

Granville Woodard,
Asst. Trade Commissioner

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MARKET FOR AMERICAN SARDINES

The only American sardines appearing in this market are the one pound ovals in tomato sauce, which are packed in California. Trade in American sardines first came into prominence in China during the war period when European sardines were more or less off the market. While European sardines cannot be said to enter actively into competition with American sardines, due to difference in quality, price and preparation, the fact that the former were shut out of the China market at that time proved an incentive and likewise provided an opportunity for the successful introduction of the American pack.

Present Market - Shanghai serves as the principal port of import for American sardines, acting as a distributing center for the Yangtze River Valley as well as North China ports. The usual or established channel of distribution is through the foreign import house to the native wholesaler with extensive branches and connections in the various outports and throughout the interior. Sales of the half dozen or more well established brands are effected through local import houses acting in the capacity of agents, or by branch houses of American concerns selling under their own brand.

Seventy-three per cent of the three thousand cases of California sardines sold monthly is divided among four brands. The remainder is split up among twenty or more West Coast brokers, jobbers, foodstuffs distributors and exporters who circularize the trade and who are able to book small orders, if their prices are right. Outside of

three or four established brands, sales of California pack sardines are absolutely on a price basis. Competition as between established brands is keen and prices are shaded to a minimum of profit. The present volume of sales is small when it is considered that it is split up among so many importers. There is no doubt, however, but that sales of California pack ovals will continue to grow, particularly should conditions stabilize sufficiently to permit of a resumption of business with the interior districts. Under normal trading conditions, Shanghai distributes to the numerous Yangtze River Valley ports such as Chinkiang, Nanking, Wuhu, Kiukiang, Hwangchow, Yochow, Shasi, Changsha, Hankow, Ichang, and Chungking. These ports have, however, been in areas subjected to military and political disturbances for some time past so that movements have been considerably restricted if not impossible. Shanghai also acts as a distributing center for North China ports such as Chefoo, Tsingtau, Tientsin, Peking, Mukden, Antung and Dairen. South China ports are served chiefly through Hongkong.

Volume of Imports: Trade in American sardines, which in 1915 totaled less than one thousand cases, has now reached a volume of approximately three thousand cases a month or thirty-six thousand annually. The trade reached its peak during 1920 and 1921 when eight to ten thousand cases were imported monthly, following which the trade declined sharply due to the reappearance of French and Norweigan sardines on the market and the general restriction on import operations growing out of abrupt depreciation of silver. The disturbed political situation was also a contributing factor tending to restrict movements to interior distributing centers and outports due to the unfavorable trading conditions resulting therefrom.

Market for American Sardines

The Chinese Maritime Customs issues a daily bulletin giving an itemized statement of cargo discharged by each ship entering and clearing, through which many firms follow up closely the items in which they are interested. The tables which follow are taken from the Chinese Maritime Customs statistics and represent imports of sardines into Shanghai. They are not representative of the total trade in imported sardines as many firms make it a practice to conceal or cover up their imports from competitors by entering their importations as "canned foodstuffs", with the result that the arrivals are listed accordingly. This is a common practice in many lines in which competition is particularly keen.

IMPORTS OF CANNED SARDINES - SHANGHAI (Amounts shown in dozens of tins)

Country	1922	1923	1924	1925	1926	First 9 mos. of 1927
U.S.A.	16,161	22,986	32,563	18,634	34,969	10,737
Norway	17,480	7,092	20,920	18,343	21,098	2,274
France	3,888	5,007	11,107	2,642	6,792	36
Great Britain	6,217	2,408	2,590	124	1,485	99
Japan		51	422	61	200	57
Germany	90		392	212	6	1,047
Philippine Isles.	619	1,167			28	20
Italy	358		114	254	301	
Canada			904	232		1,583
Sweden						2,111
Oth Countries	4,349	977	802		12,469	

Market for Canned Sardines

While the above statistics are in dozens of tins, there is no indication as to sizes. However, the favored size in Norweigan sardines is the quarter size in tomato sauce so that it is probable that the larger proportion of imports is in this size. Sales of French sardines are divided about equally among the quarter, half and three-quarter sizes.

In connection with the foregoing table, it should again be emphasized that the figures do not indicate the total volume of imports due to reasons previously stated.

American Brands: There are at least seven American brands established on the market which are offered through local import houses acting as agents, or through branch houses or firms in the United States.

In addition to the well known and established brands, any number of brands of West Coast brokers, distributors and foodstuffs exporters are constantly being offered in the market, generally at prices slightly more favorable than those quoted on established brands. While not established in the market, these various brands of the smaller operators do cut into the market considerably and add appreciably to the competition which the established brands must meet.

Other Brands: French, Norweigan and Portuguese sardines in quarters, halves and three-quarter sizes, and packed in olive oil or tomato sauce, are also in the market. The following brands are the leading sellers:

Market For Canned Sardines

Norwegian

<u>Brand</u>	<u>Pack</u>	<u>Size</u>	<u>Retail Prices</u>	
			<u>Local Currency</u>	<u>U.S. Gold</u>
Bjelland's -Fish & Fisherman B	Tomato Sauce	1/4's		\$ 0.115
Bjelland's -Fish & Fisherman	Olive Oil	1/4's		0.14
Stavanger - Small sild	Olive Oil	1/4's		0.14
Trondjem - 1-2-3- Crown brands	Olive Oil	1/4's		0.115 and up
Trandhjem - 1-2-3 Crown Brands	Tomato Sauce	1/4's		0.092 and up

French

Amieux Freres - Golde Label	Olive oil	1/4's		0.276
Amieux Freres - Gold Label	Olive oil	1/2's		0.62
Amieux Freres - Gold Label	Olive oil	3/4's		0.76
Amieux Freres - Gold Label	Lemon	1/2's		0.53
Albert Rouille - Globe Brand	Olive Oil	1/4's		0.253
George Dalidet & Co. -Bon Appetit Sauce Nordelaise		1/4's		0.253

Prices: California one-pound ovals packed in tomato sauce retail for twenty-five to thirty cents local currency, equivalent at current exchange to U. S. \$0.11 $\frac{1}{2}$ to U. S. \$0.14.

The sardine market is in a very unsatisfactory state at the present time from the standpoint of the local seller, due to the continuous cutting of prices by home suppliers. A few native jobbers and wholesalers are caught in an unfavorable position due to this practice. When the Nationalist tax of 35 per cent was proposed last summer, native wholesalers and jobbers came forward and placed substantial orders for No. 1 ovals at prices around U. S. \$4.20, c. i. f. Shanghai, per case of 48, the shipments to arrive before the first of September, the date the tax was to become effective. The threatened increase in duty did not take place and dealers took up their orders at U. S. \$4.20, since which

time, however, prices have been steadily decreasing until today quotations stand at U. S. \$3.95, c.i.f. Shanghai, per case. Consequently, those who did not place orders last July and August are now able to book their requirements at \$3.93, which leaves dealers who booked previously at higher prices out of the market with considerable cargo on their hands, which to move involves taking a loss. The present quotation of \$3.95 represents a drop of 65 cents a case during the past seven or eight months.

Market Possibilities: California sardines packed in tomato sauce are popular with the Chinese, being eaten without further preparation of any sort whatsoever, in contrast to the usual procedure of cooking as is in order with other types of fish eaten by the Chinese. The oval tin is especially popular with the Chinese, so much so that a large proportion of the sales is due to the practice of giving sardines as gifts on occasions such as the Mid-Autumn or Spring festivals. They are also given as wedding gifts. The prices at which California Sardines are sold appeal particularly to the merchant and student class. The native restaurant is the largest single group market for sardines. Sardines also appeal to travellers on steamers and trains as they are easily carried and can be eaten cold. Above all, they are a substantial food which appeals to all classes.

California sardines packed in tomato sauce cannot be said to have any competition from French, Norwegian or Portuguese Sardines offered in China. The cheapest largest selling European sardine sold at the same price of twenty-five to thirty cents local currency at which the California sardine is sold, may be considered four times as expensive as the former is the quarter size in tomato cans whereas the latter is the one pound oval.

Such growth in sales as takes place in the near future is contingent upon the restoration of better business operating conditions. It is estimated that approximately 50 per cent of the California sardines imported into China enter into consumption in the main treaty ports and that fifty per cent are distributed to the interior. Conditions prevailing during the past year have tended to restrict sales to the interior considerably and have consequently reduced the orders of native dealers who distribute to the interior. Under normal operating conditions, California sardines can be purchased as far up the Yangtze River as Chungking, fifteen hundred miles from Shanghai. Due to the transportation charges, however, California sardines which retail for twenty-five cents in Shanghai must sell for fifty cents in Chungking, a factor restricting sales considerably. Given reasonably safe operating conditions, with the re-opening of the interior in trade, a market of considerable significance will be available for development. In the light of the uncertainties at present attending the whole political and economic future of China, no definite statements or assurances as to just when that may come about are possible. Until such time, however, as operations can be carried on with a greater degree of safety than is now possible, little hope can be held out for any significant expansion in sales.