from foreign countries is shown very clearly in the considerable decrease in the imports of this commodity as compared with 1937 and 1936. The extremely low exchange value of the yuan or Chinese dollar in comparison with foreign currencies has also had an extremely dampening effect upon imports from abroad. At present US\$1.00 is equivalent to approximately yuan 6.00, as compared with pre-hostilities rate of approximately yuan 3.50 to US\$1.00.

Approved for transmission:

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