

3 Further Instances of Mal-Practices in Chinese Buying Tactics.

Certain of the Chinese official buying organs or agencies are carrying on practices which constitute an imposition on the American firms with which they are dealing. These firms tell us of these abuses but are naturally apprehensive lest their otherwise good relations and further opportunities for getting business become impaired. Hence they are not too desirous of having their names used, but we can secure names for both sides of these transactions, if desired. The setting up of an official U.S. Government agency such as is suggested in a separate report (which will accompany this report as supplementary ~~XXXXXXXX~~ hereto) could be employed to obviate such circumstances, ~~XX~~ and to elevate the American houses above the point of vulnerability in these matters.

official  
For example we are told that a certain Chinese buying agency holds up its payments to American firms for 30, 60 or 90 days or longer, beyond the definitely agreed (in writing) due date, a practice which is both exasperating to the American firms concerned and costs them money in interest charges, thus reducing or eliminating their originally calculated profit.

Another unfair practice is to call for bids on an open competition



basis, implying that the lowest bidder would be expected to get the order, and then secretly showing say an American concern's bid to German or other "friends" (probably for a consideration), enabling the latter to slip in a second bid to replace their first. ~~THEY WOULD THEN BE OBLIGED TO ACCEPT IT~~  
Then, after bidding on a certain basis, say for cash or 90 days, the Government buying agency will, after accepting the bid, introduce all sorts of stipulations having to do with "terms" of longer duration.

In dealing with an official American agency such as proposed (in separate accompany report) these tricksters in Government agencies would not be so likely to "try on" these petty schemes. Also American bidding in connection with loan or credit propositions could be done on the basis of standardized current terms as decided upon in a well thought out policy, obviating the playing off of one firm against another, a situation in which individual firms are coerced or wheedled into competing on ~~XXXXX~~ terms, one or another firm finally giving way and probably giving more liberal terms than ~~the~~ warranted. Merchants should not be obliged to enter into financing. They are not bankers. That part of business should be facilitated for them by a competent financing and credit board. It would facilitate their



ability to secure banking accommodations if all such transactions could be  
American  
reviewed and passed upon by a competent Commission of the sort.