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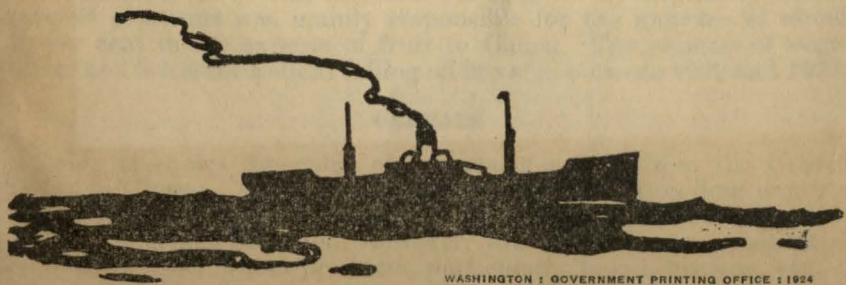
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TRADE INFORMATION BULLETIN—No. 277
FOODSTUFFS DIVISION

**THE CHINESE MARKET
FOR AMERICAN FOODSTUFFS**

BY
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INTRODUCTION

The China market is an excellent one for practically all classes of American foodstuffs, cereals making up the most important class, followed by dairy products (principally canned milk), fruits, vegetables, fish, and meats.

The total value of the exports of foodstuffs from the United States to the ports of China, Hongkong, and Kwantung in 1922 and 1923 amounted to \$15,638,197 and \$31,200,253, respectively. It is believed, however, that American manufacturers and distributors in general are not applying the sales methods best adapted to China, and are not securing, therefore, the volume of sales which the market affords.

This bulletin analyzes the present food exports from the United States to China, and discusses the nature of the market, its possibilities of development, the competition to be met, import duties, and the present methods of distribution. It is based on a report from John H. Nelson, assistant trade commissioner at Shanghai, reports from American consular officers in China, official statistics, and other authentic sources of information.

JULIUS KLEIN, *Director.*

THE CHINESE MARKET FOR AMERICAN FOODSTUFFS

UNITED STATES EXPORTS TO CHINA

In view of the fact that the classifications of the Chinese statistics for imported foodstuffs are so general as to make impossible a detailed analysis, tables have been prepared which show the exports of foodstuffs of all classes from the United States to China, Hongkong, and the leased territory of Kwantung. It is important to include Hongkong, since it is the largest free port in the Orient, and a large proportion of the goods shipped there are transhipped to South and Middle China.

Table I is a summary of the value of foodstuffs exported to China, Hongkong, and Kwantung from the United States during the years 1922 and 1923.

TABLE I.—SUMMARY OF THE EXPORTS OF FOODSTUFFS FROM THE UNITED STATES TO CHINA, HONGKONG, AND KWANTUNG, 1922 AND 1923

Articles	1922	1923	Increase or decrease
			<i>Per cent</i>
Cereals.....	\$12,898,664	\$28,195,625	+119
Dairy products.....	1,465,814	1,427,494	-3
Fruits.....	612,307	921,298	+50
Vegetables.....	331,726	327,746	-1
Fish.....	236,997	234,724	-1
Meats.....	92,689	93,366	-1
Total.....	15,638,197	31,200,253	+102

Cereals make up by far the most important class, followed by dairy products (principally canned milk), fruits, vegetables, fish, and meats.

The exports of cereals to China in 1923 increased 119 per cent over those of 1922. The large shipments of flour and wheat accounted for most of this increase. A noteworthy expansion in the exports of raisins was mainly responsible for the increase of about 50 per cent in the exports of fruit to China. The exports of vegetables and fish show a slight falling off in value between 1922 and 1923.

CEREALS

Table II shows the value of exports of cereals from the United States to China. The increase of almost \$10,000,000 in flour exports and of over \$5,000,000 in wheat are the outstanding features of this table. It should be noted, however, that there was a substantial increase in other wheat products, particularly bread, biscuits, etc.

TABLE II.—EXPORTS OF CEREALS FROM THE UNITED STATES TO CHINA, HONGKONG, AND KWANTUNG

Cereals	1922	1923
Wheat:		
Grain.....	\$1,862,405	\$7,092,334
Flour.....	10,812,064	20,794,519
Bread, biscuits, etc.....	39,990	54,095
Other wheat products.....	19,335	21,438
Oats:		
Grain.....	2,048	450
Meal and rolled oats.....	102,462	147,769
Cereal breakfast foods.....	13,091	8,879
All other grains and flours.....	47,269	75,141
Total.....	12,898,664	28,195,625

The exports of oats to China are of no significance, but the shipments of oatmeal and rolled oats make an important item. The exports of the latter products increased in value from \$102,462 (\$67,205 to Hongkong) in 1922 to \$147,769 (\$115,498 to Hongkong) in 1923. The exports of cereal breakfast foods decreased, but the shipments of "all other grains and flours" show an increase.

In view of the fact that wheat and flour make up such an important proportion of the total foodstuffs exported to China, it will be of value to show more in detail, and for a longer period of time, the trade in these commodities.

TABLE IIIA.—EXPORTS OF WHEAT AND FLOUR TO CHINA, HONGKONG, AND KWANTUNG

Destination	Wheat, in thousands of bushels					Flour, in thousands of barrels				
	1912-13	1920	1921	1922	1923	1912-13	1920	1921	1922	1923
China.....		(¹)	1,173	1,598	6,483	128	16	108	833	2,575
Hongkong.....				17		1,301	193	738	851	950
Kwantung.....					33		1	153	429	587
Total.....			1,173	1,615	6,516	1,429	210	999	2,113	4,112

¹ Less than 500 bushels.

It is evident that the exports of flour and wheat to China have been exceptionally large, particularly so in 1923. The reason for this is probably to be found in the fact that, during the past two or three years the Chinese wheat crop has been poor. Ordinarily Hongkong, which reexports to south and central China, is the largest market for flour. This is to be expected, since wheat is grown almost exclusively in the north and the flour mills of China are located chiefly in Shanghai and vicinity and in Manchuria. In view of the development of flour milling in China, it is probable that in years of good wheat crops one of the principal competitors of the United States for the flour trade of the Hongkong and south China regions will be the north China mills. It should be mentioned, in this connection, that flour is consumed in China almost entirely in the form of vermicelli.

DAIRY PRODUCTS

Dairy products are the second most important class of foodstuffs exported from the United States to China. Table III shows the value of the exports of dairy products to China during the last two years.

TABLE III.—EXPORTS OF DAIRY PRODUCTS TO CHINA, HONGKONG, AND KWANTUNG

Products	1922	1923
Canned milk.....	\$1,305,287	\$1,310,396
Butter.....	69,324	47,009
Cheese.....	91,203	70,079
Total.....	1,465,814	1,427,494

Butter and cheese are of comparative insignificance. The value of both products decreased in 1923 as compared with the preceding year.

Canned milk is, next to flour, the most important article of food exported to China from the United States, and in each of the past two years exceeded \$1,300,000 in value.

TABLE IIIA.—EXPORTS OF CANNED MILK TO CHINA, HONGKONG, AND KWANTUNG

[In thousands of pounds]

Destination and form of milk	1912-13	1920	1921	1922	1923
CHINA					
Condensed.....	1,050	3,586	2,428	3,335	2,589
Evaporated.....		895	2,269	1,483	2,653
Powdered.....		12	35	67	63
Total.....	1,050	4,493	4,732	4,885	5,305
HONGKONG					
Condensed.....	147	2,776	2,943	2,574	2,551
Evaporated.....		529	517	906	939
Powdered.....		4	6	6	23
Total.....	147	3,309	3,466	3,486	3,513
KWANTUNG					
Condensed.....	169	163		5	28
Evaporated.....		39	6	9	8
Powdered.....					13
Total.....	169	202	6	14	49
Grand total.....	1,366	8,004	8,400	8,385	8,867

The lack of dairying facilities and the scarcity of sterilized fresh milk are largely responsible for the importance of China as a market for canned milk. Starting with small importations for the consumption of the relatively small number of Americans and Europeans resident in the country, the demand has expanded to include a considerable number of the Chinese.

The amount of canned milk exported to China has exceeded 8,000,000 pounds annually for the last four years and in 1923 the

high figure of 8,867,000 pounds was attained. Of this latter amount China proper took 5,305,000 pounds, Hongkong 3,513,000 pounds, and Kwantung 49,000 pounds. The total exports to these destinations in 1912-13 amounted to only 1,366,000 pounds.

The foregoing table indicates the significant fact that sweetened condensed milk is in greater demand than the unsweetened evaporated milk. This is contrary to the situation encountered in most foreign markets for American canned milk, in which the demand for evaporated milk is the greater. Of the total exports of canned milk from the United States in 1923, 136,886,000 pounds were evaporated and 57,378,000 pounds condensed, whereas during the same year 5,168,000 pounds of condensed and 3,600,000 pounds of evaporated milk were exported to China, Hongkong, and Kwantung. This was the largest amount of evaporated milk ever exported to these destinations. The chief reason for the preference of the sweetened condensed milk is to be found in the fact that canned milk is used by the Chinese principally as a confection or sweet beverage.

FRUITS

A summary, by classes, of the exports of dried fruit from the United States to China, Hongkong, and Kwantung, is given in Table IV.

TABLE IV.—EXPORTS OF FRUITS TO CHINA, HONGKONG, AND KWANTUNG

Classes	1922	1923
Canned fruit.....	\$158, 529	\$157, 144
Dried fruit.....	209, 327	500, 201
Fresh fruit.....	203, 624	232, 900
Preserved fruits, etc.....	40, 827	31, 053
Total.....	612, 307	921, 298

Dried fruit is the most important class of fruit exported, followed by fresh fruit, canned fruit, and preserved fruit. Dried fruit shows a gain of about 144 per cent between 1922 and 1923 and fresh fruit a gain of about 14 per cent. Canned-fruit exports, on the other hand, fell off slightly, as did also preserved fruits.

DRIED FRUITS

Table IVa shows the exports of dried fruits, by quantity and value, from the United States to China, Hongkong, and Kwantung for the years 1922 and 1923.

TABLE IV.A.—EXPORTS OF DRIED FRUITS TO CHINA, HONGKONG, AND KWANTUNG

Fruits	China		Hongkong		Kwantung		Total	
	1922	1923	1922	1923	1922	1923	1922	1923
Raisins:								
Pounds.....	683,060	3,630,503	124,621	82,429	96,030	73,525	903,701	3,786,457
Value.....	\$105,275	\$409,289	\$19,589	\$9,885	\$12,274	\$7,795	\$137,138	\$426,969
Prunes:								
Pounds.....	176,001	211,431	45,847	38,478	35,234	15,875	257,082	265,284
Value.....	\$21,621	\$22,306	\$6,148	\$4,438	\$3,919	\$1,211	\$31,688	\$27,955
Apples:								
Pounds.....	34,163	72,725	20,125	12,075	17,907	9,375	72,195	94,175
Value.....	\$5,392	\$9,076	\$3,586	\$1,422	\$1,706	\$891	\$10,684	\$11,389
Apricots:								
Pounds.....	33,610	82,143	8,775	10,508	7,332	6,375	49,717	99,026
Value.....	\$9,939	\$9,480	\$2,540	\$1,597	\$1,496	\$559	\$13,975	\$11,636
Peaches:								
Pounds.....	11,579	19,437	1,908	655	3,607	4,375	17,094	24,467
Value.....	\$1,721	\$2,321	\$313	\$84	\$423	\$328	\$2,457	\$2,733
Other:								
Pounds.....	37,565	121,520	18,368	21,843	17,700	5,548	73,633	148,908
Value.....	\$8,235	\$16,335	\$3,014	\$2,685	\$2,136	\$499	\$13,385	\$19,519

The remarkable increase in the exports of raisins is the outstanding feature of the dried-fruit trade, although the other dried fruits showed a gain in 1923 over 1922. The increase in raisin exports gives an indication of what can be accomplished in the way of advancing the sale of American food products when the proper methods are used. In order to appreciate the expansion of the raisin trade it is necessary to review the exports over a period of years.

TABLE IV.B.—EXPORTS OF RAISINS TO CHINA, HONGKONG, AND KWANTUNG

[In thousands of pounds]

Destination	1912-13	1920	1921	1922	1923
China.....	56	150	94	683	3,631
Hongkong.....	62	112	37	125	82
Kwantung.....	10	17	91	96	74
Total.....	128	279	222	904	3,787

Exports of raisins to China, Hongkong, and Kwantung increased from 128,000 pounds in the fiscal year 1912-13 to 279,000 pounds in 1920, then to 904,000 pounds in 1922, and finally to 3,787,000 pounds in 1923. It will be noted that practically all of this increase was in exports to China proper. Exports to Hongkong were very small in 1923, less than in 1920, and exports to Kwantung were less than in either of the two preceding years.

A description of the methods pursued in advancing raisin sales in China will provide an excellent illustration of the importance of that market when properly developed. By well-directed propaganda and sales methods the Chinese were educated to the use of raisins as a sweetmeat. Furthermore, the raisins are sold in packages as small as one-half ounce, which retail for only a few coppers and thus are obtainable by even the poorest classes. The following excerpt from a report by Consul Leroy Webber at Hongkong indicates the methods followed in increasing the sale of raisins. Although the report dealt with the south China market, the principles outlined are applicable to China as a whole.

Raisins are shipped here (Hongkong) to the local representative of American exporters, and the former have placed the distribution and sales in the hands of well-known Chinese firms which have connections in the neighboring cities of Canton, Amoy, Swatow, Foochow, Wuchow, Kongmoon, and Pakhoi. The latter enjoy exclusive sales rights under written contract, which of course stipulates a certain amount of sales. The local Chinese firm acting as agent receives a commission varying from 8 to 12 per cent. Purchases are made on the basis of c. i. f. Hongkong, payment being made in cash against documents. The American exporter's interests are generally supervised by a representative in Hongkong, who visits the outlying territory.

The local foreign residents and the more prosperous class of the Chinese generally use the large table raisins and "1-pound seedless raisins" put up in cartons. But the greater part of the imports consist of the small seedless raisins, which are sold to the native trade. These are mostly imported in wooden cases containing 25 pounds net. A limited amount is also imported in cases containing 12 gross of pocket-size cartons of 1½ ounces each. The local distributors sell to the larger native retailers and the latter in turn sell to the small retailers, restaurants, and others in quantities varying according to the wants of the buyer. The small retailers and others, when buying in bulk, are supplied with wax-paper envelopes, and the raisins are sold to the consumer in envelopes containing 1 ounce and one-half ounce, and in this manner the product is placed in reach of all. The envelopes are supplied free by the American exporters. The retail selling prices are about on a level with those prevailing in the United States.

Shipments are made both direct and from stocks held in Shanghai. Hongkong being a free port, no duty is charged except on liquors or tobacco. However, 5 per cent ad valorem is levied on all merchandise entering the Republic of China.

FRESH FRUIT

The value of all fresh fruits exported to China, Hongkong, and Kwantung amounted to \$232,900 in 1923 as compared with \$203,624 in 1922. The details are shown in the following table:

TABLE IVc.—EXPORTS OF FRESH FRUIT TO CHINA, HONGKONG, AND KWANTUNG

Kinds	China		Hongkong		Kwantung		Total	
	1922	1923	1922	1923	1922	1923	1922	1923
SUBTROPICAL								
Grapefruit:								
Boxes.....	721	1,604	80	117		4	801	1,725
Value.....	\$3,628	\$6,985	\$488	\$724		\$24	\$4,116	\$7,733
Lemons:								
Boxes.....	10,743	9,690	552	1,187	59	245	11,354	11,122
Value.....	\$71,434	\$62,072	\$3,735	\$7,858	\$451	\$1,390	\$75,620	\$71,319
Oranges:								
Boxes.....	8,831	14,605	1,086	2,188	11	91	9,928	16,884
Value.....	\$64,520	\$60,832	\$7,018	\$10,366	\$86	\$547	\$71,624	\$71,745
Other:								
Pounds.....	300	1,290	75				375	1,290
Value.....	\$23	\$99	\$50				\$73	\$99
OTHER FRESH FRUIT								
Apples:								
Boxes.....	17,251	31,380	10,082	12,842	12	60	27,345	44,282
Value.....	\$30,724	\$55,704	\$19,131	\$22,728	\$27	\$155	\$49,882	\$78,587
Apples:								
Barrels.....	27	71	41	46			68	117
Value.....	\$191	\$380	\$276	\$315			\$467	\$695
Berries:								
Pounds.....	700	1,060					700	1,060
Value.....	\$71	\$187					\$71	\$187
Grapes:								
Pounds.....	1,470	4,430	1,628	647	640		3,738	5,077
Value.....	\$260	\$522	\$190	\$150	\$100		\$550	\$672
Pears:								
Pounds.....	2,750	5,020	1,610	388			4,360	5,408
Value.....	\$260	\$311	\$136	\$73			\$396	\$384
Other:								
Pounds.....	6,030	16,307	1,305	1,063			7,335	17,370
Value.....	\$709	\$1,403	\$116	\$76			\$825	\$1,479

The only fresh fruits exported to China from the United States to any considerable extent are apples, oranges, and lemons. The exports of apples and oranges increased in 1923 over 1922, whereas lemon exports showed a slight falling off.

CANNED FRUIT

The exports of canned fruit decreased in value from \$158,529 in 1922 to \$157,144 in 1923. The quantity and value of the exports of these products during the past two years are shown in the following table:

TABLE IV D.—EXPORTS OF CANNED FRUIT TO CHINA, HONGKONG, AND KWANTUNG

Kinds	China		Hongkong		Kwantung		Total	
	1922	1923	1922	1923	1922	1923	1922	1923
Cherries:								
Pounds.....	125,900	108,662	26,956	18,453	7,059	6,900	159,915	134,015
Value.....	\$21,571	\$20,527	\$5,759	\$3,651	\$1,211	\$1,256	\$28,541	\$25,434
Peaches:								
Pounds.....	109,559	130,045	89,943	76,645	6,468	4,156	205,970	210,846
Value.....	\$12,969	\$15,212	\$10,116	\$8,658	\$728	\$484	\$23,813	\$24,354
Pineapples:								
Pounds.....	220,890	335,237	44,339	38,466	51,913	5,898	317,142	379,601
Value.....	\$20,278	\$31,235	\$3,926	\$3,830	\$4,265	\$621	\$28,469	\$35,686
Pears:								
Pounds.....	90,739	105,853	55,960	55,235	10,434	4,143	157,133	165,231
Value.....	\$13,100	\$15,158	\$8,330	\$7,803	\$1,511	\$570	\$22,941	\$23,531
Plums:								
Pounds.....	9,086	8,975	5,949	8,236	2,334	90	17,369	17,301
Value.....	\$833	\$951	\$576	\$846	\$236	\$8	\$1,645	\$1,805
Apricots:								
Pounds.....	(¹)	59,184	(¹)	30,465	(¹)	2,655	(¹)	92,304
Value.....		\$6,343		\$3,531		\$360		\$10,234
Other:								
Pounds.....	258,916	160,015	79,225	58,109	4,876	3,256	343,017	221,380
Value.....	\$40,312	\$26,303	\$12,101	\$9,306	\$707	\$491	\$53,120	\$36,100

¹ Apricots included in "Other" in 1922.

The most important of the canned fruits are pineapples, which come from Hawaii, peaches, cherries, and pears.

PRESERVED FRUIT

Preserved fruits, jellies, and jams to the value of \$40,827 in 1922 and \$31,053 in 1923 were exported from the United States to China, Kongkong, and Kwantung. The amount going to each destination is shown in Table IV E.

TABLE IV E.—EXPORTS OF PRESERVED FRUITS, JELLIES, AND JAMS TO CHINA, HONGKONG, AND KWANTUNG

Destination	1922		1923	
	Pounds	Value	Pounds	Value
China.....	99,819	\$30,895	88,192	\$24,945
Hongkong.....	26,861	9,728	18,297	5,406
Kwantung.....	562	204	1,877	702
Total.....	127,242	40,827	108,366	30,053

VEGETABLES

Exports of vegetables from the United States to China, Hongkong, and Kwantung decreased in value from \$331,726 in 1922 to \$327,746 in 1923. Gains were made in the exports of canned, dried, and fresh vegetables, but shipments of dehydrated vegetables and pickles and sauces declined.

TABLE V.—EXPORTS OF VEGETABLES TO CHINA, HONGKONG, AND KWANTUNG

Classes	1922	1923
Canned vegetables.....	192,993	196,938
Dried vegetables.....	10,614	14,203
Fresh vegetables.....	12,208	16,341
Dehydrated vegetables.....	34,451	31,803
Pickles and sauces.....	77,066	63,133
Other vegetable products.....	4,394	5,328
Total.....	331,726	327,746

CANNED VEGETABLES

Canned vegetables make up the predominate class in vegetable exports. The quantity and value exported during the last two years are shown in Table Va.

TABLE VA.—EXPORTS OF CANNED VEGETABLES TO CHINA, HONGKONG, AND KWANTUNG

Kinds	China		Hongkong		Kwantung		Total	
	1922	1923	1922	1923	1922	1923	1922	1923
Asparagus:								
Pounds.....	531,927	505,629	157,026	115,919	5,733	23,617	694,686	645,165
Value.....	\$89,621	\$97,650	\$27,376	\$21,959	\$1,052	\$4,367	\$118,049	\$123,976
Corn:								
Pounds.....	90,736	49,853	147,353	177,975	450	750	238,539	228,578
Value.....	\$10,627	\$5,726	\$19,061	\$10,680	\$09	\$95	\$29,757	\$22,501
Tomatoes:								
Pounds.....	72,622	93,863	39,347	59,853	2,925	3,234	114,894	159,950
Value.....	\$6,302	\$7,026	\$3,245	\$4,337	\$269	\$304	\$9,816	\$11,667
Peas:								
Pounds.....	51,805	72,486	6,430	6,911	3,000	1,285	61,235	80,682
Value.....	\$6,574	\$9,870	\$821	\$864	\$360	\$175	\$7,755	\$10,909
Beans:								
Pounds.....	47,428	53,877	20,147	16,195	1,100	530	68,675	70,602
Value.....	\$5,406	\$6,221	\$2,499	\$1,776	\$130	\$55	\$8,035	\$8,052
Soups:								
Pounds.....	44,393	65,633	30,893	25,759	-----	332	75,286	91,724
Value.....	\$5,996	\$7,984	\$4,441	\$3,210	-----	\$35	\$10,437	\$11,229
Other:								
Pounds.....	58,952	51,616	19,312	26,198	330	114	78,594	77,928
Value.....	\$6,935	\$5,643	\$2,167	\$2,945	\$43	\$16	\$9,144	\$8,604

Asparagus is by far the most important canned vegetable exported to China. A considerable amount of canned corn is exported, the larger part of which is shipped to Hongkong.

DRIED AND FRESH VEGETABLES

A small amount of dried beans and peas, to the value of \$10,614 in 1922 and \$14,203 in 1923, was exported from the United States to China, Hongkong, and Kwantung. Hongkong took the larger part of the shipments.

The most important fresh vegetables exported are white potatoes and onions. The value of the total exports of fresh vegetables to China, Hongkong and Kwantung was \$12,208 in 1922 and \$16,391 in 1923.

FISH

The exports of fish and fish products to China, Hongkong, and Kwantung were valued at \$236,947 in 1922 and \$234,724 in 1923.

CANNED FISH

Canned fish, principally sardines and salmon, make up the largest item in the fish exports.

TABLE VI.—EXPORTS OF CANNED FISH TO CHINA, HONGKONG, AND KWANTUNG

Fish	China		Hongkong		Kwantung		Total	
	1922	1923	1922	1923	1922	1923	1922	1923
Sardines:								
Pounds.....	284,863	334,050	351,449	442,598	140,776	84,712	777,088	861,360
Value.....	\$31,049	\$33,359	\$33,337	\$37,885	\$12,976	\$7,342	\$77,362	\$78,586
Salmon:								
Pounds.....	83,459	51,357	86,364	24,710	-----	144	169,823	76,211
Value.....	\$13,321	\$8,295	\$13,297	\$4,307	-----	\$32	\$26,618	\$12,634
Other:								
Pounds.....	42,363	19,745	26,758	22,264	-----	192	69,121	42,201
Value.....	\$4,864	\$2,213	\$2,865	\$4,427	-----	\$24	\$7,729	\$6,664

More canned sardines and salmon are shipped to Hongkong than go directly to China. It will be noted in the foregoing table that whereas total sardine exports increased from 777,088 pounds in 1922 to 861,360 pounds in 1923, the exports of salmon decreased from 169,823 to 76,211 pounds. The value of the 1922 shipments of sardines was \$77,362, which gives an average of approximately 10 cents a pound, while the 1923 exports were valued at \$78,586, or about 9 cents a pound. Salmon exports, on the other hand, were valued at \$26,618 in 1922 and \$12,634 in 1923, or an average of about 15.7 cents in the former and about 16.6 cents a pound in the latter year. These figures illustrate a significant fact as regards the Chinese market for canned fish. Sardines and salmon are purchased interchangeably, depending upon their relative cheapness. Thus when salmon is relatively high in price sardines are purchased and when sardines are high the demand shifts to salmon. The salmon and sardines exported to the Chinese market are, almost exclusively, of the cheaper grades.

OTHER FISH

Of the other fish and fish products exported to China the most important single item is shellfish other than oysters. Exports of such shell fish amounted to 344,693 pounds, of which 330,871 pounds (valued at \$75,000) went to Hongkong in 1923. Other fish products exported to China include salted or dry-cured cod, herring, and canned or fresh oysters. There is a good market in China for salt, dried fish. The United States is an important original source of supply for this market, but a large part of the business is now done indirectly through Japan.

MEAT PRODUCTS

Meat products make up the smallest class in the foodstuffs exports from the United States to China. Table VII gives the value of the exports of meat to China during the past two years.

TABLE VII.—EXPORTS OF MEAT AND MEAT PRODUCTS TO CHINA, HONGKONG, AND KWANTUNG

Articles	1922	1923
Canned meats.....	\$45,791	\$29,699
Meat extracts and bouillon cubes.....	40,179	51,434
All other meats.....	6,719	12,233
Total.....	92,689	93,366

The value of the meat exports shows a slight increase from \$92,689 in 1922 to \$93,366 in 1923. Although the exports of canned meat, chiefly sausage beef, and pork, show a material decrease in 1923 as compared with 1922, the exports of meat extracts and bouillon cubes registered an increase.

COMPETITION FOR CHINA'S TRADE

Although the Chinese import statistics for foodstuffs are, in most cases, too general to show the trend of the trade in particular commodities, they are the only means available to indicate the competition which United States food products meet in this market. They will be used, therefore, for such foodstuffs as are separately classified.

WHEAT AND FLOUR

Table VIII shows the imports of wheat and flour into China for 1920, 1921, and 1922.

TABLE VIII.—IMPORTS OF WHEAT AND WHEAT FLOUR INTO CHINA

Countries of shipment	1920	1921	1922
WHEAT			
Chosen.....	<i>Piculs</i> 5,145	<i>Piculs</i> 8,763	<i>Piculs</i> 1,083
United States.....	1	72,481	800,827
Australia and New Zealand.....			63,339
Other.....	283	102	413
Total.....	5,429	81,346	873,142
FLOUR			
Hongkong.....	377,468	431,043	1,242,523
Japan.....	67,199	18,436	219,404
United States.....	27,509	240,546	1,984,259
Canada.....	23	15	76,579
Other.....	48,886	66,707	86,545
Total.....	521,085	756,747	3,609,310

One picul equals 133½ pounds.

Up to 1922 the small amount of wheat which China imported came chiefly from Chosen and the United States. In 1922, 873,142 piculs (64,876 short tons) of wheat were imported into China, of which the United States supplied over 90 per cent, Australia and New Zealand 7 per cent, and Canada less than 1 per cent.

China, being a large wheat producer, is not ordinarily a wheat-importing country. Flour, on the other hand, has been imported in large quantities for many years. The principal sources of supply, besides Hongkong, have been the United States and Japan. In 1922 Canada supplied a much larger amount of flour than formerly, giving an indication of increasing competition from that source.

The expansion of flour milling in China is a factor that must be taken into consideration. Over 125 flour mills are listed in the 1923 China Yearbook, of which 25 are in Shanghai and 19 in Harbin. The establishment of these modern flour mills has been one of the principal causes of the large importations of wheat during the last few years. As far as can be ascertained the wheat acreage of China is, at the best, stationary, and consequently the flour mills must depend to a large extent upon wheat of foreign origin.

One other cereal product, biscuits, occupy an important place in the imports of foodstuffs into China. Great Britain is the leading source of imported biscuits, followed by the United States and Japan.

TABLE IX.—IMPORTS OF BISCUITS INTO CHINA

Countries of shipment	1920	1921	1922
	<i>Haikwan taels</i>	<i>Haikwan taels</i>	<i>Haikwan taels</i>
Great Britain.....	182,689	112,648	142,827
Hongkong.....	116,703	143,264	78,661
Japan.....	26,176	29,057	21,407
United States.....	25,959	30,874	34,910
Other.....	19,047	19,318	16,097
Total.....	370,574	335,161	293,902

CANNED MILK

Since over 65 per cent of the canned milk imported into China is listed as coming from Hongkong, the statistics for this commodity are of little value. There is no doubt, however, that a large amount of the canned milk reexported from Hongkong to China came from Great Britain and the United States. Japan is the third source of canned milk exports. In the following table part of the imports are stated in dozens of cans and part in piculs of 133½ pounds.

TABLE X.—IMPORTS OF CANNED MILK INTO CHINA

Countries of shipment	1920	1921	1922
	<i>Dozens</i>	<i>Dozens</i>	<i>Dozens</i>
Hongkong.....	42,079	29,827	51,378
United States.....	20,650	3,305	1,248
Japan.....	21,163	4,888	5,639
Great Britain.....	6,192	533	3,553
French Indo-China.....	3,348	3,678	6,651
British India.....	2,987	280	1,360
Chosen.....	1,509	1,424	911
Other.....	3,762	2,235	4,042
Total.....	101,690	46,170	74,782
	<i>Piculs</i>	<i>Piculs</i>	<i>Piculs</i>
United States.....	20,690	31,843	37,692
Hongkong.....	10,630	9,825	13,120
Canada.....	10,949	995	981
Other.....	2,548	3,451	7,505
Total.....	44,269	46,114	59,298

FRESH AND DRIED FRUITS

Japan supplied over 60 per cent of the fresh fruit imported into China during 1920 to 1922. Imports from Chosen, the United States, and Russia were of minor significance. Large amounts and many different kinds of fruits are raised in China.

TABLE XI.—IMPORTS OF FRESH AND DRIED FRUITS INTO CHINA

Countries of shipment	1920	1921	1922
FRESH FRUIT			
	<i>Piculs</i>	<i>Piculs</i>	<i>Piculs</i>
Japan.....	214,820	107,326	135,870
Macao.....	14,531	30,582	15,609
Hongkong.....	31,772	40,090	44,947
Chosen.....	12,487	12,247	13,026
United States.....	8,882	8,146	7,963
Russia.....	6,658	2,492	2,592
Other.....	3,817	14,047	5,506
Total.....	292,967	214,930	225,513
DRIED FRUIT			
Hongkong.....	96,711	110,827	118,875
Macao.....	5,971	10,182	7,817
United States.....	4,958	6,077	7,414
Japan.....	2,103	2,390	2,712
Other.....	2,356	2,390	1,666
Total.....	112,099	132,221	138,484

Import statistics on dried fruit throw little light on the situation, since practically all of the imports are credited to Hongkong and Macao. The United States and Australia are the most important original sources of supply.

FRESH AND DRIED VEGETABLES

Japan is the principal source of China's imports of dried and fresh vegetables. A considerable amount of these products are also imported from Hongkong, Macao, and Russia. The United States is of comparative insignificance in this trade.

TABLE XII.—IMPORTS OF FRESH AND DRIED VEGETABLES INTO CHINA

Countries of shipment	1920	1921	1922
	<i>Piculs</i>	<i>Piculs</i>	<i>Piculs</i>
Hongkong.....	34,211	35,811	42,603
Japan.....	70,810	60,593	57,086
Macao.....	6,908	8,381	6,214
United States.....	1,678	997	1,945
Russia.....	15,772	4,804	4,333
Chosen.....	2,806	1,539	534
Other.....	422	361	303
Total.....	132,607	112,486	113,018

CANNED FRUITS AND VEGETABLES

Canned fruits and vegetables are not listed separately in the Chinese import statistics. The only figures at present available show imports of canned fruit into Shanghai for the first nine months of 1923. During this period, out of total imports amounting to 675,000 pounds,

523,000 pounds, or about 78 per cent, came from the United States. There are no statistics available as to imports of canned vegetables, but Japan is undoubtedly the United States principal competitor in this field.

The Chinese canning industry is worthy of consideration. There are 11 canning factories in China with a total daily output of 62,000 cans. While their products can not as yet be said to hold an important place in the everyday dietary of even the wealthier class of Chinese, their popularity is increasing. Chinese fruits, vegetables, meats, and biscuits constitute the entire production of the Chinese canning factories.

MEATS

Australia was the largest original source of Chinese imports of prepared or preserved meats until 1922, when Russia took first place. The United States, Japan, and Great Britain also supply a considerable amount of preserved meats.

TABLE XIII.—IMPORTS INTO CHINA OF PREPARED OR PRESERVED MEATS

Countries of shipment	1920	1921	1922
	<i>Haikwan taels</i>	<i>Haikwan taels</i>	<i>Haikwan taels</i>
Hongkong.....	205,834	287,846	267,111
Japan.....	29,134	21,091	18,452
United States.....	32,643	10,052	4,381
Australia.....	42,602	17,953	26,871
Great Britain.....	8,216	24,329	69,303
Russia.....	-----	3,071	120,260
Other.....	23,385	45,992	40,487
Total.....	341,814	410,334	546,865

GENERAL DESCRIPTION OF CHINA

The total area of China is estimated at 4,278,352 square miles, distributed as follows: China proper, excluding Manchuria, 1,896,500; Mongolia, 1,367,953; Chinese Turkestan, 550,579; Tibet, 463,320. Manchuria has an area of 363,700 square miles.

A census has never been taken, but there have been a number of estimates which indicate a population of about 400,000,000. A large part of this number is concentrated in the coastal regions and along the many large rivers. The Yangtze River Valley is particularly densely populated.

AGRICULTURE

China is primarily agricultural, and the varied physical and climatic features of the country contribute to the variety of its products. The principal crops of North China and Manchuria are wheat, millet, beans, maize, and kaoling (sorghum). Central China produces rice, tea, cotton, ramie, peanuts, mulberry leaves for silkworms, oranges, and other fruits. The chief crops of south China are rice, cotton, tobacco, sugar, fruit—especially bananas, oranges, and pineapples—and oil-yielding seeds, sesamum, cassia, and castor beans.

Deforestation has depleted the forests of China, but the forest wealth is still considerable, especially in the north and west. The chief trees of the north are the willow, poplar, and pine. Bamboo,

mulberry, and a large variety of oil-producing trees are raised in central China. Tropical trees, such as mahogany, ebony, teak, wood-oil, camphor, and dyewood trees are found in south china.

ANIMAL INDUSTRY

Although cattle are raised in considerable numbers, there is no developed dairy industry, and the principal domestic animals are hogs, of which there is an enormous number, and poultry. The egg industry is very important, particularly in the vicinity of Shanghai, and eggs and egg products are among the leading exports of China. There are large numbers of sheep and goats in the country.

MINERAL PRODUCTS

Some of the richest mineral areas in the world are found in China. Lack of capital and means of communication and unsettled political conditions have retarded the development of the mining industry. Some of the minerals of which there are known to be large deposits are: Antimony, chiefly in the Province of Hunan; coal, of which there are extensive fields in Shansi, Shensi, Chihli, Shantung, Hunan, and Manchuria; iron, particularly in Manchuria, Hupeh, Chihli, and Shansi; and wolframite, in Kwantung, Hunan, and Kwangsi. These are only a few of the more important of China's many minerals.

INDUSTRIES

The industries of China are still predominately of the small shop and household type, but the modern factory organization is developing rapidly. The factors favoring China's industrial development are many. There is a large supply of cheap and capable labor; raw materials are available in large quantities; coal and iron resources are large; water power is plentiful, and there is an enormous market for the products of industry. Indicative of the development of industrialism in China may be mentioned the iron works and railroad shops of Hankow; flour mills in Shanghai and Manchuria; cotton mills, silk filatures, and silk mills in central and south China, and many other smaller industries such as canning factories, cement and brick works, tanneries, oil mills, rice hulling and cleaning mills, sugar refineries, and tobacco factories.

There are about 7,000 miles of railroads in China, of which about 374 miles are Government-owned. The locations of the various railroads are considered under the discussion of Chinese ports, which follows.

CHINESE PORTS

The four ports, Shanghai, Darien, Tientsin, and Canton, are responsible for about two-thirds of China's foreign trade. The following table shows the value of the import, export, and total trade of these ports, together with the proportion of each in the total foreign trade of China:

FOREIGN TRADE OF PRINCIPAL CHINESE PORTS IN 1922

[In 1,000 haikwan taels]

	Imports	Exports	Total	Per cent of total trade of China
Shanghai.....	419, 593	218, 051	637, 645	37. 7
Dairen.....	65, 667	95, 446	161, 113	9. 5
Tientsin.....	96, 422	46, 471	142, 893	8. 4
Canton.....	54, 232	89, 017	143, 249	8. 5
Total.....	635, 914	448, 985	1, 084, 900	64. 1
Total foreign trade of China.....	975, 034	654, 892	1, 629, 926	-----

To this list of ports must be added Hongkong, which, although a British colony, is the principal distributing center for the south China region.

SHANGHAI

Shanghai owes its position as the leading Chinese port to three factors: First, its rich hinterland, which comprises the fertile and densely populated Yangtze Valley; second, its favorable situation at the convergence of the shipping lines to and from America and Europe; and third, its strategic position on the most central point of the Chinese seaboard. The port of Shanghai is located on the Whangpoo River, a branch of the Yangtze. It is administered and maintained by the Whangpoo Conservancy Board, an international body.

Port accommodations and facilities.—The bars at the mouth of the Whangpoo River now have a navigable depth of 30 feet at all times, and there is a clear channel 24 feet deep and 600 feet wide all the way to Shanghai.

There are wharves on both sides of the harbor, most of which are provided with floating pontoons. A considerable part of the cargo is handled by lighters from ships at wharves or moored in the stream. Most of the wharves and warehouses (godowns) are privately owned, principally by trading and transportation companies. There is a limited amount of public wharf and warehouse facilities available.

Shanghai hinterland.—The Yangtze River Valley, for which Shanghai is the natural distributing center, comprises an area of about 780,000 square miles (equivalent in area to all the States east of the Mississippi except Wisconsin and Illinois) and sustains a population estimated at about 180,000,000.

The Yangtze River, with its tributaries, forms a great waterway which may be navigated by ocean-going vessels during most of the year as far as Hankow, 600 miles from Shanghai, and by smaller vessels for an additional 1,000 miles. Hankow, sometimes spoken of as the "Chicago of China," is an important industrial center.

In addition to river transportation, Shanghai is served by two railroads, both Chinese Government lines, the Shanghai-Nanking Railway, which gives service to Soochow, Chinkiang, and Nanking, and the Shanghai-Hangchow Railway. From Nanking a railroad leads to Shantung, Tientsin, and Peking.

Other central China ports.—Other central China ports, some of which are of considerable importance are: Hangechow, Soochow, Chinkiang, and Nanking on the Yangtze Delta; Hankow, Wuhu, Kiukiang, Yochow, Changsha, Shasi, Ichang, Chunkiang, and Wanhsien on the upper Yangtze; and Foochow, Ningpo, Wenchow, and Santuo on the seaboard.

HONGKONG AND CANTON

From the point of view of trade and shipping, Hongkong and Canton are interdependent and should be considered together. Hongkong, a British Crown colony, is the principal distributing center for south China and is an entrepôt for trade as far north as Japan and as far south as India. Canton is about 95 miles from Hongkong, up the Canton (or Pearl) River. The port is located in the fertile Canton Delta, in which converge the West, North, and East Rivers. It is the principal Chinese port of south China.

HONGKONG

The population of Hongkong is about 450,000, distributed chiefly between Victoria, on the island of Hongkong, and Kowloon, on the mainland. The foreign population of Hongkong numbers about 12,000.

Hongkong is a free port and its development has come about principally as a result of its use as a safe anchorage where ships can deliver and receive cargo. Since most of the ships are unloaded by lighters, the port facilities are not as extensive as in other ports where an equal amount of shipping is done.

Hongkong is used extensively as a storage point, and there are many warehouses, some of which are privately maintained by business concerns, some of Chinese ownership, in which space can be secured. There are a few companies doing a general wharf and warehouse business.

The Canton River is the principal artery of commerce inland from Hongkong. The two ports are also connected by the Canton-Kowloon Railway, which is about 112 miles in length. The distance between Hongkong and Canton by river is 95 miles.

In addition to its advantageous position as regards river traffic, Hongkong is the center of coasting steamship service from Foochow to Indo-China.

CANTON

Canton is a fresh-water, tidal-river port located on the Canton Delta. The population of the port is about 2,000,000, while the delta district supports between 10,000,000 and 15,000,000 inhabitants. In value of foreign trade Canton ranked third among the ports of China in 1922. In that year Canton's total trade amounted to 143,000,000 haikwan taels (equivalent to about \$119,000,000).

Port facilities.—The port of Canton is served by small coasting vessels, river steamers, steam launches, motor boats, and native junks. This service extends from Canton a short distance up the North and East Rivers and from 500 to 700 miles up the West River. The lack of a deep-water harbor has been the principal factor in placing Canton in a position subsidiary to Hongkong.

The port facilities are small and somewhat primitive, being adapted to the use of river craft. Most of the coasting vessels calling at Canton anchor at Waampo, about 14 miles below the city.

The warehouses are limited in number, although many firms own their own storage facilities in the foreign settlement and others arrange space in Chinese godowns.

Canton hinterland.—The hinterland of the port of Canton is less extensive than that of Shanghai. The entire hinterland has a population of 40,000,000. The immediately adjacent territory, the Canton Delta, is densely populated and highly productive from an agricultural standpoint. The principal crops are rice, tea, and oilseeds. A large amount of silk is produced in this section.

The outer hinterland is generally mountainous and is capable of sustaining a larger population than it now has. Various mineral deposits have been discovered, among which is coal, but none of them have been developed to any extent, with the exception of antimony and wolfram.

Canton is connected with its hinterland chiefly by means of the various rivers. The railroad development has been inconsiderable. The Yueh Han Railway, a private Chinese line, extends from Canton to Shaochow, a distance of 140 miles. This is the Canton end of the projected Canton-Hankow Railway. There is a stretch of about 300 miles to be completed, and until this is brought about the present line from Canton to Shaochow will be of little commercial importance. The Canton-Kowloon Railway connects Canton with Hongkong, but the competition of river traffic makes the line of little importance at present. It is expected that the completion of the Canton-Hankow Railway will greatly benefit this line. There is a Chinese Government railway extending between Canton and Samshui, a distance of 30 miles.

Other south China ports.—Other south China ports include Kongmoon, Lappa, Macao (Portuguese), Samshui, Wuchow, Nanning, Lungchow, Kwangchow, Haihow, Pakhoi, Haiphong, Swatow, and Amoy.

DAIREN

The port of Dairen is located in the Japanese leased territory of Kwantung at the southern extremity of the Liaotung Peninsula, Manchuria. In the value of its shipping Dairen is the second largest port in China, the total foreign trade passing through the port in 1922 amounting to 161,113,000 haikwan taels (about \$134,000,000).

Dairen's present importance as a port and commercial center is of comparatively recent development, which may be attributed chiefly to four factors: First, its geographical location; second, its status as a free port; third, its excellent terminal and transportation facilities; fourth, its deep-water harbor.

Although Dairen is a free port, the Chinese Maritime Customs maintains a customhouse there, which, however, concerns itself only with through trade to and from Chinese territory beyond the border of the Kwantung leased territory.

Port facilities.—Dairen harbor is one of the safest and most commodious in the Far East and is also one of the most convenient as regards the loading and discharge of cargo. Its importance is enhanced by the fact that it is the only ice-free port in Manchuria.

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The outer hinterland is generally mountainous and is capable of sustaining a larger population than it now has. Various mineral deposits have been discovered, among which is coal, but none of them have been developed to any extent, with the exception of antimony and wolfram.

Canton is connected with its hinterland chiefly by means of the various rivers. The railroad development has been inconsiderable. The Yueh Han Railway, a private Chinese line, extends from Canton to Shaochow, a distance of 140 miles. This is the Canton end of the projected Canton-Hankow Railway. There is a stretch of about 300 miles to be completed, and until this is brought about the present line from Canton to Shaochow will be of little commercial importance. The Canton-Kowloon Railway connects Canton with Hongkong, but the competition of river traffic makes the line of little importance at present. It is expected that the completion of the Canton-Hankow Railway will greatly benefit this line. There is a Chinese Government railway extending between Canton and Samshui, a distance of 30 miles.

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Although Dairen is a free port, the Chinese Maritime Customs maintains a customhouse there, which, however, concerns itself only with through trade to and from Chinese territory beyond the border of the Kwantung leased territory.

Port facilities.—Dairen harbor is one of the safest and most commodious in the Far East and is also one of the most convenient as regards the loading and discharge of cargo. Its importance is enhanced by the fact that it is the only ice-free port in Manchuria.

The entrance to the harbor is 1,200 to 1,500 feet wide and it has a low-water depth of 36 feet. The minimum depth of anchorage is 23 feet and the area inclosed by breakwaters amounts to about 800 acres. A steamer with a draft of 35 feet can navigate the harbor with safety. All ships can moor at the wharves.

The control of the harbor is divided between the marine office of the Kwantung government and the wharf office of the South Manchuria Railway Co. The latter organization is the principal commercial factor in Manchuria, and Dairen is its southern terminus. The company maintains 45 miles of railroad siding at the wharves, which makes it possible to shift about 20,000 tons of cargo daily between the vessels and railway cars.

The storage facilities at Dairen are extensive, many of the warehouses being owned and operated by the South Manchuria Railway Co. Since Dairen is a free port, goods may be stored there indefinitely without the payment of duty.

Dairen's hinterland.—Dairen is Manchuria's commercial outlet. The principal industry in the city has to do with the milling of soy beans, which are brought from as far north as Harbin. There are 61 oil mills in operation in Dairen and vicinity. Other crops raised in southern Manchuria are wheat, millet, and maize.

In addition to having extensive lines in Manchuria, the South Manchuria Railway Co. has passenger and freight agreements with the Chinese Government railways of north China and the Chinese Eastern Railway at Harbin. It has taken over the Chosen railways and has traffic agreements with the Osaka Shosen Kaisha, the Government railway of Japan, and with the Nippon Yusen Kaisha steamship line.

The other ports of southern Manchuria are of less significance. Newchwang was the leading Manchurian port prior to Dairen's rise but is now of secondary importance. Antung, about 25 miles up the Yalu River, which forms the boundary line between China and Chosen, is chiefly a lumber-exporting port for the Yalu Basin.

TIENTSIN

Tientsin, the fourth largest port in China in point of value of trade, is the principal port and distributing center for the northeastern portion of China proper, as well as for eastern Mongolia, Chihli north of the Great Wall, and that portion of Shantung Province which lies north of the Yellow River.

Direct steamship lines from both the Atlantic and Pacific coasts of the United States run to Tientsin, although a considerable amount of goods are transhipped from Shanghai and Kobe.

Tientsin is located on the Hai River, about 47 miles from the sea. Light-draft vessels can unload directly at the quays, but others must discharge at the bar, off the river mouth, and lighter the cargo to the port. Until the present year Tientsin has been ice locked during part of the winter, but now that the river channel has been straightened it is expected that ice breakers will keep the port open during the entire winter.

Tientsin hinterland.—The territory for which Tientsin is the natural distributing center is known as the Gulf of Chihli hinterland and comprises Chihli Province, portions of Shantung, Honan, and Shansi Provinces, most of the territory within the Three Eastern Provinces,

and Mongolia. In commercial importance this region is second only to the Shanghai hinterland, and in respect to natural resources and unused lands it may be said to have even greater potentialities. The population is estimated to be about 90,000,000. The extension of railroads in Manchuria and eastern and western Mongolia, with the resulting influx of population and development of these great territories, would contribute greatly to the importance of ports on the Gulf of Chihli. Tientsin is strategically placed as the chief port of this region but suffers under the handicap of being inaccessible to ocean steamers and large coasting vessels.

The territory adjacent to Tientsin is better provided with railroads than other sections of China. The Tientsin-Pukow Railway runs south from Tientsin into Shantung. Honan and Shansi are reached by the Peking-Hankow Railway, via Peking, Kalgan by the Peking-Suiyuan Railway, and Manchuria by the Peking-Mukden Railway. Transportation is also carried on by means of the Grand Canal, which extends southward from Tientsin to Hangchow. The natural waterways are not navigable by large vessels, but small river craft afford a valuable means of distribution in the territory to the south of Tientsin. A considerable amount of goods is transported throughout the region by means of carts and pack animals.

Other north China ports.—Other north China ports, excluding those in Manchuria, are Chinwangtao, Chefoo, and Tsingtau. The latter port is situated on Kiachow Bay, one of the best and deepest harbors in China.

CHINA'S DISTRIBUTING CENTERS

Hongkong has long been the principal distributing center for south China, as has Shanghai for central and north China. There are three other distinct distributing centers that are of increasing importance and for which the American exporter should not fail to provide adequate representation. These are Hankow, Tientsin, and Harbin. The following statement outlines the territory which these centers cover:

HONGKONG AND CANTON

Hongkong agencies usually cover Canton, Swatow, Amoy, and other south China points, including Yunnan Province, which is handled through French Indo-China. Canton sometimes has separate organizations to work more intensively Kwangtung Province and south China in general.

SHANGHAI

There is a growing tendency to assign agents to what is known as the Shanghai territory. This sometimes means Foochow, Shanghai, Hankow, and Tientsin, and if so, care should be taken to make arrangements with Shanghai concerns which have adequate facilities for canvassing these important outports.

HANKOW

Hankow is the principal outlet for the upper Yangtse River trade, which includes Szechwan Province and western China. Chungking, which is at the head of the Yangtse River gorges, is about 600 miles above Hankow.

TIENTSIN

Tientsin, within the past two years has established itself as an independent distributing point. Better steamer routes have made this possible. In addition to covering Peking, Kalgan, and other north China points, Mukden and Dairen are often included in this territory, as well as Tsingtau.

HARBIN

Harbin has become of increasing importance as a trading post for Manchuria and Siberia since Vladivostok has been practically closed to trade.

MERCHANDISING FACTORS**CHARACTER OF THE MARKET**

In addition to the Chinese population there are in China over 283,000 resident foreigners, of which number 152,000 are Japanese and 96,000 Russians, the remainder being Europeans and Americans. The Japanese and Russians are concentrated in Manchuria, while the other foreign nationals are found in considerable numbers in the larger treaty ports of Shanghai, Hankow, Tientsin, and the British colony of Hongkong. The main distributing point for north and central China, including the densely populated Yangtze Valley, is Shanghai, with Hankow and Tientsin of secondary importance. Hongkong is the distribution center for south China, with Canton as a subsidiary center. Imported foodstuffs called "foreign" in China originally brought in solely for the consumption of resident foreigners have so grown in volume and variety in recent years as to represent a sizable factor in China's imports.

Spreading from the scattered retail stores of every foreign nationality in China there are now a relatively large number of both Chinese and foreign retail and wholesale organizations, with the attendant smaller list of importers, jobbers, and commission houses, handling foreign foodstuffs. American products, particularly canned and package goods, are found in all interior towns of any size, and the Chinese people themselves are consuming these articles in increasing amounts.

The two largest department stores in Shanghai, Wing On, and Sincere, each handling a complete line of both foreign and domestic merchandise, are devoting approximately one-half of their street-floor selling space to foodstuffs. While at first thought this may seem startling, to one familiar with things Chinese and the extent of the Chinese dietary, probably unequalled in the world for its balance, content, variety, and efficiency, it seems in no way strange. Restaurant life and foods play an important part in the Chinese social structure. Restaurants of all sizes, types, and varieties, to suit all castes, tastes, and pocketbooks are met with everywhere in China. They are at once the business man's club, theater, and eating place. While Americans may believe themselves to be the originators of the community restaurant, distributing hot cooked dishes ready to serve, the Chinese have had this service for hundreds of years, and, one step in advance, have itinerant cooks carrying their own stoves, ovens, fuel, foodstuffs, and dishes and prepared to serve anything from duck soup to freshly baked bread at an instant's notice.

Large Chinese modern hotels in the larger cities of China to-day serve both European and Chinese food, while the middle and higher classes of Chinese, either to relieve the routine of their own culinary art or to adopt a modified western diet, are buying more and more foreign foodstuffs.

IMPORT DUTIES AND REGULATIONS

Foodstuffs imported into China are subject to an import duty of approximately 5 per cent ad valorem. By a further payment of one-half of the rate of the ad valorem tariff—that is, approximately $2\frac{1}{2}$ per cent surtax—goods destined to interior points not treaty ports are supposedly exempt from “likin” or local taxes.

There are no existing Chinese regulations corresponding to the United States pure-food laws or in any way regulating the quality and content of imported foodstuffs.

METHODS OF DISTRIBUTION

In discussing the methods of distributing imported foodstuffs in China it should first be pointed out that practically all of China's foreign trade has been carried on in the past by foreign (non-Chinese) importing and exporting houses, with head offices in Shanghai or Hongkong. These houses have branches in most of the larger ports, and commercial representation for all China may thus be secured through these firms. There is an increasing tendency, however, for Chinese firms to import directly. This is particularly evident in the fish and flour trade. Imported milk products are marketed by an extensive organization, independent of other foodstuffs. The methods used in marketing raisins have been referred to in a previous section. Other foodstuffs are, in general, marketed somewhat after the following manner:

A Shanghai commission house, jobber, or broker obtains the agency for a well-known American food product. The initial shipment of goods is distributed as far as possible on the Shanghai market and the remainder, if any, goes to outport agencies and is handled on a commission basis. Some Shanghai houses have their own representatives in ports such as Hankow, Tientsin, Dairen, and Hongkong, but in most cases these agencies are directly supervised by Chinese, not American or European, sales managers. The judicious allotment of credit, the placing of efficient advertising, and the use of intensive sales methods are almost entirely absent under the above system.

CHINESE COMPRADOR

The comprador is an institution peculiar to China and one of the most important factors in the foreign trade of the country. There are two main classes of compradores—bank and merchandise compradores—but their functions are much the same. The bank comprador transacts business for the bank, looks after all monetary matters, offers advice in regard to condition of the local market, compiles commercial information, and recommends, controls, and guarantees the Chinese staff of the bank. The merchandise comprador is employed by a foreign firm to act as a means of contact between the firm and the firm's customers. He guarantees the credit

of these customers, advises as to market conditions, and cultivates business. He must, therefore, possess capital, a knowledge of business, and an extensive acquaintance among prospective Chinese customers. The comprador usually receives a commission of one-half of 1 per cent on the c. i. f. value of the goods sold, but where the business is exceptionally large the commission is only one-fourth of 1 per cent.

The comprador system has its advantages and its drawbacks. Among the disadvantages is the possibility of the comprador restricting his dealings to a relatively small group of prospective purchasers and neglecting to cultivate a wider market. For the present, however, the differences in language and social customs, as well as the complexity of the currency and exchange, makes the employment of a comprador necessary for practically all foreign firms. The longer a concern does business in China the less it should be obliged to depend upon a comprador.

ADVERTISING IN CHINA

The importance of an American exporter of foodstuffs firmly establishing his trade-mark, or chop, in the Chinese market can not be overemphasized. When a certain brand of goods become well known and well liked in China it is exceedingly difficult to get the Chinese purchaser to accept an unknown brand. The trade-mark should be carefully selected in the light of Chinese partialities and prejudices. The literal translation into Chinese of the American trade name may sometimes be impossible, in which case another must be selected.

There are several forms of advertising in China by means of which the trade-mark may be established. Those which have brought success in the past are newspapers, posters, and calendars. Advertisements in foreign-language newspapers reach the foreign population, which for some lines is the only important market at present, and a few of the educated Chinese who read English or French. The native newspapers reach the upper-class Chinese, and to a considerable extent the lower classes as well. It may be mentioned in this connection that the Chinese have a profound respect for the printed word.

Posters are used to a large extent in China as a means of advertising, and several companies have used them with marked success. Calendars are highly esteemed by the Chinese and have been used with very good results by advertisers in this market.

It is extremely important that any advertiser in the Chinese market should have his advertising directed by some one who is thoroughly familiar with the likes, dislikes, and prejudices of the people. For example, such matters as pictures, which are and should be used profusely in Chinese advertisements, and colors are very important considerations. Some pictures may give offense, whereas others produce a favorable reaction. The same is true of colors. Yellow and white, for example, are mourning colors and create an unfavorable impression.

SUGGESTIONS FOR DEVELOPING TRADE

If it is decided that the market of China does not justify the initial expense of a Shanghai office for distribution and sales promotion work, the detail of a factory or home sales representative to a carefully selected resident commission house is recommended. This gives the combined cooperative effort of the agency, which is thoroughly familiar with local conditions, and of the representative, who is thoroughly familiar with the product. Such matters as the following may be worked out effectively by the company's representative and the agency: The style and size of the package, the trade-mark or chop, appropriate advertising matter, Chinese and English directions and explanatory matter, recipes, the distribution of samples, the use of demonstrators, the selection of agents and the training of salesmen, and first-hand estimates of market possibilities. These may all be much more satisfactorily handled in this manner than by the sales-by-correspondence methods now in common use.

The non-English speaking Chinese buy imported package and canned goods largely by brand, trade-mark, or chop. Excepting American raisins and canned milk products, few if any import packages have an identifying mark in the Chinese language or Chinese descriptive matter or directions for preparing and serving. All this is left to the ingenuity of the Chinese, much to the detriment of sales. A study of Chinese methods of preparing foods and of the Chinese dietary, the development of an intelligent Chinese sales force working through the retail and wholesale stores, restaurants, and dealers, and the use of demonstrators to illustrate the methods of preparing and serving the foods are all highly desirable features which could be developed by a resident representative of the American manufacturer, but which can hardly be expected from commission houses, agents, and jobbers acting on their own initiative.

Another advantage of this selling arrangement is that the factory representative is free to make periodic visits to adjacent territories such as Japan, Philippine Islands, Indo-China, and the Malay States, while the resident organization carries on the work in his absence.

PUBLICATIONS ON CHINA

Following is a list of some of the publications of the Bureau of Foreign and Domestic Commerce on China and Chinese trade:

- Commercial Handbook of China, by Julean Arnold. Miscellaneous Series No. 84; 1919; 1,100 pages (two volumes); \$1.
- The Conduct of Business with China. Miscellaneous Series No. 70; 1919; 47 pages; 10 cents.
- Canned Goods Trade in the Far East, by J. Alexis Shriver. Special Agents Series No. 92; 1915; 78 pages; 10 cents.
- Cotton Goods in China, by Ralph M. Odell. Special Agents Series No. 107; 1916; 242 pages; 25 cents.
- Chinese Currency and Finance, by A. W. Ferrin. Special Agents Series No. 186; 1919; 57 pages; 10 cents.
- Advertising Methods in Japan, China, and the Philippines, by J. W. Sanger. Special Agents Series No. 209; 1921; 107 pages; 25 cents.
- Changes in the Economic Life of the Chinese People, by Julean Arnold. Trade Information Bulletin No. 5; 1922.

Ramie or China Grass, by J. Frank Gillen and J. Orlo Hayes. Trade Information Bulletin No. 166; 1923.
Protesting Drafts in China, by A. J. Wolfe. Trade Information Bulletin No. 142; 1923.

Copies of the above publications can be obtained from the Superintendent of Documents, Government Printing Office, for the prices stated. Trade Information Bulletins are distributed free by the Bureau at Washington so far as the limited editions permit.

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PUBLICATIONS ON CHINA

Following is a list of some of the publications of the Bureau of Foreign and Domestic Commerce on China and Chinese trade:
Comparative Handbook of China, by John Arnold. Miscellaneous Series No. 1019. 1,100 pages (two volumes). \$1.
The Conduct of Business with China. Miscellaneous Series No. 1019. 37 pages. 10 cents.
Export Goods Trade in the Far East, by A. Frost Roberts. Special Series No. 1017. 1915. 78 pages. 10 cents.
China Trade in Yunnan, by Ralph M. Child. Special Series No. 1017. 1916. 212 pages. 25 cents.
China Customs and Finance, by A. W. Ferriss. Special Series No. 1018. 1919. 57 pages. 10 cents.
Advertising Methods in Japan, China, and the Philippines, by J. W. Sawyer. Special Series No. 1021. 102 pages. 25 cents.
Changes in the Economic Life of the Chinese People, by John Arnold. Trade Information Bulletin No. 5; 1922.