

is due to a general rise in prices, but by means entirely—as will be seen from the following comparison of the quantities of the 10 chief exports in 1913 and 1919:—

	1913.	1919.
Raw silk..... Piculs	149,000	165,000
Seed oils..... "	1,287,000	4,433,000
Beancake .....	11,818,000	20,725,000
Beans..... "	10,325,000	15,119,000
Wheat..... "	1,848,000	4,453,000
Flour..... "	119,000	2,694,000
Raw cotton..... "	739,000	1,072,000
Sesamum seed... "	2,035,000	2,838,000
Goat skins..... Pieces	7,794,000	13,832,000
Tea..... Piculs	1,442,000	690,000

The returns for this division of trade show increase or recovery in all articles of any importance except tea and certain metals, the demand for which ceased with the signing of the Armistice. In other respects the table presents no unusual feature, unless it be the unprecedented exportation of cereals, including over a million piculs of rice, the embargo on which was removed in favor of Japan in order to meet serious shortage in that country caused by excessive exportation and the partial failure of the crop in 1918. Silk and its products remained by far the most valuable of China's exports, raw silk alone representing over 100 million taels. Next in order of value came seed oils, 46 million; beancake, 44 million; beans, 39 million; cereals (including flour), 36 million; raw cotton, 30 million; skins and hides, 26 million; seeds and seed-cake, 25 million; eggs and egg albumen and yolk, 25 million; tea, 22 million; metals, 22 million; wool, 14 million; sugar, 9 million; frozen and preserved meats, 8 million; cotton goods, 7½ million; coal, 7 million; straw braid, 7 million; tobacco, 7 million; cigarettes, 6 million; groundnuts, 6 million; lard, 4¾ million; bristles, 4¾ million; fibres, 4 million; china-ware, 3¾ million; grass cloth 3 million.

In compiling much of the information given in the notes that follow I have to acknowledge the kind assistance of firms engaged in the various trades dealt with.

*Silk*—The year opened with the market still under the depression that immediately followed the Armistice. None of the consuming centers could be tempted to buy in spite of the very low level to which tael prices declined, and in consequence stocks accumulated here until, with the approach of the China New Year, the situation became alarming. Fortunately, a temporary loan of *Hk. Tls.* 1,000,000 granted by the government helped the filatures to make their usual financial arrangements, and the crisis was averted. The stagnation continued until about the end of March, when an extraordinary boom in silk started and resulted in the liquidation of long-held stocks with such rapidity that attention had very quickly to be turned to contracts for the new season's silk for delivery the following June and onwards. The result was that prices were forced up with astonishing rapidity. Best grade steam filatures, which at the beginning of April were selling in the neighbourhood of *Tls.* 750, had by the end of May advanced by well over *Tls.* 100. This, however, had no restricting influence on demand, and with the new season's cocoons shortly having to be marketed, filatures found themselves faced with comparatively high costs for the coming season, and the prospect of more than the usual irresponsible gambling in cocoons.

## The Trade of China For 1919

By F. S. Unwin, Statistical Secretary, Inspectorate General of Customs  
 (Concluded from last week)

**Exports.**—The total value of exports abroad of Chinese merchandise in 1919 is given in the attached tables as *Tls.* 630,809,411, equivalent at *6s. 4d.*—the average rate of exchange for the year—to £199,756,331. In sterling this represents an advance of 55 percent over 1918, of 228 percent over the pre-war year 1913; in silver, of 30 percent over 1918 and 56 percent over 1913; and is far the highest figure recorded in the history of the country. To a very considerable extent, no doubt, this remarkable increase

Unfortunately, the cocoon crop, harvested in May and June, proved very poor in quantity and quality, owing partly to over-production stimulated by high prices and partly to unfavourable weather causing disease in the worms. Throughout the remainder of the year demand from consuming centers was well maintained, the outstanding feature being the extraordinary buying capacity of America. Supply lagged behind demand, and at the end of the year the prices for best chops steam filatures stood at about *Tls.* 1,200, showing an advance of nearly *Tls.* 500 during the 12 months in the face of a continually rising exchange. As a matter of interest it may be recorded that the increase in value when expressed in gold was from about U.S. \$6.50 a pound to something like U.S. \$15 for best chops steam filatures—a striking testimony to the increasing popularity of silk fabrics in Europe and America. Taking the year altogether, it was a remarkably good one and for the most part profitable to those interested in it. But the steam filatures, faced with continually advancing—prices, had to cover their sales of silk at prices which showed a very meager return. Generally speaking, the quality of the new season's silk showed a considerable falling off.

*Tea*—The quantity of tea exported abroad during 1919 was: green, 249,711 piculs; black, 288,798 piculs. These figures show a considerable advance over those of 1918 but with that exception are the lowest yet recorded, mainly owing to the elimination of the Russian market. I have been favored with the following notes on the trade of the 1919-20 season. *Kiukiang and Hankow Black Teas*.—The season 1919—20 has been nearly as disastrous as that of 1918-19, trade with Russia being still impossible and other markets unable to absorb even a very small crop. Restrictions on shipments to London of China black tea were removed early in 1919, but for consumption in Britain, China tea is handicapped by a duty of 1s. per pound, compared with a duty of 10*d.* per pound on British-grown teas. After constant endeavour on the part of the China Tea Association, backed by native merchants, the government took off the export duty on tea for two years from October 10, 1919. The *likin* tax was also reduced by half. It is much to be hoped the export duty will be imposed again and that the *whole* of the *likin* tax will be taken off. The lack of demand has led to a further curtailment of supplies, and the prices obtained for the small crop produced have shown considerable losses to growers. The position is most unfortunate, more especially as regards Keemuns—the most popular kind of China tea,—for unless foreign markets are able to pay higher tael prices in the near future, growers will either only prepare teas for the home market or else turn their attention to other kinds of produce. The Keemun crop for export was about 40,000 piculs. The quality was fair, but the make bold and uneven, showing evident want of care in the preparation. Costs up country were on about the same level as the previous season, but the loss to growers is estimated at about *Tls.* 150,000. The quantity produced from the Ichang district was again negligible, being only 1,000 piculs in all. *Ningchow and Moning Teas*.—The amount of leaf available for export was small, about 15,000 piculs, but up-country costs were about the same as last season. The quality was fair, but the leaf poor. The estimated loss to growers is about *Tls.*

80,000. *Hunan and Hupeh Teas.*—The production for export was only about 65,000 piculs, quality being average but the make very poor. Most of the leaf appeared to have been picked rather late. The estimated loss to growers is about *Tls.* 150,000. There is still a stock in Hankow of 30,000 piculs of 1918-19 tea and 15,000 piculs of 1919-20 tea, for which at present there is very little demand. Only 3,000 piculs of second crop black tea have been made this season. As in 1918-19, the market for black tea was in Shanghai, and this is likely to remain the center of the tea trade for North China until Russia once more becomes a buyer. Of the new estates being worked on modern lines, the Ninchow Tea Planting Company produced this season about 70 piculs of fine tea, which sold at *Tls.* 40 per picul. This estate will come into full bearing (estimated production, 5,000 piculs per season) in about seven to eight years from now. *Green Teas.*—Production was slightly more than in the previous season—193,000 piculs, against 184,000 piculs in 1918-19. The production of hyson, however, again shows a large falling off—17,500 piculs, compared with 30,000 piculs in the previous season. Even this small supply has proved too much for the consuming markets, and there is a stock in Shanghai of nearly 10,000 piculs, which at present appears to be quite unsaleable. Should, however, there be an increased demand from North Africa, this stock could be converted into teas suitable for that market (namely, gunpowders and Foongmees). The Pingsuey crop was 70,000 piculs, compared with 65,000 piculs in 1918-19. The cost up country was about 20 percent cheaper than in 1918, but the quality on the whole was distinctly poor. The export to date to the United States and Canada is slightly in excess of the previous year's figures, but there is still unsold in Shanghai a stock of 10,000 piculs. The market in the United States slumped badly during the latter part of 1918, and up to date it has not recovered, the consequence being that the prices obtained show heavy losses to the growers. The estimated total loss is about *Tls.* 300,000. The export of green tea to Europe and North Africa has been largely in excess of the previous season (to date 10 million pounds, against 2½ million pounds during 1918-19), but it is to be hoped that the increasing demand in North Africa for green tea will be able to absorb the increased supply. Of the total quantity of tea shipped abroad in 1919, Great Britain took 69,401 piculs of green and 137,684 piculs of black (both notable advances on the figures of recent years); France 53,632 piculs of green and 7,808 piculs of black; the United States of America, 72,931 piculs of green and 10,514 piculs of black. For Russia a total of over 22,000 piculs of black tea was shipped by land and Pacific ports, of which little, it is to be feared, reached its destination.

*Beans and Bean Products.*—The export figures of beans show an increase of 46 percent over those for 1913. The European market came into full swing again, and the agricultural development of Manchuria, already referred to in the section on Manchuria, has been so great in recent years that the farmers were fully able to cope with all demands. It is estimated that in the last 10 years the production of beans has increased 50 percent. The actual export of these was not very much greater than in 1909, when beans first became prominent as an article of export, but

that of beancake was almost double (75 percent ahead of 1913, when the crop was poor) and bean oil has increased about sixteenfold. The manufacture of beancake and bean oil is now one of the most important industries in China. As regards distribution, Russia has been ousted as the chief customer for beans by Japan, in which country a large proportion is crushed and the oil exported to the United States, the cake being retained for fertilizing purposes. The export figures for beancake were 11,818,443 piculs in 1913 and 20,724,769 piculs in 1919, practically the sole importer being Japan, where the farmers were enabled to purchase large stocks owing to the high prices they obtained for rice in 1918. Great Britain, Denmark, and the Dutch Indies are the other chief importers of beans, and the United States, Great Britain, and Sweden of bean oil.

*Cereals: Rice.*—The extraordinary demand for rice in Japan and Siberia—primarily due to short crops in 1918—led to the raising of the standing embargo on this grain to the extent of over a million piculs and diverted from the south of China the customary supplies from Indo-China and Burma. The simultaneous drain on the Hongkong market for America, Australia, and Europe raised prices dangerously in that colony, and a crisis was only averted through the taking over by the government in July of all dealers, stocks and the fixing of the retail price at \$21, \$15, and \$12.50 for first, second, and third grades of rice. Legislation of a similar kind had to be resorted to in Singapore. The shortage was severely felt throughout South China in spite of the relief afforded by the shipment of over 9 million piculs from Anhwei, where the crops were unusually abundant. The universal demand, however, prevented any fall of prices, which rose to \$9.20 a *shih* in Shanghai.

*Cereals: Wheat and Wheat Flour.*—The development of wheat cultivation and the attendant increase in the flour-milling industry are a conspicuous feature of the economic history of recent years. Many writers have drawn attention to the wheat-producing potentialities of Manchuria, but less is known of those of North China and the Central Yangtze region, where, however, the greatest advance has been made in respect of increased production. To illustrate the change that has taken place no comparison could be more effective than that between the figures of 1913 and those of 1919, when 119,451 and 2,694,271 piculs of flour respectively were exported. Japan and Russia took one-third each of the 1919 export, the remainder being divided between Great Britain, the Philippine Islands, and Hongkong, from which port large quantities are normally sent to French Indo-China. The imports of flour, which were 2,596,821 piculs in 1913, had shrunk to 271,328 piculs in 1919. Of wheat, 4,453,471 piculs were exported abroad in 1919, against 1,848,071 piculs in 1913, Japan taking about 44 percent and Siberia about 55 percent of the former amount. Besides this, there is a very large inter-provincial trade in wheat and flour, and there can be no doubt that, owing to its comparative cheapness, the use of wheat flour is becoming as general in China as it is in Japan, where the production has increased 54 percent in the past 10 years.

*Raw Cotton.*—Exports abroad maintained a fair average in spite of the greatly increased demands of

the domestic industry. Of the quantity shipped abroad in 1919—1,072,000 piculs,—Japan took 912,800 and the United States of America 112,000 piculs. Although cotton is grown in no less than 14 of the provinces of China, the important producing areas are at present confined to Chihli, Western Shantung, Honan, Hupeh, Kiangsu, and Chekiang. Hankow, which taps the Hupeh and Honan cotton districts, is a growing center of the spinning and weaving industry and the main channel of supply for Shanghai and for export. Tientsin, which has 150 weaving establishments and three large modern spinning mills, is shortly to build several more of the latter, and it is anticipated that the cotton area of Chihli and Western Shantung, from which Tientsin derives its supplies, will undergo a very considerable development within the next few years. At present, however, Shanghai overshadows all other centers of the industry and has made remarkable strides during the war period. In 1913 the deliveries of raw cotton in Shanghai were only 614,000 piculs, of which 135,000 piculs came from abroad. In 1919 this total had increased to 1,333,000 piculs, imported by steamer, junk, and rail, 205,000 piculs coming from foreign countries. 700,000 piculs were exported from Shanghai and the balance—633,000 piculs—presumably represents the consumption of the Shanghai mills.

The overseas export of cotton from all ports shows a decrease from 1,292,094 to 1,072,040 piculs—Japan, practically the only customer, having bought largely in other markets. The exports of yarn, however, show an increase—from 27,745 to 67,203 piculs. An interesting sign of the times is the shipment of 13,000 piculs to Great Britain. There can be little doubt but that the production of raw cotton is increasing in China, as the shipments at ports of origin, which were only 953,000 piculs in 1913, had increased to 2,185,000 piculs in 1918. The slight decrease to 2,022,000 piculs in 1919 may be attributed to increased local consumption. A recent writer states that an increase of 250,000 spindles may be expected in the near future, and to provide for these production must be further extended. It is to be hoped that the attempts being made by the Cotton Association to improve the quality of cotton may meet with better success than in the past, and that the efforts of such an enlightened official as the present Governor of Shansi to extend cultivation may cause others to emulate his example. Recent estimates of China's total production vary from 10,000,000 to 12,000,000 piculs a figure which places her third on the list of cotton-producing countries. In view of the world-wide demand, reflected in the unprecedented prices now paid for raw cotton, China is now in a position to take advantage of these favorable circumstances and to become a formidable competitor of her rivals.

*Sesamum Seed*—The quantity exported during 1919 was 2,838,504 piculs, as compared with 223,200 piculs in 1917 and 234,103 piculs in 1918. This figure can only be regarded as a recovery from war conditions, which had effectually put a stop to shipments to the Netherlands, Germany, and France—up to 1914 the principal consumers of this article. In 1910 export had risen to 2,730,763 piculs—the average for the 1909—13 quinquennium being over 2 million piculs. With the cessation of hostilities, the market for sesamum seed, together with all other oil seeds, was bound to be among the first to recover, the demand being accentuated during the war and only the

difficulties of transport having kept the export to such low proportions. The year 1913 could be taken as an average year for export of seeds, which amounted to about 120,000 tons, and this figure would probably have again been reached in 1914 were it not for the complete stoppage of all trade during the last four months. After the first shock of war, business was again organised to meet the prevailing conditions and a normal export was possible, but after this year—and particularly in 1917 and 1918—the submarine warfare and its effect on shipping made itself felt, particularly with such bulky cargo as sesamum seed. There were practically no shipments to Europe, and Japan was the only outlet. As soon as the Chinese planters realized that the export business had to stop, they at once reduced the area under cultivation, which would even have been smaller than it was had there not been a few optimists who believed that the then existing stagnation had to be followed by a very large demand, and took the opportunity of the prevailing depressed market to lay in stocks for storage in China to be shipped as soon as shipping conditions altered. Though this appeared to be a very large risk, as sesamum seed is liable to deterioration through long storage, especially in such a climate as this, yet in spite of various expenses in maintaining the seed in as good a condition as possible, and in spite of a naturally resulting loss in weight, their foresight has been crowned with success. In spite of the rise in exchange in 1919 and the competition from India, which market did not suffer so much from this effect, both tael and sterling prices rose very considerably and it became once more very pro-

fitable for the Chinese to extend their areas under cultivation. The first flush of replacing the depleted stocks in Europe having now passed, there is a temporary lull, whilst so many countries have still to put their factories and business on a sound basis again, but we fully expect there will be no retrogression in this trade and that the figures of pre-war days should easily be maintained, if not surpassed. The future for this article, as one of the principal exports from China, should be most promising provided both growers and dealers can be induced to pay serious attention to the cultivation and preparation for export and successfully resist the temptation to adulterate.

*Seed Oils*—These include bean oil, already dealt with under beans. The export of groundnut oil rose to the quite unprecedented figures of 1,224,173 piculs, valued at *Hk. Tls.* 13,949,441, the leading customers, Japan and the United States, having largely increased their purchases. The latter country only began to take this oil in 1916. The chief feature of this development is the great increase in the oil-producing capacity of Tsingtao, but there has been a general increase at all the ports in the groundnut-growing districts. The trade in sesamum seed oil, although not important, shows an increase from 20,622 piculs in 1918 to 37,755 piculs, valued at *Hk. Tls.* 438,326, in 1919, which indicates that it is progressive. The United States is again a new factor in this trade.

*Wool oil* shows another record figure—613,455 piculs, valued at *Hk. Tls.* 7,960,968—and represents a 25 percent increase on the 1918 figures, which were slightly larger than those for 1913. The chief feature

in regard to this item is the appearance of Canada as a large purchaser, with 128,793 piculs. Wood oil is now shipped in barrels to the Pacific Coast ports, where it is discharged direct into tanks, thereby greatly minimising the risk of loss.

*Skins and Hides*—The trade in undressed buffalo and cow hides reached the record figure of 498,038 piculs, valued at *Hk. Tls.* 15,184,344, in 1913, most of the large European countries (including Germany) being important customers. The war increased the prices paid, but not the export, and the United States and Japan became the chief importers. Since 1918, however, there has been a pronounced decline in the exportation, which in 1919 amounted only to 383,333 piculs, valued at *Hk. Tls.* 10,361,381. 1919 is the record year for untanned goat skins, of which 12,732,290 pieces, valued at *Hk. Tls.* 8,588,740, were exported. The United States increased its purchases by over 40 percent over 1918, and the American tanneries seemed willing to pay surprising prices throughout the season. Prior to 1914 the prices for the better grades were approximately *Shanghai Tls.* 80 per picul, but recent prices have risen to the astonishing level of *Sh. Tls.* 180 for the finest grades, the lower qualities benefiting in proportion. The Japanese market, to which large quantities of goat skins were sent during the war, has been unable to keep up to this level, and exports to Japan have declined to small proportions, leaving the United States as practically the sole purchaser.

*Straw Braid*—After a period of depression during the whole of the war straw braid recovered, in 1919, the position it had attained in 1913, viz., 102,604 piculs were exported, as against 101,037 piculs. The value, however, increased from *Hk. Tls.* 5,074,043 to *Hk. Tls.* 7,717,587, but in spite of this, profits made are said to have been very small.

*Sheep's Wool*—Record figures were also reached in wool, of which 365,826 piculs, valued at *Hk. Tls.* 11,609,979, were exported. The trade collapsed, however, at the end of the year, New York, the chief market, being overstocked. Japan's purchases were considerably reduced, and the prospects of the trade are said to be gloomy.

*Bristles*.—Exports decreased from 71,611 piculs, valued at *Hk. Tls.* 6,682,464, in 1918 to 51,631 piculs, valued at *Hk. Tls.* 4,748,890, in 1919; the latter figures were, however, approximately the same as in 1913. Great Britain's imports from China are almost double those of 1913. Toward the end of the year values throughout the consuming countries of the world declined sharply, and with the falling off in demand silver values are likely to be forced much lower. The precautions taken against anthrax will also affect this trade.

*Grasscloth*.—The trade in this article, the exports of which were 26,277 piculs, valued at *Hk. Tls.* 3,138,082, is confined entirely to Asiatic countries, Korea taking over four-fifths of the cloth. As regards ramie, the fibre from which grasscloth is made, the trade has fallen into the hands of Japan, which took over 90 percent of the export of 210,941 piculs, valued at *Hk. Tls.* 2,732,847—a considerable decrease on the figures for 1918.

The articles mentioned below, though so far constituting exports of relatively small value, deserve attention as likely to command an expanding market abroad in the near future.

*Camphor*.—23,093 piculs exported in 1919. Efforts are being made in Kiangsi and Fukien to restore and extend the cultivation of this valuable product, for a long time past the monopoly of Formosa. *Gum-resins*.—The quantities exported in 1919 reached a total of 1,302,269 piculs, as compared with 530,669 piculs in 1918 and 471,318 piculs in 1917 and a yearly average of about a million piculs during the five years preceding the war. The principal foreign markets for this article are France, Italy, and the Netherlands. *Human Hair*.—The demand in Europe for this remains remarkably steady, but slackened during the war. The export in 1919 was 24,537 piculs—equal to the average for the four years preceding the war. *Lace*.—Value of export in 1919. *Hk. Tls.* 2,080,591, as compared with *Hk. Tls.* 954,713 in 1918 and *Hk. Tls.* 618,441 in 1917—a product of domestic industry in Eastern Shantung. In spite of a considerable falling off in quality due to the use of inferior thread, the demand for this article in Europe, America, and Australia is steadily increasing. *Lard*.—Prior to the abnormal advance in silver and exchange rates during the autumn and latter part of 1919 considerable quantities found a ready sale in the United Kingdom and Continent, but owing to the prohibitive level to which prices were forced in consequence of native suppliers unwillingness or inability to reduce first cost to workable limits, the home governments decided to place the article on the controlled list, with the result that little or no new business has been transacted for several months, suppliers holding on to their stocks in the hope that exchange would decline and enable them to secure higher prices. The present maximum price in the

United Kingdom, at which arrivals must first be offered to the government, is £150 per ton, which at current exchange makes the value here about *Tls.* 19.50 per picul f.o.b. steamer—sellers refusing to consider business below about *Tls.* 22. The home-controlled price is approximately 16*d.* per pound—a high value for Chinese lard—and it is to be hoped that native suppliers will readily realise the importance of bringing prices into line with other producing countries rather than run the risk of being closed out of the world's markets for all time. *Leather and Leatherware*.—The shipments abroad of leather and leatherware were greatly stimulated by the war. In 1917 49,381 piculs valued at *Hk. Tls.* 3,260,000, were exported, as compared with an average of 16,000 piculs before the war. In 1918 exports fell to 30,000 piculs and in 1919 to 24,000 piculs, but still remained considerably in excess of pre-war figures. *Liquorice*.—The exports of liquorice rose with a jump from 59,000 piculs in 1918 and 77,000 piculs in 1917 to 157,000 piculs in 1919—the pre-war quinquennium average having been little above 20,000 piculs. For a time Chinese liquorice took the place of the root formerly supplied by Russia and Turkey. It is largely used in the manufacture of tobacco and chewing gum in the United States. *Meats, Fresh or Frozen*.—381,925 piculs, valued at *Hk. Tls.* 3,849,667, were exported, principally to Great Britain and Russia. The war stimulated the demand for meat in the two countries mentioned, and it is satisfactory to be able to record a continuance of the trade. *Meats Prepared or Preserved*.—This includes preserved game and poultry, and the figures—262,050 piculs, valued at *Hk. Tls.* 3,811,367—represent an increase of almost three times those for



1918 and over 10 times those for 1913. *Nutgalls*.—Nutgalls before the war were exported mainly to Germany. The quantity shipped abroad in 1919 was 34,555 piculs only, in 1918 and 65,890 piculs in 1910. *Vegetable Tallow*.—The exports abroad of vegetable tallow were 164,544 piculs—a figure considerably below pre-war shipments but a slight advance on 1917 and 1918.

*Metals and Minerals*.—Antimony, pig iron and iron ore, tin, and a certain amount of copper are the principal metals China has been able to export abroad so far. Antimony reached high figures before and during the war, its value rising steadily up to 1918, but after the Armistice the demand—created by the war—fell away, and at the end of 1919 prices were 64 percent below those a year previously, with the result that exports of the three divisions of the metal—regulus, crude, and ore—were reduced from 273,928 piculs, valued at *Hk. Tls.* 2,259,546 (which figure itself was only one-third of the value exported in 1917), to 147,541 piculs, valued at *Hk. Tls.* 635,998. The export of copper ingots and slabs, which had shown an enormous decrease in 1918, further declined to the negligible figure of 9,153 piculs in 1919. Pig iron, on the other hand, was exported in about the same quantities—2,710,231 piculs, valued at *Hk. Tls.* 8,175,024—as in 1918, but this value represents a 50 percent decline in price for the metal. The most important feature in the metal trade of 1919 is the greatly increased export of iron ore—from 6,261,062 piculs, valued at *Hk. Tls.* 1,359,596, in 1918 to 10,588,379 piculs (roughly, 630,000 tons), valued at *Hk. Tls.* 2,402,524. This ore is derived from the Tayeh mines and from new mines near Wuhu in equal quantities, and there is also a small supply from Kiaochow. The whole amount of iron ore exported from China goes to Japan, which also controls the large deposits at Anshan in South Manchuria and which took the manganese ore from Changsha and Pakhoi. Manganese is included in the heading "Ores, Unclassed," in which are also to be found the very important ores wolframite and molybdenite. In the first of these the trade, purely a product of the war, declined with the falling off in prices, from 155,485 to 39,020 piculs, and many mines and surface deposits, which are found over an extensive region in the provinces of Kiangsi, Hunan, Kwangtung, and Kwangsi, ceased working. Molybdenite, an ore often found in association with wolframite, has been little worked in China, but is known to occur in Kwangsi (Liuchow district), Kwangtung, Fukien, and Chekiang. Tin is a product of the Yunnan mines and appears in our returns as an import into Hongkong. During 1919 the output fell off considerably.

*Shipping*.—The number and tonnage of vessels entered and cleared—209,754 vessels, of 95,725,935 tons—show a satisfactory recovery from the effects of the war, the tonnage being the highest yet recorded. Vessels under the American flag—4,433, of 2,569,888 tons—doubled in number and tonnage as compared with 1918. British advanced from 31,034, of 29,911,369 tons, to 36,074, of 36,284,312 tons; Japanese, from 24,961, of 25,283,373 tons, to 27,182, of 27,532,449 tons; and Chinese, from 43,638, of 16,984,523 tons, to 49,043, of 22,553,448 tons, not including junks. With the exception of the last, in

which many coasting steamers and launches find a place, the additions consisted entirely of ocean steamers.

*Freight.*—During the first three months of the year the tonnage available for the United Kingdom and the Continent was so plentiful the supply exceeded the demand, cargo offering being scarce owing to the uncertain conditions of the home markets, and rates generally were weak. Conference rates were reduced in February from 150s. to 120s. per ton for general measurement cargo. Some improvement in the situation was noticeable toward the end of March, and a fair amount of inquiry for space was reported in April, further reductions of rates were made by the China Homeward Freight Conference, the result of which was that ordinary general cargo paid 100s. per ton of 40 cubic feet—cargo exceeding this space paying proportionally. From that time onwards the homeward freight market assumed a lively aspect, and the demand for space increased to such an extent that the supply of tonnage was totally inadequate to cope with the situation. But the unfavourable exchange, coupled with irritating delays in cables to and from Europe and labour troubles in the homelands, combined to restrict the otherwise flourishing export trade, so that at the close of the year demand for space had fallen off considerably—the supply of tonnage at that time even exceeding requirements.

On the Pacific the uncertainty about prices, the lifeless state of markets, the high exchange, and the fact that restrictions on imports into the United States had not been fully removed, all tended at first to restrict the free flow of exports from China to America. Only small lots of cargo were offered for forwarding by the Pacific route. On January 20, the Transpacific Freight Bureau lowered the rates for general cargo from G. \$40 to G. \$30 per 40 cubic feet or 2,000 pounds at ship's option, and this tariff was further reduced for certain commodities from the March 10. From the middle of the year on the freight market showed signs of improvement. Demand for space increased considerably, and steamers on the various trans-Pacific routes found no difficulties in obtaining the necessary cargo. Rates went up from the October 1, as a result. But once more the high rates of exchange interfered with business, which gradually assumed a quiet aspect, and the year closed with little cargo offering and ample tonnage for all that came forward.

#### TREASURE.

*Gold and Silver.*—According to the tables that follow this report (page 106) there were imported into China, in bars and coin, gold of the value of 51 million Haikwan taels and silver 62 million Haikwan taels. These figures may be taken as fairly correct for silver, but do not include the considerable amounts of gold

which reach this country from America by parcel post and are not declared at the Customs. A return for 1919, published by the American authorities and quoted in the *North China Daily News* of the March 25, 1920 gives the total shipments to the Far East as follows:—

	<i>Gold.</i>	<i>Silver.</i>
	—	—
	G. \$	G. \$
Japan .....	94,114,189	...
China .....	79,295,738	87,828,718
India .....	...	109,180,051

Converted at the average exchange rate for the year—*Hk. Tls.* 1-G. \$1.39—these figures make the importation of gold, from America alone, 57 million Haikwan taels, and of silver 73 million taels. The imports and exports of gold and silver for the past 10 years are shown below, Hongkong and Macao being treated as domestic ports in the case of exports and as foreign in that of imports.

YEAR.	GOLD.		Net Import.	Net Export.
	Imported.	Exported.		
	<i>Value, Hk. Tls.</i>	<i>Value, Hk. Tls.</i>	<i>Value, Hk. Tls.</i>	<i>Value, Hk. Tls.</i>
1910.....	3,559,424	4,480,860	...	921,436
1911.....	4,023,530	2,469,027	1,554,503	...
1912.....	9,296,528	1,361,581	7,935,147	...
1913.....	3,065,290	4,405,733	...	1,340,443
1914.....	861,167	13,477,036	...	12,615,869
1915.....	818,827	16,671,050	...	15,852,223
1916.....	19,903,117	2,083,780	17,819,337	...
1917.....	13,871,778	2,006,591	11,865,187	...
1918.....	1,228,542	47,613	1,180,729	...
1919.....	51,078,643	1,583,052	49,495,591	...

YEAR.	SILVER			
	Imported.	Exported.	Net Import.	Net Export.
	<i>Value, Hk. Tls.</i>	<i>Value, Hk. Tls.</i>	<i>Value, Hk. Tls.</i>	<i>Value, Hk. Tls.</i>
1910.....	44,598,554	6,002,747	38,595,807	...
1911.....	61,082,957	3,405,238	47,677,719	...
1912.....	45,098,297	10,620,157	34,478,140	...
1913.....	55,711,490	6,617,881	49,093,609	...
1914.....	16,498,744	8,959,513	7,539,231	...
1915.....	20,717,506	13,416,595	7,300,911	...
1916.....	37,088,320	45,932,478	...	8,844,158
1917.....	27,507,292	38,204,059	...	10,696,767
1918.....	36,124,229	4,494,183	31,630,046	...
1919.....	62,093,707	1,884,212	60,209,495	...

These figures leave out of account the very considerable sums brought into the country by returned emigrants and are probably otherwise defective. They show clearly, however, that up to 1913, China was a steady importer of silver, although the balance of trade as shown in the Customs Returns was as steadily against her. During the period 1914 to 1917, however, she parted with large sums to India, and the fact that the void then created had sooner or later to be filled, combined with the activity of the export trade and the universal collapse of paper as currency, is probably enough to account for the country's large absorption of silver during 1918 and 1919. The assumption, so freely advanced and adopted that the Chinese of the interior have suddenly taken to "hoarding, in defiance of the habits of centuries, would seem to be somewhat premature, to say the least. Exception made of the recent issue of 10-dollar gold pieces by the Yunnan

government—to the value, it is reported, of 9 million dollars—as a substitute for silver, gold does not yet enter into the monetary system of China, and the movements of this metal, as recorded in the above table, would appear to be mainly speculative. Large quantities were exported abroad during the first years of the war and brought back in the early part of 1917. When the embargo imposed by America and Japan in that year was removed by the former—in June 1918—China hastened to help herself freely but there is no reason to suppose that she is going to be a large competitor for the world's supplies.

*Silver Exchange.*—On the May 6, 1919 the American government cancelled all restrictions on the price and export of silver, and similar action on the part of the British government followed on the 9th. Silver having thus become free of all control, quotations at once rose from  $48\frac{3}{4}d.$  to  $53\frac{1}{2}d.$  and on the May 11 to  $58d.$  From that point, after several fluctuations, the rise continued until it reached the then record price of  $79\frac{1}{8}d.$  per ounce standard on the December 16, the upward movement being accentuated by a lively demand from China, a diminished supply, and a considerable fall in the New York-London cross rate. On the December 13, it became known that except against silver certificates the United States Treasury had arranged to sell in future silver dollars only to the three American banks established in China, which, if they so desired, were authorised to sell them in commission for the United States government at \$1.35 per ounce fine silver *franco* Shanghai, the avowed purpose being to stabilise American exchange with China. Silver quotations have fluctuated violently during the past year, the difference between highest and lowest rate reaching  $29\frac{3}{4}d.$ , as against  $7d.$  in 1918 and  $19\frac{1}{2}d.$  in 1917. The T.T. rate of exchange for the Shanghai tael on London ranged from  $4s. 6d.$  in March to  $7s. 10d.$  in December. The average exchange value of the Haikwan tael for the year was  $6s. 4d.$ , as against  $5s. 3\frac{1}{4}d.$  in 1918.

It would be pleasant to be able to record that something had been done during the year towards the reform of the currency. The disappearance of much paper money, however, has possibly helped to prepare the way, and the contemplated establishment of a Mint at Shanghai will no doubt further facilitate the introduction of this most necessary reform.

#### SUMMARY

The outstanding feature of the year's trade was the astonishing vitality of exports, in face of heavy freight charges, high and fluctuating exchange, slowness and irregularities of mails and cables, and, at times, lack of tonnage. This activity was of course largely due to exceptional conditions in Europe and America, and it would be rash to count on a continuance of the demand for China's products *regardless of price*. Successful efforts are being made to develop production in all parts of the world—notably in Africa—where the fluctuations in exchange and the heavy burden of inland taxation and poor transport facilities that handicap China are little, if at all, felt. To meet her future competitors on equal terms China must reform her present system of inland taxation and improve her internal transport. Her traders and producers will also do well to organise effective measures to check adulteration—of which frequent complaint is heard on all sides.

The extraordinary activity of the export trade, combined with the high tael exchange, reacted favor-

ably on imports, which, but for the difficulties of all kinds experienced by manufacturers in Europe and America in meeting orders—for machinery especially—would have assumed much larger proportions. The increased interest taken by America in trade with the Far East was reflected in the frequent visits of her financiers and men of business, the establishment of two new powerful banking corporations—the Asia Banking Corporation and the Park-Union Bank,—with branches in all the principal trade centers, and the opening of a large number of new firms. Another event of importance was the Conference of British Chambers of Commerce opened at Shanghai on the November 5, under the presidency of the British Minister. Its primary aim, as shown by its published proceedings, is the co-operation of British merchants in a trade policy favorable to British and Chinese interests. Yet another noteworthy feature of the year was the establishment of Anglo-American-Chinese commercial clubs at Shanghai and Tientsin—at Tientsin known as the A. B. C. Club—intended to promote social and business intercourse between Chinese and foreigners.

Many new industrial banks were established by Chinese during the year on foreign lines in support of various trade interests. The development of industrial enterprises—in textiles especially—was apparently only limited by the impossibility of obtaining the necessary machinery. There are few foreign-type articles of domestic use that are not now manufactured in China by factories on modern lines, the majority of them without foreign assistance. Out of a long list the following may be mentioned: enamelledware; silk and

cotton clothing and underwear; toilet articles; umbrellas; woolen yarn; mother-of-pearl, bone, and horn buttons; chemicals; needles; electric lamps; telephone appliances; asbestos manufactures; wine; beer; beet sugar; glassware; window glass. Weaving and flour mills were exceptionally active during the year. Shipbuilding on a considerable scale may now be counted as one of the established industries of China, capable of great expansion. According to Lloyd's shipping returns there were launched from Chinese yards during 1919 vessels aggregating 12,307 tons. A new building yard at Shanghai has recently been added. New mining enterprises have recently been started in different parts of the country, and such old-established institutions as the Han-Yeh-Ping Corporation and the Kailan Mining Administration are greatly extending their plant and operations.

Under a contract with Messrs. Vickers & Co., the government is now in possession of the nucleus of a fleet of aeroplanes under an Aviation Department. Wireless telegraph stations are under construction—under contract with the Marconi Company—in the far North, which, when completed, will give China a complete chain extending over the whole country. A system of wireless telephony is also being installed, operated by the Chinese National Wireless Company, using the Marconi patents and employing Chinese labour and material wherever possible. Both these installations should eventually be of considerable commercial benefit to the country.

A proposal for the unification of foreign interests in China's railways put forward early in the year—

though obviously to the advantage of the Chinese government and people—met with little encouragement. It has now been followed by a project of much wider scope, known as the Bankers' Consortium, now under negotiation, the aim of which is to assist China in improving her means of communication and developing her resources generally. While the traffic returns of railway lines in active operation were almost uniformly excellent in spite of great dearth of rolling-stock and some military interference, the development of existing and new lines was almost completely halted during the year for lack of funds.

Also owing to their limited resources, the operation of the beneficent schemes of the Chihli River Improvement Commission (Tientsin) and of the Kwangtung Conservancy Board (Canton) was considerably restricted, though in both cases useful work was done. On the other hand, the improvement of the Grand Canal under the Siems-Carey Railway and Canal contract is reported to have advanced satisfactorily, while continued progress was made with the various stages of the work of the Liao River (Newchwang), Haiho (Tientsin), Whangpoo (Shanghai), and Min River (Foochow). Conservancy Boards, all provided with funds derived from taxation of foreign and native trade. Unfortunately, the engineer for the Upper Liao River, Mr. Arai, lost his life in a railway accident in August 1919, and had not been replaced at the end of the year. Full details of the situation of all these institutions will be found in the trade reports of the ports concerned. The Chefoo harbor works made great advance during the year, and the breakwater now affords considerable protection from north-east winds. Progress was also made

with the investigation of the development of the Shanghai harbor, undertaken by the Whangpoo Conservancy Board in collaboration with the Customs Marine Department.

With the exception of the public works mentioned above, which owe their existence mainly to the pressure of trade interests, there is not much to be recorded of essential developments undertaken for the benefit of the country as a whole, such as the building of good roads and bridges, the introduction of scientific methods of agriculture and cattle-breeding, afforestation, and the reclamation of waste lands. Unfortunately, such undertakings as these present no prospect of immediate profit for the individual and require for their prosecution vast capital and an administrative machinery which are not at present available to the State or its citizens. So long, however, as these essentials are lacking it appears to be inevitable that the economic development of the country should remain one-sided, that the process of watering the leaves and branches of the pagoda tree instead of its roots should continue—that aeroplanes should come before roads and that spindles should be multiplied while the improvement and extension of cotton cultivation are allowed to lag. It is true that motor roads have been constructed in the far North and that regulations for the building and upkeep of roads throughout the country have been promulgated by the government. It is also true that something has been done in the way of improving the cultivation of silk, tea, cotton, and other products by the private enterprise of merchants and others interested in the trade in these staples and by the efforts of enlightened officials here and there. But it cannot be too strongly

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emphasised that the vast agricultural and mineral resources of the country, which constitute the foundation of its future strength and independence, lie to a great extent wasted or untouched. Yet it is on the intelligent development of these that the success and continued prosperity of the industries now springing up like mushrooms all over the country will ultimately depend.

Shanghai, April 20, 1920.

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