

Shanghai,
February 4, 1928.

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS

OF THE AMERICAN CHAMBER OF COMMERCE -

Friday, February 3, 1928.

- (1) It was moved, seconded and carried that Messrs. Evans and Holcomb be appointed members of the American School Board, representing the Chamber.
- (2) The matter of a telegram to be sent to the United States Chamber of Commerce meeting at Honolulu, being held February 8th and 9th, was discussed and was finally decided that such a telegram should not be sent, there being only one dissenting vote against this move.
- (3) The President read the protest of the Chamber to the Consul General in regard to the stamp tax; also Mr. Cunningham's reply. No further action was taken.
- (4) Mr. Bolton made inquiries regarding the surtax on coastwise shipping under which the Nationalist want to impose a 1½% tax and to eliminate drawback entirely. He said that a protest ought to be made against this change in the treaty tariff regulations. It was decided that this subject would be brought up at the next meeting and that Mr. Bolton be supplied on that ^{occasion} ~~question~~ with complete information as to the status of this particular tax.
- (5) Mr. Bassett informed the meeting of the agreement reached between his own company (British-American Tobacco Co.) and the Nationalist Government under which imported cigarettes are to pay a total tax of 27½% ~~or~~ ^{OR} 5, 2½ and 20% consolidated tax, the arrangement to cover five provinces. The same arrangement provides for a total tax of 22½% on the Customs valuation

of domestic manufactured cigarettes. Mr. Bassett pointed out that the 5% margin was not a protection or encouragement to native cigarette manufacturers as material used in the manufacture of cigarettes is ~~highly~~ ^{highly} dutiable under luxury classification. It was brought out that the B.A.T. arrangements with the Nationalist Government provide for a sufficient number of stamps to carry them for two months' business.

(6) Mr. French brought up the subject of Governor-General Stimson's new appointment as Governor-General of the Philippine Islands and the matter of cabling him to be a guest for a full membership meeting of the Chamber. Mr. Raven suggested that this be arranged but Mr. Bassett suggested that the function should be a community affair under the auspices of the Chamber, i.e. a subscription dinner to which all Americans would be invited. This idea was approved and Mr. Raven suggested also that Governor-General Stimson be invited to a Board meeting as well so that he might have a more intimate discussion with the Directors of the Chamber. The President referred the entire matter to the attention of the Entertainment Committee.

(7) Mr. French announced that Mr. Calder was the guest of honor of the Board for the day, it being the last occasion on which he would be present at a Board meeting prior to his departure for the United States. Mr. French pointed out that he regarded the relations of the Department of Commerce to the Chamber as important and that he felt that the Chamber might look to the Department of Commerce as a source of official help which would be especially beneficial if the Department of Commerce would maintain an informational service on China trade which would bring to the consciousness of the American people the importance of China as a future outlet for American products. He stated that reports issued by the Commercial Attache's organization and

distributed through the Department of Commerce in the United States would ~~be~~ be regarded as more authoritative than anything the Chamber itself or any local organization might put out, as the information would be coming from a reliable official source and would be valuable in bringing about a true understanding of the situation in China on the part of manufacturers, exporters, producers and others interested in the ~~full~~ ^{future} development of this market. Mr. Calder then made a number of remarks in connection with the activities of the Department of Commerce, expressing the view that there are doubtless certain ways in which the Commercial Attache's organization in China could be more effective in the way it assists local firms, and pointing out that it has always been Mr. Arnold's object to maintain an adequate informational service in this organization. Mr. Calder pointed out that the monthly reports of the Commercial Attache's office go to more than 600 recipients in the United States; that funds this year have not been sufficiently adequate to put this report out and that the organization has been unduly strained in this particular phase of its work because of inadequate help. Mr. Calder expressed sympathy with the contentions of certain business houses locally that the trade promotional activities of the Commercial Attache's organization in this troubled period in China in some ways might be regarded as misdirected effort, and expressed the view that until volume business in general lines is possible it would probably be just as well for this organization not to attempt to establish ~~any~~ ^{new} trade channels through which to distribute the limited amount of business in certain lines. After Mr. Calder's talk a lively discussion ensued, pro and con, as to the way in which trade promotional and informational services carried on by the Commercial Attache's organization would effect the position of American firms

already established here in the field. It is of interest to note that the firms dealing in commodities, few which there is already a huge volume of business under way, do not regard with any ^{particular} feelings of apprehension the introduction of new competition in the market, but the firms dealing in commodities which have not yet reached a huge volume of business in China trade feel strongly that we should refrain from introducing competition which will upset market conditions and take away part of the small volume of business they may now be doing and divert it through other channels. This discussion brought out prominently the fact that no two firms have exactly the same conditions to deal with and while some may welcome competition or laugh at it, others keenly object to any competition being introduced.

A. Bland Calder
Acting in the absence of
Warren Hanley, Secretary,
AMERICAN CHAMBER OF COMMERCE