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**WHERE
CHINA BUYS AND SELLS**



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FOREWORD

Trade with China has been of great interest to western peoples ever since the East Indiamen of the seventeenth century voyaged there for tea and spices. The earliest foreign trade of the United States was with China, and in May 1935 there was commemorated in several cities of the United States and China the one hundred and fiftieth anniversary of the arrival of the first American ship at Canton. The old China trade of those days differed greatly from the trade of today. When the *Empress of China*, of which Robert Morris, financier of the Revolution, was part owner, sailed from New York in February 1784 for Canton, the bulk of its cargo was ginseng. Rum, tobacco, and molasses, also furs from the northwest coasts of the United States and Canada, made up the cargoes of the 15 American clipper ships that had arrived in Canton by the time George Washington became first President of the United States (1789). They brought back teas, silks, and spices, also the hand-woven cotton goods called "nankeens", and the fine chinaware which established the fame and beauty of oriental products in the New World. Canton was the head of this trade, because it was then the world's chief market for the purchase of teas.

Today Shanghai is China's great port of foreign trade; and the cargoes that come in are cotton piece goods, petroleum products, foodstuffs for its immense population, and the manufactures and machinery of western countries that are required in its rapid progress toward modernization. Tea is temporarily at the head of China's exports, but raw silk and tung oil have taken the place of the fine chinaware and silken fabrics of an earlier day.

It was not until after the beginning of the World War that the United States began to assume an important position in the China trade. Since then, however, our share has developed, until over the last 4 years it has exceeded that of any other country and in 1934 accounted for more than 26 percent of China's total imports from all countries. During the last few years the United States has also taken a larger share of China's exports than any other country, although Hong Kong—strictly a port of transshipment for products from other countries—is accredited with a slightly larger proportion in the figures for last year.

Because of the social and industrial progress made by its vast population since the revolution of 1911, the potentialities of China as a market for the products of the west are now attracting more interest than ever before; and this bulletin is an attempt to give not only the details of China's trade with respect to exports and imports, but also to present facts and suggestions which may afford some basis for measurement of China as a future market. The writer, Charles K. Moser, Chief of the Far Eastern Section, Division of Regional Information, Bureau of Foreign and Domestic Commerce, was formerly a consul of the State Department and served 5 years in the China field.

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WHERE CHINA BUYS AND SELLS

Charles K. Moser, Chief, Far Eastern Section, Division of Regional Information

INTRODUCTION

ECONOMIC STATUS OF THE CHINESE PEOPLE

Roughly speaking, China contains one-fourth of the human family, with possibly the highest birthrate in the world. Exact figures are lacking, but sample investigations have indicated a birthrate of from 42.2 to 50 per 1,000¹ as compared with a high of 25 per 1,000 for the United States, 23.6 for Sweden, 39.3 for British India, and 43.6 for Chile. By contrast, the Chinese people have probably a lower purchasing power than the people of any comparable area. At least 80 percent of them live all their lives practically from hand to mouth, and never far from the verge of destitution. Food is the great problem of their being. The struggle to obtain it takes so great an expenditure of their energies that little remains for meeting other requirements. According to Prof. John Lossing Buck, of Nanking University, whose study² of the economic status of 2,866 rural families is the main source of available data on the subject, 58.9 percent of the total earnings of the Chinese farmer goes into food. Clothing and shelter take from him about 15 percent, and his humble fuel and light take another 12.3 percent, leaving but 13.8 percent to satisfy all other needs of his existence.

A great majority of these people have had little contact with Western manufactures, and, other than for such staples as cotton piece goods, kerosene oil, and tobacco products, they have had no particular consciousness of a need for them. Their wants, even in these, are supplied largely by their own home-grown tobacco, the cotton goods spun and woven by their own hands, and vegetable oils from their primitive village or farm-labor mills. In the year of its largest purchases from abroad, 1931, China's imports of foreign goods amounted in value to less than \$1.40 per capita. In 1933 they had fallen to around 60 cents gold, and in 1934 the per capita value of China's imports was but 45 cents, calculated on the same gold-dollar basis as in 1931 and 1933.³

AVERAGE ANNUAL INCOME OF CHINESE FAMILY

This is not surprising when the per capita income of China's millions is taken into account. Professor Buck's field investigations show that the total earnings of a Chinese family of farmers, rural and urban workers, fall within the range of \$100 to \$400, Chinese currency, per family per year. Assuming an average annual income of \$200 Chinese currency and 5.94 (Professor Buck's figures) persons to the

¹ Buck, John Lossing, and Ross, E. A., as reported by J. B. Condliffe in *China Today: Economic*, p. 12.

² *Chinese Farm Economy*, University of Chicago Press, 1930, ch. XI.

³ For purposes of comparison these figures are all calculated on the "old" gold-dollar basis.

family, the average per capita income of China's masses is less than 35 Chinese dollars, or yuan, per year. This at the exchange rates of 1933³ is, in terms of United States currency, around \$9, but on the old gold basis only \$7. Sale of his products abroad accounts for but a surprisingly small share of the Chinese farmer's per capita income. In 1930 when exports were greatest in both quantity and value (1,582,000,000 yuan), the year's per capita receipts amounted to less than 95 gold cents.³ In 1934 when exports were exceptionally low (535,000,000 yuan), receipts were less than 25 gold cents per capita. China has invariably an unfavorable balance in her foreign merchandise trade. Since the severance of Manchuria from her customs boundaries the import excess has almost equaled the total value of her exports.

CHINA AS A MARKET FOR WESTERN PRODUCTS

Admitting, however, that 80 percent of the total population is so poverty-stricken, there yet remains a considerable portion possessed of some acquaintance with foreign goods and some capacity to buy them. If the latest estimates of China's population—450 to 480 millions⁴—are accepted, the remaining 20 percent, or 90,000,000 people, with partially modernized desires and an appreciable ability to satisfy them, amounts to a decidedly respectable market. The bulk of this portion of the population resides in the larger cities, in treaty ports and market towns which have had a considerable association with foreigners and foreign products for the best part of three-quarters of a century. They are along the railway lines and waterways, and are thus within comparatively easy access of transportation and communication lines.

No small portion of these people are wealthy, some of them very wealthy. A considerable portion of them are educated, many of them in foreign lands, and are rapidly developing the requirements of a modern commercial and social order. Without doubt the desire of these people for Western institutions is expanding from year to year, as the younger generations grow up. Accompanying their desire is their assimilation of Western ideas of industrial development. In the last 10 years they have, in the principal cities, developed an activity of modern construction that leaves the old China "hand"⁵ bewildered. In Shanghai, Tientsin, Wusih, Canton, Amoy, and in other cities where foreign influence or the spirit of progress is strong they are building modern factories, skyscraper hotels, and apartment houses. They have planned a great system of highways where none existed before, with more than 60,000 miles of highways suitable for automobile operation constructed within the last few years. They are installing airways, new telephone and telegraph connections, and adding measurably to China's inadequate 7,000 miles of railways. Radio stations, contacting them with Europe, and the expanding use of electric power are activities apparent in every principal locality. These people—the great majority of them still under middle age—head the procession of an industrial advance, new to China, which must bring with it an expanding market for the things produced in the West.

³ For purposes of comparison these figures are all calculated on the "old" gold-dollar basis.

⁴ J. B. Condliffe, *op. cit.* pp. 8-9. The Chinese Post Office figures, based upon local estimates, place the population at 485,000,000 in 1926, including Manchuria with 30,000,000. For convenience, all calculations in this study assume a present population of 450,000,000.

⁵ Common appellation of the foreigner of long residence in China.

LIMITING FACTORS IN CHINA AS A MARKET

However, it cannot be denied that too much has been expected of China as an immediate potential market for European and American goods. As a matter of fact it is not improbable that China's purchases abroad in her record year (1931) when they reached a value of 2,233,000,000 yuan, very nearly approached the limits of her potential buying capacity, not only now but for some years to come.

The struggle to build up their buying power to the point where it can assimilate any largely increased volume of Western-made goods can succeed only in the still distant future. The old saying that a foot added to the length of the Chinaman's shirt would bring prosperity to all the cotton mills in the United States, is as fanciful in fact as in phrase. That extra foot would heavily tax the buying power of the Chinese masses if it had to be bought abroad. But now that they are developing their own cotton mills, the added foot of the future is likely to be supplied by themselves.

The misconception still exists among some Western peoples that the market possibilities of China are little known and have never been adequately surveyed. This is, of course, true for certain lines which have only been comparatively recently introduced, and for a few interior regions remote from river and railway routes. But generally speaking the possibilities of the China market are fairly well known to the experienced foreign trader on the China coast. In the earlier years European and American business centered largely around the marketing of cotton goods in the treaty ports. The foreigners did not bother themselves with the distribution of their wares "up-country". Later, however, when insurmountable competition and other factors began to shift this business into other hands, it was superseded by a wide and intensive exploitation of the market—for cotton goods to some extent, but more particularly for kerosene oil and tobacco products. The great trading houses built up in China for the distribution of these three commodities penetrated every province and established branch houses in every likely locality. Through the use of a trained personnel, both native and foreign, speaking the language and well acquainted with the customs of the people, they made close studies of China's market possibilities. It is possible that few areas have been more carefully canvassed by a superior corps of experts than the China field in these lines. It is probable that they pushed their trade to the full extent of its immediately realizable limits.

To a degree considerably greater than is generally understood, pioneers in other mercantile lines also have investigated the possibilities of their market in China. One and all have learned that vast populations do not necessarily mean vast markets. The factors which militate against rapid expansion of China's demands for Western goods are many and complex. Illiteracy of the people and their intense poverty are two of the main drawbacks. The idiosyncrasies of their language, the difficulties encountered by the foreigner in learning it, the many and diverse dialects employed among themselves, form other handicaps. Inadequate and ill-equipped railroads and, until very recent years, the almost complete lack of highways and other forms of cheap and rapid means of communication and transportation, have been among the most formidable

of the adverse factors. Wheelbarrow and coolie-back still constitute the principal means of freight transportation over long distances and throughout large areas of China. Even where junk traffic over the intricate system of canals or the heavy pony cart transportation of North China supersedes these, the cost of moving freight is inordinately high. It is still cheaper to buy wheat at the grain elevators of our Middle West, and ship it to Shanghai for grinding into flour, than it is to freight wheat from Kansu, or Shansi, or even from the upper reaches of the Yangtze Valley to the mills at Shanghai.

Finally, a factor of outstanding importance has been that of political and administrative uncertainty. Even in the days of the old imperial dynasties, China was never a united country under the direction of a strong centralized government. The clash between empire and provincial authorities often made conditions difficult for the merchant. Many of the difficulties have been overcome in the more recent years of the Republic; but many still remain, and in place of some of those that have been disintegrated others have arisen no less onerous to trade. Banditry in some sections of China has been an organized business for thousands of years. There are still localities in which the peaceful farmer of the summer turns bandit in winter. Innumerable impositions of irregular and illegal taxes provide the soldiery for self-styled "independent", and buccaneering war lords. There are still petty exactions of one form or another to harass the trader in almost his every exertion to get his goods to market. The China merchant who has brought his foreign goods into treaty port with costs, freight, and duty paid, often finds his major problems still ahead of him.

IMPORTANCE OF COTTAGE INDUSTRIES

Before discussing in detail where and what China buys, it may be of interest to touch briefly upon what China produces for itself, apart, particularly, from products of agriculture. Oddly enough, in the face of all that has been said about the development of modern industrial enterprises in such centers as Shanghai, Tsingtao, and Tientsin, manufacturing in China is still largely an activity of the rural districts. China's industry now, as it has been for thousands of years, is mainly a household or cottage industry. Varying according to the type of tillage which constitutes their major activity, from 30 to 73 percent⁶ of all farming households augment their income with cottage industry. The making of hair-nets, for example, formerly an important item in China's export trade, is almost wholly the handiwork of Shantung peasants in their hours of release from farm work. In every village most of the shops have at their backs a primitive factory in which the wares they sell, or even the wares sold by others, are made by the shopkeeper's family, or by artisans and apprentices bound to him over a term of years. No exact figures are available, but the consensus of informed opinion is that cottage industries, today, account for no less than 70 percent of the total output, in quantity and value, of industrial China.

A good example of the relationship of a well-developed modern factory industry in China to its complementary cottage industry is that of cotton piece goods. Cotton spinning and cotton weaving

⁶ Condliffe, J. B., op. cit., p. 49.

constitute the earliest organized and largest factory industry in China. Yet the latest statistics show that out of a total yarn consumption of 961,000,000 pounds in 1930, power looms consumed but 207,000,000 pounds, and the hand looms 754,000,000 pounds.⁷ In this case the proportion of power production to hand production in terms of yarn consumption is almost 1 to 4; and it is entirely probable that a still wider disproportion pertains in other industries. This illustration will suffice to indicate that the Chinese farmer depends almost as much on his productive capacity in the manufacture of some commodity within his training or skill, as upon the output of his fields for his livelihood; and that without this work during his hours of respite from the farm he might not be able to sustain himself at all. Most certainly he could hardly find the wherewithal to buy any commodity he was unable to produce for himself.

This situation might readily suggest a question as to how far a modern industrial society in China would be of beneficial effect to its whole population.

While the hand-loom weaving of cotton yarn is the most widespread rural industry in China, hand-loom weaving of silk is sufficient to supply not only the greater part of China's domestic demand for silk fabrics, but it also supplies a considerable export trade. Central and southern Chinese Provinces are the home of silk weaving as a cottage industry, which in recent years has declined somewhat because of a growing competition from modern filature silk production and rayon products. Ramie hand-loom weaving is an important household occupation, principally in the Provinces of Kiangsi, Kwangtung, Hunan, Fukien, and Szechwan, where ramie grass is widely grown. Woolen hand-loom weaving is chiefly to be found in north China, where it changes the coarse wools of north China sheep into warm clothing for the household and into carpets to be sent abroad. Rayon weaving has become a rural industry in Hopei, as has hosiery knitting in south China. Lace making, like embroideries, is of note in such places as Chefoo, Shantung, and Swatow, and constitutes a leading item of export, amounting at times to a value of several million dollars. Mat weaving and straw plaiting are household industries premised upon the presence of raw materials at hand, and the product is not only used in the homes of the makers but is also exported, largely for the use of Chinese abroad.

Another type of rural industry includes the primitive milling of flour between two stones, with a tread mule supplying the power; the manufacture of vermicelli, and the extraction of oil from soybeans, rapeseed, and other products of the farm. Flour milling used to be a very important rural industry in north China, but increased imports of foreign flour, at a lower cost than domestic production, and the increased production of machine-milled flour in the larger cities has caused flour milling as a village industry to decline. Home extraction of vegetable oils also has declined in face of the competition of kerosene oil from the United States, Netherland East India, and Soviet Russia.

Many other forms of cottage industry might be cited, for the ingenious Chinese have throughout the centuries cleverly managed to invent for themselves the commodities essential to their needs.

⁷ H. D. Fong, *Cotton Industry and Trade in China*, p. 230. Tientsin, 1932.

Some of them—gunpowder for instance—they invented while the rest of the world was as unaware of the need as of the commodity. Paper, pottery, glass, brick, and tile are among the commodities which they made for themselves long before any foreigner ever set foot in China, and the manufacture of each of these was conditioned by the presence in the locality either of cheaper, better, or more abundant raw materials, or of some special skill. Papermaking, one of China's earliest industries, still is carried on in Chekiang, Kiangsu, and Fukien Provinces of the south, where bamboo and ricestalks, the raw materials, are abundant; but paper manufacture is declining because of increased imports of cheaper papers from abroad. Nor can hand-fashioned and hand-fired pottery compete in either utility or price with that made by modern machinery in the great factories. The same is true of the small-shop production of glass. According to H. D. Fong (see footnote 7), the only one of the old cottage industries of this type that has not been reduced as a result of increased foreign imports is that of making bricks and tiles which, because of the heavy freight costs involved in the importation, has survived competition.

CHINA AS A PRODUCER OF FOODSTUFFS

Every now and then some zealous trader proposes that the United States send wheat farmers and bakers to China to teach the Chinese to eat wheat instead of rice. China probably grows as much or more wheat than the United States.⁸ More people—150,000,000—eat wheat in China than there are people in the United States. To a North Chinese rice is a luxury ordinarily eaten only at feasts. To a South Chinese wheat from the north also would be a luxury because of the cost of its transportation. When they use wheat flour, therefore, it is imported from the United States, Canada, or Australia. The many millions too poor to enjoy either wheat or rice as their principal food maintain themselves on millet or kaoliang.

The reason that more Chinese do not eat wheat instead of rice is mainly a question of costs of production and transportation. As a matter of fact China's production of rice, estimated at 1 billion bushels per annum, is not extraordinarily out of line with its annual production of 700 million bushels or more of wheat. It is, moreover, among the foremost countries of the world in the production of the following crops: Corn, 600 million bushels; soybeans (including Manchuria), 7 million long tons; cotton, 4½ million bales; tea (estimated), 650 million pounds; tobacco, 140 million pounds; and peanuts, 1,200,000 tons. Thus China ranks first in the production of bean crops, millet, and peanuts; second to India in the production of rice; third, preceded by the United States and India, in the production of cotton; and easily among the first three or four countries in the raising of wheat and corn. In silk culture China ranks second only to Japan, with an annual silk cocoon production of nearly 500 million pounds.

In keeping, therefore, with its immense population, China is one of the outstanding countries of the world in agricultural production. From the standpoint of its opportunities in international trade, how-

⁸ Total wheat crop of the United States for 1932 was 727,000,000 bushels. The Bureau of Statistics of the National Government estimates China's normal production at about 725,000,000 bushels (Commercial Attaché Julean Arnold, Shanghai), with annual production estimates ranging from 700,000,000 to 900,000,000 bushels.

ever, its great handicap is that most of its major products are also largely produced in western countries, and it cannot therefore find markets so readily for these commodities, nor without encountering strong western competition in both price and quality.

CHINA'S WIDE RANGE OF SPECIAL PRODUCTS

But China is unique in the production, in considerable quantity, of certain other products for which it has an outstanding reputation, either because of their special quality or by reason of their large share in world supply. First among these is wood (tung) oil, of which China is the world's main source of supply. Next in point of value and volume are egg products, in preserved or dried form, of which China is again the world's largest producer for export. After these come bristles, in which the Chinese product is considered inferior only to that of Russia or Siberia; carpet wools and camel's hair from the herds of Mongolia; tungsten and antimony from the Yangtze Valley, of which China contributes about 60 percent each, of the world supply; and musk from the musk deer of Szechwan and Tibet. There are still other commodities of hardly less consequence, such as tin from the Kochiu mines in Yunnan, camphor, lacquers, vegetable-oil seeds, hand-made embroideries and laces, and porcelains. These products are, for the most part, restricted to a particular skilled labor or to a special area of the country, and their general cultivation could never become wide-spread. Moreover, the demand for them in world markets is naturally more limited than for the recognized staple products. There is little doubt, however, that with modern methods applied to the production of some of them—as, for instance wood oil, which is now being developed in the United States, egg products, and wools—the returns from markets in western countries could be very greatly enhanced.

Since this discussion of what China buys and sells is intended primarily for western readers, it would be purposeless to include other products than those of direct interest to western countries. There would be little point, for example, in discussing China's imports of sticklac from India to supplement its own production of lacquers, since western countries do not produce a commodity which would be competitive with Indian sticklac in Chinese markets. Although the largest, or next to the largest, producer of rice, China exports none of it. On the contrary, it buys rice in considerable quantities from neighboring Siam, French Indo-China, and British India. In 1933 China bought rice to the approximate value of 60,000,000 yuan from French Indo-China and Siam, respectively, and about half that amount from British India. In 1934, because of an unusually good rice crop of its own, Chinese imports from each country were cut in half. Obviously the rice-producing countries of the west could not compete with these and, therefore, have no position in the Chinese market. The same is true, but to a lesser extent, of China's imports of sugar. Although reputedly (no production figures are available) one of the world's largest producers of sugarcane, China's sugar exports are negligible, while it annually imports sugar to a value ranging between 30 million and 150 million yuan. An insignificant quantity of beet sugar comes from Germany, and Great Britain is

credited in the customs returns with an annual amount less in value than 100,000 yuan of particularly fine sugars for special purposes. The great bulk, however, of China's sugar needs is supplied by the island of Formosa, via Hong Kong and Japanese ports, and Java.

IMPORT COMMODITIES

COTTON PIECE GOODS

Among all of China's import needs, cotton goods still remain outstanding in importance. But it was the appearance of cotton goods from China's own hand looms in the early trade between the United States and China that gave to us the name of "nankeens", which remains to this day a trade name for certain plain-woven and straw-colored goods. The early trade of Great Britain with China was based on opium and cotton piece goods and that of the United States upon ginseng and piece goods. Opium and ginseng have in recent years dropped out of the picture, while imports of cotton piece goods have been cut from their rating of 30 percent of China's total imports in 1880 to an average of around 10 percent in recent years, and of less than 6 percent in 1933, when piece-goods imports were exceeded in value by imports of raw cotton.

Nevertheless, cotton textiles still remain China's leading import of manufactured goods. However, the trade is no longer in the hands of the West, and the United States long since ceased to have any significant part in the market. We have been no factor of any consequence since 1908, but the United Kingdom continued to maintain its ancient position of first in China's imports of piece goods until after the World War. Then the rapidly developing cotton-textile industry of Japan overcame all opposition and made India and China—both hitherto Great Britain's greatest textile markets—the pillars of Japan's expanding textile-export trade. In 1929, out of China's total imports of cotton textiles, not including cotton yarns, to the value of 256,500,000 yuan, Japan contributed textiles to the value of 172,160,000 yuan, or 67.1 percent, while Great Britain's share had fallen from over 40 percent in 1914 to 22.1 percent. By 1931 Japan had increased its share of China's cotton-goods imports to 71.8 percent, while the United Kingdom's share dropped to 14.2 percent, exclusive of the considerable volume of its piece goods entered according to customs figures from Hong Kong. In 1933, as a result of the serious effects of the Chinese boycott of Japanese goods during the latter part of 1931, throughout the whole of 1932, and part of 1933, Japan's share of China's cotton-cloth imports was reduced to 57 percent, while that of Great Britain had climbed up to 33.5 percent, thus dividing more than 90 percent of all China's cotton piece-goods imports between them.

Detailed figures of China's imports, by countries and commodities, for 1934 indicate that while Japan and the United Kingdom still divide more than 90 percent of imported cotton goods between them, Japan has returned to nearly the relative position it held earlier—by practically doubling Great Britain's share of the market. Omitting Hong Kong, which was accredited with a share of 8.7 percent in the import trade in 1931, the only other countries of any consequence contributing cotton piece goods to China are the United States, with less than

1 percent, and British India, with three-tenths of 1 percent. Hong Kong produces no cotton piece goods but is solely the port of trans-shipment for the production of other countries.

RAW COTTON

China is one of the world's great cotton textile manufacturing countries and in recent years has even entered the export field by supplying to the Philippine Islands and Siam very considerable quantities of cotton yarns and coarse fabrics. Though, as has been stated, 70 percent of the cotton-textile manufacture is still in the hand-loom or cottage-industry stage, China ranks third among oriental countries following Japan and India, in modern cotton-mill production. In 1934 China's modern-style cotton industry consisted of 144 mills—75 percent of which were located in Shanghai or vicinity—equipped with 4,700,000 spindles and 43,000 looms. These mills consumed 2,300,000 bales of raw cotton, the bulk of which, in spite of relatively large imports of raw cotton from India and the United States, was Chinese grown.

Inevitably the modern cotton-textile industry of China seems destined to grow into such consequence that it may, in the not too distant future, supply not only the bulk of China's own needs—practically ousting both Japan and Great Britain from its markets—but may contend with British India for supremacy in supplying the needs of all Asiatic mainland countries with cotton goods.

Until about the beginning of the twentieth century, China had no modern cotton-textile industry. The hand looms of its cottage-industrial system used mainly the short, kinky-fibered native cotton. With the coming of power looms, however, came the need of considerable quantities of longer staple for admixture with native cotton, and the rapid development of modern plants since the World War has led to imports of successively increasing foreign-grown cotton. In some recent years, notably 1931 and 1932, imports of raw cotton have exceeded considerably in value the cotton-textile imports. In 1931 China imported raw cotton to the value of 279,000,000 yuan, an amount greater by 112,000,000 yuan than its imports of cotton-piece goods of all kinds; and in 1932 it imported raw staple valued at 187,000,000 yuan as compared with piece goods valued at 113,000,000 yuan. In this latter year 84.1 percent of China's raw-cotton imports were from the United States, because of the extremely low price prevailing for American cotton in its home market. Only 11.9 percent of her cotton needs were purchased from India, and only 1.9 percent from Egypt—the only other sources important in the Chinese market. Generally speaking, however, because of the coarser weaves suited to the Chinese market and the character of the machinery required to produce them, imports of raw cotton from British India are larger than from the United States, and imports from other countries comparatively negligible. The share of the United States in China's cotton imports in 1929 was 38.2 percent, compared with British India's 45.4 percent; in 1931 it was 28.9 percent as compared with British India's share of 36.8 percent. The greatly increased share of the United States in 1932 carried over to a certain extent into 1933, when China bought 67.6 percent of her raw cotton from the United States, 28.4 percent from India, and 2.6 percent from Egypt.

Of the 1934 total raw-cotton imports valued at 90,500,000 yuan, the share of the United States amounted to nearly 53,000,000 yuan, or 58.5 percent, while that of British India rose to just short of 30,000,000 yuan, or 32.9 percent. Egypt increased her sales to a little more than 7 percent. Doubtless the enhanced share of the United States over the last 3 years has resulted not alone from the price factor involved, but also as the result of deliveries in connection with American cotton and wheat loans to China in 1933. Under normal conditions, however, it is a reasonable expectation that the larger share of China's raw-cotton imports will be supplied by British India, or other sources of low-grade fiber more suited to the standards of the China market.

Evidences indicate that China will continue to develop its modern cotton industry by establishing an increasing number of mills backed by Chinese capital, and possibly by other capital—British, Japanese, and American—as well. It seems inconceivable that other countries than Japan should not ultimately take advantage of the proverbial industry of the Chinese and utilize their cheap labor to produce cotton goods for the low-priced markets of other oriental nontextile producing countries. Such a development would probably mean increasing amounts of raw-cotton imports from foreign countries. No efforts thus far have succeeded in greatly altering the character or lengthening the staple of Chinese cotton; but as the industry develops and the purchasing power of the oriental peoples improves, finer counts of cotton yarns will be demanded, and consequently longer staple will be required.

COTTON YARNS

In former years China was a large purchaser of cotton yarns from Great Britain, Japan, and British India to supply its native industry, but in more recent years its spinning and weaving mills not only supply a very large share of its yarn needs but even extensively export yarns to neighboring countries. Imports of cotton yarns to the value of over 22,000,000 yuan in 1929 dropped below 15,000,000 yuan in 1932 and to less than 4,000,000 in 1933. Although for more than a decade prior to 1929 Japan had led as a source of supply for the China market, in that year its share fell to 40.3 percent, as compared with 47 percent ascribed to Hong Kong (mostly from the United Kingdom and European sources), with only 11.3 percent accredited to British India. In 1931 Japan's share fell to 36.5 percent, with almost the whole of the remainder to the United Kingdom and British territories. By 1933, doubtless largely as a result of boycott activities, Japan's share in China's yarn trade had fallen to 2 percent, while Great Britain and British India enjoyed nearly the whole of the remainder. The total, however, was insignificant in comparison with previous years. Figures for 1934 indicate a drop in cotton yarn imports from the previous year of about 25 percent in value, with Great Britain far in the lead, supplying 61.4 percent of the total; British India, with about half of Great Britain's share; and Japan next with less than 18 percent of the share accredited to India.

This steady and rapid decline would seem to suggest that China now produces in her own mills the bulk of the coarser yarns required for clothing her people, and is importing mostly finer grades for special uses from British mills.

WOOLEN YARNS

China imports comparatively little woolen goods for Chinese use, and the amount imported for the use of European residents is not large. Padded cotton garments protect the Chinese against severe winter weather, except the rich, who may wear padded silk. It is interesting to observe, however, that over several recent years China's imports of woolen yarns have exceeded in value its imports of cotton yarns. The bulk of these in every year has been supplied by the United Kingdom, whose share has varied over the last 6 years from a low of 49.3 percent in 1931 to an average of approximately 67 percent over the last 3 years. Germany has always stood second as a source of supply, varying from 35.6 percent in 1929 to 15.3 percent in 1933. But in 1934 Japan, which throughout the whole of the last 6 years had been steadily increasing its share, jumped ahead to exceed Germany's contribution by nearly fourfold. Of other countries, Belgium and France are the only ones sufficiently important to appear in the customs returns.

IRON, STEEL, AND MACHINERY

The market in China for western manufactured machinery is still confined largely to the treaty ports—cities along the seacoast and on the principal railways and waterways which have been opened to foreign trade. It is in these cities that most of the foreign population resides, and in them, accordingly, will be found the greatest urge toward industrial enterprises and public utilities, or in activities demanding the use of modern machinery. On the whole there has been little effort on the part of Chinese capital to invest in modern machinery, particularly of an expensive or complicated character. Although a large number of small, modernized plants manufacturing a long list of simple western products, such as flashlights, matches, soaps and perfumeries, and certain canned foods, have sprung up in recent years, processes and machinery are generally cheap and simple. Often they are of domestic invention and manufacture.

Shanghai is overwhelmingly the industrial center of China in the modern sense, containing about 70 percent of the total modern industrial production of the country. This is mainly so because of the great concentration of wealth, commercial activity, and foreign influence there. Similarly, but to a much less extent, Tientsin, Hankow, and Canton are considerable users of imported iron and steel manufactures because of their comparatively large foreign population. Even in Manchuria⁹ very little modern manufacturing has been attempted as yet in the interior towns, even in those most advanced. The economic level of the population will not admit of the building up of markets for either expensive imported articles or for any considerable quantity of native manufactures produced in the large treaty ports. The people of the rural districts must still depend mainly upon their own handicraft to supply their wants.

⁹ No attempt to deal with Manchuria's trade is undertaken in this discussion, in view of the changes that have taken place in the status of that area since 1931. Some idea of its relation to the market for machinery in other parts of China may be gained, however, from the fact that in 1929 Manchuria bought 36 percent of all the machinery then imported into Chinese area, as compared with 45 percent in the Shanghai area, 16 percent in the Tientsin district, and 6 percent in South China. During 1930 and 1931, when the sharp decline in soybean and bean-oil prices heavily reduced the incomes of all producers, Manchuria's imports of machinery declined to 15 percent, while Shanghai's share, although practically unchanged in value, represented 63 percent of the total. In the 4 years since, Manchuria's imports of all metal manufactures and electrical equipment have made an unprecedented advance, with Japan getting the great bulk of the trade, Germany second, and the United States competing closely with Great Britain for third place.

Of the present China market for foreign manufactures of iron, steel, and machinery, Shanghai normally takes from 60 to 72 percent, but distributes some of it to Yangtze Valley ports beyond—Hankow and Changsha, for instance. In former years Great Britain was the principal source of supply; Belgium, Germany, and the United States trailing the leader in that order. Practically 60 percent of all China's modern textile machinery was supplied by Great Britain, with the United States second, and Japan third. In recent years, however, the picture has changed somewhat, varying in the several categories. In iron and steel manufactures, Japan took first place in 1929, with a 40.6 percent share of total imports as contrasted with but 18 percent for the United States. It maintained the lead through the next 2 years, but lost it to Great Britain again in 1932, as the result of the boycott movement, and had still not regained it by 1934. In this last year China bought textile machinery from Great Britain to the value of 7,543,000 yuan, and from Japan to the value of 5,517,000 yuan. Of other machinery, China bought in 1934 nearly 50 percent from the United States and Great Britain, with about an equal share to each, and about 17 percent from Germany, and 10 percent from Japan.

Of course, the trade varies from year to year in all lines of imports of metal and manufactures of metal; but to generalize, it may be said that the United Kingdom normally supplies from 15 to 40 percent of China's iron and steel requirements, Belgium and Germany alternating in holding second and third places, with the United States and Japan struggling to pass them. In industrial machinery and tools, Great Britain has steadily maintained its lead over the past 5 years with an average of around 35 percent of the trade, Japan has held second place with from 16 to 27.5 percent, the United States and Germany running about evenly for third place and a share of from 12 to 18 percent. However, the following table shows the share for 1933 and 1934 of each of the four countries which divide between them 80 to 90 percent of the whole trade in machinery and tools:

Country	1933	1934	Country	1933	1934
	<i>Percent</i>	<i>Percent</i>		<i>Percent</i>	<i>Percent</i>
Great Britain.....	38	34	United States.....	16	15
Germany.....	20	17			
Japan.....	15	16	Total.....	89	82

ACTUAL SHARES OF IMPORTS OF MACHINERY AND TOOLS¹ OF THE FOUR LEADING COUNTRIES (IN VALUE OF YUAN)

Country	1933	1934	Country	1933	1934
Total.....	43,100,000	59,300,000	Germany.....	9,025,028	10,155,156
Great Britain.....	16,639,176	20,414,274	Japan.....	6,882,974	9,489,016
			United States.....	7,208,356	9,186,288

¹ Including electrical.

These figures indicate that Japan's increase in the trade of 1934 over that of 1933 was larger than that of either the United States or Germany, and under 25 percent less than that of Great Britain. The decreased percentage realized by the four leading countries in 1934,

as compared with 1933, was the result of participation by several other countries in the sale of their specialties. For instance, Switzerland sold to China dynamos valued at 57,000 yuan in 1933 and at 168,800 yuan in 1934. Czechoslovakia supplied prime movers to the value of 319,000 yuan in 1934 compared with 32,000 in 1933, while Belgium increased its imports of miscellaneous machinery to 456,000 yuan in 1934 as compared with 176,000 yuan in 1933.

Imports of machinery and tools are divided by the customs figures into 18 principal classifications, and in the appendix (table 4) will be found a summation of these categories for the last 3 years, with the share of the four leading countries broken down for each category over the last 2 years.¹⁰

ELECTRICAL EQUIPMENT

China as a market for electrical equipment has maintained a steady growth, which might have been much larger had administrative conditions throughout the Republic been more settled. Prior to 1911, foreign firms only had inaugurated the use of electrical devices purely for their own individual and commercial purposes. With the establishment of the Republic, however, electrical facilities were rapidly extended. Of the 2,000 principal towns of China, more than 400 now have electric-light and power plants. Important industrial electrical undertakings are still confined for the larger part to rivers and seaports where there is the greater demand for appliances and equipment, particularly of foreign types. But in some of the cities of South China there has developed a rather extensive native electrical equipment industry; and the report of the Inspector General of Customs for 1931 stated that "a large percentage of all the simpler and smaller electrical devices are now made in Shanghai and other home ports, often of good quality and usually at a low manufacturing cost." Undoubtedly future distributors of electrical appliances of foreign manufacture in the Chinese market will have to expect an increasing amount of competition, in the simpler forms of their specialties, from the cheap and ingenious industry of the Chinese artisan.

In discussing manufactures of metal and electrical materials entering into the Chinese market it is a difficult task to trace adequately the various categories from the figures supplied by the Chinese customs. The heading "Electrical machinery", for example, for 1929 and 1931 does not include dynamos, motors and parts, transformers and parts, which are included under that heading in the 1932 and 1933 figures. Correspondingly, "Electrical fittings, fixtures and materials", for 1932 and 1933 does not include dynamos, motors, etc., but it does include these in the 1929 and 1931 figures. Of electrical fittings, fixtures, and materials, Japan supplies 36.2 percent in 1929 and but 20.4 percent in 1933; whereas the United States supplied but 18.4 percent in 1929 and 35 percent in 1933. By 1934 the share of the United States fell to 27.9 percent, but Japan, Great Britain, and Germany improved their positions, supplying 22.5, 22.9, and 19.5 percent, respectively, of the total. Over the 3-year period (1932-34), Germany and the United Kingdom vied for third place, with Germany generally slightly in the lead. Of electrical machinery, Germany supplied nearly 40 percent in 1932 and over 31 percent in 1933, with

¹⁰ Finance and Commerce, Shanghai, Apr. 17, 1934.

the United Kingdom coming up from 25.4 percent in 1932 to an almost equal place with Germany in 1933, and the United States placing a bad third throughout the 3-year period.

RADIO SETS AND TELEPHONE EQUIPMENT

In the sales of radio sets and equipment, the United States is far in the lead, with 70 percent of the entire market in 1932, 57.5 percent in 1933, and 64.5 percent in 1934, followed by Great Britain and Germany. However, these foremost competitors rapidly gained at the expense of the United States in 1933, each rising from less than 1 percent in 1932 to 23.8 percent in the case of Great Britain, and to 8 percent in the case of Germany. By 1934, however, the United States increased its share, while Great Britain fell back to 13.2 percent and Germany to 6.7 percent. In sales of telephone and telegraph instruments and materials, Germany wrested the lead from the United States and Belgium in recent years. In 1929, the United States had 30.3 percent of the total trade, contrasted with 11.3 percent for Belgium and 9.6 percent for Germany. In 1932 Belgium's share rose to 62.8 percent and Germany's share to 21.4 percent, while the shares of the United Kingdom and the United States dropped to 5.5 and 4.3 percent, respectively. But in 1933 Germany's share advanced to 45.2 percent, that of the United States to 21.1 percent, the United Kingdom to 15 percent, and Belgium dropped back to its 1929 share of 11.3 percent. In 1934, Germany's share was reduced to 32.2 percent and that of the United States to 12.4 percent, both countries losing ground to Belgium and Great Britain, which supplied 22.5 and 21.8 percent, respectively.

AIRCRAFT AND ACCESSORIES

The development of air routes and services in China has been of marked activity over the last decade. Especial impetus was given to it by the several military campaigns that characterized the years 1929 and 1931 in Manchuria, and 1932 around Shanghai. Since those years, however, more marked interest has been exhibited in the development of commercial aviation, following the establishment of a commercial aviation school at Hangchow in 1932, under the direction of American aviators. Weekly and semiweekly air services are now a regular feature between many of the larger cities. There is a semiweekly service between Shanghai and Canton; a daily service between Shanghai, Nanking, and Hankow; a triweekly service between Shanghai and the cities of Szechwan Province; and a triweekly service between Shanghai and Peiping, via Tientsin. Commercial Attaché Julean Arnold states that "the Chinese people have become distinctly air-minded", and there is no branch of transportation and communication services in China which promises a more rapid or extensive future development. Commercial aviation lines now total 6,800 miles.

First place in the Chinese market for aircraft and equipment has been maintained by the United States from the beginning. In 1929, when the total value of aircraft imports was less than 3,000,000 yuan, the United States had 40.1 percent of the market, Germany following immediately after with 33.2 percent, and Great Britain with 6.5 percent. Imports from all other countries were insignificant. In

the succeeding years, with the exception of 1932, the United States tremendously increased its proportion of the market, having over 77 percent in 1931 and over 75 percent in 1933. Germany's share was slowly decreasing, while that of Great Britain was steadily increasing. In 1932 the United Kingdom actually had 32.2 percent of the market compared with but 27.5 percent for the United States and 10.5 for Germany; but in the next year the share of the United States rebounded to 75.3 percent and Great Britain's fell to 3.6 percent. In 1934 the United States maintained its lead with 71.9 percent of the market, and France rose from insignificance into second place, with slightly less than 18 percent. Even the proportion of France was twice that of Great Britain, and 10 times that of Germany. The remarkable feature of 1934, however, was the emergence of Italy from a position of nil in the trade to fourth rank—behind Great Britain and ahead of Germany. Italian aircraft has become very popular with some of the Chinese Government officials and observers have suggested that Italy offers strong potential future competition even to the United States.

RAILWAY MATERIALS

Prior to the last quarter of 1931, railway construction in China was most active in the Manchurian area, and, generally speaking, the United States obtained a goodly share of the Chinese market for railway materials and equipment. In 1929 American equipment led, with 29.2 percent; followed by Germany and Great Britain, respectively. In 1930 China and Great Britain agreed that the residue of the British Boxer indemnity fund, slightly in excess of £11,000,000 should be devoted to the construction and rehabilitation of railways in China, and only British materials should be used. This action placed British railway equipment in a highly advantageous position, and has given British manufacturers the major share of the market since. In 1931, when the total value of railway equipment imports was 20,662,000 yuan and Manchuria last appeared in the Chinese customs returns, Great Britain led, with 21.5 percent; the United States followed with about half that proportion; and Germany with slightly less. In 1932 the share of the United Kingdom was 33.2 percent; followed by that of Germany, 8.6 percent; and the United States, 2.5 percent. In 1933, Great Britain's share had increased to 76.2 percent, with the United States and Germany sharing about equally between them a total of 15 percent, and Belgium leading the rest of the world with 3.5 percent. In 1934, Great Britain retained its lead with well over 50 percent of the market for railway and tramway rolling stock and materials, Germany held second place with around 20 percent, and the United States led all other countries with an approximate 15 percent. The only other participant of any importance was Belgium, with slightly over 2 percent.

MOTOR CARS, TRUCKS, AND BUSES

Since China is fundamentally a price market, particularly for "luxury" articles of western manufacture, the low-priced automobiles of the United States, developed by ingenuity and mass production, have always dominated the Chinese market. In 1929, when prices were comparatively high, the United States was accredited with having 46 percent of China's imports of all types of automotive

product, parts, and accessories, while Japan was accredited with 36.3 percent, and Great Britain with 5.3 percent. In 1931 the share of the United States had fallen slightly to 43.5 percent; the share accredited to Japan dropped to 25.3 percent; while Great Britain and the continental countries, France, Italy, and Germany, had appreciably improved their positions. Inasmuch as in both years there were no motor cars of Japanese origin produced in Japan, it is obvious that the Chinese customs figures for these years refer to motor cars and parts assembled by American branch plants in Japan and shipped to Manchuria. Accordingly, the actual participation of American automotive producers in the Chinese markets, including Manchuria, during these years ranged from not less than 68 to over 82 percent.

That the shipments from Japan were largely for Manchuria is borne out by the decline in the share accredited to Japan in 1932, when Manchuria was severed from the Chinese customs statistics. In that year Japan's share dropped to 2.5 percent of the total from 25.1 percent in 1931. Despite unusual economic depression in China during 1932, demand for American automotive products increased, stimulated to some extent by the progress of highway developments. Imports of all automotive products from the United States accounted for around 67 percent of the total trade. In the same year, Great Britain improved its position appreciably owing to the depreciation of the pound sterling and supplied nearly 25 percent of the trade compared with but 6 percent in 1931. It practically maintained this position in 1933, but by 1934 the United States predominated the market, largely as a result of the depreciation of the dollar, supplying about 85 percent of China's imports of automotive products while Great Britain's share dropped to about 5 percent, followed by Germany with 3.5 percent.

In parts and accessories, of which the United States sold the market more than 75 percent, Japan in 1934 led all European countries as a result of its recently organized industry, coupled with the advantages of a depreciated currency and low scale of wages. However, even Japan's share of the Chinese market for parts and accessories was less than 10 percent of the share of the United States.

TIRES AND TUBES

The American predominance is almost completely reversed in the case of automotive tires and tubes. Over the whole 1929-34¹¹ period under discussion Japan has never once relinquished its major share in China's market for automobile tires and tubes, and its only considerable rivals have been the United States and Great Britain. Japan maintains its share of the market largely by reason of the very considerable rubber-manufacturing industry it has built up in low-priced goods which find a wide field on the China market, whereas the higher grade British and American tires can find only a restricted sale. Over the 1929-34 period American-manufactured tires and tubes have decreased in their proportion of the market from 35.2 percent in 1929 to less than 20 percent in 1934, while tires of British manufacture have increased from 1.5 percent to around 16 percent in that period. Japan held 44.7 percent of the market in 1929; 49 percent in 1931; 50.1 percent in 1932; and over 48 percent for each of 1933 and 1934. All countries suffered considerable decline in their

¹¹ In all cases where the 1929-34 period is referred to it does not include the year 1930.

sales of tubes and tires to the China market in 1934, as compared with 1933, but low-priced Japanese tires still retained nearly 49 percent of the trade. Aside from Japan, the United States and Great Britain, the only country to figure importantly in China's market for automotive tires and tubes is France, which, in 1934 gained a share of the market nearly equal to that of Great Britain.

CHEMICALS, CHEMICAL COMPOUNDS, AND MEDICINAL PREPARATIONS

Germany has usually had slightly the largest share of this trade, closely followed by Great Britain, with Japan, the United States, and Holland trailing at a considerable distance behind. In 1932 and 1933 Germany's share was well above 32 percent, and Great Britain's just over 30 percent. In 1934 Japan and Germany almost equally divided the bulk of the market between them in the sale of bleaching powders, soda ash, and similar chemicals—the share of each being over 30 percent; but in such specific chemicals as sulphate of ammonia Germany and Great Britain accounted for 65 percent of the market. In both 1933 and 1934, Germany supplied about 35 percent of the medicines and drugs imported into China, followed by Great Britain with around 16 percent, and the United States with 12 percent. Japan's contribution to China's imports of drugs and medicines, however, is on the increase as a result of Japan's rapid recent development of the manufacture of chemicals and pharmaceuticals; Japan's share having increased nearly 40 percent in 1934 over that of the previous year. Nevertheless, by reason of contributions of refined medicaments France still occupies third place, about midway between Great Britain and the United States, compared with Japan's status in fifth place.

The United States, Japan, Germany, and France are the principal contributors to the Chinese woman of her perfume, cosmetics, and other toilet requisites. In recent years, however, competition of native products, largely imitative of the cheaper Western brands, is increasing. A few years ago a large proportion of foreign tooth pastes and powders of Japanese manufacture held the market, but Chinese-made dentifrices have almost completely displaced them. Small native soap factories are also displacing France, the United States, and Japan in the market for toilet supplies. In sales of perfumery and cosmetics the less costly compounds produced by the United States lead the products of French perfumers in the China market, but Japan gained third place from Great Britain in 1934, and is rapidly gaining on the leaders. The rapid modernization of the Chinese woman—at least insofar as her interest in the aids of the West to feminine allure can be gratified within the limitations of her pocketbook—is bound to supply an important future market for low-priced reproductions of European and American perfumes and toilet articles.

DYES, INKS, PAINTS, AND VARNISHES

Another line of commodities in which the Germans have long maintained generally the largest share of China's market consists of dyes, inks, paints, and varnishes. They lost it during the World War and for some years afterward; but it has been slowly restored to them, although with a constantly increasing share for the United

States. Over the 1929-34 period Germany's share was largest in 1931 with 46.8 percent, when the United States had 15.9 and Japan 5.3 percent. In 1933 Germany's share had fallen to 39.3 percent, while the share of the United States rose to 23.8 percent, and that of Japan to 9.2 percent. Complete figures for 1934 are unobtainable. But in 1934 Germany had 48 percent, the United States 19.7, and Japan 12.1 percent. In aniline and other coal-tar dyes, Germany led with over 66 percent of the trade, followed by the United States, Japan, and Great Britain, the United States having slightly over 10 percent. Of synthetic indigo imports Germany retained 50 percent of the market, followed by the United States, in the case of liquid and paste indigos, with about 30 percent. Germany also held over 50 percent of the imports of sulphur black in 1934, followed by Japan with nearly 30 percent, the United States coming next with a share of about 12 percent.

In the market for printers' ink the United States holds first place, followed by Japan and Germany, but the share of the United States underwent a drop of over 40 percent in 1934. Compared with 1933, Germany's share was reduced in even greater proportion, while that of Japan was increased by more than 25 percent. The inference is that Japan's lower-priced product may be expected to gain steadily on its competitors in the Chinese market.

In the case of paints and other pigments as distinguished from dyes, the China market has been unusually well divided among the several principal sources over the last few years. Great Britain ranked first with nearly 20 percent in 1933, followed by the United States, Germany, and Japan, in order; the United States and Germany having between 17 and 18 percent of the trade, respectively. In 1934, however, the United States led, with Germany and Great Britain just behind, each of the 3 having in the neighborhood of 17 percent of the market, followed by Japan with 15 percent and Hong Kong, which as a transshipping center is inaccurately given as the source of many manufactured articles, with nearly 10 percent. These, however, are the principal countries supplying modern commercial paints and pigments. The remaining 24 percent, coming principally from Argentina, French Indo-China, Netherland India, and the Straits Settlements, refers probably to mangrove bark, gambier, and other vegetable extracts for tanning purposes.

PETROLEUM PRODUCTS

Beginning with the 1880's American kerosene and petroleum products have held the largest share of the Chinese market until recently. Approximately 85 percent of the total kerosene trade of China has been in control of two American companies and one large British company, handling considerable quantities of the petroleum products of Netherland India as well as of their respective nationalities. Over the last 5 years the United States generally has maintained its lead in both gasoline and kerosene imports, but the petroleum products of Netherland India have steadily become a more formidable competitor and in the last 4 years have outclassed the United States in the amount of liquid fuel placed in the Chinese market. In 1929 the United States supplied China with 50.5 percent of its gasoline requirements and 68.8 percent of its kerosene, whereas the share of

Netherland India was 18.8 and 14.2 percent of these commodities, respectively, and the only other source of supply to appear in the customs returns was Soviet Russia, whose share was comparatively insignificant. In 1933, when the market had increased in value by 50 percent, the United States had still well over 50 percent of the gasoline business, but Netherland India had increased its share to 42.3 percent, and Soviet Russia to 5 percent. In the kerosene trade the share of the United States had dropped to 58 percent, while that of Netherland India had risen from 14.2 to 25.4 percent, and that of Soviet Russia from 0.7 to 11.6 percent.

This threat of more formidable competition on the part of Netherland India products was more than realized in the case of gasoline in 1934, when Netherland India contributed over 58 percent of China's gasoline purchases compared with but 34 percent from the United States. Owing to a variety of causes, having largely to do with questions of increased taxation and silver exchange uncertainties, China's kerosene imports for 1934 were cut to less than half of those of the previous year; but the United States maintained its position fairly well with over 54 percent of the trade compared with Netherland India's 28.6 percent and about 9 percent from Soviet Russia. Most of the remaining 9 percent was accredited in the customs returns to Curacao, a refining depot of the Dutch West Indies for Venezuelan oil products.

Although the United States was the pioneer in the development of the kerosene oil and gasoline market in China, it is obvious that its share in the China market is bound to encounter more and more severe competition from other producing sources. Doubtless the organization of the Dutch and British interests into a single sales agency, as opposed to the several American companies operating in China, and the growing sales energy of the Soviet Russian oil interests are outstanding factors in this competition.

LIQUID FUEL AND LUBRICATING OILS

As a result of shorter ocean hauls and consequently cheaper freight rates, Netherland India has rapidly surpassed the United States in the Chinese market for liquid fuels over the last 5 years. In 1929 the United States had 52.1 percent of the liquid-fuel market, as contrasted with 13.5 percent held by Netherland India, and 20.1 percent accredited to Hong Kong. The imports accredited to Hong Kong, however, were probably principally from the Borneo and Sumatra fields, as Hong Kong produces no petroleum products of its own, and might therefore be included in the figures of imports from Netherland India for a total of 33.6 percent from that source. In 1931 the share of the United States fell to 25.4 percent, while that of Netherland India, combined with liquid fuel imports attributed to Hong Kong, totaled 63.5 percent. Over the last 3 years the United States and Netherland India (with Hong Kong) accounted for practically 99 percent of China's liquid fuel imports, with the share of Hong Kong-Netherland India being about two-thirds, and that of the United States one-third. In 1934 the share of Netherland India alone was slightly less, with Hong Kong not participating. The share of the United States also was slightly less, while Japan and Soviet Russia both furnished appreciable but still insignificant quantities.

Of lubricating oils, the United States has always stood far in the lead with 75 to 80 percent of the market, and Netherland India accounting for the bulk of the remainder. This proportion held true through both 1933 and 1934. Directly to the contrary, however, Netherland India sells 70 percent of the demand of the Chinese market for paraffin wax, followed by the United States with 20 percent, and about 5 percent supplied by Burma's oil fields.

LEATHER AND LEATHER MANUFACTURES

The customs returns lists the United States, Germany, and Hong Kong as the three main sources of China's imports of leather and manufactures of leather, giving as secondary sources Japan, Canada, and Great Britain. The figures of Hong Kong's trade are, of course, meaningless. If they could be broken down into their authentic sources of origin it would probably be found that the great bulk of leather manufactures received via Hong Kong were from Great Britain, and the hides and leather would include shipments from Canada, Australia, British India, and the Straits Settlements, in addition to the imports of such materials directly credited to those several countries. In 1929 Hong Kong was named as the source of 29.3 percent of China's imports of leather and leather manufactures, the United States 22.7 percent, and Germany 11 percent. These three countries accounted for over 70 percent of the total imports in 1931, with the United States and Hong Kong almost equal; but in 1932 and 1933 the United States held first place with 26.3 and 28.2 percent, respectively, while Germany rose to second place over Hong Kong with 13.9 percent. In 1933 the United States ranked first in sales of sole leather to China, with 25 percent of the trade; Hong Kong and the Straits Settlements ranked second and third (both of these obviously include leather supplies from other sources shipped through Hong Kong and Singapore as transshipment points); with Australia, Canada, and British India following in that order. In 1934 the China market for sole leather dropped by more than 65 percent, and the Straits Settlements held a slight lead for first place over Australia, Hong Kong, the United States, and Japan in the order named.

In manufactures of leather in both 1933 and 1934, the United States and Germany accounted for from 70 to 80 percent of the entire market between them, with the United States slightly in the lead. Japanese leather manufactures showed a decided tendency to advance, doubtless as the result of their low price advantage, but the high grade and high-priced leather manufactures of Great Britain evidenced considerable difficulty in holding level. The United States and Germany supply all of China's requirements for calf uppers, the United States furnishing the colored leather and Germany the black. American patent leather continues to lead in the Chinese markets, but German manufactures are making a strong bid for leadership in the trade of South China.

The consumption of leather has grown rapidly during the last 25 years, largely due to the requirements of industrial plants for leather belting and the popularity of foreign-style but locally made footwear, trunks, bags, and purses, especially among the younger generations of Chinese in the seaports and larger interior cities. Shanghai and

Tientsin are the main producing centers. In Shanghai and adjacent territories there are approximately 500 tanneries, but only 6 are considered modern and 36 semimodern. In South China tanning remains still largely a household industry. American and German tanning machinery and equipment are employed in most foreign-owned tanneries, that of Germany preferred in some factories on account of its lower cost.

PAPER, INCLUDING NEWSPRINT

Over the last 5 years, the United States has generally maintained a favorable position compared with other countries in the supplying of paper to China. The China market, however, in recent years has been split up among such a number of countries as sources of supply for paper that no one country has a particularly large share of the market or any impressive volume over the others. This was not the case between 1929 and 1932, when Japan alone supplied from 36.5 percent to 43.6 percent of the market. Since 1931, Japan's share has declined considerably, ranging from around 16 percent to less than 10 percent. The United States had 10.8 percent of the market in 1929, compared with 10.5 percent for Norway and 9.2 percent for Germany. In 1931 and 1932 it lost second place to Germany, the percentage of the latter country in 1932 being 16.4 percent compared with 10.6 percent for the United States and 10.8 percent for Norway. In 1933 the United States rose to first place by the lightest of margins over Sweden and Germany in the order named, the share of the United States being 14.5 percent, that of Sweden 14, and that of Germany 13.2 percent, while Japan had but 9.6 percent. But Japan regained first place in 1934 with 16.8 percent of the market, followed by the United States with 12.6 percent, Sweden 11.8 percent, and Norway 10.9 percent. Canada has made steady progress over the 1929-34 period, increasing its share from 0.3 percent in 1929 to more than 10 percent in 1934.

Figures for 1934 indicate that Germany led in paper boards with about 30 percent, followed by Sweden with 16 percent, and Japan with 10 percent. In newsprint papers Canada led with nearly 33 percent, followed by Japan with around 20 percent and the United States with about 13 percent. Norway, Finland, and Sweden contributed the bulk of the remaining 34 percent. In the better-class printing and writing papers Norway had 30 percent of the market in 1933, but less than 20 percent in 1934. Japan, the United States, Sweden, and Germany contributed the bulk of the remainder. Under the heading of paper and paper ware not otherwise recorded, the United States had roughly 20 percent of the China market in both 1933 and 1934, closely followed by Great Britain and Germany. Each of these, however, showed a not inconsiderable decline in the latter year, whereas Japan, next on the list, increased its share by over 40 percent and Canada's share also increased by approximately the same ratio.

TIMBER AND WOOD

Over the whole of this category the United States has steadfastly maintained first place throughout the 1929-34 period, although in the last 2 years its proportion of the market has fallen off somewhat. In 1929 the United States had 53.1 percent of the entire market, with

Japan holding next place with 18.9 percent. In 1931 the share of the United States had fallen to 43.8 percent and in 1932 to 27.9 percent. Soviet Russia in the intervening 3 years had climbed from 3.6 percent in 1929 to second place with 14.7 percent, followed by Japan and Canada with 13 and 11 percent, respectively. In 1933 the United States recovered a little ground, leading with a total of 28.6 percent; Canada followed with 17.3, while Soviet Russia and Japan were next with about 9 percent each. The other countries mainly appearing in the timber and wood trade contributed almost wholly hardwoods for fine cabinet work or special uses. Of these, British North Borneo led, followed by the Straits Settlements and Federated Malay States, Japan, Netherland India, and the Philippine Islands. North Borneo's share was around 20 percent, with the share of the others varying from slightly under 10 percent in the case of the Philippines to 15 percent for the Straits Settlements and Federated Malay States. In imports, specifically, of teak, Siam regularly supplies about 80 percent of the market, the Straits Settlements and Malay States supplying nearly all the remainder. Australia leads all other countries in supplying the Chinese with sandalwood for manufacture into the beautiful carved jewelry chests and decorative furniture for which Chinese wood carvers are famous.

In imports of softwoods, in both 1933 and 1934, the United States led, with 40 percent of the market; Canada came next, with about 30 percent; and in 1933 Soviet Russia was third, with about 15 percent. In 1934, however, Soviet Russia's contribution was reduced to 20 percent of its sales in the previous year, while softwood exports of the other main contributing countries, United States, Canada, and Japan, were reduced comparatively slightly.

RAILWAY SLEEPERS

The United States led all countries in railway sleepers in both 1933 and 1934, with about 60 percent of the market in both quantity and value. The only competition of any importance was offered by Australia, in second place, and Siam and Canada in the order named, all three far behind. Of timber and woods not otherwise specified (meaning probably furniture and other manufactures of wood), Japan occupies first place, with about 30 percent of the market; Siam next, with 25 percent; and the United States third, with a little less than 10 percent.

PHOTOGRAPHIC MATERIALS

Of the market for photographic materials and supplies over the 1929-34 period, the United States has regularly enjoyed from two to three times the share of any other country and approximately 50 percent of the whole trade. In spite of general understanding to the contrary in certain quarters, Japan's sales of photographic apparatus and materials to China in this period have been comparatively insignificant. The only important competition offered to American manufactures has been that of Germany, with Great Britain a poor third. In 1929 the share of the United States was 36.4 percent, that of Germany 22.9 percent, and Great Britain 7.2 percent. Over the intervening period to 1933, the share of the United States steadily increased, while its competitors barely held level, the proportion of the United States being 58.5 percent in 1933, compared to Germany's 19

percent and Great Britain's 7 percent. In 1934 China actually imported from the United States alone a greater value of photographic materials than the total it imported from all countries for its own use. Reexports of a large proportion of these imports to neighboring countries took care of a surplus amounting to more than 40 percent of China's requirements. The United States supplied nearly four times the amount of photographic goods supplied by Germany, its nearest rival. In this year probably well over 60 percent of China's home-market demands were met by American goods.

CIGARETTES AND LEAF TOBACCO

In former years the United States supplied China with quantities of cheap cigarettes, running to as high as 9,227,430,000 in 1923, with a value of \$17,206,208. The total value of sales of tobacco products of the United States to China in that year was but \$17,230,938, showing the enormous proportion of cigarette sales to total tobacco sales at that time. But in the 12 years since, the Chinese market for foreign cigarettes has fallen into relative insignificance, as a result of domestic competition and the removal from the United States of certain foreign-owned factories which manufactured here especially for the China trade. China continues to buy most of its leaf tobacco needs from the United States; but having itself put up innumerable cigarette factories for processing the imported leaf, it literally "rolls its own." Such imported cigarettes as are found in the market are mostly for foreign-resident consumption and often British-made, from American tobaccos. In 1933 Great Britain sold nearly three times as many cigarettes to China as did the United States—mainly the produce of the British-American Tobacco Co.'s factories at Liverpool, engaged in manufacture for the China trade—and in 1934 nearly twice as many. Imports from both countries, however, showed a decline from the previous year notwithstanding that China's present annual consumption is estimated to exceed 70 billion cigarettes.

The United States is the only country which sells China any considerable quantity of leaf tobacco, its share of the market in both recent years (1933 and 1934) being in excess of 95 percent. The principal threat of competition to American tobacco in China comes from increasing production in China itself. Much of this tobacco is grown from American seed and is even now superseding some proportion of the supply from the United States. The growth of Chinese production of tobacco from American seed in the last 10 years is indicated as follows:

	<i>Pounds</i>
1925.....	54, 000, 000
1931.....	86, 000, 000
1933.....	120, 000, 000
1934.....	140, 000, 000

In addition, China produces untold pounds of native tobacco, and cigarette competition is coming from this native tobacco more than from anything else.

Domestic factory production of cigarettes has widened its activities in the China market at the expense of the well-known British-American Tobacco Co., which for some years had almost a monopoly of sales of American cigarettes and the manufacture in China of cigarettes from American tobacco. This great firm in 1934 changed its name to

the Yee Tsoong Tobacco Co.; but it is claimed that not even this policy has saved it from antiforeign propaganda and other modern advertising methods which the Chinese factories have adopted for the furtherance of Chinese brands.

WHEAT, WHEAT FLOUR, AND CEREALS

Australia, the United States, and Canada are ordinarily the only important foreign sources of wheat and flour imports to supplement millet and rice as main staples in the Chinese dietary. Argentina, however, has been selling China increasing quantities of unmilled wheat in recent years, and in 1934 was second to the United States, the two supplying 66 percent and 22 percent of the market, respectively. Of the remainder, Australia supplied slightly over 10 percent. The large share of the United States in wheat imports to China in 1934 was probably the result of shipments applied to the wheat loan and other factors; because in the previous year, 1933, Australia supplied 65 percent of wheat imports, Argentina 11 percent, and Canada 9 percent, whereas the contribution of the United States was insignificant. Of wheat flour imports, the United States and Australia supplied almost equal proportions of the market in 1933, with a combined total of over 80 percent, while Japan supplied the bulk of the remainder—mainly manufactured from American and Canadian wheat. Of wheat flour imports in 1934, the United States alone supplied nearly 80 percent, Canada and Australia sharing in nearly equal proportions the remainder.

Of all wheat flour and cereal imports into China over the 1929-34 period, Canada's share in 1929 was 36.4 percent, that of the United States was 27 percent, and that of Australia was 4.8 percent. Subsequently, in 1931, Australia leaped to the fore with 46.5 percent and was not headed again until 1934, when the United States lead with 54.6 percent and Australia had but 10.3 percent. It is a fair conclusion that, all other things being equal, the sale of wheat and wheat flour to China is distinctly a matter of price.

FOODSTUFFS

Necessarily in a survey of this kind each specific commodity that might be of interest cannot be dealt with individually, and the endeavor to lump all products of one generic type into a single class often does injustice to some particular line. The Chinese, outside of the various communities of foreign residents, use neither milk, butter, nor cheese. Their imports of dairy products would therefore refer mainly to usage by foreign residents and are relatively unimportant. The same is generally true of fresh meats, the flesh dietary of the Chinese people consisting principally of fish and home-processed pork and fowls. Mutton and goat meat are consumed in the north, but with respect to cattle they have not followed the example of the foreigners, to whom they sometimes refer with a slight implication of scorn as "beefeaters." They are, however, great consumers of fish and all products of the sea, both fresh and preserved; and they have learned from the foreigner to like milk out of a can.

CONDENSED MILK

Condensed milk is the one dairy product which has been popularized in China since its introduction by the foreigner, largely as the result of an extensive advertising program implying its efficacy in

multiplying the number of births of boy babies. However, the Chinese culinary artist and gourmet has learned to appreciate it above his own artificial milk, made from the soybean, in preparing the soups and sauces which form a large part of his food fancies.

Although Hong Kong produces no condensed milk of its own, it is amusing to observe that for the 3 first years of the 1929-34 period, Hong Kong is accredited with first place in supplying the Chinese market with condensed milk. This represents, of course, transshipments of imports originating in Great Britain, Holland, Switzerland, France, and other European countries in addition to the supplies accredited directly to the several countries. Over this period, however, the United States has had probably the largest share of the condensed milk market, with 31.9 percent in 1929 compared with 33.4 percent attributed to Hong Kong, 14.5 percent to Australia, and 7.3 percent to the Netherlands. By 1932 the share of the United States had risen to 41.9 percent, contrasted with 20.8 percent for Australia, 15.9 percent for the Netherlands, and but 2.4 percent attributed to Hong Kong. In 1933 the United States had 32.7 percent, while the Netherlands and Australia supplied almost equal amounts for an aggregate share of 46 percent of the trade. Switzerland and France accounted for most of the remainder.

A notable upset took place in the China market for condensed milk in 1934, however. The Netherlands ascended to first place, with more than 45 percent of the market. Australia maintained its share of nearly 28 percent in second place, but the United States dropped to third place with slightly over 10 percent. From the constant shifting of position by the participating countries it seems apparent that there is sharp and continuous competition going on between them for China's condensed-milk and milk-foods market.

FISH AND OTHER SEA FOODS

Over the 1929-34 period Japan and Hong Kong have alternately held the lead in the market for sea products, the share of Hong Kong doubtless being contributed not only by China itself and its tropical and subtropical neighbors, but by a number of European countries as well. The United States and Soviet Russia are the only western countries whose direct participation in the market is of any importance. The largest proportion of the market enjoyed by the United States was 12.3 percent in 1932 (when the boycott reduced China's purchases of Japanese sardines somewhat) contrasted with 29.3 percent for Hong Kong and 22.6 percent for Japan. In 1929 the share of the United States was but 2.2 percent, compared with 38.6 percent for Japan and 34.7 percent for Hong Kong. The 1934 figures of China's total imports of fish and fish products show that Canada led with 47.7 percent, while Hong Kong's share was 18.5 percent and that of the United States but 4.1 percent. Canada supplied over 50 percent of the salt-herring trade, the United States over 22 percent, and Japan in third place with the bulk of the remaining herring market. Hong Kong, Japan, and Soviet Russia supply the bulk of China's salt- and smoked-fish demands, but in the large category of "fishery and sea products not specifically recorded", Japan had almost 75 percent of the market, with the remainder split up into small proportions for each participant.

FRUITS AND VEGETABLES

The Chinese market for western fruits and vegetables is of principal importance for preserved and canned goods, although the United States, Australia, Formosa, and Japan supply considerable quantities of apples, oranges, lemons, and other fresh fruits that can stand long shipment. Over the whole range of fresh, canned, and preserved fruits Hong Kong had first place in 1929—largely because it is the transshipment point for British and other European preserves and tropical fruits from neighboring countries—with 41.7 percent, while Japan has held second place with 30.5 percent, and the United States third place with 10.1 percent. These relationships shifted considerably in the 1929-34 period, with Japan in first place with 42.5 percent in 1932, United States second with 22.1 percent, and Hong Kong third with 18.3 percent. In 1933 the United States occupied first place with 30.1 percent, compared with 18.7 percent for Japan and 14.8 percent for Hong Kong. In 1934 the United States and Korea dominated the market for fresh apples, supplying an aggregate of over 68 percent in almost equal quantities. In currants and raisins the United States had almost a complete monopoly. Somewhat contrary to general opinion, recent imports of Australian and Canadian apples have been of relatively insignificant quantity. The United States also supplied in 1934 more than 50 percent of China's imports of fresh oranges, but Japan was second with more than 25 percent, and Formosa was the only other important source. Of canned fruits and other types than those enumerated, Formosa supplied the largest amount in 1934, about 30 percent; the United States was second with around 16 percent, followed by Japan, the Philippine Islands, and Hong Kong, in the order named. Australia's contribution was about 10 percent of that supplied by the United States.

MISCELLANEOUS ITEMS

China buys its office equipment, including typewriters, largely from the United States. It also buys typewriters from Great Britain, Japan, and Germany. Musical instruments are imported in largest numbers from Japan, the United States, and Germany, but 35 percent of China's imports of surgical instruments and other apparatus required by scientists and physicians are of German manufacture. Prior to 1930, the majority of foreign clocks and watches sold in the Chinese market were of the Swiss type with Japanese products closely following. After 1930, however, Japan outranked Switzerland until 1934, when Switzerland regained the lead, with Germany in second place over Japan. Of lamps and lamp ware, not including electrical, Germany furnishes the largest share, followed by the United States, Hong Kong—which probably transships them from British, Austrian, and Belgian sources of origin.

In 1934 the United States supplied to the China market just over 80 percent of its total purchases of typewriters. Germany, Great Britain, and Japan were the only other important participants in the trade—with shares of 7, 5.2, and 4.1 percent, respectively. Of watches and clocks, Switzerland supplied 51.1 percent, with Germany and Japan supplying almost the whole of the remainder in nearly equal shares.

EARLY CHINA TRADE

It will surprise many to learn that China is the oldest world customer of the United States. At the end of the Revolutionary War, the old colonial trade routes were closed to the United States by the frigates of warring England, France, and Spain. American shipping was largely centered around New York and New England ports, which were now denied the African coast and West Indies trade they had previously enjoyed. The first American vessel to sail for China was the *Empress of China* which sailed from New York Harbor in February 1784, for Canton. The bulk of its cargo was ginseng, a root highly prized by the Chinese for its supposed medicinal value, and a common wild product of the hills of New England and New York, as well as of North China. By 1789, 15 American clipper ships from New York, Boston, Philadelphia, and Salem, loaded with cargoes of rum, tobacco, molasses, ginseng, and furs had made port at Canton. The United States was then the foremost fur-producing country in the world.

A TYPICAL CARGO FROM CHINA

When the steamship *Rising Sun*¹² returned from Canton in 1793 to its home port of Providence, an advertisement in the Providence Gazette announced as "specially arrived from China";

Fresh Bohea tea of the first quality, in chests, half, and quarter chests, China, a great variety, sattins, lutestrings, persians, taffetas of different qualities, black and other colors, a variety of fashionable silks and silk and cotton, for gentlemen's summer wear, nankeens, elegant sattin shoe-patterns, pearl buttons with gold figures, superfine lambskins, ivory and lacquered ware, tea caddies, a large assortment of lacquered tea-trays, waiters, bottle stands, etc. Silk handkerchiefs, hair ribbons, cinnamons and cinnamon buds, black pepper, 200 boxes excellent sugar, etc.

A ship's manifest of cargo from China to the United States at the present time, if all of its business were in the China trade, would read very differently. There would still be some of the teas in chests and half chests; perhaps some of the ivory and lacquered ware; and no doubt raw silk, with a few bolts of silk fabrics or embroideries from South China. But the main part of the cargo would be bulky and ill-favored. Tung oil from the Yangtze Valley and coarse wools from Manchuria, combining their unpleasant smells with the more pungent odor of goatskins from Szechwan. Goods of beautiful and skilled handicraft still come to the United States from China, but these are of insignificant volume and value now, compared with the heavy trade in raw materials for the use of American industry.

TRADE WITH GREAT BRITAIN

Great Britain began the establishment of its trade with China at about the same time as the United States. In the course of the next 50 years, owing to a variety of causes, the American firms established in Canton by Samuel Shaw—supercargo of the *Empress of China* and first American consul to China—by Thomas Randall, Samuel Russell, the great Olyphant,¹³ and other pioneers, were gradually swallowed up by British firms. Some of these old British firms still hold a com-

¹² The Old China Trade, by Foster Rhea Dulles, p. 47.

¹³ Remembered still along the China coast for his friendship with Hou Qua, the famous tycoon, whose integrity gave rise to the wide-spread reputation of the Chinese merchant that "his word is as good as his bond." Olyphant was also known as the friend of Robert Morrison, the great English missionary, and his own lofty character was of much influence in establishing American prestige in China.

manding commercial position on the China coast. British trade differed in several particulars from that of the United States, especially in the substitution of opium for ginseng as its most remunerative cargo. In a general sense China's trade with Western nations, except in the case of Great Britain, was no great factor in world trade until the World War. In 1864, the first year for which systematized statistics are available, China's total imports were valued at 51,000,000 Haikwan taels, the Haikwan tael at that time being valued at 6 shillings and 8 pence. (It is a striking instance of the position of the United States in world trade that there were no figures in that day for the valuation of the Haikwan tael in American dollars.) Chinese exports in that year (1864) were valued at 54,000,000 Haikwan taels. By contrast, in 1931, the peak year in China's trade, total imports from foreign sources exceeded a value of 1,433,489,000 Haikwan taels and exports exceeded 909,476,000 Haikwan taels.

In those earlier years imports and exports very nearly balanced each other. The Chinese had not yet acquired a taste for the products of our modern civilization. Opium constituted 40 percent of China's imports as late as 1880; cotton piece goods composed 30 percent, and metal wares 5 percent. The remaining 25 percent was made up of such sundries as coal, raw cotton, timber, and kerosene, and three of these items are still of prime importance in China's trade. American cotton textiles figured largely in the cotton-piece goods trade during the latter half of the nineteenth century, American drills, sheetings, and jeans receiving a high degree of China's preference. But the United States has since lost this entire trade, first to Great Britain, then to Japan.

Kerosene oil, which made its first appearance in the customs figures in 1863, had by 1880 increased to 3,500,000 gallons. For the next 20 years this trade was profitable but not sensational. Then, shortly before the beginning of the present century, one of the great American oil companies, not satisfied with the growth in distribution of its kerosene, devised the simple but effective scheme of giving away to its customers a small tin lamp with every case of kerosene it sold. The plan was tremendously successful, showing how a single simple idea may revolutionize a business. The kerosene lamp, which replaced the wick in the saucer and the use of bean or other vegetable oils, made an instant appeal to the Chinese. At the height of its trade the United States sold China around 190 million gallons of kerosene annually.

WORLD WAR INITIATES AMERICAN PROMINENCE

American trade with China before the World War was of modest proportions in comparison with that of its rivals. In 1913 nearly 30 percent of China's imports were accredited to Hong Kong, of which the bulk was of British or European origin; over 20 percent originated in Japan; 16½ percent was accredited to Great Britain direct; and but 6 percent represented the share of the United States. The World War cut off China's market in the main from European supplies, compelling it to fall back on the industrial output of the United States and Japan. American firms, particularly, established themselves on the China coast to handle the revival of a trade which, with the exception of kerosene and tobacco products, had languished for 50 years. Neither the United States nor Japan has since returned

to its former position of subordination to European commercial activities in China. That in the 1929-34 period the United States has generally predominated in Western commerce with China is shown in the following percentage table:

PERCENTAGE STANDING OF PRINCIPAL COUNTRIES IN CHINA'S FOREIGN TRADE

Country	1929	1931	1932	1933	1934
IMPORTS					
United States.....	18.02	22.19	25.43	21.86	26.16
Japan.....	25.22	20.04	13.95	9.71	12.21
Germany.....	5.23	5.77	6.75	7.95	8.99
Great Britain.....	9.30	8.29	11.20	11.33	12.00
Hong Kong.....	16.74	15.33	5.71	3.55	2.86
France.....	1.42	1.49	1.46	1.75	2.16
EXPORTS					
United States.....	13.37	13.01	12.17	18.48	17.6
Japan.....	24.87	26.97	21.80	15.65	15.16
Germany.....	2.18	2.50	6.05	3.40	3.58
Great Britain.....	7.21	6.98	7.62	7.96	9.30
Hong Kong.....	16.83	16.05	15.35	19.75	18.85
France.....	5.46	3.69	4.63	5.26	3.95

Source: Chinese Maritime Customs.

Although the preceding table shows that the percentage of the share of the United States in the imports of China increased by 4.30 percent in 1934 over 1933, what it does not show is that the value of the share of the United States decreased by 15.6 percent, compared with 1933, and compared with a drop of 24 percent in China's imports from all countries. Nor does it show that, with regard to the same 2 years, the value of China's exports to the United States fell off by 18.4 percent in contrast with a decline of but 12.4 percent in China's exports to all countries. (See table 3 in appendix to this bulletin.)

The explanation has been offered that high and uncertain silver exchange—which operated particularly through 1934 in tending to reduce the price of imports and enhance the price of exports—operated, naturally, with more marked effect upon the trade between China and the United States than upon the trade of China with the rest of the world. Such a drop, moreover, as has occurred in China's trade with all countries, and in both directions, serves to emphasize the fact that as the result of a number of factors China in 1934 dropped lower than ever in the trough of the "world depression", while other nations were climbing out.

In the preceding percentage table is clearly shown the strong position that the United States has now attained, relative to that of its principal rivals in the China trade. The share of the United States (26.16 percent) in China's imports in 1934 exceeded that of Japan (12.21 percent) and Great Britain (12 percent) combined and was nearly three times that of Germany, with 8.99 percent. Of China's exports in 1934, while a slightly larger percentage was shipped to Hong Kong for transshipment all over the world, the United States took 17.63 percent, compared with 15.16 for Japan, nearly twice as much as Great Britain (9.30 percent), and more than four times as much as either France or Germany. Undoubtedly the drop in Japan's position relative to that of the United States since 1931 has been as the result of Manchuria's disappearance from China's customs returns

far more than from any other cause; yet sufficient significance remains in the figures given to form a substantial answer to the statement not infrequently made that "the United States is losing its trade with China to its competitors."

EXPORT COMMODITIES

RAW SILK

Until the disappearance of Manchuria from the customs returns of China in 1932, exports of beans and bean products—oil and bean cake—had far exceeded in quantity and value any other item in China's export trade. Raw silk had always stood second in recent years, and for a short period it now took the place of beans and bean products at the head of the export procession. However, in 1934 tea superseded silk and took first place in China's exports for the first time since the early years of China's trade with the west. This place it probably owes not so much to any marked revival in western demand for Chinese teas as (1) to the absence of Manchuria from Chinese customs figures, which has reduced bean exports to a comparatively humble place and (2) greatly reduced prices for raw silk, with lowered demand because of the competition of rayon.

Raw silk may again take its place at the head of China's export commodities. China has always been one of the world's great silk-producing countries and in the earlier years was the leading source of supply. However, it has long since yielded first place to Japan in silk culture, partly because of the absence of modern scientific process of production and indifferent merchandising methods. The value of total silk exports in 1933 was just under 25 percent of the value of the silk exports in 1929, while silk exports for 1934 again fell far below those of the previous year. The United States and France have always been China's two principal silk markets, either one or the other alternating for the lead, with, in recent years, British India not far behind. Exports to other countries have been in most years negligible. In 1929 France led China's customers with 25.3 percent of the trade as compared with the United States, 24.8 percent, and British India, 4.9 percent. In 1931 the United States led, with 26.1 percent; France second, with 18 percent; and British India practically unchanged from 1929. The next year, 1932, found the three countries taking an aggregate of slightly over 70 percent of China's total raw-silk exports, each with about the same proportion, and British India slightly in the lead. France again went ahead in 1933, with 29.3 percent; the United States followed, with 26.3 percent; and British India was well up, with 20.7 percent. In 1934 the share of the United States fell by more than 10 percent, while France declined to 23.9 percent, but British India rose to 22.2 percent.

Of white raw silk, the higher-priced kind, France took over 25 percent; the United States followed, with around 20 percent; while French Indo-China and British India took, between them, well over 30 percent. Of yellow raw silk, British India purchased more than 50 percent and France about 16 percent; with the remainder absorbed by the United States, Japan, and Egypt. France bought over 80 percent of the "wild" or so-called "tussah silk", produced principally in Manchuria, Hopei, and Shantung from silk worms that feed on oak

leaves instead of mulberry, while Japan and Italy took practically all the rest. Of silks not otherwise specified, and silk cocoons, Italy and Japan bought between them nearly 50 percent, with Italy well in the lead. France, the United States, Great Britain, and Hong Kong (probably for distribution to nearby countries) divided the remainder.

TEA

China was at one time the world's sole source of supply for teas. From the time tea first reached Europe, by way of the Dutch East Indies Co. in the middle of the seventeenth century, until after the middle of the nineteenth century, China teas dominated the trade. As late as 1871 China teas satisfied 86 percent of world consumption. But by that time the more vigorous black teas of Assam had found favor, and China has long since been surpassed by India and Ceylon as sources of world supply. In 1926 China's share of the world market was but 13 percent, and it has been growing less since. However, because of its own enormous consumption, China is probably still foremost in tea acreage and production.

Although tea took first place only in 1934, the value of tea exports has shown a remarkable uniformity over the last 3 or 4 years. It was slightly over 39,000,000 yuan in 1931; 38,500,000, in 1932; 34,000,000, in 1933; and slightly over 36,000,000 yuan in 1934. Such uniformity might suggest either a remarkable adjustment in price levels or that the devotees to China tea are settled in their tastes and neither to be added to nor subtracted from in great number.

Over the 1929-34 period Soviet Russia and Morocco have led in the demand for China teas, but in purchases of black China teas the United Kingdom and the United States are leaders. Moroccans have a preference for green teas, whereas the Russians buy both black and green, but specialize more particularly in the cheaper grades, teas "not otherwise recorded" in the customs figures. These are largely "brick" teas, in which leaves, stems, and dust are compressed and dried in the form of a brick or tile. In 1929 Soviet Russia bought 47.8 percent of China's teas, as compared with 29.9 percent by Morocco, 10.1 percent by the United States, and 8 percent by Great Britain. In 1931 Morocco bought 41.8 percent, compared with 34.8 percent by Soviet Russia, and between 13 and 14 percent each for the United States and Great Britain. In 1933 Morocco's share was 26 percent, followed by the other three countries with 13, 11, and 10 percent, respectively. In 1934 Morocco and Algeria together bought over 50 percent of China's green teas, with the United States second. Great Britain bought 40 percent of her black teas, the United States and Soviet Russia second and third, respectively, with 11 and 10 percent, and Soviet Russia took 80 percent of the nonspecified teas. These figures, however, present nothing to indicate the remarkable uniformity in sales values. In each of the last 3 years (1932-34) Morocco has bought teas from China to the value of about 9,000,000 yuan; the United States, about 3,000,000 yuan; Soviet Russia, 5,000,000 yuan; and Great Britain, 4,000,000, 3,000,000, and 5,000,000 yuan for these years, respectively. The lesson seems to be that China tea drinkers constitute a special class.

EGGS AND EGG PRODUCTS

China is the world's largest exporter of eggs, yet one would probably search in vain the whole country through for such a thing as a chicken ranch. Every Chinese farmer keeps a few hens, but it is a rare peasant household that can afford the luxury of eggs for its own use. They are an infallible money crop which must be taken to market to pay for things more necessary.

A few years ago the United States was one of China's best customers for preserved egg products, used in bakeries and confectionary stores, but in 1932 the American tariff was raised on imported egg products, and the American market has since fallen to slight importance. Great Britain has always been China's largest market for egg exports, and over the 1929-34 period it has consistently taken well over 50 percent of them. In 1933, Great Britain's purchases were more than 60 percent of total exports and about the same ratio was maintained for 1934. Germany has superseded the United States in second place and takes annually from 9 to 11 percent. The United States, Belgium, France, and the Netherlands are the only other considerable markets, the United States leading with annual purchases of from 4 to 8 percent of China's total exports.

TUNG (WOOD) OIL

China has practically a world monopoly of tung oil, the one Chinese product which has become, perhaps, more nearly indispensable to the West, particularly to the United States, than any other product from that region. It has been used for years in the United States for spar varnishes and recently for paints and other varnishes. In the United States new uses are being made of it as waterproofing material for paper and linen bags, wall boards, brake bands of automobiles, and insulating materials; but in China tung oil has been used for hundreds of years for waterproofing cloth, paper umbrellas, and for the thousands of boats which ply along the inland waterways. It is the chief native paint for finishing natural woods. Lampblack made from burning the oil or husks of the nuts is an important ingredient in the manufacture of high-grade Chinese inks.

Normally the United States takes over 85 percent of China's total exports of tung oil, but the takings have declined to between 63 and 70 percent recently, as the result of stocks which accumulated in the United States during the depression through large purchases at low prices. Hong Kong, according to the Chinese customs figures, usually ranks second to the United States in the trade, with from 6 to 10 percent, but European countries bought a considerably larger share than Hong Kong in 1934. Independently of supplies received through Hong Kong, the United Kingdom usually is in third place, while France, the Netherlands, and Germany are also important markets, each taking fairly close to 6 percent annually. In 1934 each of the three about equaled Great Britain's share, while the United States took but slightly over 61 percent, and 13 percent went to Hong Kong.

Approximately 90 percent of China's tung oil comes from the Yangtze Valley. Important ports of collection are Yochow, Wanshien, Chungking, and Ichang. From these the collected oil is brought into Hankow to be refined, clarified, and tested, after which

it is shipped in tank steamers to United States and European ports, largely through Shanghai. Hong Kong is an important shipping point for the production of the southern provinces, and in times of trouble (such as banditry or communist uprisings) along the Yangtze River, the oil from that region also clears through Hong Kong.

The America paint and varnish industry consumed almost 121,500,000 pounds of tung oil, valued at \$10,930,000 in 1934, an increase of about 12 percent in quantity and more than 50 percent in value over 1933. Imports of tung oil, however, declined by 7½ percent as compared with the previous year, because of the heavy stocks already on hand.

Tung oil is expressed from the nuts grown on two varieties of trees, both of which are cultivated and found wild. *Aleurites montana* grows chiefly in the subtropical South China area, while *A. fordii* is most abundant in the high altitudes of the Yangtze Valley and produces also the higher yield of oil. It is this last variety which has proved more hardy and valuable in the plantations of the Southern States of the United States. While China still maintains its monopoly, cultivation of the tung tree received serious attention in many parts of the world in 1934. Experimental planting has been undertaken in Burma, South Africa, Australia, and New Zealand of the Old World, while Argentina, Brazil, and Paraguay are South American countries which have manifested interest in the tung tree. Russia has 9,000 acres under cultivation, and in the United States 50,000 acres have been planted in the Gulf Coast States, Florida, Georgia, Alabama, Mississippi, Louisiana, and Texas. The stock for all these plantations has been taken from China, and it may be that in future years they will develop a strong competition with the parent country.

HIDES, SKINS, AND FURS

China ranks second to India among world producers of goatskins, much the greater proportion of which are shipped from China untanned. For all categories of hides, skins, and furs, except cow and buffalo hides, the United States is by far China's largest customer. Japan takes the bulk of the cowhides, and Hong Kong takes the buffalo hides for distribution to many European countries with Germany in the lead. Chinese cowhides are cured by sun drying, and the quality does not compare favorably with sun-dried hides from European and South American countries. Moreover, America's consumption of cattle hides consists principally of salt-cured hides.

North China, particularly Manchuria, was formerly one of the main sources of raw furs for the United States. A great proportion of these came through Manchuria from Siberia and Russia, but with the separation of that area from the Chinese customs figures China's importance as a source of raw furs has considerably declined. The plains of Mongolia, and the Yangtze Valley far back into the high mountains of Szechwan, still contribute a large share of the goat, kid, and lamb skins that go into the making of the American woman's high-grade shoes and gloves. In volume and value these are the most important skins that come out of China. On the American market there are more than eight different types of Chinese goat and kid skins offered regularly, the types being known to the trade by the name of the province of origin.

Another item worthy to be mentioned with goatskins and kidskins, aristocrats of the trade, is of passing interest. The great, heavily furred, black dogs of North China's cold winters provided in 1934 more than 66,000 undressed dogskins for the fur wearers of the United States, which bought more than 90 percent of all the dogskins exported from China. Probably few of the wearers have ever realized that their handsome winter coats were made of dogskins under a different trade name. In 1933, 977,000 dressed skins of dog, goat, and kid were imported into the United States from China, valued at \$1,062,000. Plates, mats, strips, etc., of the same varieties were also imported to the amount of 448,000 pieces, valued at \$176,000. These are dressed in China, sewn together and shipped in pieces several square feet in dimensions.

In 1929 the United States bought 46.2 percent of all China's exports of hides, skins, and furs, followed by Japan, with 23 percent, and the United Kingdom with 10.2 percent. These countries have retained the lead since, in the order named, but the United States has steadily increased its proportion each year until it is now in the neighborhood of 65 percent. In 1934 the United States bought more than 95 percent of all lambskins, about 80 percent of all undressed goatskins, more than 98 percent of weasel skins, and 60 percent of the undressed furs.

BEANS AND BEAN PRODUCTS

In 1929 China's exports of beans and bean products, including bean oil, exceeded a value of 355,000,000 yuan, about 18 percent of China's total foreign trade, and in 1931 exceeded a value of over 326,000,000 yuan. Then came the severance of Manchuria, which produces four-fifths of the world's soybean supply. In the early part of 1932, and in 1933, the total value of China's exports of beans and bean products was less than 6,000,000 yuan. The average peasant of North Manchuria plants 16 acres, of which 5.6 acres produces 7,200 pounds of soybeans, 2.5 acres produces 2,340 pounds of wheat, and 8 acres produces 11,700 pounds of other cereals. Of this harvest he sells 85 percent of the beans, 46 percent of the wheat, and only 9 percent of the cereals, from which can be gathered the economic importance of soybeans as a cash crop.

Japan has always been and continues to be the principal customer for bean products, but it now gets the bulk of them direct from Manchuria. Soviet Russia consistently follows behind Japan in its purchases of beans and bean cake. Great Britain has been generally consistent as the principal purchaser of bean oil, but in 1932 Germany jumped ahead with purchases of 77.9 percent of the total bean-oil exports. Over the 1929-34 period Japan has led, with purchases of from 28 to 39.3 percent of the bean and bean-cake exports, while until 1932 the United Kingdom took from 27.4 to 31.6 percent of the bean-oil exports, followed by Russia with from 4 to 7 percent, Germany, the United States, and the Netherlands taking comparatively small quantities. In 1934 Japan still maintained the lead, with about 15 percent of the bean and bean products except bean-oil exports, but closely followed by the Netherlands and Great Britain, with more than 12 percent each. Hong Kong, Germany, and British India, including Ceylon, also took notable quantities.

In 1929 the United States imported over 19,000,000 pounds of soybean oil, which dropped, following the higher import tariff of 1930, to a 5,000,000 pound average in the succeeding years, but is now arriving in important quantities.

RAW COTTON

China cotton is distinguished for its short, strong, and resilient fiber, which makes it excellent for the manufacture of blankets, but fits it only for the coarser counts of yarn except when skillfully blended with the longer fibers of Indian or American cottons.

In addition to the coarse type there is also a considerable quantity of short staple but finer native cotton, and some cotton of exotic origin, principally American, of three fourths to 1 inch and over, the longer staples being grown mainly in Shansi and Hunan Provinces. Chinese cotton-mill machinery is geared to the use of China cotton in the manufacture of the low-grade goods used by the mass of Chinese. Japan also uses some China cotton in her mixing processes for low-count yarns, but in the United States and elsewhere Chinese cotton is used mainly for the manufacture of blankets. Japan has always been overwhelmingly predominant as a buyer of Chinese raw cotton, taking nearly 80 percent of total exports in 1929, nearly 90 percent in 1931, and 75 percent in 1933. The United States has been a distant second, but far ahead of any other country. Its share of China's cotton exports in 1929 was 12.5 percent, 15.1 percent in 1932, and 19 percent in 1933. Germany is the only other purchaser of consequence. In 1934 Japan bought well over 75 percent of China's total cotton exports, while the United States took about 16 percent and Germany nearly 6 percent.

BRISTLES

The hog of north China constitutes not only the Chinese farmer's principal meat diet, but it supplies him also with an important money crop by its bristles. Bristles of the quality required in high-grade brush making are not produced in the United States. The world's commercial supply comes from colder climates, and from districts where the hogs are raised in a half-wild state. British India produces substantial quantities which are shipped to the United Kingdom, but do not possess the quality of Chinese bristles. Bristles are graded for stiffness, length, resiliency, and color. White bristles are generally higher priced than the other shades because of the demand for them for tooth brushes and toilet brushes. The butts, or stiff ends, of white bristles are cut off for use in tooth brushes.

Russian bristles, chiefly from Siberia, are considered the best, but the inability to obtain them during the World War brought about a great increase in the demand for Chinese bristles, and these two countries produce much the largest portion of the world's commercial supply. China bristles are mainly used in the United States for making paint, shaving, hail, hair, and tooth brushes. The best grades come by caravan into Tientsin, the principal point of export, from far away Sinkiang, or Chinese Turkestan. Previous to the separation of Manchuria from the customs returns, Tientsin shipments accounted for between 40 and 50 percent of the total export. Hankow, in the

lower Yangtze Valley, and Chungking, the Yangtze port of Szechwan divide the remainder about equally.

The United States is consistently China's largest market for bristles. Over the 1929-34 period under discussion its annual purchases average over 40 percent of the trade. The United Kingdom takes around 25 percent of all exports and Japan's purchases run between 10 and 20 percent. Germany is the other principal market, with takings of around 8 percent in 1933. However, in 1934 the share of the United States fell to about 33 percent while that of Japan rose to 24 percent,¹⁴ closely followed by Great Britain, with Germany's share practically negligible. France, Belgium, and Italy were the only other markets for bristles in any considerable quantity.

SAUSAGE CASINGS

Germany and the United States vie with each other for the honor of being China's best customer for sausage casings. Sheep and pig casings of considerable quantity and value are both exported, averaging in value around 6,000,000 yuan annually. Germany takes just under 30 percent annually, and the United States well over 25 percent, France being in third place with an average of over 20 percent. In 1933, however, France passed the United States, with 23.4 percent, compared with the latter's 16.2 percent and Germany's 29 percent. The Netherlands and Spain continue to be markets of importance. In 1934, France stepped into first place by taking over 26 percent of sausage casings exports, followed by Germany with 22 percent. The United States kept just ahead of the Netherlands, with 19 percent.

PEANUTS AND PEANUT OIL

The American missionary introduced peanut cultivation into Shantung Province no more than about 40 years ago, but the Chinese farmer immediately became convinced of its food value and now China is the largest producer and one of the largest exporting countries in the world competing with India and Senegal, West Africa. Credit for the development of the peanut-oil industry, however, belongs to Germany which, in temporary control of Tsingtao prior to the World War, established oil plants and organized shipping facilities on a large scale. Shantung remains the chief producing center and Tsingtao the leading export port for nuts, oil, and seed cake, although Hopei and Honan Provinces also produce peanuts in large quantities.

The Chinese are themselves tremendous consumers of peanuts, but peanuts and peanut oil constituted one of China's largest export items in 1931, when they totaled to a value of over 63,000,000 yuan. The trade has since declined in value, however. In former years peanuts were an important export to the United States, but in the interests of peanut cultivators in our Southern States the American market has been restricted by the imposition of higher tariff rates.

European countries, usually the Netherlands, Germany, and France, are China's principal customers for peanuts, the former taking 27.3 percent in 1933, followed by Germany, 19.2, and France, 17.5 percent. In 1932, however, France led with 28.3 percent, Germany and the Netherlands following in the order named, with the share of both

¹⁴ Some of the bristles going to Japan are bleached, treated, and resold to the United States, either as bristles or in brushes.

under 20 percent. Hong Kong is accredited with receiving annually from 5 to 6 percent of total exports for distribution to other countries.

Hong Kong stands first as a market for peanut oil, with an average of nearly 50 percent, doubtless for distribution to Siam and French Indo-China, as well as for transshipment to European countries. Generally speaking, the Straits Settlements rank next to Hong Kong, with the Philippines third, and the United States taking but a small amount. In 1931, however, the United States topped the list with a share of 34.5 percent of peanut-oil exports from China, compared with but 23 percent for Hong Kong and 16.1 percent for the Straits Settlements. In 1934, Hong Kong again took first place with 60 percent of the trade, but the United States was in second place with 18 percent. Canada moved into the picture with over 8 percent, the Straits Settlements and the Philippine Islands taking nearly the whole of the remainder.

WALNUTS

China may be the world's largest producer of walnuts, although the available data are probably insufficient to substantiate that claim. Walnuts are seldom a main crop, but walnut trees are found scattered throughout many sections of the country, often around the edges of farms or as a shade to buildings. The export trade in walnuts is a development begun with the World War, owing to the world's inability to obtain elsewhere sufficient walnuts for its demands. For a few years China exported up to 25,000,000 pounds of walnuts annually—practically one-third of the entire crop of the United States, but probably a far smaller fraction of China's total production. Walnut exports, however, have been cut to less than half that quantity in the years since, principally as the result of the imposition of higher customs duties.

Nevertheless, except for Canada in 1933, the United States has continued to hold first place as a market for Chinese walnuts. Its share was 56.5 percent in 1931 and 54.1 percent in 1932. The following year Canada, with 42.2 percent of the trade, exceeded the United States with 34.5 percent; but in 1934 the United States regained its former position by purchasing nearly 45 percent, while Canada was a good second with 35 percent. Shipments of walnuts to Australia accounted for half of the remainder.

OILSEEDS AND THEIR BY-PRODUCTS

The most important of China's oilseeds, excluding tung, are castor-bean, cottonseed, linseed, perilla, sesamum, and rapeseed. The castor-bean plant has been grown for centuries as an ornamental plant in China and the beans used for medicinal purposes. With the development of airplanes, however, has risen the necessity for a delicate lubricant for the mechanism of machines, also, and the demand for castor oil has so increased that farmers are now cultivating the castor bean in earnest. Japan buys 80 percent of the China crop, the United States 16 percent, and Great Britain and France the remainder. Perilla seed, produced chiefly in Manchuria, is valuable for its oil, used in the preparation of paints and varnishes. The United States, Great Britain, and Germany take the principal shares, followed by France, Japan, and Australia. China is the only considerable producer of tea oil, obtained from the oil-bearing seeds of a plant closely

resembling the tea plant. The crude oil is used as a lubricant and the nondrying, refined oil is used by the Chinese in cooking. Great Britain, the United States, and Japan are its principal purchasers.

In purchases of sesamum seed the United States and Japan alternate in taking the lead, with Italy as the principal other market of importance. The best qualities of sesamum oil are used as table oils, substituting for olive oil and as a constituent of oleomargarine, while the poorer qualities are used in the making of soaps.

The Chinese use large amounts of sesamum seed for food and sesamum-seed oil for cooking and illuminating purposes. The greater part of the crop is used for the latter purpose. The bulk of the exports is in the form of seeds, and represents only about 8 percent of production, normally, although in recent months, owing to the high price of cottonseed, the United States has offered an attractive market for foreign oil seeds; and China shipped 49,098 short tons of sesamum seeds to the United States during the first 3 months of 1935, compared with 19,627 short tons in the year 1934, 16,118 short tons in 1933, and 7,160 short tons in 1932. Prior to the Manchurian severance in 1931, total of all-China exports averaged 112,000 short tons, which fell to a 39,000 average in the 3 following years, but with the pick-up in United States trade in 1935 China exports were 62,273 short tons for the first 3 months.

Rapeseed oil is used for lubricating purposes and quenching steel, but another of its principal uses is in the soap industry. Owing to the primitive methods used in China for expressing oils, a large share of the production is shipped abroad as seeds.

In 1929 Japan led, with 22.8 percent of China's sesamum-seed exports, followed by Italy with 20.3 percent, while the United States took but 7.6 percent. In 1931 the United States held first position with 54.6 percent, and Japan second with 25.6 percent. However, 1932 was again a year of Japanese leadership, with 48.9 percent, compared with 16 percent for the United States. Then again in 1933 the United States purchased 43.5 percent of China's sesamum-seed exports, compared with 20.3 percent for Japan and 11.5 percent for Italy. In 1934, the United States retained its position of the previous year with over 40 percent, while Italy occupied second place with about 12 percent, and Japan dropped into third place with less than 10 percent. Egypt, Denmark, and Hong Kong were the only other important participants in the trade.

WOOLS AND CARPETS

China is one of the world's large wool producers, with an estimated sheep population of around 40,000,000, including the herds of Mongolia. Chinese wool, however, is clipped principally from unimproved native stock and is of such coarseness that it is employed almost exclusively in Western markets for the manufacture of carpets. In former years nearly 90 percent of China's entire wool production was exported to the United States, but in recent years Great Britain has superseded the United States as the principal market. The United States, however, is by far China's best customer for woollen Chinese rugs and carpets.

In the first 3 years of the 1929-34 period, Great Britain bought an average of 78 percent of China's wool exports, with the United States next, taking less than 10 percent. In 1932, however, the share of the

United States rose to 35.9 percent, compared with 43.2 percent to the United Kingdom; and in 1933, the United States more than doubled its share to 75.8 percent, as contrasted with but 13.9 percent for the United Kingdom. This great increase was one of the natural results of the shortage of wool, following the terrible drought suffered in the sheep-raising States of the United States in 1933, when hundreds of thousands of sheep perished or had to be destroyed. Its effect carried over into 1934, when out of China's total export of sheep wool to the value of 12,264,000 yuan, the purchases of the United States amounted to 11,200,000 yuan, or well over 90 percent. Great Britain is not even listed among the purchasers of wool from China in that year, but Germany and Japan followed the United States, in that order, with insignificant shares.

Great Britain, however, dominates the market for camel's hair and goat's hair almost to the extent that the United States in 1934 dominated the sheep-wool trade. The United States and Germany take small quantities of camel's hair and goat's hair, but Japan is the only country that has any standing comparable with that of Great Britain, purchasing in 1934 about 60 percent, in value, of the purchases of that country.

The United States bought in 1929 over 69 percent of China's exports of rugs and carpets and over 70 percent in 1931, compared with 6.7 percent and 14.5 percent in the respective years for Great Britain. However, in 1933 the share of the United States dropped to 48.7 percent, while Great Britain's share increased to 36.2 percent. In 1934 Great Britain took the lead with nearly 40 percent of the exports, closely followed by the United States with 38 percent.

Exports of Chinese rugs to western countries was distinctly a development of the World War. Before that era Chinese rugs were all hand made, principally on the looms of northern nomads and largely for home consumption. Only the very fine grades found their way into the houses of wealthy Chinese and into export trade. When the World War nearly put an end to the supply of Persian, Turkish, and Caucasian rugs in western markets, however, a regular weaving industry for the production of Chinese "oriental" rugs sprang up around Peking (Peiping) and Tientsin. These new rug establishments were for the most part a foreign enterprise, but the labor was Chinese and the rugs were hand woven. The designs were mostly drawn by foreign draftsmen in imitation of old Chinese designs "improved" by the modern taste of the draftsmen, while the vegetable dyes that had formerly been the sole resource of the nomads were inadequate to the demands of the new industry, and synthetic dyes became the rule. While world conditions remained disturbed, the rug industry of North China increased tremendously, but with the gradual restoration of more normal conditions the vogue of the Chinese rug in western countries has declined.

Over 90 percent of China's wool exports go out through Tientsin. Chinese Turkestan and the Provinces of Kansu and Sinkiang produce probably half of China's commercial wools, with Mongolia producing the greater proportion of the other half.

EMBROIDERIES AND LACES

China's hand-made embroideries and laces are noted for their beautiful workmanship and design in all western countries, and the

demand for them, surprisingly enough, increased rather than diminished throughout the years of the depression. Missionaries are responsible for the development of the lace industry among women and girls in sections of the country centered for the most part around Chefoo in Shantung Province, Shanghai, Ningpo, and in Swatow, one of the seaports of Kwangtung Province. Hand-made "Irish" lace, from Swatow is said to be superior to laces originally made in Ireland. South China is also the home of most of the embroidery work, with Canton the center of embroidery on silk. Swatow embroidery is confined mainly to grass cloth and linen.

The United States and Hong Kong head the list of markets for Chinese embroideries and laces, although Canada, Australia, British India, and particularly the countries of Central America are listed in the customs figures as important customers. The large share of the trade accredited to Hong Kong is undoubtedly destined chiefly for transshipment to European countries. In 1929 the United States bought 44 percent of China's exports of embroideries and laces, compared with 38 percent attributed to Hong Kong. In 1932 the United States had 52.6 percent, in contrast to Hong Kong's decline to 17.9 percent, and in 1933 the share of the United States was 45.7 percent, with Hong Kong's share at 22.8 percent. In 1934, the United States bought 47 percent of all embroideries and laces, and 60 percent of China's exports of drawn thread and cross-stitch work, and Hong Kong bought about 15 percent. Of silk embroideries, however, during 1934 Hong Kong took over 35 percent, while the share of the United States dropped below 10 percent and was exceeded by that of the Central American countries and British India. Of Chinese laces, in 1934 the United States bought over 50 percent, with all other countries far behind.

HATS, STRAW AND FIBER

Ningpo, south of Shanghai, has developed an important industry in the manufacture of hats from hemp and buntal fiber. Ten years ago 75 percent of these hats went to the United States, but its share has since been much reduced. Over the last 5 years the share of the United States has ranged from 40 to 50 percent, with the United Kingdom averaging from 20 to 35 percent. France, however, took place over Great Britain in 1934, with about 25 percent, compared with 50 percent to the United States.

HAIR NETS

Notwithstanding that the style changes in women's hairdressing over the last decade have greatly diminished the former prosperous hair-net industry in parts of China, the trade is still worthy of notice. China's hair-net industry developed as a result of cheap labor and a plentiful supply of human hair. Moreover, the long, straight, strong hair of the Chinese was particularly adapted to the purpose. After the Revolution of 1911, cutting of the queues (worn by Chinese men as a badge of servitude to the Manchu Dynasty) took place all over China, except in some sections of the north, as a sign of independence. The manufacture of hair nets from this hair was begun before the World War by the Germans in Shantung Province, where Tsingtao was the headquarters of the German settlements around Kiaochou

Bay, and Shantung has maintained this monopoly since, in spite of efforts by Canton, in South China, to compete.

The United States still buys over 50 percent of China's hair-net output, but it was 65 percent in 1929 and 55.6 percent in 1931. Germany is the only other considerable purchaser of hair nets, the Germans, it is said, importing them for bleaching and further fabrication. Germany's share over the last 5 years has ranged between 16 and 25 percent.

TUNGSTEN

Wolfram ore, from which the metal tungsten is derived, was discovered in China as late as 1915, and that country soon became the second most important producer. Now it ranks as the world's chief source of tungsten ore. From mines located in the mountainous region of Kiangsi, Hunan, Kwangtung, and Kwangsi, China produced 6,100 tons of tungsten concentrates in 1933—nearly half of the world's reported production for that year.

Tungsten ore from Kiangsi used to reach Shanghai, formerly principal port of export, via the Yangtze River, but high taxes since 1930 have diverted shipments south to Hong Kong and Canton, the long arduous journey from the interior being made on the shoulders of coolies, backs of ponies, and by boat. Hunan ore still goes to Shanghai for export.

Hong Kong is accredited with being the principal consumer of China's tungsten. Probably it transships the ores to European countries, with Germany taking the major share. Over the 1929-34 period under review, Hong Kong's share ranged from 50 percent in 1929 to 92.4 percent in 1931, and fell to 50 percent again in 1933. Germany was the only other country listed with an important share in the market, 15.4 percent in 1932, and 23.4 percent in 1933. In 1934 Germany's share of wolfram-ore exports amounted to over 30 percent and that of the United States was nearly 25 percent, while the share of Great Britain, France, and Belgium, closely following each other in the order named, was under 13 percent. Hong Kong had dropped in importance to a mere 4 percent.

ANTIMONY

China is the most important source for antimony, producing better than 60 percent of the world's entire output. Over 90 percent of China's antimony comes from Hunan Province, where the ores, practically free from arsenic, carry from 55 to 60 percent of antimony. Smelting is done at Chungsha and Hankow, these being the principal ports from which antimony is exported. The provincial government of Hunan exercises a considerable degree of monopolistic control over production and export prices through an official-sponsored association. Formerly the United States was the principal purchaser of Chinese antimony, particularly during the World War. Over recent years, however, Great Britain and the United States have vied with each other for leadership in the trade, with Japan and Germany following in the order named. In 1929 the share of China's antimony exports to the United States was 40.7 percent; to the United Kingdom, 26 percent; and to Japan, 7.8 percent. In 1932 the United Kingdom took 39.5 percent, the United States 16.8 percent, and Japan 15.6

percent. In 1933 the share of the United Kingdom was 29.9 percent; that of the United States, 20.3 percent; and of Japan, 20.2 percent. Last year, 1934, Great Britain purchased about 30 percent of the antimony exports, followed by Japan, the United States, and Germany, with from 14 to 16 percent each.

TIN

China's production of tin is comparatively small compared with the output in Malaya and Netherland India. The principal tin-producing centers are in Yunnan—where it has been mined for years by primitive methods—Kwangsi, and Hunan Provinces, the total production of which is estimated at about 9,000 tons. Although all restrictions preventing foreigners from buying tin at the Yunnan mines have been abolished, they are not welcomed in the tin district. The bulk of the ore is taken to Hong Kong for refining and reshipment, being entered in maritime customs as exports to Hong Kong, and reappearing in Hong Kong's trade as exports to world ports.

A refinery built in conjunction with the tin smelter at Katchiu in South Yunnan has been in operation since 1933. The purity of its product is thought to compare favorably with leading brands.

SIDELIGHTS ON THE CHINESE MARKET

China as a future market for the products of western manufacturing nations is often discussed in extravagant terms. People are overimpressed with the fact of its tremendous population of 450 million, and fail to truly appreciate the profound poverty of all but a few million, combined with the restricted opportunities they have for the development of increased economic capacity.

CULTIVATED AREA INADEQUATE

The statement is often heard that every foot of China is intensively cultivated, when the fact is that hardly more than 11 percent of the total area is under cultivation. The river valleys and the low-lying lands are, indeed, intensively cultivated and feed an immense population. But the major portion of the country's area consists of vast, sterile deserts and huge ranges of barren mountains. The average farm, moreover, is no larger than from 2 to 8 acres. The products of these small farms furnish the Chinese peasant with his shelter and food, but it is his labor at cottage industries in "after hours" which he must depend upon for the satisfaction of his other needs. Any comparison of China's possibilities of economic development with those of the larger areas of the New World—such as Argentina, Brazil, the United States, or Canada—is meaningless. China is an old country whose original resources have been greatly depleted; whereas, doubtless, the bulk of nature's gifts to the New World are still untouched. Its opportunities, therefore, of developing a great industrial system or of enriching the common man out of nature's storehouse are comparatively limited. Only a vast population, much of it with little aspiration and less training, is at hand, with a plentiful supply of cheap labor.

CHINESE A CONSERVATIVE PEOPLE

Another fact of which often insufficient notice is taken is that the mass of the Chinese have never been educated to the need of using manufactured goods that are household necessities in the West, and it is only from a long period of contact with Americans or Europeans and from special training that they acquire a taste for many western products. The Chinese are a conservative people. The mere fact that throughout the centuries they have never learned to eat milk, butter, cheese, or any dairy product, although surrounded by neighbors in Tibet, Turkistan, Mongolia, and Siberia who live upon their herds, is an indication of the tenacity of that conservatism. It may be a great many years before China's masses will become sufficiently familiar with the uses and requirements of western goods to demand them in quantity.

The country is, moreover, so overwhelmingly a price market that, speaking by and large, hardly any other factor in merchandising is of outstanding importance. Low price is so essentially the factor that attracts them that if it is within their means nearly anything will sell to the Chinese; if it is not, nothing will. This broad statement does not, of course, take into account their many inhibitions as the result of tradition or superstition.

COMPETITION OF DOMESTIC MANUFACTURES

Then there is the fact to be taken into consideration that the Chinese have been, over a longer period of history than other peoples, accustomed to satisfy practically all their demands with the fruits of their own labors. Although China was opened to trade with Europe by the Portuguese and the Dutch in the seventeenth century, and by the British and Americans toward the end of the eighteenth century, their sea-going junks had been for many centuries taking the silks, teas, cottons, ivories, porcelains, and other works of the skilled Chinese artisans to neighboring lands as far west as Ceylon, where they exchanged them mainly for foodstuffs. In the old trade it was China, therefore, that was the manufacturer. That has continued and still persists to the present day in the regions back from the seaports. In the seaports, also, in the last 5 years, the Chinese have begun to manufacture in increasing quantities, and with increasingly modern equipment, very many articles which they formerly imported from the United States and European countries. The opinion of many observers is that the most severe competition in the Chinese market of the future will not be that encountered by western nations with each other but the competition encountered by all of them with articles made in China by Chinese.

CHINESE CAPITAL IN JOINT ENTERPRISES

One of the drawbacks which has hitherto made itself felt in the trade with China is the lack of Chinese capital in aggregations of a size sufficient to make large purchases. Always in the construction of a railway or the building of some huge enterprise, other than that of direct merchandising, the bulk of the money has had to come from abroad. There are several reasons for this, one being that the Chinese generally are individualists and unaccustomed to combining their

capital in joint enterprises. This reluctance of Chinese capital to combine for cooperative investment in domestic enterprises arises, however, from other causes which need not be specified. But it is hardly too much to say that in spite of the enormous credit that must be given to the progress of men and ideas in China in recent years, modern China has been built up by foreign enterprise with foreign capital. It is only in the last year that a company of Chinese Government officials, bankers, and businessmen, under the progressive leadership of Mr. T. V. Soong, formerly Minister of Finance and now managing director of the Bank of China, has organized the China Finance Development Corporation, for the express purpose of financing new communication lines and industrial enterprises. By schooling and tradition, Chinese banks generally have confined their functions to exchange transactions.

There is scarcely a Chinese firm of any importance engaged directly in China's export and import business. Virtually all the great import and export houses are foreign firms, although the bulk of the commodity collection and distribution outside of the treaty ports is in Chinese hands. A partial reason for this is the lack of training in the technic of foreign trade, a reason which is being remedied slowly and to some extent with the advent of young western-trained Chinese into the old, established "hongs" or mercantile houses. But perhaps the basic reason is an innate hesitancy to enter into a too intimate association or commitment with foreigners and foreign enterprises—"hold-over" from the old days when foreigners were considered barbarians and looked upon with suspicion. The comprador was an early institution—now slowly fading in importance—necessary for the guidance of the foreigner in his dealings with a people of whom he was ignorant as to both knowledge and customs and also to shield them from unnecessary contact with him.

A striking instance of the caution of Chinese capital to participate in enterprises with a foreign connection is that of steamer lines. China has a very considerable coastwise merchant marine; but for all its comparatively great progress through recent years in the development of railway lines, highways, airways, and other means of transportation and communication, it has not a single line of transoceanic merchantmen. This seems all the more remarkable when it is considered that the Chinese have been sea rovers, to the Philippines, Java Ceylon, and even India, for more than 2,000 years, and their sailors today are in the service of every important merchant flag in the world. With their ability in seamanship and the low labor and operating costs, it would seem that few nations could compete with Chinese steamship lines in transoceanic trade with China.

INVISIBLE EXPORTS

Why has China's trade with western countries steadily declined over the last 4 years? Many explanations have been offered—the effects of the world-wide depression; the high and fluctuating prices of silver (China's currency); political and administrative disturbances at home and abroad. It all boils down, really, to the simple, increasing poverty of the Chinese people.

Invariably China has had an unfavorable trade balance, that is, its imports have always exceeded in value its exports. Such a condition, of course, could not keep up indefinitely, it would deplete the country.

The heavy preponderance of merchandise imports, however, has hitherto been made up by a surprising volume of "invisible exports." These have been in the form of cash remittances by Chinese living abroad to their relatives in China, by the expenditures of tourists, and by missionary funds from western countries. Probably China absorbs more money from other countries to be used for missionary purposes than any other country in the world. The remittances from Chinese abroad have been estimated as high as \$200,000,000 in United States currency, but it is probable that 200,000,000 to 250,000,000 yuan, or Chinese currency, would be nearer the mark, and that sum would normally serve to take care of the greater part of the unfavorable merchandise trade balance. Since 1932, however, the difference between the value of merchandise imports and merchandise exports has been almost equal to the whole value of the latter, or, in other words, the unfavorable trade balance has been almost the equal of the full value of exports. This was mainly because of the elimination of Manchuria from Chinese customs figures. The tremendous volume of soybeans exported from Manchuria ordinarily accounted for 16 to 20 percent of China's exports.

INFLUENCE OF FOREIGN POPULATION

As the business of foreign trade has been largely in the hands of foreign firms, so the value and volume of that trade has been almost equally affected by the nature and location of the foreign population. In the days previous to the separation of Manchuria, nearly 50 percent of China's foreign trade passed in and out of Shanghai, and since that event the percentage has risen to within the neighborhood of 75 percent. Here is located, roughly, 70 percent of China's modern industrial enterprises. Shanghai is the educational and cultural center of China, no less than its business and industrial center. The reason is that the largest foreign population is centered at Shanghai. The next largest center of foreign population is the Tientsin-Peiping area, which is next in industrial and commercial importance to Shanghai. Over the last 35 years, the greatly increased commercial and industrial activities of Tsingtao, in Shantung Province, was largely the work, first of the Germans and then of the Japanese population. The rapid growth of Manchuria, originating with the construction of the Chinese Eastern (now North Manchurian) Railway in 1898-1903, was unquestionably mainly occasioned by the large Russian population in North Manchuria. The following table shows China's foreign population and general distribution, including Manchuria, according to the Chinese Maritime Customs estimates for 1931:

FOREIGN POPULATION OF CHINA (INCLUDING MANCHURIA)

Nationality	Number of firms	Number of persons	Nationality	Number of firms	Number of persons
Japanese.....	7, 249	260, 621	French.....	197	8, 651
Russian.....	1, 104	66, 479	Portuguese.....	150	2, 308
British.....	1, 021	13, 344	All others.....	269	6, 849
American.....	559	8, 637			
German.....	340	3, 444	Total.....	10, 889	370, 393

The cities of principal foreign population, exclusive of Manchuria, are Shanghai, Tientsin, Hankow, Tsingtao, and Canton. The following table gives the number of foreign firms and individuals in Shanghai.

NUMBER OF FOREIGN FIRMS AND INDIVIDUALS IN SHANGHAI

Nationality	Firms	Persons	Nationality	Firms	Persons
British.....	897	6,903	French.....	123	1,163
Japanese.....	897	17,721	German.....	92	1,100
American.....	241	3,322	Italian.....	30	320

Source: China Express and Telegraph, July 24, 1930.

American firms engaged in commercial and professional pursuits in Shanghai number about 400.

Customs figures of 1928 indicate that there were 696 foreign firms and 11,336 foreign individuals in Tientsin, of which the principal were: Japanese, 296 firms and 5,670 persons; American, 127 firms and 760 persons; British, 97 firms and 1,574 persons; and German, 85 firms and 861 persons.

In 1928 there were 220 firms and 3,655 foreign individuals in the Hankow consular district, including, in addition to Hankow, such ports as Kiukiang, Chungking, Changsha, Ichang, and Shasi. The total was divided principally as follows: Japanese, 89 firms and 2,360 persons; German, 41 firms and 325 persons; American, 33 firms and 368 persons; British, 32 firms and 210 persons; and French, 14 firms and 137 persons.

In Tsingtao there were 152 foreign firms and 15,434 foreign individuals, as follows: Japanese, 98 firms and 14,225 persons; German, 30 firms and 242 persons; British, 14 firms and 135 persons; American, 8 firms and 90 persons; all other nationalities, 2 firms and 742 persons.

Canton had 227 foreign firms and 1,637 foreign individuals in 1928, of which the principal were: Japanese, 73 firms and 504 persons; British, 71 firms and 314 persons; German, 26 firms and 230 persons; American, 19 firms and 220 persons; Portuguese, 19 firms and 200 persons; and French, 11 firms and 48 persons.

How considerable and widespread is foreign capital interest in China's economic and industrial development may be clearly understood from the two tables following herewith, which indicate the share of each nation and the several economic activities in which foreign capital participates.

FOREIGN CAPITAL INVESTMENTS IN CHINA, 1931 (INCLUDING MANCHURIA)

Country	United States dollars (in millions)	Percent of total	Country	United States dollars (in millions)	Percent of total
Great Britain.....	1,189.2	36.7	Belgium.....	89.0	2.7
Japan.....	1,136.9	35.1	Netherlands.....	28.7	.9
Russia.....	273.2	8.4	Italy.....	46.4	1.4
United States.....	196.8	6.1	Scandinavian countries.....	2.9	.1
France.....	192.4	5.9			
Germany.....	87.0	2.7	Total.....	1,3,242.5	100.0

¹ \$880,000,000 of the total is invested in Manchuria, and \$1,112,200,000 is invested in Shanghai.

DISTRIBUTION OF FOREIGN INVESTMENTS BY PURPOSE OR NATURE OF BUSINESS,
1931

	United States dollars (in millions)	Percent of total		United States dollars (in millions)	Percent of total
General purposes of the Chinese Government.....	427.7	13.2	Real estate.....	339.2	10.5
Transportation.....	846.3	26.1	Imports and exports.....	483.7	14.9
Communications and public utilities.....	128.7	4.0	Miscellaneous (undistributed).....	282.8	8.7
Mining.....	128.9	4.0	Obligations of foreign municipalities.....	14.2	.4
Manufacturing.....	376.3	11.6			
Banking and finance.....	214.7	6.6	Total.....	3,242.5	100.0

Direct business investments to the value of \$2,260,900,000 (United States currency) which was about 90 percent of all foreign business investments in China in 1931, were held by four countries as follows:

DIRECT INVESTMENTS OF FOUR COUNTRIES, 1931, LISTED ACCORDING TO NATURE OF BUSINESS

[Figures in millions of United States dollars]

	Great Britain	Japan	Russia	United States	Total	Percent of total
Transportation.....	134.9	204.3	210.5	10.8	560.5	24.8
Public utilities.....	48.2	15.6		35.2	99.0	4.4
Mining.....	19.3	87.5	2.1	.1	109.0	4.8
Manufacturing.....	173.4	165.6	12.8	20.5	372.3	16.5
Banking and finance.....	115.6	73.8		25.3	214.7	9.5
Real estate.....	202.3	73.0	32.5	8.5	316.3	14.0
Import and export.....	240.8	183.0	12.2	47.7	483.7	21.4
Miscellaneous.....	28.9	71.3	3.1	2.1	105.4	4.6
Total.....	963.4	874.1	273.2	150.2	2,260.9	100.0

In addition to the total American investment in China of \$196,800,000, the value of property of American missions and philanthropic societies is placed at around \$43,000,000, bringing the total of American holdings in China to about \$240,000,000 in United States currency.

The total of American holdings in China is estimated as follows:

	<i>United States dollars</i>
Business investments.....	155, 112, 778
Securities and obligations of the Chinese Government.....	41, 711, 346
Property of American missions and philanthropic societies.....	43, 071, 189
Total.....	239, 895, 313

Source: Foreign Investments in China, by C. F. Remer, 1933.

PROGRESS SINCE THE REVOLUTION

It has been too often a temptation among western peoples to express disappointment with the pace the Chinese have been making in their progress toward modernization. Undoubtedly this attitude is the result of a poor understanding of the obstacles which they have had to overcome, and a short-range view of what has been accomplished. As a matter of fact the "new China", the younger generation particularly, tends to move rather too rapidly along lines of extreme modernization before the internal development of the country has been established on basic lines. Yet the accomplishments of the Chinese people since the revolution of 1911, in stabilizing their form of government, in freeing their peoples from some of the incumbrances of tradition, in constructing new transportation and communication lines and rehabilitating old ones, in regaining tariff autonomy, and in other developments, have been outstanding. It may well be history's verdict that China in the 25 years since the revolution, and in spite of a multiplicity of chaotic conditions and events that marred the period, has made tremendous progress.

Table 1. - Investments of Foreign Countries in China, 1911-1937. (Estimated values in millions of dollars.)

Country	1911	1937	Total
United States	1,200	1,200	2,400
Great Britain	1,000	1,000	2,000
France	500	500	1,000
Germany	300	300	600
Japan	200	200	400
Other countries	100	100	200
Total	2,300	2,300	4,600

In addition to the total American investment in China of \$1,200,000,000, the value of property of American missions and philanthropic societies is placed at around \$43,000,000, bringing the total of American holdings in China to about \$1,243,000,000 in United States currency. The total of American holdings in China is estimated as follows:

Business investment	\$1,200,000,000
Property of American missions and philanthropic societies	43,000,000
Total	\$1,243,000,000

APPENDIX

The average rate of yuan in terms of United States currency was as follows:

1929.....	\$0. 4190
1930.....	. 2992
1931.....	. 2244
1932.....	. 2174
1933.....	. 2639
1934.....	. 3409

CONVERSION OF CHINESE CURRENCY

In tables 1, 2, and 3, all figures for 1929 and 1931 were converted from Haikwan taels, as shown in the Chinese Maritime Customs Returns, to yuan at the rate of 1 Haikwan tael equals 1.558 yuan. Import figures for 1932, 1933, and 1934, shown in the Chinese Maritime Customs Returns in gold units, were converted to yuan at the following average exchange rates in Shanghai: 1932, 1 gold unit equaled 1.85 yuan; 1933, 1.95 yuan; and 1934, 1.967 yuan.

TABLE 1.—CHINA'S IMPORTS BY COMMODITIES AND PRINCIPAL COUNTRIES OF ORIGIN, 1929-34
[Millions of yuan]

Commodity and country	1929		1931		1932		1933		1934	
	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total
Cotton textiles.....	256,465	100.0	167,128	100.0	113,071	100.0	58,243	100.0	26,760	100.0
Japan.....	172,159	67.1	120,024	71.8	70,661	62.5	33,212	57.0	15,221	56.9
Great Britain.....	56,548	22.1	23,697	14.2	37,150	32.9	19,527	33.5	8,902	33.3
Hong Kong.....	17,535	6.8	14,588	8.7	781	.7	353	.6	37	.1
United States.....	749	.29	548	.3	616	.5	534	.9	126	.5
British India.....	698	.27	414	.25	268	.2	160	.3	60	.2
Raw cotton.....	141,971	100.0	279,010	100.0	186,783	100.0	98,206	100.0	90,463	100.0
British India.....	64,645	45.5	102,731	36.8	22,241	11.9	27,897	28.4	29,893	32.9
United States.....	54,211	38.2	80,750	28.9	157,146	84.1	66,448	67.6	52,946	58.5
Egypt.....	1,053	.7	1,355	.5	3,543	1.9	2,603	2.6	6,458	7.1
Cotton yarn.....	22,353	100.0	6,375	100.0	14,846	100.0	3,916	100.0	2,946	100.0
Hong Kong.....	10,499	47.0	640	10.0	257	1.7	113	2.9	4	.1
Japan.....	9,018	40.3	2,326	36.5	2,015	13.6	78	2.0	152	5.2
British India.....	2,526	11.3	1,711	26.8	3,271	22.0	1,468	37.5	824	28.0
Great Britain.....	176	.08	1,549	24.3	8,244	55.5	2,219	56.6	1,809	61.4
Woolen yarn and cord.....	24,892	100.0	21,385	100.0	13,805	100.0	12,872	100.0	12,667	100.0
Great Britain.....	12,486	50.2	10,537	49.3	9,487	68.7	8,570	66.6	8,223	64.9
Germany.....	8,859	35.6	5,212	24.4	2,884	20.9	1,970	15.3	736	5.8
Japan.....	922	3.7	1,818	8.5	1,038	7.5	1,217	9.5	2,854	22.5
Iron and steel, ungalvanized.....	68,666	100.0	87,259	100.0	50,006	100.0	54,313	100.0	62,977	100.0
Belgium.....	21,108	30.7	1,178	24.3	7,228	14.4	11,741	21.6	10,859	17.2
United States.....	10,708	15.6	14,913	17.1	5,088	10.2	8,171	15.0	11,526	18.3
Great Britain.....	10,297	15.0	14,115	16.2	19,860	39.7	18,851	34.7	16,230	25.8
Germany.....	2,530	3.7	5,294	6.1	8,519	17.0	8,773	16.2	8,175	13.0
Iron and steel, other.....	15,412	100.0	21,722	100.0	23,866	100.0	24,015	100.0	23,094	100.0
Japan.....	6,263	40.6	7,600	35.0	5,404	22.7	3,810	15.9	5,520	23.9
Great Britain.....	2,778	18.0	3,329	15.3	6,936	29.0	5,653	23.5	4,523	19.6
United States.....	1,651	10.7	2,593	11.9	1,983	8.3	2,307	9.6	3,076	13.3
Germany.....	988	6.4	2,038	9.4	4,201	17.6	4,083	17.0	2,708	11.7
Belgium.....	734	4.8	2,016	9.3	2,157	9.0	4,085	17.0	4,206	18.2
Electrical machinery.....	13,945	100.0	15,729	100.0	6,596	100.0	4,994	100.0	5,760	100.0
Great Britain.....	1,058	26.8	1,868	32.3	1,674	25.4	1,552	31.1	1,840	31.9
United States.....	874	22.2	767	13.2	547	8.2	534	10.7	792	13.7
Germany.....	523	13.3	919	15.9	2,620	39.7	1,562	31.3	1,544	26.8

¹ Does not include dynamos, motors and parts, and transformers and parts, included in the 1932, 1933, and 1934 figures.

TABLE 1.—CHINA'S IMPORTS BY COMMODITIES AND PRINCIPAL COUNTRIES OF ORIGIN, 1929-34—Continued

[Millions of yuan]

Commodity and country	1929		1931		1932		1933		1934	
	Value	Per- cent of total	Value	Per- cent of total	Value	Per- cent of total	Value	Per- cent of total	Value	Per- cent of total
Industrial machinery and tools	46,763	100.0	66,550	100.0	45,598	100.0	38,184	100.0	53,529	100.0
Great Britain	15,019	32.1	20,276	30.5	18,158	39.8	14,145	37.0	18,237	34.1
Japan	10,707	22.9	18,280	27.5	7,833	17.2	6,314	16.5	11,515	21.5
United States	8,915	19.1	9,099	13.7	7,468	16.4	6,494	17.0	8,439	15.8
Germany	6,288	13.5	8,563	12.9	7,333	16.1	7,238	18.9	8,441	15.8
Aircraft and accessories	2,762	100.0	6,218	100.0	3,472	100.0	11,894	100.0	8,731	100.0
United States	1,108	40.1	4,791	77.1	956	27.5	8,960	75.3	6,281	71.9
Germany	918	33.2	340	5.5	364	10.5	809	6.8	127	1.4
Great Britain	179	6.5	858	13.8	1,117	32.2	425	3.6	740	8.5
Railway materials and equip- ment	16,652	100.0	20,662	100.0	6,268	100.0	5,847	100.0	5,868	100.0
United States	4,863	29.2	2,292	11.1	155	2.5	447	7.6	980	16.7
Germany	1,695	10.2	1,902	9.3	540	8.6	429	7.3	1,229	20.9
Great Britain	958	5.8	4,445	21.5	2,079	33.2	4,454	76.2	3,093	52.7
France	20	.012	234	1.1	9	.1	205	3.5	115	2.0
Motor truck and busses					3,336	100.0	4,786	100.0	7,290	100.0
United States					2,670	80.0	3,781	79.0	6,706	91.9
Great Britain					381	11.4	605	12.6	299	4.1
Germany					144	4.3	168	3.5	103	1.4
Japan					80	2.4	176	3.7		
Motor cars, parts and accessories	18,112	100.0	11,095	100.0	10,247	100.0	8,486	100.0	9,466	100.0
United States	8,337	46.0	4,831	43.5	6,449	62.9	5,647	66.5	7,761	82.0
Great Britain	963	5.3	680	6.1	2,914	28.4	1,819	21.4	734	7.8
Germany	38	.2	194	1.7	342	3.3	411	4.8	487	5.1
Japan	579	3.2	2,794	25.2	259	2.6	236	2.8	184	1.9
Electric fittings, materials, and appliances	20,689	100.0	28,684	100.0	14,479	100.0	12,285	100.0	11,601	100.0
Japan	7,485	36.2	9,583	33.4	3,382	23.4	2,508	20.4	2,581	22.5
United States	3,803	18.4	5,704	19.9	4,531	31.3	4,304	35.0	3,203	27.9
Great Britain	2,885	13.9	2,924	10.2	2,599	17.9	2,533	20.6	2,626	22.9
Germany	2,870	13.9	4,356	15.2	3,249	22.4	2,311	18.8	2,237	19.5
Telephone and telegraph instru- ments and materials	6,120	100.0	14,854	100.0	2,977	100.0	2,219	100.0	2,141	100.0
United States	1,854	30.3	1,324	8.9	165	5.5	468	21.1	265	12.4
Belgium	693	11.3	4,523	30.5	1,869	62.8	251	11.3	481	22.5
Great Britain	600	9.8	1,519	10.2	128	4.3	332	15.0	466	21.8
Germany	589	9.6	1,465	9.9	636	21.4	1,004	45.2	689	32.2
Radio sets and equipment					3,121	100.0	3,771	100.0	4,591	100.0
United States					2,091	70.0	2,170	57.5	2,962	64.5
Great Britain					28	.9	899	23.8	607	13.2
Germany					22	.7	300	8.0	307	6.7
Chemicals, compounds, and medical preparations	50,069	100.0	72,042	100.0	51,900	100.0	47,280	100.0	38,012	100.0
Great Britain	8,547	17.0	16,205	22.5	15,694	30.2	14,444	30.5	8,939	23.5
Japan	6,438	12.9	10,206	14.2	5,530	10.7	5,327	11.3	7,081	18.6
Germany	6,216	12.4	15,837	22.0	17,014	32.8	15,430	32.6	11,017	29.0
United States	2,988	6.0	3,883	5.4	3,378	6.5	3,469	7.3	3,347	8.8
Netherlands	2,610	5.2	2,183	3.0	1,759	3.4	1,628	3.4	1,588	4.2
Dyes, inks, paints, and varnishes	50,152	100.0	59,070	100.0	40,103	100.0	40,137	100.0	38,833	100.0
Germany	22,223	44.3	27,659	46.8	16,045	40.0	15,766	39.3	18,624	48.0
United States	8,072	16.1	9,375	15.9	7,938	19.8	9,545	23.8	7,667	19.7
Japan	1,676	3.3	3,122	5.3	4,131	10.3	3,684	9.2	4,682	12.1
Gasoline	14,246	100.0	22,861	100.0	18,691	100.0	21,380	100.0	19,279	100.0
United States	7,192	50.5	10,105	44.2	9,709	51.9	11,228	52.5	6,753	35.0
Netherland India	2,683	18.8	6,765	29.6	6,103	32.7	9,048	42.3	11,458	59.4
Soviet Russia	357	2.5	781	3.4	2,825	15.1	1,098	5.0	756	3.9
Kerosene	85,966	100.0	100,567	100.0	94,245	100.0	87,451	100.0	39,187	100.0
United States	59,156	68.8	60,070	59.7	53,559	56.8	51,080	58.4	21,367	54.5
Netherland India	12,199	14.2	18,869	18.8	25,254	26.8	22,224	25.4	11,213	28.6
Soviet Russia	633	.7	3,086	3.1	12,885	13.7	10,154	11.6	3,521	9.0
Liquid fuel	6,268	100.0	14,513	100.0	15,508	100.0	19,230	100.0	21,279	100.0
United States	3,266	52.1	3,686	25.4	4,514	29.0	6,312	32.8	6,262	29.4
Hong Kong	1,261	20.1	4,769	32.9	40	.3	3	.01		
Netherland India	848	13.5	4,434	30.6	10,686	68.9	12,781	66.4	13,278	62.4

¹ Includes motor trucks and busses.

² Does not include dynamos, motors and parts, transformers and parts, included in the 1929 and 1931 figures.

³ Included in telephone and telegraph instruments and materials.

TABLE 1.—CHINA'S IMPORTS BY COMMODITIES AND PRINCIPAL COUNTRIES OF ORIGIN, 1929-34—Continued

[Millions of yuan]

Commodity and country	1929		1931		1932		1933		1934	
	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total
Lubricating oil.....	8,691	100.0	9,336	100.0	7,521	100.0	9,084	100.0	6,556	100.0
United States.....	6,389	73.5	6,403	68.6	6,050	80.4	7,199	79.2	5,419	82.6
Netherland India.....	594	6.8	545	5.8	1,121	14.9	1,229	13.5	677	10.3
Newsprint and other paper.....	53,355	100.0	70,741	100.0	59,480	100.0	50,237	100.0	42,635	100.0
Japan.....	19,474	36.5	30,869	43.6	9,974	16.8	4,814	9.6	7,148	16.8
United States.....	5,783	10.8	4,908	6.9	6,297	10.6	7,309	14.5	5,376	12.6
Norway.....	5,593	10.5	2,770	3.9	6,401	10.8	5,162	10.3	4,640	10.9
Germany.....	4,909	9.2	8,094	11.4	9,744	16.4	6,620	13.2	4,219	9.9
Sweden.....	3,058	5.7	4,456	6.3	4,779	8.0	7,047	14.0	5,035	11.8
Great Britain.....	1,842	3.5	2,258	3.2	3,406	5.7	3,639	7.2	2,409	5.6
Canada.....	172	.3	27	.04	1,939	3.3	2,988	5.9	4,454	10.4
Hides, leathers, and manufac-tures.....	16,318	100.0	14,290	100.0	8,543	100.0	7,267	100.0	6,099	100.0
Hong Kong.....	4,788	29.3	3,359	23.5	1,565	18.3	893	12.3	587	9.6
United States.....	3,706	22.7	3,284	23.0	2,250	26.3	2,046	28.2	1,557	25.5
Germany.....	1,790	11.0	2,032	14.2	916	10.7	1,010	13.9	1,111	18.2
Timber and wood, including rail-way sleepers.....	43,367	100.0	54,055	100.0	36,008	100.0	43,611	100.0	40,068	100.0
United States.....	23,005	53.1	24,102	43.8	10,049	27.9	12,476	28.6	11,858	29.6
Japan.....	8,184	18.9	5,663	10.3	4,742	13.2	3,699	8.4	3,913	9.8
Canada.....	1,952	4.5	5,313	9.7	3,992	11.1	7,539	17.3	7,795	19.4
Soviet Russia.....	1,556	3.6	6,215	11.3	5,298	14.7	3,937	9.0	834	2.1
Tires and tubes.....	5,847	100.0	7,586	100.0	5,795	100.0	6,173	100.0	5,214	100.0
Japan.....	2,614	44.7	3,710	49.0	2,903	50.1	3,009	48.7	2,546	48.8
United States.....	2,057	35.2	1,971	26.0	1,319	22.8	1,400	22.7	963	18.5
Great Britain.....	90	1.5	195	2.6	598	10.3	1,010	16.4	799	15.3
Photographic materials.....	4,981	100.0	7,586	100.0	7,996	100.0	8,787	100.0	11,552	100.0
United States.....	1,814	36.4	3,688	48.6	3,995	49.9	5,140	58.5	7,696	66.6
Germany.....	1,142	22.9	1,653	21.8	1,476	18.5	1,667	19.0	2,012	17.4
Great Britain.....	357	7.2	324	4.3	620	7.7	612	7.0	723	6.3
Sugar, refined and other.....	153,269	100.0	131,503	100.0	71,888	100.0	40,803	100.0	31,481	100.0
Netherland India.....	59,933	39.1	40,599	30.1	34,840	48.5	20,271	49.7	14,835	47.1
Hong Kong.....	44,221	28.8	52,745	40.1	19,989	27.8	9,355	22.9	7,869	25.0
Japan, including Formosa.....	30,330	19.8	31,494	23.9	14,604	20.3	9,739	23.9	8,125	25.8
Rice and paddy.....	91,900	100.0	100,298	100.0	185,764	100.0	155,107	100.0	66,143	100.0
Hong Kong.....	68,448	74.5	66,338	66.1	10,241	5.5	1,338	.9	1,022	1.5
French Indo-China.....	9,979	10.9	7,304	7.3	53,125	34.0	59,939	38.6	31,430	47.1
British India, including Bur-ma.....	5,676	6.2	11,824	11.8	57,120	30.7	33,175	21.4	4,716	7.1
Siam.....	5,573	6.1	6,037	6.0	55,444	29.8	55,311	35.7	27,946	42.2
Tobacco and products.....	77,341	100.0	98,676	100.0	44,511	100.0	29,864	100.0	32,965	100.0
United States.....	56,616	73.2	75,144	76.2	39,359	88.3	27,152	90.9	31,261	94.8
Great Britain.....	14,027	18.1	17,306	17.5	3,978	8.9	2,046	6.8	1,207	3.7
Condensed milk, cream and milk food.....	5,607	100.0	7,246	100.0	6,182	100.0	5,082	100.0	4,429	100.0
Hong Kong.....	1,870	33.4	2,016	27.8	148	2.4	33	.6	6	.1
United States.....	1,790	31.9	1,466	20.2	2,592	41.9	1,661	32.7	505	11.4
Australia.....	812	14.5	1,355	18.7	1,288	20.8	1,158	22.8	1,202	27.1
Netherlands.....	410	7.3	971	13.4	981	15.9	1,195	23.5	2,039	46.0
Fishery and sea products.....	41,192	100.0	32,424	100.0	31,942	100.0	22,532	100.0	18,130	100.0
Japan.....	15,878	38.6	10,091	31.1	7,234	22.6	5,302	23.5	8,647	47.7
Hong Kong.....	14,296	34.7	14,326	44.2	9,317	29.2	6,787	30.1	3,349	18.5
Soviet Russia.....	1,112	2.7	2,382	8.9	1,706	5.1	1,507	6.7	470	2.6
United States.....	893	2.2	1,313	4.1	3,931	12.3	1,427	6.3	740	4.1
Wheat, flour and cereals.....	137,914	100.0	191,868	100.0	143,268	100.0	124,918	100.0	46,186	100.0
Canada.....	50,169	36.4	24,309	12.7	15,647	10.9	9,038	7.2	2,085	4.5
United States.....	37,242	27.0	35,876	18.7	47,578	33.2	11,866	9.5	25,216	54.6
Australia.....	6,608	4.8	89,122	46.5	58,540	40.9	81,260	65.0	4,750	10.3
Fruits and vegetables.....	13,109	100.0	7,572	100.0	10,036	100.0	7,641	100.0	7,340	100.0
Hong Kong.....	5,464	41.7	1,840	24.3	1,839	18.3	1,131	14.8	557	7.6
Japan.....	3,996	30.5	2,957	39.1	4,270	42.5	1,429	18.7	1,680	22.9
United States.....	1,318	10.1	1,368	18.1	2,216	22.1	2,305	30.1	2,345	31.9

Source: Chinese Maritime Customs returns.

TABLE 2.—CHINA'S EXPORTS BY COMMODITIES AND PRINCIPAL COUNTRIES, 1929-34

[Millions of yuan]

Commodity and country	1929		1931		1932		1933		1934	
	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total
Bristles.....	18,640	100.0	15,206	100.0	11,027	100.0	11,687	100.0	15,127	100.0
United States.....	8,754	47.0	6,500	42.7	4,305	39.0	4,561	39.0	5,126	33.9
Great Britain.....	4,149	22.3	4,066	26.7	2,966	26.9	2,517	21.5	3,429	22.7
Japan.....	3,646	19.6	1,388	9.1	1,471	13.3	2,287	19.6	3,626	24.0
Germany.....	456	2.4	815	5.4	774	7.0	953	8.2	1,109	7.3
Eggs and egg products.....	80,580	100.0	58,928	100.0	44,261	100.0	36,480	100.0	30,244	100.0
Great Britain.....	41,664	51.7	30,922	52.4	25,784	58.2	21,904	60.0	18,946	62.5
United States.....	13,045	16.2	5,101	8.7	3,651	8.2	1,343	3.7	1,478	4.9
Germany.....	9,429	11.7	4,730	8.0	5,647	12.8	3,597	9.9	2,604	8.6
Hong Kong.....	1,865	2.3	2,647	4.5	2,527	5.7	2,048	5.6	2,381	7.9
Sausage casings.....	6,316	100.0	6,129	100.0	4,077	100.0	5,589	100.0	8,272	100.0
United States.....	1,879	29.7	1,641	26.8	1,009	24.7	906	16.2	1,571	19.0
Germany.....	1,340	21.2	1,731	28.2	1,127	27.6	1,622	29.0	1,800	21.8
France.....	1,256	19.9	1,133	18.5	813	19.9	1,306	23.4	2,180	26.4
Netherlands.....	834	13.2	941	15.3	483	11.8	948	16.9	1,073	13.0
Hides, skins, and furs.....	65,888	100.0	51,053	100.0	28,220	100.0	31,081	100.0	28,320	100.0
United States.....	30,425	46.2	30,456	59.6	17,578	62.3	21,097	67.9	19,035	67.2
Japan.....	15,167	23.0	8,229	16.1	3,407	12.0	3,316	10.7	2,727	9.6
Great Britain.....	6,724	10.2	5,204	10.2	3,147	11.1	2,677	8.5	1,410	5.0
Beans and bean cake.....	336,449	100.0	299,237	100.0	116,619	100.0	5,044	100.0	7,127	100.0
Japan.....	113,471	33.7	117,771	39.3	42,721	36.6	1,412	28.0	1,053	14.8
Soviet Russia.....	56,608	16.8	61,675	20.6	18,717	16.0	—	—	—	—
Great Britain.....	43,365	12.9	17,070	5.7	2,290	1.9	27	.5	960	13.5
Hong Kong.....	5,950	1.7	7,888	2.6	3,871	3.3	1,182	23.4	843	11.8
Germany.....	1,225	.4	4,870	1.6	15,670	13.4	30	.6	338	4.7
Bean oil.....	19,075	100.0	26,472	100.0	7,483	100.0	—	—	—	—
Great Britain.....	5,218	27.4	8,356	31.6	380	5.1	—	—	—	—
Soviet Russia.....	779	4.1	1,781	6.7	567	7.6	—	—	—	—
Germany.....	88	.5	400	1.5	5,833	77.9	—	—	—	—
Peanut oil.....	7,757	100.0	19,840	100.0	6,799	100.0	5,581	100.0	4,190	100.0
Hong Kong.....	3,680	47.4	4,570	23.0	3,588	52.7	2,713	48.6	2,583	61.6
Straits Settlements.....	3,161	40.7	3,191	16.1	1,588	23.3	826	14.8	295	7.0
Philippine Islands.....	790	10.2	869	4.4	851	12.5	160	2.9	118	2.8
United States.....	18	.2	6,851	34.5	1	—	1,062	15.9	758	18.1
Wood oil.....	36,644	100.0	31,808	100.0	23,161	100.0	30,261	100.0	26,217	100.0
United States.....	25,920	70.7	20,838	65.5	14,722	63.6	21,356	70.6	16,204	61.8
Hong Kong.....	3,320	9.1	2,064	6.5	1,893	8.2	2,639	8.7	3,467	13.2
Great Britain.....	2,977	8.1	3,834	12.1	2,592	11.2	1,850	6.1	1,323	5.0
Netherlands.....	1,173	3.2	1,764	5.5	1,698	7.3	1,587	5.2	1,308	4.9
Walnuts.....	2,674	100.0	4,747	100.0	2,752	100.0	2,178	100.0	2,638	100.0
United States.....	1,267	47.4	2,684	56.5	1,489	54.1	752	34.5	1,187	45.0
Canada.....	150	5.6	1,271	28.8	640	23.2	897	42.2	898	34.0
Peanuts.....	17,021	100.0	43,562	100.0	30,257	100.0	17,477	100.0	12,372	100.0
Hong Kong.....	2,452	14.4	2,622	3.3	1,773	5.9	1,099	6.3	1,239	10.0
Netherlands.....	2,209	13.0	9,067	11.5	4,725	15.6	4,772	27.3	4,630	37.4
France.....	1,041	6.1	6,370	8.1	8,534	28.2	3,052	17.5	712	5.8
Germany.....	1,795	10.5	7,869	10.0	5,657	18.7	3,358	19.2	1,270	10.3
Sesamum seeds.....	18,909	100.0	22,427	100.0	6,377	100.0	5,192	100.0	4,994	100.0
Japan.....	4,320	22.8	5,752	25.6	3,117	48.9	1,054	20.3	442	8.8
Italy.....	3,833	20.3	826	3.7	506	7.9	596	11.5	616	12.3
United States.....	1,440	7.6	12,258	54.6	1,022	16.0	2,259	43.5	2,150	43.0
Tea.....	49,772	100.0	39,135	100.0	38,579	100.0	34,210	100.0	36,099	100.0
Soviet Russia.....	23,774	47.8	13,634	34.8	5,859	15.2	4,543	13.3	5,452	15.1
Morocco ¹	14,866	29.9	16,370	41.8	9,686	25.1	8,999	26.3	8,693	24.1
United States.....	5,048	10.1	5,171	13.2	3,040	7.9	3,705	10.8	2,959	8.2
Great Britain.....	3,987	8.0	5,497	14.0	4,640	12.0	3,848	11.3	6,849	19.0
Raw silk.....	230,087	100.0	131,931	100.0	56,419	100.0	57,736	100.0	28,980	100.0
France.....	58,578	25.5	23,735	18.0	12,639	22.4	16,833	29.2	6,924	23.9
United States.....	57,141	24.8	34,447	26.1	13,457	23.8	15,205	26.3	4,538	15.7
British India.....	11,246	4.9	6,333	4.8	13,863	24.6	11,951	20.7	6,429	22.2

¹ Includes Egypt, Iran, and Turkey.

TABLE 2.—CHINA'S EXPORTS BY COMMODITIES AND PRINCIPAL COUNTRIES, 1929-34—Continued

[Millions of yuan]

Commodity and country	1929		1931		1932		1933		1934	
	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total
Raw cotton.....	46,123	100.0	42,005	100.0	32,180	100.0	30,229	100.0	15,201	100.0
Japan.....	36,850	79.9	37,026	88.1	24,477	76.1	22,681	75.0	12,142	80.0
United States.....	5,758	12.5	3,633	8.6	4,864	15.1	5,754	19.0	1,601	10.5
Wool.....	9,926	100.0	4,084	100.0	5,227	100.0	14,949	100.0	14,365	100.0
Great Britain.....	7,802	78.6	3,183	77.9	2,258	43.2	2,078	13.9	1,260	8.8
United States.....	982	9.9	112	2.7	1,879	35.9	11,333	75.8	11,295	78.6
Embroideries and laces.....	13,595	100.0	21,282	100.0	21,666	100.0	19,630	100.0	19,427	100.0
United States.....	5,989	44.0	8,399	39.4	11,402	52.6	8,968	45.7	9,053	47.0
Hong Kong.....	5,166	38.0	7,276	34.2	3,870	17.9	4,469	22.8	3,794	19.5
Carpets, woolen and other.....	8,720	100.0	7,087	100.0	4,943	100.0	5,005	100.0	4,845	100.0
United States.....	6,037	69.2	5,020	70.8	2,861	57.9	2,436	48.7	1,825	37.7
Great Britain.....	583	6.7	1,027	14.5	879	17.8	1,811	36.2	1,965	40.5
Wolfram ore (tungsten).....	4,782	100.0	4,708	100.0	1,009	100.0	3,480	100.0	6,315	100.0
Hong Kong.....	2,359	49.3	4,348	92.4	725	71.8	1,760	50.6	242	3.8
Germany.....	230	4.8	65	1.4	155	15.4	815	23.4	1,976	31.3
United States.....	1,147	24.0	100	2.1	—	—	79	—	1,560	24.7
Antimony.....	6,584	100.0	3,636	100.0	2,936	100.0	3,282	100.0	4,185	100.0
United States.....	2,680	40.7	888	24.4	492	16.8	667	20.3	627	15.0
Great Britain.....	1,715	26.0	907	25.0	1,160	39.5	981	29.9	1,333	31.8
Japan.....	514	7.8	517	14.2	459	15.6	664	20.2	678	16.2
Hats, straw and fiber.....	7,876	100.0	7,416	100.0	2,732	100.0	5,354	100.0	6,588	100.0
United States.....	3,593	45.6	3,763	50.7	1,110	40.6	2,137	39.9	3,088	46.8
Great Britain.....	985	12.5	1,477	20.0	928	34.0	1,904	35.5	1,258	19.1
Hair nets.....	2,049	100.0	1,552	100.0	2,119	100.0	1,547	100.0	1,518	100.0
United States.....	1,331	65.0	863	55.6	1,313	62.0	835	54.0	835	55.0
Germany.....	338	16.5	380	24.5	351	16.6	367	23.7	239	15.7
Mats and matting.....	6,033	100.0	11,294	100.0	3,570	100.0	4,849	100.0	5,634	100.0
Hong Kong.....	4,309	71.4	8,231	72.9	1,534	43.0	1,596	32.9	1,264	22.4
Great Britain.....	5	.1	3	—	631	17.7	1,150	23.7	1,698	30.1

Source: Chinese Maritime Customs Returns.

TABLE 3.—CHINA'S TRADE BY PRINCIPAL COUNTRIES, 1929-34

[Millions of yuan]

Country	1929		1931		1932		1933		1934	
	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total
IMPORTS										
Total (gross).....	1,996,298	100.0	2,256,275	100.0	1,655,558	100.0	1,358,978	100.0	1,038,979	100.0
United States.....	359,655	18.0	500,623	22.2	419,375	25.4	297,468	21.9	271,732	26.2
Great Britain.....	185,634	9.3	186,938	8.3	185,702	11.2	154,041	11.3	124,647	12.0
Japan.....	503,455	25.2	452,111	20.0	231,256	14.0	132,349	9.7	126,886	12.2
Germany.....	104,504	5.2	130,115	5.8	112,042	6.8	108,016	8.0	93,889	9.0
Australia.....	9,385	.5	95,300	4.2	63,354	3.8	85,731	6.3	10,960	1.1
Netherlands.....	87,245	4.4	87,856	3.9	91,717	5.6	79,477	5.8	63,427	6.2
French Indo-China.....	22,625	1.1	17,891	.8	81,609	5.0	75,526	5.6	41,606	4.0
British India (including Burma).....	84,878	4.2	132,720	5.9	101,535	6.2	72,239	5.4	43,276	4.1
Siam.....	6,531	.3	7,712	.3	62,193	3.7	62,066	4.6	32,923	3.2

¹ Includes Formosa and Chosen.

TABLE 3.—CHINA'S TRADE BY PRINCIPAL COUNTRIES, 1929-34—Continued
[Millions of yuan]

Country	1929		1931		1932		1933		1934	
	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total	Value	Per-cent of total
IMPORTS—continued										
Hong Kong.....	334,161	16.7	345,996	15.3	94,219	5.7	48,287	3.6	29,639	2.9
Belgium.....	40,154	2.0	43,068	1.9	21,379	1.3	28,235	2.1	26,032	2.5
France.....	28,332	1.4	33,784	1.5	24,222	1.5	23,821	1.8	22,420	2.2
Canada.....	59,947	3.0	35,229	1.6	25,861	1.5	23,771	1.8	19,272	1.9
Soviet Russia.....	30,189	1.5	35,295	1.6	27,006	1.6	21,660	1.6	8,542	.8
Italy.....	31,127	1.6	30,356	1.3	21,607	1.3	16,729	1.2	12,462	1.2
Straits Settlements.....	18,512	.9	13,709	.6	16,673	1.0	14,567	1.0	11,413	1.1
Netherlands.....	18,587	.9	21,098	.9	13,700	.8	10,748	.8	7,698	.7
EXPORTS										
Total.....	1,582,440	100.0	1,416,964	100.0	768,077	100.0	612,293	100.0	535,733	100.0
United States.....	214,748	13.4	187,279	13.2	93,467	12.2	113,146	18.5	94,435	17.6
Hong Kong.....	270,439	17.1	231,070	16.3	117,887	15.4	120,955	19.8	101,001	18.9
Japan.....	1,399,515	25.2	388,377	27.4	167,462	21.8	95,807	15.7	81,232	15.2
Great Britain.....	115,812	7.3	100,532	7.1	58,556	7.6	48,765	8.0	49,806	9.3
France.....	87,745	5.5	53,145	3.7	35,550	4.6	32,217	5.3	21,142	4.0
British India (including Burma).....	27,756	1.8	28,228	2.0	32,682	4.3	28,822	4.7	22,161	4.1
Kwantung Leased Territory.....							28,370	4.6	18,436	3.4
Germany.....	34,990	2.2	36,049	2.5	46,479	6.1	20,795	3.4	19,159	3.6
Straits Settlements.....	36,706	2.3	24,797	1.7	13,113	1.7	13,645	2.2	15,469	2.9
Netherlands.....	61,606	3.9	77,166	5.5	13,161	1.7	12,167	2.0	14,700	2.7
Netherland India.....	19,411	1.2	20,234	1.4	8,554	1.1	7,391	1.2	7,052	1.3
Soviet Russia.....	87,226	5.5	85,149	6.0	38,016	4.9	5,911	1.0	5,640	1.1
Siam.....	8,003	.5	7,838	.6	6,027	.8	5,826	.9	4,557	.9
Philippine Islands.....	11,559	.7	12,952	.9	9,981	1.3	5,449	.8	5,107	1.0

¹ Includes Formosa and Chosen.

Source: Chinese Maritime Customs Returns.

TABLE 4.—VALUE OF MACHINERY IMPORTED INTO CHINA, 1932-34

Class	1932	1933	1934
Agricultural machinery.....	Yuan 91,687	Yuan 29,764	Yuan 14,712
Electrical machinery:			
Dynamos.....	1,656,327	819,262	1,455,181
Motors.....	2,609,502	2,148,357	2,121,866
Transformers.....	1,048,860	798,304	712,741
Other.....	1,301,270	1,229,676	1,472,372
Pumping machinery.....	748,110	1,360,062	1,331,608
Sewing and knitting machinery.....	914,409	1,077,155	1,397,586
Textile machinery.....	16,105,186	9,081,377	14,206,097
Printing, bookbinding machinery, etc.....	1,137,472	770,502	1,379,305
Office or sales machines.....	485,415	483,886	438,465
Prime movers.....	6,955,605	3,923,896	8,216,571
Typewriters.....	481,033	340,668	481,199
Cigar and cigarette machinery.....	930,604	255,417	144,351
Machinery, miscellaneous.....	13,892,242	16,804,785	21,739,598
Files.....	398,367	521,897	457,287
Hand tools.....	1,949,257	1,828,234	1,598,743
Machinery shop tools.....	744,933	701,577	605,155
Machine tools.....	947,789	939,798	1,533,501
Total.....	52,398,068	43,114,617	59,306,388

TABLE 5.—IMPORTS OF MACHINERY INTO CHINA FROM GERMANY, GREAT BRITAIN, JAPAN, AND UNITED STATES, 1933-34

Class	1933	1934	Class	1933	1934
AGRICULTURAL MACHINERY			OFFICE OR SALES MACHINES		
	Yuan	Yuan		Yuan	Yuan
Germany.....	8,822	2,482	Germany.....	85,852	63,802
Great Britain.....	1,522	194	Great Britain.....	53,380	57,438
Japan.....	2,250	1,486	Japan.....	20,194	14,770
United States.....	19,006	11,158	United States.....	353,232	309,436
PUMPING MACHINERY			PRIME MOVERS		
Germany.....	206,290	146,054	Germany.....	1,274,278	1,610,994
Great Britain.....	698,196	571,950	Great Britain.....	1,599,276	2,983,934
Japan.....	74,460	106,122	Japan.....	97,816	127,926
United States.....	306,342	280,750	United States.....	370,706	267,566
SEWING AND KNITTING MACHINERY			TYPEWRITERS		
Germany.....	105,800	147,864	Germany.....	44,462	34,668
Great Britain.....	183,688	288,468	Great Britain.....	32,860	25,774
Japan.....	165,276	162,354	Japan.....	12,262	20,296
United States.....	601,892	799,408	United States.....	268,420	397,992
TEXTILE MACHINERY			CIGAR AND CIGARETTE MACHINERY		
Germany.....	357,552	514,808	Germany.....	65,608	41,210
Great Britain.....	4,593,244	7,542,578	Great Britain.....	188,600	152,436
Japan.....	3,573,070	5,516,810	Japan.....	5,972	6,336
United States.....	437,744	415,328	United States.....	45,410	66,490
ELECTRICAL MACHINERY			MACHINERY AND PARTS N. O. R.		
Dynamos:			Germany.....	3,331,444	4,224,500
Germany.....	279,422	511,190	Great Britain.....	6,576,298	5,584,152
Great Britain.....	169,576	413,358	Japan.....	1,995,798	2,279,402
Japan.....	110,026	42,694	United States.....	3,345,738	4,544,400
United States.....	199,054	200,656			
Motors:			FILES		
Germany.....	678,286	612,112	Germany.....	90,148	98,430
Great Britain.....	512,690	515,970	Great Britain.....	346,788	270,584
Japan.....	170,716	290,860	Japan.....	5,818	5,784
United States.....	208,476	279,538	United States.....	78,660	49,872
Transformers:			HAND TOOLS, OTHER KINDS		
Germany.....	296,640	155,672	Germany.....	679,136	559,792
Great Britain.....	277,104	266,748	Great Britain.....	337,062	297,344
Japan.....	79,448	102,968	Japan.....	340,036	319,536
United States.....	59,682	81,836	United States.....	330,374	303,956
ELECTRICAL MACHINERY N. O. R.			MACHINE-SHOP TOOLS		
Germany.....	347,182	290,970	Germany.....	181,736	94,492
Great Britain.....	631,906	674,862	Great Britain.....	164,222	114,924
United States.....	81,264	242,820	Japan.....	66,088	73,516
Japan.....	46,128	91,206	United States.....	238,020	266,660
PRINTING, BOOKBINDING, AND TYPE-MAKING MACHINES			MACHINE TOOLS		
Germany.....	293,584	303,788	Germany.....	698,786	742,328
Great Britain.....	149,844	170,938	Great Britain.....	122,920	482,622
Japan.....	62,730	260,808	Japan.....	54,886	66,142
United States.....	232,774	446,782	United States.....	32,562	221,640

Source: Finance and Commerce, Shanghai, Apr. 17, 1935.

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