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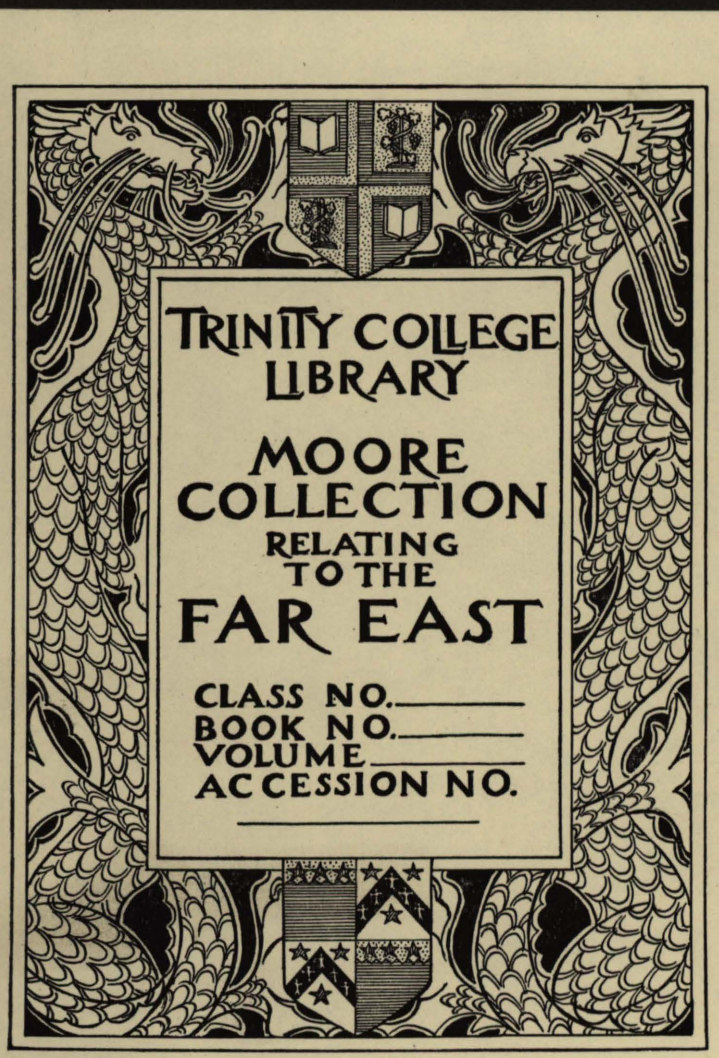
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DEPARTMENT OF OVERSEAS TRADE.

REPORT

ON THE

COMMERCIAL, INDUSTRIAL AND ECONOMIC SITUATION

IN

CHINA

in June, 1925,

BY

MR. H. J. BRETT,

Commercial Secretary, Shanghai,

TOGETHER WITH A

REPORT ON THE TRADE OF

DAIREN (Japanese Leased Territory in South Manchuria),

BY

MR. O. WHITE,

His Majesty's Consul at Dairen.

LONDON:

PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE.

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:
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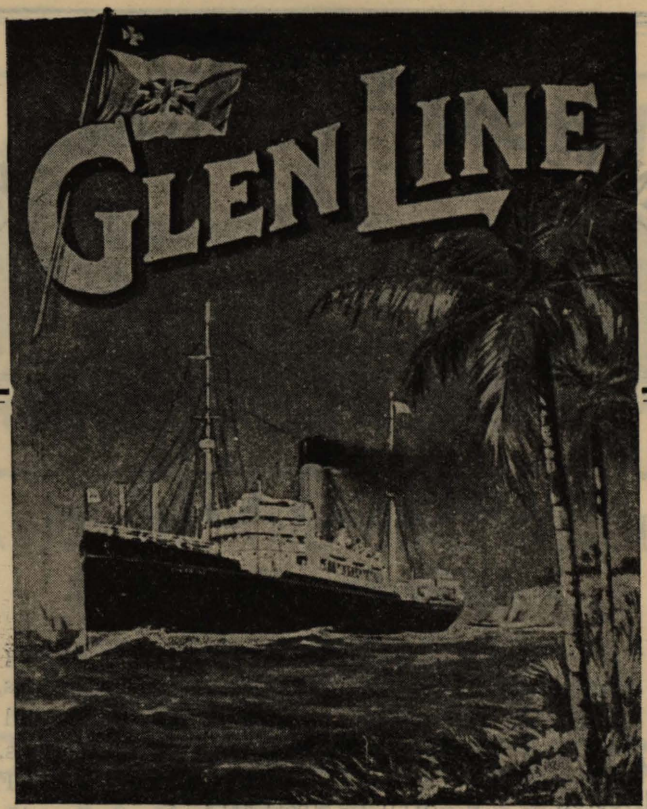

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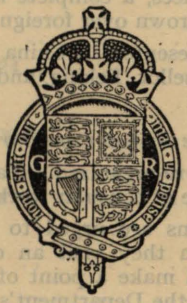

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DEPARTMENT OF OVERSEAS TRADE.

COMMERCIAL REPRESENTATION ABROAD.

To foster British overseas trade, the Department has developed and controls the following Services of Commercial Intelligence Officers :—

1. In the Empire.

The Trade Commissioner and Imperial Trade Correspondent Services.

At the present time there are 13 Trade Commissioners' offices. These are situated, four in Canada (Montreal, Toronto, Vancouver, Winnipeg) ; two in South Africa (Johannesburg, Cape Town) ; two in Australia (Melbourne, Sydney) ; two in India (Calcutta and Bombay—to cover also Burmah and Ceylon) ; and one each in New Zealand (Wellington), British East Africa (Nairobi) and British West Indies (Trinidad).

The Trade Commissioners in the Dominions have the assistance of Imperial Trade Correspondents at a number of important centres.

In various parts of the Empire in which at present there are no commissioners, there are correspondents with whom the Department deals direct.

2. In Foreign Countries.

(*a*) *The Commercial Diplomatic Service attached to the British Diplomatic Missions.*

This service consists of between thirty and forty posts in all, and the officers of the service are stationed in all the more important foreign markets of the world. The members of the Commercial Diplomatic Service are styled " Commercial Counsellors " in the highest grade, and " Commercial Secretaries " in the three lower grades. They are members of the staff of the British Embassy or Legation in which they serve.

The Commercial Diplomatic Officer has general supervision over the commercial work of the consular officers in his area, and with the co-operation of these two services, a complete network of Government commercial representatives is thrown over foreign countries.

The Department is represented in China by Mr. H. H. Fox, C.M.G., F.R.G.S., Commercial Counsellor, Peking, and Mr. H. J. Brett, Commercial Secretary, Shanghai.

(*b*) *The British Consular Service.*

This service has been re-organized. Particular attention has been given to the commercial side of consular work.

Members of British firms are urged to call upon the Department's representative abroad when they visit an overseas country. It is also important that they should make a point of their representatives abroad keeping in close touch with the Department's officers.

A handbook giving fuller details of the overseas organization of the Department can be obtained on application at the Department of Overseas Trade, 35, Old Queen Street, S.W.1.

NOTE.

It should be understood that the views expressed in annual reports are the views of the officers themselves, and are not necessarily in all respects the views of the Department.

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COMMERCIAL SUMMARY.

Area.—1,896,500 square miles (including Manchuria, but excluding Mongolia, Chinese Turkestan and Tibet).

Population.—436,094,953. (Post Office Estimate, 1923).

Language.—The bulk of the foreign trade is transacted through British, European, American and Japanese firms in the principal ports, and the English language is commonly used.

Monetary Units.—The ordinary commercial unit is the Tael, a weight of silver roughly equivalent to $1\frac{1}{3}$ oz. av. The rate of exchange in relation to sterling fluctuates from day to day. During 1924 the average value of the Haikuan Tael (being the unit employed by the Chinese Maritime Customs, and of slightly higher value than the ordinary commercial Tael) was 3*s.* $7\frac{16}{16}$*d.* For retail business the ordinary currency is the dollar, a silver coin of about the same standard and weight as that issued in Mexico. Its value is about 70 to 73 per cent. of the Tael, the exchange constantly varying.

Index Numbers.—According to figures just issued by the Ministry of Finance Bureau of Markets, Shanghai, the present index numbers (based on average market quotations in February, 1913), are as follows :—

	Export Price Index Number.	Import Price Index Number.
Raw Materials ..	150·0	163·1
Producers' Goods ..	148·9	146·4
Consumers' Goods ..	137·2	158·5
Total average ..	147·3	153·3

Principal Weights and Measures.

1 Liang or Tael .. .. = $1\frac{1}{3}$ oz.
16 Taels = 1 Catty .. .. = $1\frac{1}{3}$ lbs.
100 Catties = 1 picul .. .. = $133\frac{1}{3}$ lbs.
10 Ts'un = 1 ch'ih .. .. = 14·1 ins.
10 ch'ih .. .. = 1 chang.
180 chang = 1 li = one-third of a mile, approximately.

Total Imports (*Gross*).—Hk. Taels 1,039,102,156.

Principal Imports (net, *i.e.*, excluding re-exports) :—

	Hk.T.
Cotton Goods (including Thread, but not Yarn)	154,355,080
Sugar	76,384,111
Metals and Minerals	67,770,134
Rice and Paddy	63,248,721
Kerosene Oil	57,811,062
Raw Cotton	49,076,372
Flour	30,097,693
Fish and Fishery Products (including Bêche de Mer, etc.)	29,600,814
Cigarettes	27,649,757
Tobacco	24,724,582
Machinery	22,069,305
Artificial Indigo	21,585,165

Imports (gross)—

From—	Hk.T.
United Kingdom	126,011,025
Japan (including Formosa, but not Korea)	234,761,863
United States of America	190,956,942
British India	38,827,688
Germany	38,687,635
Dutch Indies	20,732,947
Canada	15,575,722
France	10,560,018
Hongkong	243,919,357

(Hongkong being mainly a port of transhipment it is not possible to indicate exactly the origin of imports into China from that port, but judging from the Hongkong import figures one might perhaps be justified in assuming that at least ten per cent. of the cargo shipped to China from Hongkong originates in the United Kingdom.)

Total Exports.—Hk. T. 771,784,468.

Principal Exports—	Hk. T.
Beans, and Products of	147,930,287
Raw Silk, Cocoons, etc.	122,442,607
Raw Cotton	40,420,414
Groundnuts, and Products of	30,244,474
Silk Piece Goods	22,300,873
Skins, Hides and Furs	21,509,847
Tea	21,127,221
Coal	20,539,420
Cereals	18,480,937
Wood Oil	17,714,713
Egg Albumen and Yolk	16,558,581

Exports—

To—	Hk.T.
United Kingdom	50,250,851
Japan	201,175,926
United States of America	110,754,411
Russia and Siberia	46,358,882
France	45,096,158
Korea	30,855,244
Hongkong	173,162,926

(As in the case of imports, it is impossible to indicate the ultimate destination of goods exported to Hongkong, but judging again from the Trade Returns for that Colony, it would appear that only a very small proportion — probably not much more than one per cent.—of China exports to Hongkong are destined for the United Kingdom).

Railway Mileage.—6,500 (approximately).

Mercantile Marine.—China has practically no mercantile marine engaged in overseas commerce. The tonnage of vessels under the Chinese flag (including Junks entered and cleared at the Martime Customs) engaged in the carrying trade from and to foreign countries (including Hongkong) and between the Open Ports in China amounted in 1924 to 19,903,944 tons.

REPORT

ON THE

COMMERCIAL, INDUSTRIAL AND ECONOMIC SITUATION IN CHINA.

I.—INTRODUCTORY.

Works of Reference.—The number of works of reference giving general information with regard to China is constantly growing, and the following is only a partial list of publications of this nature likely to be useful to those desirous of doing business with this country :—

The Trade Reports and Returns issued quarterly and annually by the Statistical Department of the Chinese Maritime Customs (selling agents in the United Kingdom, Messrs. P. S. King & Sons, 4, Great Smith Street, Westminster, S.W.), of which the most useful for general purposes are the following :—

Annual Series : Trade of China, Part I.—Report on Trade of China, with Statistics (issued annually in the month of May) ; Part II.—Analysis of China's Foreign Trade, Vol. I., Imports ; Vol. II, Exports (usually issued each year in July).

The China Year Book, published annually by the Tientsin Press, Ltd., Tientsin, and obtainable through Messrs. Simpkins, Marshall, Hamilton, Kent & Co., Ltd., 17, Ave Maria Lane, London, E.C.4.

New Atlas and Gazetteer of China, published by the North China Daily News and Herald, Ltd., Shanghai.

Far Eastern Products Manual, published by " Finance and Commerce," Shanghai.

Rea's Far Eastern Manual, published by the " Far Eastern Review," Shanghai.

Couling's Encyclopaedia Sinica, published by Messrs. Kelly & Walsh, Ltd., Shanghai.

Much useful industrial and commercial information is also contained in the " Bulletins " issued periodically by the Chinese Government Bureau of Economic Information, whilst there are now a number of weekly publications in Shanghai dealing solely or mainly with trade questions.

Several Directories containing the names and addresses of all the principal Foreign and many Chinese firms are published in Shanghai and Hongkong, the two best-known being probably :—

The Chronicle and Directory of China, Japan, Straits Settlements, etc., published by the Hongkong Daily Press, Hongkong ; and

The North China Desk Hong List, published by the North China Daily News and Herald, Ltd., Shanghai.

All the above works may be obtained through any Oriental bookseller in London, and specimens of most of them may be seen at the Department of Overseas Trade.

Hints to Merchants and Manufacturers. *Enquiries.*—It is strongly recommended that all persons desirous of obtaining information regarding trade conditions in China, openings for

British goods, names of firms willing to act as agents, etc., should apply in the first instance to the Department of Overseas Trade, in London, who will, if necessary, refer these enquiries to the Commercial Diplomatic Officers in China or to His Majesty's Consuls in the ports concerned. In the case of manufacturers desirous of securing the services of suitable agents in China it is particularly desirable that the fullest possible information as to prices, discounts, proposed agency terms, etc., should be given, as it is becoming increasingly difficult to interest firms in this country in such proposals unless the conditions under which the agent is to be employed are set forth with sufficient clearness to enable the latter to satisfy himself that the business can be undertaken with a reasonable prospect of success. In this connection it may be mentioned that largely owing to the very difficult business situation that has existed here for some years past, firms are, in most cases, by no means anxious to increase their responsibilities, and that in order to find a place for his products in this market the manufacturer should be prepared to give all possible assistance to his local representative, more especially when the goods in question are being placed on the market for the first time. As regards the supply of goods on consignment, conditions vary in different trades and the question of its advisability is one to be discussed in each particular case between the manufacturer and his local representative, but it may be mentioned that arrangements whereby the trading risk is shared by the two parties are becoming increasingly frequent, and there is reason to believe that this form of co-operation between the manufacturer in Great Britain and his agent in China has much to recommend it under present circumstances.

It seems desirable to repeat once more the warning frequently given in previous reports against entering into transactions with unknown Chinese firms, where any question of credit is involved. Whilst there is now a fair number of Chinese firms doing direct business with foreign countries, it must be realised that, owing to the difficulty in the first place in obtaining reliable information as to their financial standing and, secondly, in securing redress in the event of any dispute arising it is still safer as a general rule for a merchant in the United Kingdom to do business only through reputable British or other "foreign" firms in this country. Those desirous of obtaining information as to the standing of any firm of importance in China, whether native or foreign, can frequently do so through the London offices of the Far Eastern Banks, or in case of necessity an enquiry through the Department of Overseas Trade may secure the required particulars.

Finally, it may be said that for those contemplating a serious effort to enter this market, by far the best plan is to make a thorough investigation for themselves on the spot through a competent representative. Much more useful information can be acquired and more valuable connections formed in the course of such a visit than by any amount of correspondence,

and it is satisfactory to note that during recent years the tendency on the part of the leading manufacturers in the United Kingdom to adopt this course has been steadily increasing.

Registration of Trade Marks.—There has been no substantial change during the past twelve months in the position with regard to the registration of trade marks in China. The Foreign Powers have not yet signified their approval of the application of the Chinese Trade Mark Law of 1923 to their respective nationals, and so far therefore as the latter are concerned, it is purely a matter for individual decision whether they should or should not register their marks with the Bureau established in Peking. It may be mentioned, however, that many British and other trade mark owners have decided to register their more valuable marks, as a precautionary measure, and a large number of applications have been dealt with by the Bureau during the past year. Any British firm which may be contemplating the registration of its trade marks should note that arrangements must be made with the Bureau through an agent in China, and not through His Majesty's Legation or this office. It should also be noted that the facilities offered by the Peking Bureau apply only to trade marks, there being as yet no effective system of registration in China for copyright, patents or designs.

Tariff Revision.—The Special Conference provided for under the Washington Treaty is to meet in Peking at the end of October, 1925. One of its principal functions will be to decide as to the conditions on which an additional import duty of 2½ per cent. *ad valorem*, with higher rates in the case of articles classed as luxuries shall be levied.

Apart from the additional 2½ per cent. import duty referred to in the preceding paragraph the addition of a temporary surtax of one-tenth of the present import and export duties. to be applied to famine relief, has already been agreed to in principle by the Foreign Powers but no definite arrangements for the levy of this surtax have yet been made.

II.—GENERAL SURVEY OF THE ECONOMIC SITUATION.

(JUNE, 1925.)

The conditions existing at Shanghai and at most of the other commercial centres of China at the time when this report is being written—with a general strike paralysing foreign trade and some of the most important industries, a boycott of British and Japanese goods already partially in force, and demands put forward for the cancellation of all those Treaty privileges on which the commerce of this country has been built up—render it difficult to avoid an extremely pessimistic tone in referring to the present economic situation in China and to the prospects for trade in this country in the near future. It may be added that apart from the

crisis through which we are now passing and which will doubtless adjust itself in time, a retrospect of the past twelve months does not encourage one to take a more cheerful view of the position. Without attempting to deal with the tangled political history of the year, a subject beyond the scope of the present survey, it may be useful to mention a few of the outstanding events having a direct effect on the economic life of the nation. Of these the most conspicuous was the outbreak of civil war last autumn in central and northern China, which dislocated means of communication, undermined all confidence and credit in native banking and business circles, and reduced the inhabitants of large sections of the country to such destitution that even when it has been possible to overcome transport difficulties the market for any commodities other than the absolute necessities of existence has been greatly reduced. Since early in the present year there has been no renewal of hostilities on any extensive scale, but the contending factions remain in a state of unstable equilibrium, and the fear that fighting may break out again at any moment discourages the native merchant from risking his capital in industry or trade in any of the areas likely to be affected. In South China there has been a continuous succession of small wars between rival military leaders, resulting in a political situation so confused as to defy analysis, and the absence of any effective administration has naturally led to almost unrestricted piracy and brigandage. Conditions in the south have, in fact, been even less favourable to trade than in the Yangtse valley, and apart from warfare and banditry Canton's trade has suffered severely from labour troubles, mainly political in origin. During the past year there were two general strikes of all merchants, two effective strikes of the junk men, an anti-foreign strike on the island of Shameen which lasted five weeks; and, finally, the dispute between the local Government and the defence corps organised by the merchants, which culminated in the destruction of much valuable property in the city, and the temporary interruption of all business. At the moment of writing this report fighting has again broken out in Canton. In Western China the great Province of Szechuen has, on the whole, been more free from serious disturbances than for some years past, and trade on the Upper Yangtse has been fairly active, but the situation remains unstable and is rendered less still promising by poor crops and the certainty of famine throughout large sections of the province.

In addition to, and partly as a result of, the chaotic administrative conditions, insecurity and disorder indicated in the preceding paragraph, trade has had to contend with an ever-increasing burden of taxation. Owing to the absence of any central authority each Province is practically at liberty to adopt its own measures for raising revenue, and the imposition of taxes on commodities of every description usually appeals to the local official as being the simplest method. With regard to foreign imports, taxation is nominally limited, under the Treaties between

China and the foreign Powers, to 5 per cent. customs duty and a further 2½ per cent. if the goods are sent into the interior, and although complaints of additional levies on cargo, either in transit or on arrival at its destination, have always been rife, these impositions were formerly not sufficiently onerous to interfere very seriously with the general course of trade. Of late years, however, the respect for Treaty obligations has been rapidly diminishing in China, and during the past twelve months the inclination of local authorities to levy "consumption" or other taxes on foreign goods has become much more pronounced. Beginning with a tax of 20 per cent. on cigarettes the movement has extended to kerosene oil and various other commodities, and owing to the lack of any Central Government capable of exercising pressure on provincial authorities protests against such impositions produce but little effect. Apart from the taxation above referred to, which has at least a semblance of legality as being imposed by the officials administering the government of the particular province concerned, goods conveyed along the internal land and water routes have also to run the gauntlet of tax-stations controlled by local military officials, who levy further "protection" taxes solely for their own benefit. The cumulative effect of these impositions, which naturally apply to produce on the way down to the port of shipment as well as to imports, is to add so materially to the laid-down cost of the former as to prejudice the chance of finding a market in foreign countries, and in the case of imported goods to raise the price to the ultimate consumer to such an extent as to decrease considerably the volume of sales.

In these depressing circumstances, it is hardly possible to regard the economic situation and the prospects for foreign trade in China in the immediate future with anything approaching optimism, but there are a few considerations which it is desirable to keep in mind before declaring the position to be hopeless. There is, in the first place, the evidence of the customs figures to show that at least up to the end of 1924, the trade of the country has continued to grow in the face of every obstacle and discouragement. It is true that this trade is at present being conducted on very unsatisfactory terms, and that most of the foreign firms engaged in it have sustained heavy losses, but the fact remains that whilst in certain lines there is a marked falling off, the total volume of imports and exports still tends to increase. The development of new industries, although checked by the lack of security and confidence, is likewise proceeding slowly but surely, and the whole economic life of the country is gradually changing. Whilst, therefore, it is to be feared that for some time to come business conditions in this country are likely to grow worse rather than better, there seems to be no reason to doubt that whatever political development may take place and whatever new trading methods may become necessary in the future, China must still remain one of the greatest potential markets of the world.

Finance.—There is little to be said about China's present financial position, except that it has grown steadily worse during the past twelve months and that the Government is practically bankrupt. The charges on the unsecured debts continue to mount up, and in December the long-threatened default on the Hukuang Loan became a reality, this being the first occasion on which China has publicly defaulted on one of her pre-Revolution foreign loans. Funds have since been raised to meet this default, but the incident has done further damage to China's tottering credit. In view of the far-reaching political changes that took place during the year, it might have been expected that the financial obstacles with which successive Governments were confronted would have proved insurmountable, but as often happens in China, the reverse has been the case, and the various settling days in Peking were negotiated with less apparent trouble than usual. This may perhaps partly be accounted for by the fact that crises which are continually recurring and never unexpected lose half their force, and the pressure is apt to relax when the worst is known, and it is realised that there are no assets available for distribution. These periodical settlements, however, have naturally only been negotiated by means of complicated financial manipulation, and by adding still further to the volume of the Government's indebtedness to the native banks.

Of the regular sources of income on which the Government has been able to count in the past, the customs returns show an increase of Hk.Tls.6,090,000 over the previous record made in 1923, a truly remarkable result in a country ravaged by civil war and with its leading railways paralysed for several months. It must be remembered, however, that this revenue is not touched by the Central Government, the whole of the surplus after providing for all the foreign loans and indemnity obligations secured on these funds, being devoted to the service of the domestic loans.

The salt revenue suffers considerably in comparison with the customs, the receipts for 1924 showing a decrease of over $9,000,000 compared with the preceding twelve months and being less than in any previous year since 1916. The net revenue amounted to $70,500,000, and after meeting all loan obligations surplus funds to the extent of $64,000,000 (which included $12,000,000 received from the customs as a refund of reorganisation loan payments during the year) were released to the Government. It would, perhaps, be more accurate to say that this amount was considered as being released, since some $33,000,000 of the total represents funds either retained locally or appropriated by provincial authorities or military commanders. In this connection it is interesting to analyse the results of some of the more important Government departments. The customs, which is entirely under foreign control, collected approximately $100,000,000, all of which was placed to the credit of the Government. The Salt Administration, which is only partially foreign

controlled, remitted approximately 50 per cent. of ts collection to the Central Government, whilst purely Chinese-controlled administrations, such as the wine and tobacco and the stamp duties, are estimated to remit only 10 per cent. of their revenues.

The problem of putting China's finances on a sound basis is one of grave difficulty, enhanced by the absence of any Government with a semblance of authority over the whole country, but it is expected that this will be one of the questions to be discussed by the special conference to be held shortly in accordance with the terms of the Washington Treaty.

As regards trade the financial situation in China during the period under review has been marked by a restriction of credit in Chinese banking circles, the unsettled conditions in the interior adding greatly to the difficulty of financing native business. There has been a great accumulation of money in Shanghai and Hongkong, brought down by wealthy Chinese for purposes of security, but whilst this has led to a considerable increase in local land values and to substantial investments in municipal and other stocks the native banks have been chary of advancing funds for trading purposes, and the foreign banks have also adopted a cautious policy in this respect. Although, therefore, the past year has been a very unprofitable period for most foreign and Chinese firms in this country it has at least been free from any very serious financial crises, the restriction of credit operating as a check on the gambling instincts of the Chinese merchant.

Exchange has remained fairly steady during the past twelve months, with a slight downward tendency since the beginning of this year. The T. T. rate in 1924 ranged from 3/1$\frac{5}{8}$ to 3/6$\frac{3}{4}$, with an average for the year of 3/3$\frac{5}{16}$, and in the first six months of 1925 has shown no very marked variations from day to day.

Labour.—The most disquieting feature of the labour situation in China is the tendency, growing for some years past, and increasingly manifest during the last twelve months, for control of the trades unions and guilds to pass into the hands of political agitators. The development of modern industrialism in this country has been over-rapid and ill-regulated, and the conditions existing in some factories are undoubtedly open to criticism whilst the difficulty of adjusting wages to meet the continuous increase in the cost of living also causes much hardship. The discontent resulting from these grievances supplies an excellent basis for the professional propagandist, foreign and native, to work on. An instance of this dangerous development is to be found in the strike which occurred in February of this year amongst the Chinese employed in the Japanese cotton mills at Shanghai, and which exceeded in scope and violence any local labour trouble in recent years. It arose out of the dismissal of a few men for incompetence, but was seized upon by the Chinese Communist Party as an excuse

for a display of their power. Student agitators from the Shanghai University took a leading part in the direction of the movement: and, largely, owing to their exertions, over 30,000 operatives in twelve mills came out on strike. The strike lasted about a fortnight, and although the operatives gained no substantial concessions the fact that the leaders were able to hold up the work of the mills for so long was advertised by them as proof of the value of organisation, and they are now urging the formation of a general textile union to include all cotton mill workers. Another strike, affecting some six thousand employees of the Nanyang Tobacco Company, was also largely brought about by communist agents: delegates from the Canton Labour Union coming up to Shanghai to reinforce the efforts of local propagandists. In Shanghai, during the second half of 1924 and the first quarter of the present year there were in all fifty-six strikes affecting nearly 90,000 workers, and although the majority of these disputes arose out of some real or nominal economic grievance, they were in most cases embittered and protracted by agitators. The general strike which is in progress at Shanghai and elsewhere at the present time is of a similar nature.

Strong efforts were made during the past year to procure the passage of local legislation governing the employment of child labour in factories within the International Settlement at Shanghai, and although the special conditions existing in this country add considerably to the difficulties of the question, it is safe to say that both the public generally and the majority of foreign mill owners were in full sympathy with the movement. Under the Land Regulations of this Settlement, however, any legislation of this nature requires the approval of the rate-payers, and for reasons into which it is unnecessary to enter at present, it has been found in recent years almost impossible to secure the attendance at a special public meeting of the necessary quorum of those entitled to vote. In this case again, two attempts to secure a quorum proved unsuccessful, but the question will doubtless be revived once more as soon as normal conditions have been restored in Shanghai.

III —TRANSPORT AND COMMUNICATIONS

Railways.—It is impossible within the limits of this report to give an adequate description of the state of utter disorganisation into which the railway system of China has fallen since the outbreak of hostilities between the Provinces of Kiangsu and Chekiang in September last year. The main trunk lines were promptly seized and occupied by the opposing military forces; passenger and goods traffic was stopped altogether for weeks at a time; locomotives and rolling-stock were carried away to other lines where, when not actually employed in moving troops and supplies, they stood empty in long lines on the railway sidings or served as barracks for officers and men. A report supplied towards

the end of last year estimated that out of 1,000 passenger cars and 10,000 freight wagons operated by the four main lines in North China, viz., the Peking-Mukden, Tientsin-Pukow, Peking-Hankow and Peking-Suiyuan Railways, over 2,500 cars were missing. As the writer remarked—" Of course, railway carriages are not easily concealed and they cannot be anywhere else but on the tracks, but the simple fact is that there is no way to locate them." The resulting shortage of rolling-stock coupled with its deterioration owing to ill-usage made it extremely difficult for the civil administration to maintain even partial services for goods and passengers during lulls in hostilities, with the consequence that large quantities of valuable and perishable commodities were left to rot in the stations, and pandemonium reigned whenever a passenger train set out on its journey. Amongst other rolling stock commandeered were the famous blue trains which used to maintain the daily services between Peking and Shanghai on the Tientsin-Pukow Railway (and which it may be remarked are still unpaid for), and although some of the coaches have now been returned and the service has been partially restored the conditions of travelling are so uncomfortable and uncertain that most foreigners now prefer, if possible, to make the journey to the north by sea.

The most serious factor of the railway situation is that although there has been no further outbreak of hostilities for several months past the military leaders refuse to relinquish altogether their grip on the main trunk lines, and seem determined to subordinate entirely the commercial needs of the country to their own ambitions. There has admittedly been some improvement recently in the services maintained on the principal systems, and the foreign engineering staffs have done wonders in restoring the damage sustained by the permanent way, locomotives and rolling-stock, but the equipment still remains far below the needs of the traffic and much of the property of the railways has not yet been recovered from the militarists. It may be mentioned also that even such limited space as is available for the transport of cargo can in many cases only be secured by paying exorbitant bribes to the local military or civil authorities controlling the railway area.

From a return published by the Chinese Government Bureau of Economic Information, it would appear that the revenues from China's railroads in 1924 were less by about $1,500,000 than in the previous year, the totals being $118,288,994 and $119,794,637 respectively. Operating expenses increased by over $3,000,000, resulting in a falling off of $4,638,000 in the net operating revenue. The surplus is given as $22,641,643 as against $23,753,359 in 1923. The returns do not include the Lung Hai Railway, which was one of the worst sufferers from the civil war, and it is also difficult to say exactly what proportion of the receipts is represented by credits (of doubtful value) for the transportation of troops and military supplies. It may be added that the " surplus "

has not been available for the general purposes of the Chinese Government nor for much-needed maintenance, renewal and extension work on the railways, but has in the main been appropriated by the various Military Governors for the payment of their troops. Meanwhile, the railways are of course steadily deteriorating and very heavy expenditure would be needed to put them on a proper footing, but so long as present conditions exist the railway administration has neither the funds nor the credit to purchase the necessary equipment.

In view of the conditions indicated above, it is hardly surprising to find that very little new construction work has been undertaken during the past twelve months. The extension of the Lung-Hai Railway towards Sianfu has, however, been carried on steadily in face of all difficulties, the section to Shenchow on the Yellow River having been opened to traffic about a year ago. Further branch lines have also been built or are under construction in Manchuria, the latest project being the Mukden-Hailung Railway, for which a supply of about 18,000 tons of rails and 2,000 tons of accessories has already been ordered from the United States of America. Another Manchurian Railway project is for a line between Chinchow and Pitzuwo, on the east coast of the Liaotung Peninsula, with the possibility of an ultimate extension to Antung for connection with the Corean Railways.

The following notes with regard to the working of some of the principal Chinese Government Railways during the year 1924 may be found of interest :—

Shanghai-Nanking Railway.—Earnings amounted to approximately $8,800,000, as compared with $8,500,000 in the previous year, but the former total includes a sum of about $1,500,000, charges for military transport, which may be very difficult to collect. Traffic between Shanghai and Nanking was completely interrupted from the middle of September until late in November, owing to the civil war in the Yangtse Valley, and another interruption of some weeks duration occurred in January of this year. Damage to the extent of at least $500,000 was done to the locomotives and rolling-stock during the military occupation, and the total depreciation of the railways' property must be considerably more than twice this sum. Most of the rolling-stock commandeered by the troops has now been restored, and strenuous efforts have been made to repair damages, but the service is still far below normal.

Shanghai-Hangchow-Ningpo Railway.—The revenue in 1924 was practically the same as in the previous year ($4,300,000), but included a considerable amount in respect of military transport. This line suffered to the same extent as the Shanghai-Nanking from the civil war in the autumn.

Tientsin-Pukow Railway.—Earnings were $18,000,000 as against $19,000,000, but here also a large but unknown proportion is represented by debts due from the military authorities and never likely to be paid. The line suffered from constant interruptions during the year, and although services are now being maintained they are so irregular and unpunctual that few foreigners care to travel to Peking by rail except in cases of absolute necessity.

Peking-Hankow Railway.—The official returns show a revenue of $30,000,000 as against $32,000,000 in 1923, but little confidence can be placed in these figures. A large proportion of the nominal revenue consists of paper credits for the transport of troops, and in any case such net revenues as were collected were promptly seized by the Military Governors. This important trunk line is now in a deplorable condition, and threatens to become entirely unfit for traffic unless drastic steps are taken to put the permanent way and rolling-stock into a proper state of repair.

Canton-Hankow Railway (Hupei-Hunan Section).—The fate indicated in the last paragraph has nearly overtaken the Hupei-Hunan section of the Canton-Hankow Railways, on which conditions continue to go from bad to worse. The deficit on the working of the line amounted last year to $1,872,000, being almost equal to the total operating revenue of the railway.

Peking-Mukden Railway.—The extramural section of this railway remained throughout 1924 in the hands of Chang Tso-lin, and since the outbreak of hostilities last autumn the whole line has practically come under his control, commercial traffic being subordinated to his military requirements. The revenue for last year is given in the official return as $16,934,680, a falling off of about $1,300,000 in comparison with 1923.

Shipping. *Ocean.*—During the period under review (July, 1924 to June, 1925) various causes can readily be assigned to account for restricted exports. The tea crop was smaller in comparison with the previous season, whilst floods in the north and the outbreak of hostilities in the neighbourhood of Shanghai accentuated the difficulties of trading with interior markets and seriously restricted the movement of produce to shipping points. These adverse conditions were somewhat alleviated towards the end of the year and for a brief period the unusual situation was experienced of tonnage being inadequate to carry away all the cargo, consisting principally of cereals and vegetable oils, then offering for export to Europe. The result was that home markets become overstocked with these commodities early in the new year, thereby bringing about a collapse in freights which even now cannot be said to have returned to a remunerative level. Reference to the table annexed to this report (Appendix No. V) will show that Great Britain still occupies the foremost place in the shipping trade of China, being closely followed (as regards ocean shipping) by Japan. American and German shipping interests are paying increased attention to far eastern trade, and one American Company has now established a regular fortnightly round-the-world service from New York to China via the Panama Canal and homewards via Suez and Mediterranean ports.

Coast and River Trade.—The spring of 1924 began with a large volume of cargo moving on river and coast, but whilst there was sufficient strength in the northern market to keep tonnage employed, the uncertainty of the general situation prevented any steady expansion of business. Trouble developed in Canton, paralysing the movement of cargo from the southern rice ports, and with the tonnage usually engaged in this trade seeking employment elsewhere there followed a slump in China

coast shipping which was aggravated by floods both in north China and in the province of Kwangtung and finally by the outbreak of civil war in September. On the Yangtse the dislocation of railway traffic between Shanghai and Nanking gave a temporary advantage to the river steamers, but this was more than offset by the interruption of coal supplies from the Chihli and Hunan mines in consequence of which tonnage normally employed on coal charter was released to compete in an already over-supplied market, thus assisting in depressing rates to a lower level than any experienced since the Great War.

On the Upper Yangtse, conditions were somewhat better, until the present crisis intervened, owing to the comparative tranquillity existing in Szechuen during the past year, but shipping was seriously handicapped by the heavy imposts levied by military and other authorities. There was a considerable increase in the tonnage employed in this trade, there being some forty-eight vessels plying between Ichang and Chungking or from Chungking to Suifu and other ports. Of these, nine are British, ten American, three Japanese, seven French, nine Italian, five Swedish and only five Chinese. It may be remarked, however, that in the case of a considerable proportion of the vessels under a foreign flag there is good reason to believe that the companies concerned are operated almost entirely with Chinese capital.

At the time of writing the position of the shipping trade in China, more especially as regards British interests, is extremely gloomy. Owing to the general strike, most of the vessels belonging to the two principal local British shipping companies have been lying idle for several weeks, and ocean-going steamers employing Chinese crews have been compelled to cut out Shanghai as a port of call, cargo destined for this port being discharged at Singapore or carried on to Japan. As shown by the percentages given in Appendix No. V, British shipping is still predominant on the China coast, taking more than forty-two per cent. of the total trade, and any conditions tending to deprive it of that pre-eminence must have a disastrous effect not only on the local interests concerned, but on the whole fabric of British trade and influence in this country.

Roads.—One of the few encouraging developments noticeable in China within the last few years has been the very marked interest displayed by local authorities and by the public generally in road-building schemes, and in spite of the difficulties created by civil war and wide-spread disorder the movement continues to make steady progress. In an article published in a Shanghai journal some months ago, a list was given of roads already constructed in various parts of the country, the total mileage amounting to about seven thousand, and it was stated that this list was by no means comprehensive, there being at least a further six thousand miles of good roads already built or under construction. In the list given in this article, practically every

province in China is included, those in which most progress has been made being Kiangsu, Shantung, Shansi and Chihli, and more than half the roads are described as being suitable for motor traffic. Without accepting these figures as being absolutely accurate, there can be no question that a realisation of the necessity for improving the internal means of communication is growing in all parts of the country and that some thousands of miles of roads suitable for at least the lighter type of motor traffic have already been constructed. In some cases, these roads have been built by local authorities or charitable organisations as a means of finding employment for disbanded soldiers or famine refugees, but in many instances they are purely private enterprises, the company holding the concession having a monopoly of motor traffic and charging tolls on all vehicles using the highway.

This development, which is still only in its infancy, is likely to have far-reaching effects in opening up internal markets, and one immediate result will naturally be an increased demand for motor vehicles, both for passenger and goods traffic. I should like at the same time to emphasise the point that any expectation of an immediate market in China for large quantities of motor 'buses and trucks, and especially for the heavier types of such vehicles, would be altogether premature. A very large proportion of the new roads constructed in country districts are of a primitive type, insufficiently ballasted, and suitable at the best of times only for the lighter forms of motor traffic, whilst after floods they may be altogether impassable for considerable periods. The Chinese companies running motor services are, as a rule, provided with little capital and their mai object is to procure a vehicle, at the lowest possible price, which can be made to serve their purpose. As a consequence most of the " motor 'buses " running on such roads are far from corresponding with the usual English idea of such a vehicle but are ordinary touring-car chassis (frequently second-hand) fitted locally with very rough-and-ready bodies, capable of seating about a dozen passengers. The chief demand, both for passenger and goods transport, is in fact, for the cheapest possible vehicle, of light weight, and capable of withstanding the hard usage of indifferent roads and inexperienced chauffeurs. The market for the more substantial and expensive type of car, whether for passenger or goods traffic, is still very limited, being practically confined to the few large ports where good roads have been constructed by the foreign municipalities.

Harbour and River Conservancy.—No progress has been made during the past twelve months towards putting in force the recommendations for the improvement of the port of Shanghai elaborated by the international committee of engineers which investigated this question four years ago, and meanwhile the need for increased facilities is daily becoming more apparent. The problem would undoubtedly have become still more urgent but

for the fact that the extremely adverse conditions prevailing recently have tended to check the natural growth of Shanghai's trade, but if the general situation improves to such an extent as to involve any great increase in the number of vessels visiting the port the state of congestion will soon become acute. In contrast with the delay in taking action to meet the growing needs of the port of Shanghai, reference may be made to the fact that the Hongkong Government has at present under consideration a very extensive scheme for the improvement of shipping and wharfage facilities in that colony. Any attempt to outline these proposals would be beyond the scope of this report, but it may be mentioned that the main principle is the provision of greatly increased wharfage accommodation for both ocean-going and coasting vessels, and that this involves much reclamation work, the provision of transit sheds and many other improvements.

At other ports in China harbour conservancy operations, although hampered by the lack of adequate funds, have been carried on steadily during the year, and the commissioners in charge of the works at Canton, Foochow, Tientsin, Chefoo and Newchwang all report satisfactory progress.

Aviation.—There have been no important developments in commercial aviation in China during the past year, the only air service of a quasi-commercial character being one between Mukden and Newchwang organised by the Director-General of the Aeronautical Department of Manchuria. According to a recent newspaper report a proposal has been put forward by the above officer for the extension of this service to other centres, including Harbin, Tientsin and Shanghai. So far as is known, however, no practical steps have yet been taken to put this scheme into effect. References have also appeared from time to time to a project for a sea-plane service between Hongkong and Shanghai, but here again I am not aware that any definite steps have been taken up to the present to put this proposal into operation.

Wireless.—Owing to the fact that the Chinese Government has not yet issued regulations governing the installation of wireless apparatus by private users the importation of all equipment of this nature, even receiving sets, is still prohibited: permits being obtainable only in exceptional cases and with considerable difficulty. In the International Settlement at Shanghai a broadcasting service is operated by a Chinese-American Company, but although I understand that there has been a considerable increase in the number of receiving sets installed during the past year, there is as yet no evidence of any very general interest in the subject. Owing to the difficulty attending the importation of wireless equipment most of the receiving sets used in Shanghai are of local manufacture, only certain essential parts being procured from abroad.

IV.—INDUSTRY AND PRODUCTION.

In view of the chaotic conditions existing throughout China, it is evident that there has been small inducement during the past twelve months to develop new industries, and most of those already existing are in far from flourishing circumstances. Labour troubles have added to the factory owner's difficulties, and the climax has come in the form of the general strike now in operation, which has closed down for the time being most of the industrial establishments under foreign management. To venture an opinion as to the future awaiting China's industries would be dangerous at any time, and particularly rash under existing circumstances, but one can at least state that the industrialisation of China is still proceeding in spite of all handicaps, and that whatever political developments may take place within the next few years the process is bound to continue. In the case of Shanghai, evidence of this development is to be found in the increased volume of electricity for power purposes supplied by the municipal council during 1924, despite the fact that many of the mills and other establishments ceased work altogether for a portion of the year or were working on half-time. The total number of units (kilowatt hours) supplied for power purposes was 267,043,809, being an increase of 32,624,077 over the previous year's figures.

In the International Settlement and the immediately adjacent district there are at present, according to the annual report of the Shanghai Municipal Council for 1924, some 275 industrial establishments, employing 44,000 men, 107,000 women and 22,000 children. Of these the silk filatures are the most numerous, there being 68 of these factories, engineering works (many of them very small concerns) coming next with about 60, and some 40 cotton mills. Cigarette factories, flour mills, knitting factories, soap works, etc., make up the total. To keep track of all the new factories of every kind established all over the country within recent years would be a practical impossibility, but particulars of most of the principal concerns are to be found in the China Year Book and other books of reference. It may be mentioned that they now cover almost every department of industry and that the tendency for China to grow less dependent on foreign countries for commodities hitherto imported from abroad grows yearly more pronounced. On the other hand, the healthy growth of industries in this country is likely to be seriously retarded by two factors :—

1. The growing intolerance amongst the Chinese of foreign influence in this country, coupled with an apparent inability on their own part to conduct large corporate enterprises on sound and businesslike lines. As a consequence a large proportion of the mills and factories solely under Chinese management are fated, through under-capitalisation and inefficient administration, to a brief and unprofitable career, whilst the prosperity of the

foreign-controlled enterprises would seem to be largely dependent upon a continuance of the protection hitherto afforded by Treaties which every effort is now being made to undermine.

2. The labour question. There is a practically inexhaustible supply of labour in China, and although some allowance must be made for its comparative inefficiency its cost still remains extremely low when contrasted with British or American standards. The growth of the labour movement, however, and the danger of its diversion to purely political ends, is one of the most dangerous symptoms in the present state of China, and so long as this threat continues to exist the investment of foreign capital in industrial enterprises in this country will be attended with grave risk.

Notes with regard to conditions during the past year in a few of the principal industries will be found in the following paragraphs :—

Cotton Mills.—Following on a bad year in 1923, conditions in the cotton spinning industry in China in 1924 were even more unfavourable for spinners, and during the greater part of this period prices of the finished product rarely showed any margin of profit. The high cost of raw cotton and the lack of demand for yarn in the early part of the year forced many mills to close down altogether and others to work only on short shifts, as all were producing at a loss. With the consequent lessened supply a good demand for both yarn and cloth began to assert itself in the summer, but any prospects of a recovery of trade were dashed to the ground with the outbreak of hostilities in the neighbourhood of Shanghai early in the autumn, which brought business to a standstill and involved serious losses to merchants who had contracted for forward delivery. The year was, in fact, a disastrous one for the mill-owners ; and so far as the Shanghai area, at least, was concerned, I believe that every company, foreign and Chinese, lost more or less heavily on the twelve months' working. In the early part of this year prospects were much more promising, China being undoubtedly short of stocks of cloth and yarn, whilst the home cotton crop was above the average both as regards quantity and quality, but labour troubles soon developed in some of the Japanese mills, and for the past few weeks work has been suspended altogether in all foreign-controlled factories in Shanghai.

The quantity of raw cotton imported from India and the United States of America amounted to 1,241,881 piculs in 1924, being a decrease of 371,000 piculs in comparison with the previous year, whilst exports of Chinese cotton were 1,080,019 piculs, a slight increase over the 1923 figures. Very serious complaints continue to be heard with regard to the adulteration of the local product, and this factor partly explains the fact that Indian cotton can frequently be used more economically by the local mills, although its price may be slightly higher.

One of the developments to be noted in the cotton industry in China during the past twelve months is the acquisition by Japanese interests of several Chinese mills which, owing to bad finance and mismanagement, had got into hopeless difficulties, whilst in the case of other establishments which have not been actually sold Japanese firms have secured a controlling interest in the management by furnishing much needed financial assistance. It is a matter for regret that one of the few British mills established in China was likewise forced to go into liquidation early in the present year, and in this case also the property of the company was acquired by Japanese interests.

Shipbuilding.—Whilst no ocean-going vessels of large tonnage have been launched at Shanghai during the past twelve months, the three principal local shipbuilding companies have been kept fairly busy in the

construction of shallow-draught river steamers, tugs, motor launches, lighters, pontoons, etc., as well as in repair work, and conditions in the industry have been much more favourable here than in most parts of the world. Until the present general strike stopped all work in the yards there was an absence of serious labour troubles during the period under review, but in consequence of the increased living costs in Shanghai wages have shown a tendency to rise.

One of the principal ship building yards, the Kiangnan dock and engineering works, was occupied by military forces during the hostilities here last autumn, but although some stores were looted little or no damage was caused to the plant and machinery. A new dry dock for these works, 502 feet in length, was opened early in this year, and another larger dock will soon be completed.

At Hongkong, the only other important shipbuilding centre on the China coast the position of the industry has been less satisfactory than at Shanghai, owing to the very disturbed situation in South China, and the consequent stagnation in the shipping trade

Flour Mills.—The flour-milling industry in China has made considerable progress during recent years, the latest issue of the China Year Book giving a list of 137 mills in all parts of the country, Shanghai, Hankow, Harbin, Tsinanfu, Dairen and Ch'angch'un being amongst the principal centres. Flour is still, throughout the greater part of China, subsidiary to rice as a foodstuff and the demand is to some extent dependent on the nature of the rice crop, but it is undoubtedly being consumed in greater quantities than was formerly the case and is another instance of the gradual change in living conditions in this country. Most of the mills are equipped with American machinery, but with very few exceptions they are entirely under Chinese management. Supplies of wheat are drawn from Manchuria and north China generally, but when, as was the case last year, the home crops are insufficient to meet the requirements of the mills, large shipments are also imported from the United States and Canada, the net imports in 1924 amounting to 5,145,367 piculs, valued at Hk. Tls. 17,689,749, being about double the figures for the previous year. There were in addition imports of flour amounting to 6,657,162 piculs, valued at Hk. Tls. 30,097,396, as against 5,826,540 piculs, valued at Hk. Tls. 27,232,948 in 1923.

Considerations of space make it impossible to deal in detail with all the industries now represented in China, but amongst the more recent additions, reference may be made to the glass factories at Chinwangtao and Dairen, which are producing window glass at least equal in quality to the Belgian product; to the fact that two factories in Shanghai are now employing artificial silk in the manufacture of mixed fabrics of a high degree of excellence; to the establishment of a cotton printing works at this port under British management; and also to the fact that even in the case of electrical supplies large quantities of electric fans, bulbs and fittings of every kind are now being manufactured locally at half the cost of the imported article. The woollen industry has not yet made much progress in China, there being only one factory of any importance, the Manchurian Woollen Manufacturing Company, Mukden, whose daily output is about 1,000 yards of cloth, used chiefly for making military uniforms.

Mining.—The disorganisation of the railway system and the general state of disorder existing throughout the country naturally interfered very seriously with mining operations during the second half of 1924 and the first six months of the present year, and these conditions are reflected in the output of those mines for which reliable statistics are available. Of the two largest Sino-British companies engaged in coal-mining, the Kailan Mining Administration report that shortage of rolling-stock, due to confiscation of cars for military purposes, resulted in the accumulation of an unprecedently large stock of coal—over a million tons—at the mines,

and that eventually it became necessary to suspend work for two days a week. Shipments from Chinwangtao to Japan and ports in South China were seriously affected, and it was only with the greatest difficulty that the transport of supplies to meet the bare requirements of the northern consuming centres could be arranged. Conditions are now gradually improving, and the total output for the twelve months, July, 1924, to June, 1925, should be slightly in excess of 4,000,000 tons. The Peking Syndicate was likewise handicapped by the lack of railway transport and was compelled to restrict work during the latter part of the year. The total output for 1924 amounted to 670,000 tons, but with the opening of new pits it is anticipated that this total will be greatly increased in the present year, if traffic conditions show any substantial evidence of improvement. The Japanese collieries at Fushun increased their output during 1924, the total being little short of 5,000,000 tons. By-products shipped by these mines were ammonium sulphate (5,065 tons), coal tar (6,438 tons), sulphuric acid (9,796 tons), coke (1,134 tons), coalite (12,068 tons), pitch (4,100 tons), and briquettes (5,031 tons). Amongst Chinese coal-mining companies the following were the outputs of some of the larger concerns : Liu Ho Kow Coal Mining Company, 550,000 tons ; Chung Hsin Company, 795,700 tons ; Penhsihu Coal and Iron Mining Company, 455,660 tons ; Tsingsing Coal Mining Administration, 511,478 tons.

In iron mining the only important development that has come to my notice during the year has been the issue of a further loan, amounting to yen 8,500,000, by the Yokohama Specie Bank to the Han Yeh Ping Coal and Iron Mining Company, bringing the total indebtedness of the company to Japanese financial interests up to at least 45,000,000 yen. The embarrassments of this company have been steadily increasing, especially since the military operations in Central China cut off their coal supply, and one furnace at Hanyang and another at Tayeh had to be closed down. It is understood that the new loan is to be applied partly to redeem certain short-term obligations and partly to the purchase of new machinery designed to increase the capacity of the works to an output of 400,000 tons of iron a year.

The production of antimony in China in 1924 showed some falling off in comparison with the previous year's, but owing to the marked rise in prices the value of exports from Changsha (the principal centre of this trade) rose from Hk. Tls. 1,250,500 to Hk. Tls. 1,963,500.

Quotations for regulus, c.i.f. Shanghai, duty paid, increased from Tls. 220 per ton in January to Tls. 335 per ton in December, and those for crude and oxide varied correspondingly.

Whilst investigations have been made from time to time by the great oil companies into the petroleum deposits in various parts of China, difficulties of transport and other impediments have hitherto prevented any serious attempt to exploit them commercially. Recently, however, increased interest has been taken in the production of oil from shale, and the South Manchurian Railway Company has been devoting much attention to a project for developing the enormous deposits existing in the Fushun area.

It has been estimated that the quantity of shale in this district exceeds five thousand million tons, the percentage of oil varying from 4 per cent. to 10 per cent., and experimental work is proceeding with a view to ascertaining the best method of extracting the oil. A similar project has recently been launched by the provincial authorities of Shansi, where extensive shale deposits are also said to exist. According to an article published by the Chinese Government Bureau of Economic Information, the Shansi Government propose to assign $300,000 a year for ten years for the purpose of establishing the new industry, additional refineries to be opened each year out of the profits on the sale of Kerosene and by-products, and they estimate that each refinery should be able to produce about six tons of crude oil a day.

V.—TRADE.

Foreign Trade in 1924.—The annual customs returns just published show that in face of all the difficulties indicated in preceding sections of this report the net value of the foreign trade of China (excluding movements of specie) increased by Hk. Tls. 113,674,842 over the figures for 1923, the total being Hk. Tls. 1,789,995,145, as against Hk. Tls. 1,676,320,303 in the previous year. Slightly over a thousand million taels of this total is accounted for by imports, the trade thus showing an adverse balance of about Hk. Tls. 246,000,000. At the average sight rates of exchange ruling during 1923 and 1924 respectively (3/5¾ and 3/7⅛) the increase in China's trade last year, converted into sterling, amounts to nearly £37,000,000. Movements of treasure were less active than during 1923 and the net import of silver (*i.e.*, excess of imports over exports) was valued at Hk. Tls. 26,000,000, as against Hk. Tls. 67,000,000 in the previous year.

Whilst, however, these figures furnish striking evidence of the resiliency of the Chinese market and of the capacity of the native merchant to carry on business in spite of every obstacle, they do not alter the fact that from the point of view of the foreign firms in China the year was one of the worst on record. Imports, exports and shipping were alike unremunerative, and it was only in a few special lines of trade that satisfactory returns were attained by the firms interested. To reconcile the greatly increased turnover of trade with the very unprofitable results for the merchants interested is a somewhat difficult problem, but apart from excessive competition for the limited quantity of business offering there seems to be no question that imports during the year greatly exceeded the immediate requirements of the market, and that heavy stocks accumulated at Shanghai and Hongkong owing to the impossibility of shipping the goods to the consuming centres. This remark applies more particularly to the cotton and woollen piece goods trade, and in this connection statistics of imports, deliveries and estimated stocks in Shanghai at the end of 1924 published by one of the leading British firms engaged in this business furnish strong confirmation of the view that the increased imports during 1924 cannot be regarded as showing a healthy expansion of trade, but merely indicate that the native dealers have again been allowed to indulge in the disastrous policy of overtrading, resulting in the glutting of the Shanghai market with excessive stocks of cotton and woollen goods. The report shows that whilst imports of these into Shanghai last year exceeded the 1923 figures by some 4,000,000 and 30,000 pieces respectively, deliveries of cottons were less and of woollens only slightly larger than in the previous year, and that the undelivered stocks in hand at the end of 1924 were proportionately increased. In the absence of a radical improvement in the general situation, of which unfortunately there is at present no indication whatever, a liquidation of these local stocks must

precede any real revival of business. Information furnished to me by local merchants at Hongkong and other ports during a recent visit to the south, and the reports received from His Majesty's Consuls in every part of China, all point to the fact that the present depression in trade is far from being confined to any one section of the country, and that practically everywhere the same unsatisfactory conditions have persisted during the past twelve months. Notes with regard to the trade in a few of the principal commodities, based mainly on information supplied to me by local merchants, are given below.

IMPORTS.

Cotton Piece Goods.—The past year has been a difficult and unprofitable period for firms interested in Manchester goods, and it would be idle to expect any great improvement for some time to come. At the beginning of 1924 merchants were inclined to hope for better times, as it was known that stocks were insufficient for normal requirements, and with easier money conditions it was expected that a good volume of business would be put through. The usual annual settlement at China New Year passed off satisfactorily, the Chinese banks and dealers having made fair profits on the previous twelve months' trading, but, owing to the general lack of confidence in the political situation and the high prices ruling in Manchester, the market showed no sign of any great activity. For the first half of the year, however, trading was fairly good, and 1924 would probably have shown a satisfactory return to the merchant but for the outbreak of hostilities in August, which paralysed business for three months, and even necessitated the closing down of the auctions. The situation improved slightly in the late autumn, but dealers were unwilling to do more than buy for immediate requirements and the market was congested with stocks accumulated during the months of civil war, when little or no cargo could be shipped away. The results of the year's trading were very unsatisfactory both for the importers and the Chinese dealers, and as regards the latter it may be mentioned that nearly fifty such firms closed their doors during the last few weeks before China New Year, involving the importing houses in very heavy losses. In the early months of the present year deliveries of cotton goods were moderately satisfactory, but very few orders were placed, and the depression in the market has now culminated in the total cessation of business owing to the general strike declared at Shanghai, which at the moment of writing this report has already lasted nearly a month.

Apart from the present critical situation in China, which affects every department of trade, it must be recognised that the increasing competition of Japanese goods, and to a lesser extent of cloths of continental or local manufacture, has for some time been causing considerable anxiety to those firms whose interests are mainly centred in the importation of British

cotton piece goods, still the mainstay of our trade with China. In this connection the following statistics of imports of cotton piece goods into China from Great Britain and Japan respectively during the three pre-war years and the years 1921 to 1923 are illuminating, showing as they do that not merely have the positions of Great Britain and Japan been reversed as regards the percentage of the trade falling to each country, but that in spite of the great increase in the cost of cloths the actual value of imports from the United Kingdom in 1923 was less than in any of the three years 1911 to 1913, whilst that of Japan's imports has increased by more than four hundred per cent. over the figures for the first-named year.

PIECE GOODS TRADE.

Value of Imports from Great Britain and Japan.

——		1911.	1912.	1913.
Total Value ..	Hk. Tls.	95,426,939	81,875,719	109,246,935
Great Britain's share	,,	59,001,655	46,289,811	59,153,231
Percentage		61·82	56·41	54·14
Japan's share ..	Hk. Tls.	12,863,955	14,136,672	22,185,543
Percentage		13·49	17·26	20·30

——		1921.	1922.	1923.
Total Value ..	Hk. Tls.	142,449,547	151,629,860	129,268,804
Great Britain's share	Hk. Tls.	61,651,043	61,841,933	45,280,931
Percentage		43·28	40·78	35·03
Japan's share ..	Hk. Tls.	62,176,713	71,530,245	68,566,513
Percentage		43·64	47·17	53·04

NOTE.—The above figures include all goods coming under the heading " cotton goods " in the Chinese customs returns, with the exception of the following: cotton yarn, cotton thread, blankets, handkerchiefs, towels, Chinese cotton cloth, and shirtings, Hongkong-dyed.

It is now possible to make a similar comparison of British and Japanese imports into China for 1924.

The following table shows in detail the value of various descriptions of piece goods imported and the percentage of the trade falling to the United Kingdom and Japan respectively.

It will be noted that British imports, although still considerably below those for 1913, showed a satisfactory increase over the 1923 figures and that there was also a slight improvement in the British share of the trade relative to Japan.

The combined imports from Great Britain and Japan represent more than 87 per cent. of the total trade, and their preponderance in this market is, in fact, considerably greater than is indicated by the above figure, for

the statistics given in the customs returns refer solely to direct shipments from the countries concerned, and allowance must also be made for the fact that most of the imports shown as coming from Hongkong are of British or Japanese origin. It is impossible to estimate exactly the proportion of Hongkong shipments to China originating in the United Kingdom and Japan respectively, but the Hongkong shipping returns for 1924 show that imports of cotton piece goods from Great Britain into the colony in that year were valued at £1,879,575 (say Hk. Tls. 10,000,000), and those from Japan at £1,078,438 (say Hk. Tls. 5,900,000). Assuming that most of this cargo was destined for the Chinese market, these imports would slightly increase Great Britain's share of the trade in comparison with Japan, whilst still leaving a substantial advantage to the latter country.

The customs returns show that apart from Japan and Great Britain no other country has made much headway in China's piece goods trade, the only items at all noticeable being the imports of grey sheetings from Korea and Canada, of white shirtings from the Netherlands and Korea, of jeans from Korea, of dyed coloured lastings from Korea and Italy, of dyed flannelettes from Canada, of yarn-dyed cottons from Italy and Russia, and of cotton goods, unenumerated, from France.

IMPORTS (GROSS) OF COTTON PIECE GOODS INTO CHINA IN THE YEAR 1924 FROM GREAT BRITAIN AND JAPAN RESPECTIVELY.*

	Great Britain. Hk. Tls.	Japan.† Hk. Tls.
Grey shirtings, plain	4,839,220	11,186,785
Grey sheetings, plain	115,456	7,109,924
White shirtings, plain	19,507,066	7,066,702
,, ,, ,, , over 41 inches wide	17,424	38,443
,, ,, figured	761,052	1,696
,, Irishes	46,476	—
Drills	1,715	926,500
Jeans	739,508	7,782,652
T-cloths, 32-in.	120,049	1,199,659
,, 36-in.	—	737,474
,, bleached, 32 inches by 40 yards	442,255	58,753
Cambrics, lawns, etc., 12 yds.	102,690	40,059
,, ,, 30 yds.	220,956	17,614
,, ,, 40 yds.	1,934,936	1,547
Lenos and balzarines	257,153	—
Fancy muslins	1,321	—
Art muslins, etc.	359,082	47,940
Plain cotton prints	1,870,898	6,969,251
Printed drills, etc.	216,188	730,274
,, crape	43,541	5,020
,, satteens, etc.	1,053,137	324,100
Turkey Reds	127,824	1,978,929
Black Italians	6,125,723	4,908,583
,, Venetians	2,824,313	17,280
,, Lastings	2,512,975	609,746
Coloured Italians	231,663	4,271,774
,, Venetians	1,689,251	16,018
,, Poplins	888,095	921,604
,, Lastings	1,097,210	10,670,990
Figured Italians	741,854	46,071
,, Venetians	540,066	568
,, Poplins	547,065	694,051

* See Note on page 27.
† Including Formosa.

	Great Britain. Hk. Tls.	Japan.† Hk. Tls.
Dyed figured lastings	683,079	99,174
Dyed plain shirtings	44,282	1,238,425
Spanish stripes, 64 inches	1,641	5,955
Flannelettes, plain, etc.	47,882	2,821,748
,, yarn-dyed	19,953	152,123
Cottons, yarn-dyed	1,003,657	733,934
Crimps, etc., by yards..	—	5,662
,, by piece	400,903	927
Japanese cotton crape..	15,466	97,972
Japanese cotton cloth	—	3,408,490
Velvets, etc.	1,286,229	140,920
Cotton goods, unenumerated, by yards	856,211	1,178,731
,, ,, ,, weight	13,429	192,011
	54,348,894	78,456,079

Total value.	Great Britain's Percentage.	Japan's Percentage.
152,114,585	35·73	51·57

† Including Formosa.

Reference was made in last year's report to the introduction by the British Chamber of Commerce at Shanghai, after lengthy discussions with the Manchester and Bradford Chambers and the Chinese Piece Goods Guild, of a standard form of piece goods contract. The Chinese Piece Goods Guild subsequently signified their acceptance of the form agreed upon by the three Chambers, but although I understand that it has since been in fairly general use, no attempt has been made to render it obligatory, and it appears hardly possible to do so. Another proposal designed to put the trade on a sounder basis has also been under discussion recently. It contemplates the formation of a Piece Goods Importers' Association with a view to affording general protection to its members interests, and more particularly enabling them to secure information as to the commitments and financial standing of their Chinese customers. That some such organisation might well serve a useful purpose may be seen from the fact that one dealer who became insolvent not many months ago was found to be indebted to no less than forty-five importers, all of whom were quite unaware of the extent of his speculations, but most British merchants with whom I have discussed the question, express doubts as to the possibility of securing united support for the proposal in a market so keenly competed for by firms of every nationality.

Woollens.—The woollen trade in China is of rapidly increasing importance and the net imports in 1924 reached the substantial value of Hk. Tls. 17,692,639. This is a decrease of about one and a half million taels in comparison with 1923, but in wool and cotton unions the value of imports rose from Tls. 8,507,926 to Tls. 11,241,208. Until the detailed figures are published by the customs it is impossible to indicate the proportion of this trade falling to the United Kingdom, but it is safe to say that most

of these goods were of British origin. The growing taste for woollens is not due to the adoption of European styles of clothing by any large section of the population, but to a realisation that these fabrics are suitable for use in many garments of native type. As pointed out in an article which appeared recently in the Journal of the Shanghai Chamber of Commerce an increasing number of Chinese are discovering, for example, that woollens are a better wearing material than wadded or padded cotton or silk. Printed Meltons and Venetians are being used, too, in increasing quantities for making shoes in place of Sateens and Italians. Whilst, however, the tendency recently has been towards the importation of the less expensive types of woollens it must be realised that even the cheapest woollen cloths are beyond the means of the great mass of the population, and that the market is confined to the comparatively well-to-do classes, more particularly those congregated in the larger ports open to foreign trade. It may be well also to call attention to the fact that the very heavy imports during 1923 and 1924 were altogether abnormal, having regard to the unfavourable market conditions in China; that both in Shanghai and Hongkong a large proportion of the goods imported has, in consequence, to be carried over until next season, and that for the first six months of this year new business has been extremely dull.

Machinery (General).—The past twelve months have been a difficult and discouraging period for all engaged in the machinery trade in China, and it is questionable whether any firms succeeded in covering expenses in this department of their business, whilst most are known to have suffered very substantial losses. To deal adequately with a technical business of this kind, a highly paid expert staff is essential, and in times of stagnation such as China has been passing through recently the overhead expenses of an engineering firm are out of all proportion to the slender profits obtainable on such few orders as can be secured in the face of extremely keen competition. China's principal industry, cotton spinning, has experienced a very lean year, and with the existing mills working at a loss there is obviously no inducement for the investment of capital in new enterprises. To the best of my knowledge no orders for complete installations were placed during the past twelve months, and the imports of textile machinery during the past twelve months, and the imports of textile machinery in 1924, valued at Hk. Tls. 5,700,000, represent mainly if not entirely replacements or additional equipment for mills already in operation. The heavy fall in the value of imports of this type of machinery may be seen from the figures for the past four years, which are as follows (in Hk. Taels):—1921, 26,723,011; 1922, 30,480,376; 1923, 12,316,486; 1924, 5,709,569.

In other departments of industry there has been no increased activity to compensate for the falling off in the demand for textile machinery, the only substantial increase over the 1923 figures

being under the heading "machinery for brewing, distilling, sugar refining, etc.," which rose from Hk. Tls. 103,000 in 1923 to Hk. Tls. 1,391,000 last year. The fact is that so long as the present state of insecurity and political chaos exists in China, capital will not come forward for the adequate development of her industries, and the demand for productive machinery of every kind must continue to languish. As regards the railways, where new locomotives and rolling-stock are sorely needed by practically every line in the country, no funds are available for their purchase, and foreign firms to whom the railway administration is already heavily indebted are by no means anxious to accept further orders without more satisfactory security than the Chinese Government is now in a position to offer. For certain types of machinery, more especially small engines for working rice mills, oil presses, etc., there is undoubtedly an increasing demand, but this appears to be met to a large extent by local production at prices with which imported machines can hardly compete.

Whilst the depression in the machinery trade has affected importers of all nationalities British firms have also had to contend with the keen competition of low-priced Continental machinery, and with the fact that their rivals of other nationalities are often prepared to accept orders on terms which a British house cannot regard as sound business. The latter factor is one of increasing difficulty, for whilst it is nowadays practically impossible to secure any important engineering or machinery contract in China except upon terms of extended credit, it is extremely difficult in most cases to obtain really substantial guarantees of payment at the stipulated dates. This is particularly true in the case of electric light works, mills or other industrial undertakings established at places in the interior of the country, for in view of the fact that foreigners are not allowed to own property elsewhere than in the Treaty Ports a mortgage on such a property gives little real security to the foreign importer, who, in the event of a foreclosure becoming necessary is debarred from working the plant himself and can merely dispose of it by forced sale. The problem is far from easy, but in the opinion of many authorities in close touch with modern conditions in this country the best hope of finding a satisfactory solution lies in closer co-operation between the foreign merchant in China and the Chinese financier and industrialist, and there is some reason to believe that a realisation of this principle has had a good deal to do with the success which has undoubtedly attended the efforts of German firms to recover their place in this market. For the immediate future the prospects for this trade are far from cheerful, and until the political situation improves China cannot be looked upon as at all a promising field for the sale of British engineering supplies and machinery.

Electrical Machinery.—The customs returns do not indicate the total imports into China of electrical machinery,

for although there is one item covering " electrical materials and fittings," this does not include electrical machinery imported as part of the equipment of textile or other industrial establishments. Under the heading " electrical materials and fittings," imports in 1924 were valued at Hk. Tls. 8.194,962, being about the same as those for the previous year. The bulk of the electrical machinery imported into China is for lighting purposes, and as evidence of the extent to which the use of electricity in China has developed in spite of the unfavourable conditions existing during recent years it may be mentioned that a list of electric light plants in this country published last year by the Chinese Government Bureau of Economic Information contains the names of more than 220 such undertakings, without taking into account many private installations. Details of the capacity of these plants are lacking in many cases but it has been estimated that the total exceeds 400,000 kilowatts.

Apart from a contract for a 4,800 kilowatt installation in Tientsin secured by a German firm on very extended terms of credit (payment being spread over eight years) few important orders for electrical equipment were placed during 1924, and business was far from active. From the point of view of British manufacturers the year was particularly difficult owing to the practical impossibility of meeting continental competition, German, Swiss, Swedish and Danish electrical equipment being sold here at prices which British firms cannot possibly meet. I have been informed by the representative of one important British manufacturer that in the case, for example, of 40 kilowatt installations, for which a fair demand exists, the difference between British and Continental prices amounted in some instances to as much as 90 per cent., and although the British machinery was admittedly of better and heavier construction the discrepancy was altogether too great to be bridged by any concession on the part of the seller. In the case of electrical supplies and fittings the competition comes not only from the Continent and Japan, but also from local products which are now being placed on the market in large quantities at about half the price of similar articles imported from Great Britain.

Metals.—1924 was a most unprofitable year for the metal trade in China, both from the points of view of importers and of Chinese merchants. As regards the latter, the losses of Shanghai dealers are reported to have exceeded three million taels, and reports from Hongkong and other centres are equally unfavourable. The trouble appears to have arisen in the first instance from an entirely mistaken expectation that vast re-building schemes in Japan, following on the earthquake in September, 1923, would result in an enormous demand for construction materials of every description and that prices in the producing countries would be correspondingly advanced. There was therefore a rush to place orders for steel rods, galvanised iron, nails and other supplies, and

when it transpired that the demand had been entirely over-estimated, the market was left with stocks far in excess of normal requirements. Serious floods in North China during the summer of last year, and the interruption of communications during the hostilities in the autumn, coupled with the restriction of credit and generally unfavourable business conditions, accentuated the difficulty of disposing of these stocks and prices fell to far below replacing cost. Conditions improved slightly during the early months of this year as the gradual restoration of transportation facilities enabled cargo to be moved up country, but the strike now operating in Shanghai and other trading centres has naturally closed down business altogether. Many complaints have been heard from foreign importers during the past year of the wholesale repudiation of contracts, on the flimsiest pretexts, by dealers who found that the market had moved against them, and there can be no doubt that keenness of competition has induced many importers to accept orders from firms of very doubtful financial and business standing. An attempt to further the interests of importers by forming an association for the protection of their common interests and with a view to introducing safer and more uniform trading methods was undertaken some months ago, but the new body has hardly been in existence long enough to judge how far it is likely to be successful in attaining its object.

In mild steel bars, plates, etc., British manufacturers have had to meet extremely severe competition, especially from Belgium and Germany, and during the past twelve months have almost been out of the market.

In galvanised sheets the United Kingdom was in a better position, but it is stated that in tinned plates the American product has been under-selling the British. It is satisfactory to find that in tool-steel the old-established British brands still appear to hold their own in the market, and I am informed that business last year was fairly satisfactory. Whilst the railway workshops have been comparatively idle the number of small Chinese shipbuilding works, machine shops, etc., is steadily increasing and the demand for hardened steel continues to improve.

Hardware.—The trade in hardware of every description has passed mainly to Continental manufacturers, the question of price being the main consideration. There is, however, information to the effect that in the case of aluminium ware British goods are now being marketed here at prices which compare favourably with those of their European rivals, and a fair business was done in these goods last year.

Chemicals.—China has not yet reached a sufficiently advanced stage of industrial development to furnish a market for chemicals in any way proportionate to her enormous population, but there is a fairly important trade in soda ash and caustic soda for use in soap factories, dye works, etc.; for chlorate of potassium,

phosphorus and other match-making ingredients; for bleaching and tanning materials, and for boracic acid used in the preservation of egg products. The most interesting recent development in the chemical trade, however, has been the growing interest shown by the Chinese agriculturist in chemical fertilisers, and competition in this business has become extremely keen. Projects are also under consideration for the establishment of fertilizer factories in China, and it is stated that ample supplies of the necessary raw materials are available locally.

Dyes.—Imports (net) of synthetic indigo in 1924 amounted to 421,214 piculs valued at Hk. Tls. 21,585,165, as against 256,102 piculs, valued at Hk. Tls. 11,816,918 in the previous year, whilst the value of aniline dyes imported rose from Hk. Tls. 7,943,321 to Hk. Tls. 10,610,583. The market has, in fact, been heavily over-stocked, and the chief feature of the year's trading, especially as regards indigo, has been the keen competition between German, American, Swiss and French brands. This competition has resulted in extensive price reductions, as will be seen from the following comparison of market values in Shanghai in June, 1924 and May, 1925 :—

	German and Swiss brands.	American brands.	French brands.
	Hk. Tls.	Hk. Tls.	Hk. Tls.
June, 1924	53–54	47–49	47–49
May, 1925	36–38	30–32	30

Prices have been forced down to a level which can hardly be remunerative to any of the manufacturers, German indigo, in spite of higher manufacturing costs, being sold in China at pre-war rates, whilst the newer brands are much below any figure hitherto known in this country. In volume of business in indigo Germany leads, followed by the United States and Switzerland, whilst the British product has now reappeared in the market and sales are increasing.

In aniline dyes the old-established German brands still dominate the market, the remainder of the business being shared on fairly equal terms by American, French, British and Japanese firms. Whilst it is not yet possible to state with accuracy the value of imports of aniline dyes from Great Britain during the period covered by this review, it is said that there was a satisfactory increase over the figures for the previous twelve months.

Paper.—Imports of paper (including cardboard) during 1924 were valued at Hk. Tls. 20,108,678 as against Hk. Tls. 16,626,519 in the previous year, but conditions in the market were unfavourable to importers, owing to excessive stocks, and during a considerable period local prices were well below replacing cost.

The papers having the principal sale in this market are Common Printing (calendered and uncalendered) and "M.G. Cap," in which lines British papers appear to be quite unable to compete with Continental, and especially Scandinavian products, and even the comparatively small shipments of paper appearing in the customs returns as coming from the United Kingdom are believed to be partly of continental origin. German imports, on the other hand, are increasing, and the paper manufacturers of this country have been making strong efforts to regain their position in this market.

Motor Cars.—The value of motor cars imported into China in 1924 amounted to Hk. Tls. 3,205,232, being an increase of slightly over one million taels in comparison with the previous year's figures. Pending the publication of Part II of the customs returns, giving more detailed particulars of imports and exports than are contained in the report and abstract of statistics, the respective shares of this trade falling to various countries cannot be indicated with certainty, but it may be stated that whilst America is still the chief source of supply, imports from Great Britain and France have increased very considerably. The growing popularity of British and French light cars in Shanghai and Hongkong has, in fact, been a marked feature of the motor car trade during the past year. As regards the country generally, the development of motor traffic is proceeding slowly owing to the lack of good roads, but the need for improved communications is beginning to be more widely realised, and there can be no doubt that any indication of a return to more normal conditions would give a great impetus to the movement.

Exports.

Tea.—The market for black China teas fluctuated considerably during the past twelve months. In the autumn of last year, anticipations of a shortage caused a strong rise in the prices of Indian teas, quotations in London increasing from 1*s.* 2½*d.* in June to 1*s.* 9*d.* in December, and there was a corresponding demand for the common grades of China tea, required for blending purposes. Large quantities of Common Congoa and Dust were shipped to London from China, and surplus stocks at continental and American ports were also transferred to that market. By December, however, it was found that ample supplies were available, and the price of India tea rapidly dropped to 1*s.* a pound, whilst common China teas have been unsaleable since the beginning of this year. The new season opened with a good demand for fine teas, principally for London. Quality is on the whole, superior to last year's crops and the opening prices were the highest on record, as producing costs grow heavier from year to year. Since the beginning of June, however, the market has been almost entirely suspended owing to strikes, and out of an

estimated crop of 80,000 half-chests, only 16,000 have yet been disposed of. For common black teas the demand is very dull, but the Russian market will probably absorb most of the crop.

Green teas met with a steady demand at normal prices. The direct trade with Morocco continues to increase, shipments last year amounting to 7,750,000 lbs. and North Africa (including shipments to Marseilles) now takes more than half the green teas exported from China, whilst the American trade is decreasing, last year's amounting to only 6,500,000 lbs. The Central Asian trade is still conducted with difficulty, but last season the Soviet Government shipped about 1,200,000 lbs.

Silk.—The silk trade has probably been less affected than any other by the unfavourable business conditions existing in China during the past year, partly owing to the fact that as the principal producing centres both in central and southern China are situate in fairly close proximity to the ports of shipment transport difficulties have not been quite so serious as in the case of other produce, and partly because the trade is of such vital importance that special efforts have been made to bring the silk to market. Owing, however, to a falling off in the demand from the United States of America, the best customer for Chinese silk, and to the fall in European currencies, 1924 was on the whole, a poor year for exporters and the value of raw silk shipped decreased by about Tls. 30,000,000 in comparison with 1923. The price of steam filatures, best grade, which in January, 1924, was in the neighbourhood of Tls. 1,700 a picul, fell off gradually until by the end of the year it reached about Tls. 1,200 and has has since remained fairly steady at about that figure. The efforts for the improvement of sericulture, to which a small grant is assigned by the Chinese Government, make slow progress, owing to the immense area devoted to silk culture and the apathy of the local authorities. The demand for guaranteed silk-worm eggs continues to make headway, however, and the supply is in fact, insufficient to meet the needs of the producers. As regards the season now commencing the crop promises to be about the same in quantity and of slightly higher quality than last year's.

China Produce.—Whilst the total value of China's export trade in 1924 exceeded that of 1923 conditions with regard to business in most of the commodities coming within the general description of "China Produce," were unfavourable last year, and have not improved during the past six months. The continental demand was poor and the failure of many European firms, especially in Germany, involved exporters here in considerable losses through the inability of the buyers to take up the documents. The civil war and general unrest in China were also adverse factors, and under the circumstances it is somewhat surprising to find that the turnover was no smaller than was actually the case.

The following particulars, furnished to me by a local merchant, regarding trade in some of the principal export lines, have reference chiefly to Shanghai, but they give a fair indication of conditions throughout China generally :—

Hides.—The volume of business in cowhides has been falling off considerably. In 1924 America took no part in the trade, and European buyers were unwilling to pay the prices asked by China as South American hides were obtainable at much lower prices. During the last two months of 1924 the situation improved considerably, home prices having increased by about 20 per cent., but with the new year there was a reaction in sympathy with a decline in South American markets. The old season's stocks have all been sold out, but on terms not very satisfactory to exporters. The demand for buffalo hides was somewhat stronger, but supplies were not large.

Goatskins.—The bulk of this article is shipped to America, and owing to stagnation in the kid leather trade in that country there was a poor demand for skins, especially for the higher grades from Szechuen, prices in China having to be dropped by about 20 per cent. before it was possible to clear the previous year's supplies. Since the beginning of this year demand has remained dull, and prices have been on a lower level.

Furs.—There was a good demand for most varieties of furs, especially for Raccoon and Chekiang Moufflon, and trade was on the whole satisfactory.

Sesamum Seed.—Exports of sesamum seed fell off by about 50 per cent. in comparison with 1923, and local prices were, as a rule, too high to attract European buyers. In the autumn there was a good deal of speculative buying and prices rose to £31 in London and even higher in Shanghai, but there was a rapid reaction which resulted in heavy losses to some of the exporting houses here. During the past six months trade has been dull and, owing to the incompatibility between local prices and those offered in Europe, stocks are not being brought down from the interior in any considerable quantities.

Groundnuts.—This article is not of much importance so far as Shanghai is concerned, but the quantities shipped from Tsingtao and other northern ports were about double the previous year's figures. The demand was good throughout the year, with advancing prices.

Beans.—This also is not a Shanghai trade, but the customs returns show that exports from other ports were much heavier than in the previous year, amounting to some 24,000,000 piculs, as against 18,000,000 in 1923.

Wool.—There was a steady demand from America for this article, and prices rose rapidly. Exports of sheep's wool rose from 352,000 to 485,000 piculs, and those of goat's hair from 16,000 to 33,000 piculs.

Cotton.—Whilst China imports considerable quantities of cotton from India and the United States, large shipments of the native product are also exported, mainly from Tientsin, the type shipped being rough staple cotton suitable for rug and blanket manufacture. There was a fairly good demand in 1924, and the exports show an increase over 1923.

Egg Products.—These were in good demand during the year, particularly in the case of albumen. Business in egg yolk is more and more confined to the dry quality, owing to the difficulties experienced with the health authorities in foreign countries in the case of liquid yolk preserved with boracic acid.

Tobacco.—A fairly satisfactory business was done in this article, Egypt being the principal buyer, but considerable quantities also went to Europe and South America. Since the beginning of this year, however, demand has been slack, local prices being too high for buyers in the consuming markets.

Fibres.—The trade in fibres, especially in ramie, is conducted mainly through Hankow, not through Shanghai. A fair business was done in 1924, the total exports of fibres of all kinds amounting to some 480,000 piculs, as against 340,000 piculs in 1923.

Feathers.—There was a shortage of supply and, as a rule, the prices asked were above those offered by home buyers. Since the beginning of the present year prices have had to come down before business was possible, but most of the old stocks have now been disposed of.

Bristles.—There was a good demand during most of the year for Chungking bristles and a fair amount of business was effected. In the present year prices in home markets have declined by about 20 per cent., and business has been increasingly difficult.

Carpets.—Although not coming under the heading "produce," reference may be made to the growing importance of the carpet-making industry in north China. Shipments last year, mainly to the United States, were valued at nearly six million taels, against 4,700,000 in 1923. In this, as in so many other instances, however, the Chinese seem to be disposed to spoil a promising trade by lowering the quality of their products as the demand increases, a policy which can in the end only result in the loss of the market.

At the moment of writing this report the movement of cargo is almost entirely suspended owing to the general strike, and the outlook for business for some time to come is far from promising. Whilst foreign firms are naturally suffering owing to the cessation of business, it need hardly be said that their losses are small compared with those suffered by native commercial interests engaged in the export trade of the country. Apart from the present strike, moreover, the insecurity existing throughout the country and the consequent difficulty of financing cargo in the interior are also serious handicaps to the development of the export trade, and it is to be feared that there is little or no hope of any early improvement in the general situation.

VI.—BRITISH TRADE WITH CHINA.

It will be seen from the customs returns that the value of the direct trade between China and Great Britain in 1924 exceeded by nearly Hk. Tls. 13,000,000 the figures for the previous year, imports into China increasing by about Hk. Tls. 6,000,000 and exports by about Hk. Tls. 7,000,000. It is to be feared, however, that in the case of imports any satisfaction that might be felt in this substantial increase must be modified by the knowledge that a considerable proportion of these imports has not yet been taken delivery of, and that the congestion of stocks has seriously prejudiced the hopes of any large volume of business in the present year. As to future prospects it is hardly possible under existing circumstances to write otherwise than pessimistically. Apart from the general paralysis of trade and shipping caused by the present strike, which affects practically all foreign interests in this country, it seems to be practically certain that a determined effort will be made to direct a special boycott against British firms and goods, and though the effects of such a movement will in all probability be merely transitory, it will, so long as it continues, impose a further strain on the already over-burdened British merchant in China. As the local British firms are still the main channels for the sale of British goods in this market, any disaster

that overtakes the former must inevitably affect also the manufacturer in Great Britain, for China has not yet reached the stage of commercial development in which the producer in a foreign country can, as a general rule, safely dispense with the services of a middleman and deal direct with the native consumer.

Competition with other manufacturing countries grows steadily keener, and as in most cases price is the ruling factor the high quality of British goods is not in itself sufficient to counteract the advantage of lower producing costs existing in Europe and in Japan. More detailed reference to this aspect of the question will be found in the section of this report dealing with cotton piece goods, a trade of outstanding importance both to the manufacturer in England and to the British merchant in China; but in many other lines of business the same discrepancy in prices between British goods and approximately similar articles of European origin tends to render the former almost unsaleable.

In spite of these discouraging features, however, it is not intended to convey the impression that the future in store for British trade in China is altogether unpromising. The present period of transition, involving widespread unrest, insecurity and disorder, cannot continue indefinitely, nor is it at all probable that the anti-British campaign can have more than a passing effect on the business policy of the Chinese merchant. When this phase is over the high reputation always enjoyed by British goods and British firms will still retain its value, and the extent to which our share in the trade can be maintained or extended will depend mainly upon the readiness of manufacturers and merchants to adapt themselves to the altered conditions in this country. It is becoming increasingly evident that before many years have elapsed far-reaching changes are likely to take place in the relations of China with the other nations of the world, and, without venturing to anticipate the nature of these developments, it at least seems certain that they will have a marked influence upon the methods by which trade in China has hitherto been conducted. There is no reason whatever to assume, however, that British firms will be behind their competitors in adopting new tactics to meet these changed conditions and, in view of the enormous commercial and industrial developments that must undoubtedly take place so soon as the country is allowed to enjoy a period of comparative freedom from internal dissension, British manufacturers should continue to devote the closest possible study to the requirements of this market.

APPENDIX I.

NET VALUE OF THE FOREIGN TRADE OF CHINA, 1919-1924.

Year.	Rate.	Net Imports.*	Exports.	Total.
		Hk. Tls.	Hk. Tls.	Hk. Tls.
1919	6/4	646,997,681	630,809,411	1,277,807,092
1920	6/9½	762,250,230	541,631,300	1,303,881,530
1921	3/11—7/16	906,122,439	601,255,537	1,507,377,976
1922	3/9	945,049,650	654,891,933	1,599,941,583
1923	3/5—3/4	923,402,887	752,917,416	1,676,320,303
1924	3/7—15/16	1,018,210,677	771,784,468	1,789,995,145

* Net Imports, *i.e.*, the value of the foreign goods imported direct from foreign countries *less* the value of the foreign goods re-exported to foreign countries during the year.

APPENDIX II.

SHARES (IN MILLION TAELS) OF BRITISH EMPIRE AND FOREIGN COUNTRIES IN FOREIGN TRADE OF CHINA.

Country.	1922.		1923.		1924.	
	Total Imports.	Domestic Exports.	Total Imports.	Domestic Exports.	Total Imports.	Domestic Exports.
British Empire—						
Hongkong	239·35	170·00	248·08	175·80	243·92	173·16
Great Britain	145·29	38·51	120·40	43·21	126·01	50·25
British India	43·14	9·82	55·24	12·33	38·83	11·44
Singapore, Straits, etc.	8·17	15·31	9·21	17·93	9·32	19·62
Canada	8·40	1·27	10·33	2·00	15·57	1·11
Australasia	1·78	2·25	3·36	1·49	7·51	1·03
South Africa (including Mauritius)	*	0·12	0·03	0·19	0·03	0·12
Total, British Empire	446·13	237·28	446·65	252·95	441·19	256·73
Japan (including Formosa)	231·43	159·75	211·02	198·52	234·76	201·18
Korea	9·69	21·24	11·95	30·28	11·50	30·86
Total, Japan and Korea	241·12	180·99	222·97	229·80	246·26	232·04
United States of America (including Hawaii)	169·00	97·58	154·45	126·80	190·96	100·75
Philippines	3·20	2·35	1·36	3·98	3·32	4·28
Total, United States and Philippines	172·20	99·93	155·81	130·78	194·28	105·03
Norway	1·32	0·04	2·03	0·04	1·88	0·05
Sweden	2·53	0·56	2·21	0·29	2·96	0·50
Denmark	1·73	1·44	1·12	1·51	0·41	1·04
Germany	24·74	9·80	32·46	11·91	38·69	15·95
Netherlands	7·63	5·73	3·91	8·51	20·46	13·5)
Belgium	11·15	2·35	10·88	2·75	18·28	3·42
France	4·56	40·76	7·55	39·58	10·56	45·10
Italy	2·32	6·05	3·74	9·47	6·27	8·95
Russia (European)	0·03	†	0·17	0·01	0·08	‡
Russia (Asiatic)	14·24	39·24	10·04	34·08	10·01	46·35
Switzerland	2·30	0·07	3·54	0·01	3·54	0·06
Macao	11·50	4·68	6·24	3·97	7·70	5·09
Turkey, Persia, Egypt, etc.	0·99	9·31	0·84	11·11	0·78	18·56
French Indo-China	12·06	3·32	18·44	4·01	10·18	3·67
Dutch Indies	13·84	9·13	13·60	8·09	20·73	9·32
Other Countries	4·64	4·21	6·43	4·05	4·84	6·42
Grand Total, All Countries	975·03	654·89	948·63	752·92	1,039·10	771·78
Net Imports (*i.e.*, excluding Re-exports)	945·05	—	923·40	—	1,018·21	—

* Total Imports from 1,292 taels.
† Total Exports to 675 taels.
‡ Total Exports to 7,823 taels.

APPENDIX III.

Principal Articles Imported into China during the Two Years, 1923–1924.
Net Imports.

(For other years, see previous reports).

Article;	1923.			1924.	
	Unit of Quantity.	Quantity.	Value Haikwan Taels.	Quantity.	Value Haikwan Taels.
Cotton goods	—	—	129,966,368	—	152,239,610
Cotton yarn	Piculs	775,045	41,633,818	575,675	34,145,918
Cotton thread	—	—	1,919,925	—	2,115,470
Wool and Cotton Unions	—	—	8,507,926	—	11,241,208
Woollen goods	—	—	19,042,413	—	17,692,639
Miscellaneous piece goods	—	—	7,575,798	—	9,080,266
Copper ingots and slabs	Piculs	230,464	5,814,152	564,970	13,178,277
Iron and mild steel, new (bars, nails, pipes, etc.), excluding rails	Piculs	3,665,837	16,799,852	5,947,190	24,497,375
Iron and mild steel, old	Piculs	676,669	1,589,168	804,179	1,652,334
Iron, galvanised, sheets and wire	Piculs	383,973	3,446,538	478,598	4,116,493
Tin, in slabs	Piculs	58,511	3,361,615	58,149	3,513,449
Tinned plates	Piculs	493,162	4,647,328	892,819	8,458,701
Bags of all kinds	—	—	5,892,290	—	7,762,830
Building materials (not otherwise classified)	—	—	3,444,263	—	3,142,791
Rice and paddy	Piculs	22,434,962	98,198,591	13,198,054	63,248,721
Wheat	Piculs	2,595,190	9,096,065	5,145,367	17,689,749

Chemical products (not including medicines and soda or match-making materials)	—	—	3,231,902	—	3,507,835
Cigarettes	Mille	10,116,893	28,272,615	9,753,734	27,649,757
Clothing, hats, etc. (not including haberdashery and hosiery, or leather boots and shoes)	Tons	—	6,377,919	—	6,580,782
Coal	Tons	1,366,108	12,860,605	1,610,016	15,160,390
Cotton, raw	Piculs	1,614,371	53,816,201	1,241,881	49,076,372
Dyes, colours and paints	—	—	26,006,546	—	38,473,950
Electrical materials and fittings	—	—	8,103,340	—	8,194,962
Flour	Piculs	5,826,540	27,232,948	6,657,162	30,097,693
Fish and Fishery products	Piculs	1,852,251	19,460,891	2,525,304	23,860,561
Gasolene, benzine, etc.	Am. gals.	6,307,815	3,848,531	7,265,093	4,068,401
Machinery—					
Agricultural	—	—	301,716	—	279,158
Propelling	—	—	1,474,349	—	1,906,155
Textile	—	—	12,316,486	—	5,709,569
Other kinds	—	—	12,585,245	—	14,174,423
Railway materials :—					
Locomotives and tenders	—	—	1,169,680	—	1,064,663
Carriages and waggons (including tram cars)	—	—	1,727,539	—	2,145,196
Sleepers	—	—	1,520,795	—	2,586,054
Rails	Piculs	389,497	1,568,277	946,521	3,005,106
General	—	—	3,039,031	—	2,988,149
Glass, window	Boxes	353,318	1,978,033	571,766	3,170,773
Glass and glassware	—	—	1,487,080	—	1,742,361
Haberdashery	—	—	2,977,733	—	2,728,386
India-rubber, manufactured (including boots and shoes)	—	—	1,972,479	—	2,195,030
Leather	Piculs	137,271	6,863,980	156,543	7,601,226
Medicines	—	—	7,684,433	—	7,845,185
Needles	Mille	3,253,561	1,157,242	4,849,316	1,683,959
Oil, kerosene	Am. gals.	214,835,669	58,291,716	223,207,104	57,811,062

Article.	1923.			1924.	
	Unit of Quantity.	Quantity.	Value Haikwan Taels.	Quantity.	Value Haikwan Taels.
Oil, lubricating	Am. gals.	7,499,880	3,279,371	9,129,302	3,581,385
Paper (including cardboard)	—	—	16,626,519	—	20,108,678
Soap and materials for making	—	—	2,874,401	—	3,281,915
Stationery	—	—	2,323,354	—	2,963,921
Stores, household (not elsewhere included)	—	—	4,240,119	—	4,618,232
Sugar and sugar cane	Piculs	6,434,364	52,332,747	9,411,872	76,552,143
Timber	—	—	9,795,076	—	16,120,309
Tinfoil and other foils	Piculs	110,281	2,633,351	106,092	2,348,243
Tobacco	—	—	12,777,016	—	24,724,582
Motor cars	—	—	2,155,967	—	3,205,232
Wax, paraffin	Piculs	510,286	4,048,096	576,934	5,901,997
Wines, beer, spirits, etc.	—	—	5,399,861	—	5,208,419

APPENDIX IV.

PRINCIPAL ARTICLES OF CHINESE PRODUCTS EXPORTED FROM CHINA DURING THE TWO YEARS 1923–1924.

Article.	Unit of Quantity.	1923.		1924.	
		Quantity.	Value Haikwan Taels.	Quantity.	Value Haikwan Taels.
Cotton goods	Pieces	—	9,879,485	—	12,869,197
Cotton yarn	Piculs	89,001	4,369,860	147,031	7,513,126
Antimony regulus	Piculs	193,112	1,223,830	176,852	1,794,800
Iron, pig	Piculs	3,358,301	6,792,880	4,389,448	8,980,192
Tin, in slabs	Piculs	133,225	7,875,430	117,353	9,087,868
Ores, iron and others	Piculs	13.880,028	4,145,426	15,271,174	3,902,838
Bean cake	Piculs	24,785,869	56,866,201	22,577,716	50,897,325
Beans, yellow and others	Piculs	18,269,266	52,416,226	24,689,687	76,066,126
Bristles	Piculs	74,422	7,757,992	65,540	8,742,392
Carpets	—	—	4,691,052	—	5,989,808
Cereals, millet, rice, wheat, etc.	Piculs	4,558,752	15,291,203	4,796,382	18,480,937
Coal	Tons	3,108,682	20,545,286	3,202,352	20,539,420
Cotton, raw	Piculs	974,574	32,605,771	1,080,019	40,420,414
Eggs, albumen and yolk	Piculs	377,535	12,367,458	457,948	16,658,581
Eggs, fresh and preserved	Thousands	1,101,049	11,490,642	944,253	9,892,860
Eggs, frozen	Piculs	375,365	5,763,894	252,392	4,971,723
Fibre, ramie, jute, hemp and coir	Piculs	340,793	4,736,820	480,895	7,465,452
Ground nuts	Piculs	2,246,525	12,046,110	3,627,797	21,408,020
Intestines	—	—	3,319,367	—	3,893,144
Lace	—	—	4,111,803	—	4,639,680
Meats, poultry, fresh, frozen and preserved	Piculs	332,897	3,361,260	297,193	4,127,617

APPENDIX IV—*continued.*

Article.	Unit of Quantity.	1923. Quantity.	1923. Value Haikwan Taels.	1924. Quantity.	1924. Value Haikwan Taels.
Oils, vegetable and essential	Piculs	3,514,923	42,841,725	3,797,927	48,516,822
Paper	Piculs	319,309	4,833,348	341,846	5,123,705
Seeds (including sesamum)	Piculs	3,682,727	18,715,591	3,071,679	14,969,361
Seed cake	Piculs	1,318,240	2,978,856	1,253,484	2,626,061
Silk, naw (white, yellow and wild)	Piculs	138,423	138,915,695	131,275	108,059,268
Silk, waste	Piculs	128,118	11,560,479	158,177	10,302,176
Silk piece goods	Piculs	14,533	16,829,298	13,303	15,746,250
Silk, pongees	Piculs	13,962	7,719,310	14,019	6,554,623
Skins, and hides, undressed :—					
Buffalo and cow	Piculs	293,740	9,265,965	227,694	6,344,210
Goat, untanned and sheep	Pieces	7,612,545	5,737,675	4,924,858	3,801,741
Other kinds	Pieces	—	722,302	—	762,811
Skins, dressed and made up (including fur skins, dressed and undressed)	Pieces	11,142,186	10,256,169	(*a*) 9,796,649	10,601,085
Straw braid	Piculs	83,911	5,444,123	76,552	5,516,154
Tea	Piculs	801,417	22,905,341	765,935	21,127,221
Timber	—	—	21,300,782	—	13,376,131
Tobacco, leaf and prepared	Piculs	278,911	5,786,881	265,189	5,552,908
Wool, Camel, Sheep and Goats'	Piculs	424,213	12,879,928	556,545	17,471,105

APPENDIX V.

TABLE SHOWING SHARE TAKEN BY EACH NATIONALITY IN CARRYING TRADE OF CHINA IN 1924.

(*a*) *Percentages.*

Flag.	Tonnage.		Trade.		
	Total Voyages.	Tonnage Employed.	Foreign.	Coasting.	Total Foreign and Coasting.
American	3·45	4·50	7·88	2·43	4·95
British	26·23	39·39	34·42	42·38	38·71
Chilian	0·19	0·17	0·26	0·04	0·14
Danish	0·13	0·44	0·64	0·02	0·31
Dutch	0·29	1·27	1·83	0·02	0·85
French	1·28	1·55	3·42	1·63	2·46
German	0·29	1·47	3·09	0·01	1·43
Italian	0·55	0·42	0·46	0·54	0·50
Japanese	14·11	24·58	33·64	17·12	24·75
Norwegian	0·83	1·47	1·06	0·72	0·88
Polish	0·02	0·06	0·11	—	0·05
Portuguese	1·56	0·74	0·19	0·42	0·31
Russian	0·10	0·12	3·04	0·03	1·41
Spanish	0·01	0·02	—	—	—
Swedish	0·07	0·17	0·18	0·03	0·10
Non-Treaty Powers	0·05	0·09	0·19	—	0·09
Chinese	50·84	23·54	9·59	34·61	23·06
Total	100·00	100·00	100·00	100·00	100·00

(*b*) *Tonnage and Values.*

Flag.	Entrances and Clearances.	Total Tonnage of Entrances and Clearances.	Values in Haikwan Taels.		
			Foreign Trade.	Coasting Trade.	Foreign Trade and Coasting Trade.
American	6,435	6,359,589	144,413,680	51,999,176	196,412,856
British	48,886	55,715,925	630,576,131	905,070,559	1,535,646,690
Chilian	360	234,050	4,722,691	839,669	5,562,360
Danish	246	616,026	11,703.896	510,872	12,214,568
Dutch	547	1,799,828	33,459,646	396,027	33,855,673
French	2,380	2,185,806	62,726,256	34,809,205	97,535,461
German	539	2,085,968	56,616,677	247,462	56,864,139
Italian	1,021	599,513	8,351,302	11,575,874	19,927,176
Japanese	26,294	34,759,884	616,208,866	365,555,556	981,764,422
Norwegian	1,544	2,079,533	19,491,619	15,383,594	34,875,213
Polish	44	87,604	1,982,267	—	1,982,267
Portuguese	2,912	1,046,046	3,391,470	9,038,135	12,429,605
Russian	183	176,197	55,605,161	468,193	56,073,354
Spanish	23	32,664	65,091	11,194	76,285
Swedish	122	238,172	3,307,739	716,021	4,023,760
Non-Treaty Powers	95	127,659	3,470,413	47,789	3,518,202
Chinese	94,751	33,288,363	175,685,384	739,075,295	914,760,679
	186,382	141,432,827	1,831,778,089	2,135,744,621	3,967,522,710

ANNEX.

Report on the Trade of the Port of Dairen (Japanese Leased Territory in South Manchuria).

By Mr. O. White, His Majesty's Consul at Dairen.

Commercial Summary.—Dairen is the port of the Kwantung Leased Territory and the principal of the three ports of South Manchuria (the other two being Newchwang and Antung). It is the terminus of the South Manchuria Railway which connects Dairen via Mukden with Changchun, the junction for the Chinese Eastern Railway.

Area and Population.—Kwantung, 1,300 sq. miles, population 978,766 (1923). "South Manchuria" is not a definite political area. The term is used of that portion of Manchuria which "faces" south. In this sense its area may be placed at 135,000 sq. miles with a population supposed to be about 15 millions.

Language.—Japanese and Chinese. Foreign trade correspondence is mostly conducted in English.

Monetary units.—Japanese gold yen (par about 2*s.* 0½*d.*). Transactions with Chinese in Kwantung are in silver yen (about the same as the Mexican dollar). In Manchuria itself there are a number of local currencies, Customs returns are in Haikwan taels (average 1924 3*s.* 8*d.*).

Rate of exchange.—1914, gold yen roughly par; 1924, gold yen fluctuated between 1*s.* 7*d.* and 1*s.* 10*d.*; 1925, June, gold yen 1*s.* 8d. to 1*s.* 9*d.*

Weights and measures.—Foreign transactions in foreign weights and measures. Note also catty (Japanese = *Kin*), 1⅓ lbs.; picul = 100 catties.

Total imports.—£15,025,500 (1924).

Principal imports (1924).—Iron and steel manufactures (£1,300,000); machinery (£1,000,000); flour (£1,600,000); piece-goods (£2,100,000); kersoene, gunny bags, cigarettes and tobacco, sugar, vehicles.

Imports from United Kingdom.—£684,000 (1924) Machinery, iron and steel, piece-goods.

Total Imports from—	£
British Empire	1,848,000
Japan	7,130,500
U.S.A.	3,505,000
Germany	759,500
Belgium	369,000
France	151,500

Total Exports.—£26,156,500 (1924).

Principal exports.—Beans (£7,000,000); bean-cake (£8,300,000); bean-oil (£2,500,000); coal (£2,700,000); cereals (£1,100,000); pig-iron, oil-seeds.

Exports to United Kingdom.—£1,395,000 (1924) beans, bean-oil, oil-seeds.

Total exports to—	£
British Empire	1,838,500
Japan	16,023,000
U.S.A.	948,000
Netherlands	1,143,500
„ Indies	765,500
Germany	371,000

Railway mileage.—South Manchuria (1924), 686 miles (track, 1,514 miles).

Traffic, 1922-23.—Freight, 12,000,000 tons; passengers, 7,600,000.

Other lines in North and South Manchuria.—

	miles.
Chinese Eastern Railway	1,078
Chinese Government Railways	591

Trade of Dairen in 1924.

Note.—*Quotations in the body of the text are from the 'Dairen Annual Report and Return* 1924,' *published by the Chinese Maritime Customs, which has also been freely drawn upon for other information.*

The year 1924 was disappointing to trade and industry. Markets were depressed by the excessive stocks in Japan. Exporters lost considerably over the bad quality of the 1923 bean crop. Industries were suffering from over-production and want of capital. The banks were forced to adopt an attitude of extreme caution owing to the fact that most of their assets were tied up and in the autumn the failure of the Lingkow Bank shook credit severely. Trade with the interior was hampered in the autumn: first, by the outbreak of hostilities: and, later, by the drop in Mukden currency.

These conditions have continued into 1925. Prohibitive rates are being charged on remittances to Japan and imports are suffering from the depreciation of the gold yen. The best thing that can be said at the moment of writing (June, 1915) is that probably the bottom has been reached.

It is expected that the Bank of Japan will come to the assistance of the local central bank by the loan of money at cheap rates and plans are on foot to set in order the affairs of the other banks. The more optimistic tone prevailing in Europe has had a stimulating effect on local markets and the enforced policy of retrenchment should give time for adjustment. Manchuria's main source of wealth is her produce and her coal and these have unrivalled possibilities of development. Provided that the country enjoys a modicum of settled, just government, the prosperity of the inhabitants should grow. At present Dairen is suffering from having gone ahead too fast, but in the long view this should be a passing phase.

As part of the retrenchment scheme of the Japanese Government, the annual subsidy to the local government was reduced by some 2 million yen and a number of officials were invited to resign.

Volume of Trade.—The following table shows the total trade of the port of Dairen for 1923 and 1924 converted from Haikwan taels to sterling:

	(in thousands). 1923.	1924.
	£	£
Imports (foreign)	12,393	15,025
,, (Chinese)	2,519	3,358
Exports	25,294	26,157
Total	40,206	44,550

About £1,200,000 of the increase is accounted for in extra imports of flour and wheat owing to a failure of the wheat crop. Another feature which must be noted is that the quantity of goods imported and consumed or stored in the Leased Territory was £1,670,000 greater than in 1923. Meanwhile stocks held in warehouses at the docks increased from 315,000 tons at December, 1923, to 423,000 tons at December, 1924, which may be taken as a criterion of the stagnation of trade.

A further fact which must be taken into consideration is that the average value of the Haikwan tael at which the 1924 figures are converted was 3*s.* 8*d.* as against 3*s.* 5¾*d.* It will appear therefore that the increase in totals does not indicate any general growth in volume of trade.

Trade by Countries.—The trade of the different countries in 1924 is shown in Appendix No. V. The value of the United Kingdom trade was: imports, £684,000; exports, £1,395,000. Of the beans and bean-oil exported to Europe, however, roughly one-third are consigned on option to Port Said and are in reality sold to various European countries. The actual total is therefore higher. In exports Great Britain is interested mainly in beans

and bean-oil, and oil-seeds, in imports mainly in iron and steel, machinery and textiles. Details are given in the course of this Report.

Imports.—Compared with 1923, direct imports increased by 9 million taels. Flour and wheat accounted for 6 million, leaving a balance of 3 million increase. Cotton goods fell off by 3 million, so that the net increase in all other goods was 6 million taels, an increase for which metals and machinery were mainly responsible.

Cotton Goods.—" The trade in cotton goods was very dull, their total value decreasing from 13 million Haikwan taels in 1923 to 9·6 million taels, and the railway imports from 8·3 to 5·1 million taels. The only cotton goods that showed an increase over the 1923 figures were dyed lastings, dyed drills, turkey reds, printed sateens, and velvets. The diminution in the first half-year of the purchasing power of the interior, due to the poor crop in 1923, the popular unrest, and the decrease in the price of Mukden notes in the latter half caused by the War, may be cited as causes of the decline of foreign imports. The decrease in the importation of grey sheetings and cotton yarn, however, may be attributed to the competition of native-made articles."

There are no complete statistics of the proportion of British cotton goods but from such statistics as are available it would appear that in specialities British goods amount to a fair total though Japanese goods have completely taken the cheaper lines.

Japanese cotton yarns in the coarser counts are being ousted by Chinese, though it should be remembered that a majority of the mills are Japanese owned.

According to figures published by the Japanese Chamber of Commerce of Dairen the import of cotton thread, sewing, crochet and embroidery is steadily growing and it is satisfactory to note that British thread is more than holding its own.

Woollen goods amounted to about £250,000 sterling, half of which was in the form of coating and suitings (330,000 yards). An increasing proportion of this trade is going to mills in Japan.

Chemicals.—Soda ash is the chief heavy chemical used in Manchuria. The demand is increasing (imports, 1922, 5,188 tons ; 1923, 6,711 tons ; 1924, 8,312 tons) and should continue to do so with the gradual development of industry in the Leased Territory and in Manchuria. The establishment of the glass factory referred to elsewhere may be instanced. British soda ash and caustic soda made a satisfactory showing in spite of competition from American goods (caustic soda), as well as native soda produced in Manchuria. The question of establishing works at Dairen for the manufacture of soda ash on a large scale has been mooted, but the cost of salt would seem to cast doubt on the practicability of the proposal. The inclusion, however, of soda ash in the list of special products from Kwantung which may be imported free to Japan shows that it is considered feasible.

Dyes also, and in particular indigo paste are in growing demand. Here British goods have had to face severe competition from American and continental manufacturers but have made good progress.

Iron and Steel.—It is surprising at first sight to find a greatly increased import of iron and steel in spite of the prevailing depression (bars £265,000 against £155,000 ; rails, £327,000 against £156,000. Metals and minerals, total, £1,632,000 against £1,166,000). Part of the increase may be accounted for by dumping of excess stocks from Japan, as weights show an even greater increase. A large part of the materials are of course for the South Manchuria Railway, which, however, purchased less than in 1923. It would therefore seem that development is going on in the interior of Manchuria to a greater extent than is realised.

The following table shows the share of the different countries in thousands of pounds sterling : Japan, 536 ; Belgium, 279 ; U.S.A., 226 ; Germany, 113 ; France, 86 ; United Kingdom, 42 ; other countries, 19. Total, 1,301.

Japan takes the lion's share, not only of the total trade in iron and st but of almost every item except rails and bars. In rails the United St secured 44 per cent., France 25 per cent., Belgium 13 per cent., Germ 8 per cent. ; of late (June, 1925) it is said that the prices quoted by Fre makers are lower than those of other competitors on the continent. G Britain has for some time found it impossible to quote anywhere r continental prices and temporarily the United States appears to be ou the market. Belgium supplied rather more bars than all the other count combined. All kinds of iron and steel from Great Britain only reac the modest total of £42,000.

Machinery.—In machinery Great Britain took a better position. supplied rather more than half the textile machinery imported (£244,0 Japan providing the bulk of the remainder. Under the customs classif tion of propelling machinery (boilers, turbines, etc.), Great Britain was to the fore with 30 per cent. of a total of £68,000 but in all other kind machinery, Germany, Japan and United States of America provided bulk of the £640,000, Great Britain's share being £70,000. In one or large contracts Germany's apparent ability to deliver more quickly c bined with lower prices secured her the orders.

The erection of cotton spinning mills at Choushuitszu, Chinchou Liaoyang (all on the South Manchuria Railway, the first two in the Lea Territory), marks a new departure. These undertakings are all offsh of Japanese mills. At present there are some 60,000 spindles at t three mills. Future developments will of course depend on the suc of what is in the nature of an experiment. Little cotton is grown in M churia and one of the first tasks is to induce the farmers to grow it. If difficulty is surmounted, the industry should prove a success.

Other industry is rather at a standstill at present. The South Manch Railway, however, with its subsidiary coal and iron mines, may be loo to to furnish orders for special machinery. The question of the po bility of extraction of oil from the shale overlying the coal beds at Fus is still under consideration.

South Manchuria Railway.—The following table shows the purch of the South Manchuria Railway Company for the two years mentioned

From	1923. (thousand yen.)	1924.
Japan	13,173	10,623
Manchuria	5,974	5,468
All other countries	9,311	5,710
Total	28,458	21,801

The present policy of the management is to carry smaller stocks t formerly and as the process of cutting down the stocks was carried ou 1924, purchases were less than in 1923. Stocks are now said to be d to what may be considered normal, and there should be some increas purchases in future.

The principal purchases in 1924 and the amount bought from United Kingdom are given below :—

	(thousand yen)	
Machinery	2,532	639
Electrical material	2,661	29
Rolling stock and steamer material ..	2,007	19
Permanent way (rails, etc.)	1,331	48
Metals	2,381	32
Water and gas works	835	130
Chemicals	516	4
Clothing, etc.	778	10
Stationery, etc...	561	72
Miscellaneous	1,121	276

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In all, purchases from the United Kingdom amounted to yen 1,259,000. One or two important items, of which there are no imports from Great Britain, *e.g.*, sleepers, have been omitted. Germany obtained most of the orders for medical supplies which were not filled in Japan (148,000 out of 537,000 yen). The United States of America supplied yen 292,000 worth of oils and colours (32 per cent. of the total). Clothing is now bought almost exclusively from Japan and Manchuria.

As is perhaps inevitable, the proportion of these latter two countries grows steadily. In 1924 it was 48·7 per cent. and 25·1 per cent. respectively. On the other hand the annual requirements of the South Manchuria Railway should grow in the future. The development of the Fushun and Anshan mines and of the agricultural districts served by the railway must make ever-increasing demands on the rolling-stock and permanent way. The company has now got double track nearly as far as Kaiyuan, 312 miles north of Dairen on the main line. It is engaged in replacing the 80-lb. rails formerly used on the main line by 100-lb. rails, the old rails being used where required on branch lines or in the construction of new lines; 553 miles of line have been converted up to the present, 146 miles are to be converted in this fiscal year, and the conversion of 170 more is proposed. These rails are necessitated by the use of the heavy "Mikado" type locomotives now in use, which have also called for partial strengthening of bridges. Extension of existing Chinese lines run in conjunction with the South Manchuria Railway are spoken of—and, indeed, railway communication in Manchuria affords great possibilities of development if the country is blessed with stable government.

Vehicles.—Imports of vehicles in 1924 were: motor cars and parts, £66,500; motor cycles and parts, £1,500; bicycles, £19,000.

The customs returns afford no clear indication of the country of origin, but it is probable that most of the motor cars were American and most of the motor cycles British. The import of the latter is small but may grow. The development of motor traffic is hampered by the total absence of passable roads outside the main towns.

Musical instruments.—The import of musical instruments amounted to £24,000 (Japan, 50 per cent.; Germany, 26 per cent.; United States of America, 22 per cent.).

Exports.—The value of exports, including junk trade, was 144·6 million Haikwan taels. Compared with the figure for 1923, direct exports advanced but coastwise declined, leaving a balance of 6·5 million taels in favour of 1923. Compared with the 1923 figure the export of *kaoliang* (sorghum) declined by 3·1 million piculs. On the one hand a good crop was reported from Central China, and on the other the poor harvest in the interior kept the market price high. As noted elsewhere, the wheat crop was also poor. It may be thought that the year was not too prosperous for the farmer, but he reaped good prices from the bean crop, and it has to be remembered that part of the decrease in other crops was attributable to replacement by bean crops. As the country is opened up the purchasing power of the people should grow. What may well cause concern, however, is the increasing burden of military expenditure on the people. After the war with Chihli the Mukden notes depreciated to half.

Beans and bean oil.—The bean crop continues to increase with the opening up of new country: according to an estimate obtained from a reliable source it was, in 1923, 2,988,000 short tons and in 1924, 3,230,000 short tons. The area sown this year is expected to show a slight increase.

The 1923 crop was a very disappointing one as the beans contained an excessive quantity of moisture and exporters in many cases had to pay heavy compensation on the beans they had shipped which arrived in damaged condition; the mills also suffered. The 1924 beans were normal.

The 1923 season opened with unusual animation owing to the brisk demand for beans and oil in Europe. From the turn of the year, however, the general depression of European markets, combined with over-stocks,

caused prices to decline. The Dairen market suffered from January to August, 1924. Production of oil was curtailed to maintain prices at a higher level than in Europe.

In the autumn of 1924 high expectations of the results of the Dawes plan caused a more optimistic tone, and exports from September, 1924, to March, 1925, were greater by 300,000 short tons than during the same period 1923-24. There was a reaction at the beginning of 1925 and trade has been dull for the first six months of the year. The shortage of stocks, however, has caused a firmer tone.

The milling industry is suffering from the excessive expansion of a few years back. Most of the mills close down from June to August and open again when the new season's beans come on the market. In the December quarter, 1924, at the busiest time of the year, only 63 out of 82 mills were working. The total output of the year is said to have been 27 million pieces (cake), showing a decrease of 3 million pieces compared with the previous year. There is a tendency on the part of the mills to put part of the blame for the depression on the South Manchuria Railway Company, as 536,724 tons (277,341 tons emanating from Harbin mills) of beancake were brought to Dairen from the interior by rail during the year, as compared with 296,353 tons (45,649 tons from Harbin) in 1923.

This extra freight was attracted by the low rates imposed by the company on beancake and beans in pursuance of its freight war with the Chinese Eastern Railway. This war centres round the question what proportion of the produce of what may be described as middle Manchuria shall be carried east to Vladivostock and what proportion south to Dairen. In the case of the oil, the Chinese Eastern Railway is at present in a favoured position as there is a loss of oil in handling at Changchun (the junction between the two lines) and there are no public storage tanks at Dairen. It is reported now that 12 tanks, each of 1,500 tons capacity, are being constructed and are expected to be ready by November, 1925.

Oil Seeds.—The following table shows the export of oil seeds in 1924 :—

	Castor. Piculs.	Hemp. Piculs.	Sesamum. Piculs.	Cotton. Piculs.	Perilla. Piculs.
Japan ..	91,487	188,607	140,797	22,422	201,042
Europe ..	46,865	241,314	47,767	—	—
U.S.A. ..	43,311	39,447	1,768	—	1,680
Other ..	842	11,527	1,091	4,415	—
Total ..	182,505	480,895	191,423	26,837	202,722

The whole trade was valued at £887,000. The United Kingdom took : hemp seed, 43,916 piculs ; sesamum, 6,858 piculs ; castor, 4,221 piculs.

Coal.—The export of Fushun coal continues to grow, totalling in 1924, including bunkers, nearly 2½ million tons. The output of the collieries for the year ending March 31, 1925, was 5,504,300 tons (of which 1,811,800 tons came from the open-cut). The number of working days was 321, giving an average daily output of 17,147 tons. Exports during the second half of the year were encouraged by the interference caused to shipments of Kaiping coal by the Mukden-Chihli hostilities, and on December 24, 1924, a record output of 20,400 tons was obtained.

The system adopted at the open-cut mine at the western end of the seam having proved very successful, it is proposed to extend it further eastward. This will involve in course of time the removal of the greater part of the town and a new residential quarter is being built outside the area. There

are at present employed at the mine 760 Japanese managers and clerks, 2,500 Japanese engineers and workmen, 10,000 Chinese miners and 30,000 Chinese labourers. The Chinese miners are mainly drawn from Shantung and Chihli.

As mentioned elsewhere, the recovery of oil from the shale overlying the coal is still under study.

Iron.—The plant for the treatment of the low grade ore at the Anshan Mine which is now being installed should, it is reported, be complete by the end of 1925, from which date an output of 200,000 tons of iron annually is anticipated.

Labour. *Strikes.*—Industry in Manchuria has hitherto been spared the strikes which have been fairly frequent in other parts of China. The cotton-spinning mill strikes in Tsingtao and Shanghai, with the serious rioting arising out of them, were watched with anxious attention locally. In May, 1925, there was a small outbreak at various factories—the Manchurian Beet Sugar mill at Tiehling and one or two factories in Mukden. The strikes had as their main object the raising of wages and in this were partially successful, but unsuccessful claims also were put forward for equal treatment of Japanese and Chinese workmen. It was noteworthy that the strikes showed signs of organisation and there is an evident leavening of trained leaders among the bulk of still ignorant workmen.

Industry.—The erection of cotton-spinning mills is referred to elsewhere. The beet sugar industry, established in 1919, has not been a conspicuous success up to the present. The company erected mills at Mukden and Tiehling on a scale to produce 200,000 bags of sugar per annum and encouraged farmers round to grow beet. At first results were promising, but a drought in 1922 was followed by floods in 1923 and the 1924 crop suffered in consequence. In 1924 the sugar content had sunk to 5 or 6 per cent. The output from Manchurian beet was only 38,000 bags. To make good the deficit Java raw sugar was imported, but the decline in the price of sugar makes this very unprofitable. Most of the infant industries in the Leased Territory and along the railway are run as subsidiary enterprises by the South Manchuria Railway. It would now appear to be the policy of the company to place these enterprises on an independent basis. The beet sugar industry was the first to be set up as a separate concern. The glass works at Dairen have now been formed into a separate company with shares held partly by the South Manchuria Railway and partly by the Asahi Glass Manufacturing Company at Tokyo, and new machinery is to be erected making the capacity 200,000 boxes. Other enterprises, which, it is said, are to be stood on their own feet, are the electric light and power works and the gas works at important points on the railway.

Salt.—According to the Kwantung Government statistical annual for 1923 the salt fields in the territory covered an area at that time of rather more than 5,000 chobu (say 12,000 acres), with an output in 1923 of roughly 2,500,000 piculs. The provision of an adequate supply of salt in Japan both for domestic and for industrial purposes has long engaged attention, and as Kwantung is one of the principal sources of supply, the possibility of increasing the output has recently excited great attention. Various estimates have been made of the fresh area which might be put under production. It may roughly be placed at 10,000 acres, but so far no active steps would appear to have been taken. With this question is bound up that of starting the soda-ash industry referred to elsewhere. The export of salt in 1923 and in 1924 was 171,000 and 162,000 tons respectively.

Tariff : Exports to Japan.—A law was passed in the Japanese Diet in 1925, and has now been promulgated, providing for the exemption from import duty of special products from Kwantung Leased Territory. The articles affected may be divided roughly into (*a*) articles already produced in the Territory and (*b*) articles which are considered promising. In (*a*) may be placed fruit, *weishen* (a disinfectant said to be made from

fruit and coal tar), hemp seed, hemp fibre, hemp cloth, oil cloth, cement, fire bricks, fire clay. In (*b*) may be placed sheep skins, goat skins, liquorice and extract, size, gelatine, bromine, soda ash, naphthaline, magnesium sulphate, coal tar products, hemp yarn and rope, woollen and cotton yarn and manufactures, tussah silk yarn, various kinds of glass, bone-dust, etc.

Harbour.—Further improvements have been carried out at the Dairen wharves. The viaduct for passengers, leading from the east circle to the passengers' waiting room at the wharf, which is over 1,200 feet in length, was opened to traffic in December. The quay (900 feet) connecting No. 3 Pier with No. 4 Pier, the latter of which is in course of construction, was also completed during the year. Work on the wharf building extension was completed to an extent of 40 per cent. of the total planned. At Jijiko and Shokoshi, where reclamation work is being carried out, the amount of land reclaimed by the end of the year was 70·9 and 12·8 per cent. of the total intended areas respectively.

To relieve congestion when berthing accommodation is unavailable, two mooring buoys have been established in the harbour.

Coal shipping plant.—Hitherto coal has been loaded by hand, but this method is no longer adequate and a shipping plant is being erected (and is nearly completed) designed on the lines of that erected at Durban during the European war. The working capacity is to be as follows: Loading capacity, 1,500 metric tons per hour; coal storage capacity, 100,000 tons; average daily arrival of coal from Fushun, 9,000 tons; operating hours of the plant per day, 10 hours; number of ships capable of being berthed at one time, 4.

The handling of the increasing tonnage of coal carried by the South Manchuria Railway is becoming a problem at the busy time of the year when produce is being moved from the interior, and plans have been discussed for greatly increased storage, and possibly similar plant, on the foreshore near Nankwanling (10 miles short of Dairen) in order to allow of the coal being carried at the slack time (summer).

Shipping.—In comparison with the year 1923 the total number of entrances and clearances of steamers decreased by 220, while the aggregate tonnage increased by nearly 250,000 tons. The substitution of larger mail-boats for the smaller ones that previously ran between this port and Kobe mainly contributed to this increase of tonnage. Consequent on the civil war threatening the safety of coast navigation Chinese shipping decreased by over 24 per cent. Shipping under the British, American, Danish, Dutch, Norwegian and Russian flags has all decreased in varying degrees, while that under the German flag has increased from 64 vessels in 1923 to 108, and under the French from 18 to 72.

The reason for the decline in British tonnage is stated to be that British companies disposed of their tonnage to better advantage in the south. Owing to keen competition, rates offering on beans and bean-oil during the slack season were poor, only improving in the last quarter of 1924.

In the coastal trade the over-supply of tonnage led to ships sailing direct from Newchwang to Swatow three-parts full instead of calling at Dalny. The Canton trade was hampered by the unsatisfactory conditions prevailing in 1924 at that port. Rates were very low and British lines occasionally refused the business at the rates offered.

On the whole 1924 was unsatisfactory from a shipowner's point of view, as, owing to the general depression in the East and elsewhere, the rates were low and unremunerative. The operations of produce firms were restricted by the failure of the Lungkow Bank with which many of them arranged their finance.

Appendix No. I.

Gross and Net Values of the Trade of Dairen during the years 1923-24.

	1923.		1924.	
	Gross.	Net.	Gross.	Net.
Foreign Goods.	£	£	£	£
Imported from foreign countries and Hongkong	11,901,576		14,283,000	
Imported from Chinese ports ..	1,924,170		1,610,500	
Total	13,825,746		15,893,500	
Re-exported to foreign countries and Hongkong	963,209		382,000	
Re-exported to Chinese ports (mainly in the North)	469,974		486,000	
Total foreign re-exports	1,433,183		868,000	
Net total foreign imports ..		12,392,563		15,025,500
Chinese Produce.				
Imported (mainly from Shanghai and Northern ports)	2,972,246		4,082,000	
Re-exported to foreign countries and Hongkong	427,163		697,000	
Re-exported to Chinese ports ..	26,323		17,500	
Total Chinese re-exports	453,486		714,500	
Net total Chinese imports ..		2,518,760		3,367,500
Exports to foreign countries and Hongkong	19,387,842		22,571,000	
Exports to Chinese ports	5,906,747		3,585,500	
Total exports		25,294,589		26,156,500
Gross value of the trade of the port	42,092,581		46,132,000	
Net value of the trade of the port		40,205,912		44,549,500

Appendix No. II.

Imports into Dairen from Foreign Countries during the years 1923-24.

Article.	1923.		1924.*	
	Quantity.	Value.	Quantity.	Value.*
		£		£
Opium				
Persian .. .. .. lbs.	32,000	76,246	35,200	62,000
Turkish .. .. .. ,,	8,251	5,942	—	—
Cotton goods				
Shirting, grey, plain pieces	243,873	259,729	183,437	209,500
Sheetings, grey, plain .. ,,	64,181	60,599	24,409	18,500
Shirtings, white .. .. ,,	118,992	140,664	98,854	112,000
Drills .. .. .. ,,	19,637	17,723	6,416	6,000
Jeans .. .. .. ,,	222,507	173,036	117,332	103,500
T-Cloths .. .. .. ,,	8,894	6,864	11,857	8,500
Flannelettes, grey .. .. ,,	20,914	22,291	16,571	16,500
Cambrics, lawns and muslins, white .. .. pieces	52,731	23,970	26,630	9,500
Printed cottons .. .. ,,	125,540	76,322	105,859	88,000
Dyed cottons—				
Italians, plain .. .. ,,	12,407	17,041	7,425	10,500
Venetians, plain .. .. ,,	32,291	64,010	23,753	50,000
Lastings, plain (coloured) ,,	60,841	68,941	164,039	192,500
Drills .. .. .. ,,	22,662	21,652	33,661	32,500
Jeans .. .. .. ,,	207,731	162,327	156,714	133,000
Poplins .. .. .. ,,	18,010	35,438	5,748	13,000
Twills .. .. .. ,,	60,841	68,941	41,328	52,000
Shirtings and sheetings, plain ,,	19,348	12,600	19,111	13,500
Turkey red cottons .. ,,	66,662	39,499	70,569	42,500
T-cloths .. .. .. ,,	5,579	3,510	3,392	2,500
Others .. .. .. ,,	14,869	18,868	14,548	8,500
Flanelettes, white, dyed or printed,,	17,005	14,452	20,382	16,000
Cottons, yarn dyed, other .. yards	1,345,624	54,923	1,336,051	52,000
Japanese cotton cloth	—	155,732	—	155,000
Velvets and velveteens .. yards	287,021	27,401	434,502	33,500
Cotton blankets .. .. pieces	41,729	6,396	33,873	6,000
Handkerchiefs .. .. doz.	101,147	10,222	83,062	9,000
Towels .. .. .. ,,	37,899	7,451	35,101	6,500
Cotton yarn .. .. .. tons	2,078	321,570	876	149,000
Cotton thread .. .. ,,	—	29,959	—	45,000
All others	—	70,639	—	60,000
Wool and cotton unions	—	70,562	—	210,000
Woollen goods	—	257,149	—	257,500
Miscellaneous piece goods—				
Canvas, cotton duck .. yards	536,992	35,384	377,902	21,000
Imitation fur cloth .. ,,	46,370	19,359	28,775	13,000
Silk piece goods .. .. lbs.	6,104	12,123	2,100	2,500
Silk mixtures .. .. ,,	57,920	15,730	29,792	10,500
Upholstery fabrics .. yards	55,102	9,321	35,873	8,000
Waterproof cloth .. .. ,,	52,920	6,968	51,907	7,500
Others	—	36,149	—	38,000

* Figures have been converted to the nearest £500 throughout Appendix II to V.

APPENDIX No. II—*continued.*

Article.	1923.		1924.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Metals and Minerals—				
Brass and yellow metal .. tons	237	22,753	356	27,000
Copper	1,351	107,549	1,313	92,000
Iron and mild steel—				
Angles and tees .. .. ,,	1,708	22,000	3,618	43,000
Bars .. .. .. ,,	13,231	155,193	25,157	264,500
Bolts, nuts and washers, fish plates and spikes .. tons	589	21,061	414	12,500
Joists, beams, girders and stanchions .. .. tons	909	11,799	1,151	15,500
Nails, wire .. .. ,,	1,722	33,454	3,553	85,000
Pipes and tubes .. ,,	5,465	99,890	4,184	90,500
Plate cuttings	1,126	10,315	1,440	11,500
Rails .. .. .. ,,	12,832	156,288	33,114	327,000
Sheets and plates .. ,,	7,564	96,779	10,588	140,500
All other	—	79,248	—	153,000
Galvanized iron sheets .. tons	3,357	90,001	4,891	131,000
,, wire .. .. ,,	1,070	24,914	2,117	43,000
,, other .. .. ,,	213	7,450	215	7,000
Iron and steel manufactures ,,	1,773	35,295	634	19,000
Lead .. .. .. ,,	1,443	39,130	1,150	37,500
Steel—				
Bars, etc.	—	29,589	—	89,000
Metals and minerals, other ..	—	85,244	—	64,000
Tinned plates	—	23,377	—	65,000
Zinc .. .. .. tons	439	15,833	458	17,500
Sundries—				
Arms and ammunitions of war	—	15,234	—	58,500
,, ,, sporting	—	9,745	—	6,000
Bags, gunny, new .. pieces	13,442,918	466,349	16,256,565	683,000
,, ,, old .. ,,	3,012,517	70,174	2,637,833	77,000
Belting, machine	—	19,865	—	27,000
Books, printed	—	22,022	—	25,000
Bricks and tiles	—	15,238	—	15,000
Building materials	—	50,023	—	91,000
Buttons .. .. .. gross	347,966	20,340	480,899	20,500
Butts, hinges and door fittings ..	—	23,853	—	12,500
Canned goods	—	50,255	—	38,000
Caps and hats .. .. pieces	439,914	36,635	459,314	39,000
Cement .. .. .. tons	32,231	128,681	8,474	28,500
Cereals—rice .. .. ,,	9,305	155,449	5,074	97,000
Chemicals	—	63,597	—	55,500
China ware	—	63,436	—	53,000
Cigarettes .. .. .. mille	1,776,816	923,295	548,522	568,500
Cigars .. .. .. ,,	913	4,281	652	5,000
Cigarette-making materials ..	—	32,343	—	33,000
Clocks and watches .. No.	84,079	31,728	102,248	32,500
Clogs and sandals	—	18,549	—	17,000
Clothing	—	58,081	—	67,000
Cocks and valves	—	20,922	—	21,500

APPENDIX No. II—*continued.*

Article.	1923.		1924.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Confectionery	—	22,102	—	30,000
Dyes—Aniline	—	21,158	—	26,000
Indigo, paste lbs.	909,440	50,651	1,120,000	73,000
Others	—	43,906	—	62,000
Paints lbs.	990,280	32,752	548,800	17,500
Electric materials—				
Batteries and dry cells	—	12,226	—	15,500
Cables, wire and cord	—	114,861	—	133,500
Lamps and parts of	—	59,671	—	46,000
Motors and parts of	—	41,333	—	40,000
Transformers	—	13,887	—	25,500
Unclassed	—	62,331	—	151,500
Enamelled ware	—	33,440	—	31,000
Face powder and cream	—	18,328	—	21,000
Fibre—Hemp and jute tons	1,378	40,439	2,915	78,500
Files	—	8,372	—	8,000
Fish, fresh tons	743	44,608	560	27,000
,, salt ,,	4,343	64,662	5,366	73,500
Fishery products, unclassed ,,	598	27,916	358	20,000
Flour, wheat ,,	51,467	705,796	116,025	1,644,000
Fruits, dried and preserved ,,	302	17,094	496	27,500
,, fresh	—	133,266	—	120,500
Furniture and materials for making	—	63,705	—	78,000
Gasolene, benzine, petrol, etc. galls.	911,872	136,181	993,998	101,000
Glass, window, common	—	63,400	—	67,000
India-rubber goods	—	29,396	—	43,500
Instruments, apparatus and appliances	—	30,288	—	48,000
Instruments, musical	—	24,416	—	24,000
Leather	—	150,667	—	158,000
Linoleum	—	6,899	—	7,500
Locks and padlocks	—	13,466	—	11,500
Looking glasses and mirrors	—	22,280	—	18,000
Machinery and parts thereof—				
Agricultural	—	37,282	—	26,500
Mining	—	6,209	—	122,500
Brewing, distilling	—	17,776	—	2,500
Propelling	—	56,110	—	65,500
Textile	—	74,696	—	247,000
Other	—	299,179	—	528,500
Matches gross	61,758	3,752	52,782	3,500
Match-making materials	—	11,086	—	16,500
Mats (tatami, etc.)	—	35,984	—	36,500
Medicines	—	69,523	—	88,500
Newspaper, old tons	4,344	51,233	5,666	66,000

APPENDIX No. II—*continued.*

Articles.	1923.		1924.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Oil—				
Kerosene .. .. galls.	6,477,926	365,643	9,973,112	602,000
Lubricating .. .. ,,	1,791,161	166,854	1,609,386	132,500
Other	—	7,609	—	8,000
Paper—				
M.G. cap .. .. tons	462	13,546	608	16,500
Printing .. .. ,,	5,818	181,195	5,200	155,000
Japanese	—	18,972	—	20,500
Toilet	—	20,482	—	18,500
Other	—	123,388	—	107,500
Perfumery and cosmetics ..	—	63,577	—	46,000
Photographic materials	—	33,786	—	37,000
Provisions	—	35,135	—	63,500
Railway materials—				
Sleeper .. .. .. No.	294,446	65,620	33,098	5,000
Unclassed	—	17,779	—	71,500
Roofing, asphalt, felt, malthoid, etc.	—	11,769	—	16,000
Rope .. .. .. tons	891	14,879	1,228	25,500
Rush grass .. .. ,,	2,686	29,531	2,297	24,500
Safes and strong room doors ..	—	6,791	—	7,000
Seaweed .. .. .. tons	4,013	50,297	1,115	14,500
Singlets and drawers	—	37,616	—	27,500
Shoes and boots .. .. pairs	538,846	31,907	391,999	30,500
Shooks for making casks ..	—	70,320	—	23,000
Skins (furs) .. .. .. pieces	439,078	217,620	347,154	193,000
Soap	—	90,948	—	75,000
Socks	—	27,700	—	25,000
Soda ash .. .. .. tons	6,711	67,207	8,312	82,000
Soy .. .. .. ,,	768	26,635	899	22,000
Spirits of wine .. .. galls.	523,227	46,660	559,661	43,000
Stationery	—	96,506	—	97,000
Stores, household	—	35,571	—	44,000
Sugar—				
Brown .. .. .. tons	1,458	25,310	5,574	90,000
White .. .. .. ,,	10,473	255,579	7,588	148,000
Refined .. .. .. ,,	—	—	7,363	190,500
Candy .. .. .. ,,	683	25,208	1,803	79,500
Tea .. .. .. lbs.	854,266	21,844	344,960	16,000
Telegraph materials	—	20,455	—	15,500
Timber, hardwood	—	23,873	—	19,500
,, softwood	—	8,200	—	27,000
Tin foil and other foil	—	28,653	—	14,000
Tobacco	—	141,786	—	196,500
Tools, hand	—	30,021	—	53,000
,, machine	—	13,562	—	49,000
Toys	—	27,366	—	24,000
Trunks and suit-cases	—	8,331	—	6,500

APPENDIX No. II—*continued.*

Article.	1923.		1924.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Twine .. .. .. tons	696	27,739	302	12,000
Vegetables, fresh .. .. „	2,949	32,602	1,631	21,500
„ dried and preserved tons	—	12,873	—	13,000
Vehicles and parts thereof—				
Locomotives and tenders ..	—	56,330	—	172,000
Railway carriages and wagons	—	75,267	—	143,500
Motor cars and parts	—	33,168	—	66,500
„ cycles and parts ..	—	945	—	1,500
Jinrikshas and parts	—	7,950	—	3,000
Bicycles, etc.	—	16,222	—	19,000
Unclassed	—	3,057	—	7,000
Wax, paraffin .. .. tons	3,176	90,475	3,418	131,500
Wheat .. .. .. „	—	—	21,739	241,500
Wines, beer, spirits, etc.—				
Beer	—	67,046	—	25,000
Brandy	—	5,378	—	4,500
Liqueurs	—	2,265	—	3,000
Sake in bottles	—	12,304	. .	10,500
„ in casks	—	115,525	—	100,500
Whisky in bottles	—	8,394	—	10,000
Wines in bottles	—	3,058	—	2,000
Other	—	26,924	—	18,000
Woodfish	—	12,185	—	8,500
Wool, sheep's	—	29,906	—	—
Miscellaneous	—	483,416	—	724,000

Appendix No. III.

Imports into Dairen from Chinese Ports during the years 1923-24.

Article.	1923.		1924.	
	Quantity.	Value.	Quantity.	Value.
		£		£
Cotton Goods—				
Shirtings .. .. .. pieces	15,381	14,143	7,881	8,000
Sheetings .. .. .. ,,	354,702	284,190	345,631	292,500
Nankeens	—	74,202	—	59,000
Blankets .. .. .. pieces	196,015	34,082	186,888	35,500
Towels .. .. .. doz.	127,498	18,539	78,655	13,000
Other	—	24,409	—	18,500
Cotton yarn .. .. .. tons	1,714	202,600	4,830	650,000
Metals and minerals .. ,,	841	16,842	274	6,500
Cattle .. .. .. No.	1,248	8,388	—	—
Bags, gunny .. .. .. pieces	1,303,854	20,822	1,124,641	38,500
Books, printed	—	42,277	—	44,000
Candles .. .. .. lbs.	501,760	10,847	734,720	11,000
Cereals—rice .. .. tons	3,613	46,468	8,243	115,500
Cigarettes	—	523,624	—	316,000
Cotton, raw .. .. .. tons	173	9,626	530	55,000
Flour, wheat .. .. .. ,,	10,055	132,240	55,850	776,000
Fruits, fresh	—	13,934	—	17,500
Leather .. .. .. tons	378	56,326	255	10,500
Paper .. .. ,,	2,352	52,979	2,052	56,500
Silk piece goods .. .. lbs.	170,240	179,246	136,540	150,000
Socks, cotton	—	28,934	—	24,000
Tea .. .. lbs.	1,232,000	44,580	1,097,600	41,000
Tobacco	—	192,017	—	163,000
Miscellaneous	—	487,445	—	466,500
Total	—	2,518,900	—	3,368,000

Appendix No. IV.

Exports from the Port of Dairen during the years 1923-24.

Article.		1923.		1924.	
		Quantity.	Value.	Quantity.	Value.
			£		£
Cotton yarn	tons	21	2,744	103	15,000
Pig iron	,,	82,647	465,678	87,961	547,000
Ammonia, sulphate of	,,	4,701	60,570	7,442	95,500
Bags	pieces	1,972,645	48,001	1,123,149	33,000
Bean cake	tons	1,146,353	7,370,785	1,216,953	8,325,500
Bean meal	,,	26,872	54,974	27,962	61,000
Beans—					
Black	,,	7,670	67,279	8,465	79,500
Green	,,	22,851	180,317	21,804	183,000
Small green	,,	11,669	115,948	15,147	141,000
Red	,,	20,909	183,327	25,011	311,000
White	,,	4,602	40,740	3,960	37,000
Yellow	,,	645,903	5,662,948	682,396	6,366,500
Other	,,	17,606	128,647	13,288	102,500
Bones	,,	8,307	41,076	13,338	69,000
Bran	,,	59,226	294,252	27,421	167,000
Bristles	,,	162	41,717	134	41,000
Carpets	pieces	7,167	33,351	3,591	34,500
Cement	tons	5,331	15,607	31,253	97,000
Cereals—					
Barley	,,	176	3,287	152	3,500
Buckwheat	,,	1,154	6,882	3,087	23,000
Kaoliang	,,	222,068	1,622,484	80,103	745,000
Maize	,,	115,778	676,720	31,717	245,000
Millet	,,	16,999	124,202	10,088	94,000
Rice	,,	867	11,400	1,561	24,000
Wheat	,,	3,304	28,969	1,004	11,000
Other	,,	1,229	3,721	1,442	6,500
Cigarettes	,,	1,747	358,261	1,691	368,000
Coal	,,	129,656	2,270,565	146,935	2,739,500
Cotton, raw	,,	1,081	59,551	2,520	156,500
Dyestuffs	,,	352	15,399	462	21,500
Flour, wheat	,,	3,099	40,760	262	3,000
Grass cloth—					
Coarse	lbs.	7,616	571	—	—
Fine	,,	134,176	21,019	—	—
Groundnuts—					
In shell	tons	3,443	32,202	7,161	69,500
Kernels	,,	6,671	97,482	8,026	134,000
Hides	,,	171	13,497	707	65,500
Hair, horse—					
Manes	,,	81	6,680	55	2,500
Tails	,,	92	10,346	114	14,500
Liquorice	,,	1,027	19,511	579	11,500
Intestines	,,	—	—	117	18,500

APPENDIX No. IV—*continued.*

Articles.		1923.		1924.	
		Quantity.	Value.	Quantity.	Value.
Oil—					
Bean	tons	111,688	2,611,279	89,666	2,509,500
Groundnuts	,,	785	18,866	1,012	25,000
Other	,,	1,489	34,703	733	19,000
Perilla seed	,,	—	—	842	23,500
Meats, fresh or preserved	,,	1,271	30,280	1,175	33,500
Salt	,,	171,026	219,921	162,425	222,000
Samshu	,,	364	9,371	454	12,500
Seeds—					
Castor	,,	4,237	49,533	10,865	157,000
Cotton	,,	1,774	7,678	1,597	8,000
Hemp	,,	14,125	136,230	29,002	273,000
Linseed	,,	789	7,613	—	—
Melon	,,	14,604	178,047	6,471	132,500
Perilla	,,	10,395	142,187	12,066	212,500
Sesamum	,,	17,735	310,997	11,529	250,500
Other	,,	296	3,374	712	13,500
Silk—					
Raw, wild, not filature	lbs.	430,080	227,001	181,440	70,000
Raw, wild filature	,,	647,360	559,524	340,480	230,000
Cocoons, wild	tons	140	59,350	1,102	61,500
Cocoons, pierced	,,	2,069	174,172	143	41,500
Waste	lbs.	869,120	77,125	790,220	43,000
Cocoons, refuse	,,	683,200	12,868	183,680	2,000
Pongees	,,	7,392	3,866	4,480	2,500
Other	,,	—	4,349	—	1,000
Skins—					
Undressed	pieces	369,218	34,697	266,598	31,500
Dressed	,,	255,977	38,855	272,023	63,000
Furs	,,	204,371	22,763	135,638	16,000
Stone, (marble, granite, etc.)		—	27,694	—	44,500
Straw braid	lbs.	580,160	26,546	421,120	20,500
Timber, soft and hard wood	sq. ft.	8,552,678	50,360	10,033,504	65,500
Tobacco, leaf and other	lbs.	504,000	7,090	355,680	6,000
Wood, poles		—	11,005	—	2,000
Wool—					
Camels	lbs.	1,095,360	49,753	577,920	36,500
Sheep's	,,	5,147,520	124,953	10,056,640	307,000
Miscellaneous		—	344,557	—	377,000

Appendix No. V.

Trade by Countries.

Flag.	Import.	Export.	Total.
	£	£	£
United Kingdom	684,000	1,395,000	2,079,000
Hongkong	451,000	347,500	798,500
British India	245,000	—	245,000
Canada	462,000	19,500	481,500
Other British	6,000	76,500	82,500
Total	1,848,000	1,838,500	3,686,500
Japan	7,130,500	16,023,000	23,153,500
Corea	100,000	143,000	243,000
Netherlands, Indies	224,000	765,500	989,500
Philippine Islands	3,500	160,500	164,000
Turkey, Persia, Egypt	72,500	1,362,000	1,434,500
Other	9,500	11,500	21,000
Total	7,540,000	18,465,500	26,005,500
U.S.A.	3,505,000	948,000	4,453,000
Germany	759,500	371,000	1,130,500
Netherlands	24,500	1,143,500	1,168,000
Belgium	369,000	74,500	443,500
France	151,500	126,000	277,500
Italy	29,500	226,000	255,500
Other	63,500	73,500	137,000
Total	4,902,500	2,962,500	7,865,000
Grand total	14,290,500	23,266,500	37,557,000

N.B.—These figures do not include Chinese trade.

Appendix No. VI.

Return of Shipping at the Port of Dairen during the years 1923-24.

Steam.

	1924.		1923.	
	Vessels.	Tons.	Vessels.	Tons.
Entered.				
Japanese	2,030	5,189,816	1,958	4,853,000
Chinese	704	747,425	903	930,352
British	122	620,791	162	726,988
American	54	349,416	59	373,466
Dutch	23	161,873	32	216,016
German	51	331,007	31	204,716
Norwegian	40	81,687	25	59,448
Danish	5	39,134	11	80,334
French	38	119,956	9	31,799
Russian	6	10,593	9	17,842
Swedish	1	5,042	—	—
Italian	7	46,176	—	—
Panama	1	4,974	—	—
Danzig	2	15,768	—	—
Total	3,084	7,723,698	3,199	7,493,961
Cleared.				
Japanese	1,993	5,108,615	1,964	4,874,351
Chinese	701	740,419	903	935,705
British	123	629,769	165	731,710
American	53	341,946	59	373,466
Dutch	22	161,144	32	216,016
German	50	325,090	31	204,716
Norwegian	41	83,365	25	59,448
Danish	5	39,134	11	80,334
French	39	120,332	9	31,799
Russian	6	10,593	9	17,842
Swedish	1	5,042	—	—
Italian	7	46,176	—	—
Panama	1	4,974	—	—
Danzig	2	15,768	—	—
Total	3,044	7,632,367	3,209	7,539,953
Sailing.				
Entered.				
Chinese	4,804	45,387	6,073	58,720
Japanese	91	2,636	88	2,935
Other	2	446	2	129
Total	4,900	48,469	6,163	61,784
Cleared.				
Chinese	4,798	45,293	6,146	60,128
Japanese	90	2,773	71	2,479
Other	4	357	3	171
Total	4,892	48,423	6,220	62,778

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(All prices are net and those in parentheses include postage.)

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Algeria, Tunisia and Tripolitania	2s. 6d. (2s. 8d.)
Argentina (1923)	2s. 0d. (2s. 1d.)
Argentina (1924)	2s. 0d. (2s. 1d.)
Austria	1s. 6d. (1s. 7d.)
Belgium	3s. 0d. (3s. 1d.)
Belgian Congo	1s. 6d. (1s. 7d.)
Brazil	3s. 0d. (3s. 1½d.)
Bulgaria	9d. (10d.)
China	1s. 6d. (1s. 7d.)
Colombia	1s. 0d. (1s. 1d.)
Czecho-Slovakia	1s. 6d. (1s. 7d.)
Denmark	2s. 0d. (2s. 1d.)
Dominican Republic and Hayti	1s. 6d. (1s. 7d.)
East Africa (1923)	1s. 6d. (1s. 7d.)
East Africa (1924)	1s. 6d. (1s. 7d.)
Egypt	1s. 6d. (1s. 7d.)
Finland	2s. 0d. (2s. 1d.)
France	6s. 0d. (6s. 3d.)
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Hungary	1s. 6d. (1s. 7d.)
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Turkey	1s. 6d. (1s. 7d.)
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Uruguay (1924)	9d. (9½d.)

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Belgium	3s. 6d. (3s. 8d.)
Brazil	2s. 6d. (2s. 7d.)
British West Indies	1s. 6d. (1s. 7d.)
Chile	3s. 0d. (3s. 1d.)
China	*(See Cover.)*
Columbia	2s. 0d. (2s. 1d.)
Czecho-Slovakia	1s. 6d. (1s. 7d.)
Denmark	1s. 6d. (1s. 7d.)
Dominican Republic and Hayti	2s. 0d. (2s. 1d.)
Egypt	2s. 0d. (2s. 1d.)
Esthonia	1s. 0d. (1s. 0½d.)
Finland	2s. 0d. (2s. 1d.)
France	*(In preparation.)*
Germany	*(In preparation.)*
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Hungary	1s. 6d. (1s. 7d.)
India	*(In preparation.)*
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Spain	2s. 6d. (2s. 7d.)
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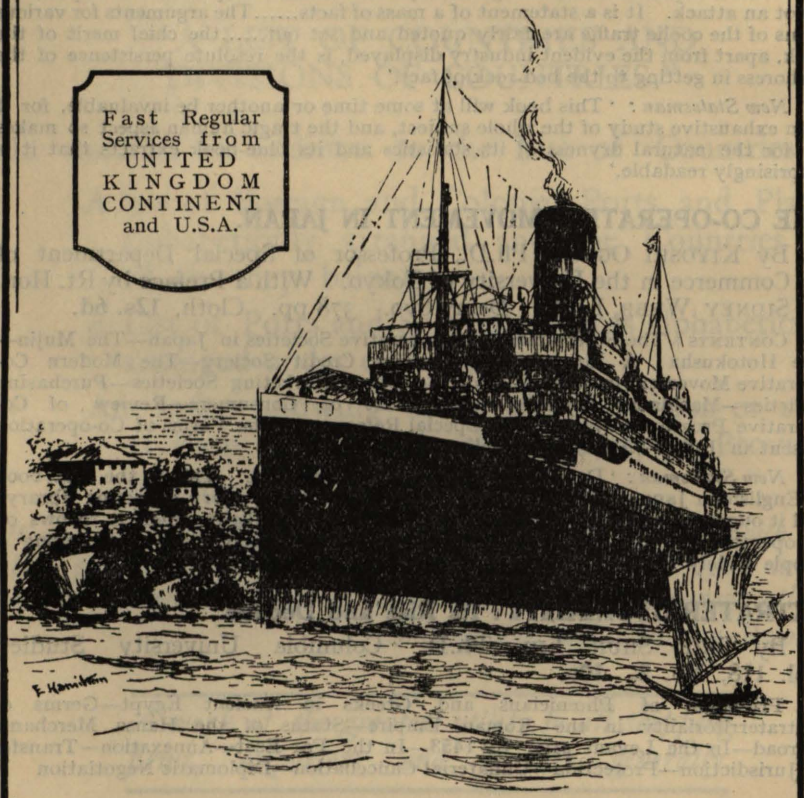

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