

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

Microfilm Publication M1444

CORRESPONDENCE OF THE MILITARY
INTELLIGENCE DIVISION RELATING
TO GENERAL, POLITICAL, ECONOMIC,
AND MILITARY CONDITIONS IN CHINA
1918-1941

Roll 14

MID 2655-I-1 to 2655-I-87

**THE NATIONAL ARCHIVES
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION**

WASHINGTON: 1986

INTRODUCTION

On the 19 rolls of this microfilm publication are reproduced record cards and correspondence of the Military Intelligence Division (MID) that relate to conditions in China from 1918 to 1941. The documents reproduced are largely reports from the U.S. military attache assigned to China and his assistants. The MID correspondence from which the six files reproduced on the microfilm publication were extracted is a part of Records of the War Department General and Special Staffs, Record Group (RG) 165.

BACKGROUND

The Military Intelligence Division originated in 1885, when Adj. Gen. Richard C. Drum directed Maj. William J. Volkmar of the Military Reservation Division to organize a Division of Military Information. Drum's action was in response to an increasing need for the systematic collection and dissemination of information relating to foreign and U.S. military services. The Military Information Division, as it became known, functioned as an adjunct of the Military Reservation Division until 1889. The congressional appropriation act of September 22, 1888 (25 Stat. 481), provided for "the pay of a clerk attendant on the collection and classification of military information from abroad." It also specified that officers detailed to obtain military information would be entitled to allowances for mileage and transportation, and to commutation of quarters. As a result of this act, the first U.S. military attaches were detailed during 1889 to U.S. diplomatic posts at London, Paris, Berlin, Vienna, and St. Petersburg. In addition, the act laid the necessary financial groundwork for the Adjutant General's confidential order of April 12, 1889, which established the Military Information Division as "a separate division under the personal supervision of the Adjutant General."

An act of February 14, 1903 (32 Stat. 830), reorganized the War Department hierarchy, creating a War Department General Staff headed by a Chief of Staff. Six months later, Secretary of War Elihu Root's order of August 8 directed the transfer of the Military Information Division and its records to the Office of the Chief of Staff, effective August 15, 1903. Under the new organization, what had been the Military Information Division became the Second Division (of three divisions) of the General Staff. War Department General Order 128, dated August 12, 1908, provided for the reorganization of the General Staff into sections and thereunder into such committees as necessary for the transaction of business. As a result of this order, the Second

Division (military information) was merged with the Third Division (military planning and education) to form the Second Section. A reorganization of September 26, 1910, abolished the Second Section and transferred its responsibilities, including military information, to the new War College Division.

The entry of the United States into World War I on April 6, 1917, greatly increased the work of the War College Division. To deal with the growing intelligence workload, the Chief of Staff, in a memorandum dated April 28, 1917, directed that a separate military intelligence section be established within the War College Division. Most records relating to foreign intelligence created or accumulated by the Military Intelligence Section were filed in the central correspondence of the War College Division. A reorganization of the General Staff, under authority of War Department General Order 14, dated February 9, 1918, abolished the War College Division. All intelligence functions passed to the Military Intelligence Branch of the newly created Executive Division. This branch began keeping its own records, separate from those of other branches or divisions of the General Staff. Subsequently, some files were withdrawn from the War College Division records (now inherited by the War Plans Division) and incorporated into the separate series of Military Intelligence Branch records. A second major wartime reorganization of the War Department General Staff occurred under authority of General Order 80, dated August 26, 1918, which established a separate Military Intelligence Division (MID). The order also provided that the MID was to be headed by an officer designated as director of military intelligence who would function as an assistant to the Chief of Staff. The MID continued keeping the separate series of records maintained by the former Military Intelligence Branch.

As a result of War Department General Order 41, dated August 16, 1921, the MID was given the additional designation of G-2 and was constituted as one of the five General Staff divisions, each under the immediate control of an Assistant Chief of Staff. This organizational structure remained largely unchanged through World War II.

The major function of the MID and its predecessors was the collection of military information about foreign countries. Military attaches and observers assigned to those countries were the principal means by which the MID collected such information. The main duties of a military attache were to observe and report on the organization, training, equipment, doctrine, and operations of foreign military forces. In addition, the attache reported on political, economic, and social conditions in the country to which he was assigned, especially as they influenced military affairs. To carry out this work, the attache had a small staff, including assistant military attaches who prepared their own reports, to assist him.

Although the United States first dispatched military attaches to foreign posts in 1889, it did not assign a military attache to China until 1900. U.S. military attaches remained in China until the Nationalist Government moved to the island of Formosa in December 1949.

Record Description

The documents reproduced on this microfilm publication, largely military attache reports but also including documents created by other U.S. Government agencies and foreign governments, are from the records of the Military Intelligence Division and date from 1918 to 1941. Some extant reports on conditions in China for the period 1903 to 1917, from military attaches and other sources, are in the correspondence of the War College Division, also part of RG 165, but are not filmed on this publication. In addition, although this publication reproduces the six principal MID files relating exclusively to China for the period 1918 to 1941 (general conditions, political conditions, economic conditions, army, navy, and aeronautics), it does not reproduce all MID files relevant to China.

The Military Intelligence Division filed correspondence in accordance with the "record card system," utilized widely in the late 19th and early 20th century by the War Department. On each incoming and outgoing communication and on each enclosure, a record clerk placed in the upper-right corner of the first page a file designation consisting of a master number representing the main subject of the communication. Following the master number, the record clerk sometimes entered an alphabetical or numerical suffix representing a subfile under the subject of the master number, and an additional number representing the sequential order under the subfile (e.g., MID 2657-I-1 or 2657-I-276/55 or 2055-622/178). In other instances, when no subfile was involved, the clerk simply added a numerical suffix to the master number to indicate the next sequential transaction (e.g., 2055-606).

After the clerk had assigned a file designation to the communication, he summarized its contents on a record card and placed the same file designation on the record card. Record cards were subsequently annotated to show the routing and ultimate destination or disposition of a communication. The clerk then prepared name, subject, and geographic index cards as finding aids to the communication and the record card. The index cards were filed alphabetically. The communications and the records cards were filed numerically by their assigned file designations. In addition, the MID kept chronological lists ("Dispatch Lists") of all communications received from an attache at a particular post.

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

In its filing scheme the MID used letters to designate particular countries; I represented China. Therefore, under the master number for economic conditions (2655), the designation 2655-I relates to economic conditions in China. Individual documents under that designation were numbered generally in chronological order. However, within this and the other file designations, other sets of numbers are sometimes used as subfiles for more specific subject categories. For instance, reports on China's "National Economic Council," 1933-36, are filed under 2655-I-165, with individual documents on the subject numbered 1 to 7. Thus a typical file number containing all these elements would be 2655-I-165/6.

There are gaps in the sequential numbers following master numbers. The gaps have two principal explanations. First, during the late 1920's the War Department destroyed a large number of individual documents as "useless papers," an action authorized by an act of Congress dated February 16, 1889 (25 State. 672). There is a list, filmed at the beginning of each master number, enumerating document numbers that were destroyed. Second, on August 7, 1941, the MID abandoned its numeric file system and adopted the War Department decimal file scheme. At that time, the numeric file was closed and many documents were transferred from it to the new G-2 decimal file. Neither these documents nor those received during the last half of 1941 are reproduced in this microfilm publication. For most communications transferred to the G-2 decimal file, a clerk prepared a card and inserted it in the old numeric file where the communication had been. Each card cites the decimal file designation to which the communication was transferred. Correspondence in the G-2 decimal file is now part of Records of the Army Staff, RG 319.

The contents of the records filed under the six master numbers of the MID correspondence reproduced in this microfilm publication are described below. The master numbers pertaining to more general subjects have been filmed first (general, political, and economic conditions), followed by those relating to more specific topics (army, navy, and aeronautics). Within each master number most documents have been filmed in file designation order. Some of the reports, however, include oversize enclosures, particularly maps. Such oversize documents have not been filmed in sequence, but at the end of the roll containing the appropriate file designations; cross-references have been inserted to indicate where such documents originally appeared and their new locations at the end of the roll.

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

The record cards for the six master numbers of MID correspondence relating to China appear on roll 1 of this microfilm publication. The record cards are filmed in the same sequence as the six master numbers. They provide a synopsis of each document, including those destroyed in 1929 by the War Department and those dated before mid-1941 that were transferred to the decimal file. The record cards thus serve as a finding aid to the extant documents filmed in this publication.

Contents

"General Conditions in China" (MID 2055)--Records pertaining to current political, economic, and social events and general trends in the military services. Most are periodic reports submitted weekly or monthly, each report covering several--sometimes diverse--subjects in an abbreviated format. Much of the information was drawn from newspapers or periodicals.

The most frequently recurring reports are those dealing with current military, political, and related foreign events, January 1918-May 1941 (MID 2055-622). Other documents include a 1921 report detailing Japanese atrocities in Manchuria (MID 2055-395); reports on the increase in the size of the Japanese population in Manchuria, December 1925-January 1940 (MID 2055-635); and a province-by-province census of the population of China, October 1930-March 1937 (MID 2055-685).

Also included is a 1921 report, with photographs, of a trip through Yunnan, Szechwan, and eastern Tibet by Maj. John Magruder, assistant military attache. The purpose of the trip was to observe conditions in the provinces of Yunnan and Szechwan, both of which border on Burma and Tibet. Major Magruder was the first representative of the U.S. Government to visit these areas in an official capacity (MID 2055-486).

"Political Conditions, China" (MID 2657-I)--Records complementing the information on general conditions in MID 2055. This file contains attache reports that give more detail concerning Chinese politics and foreign relations.

Reports on lawlessness in the Chinese countryside, 1922-24, are covered in MID 2657-I-251. The policy, ideology, and formation of the Kuomintang, 1926-39, are reported in MID 2657-I-321. Chinese personalities, including Chiang Kai-shek and T. V. Soong, are profiled in MID 2657-I-362.

Soviet activities within China are reported in MID 2657-I-281. The use of American publicity and foreign influence to combat Soviet activities is covered in MID 2657-I-282. Reports on border clashes between Soviet and Chinese troops are detailed in MID 2657-I-382.

There are numerous "Situation Reports" relating to the military situation within China, 1924-41 (MID 2657-I-276). Subjects covered include civil battles between warlords, the civil war between north and south China, the campaigns against the Communists, intra-Kuomintang struggles, and military actions against the Japanese in the Second Sino-Japanese War.

"Economic Conditions, China" (MID 2655-I)--Reports compiled in the office of the military attache from published government statistics, interviews with foreign industrialists, and articles appearing in newspapers and periodicals; also reports prepared in the office of the U.S. commercial attache.

Characteristic of the reports on economic conditions, 1919-38, is a report on the coal resources in Honan Province (MID 2655-I-50). The report details the uses of the mined coal, the location of the mines, the history of the coal mines in Honan Province, and the operation of the coal mines. Other reports describe the development of hydroelectric power in Shanshi Province, December 1934 (MID 2655-I-166).

Additional reports relate to iron and steel production (MID 2655-I-114); foreign loans to Chinese companies (MID 2655-I-123); the oil shale industry in Manchuria (MID 2655-I-129); the British Committee of Information in Tientsin, which provided information on Chinese affairs for British businessmen (MID 2655-I-132); and opium traffic in China (MID 2655-I-146). Also included are U.S. Department of Commerce reports on iron and gold resources (MID 2655-I-77).

"Army, China" (MID 2009)--Reports pertaining to general conditions in the military services (including information on military organizations, personalities, national defense and preparedness, training, and maneuvers) and to observation of Chinese Army units. The reports relate to military engagements between warlords, clashes between Chiang Kai-shek and his fellow Nationalists, the campaigns against the Communists, and the efforts of the Nationalists against the Japanese. There are also detailed biographies of Chinese Army officers, including Chiang Kai-shek (MID 2009-244).

Records relating to the Chinese military also include a 1926 study of the Chinese National Revolutionary Army, which was compiled by the entire staff attached to the office of the military attache in Peking. The report presents a general picture of the Chinese Army, its organization, strength, equipment, morale, pay, and training (MID 2009-176). Also included is a 1927 report listing 1,200 military terms, alphabetically arranged and compiled in two parts, Part I in English and Part II in romanized Chinese, according to the Wade system (MID 2009-182).

Other reports relate to the composition of the Mongolian Army (MID 2009-156); the use of Soviet troops in China (MID 2009-163); The Red Spear Societies, groups of farmers and shopkeepers that banded together to maintain law and order (MID 2009-170); the Soviet military mission in China (MID 2009-181); tables of organization for the National Revolutionary Army (MID 2009-198); and the effectiveness of German military instructors in China (MID 2009-255).

"Navy, China" (MID 2733)--Records chiefly pertaining to the training of Chinese naval officers, appointment of officers, and the purchase of new gunboats. The U.S. military attache devoted some attention to Chinese naval affairs even though the Navy was not strictly within his sphere of responsibility.

Specific reports cover such subjects as the employment of British naval officers in the training and development of the Chinese Navy (MID 2732-7) and the launching of two new gunboats for coastal defense (MID 2732-12).

"Aeronautics, China" (MID 2078)--Reports prepared by the assistant military attache for air, mostly relating to military aviation, but some relating to civil aeronautics.

These reports reflect an effort by the assistant attache for air to systematically collect intelligence on the Chinese Air Corps. Included are annual "Aviation Intelligence" reports on appropriations, production, bases, organization, and training, 1924-39 (MID 2078-70); "Current Aviation Activity" reports on the use of commercial and military aircraft and the number of foreign pilots and instructors employed, 1929-34 (MID 2078-95); and reports with diagrams of airfields throughout China, 1927-41 (MID 2078-87). There are also reports with diagrams of possible emergency landing fields and seaplane bases, 1928-30 (MID 2078-88).

Additional reports relate to the first commercial aviation enterprise in China, 1920 (MID 2078-18); foreign personnel with the Manchurian Air Force, 1925 (MID 2078-74); activities of French armaments representative Count de Boigne, 1926-27 (MID 2078-85); the establishment of air routes, 1929-35 (MID 2078-97); the purchase of German military aircraft, 1931-32 (MID 2078-110); the Central Aviation School in Hangchow, 1932-34 (MID 2078-125); plans for air defense, 1932-38 (MID 2078-142); and the delivery of Soviet aircraft and supplies to the Chinese, 1939 (MID 20768-158).

Security Classification

Many of the documents filmed in this microfilm publication were classified as secret, confidential, or restricted at the time of their creation and had those classification markings stamped, typed, or written on them. The National Archives and Department of the Army have reviewed and declassified all of the records filmed in this publication.

RELATED RECORDS

In RG 165 are additional intelligence records concerning China. Information on China can be found under other file designations of the MID correspondence, 1918-41. Because the records under other file designations do not deal exclusively with China but contain extensive documentation pertaining to other subjects or countries or if they relate exclusively to China deal with less significant subjects, they have not been reproduced here. Access to these records is by the name, subject, and geographic indexes to the MID correspondence and by the dispatch lists of incoming reports to the MID. Microfilm publications of these records are Name Index to Correspondence of the Military Intelligence Division of the War Department General Staff, 1917-1941, M1194, and Registers of Communications Received From Military Attaches and Other Intelligence Officers ("Dispatch Lists"), 1889-1941, M1271. Roll 1 of M1271 contains the lists of reports from the military attache in China. Also in RG 165 are the records of the War College Division of the War Department General Staff, which contains military attache and other reports from China for the period 1903-17. An index to these records has been microfilmed as Indexes to Records of the War College Division and Related General Staff Offices, 1903-1919, M912.

Military attache reports and other army intelligence records that relate to China and date from mid-1941 are in RG 319.

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

Some information pertaining to the appointment of military attaches to China before 1916 is in Records of the Adjutant General's Office, 1780's-1917, RG 94. Records relating to naval intelligence, including naval attache reports, are among Records of the Office of the Chief of Naval Operations, RG 38.

Many records on U.S.-Chinese relations are in General Records of the Department of State, RG 59. Microfilm publications of these records include Despatches From U.S. Ministers to China, 1843-1906, M92; Records of the Department of State Relating to Political Relations Between the United States and China, 1910-1929, M339; Records of the Department of State Relating to Political Relations Between China and Other States, 1910-1929, M341; and Records of the Department of State Relating to Political Relations Between China and Japan, 1930-1944, M976.

Other diplomatic records relating to China are in Records of the Foreign Service Posts of the Department of State, RG 84. Two series have been microfilmed: Records of the United States Legation in China, 1849-1931, T898, and Records of the United States Consulate in Kunming, 1922-1928, T402.

Herbert Rawlings-Milton wrote these introductory remarks and prepared the records for microfilming.

APPENDIX

Military Attaches, China

Lt. James H. Reeves	Dec. 20, 1900-July 31, 1902
Capt. Andre W. Brewster	Aug. 1, 1902-May 31, 1905
Capt. Henry Leonard	June 1, 1905-May 13, 1907
Capt. James H. Reeves	May 14, 1907-June 30, 1912
Maj. Albert J. Bowley	July 1, 1912-Aug. 31, 1914
Lt. R. H. Sillman	Aug. 31, 1914-Feb. 18, 1915
Capt. Isaac Newell	Feb. 28, 1915-Sept. 1918
Lt. Col. Walter Drysdale	Sept. 1918-Nov. 1921
Col. Sherwood A. Cheney	Nov. 1921-Sept. 1, 1924
Lt. Col. Joseph H. Barnard	Sept. 1, 1924-Oct. 4, 1926
Maj. John Magruder	Oct. 4, 1926-Mar. 16, 1930
Col. Nelson E. Margetts	Mar. 16, 1930-Mar. 3, 1932
Lt. Col. Walter Drysdale	Mar. 3, 1932-July 8, 1932
Col. Joseph W. Stilwell	July 8, 1932-June 13, 1939
Lt. Col. William Mayer	June 13, 1939-June 28, 1942

- 4 -

SUBJECT.....

From..... H.A.

No..... 2227 Date....., 19

Replying to No..... Date....., 19

The Canadian Methodist Mission at Chengtu own and operate a private plant. - American machinery.

Location: Luchow, Ssuch'uan.
Nationality: Chinese.
Capacity: 12 K.W. - 500 lamps.

Remarks: The plant was supplied by the General Electric Company of China (British). The electric equipment is General Electric Company, Birmingham. The voltage is 100.

There are also small plants located at Tzeliuching (自流井) and Wanhsien (萬縣), Ssuch'uan.

FLOUR MILLS.

Chengtu: There are three small Chinese flour mills using Japanese machinery.

Changshou:

Name: (Kung Chi) Chi Nien Flour Factory. (公記紀念面粉公司).
Nationality: Chinese.
Location: Changshou (長壽), West China.
Approximate Capital: \$15,000.
Output: 50 to 60 bags per day at 40 catties per bag. Retail price in Chungking about ~~\$2~~ \$3.00 per bag.

Workmen: 20.

Destination of products: Ssuch'uan.

Earnings: No profit was made by the original Company, so they leased the plant to Kung Chi. The latter is doing a little better business than before.

General Comments: When the condition is settled in this province, and if they find the business is profitable, they may require another plant.

0005

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

SUBJECT.....

From..... H.A.

No..... 2227 Date....., 19

Replying to No..... Date....., 19

GRASS CLOTH INDUSTRY.

There is considerable weaving of grass-cloth in the districts of Neichiang, Jungchang and Lungchang. Only native hand looms are used.

ICE AND COLD STORAGE.

The Asiatic Petroleum Company operate a small ice plant at Chungking. The supply is chiefly taken by the steamers operating on the river.

IRON AND STEEL WORKS.

The Ssuch'uan Provincial Government is considering the establishment of an iron and steel works, with an initial capital of about Tls. 300,000.

Machine Shop:

Name: Wen Hua Ch'ang (文華廠).
Nationality: Chinese.
Location: Tan Tze Shih (彈子石) Chungking.
Approximate Capital: \$4,000.

This is a small machine shop, employing only about 20 workmen, who are engaged in repair work. The manager and owner is Li Chien-fu (李劍夫) who has studied some years in Belgium. The plant has been established about three years. Approximate amount of repair work done annually, \$3,000.

LEATHER FACTORIES:

CHungking:

There are several native Chinese tanners in Chung-king using native methods, as follows:

Binding Margin

James K. Neering 3/26/86

0012

SUBJECT-----

From..... H.A.-----

No..... 2227----- Date....., 19

Replying to No..... Date....., 19

Yearly Out-put	150 piculs	200 piculs	80
Year established	1915	1917	1915.
Machinery:	Italian model	Italian model	Italian model.

Silk Filatures at T'ung Chuan, Ssuch'uan:

Pei Nung (裨農) has 148 basins. Output about 148 piculs per annum.

Mao Hua (懋華) 240 basins. Does re-reeling. Output about 240 piculs per annum.

Tien Ch'ing (天成) 240 basins. Output about 240 piculs.

Chien Chi Hsiang (謙吉祥) 280 basins. Output about 280 piculs.

Shao Hsin (肇新) 250 basins. Output about 250 piculs.

Chengtzu: Mo Fan (模範) Filature.

This is a Government undertaking, the Manager being appointed by the Civil Governor. The capital is about \$20,000. The normal out-put was about 100 bales annually, but during the last year, the out-put was only some twentyodd bales. There were 70 to 80 basins in use.

There are also several silk filatures at Chiating and Shun Ching in Ssuch'uan Province.

SOAP FACTORIES:

Chengtzu:

Chu Chi Soap Factory (	肥皂廠)	Chinese.
Yin Lien Soap " (	肥皂廠)	"

Binding Margin

- 13 -

SUBJECT.....

From..... H.A.

No..... Date....., 19

Replying to No..... Date....., 19

STRAW HAT FACTORIES.Name: The Ssuch'uan Palm Hat Manufacturing Company.

(亨利製帽廠)

Nationality: Chinese.

Location: Tao Tzu Hang (刀子巷), Chengtu.

Number of workmen: 100 laborers.

Output: More than 6,000 hats produced each year. Prices from \$1.00, \$5.00 to \$20.00 each.

Capital: \$10,000.

No machine used.

Sold in the various parts of Ssuch'uan and Peking.

Company started about six years ago. Better grade of hats produced are similar to the Panama Hat.

Name: Hua Chang Straw Hat Company, Limited.

(華璋製帽有限公司)

Nationality: Chinese.

Location: Sha Mao Street. (紗帽街), Chengtu, West China.

Capital: \$20,000.

Capacity: 5,500 1st grade straw hats, \$10,000 second grade and 13,500 third grade per year.

Price: 1st grade \$1.50 each, 2nd grade \$1.00 each, and 3rd grade .30 to .60 each.

Daily production: About 100 hats.

Laborers: 20.

Machine: Sewing and shaping machines are used.

Comments: On account of the boycotting of Japanese goods, the business of native made straw hats seems quite hopeful.

0014

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James K. Neering 3/26/86

- 14 -

SUBJECT

From H.A.

No. 2227 Date, 19

Replying to No. Date, 19

This company was recently formed by Liu Tzu-ju, agent of the Singer Sewing Machine Company in Ssuch'uan, together with some other shareholders.

SUGAR REFINERIES.

Sugar is refined by native methods only. The chief districts in which sugar is grown is the valley of the Yangtze from Suifu to Chungking and the valley of the T'o River, particularly Neichiang and Tzechow. Small sugar factories are scattered at many places along these rivers.

TELEPHONES INSTALLATIONS:

Chungking: A small fifty line exchange for official use only is in operation in Chungking. The telephones are British Insulated and Helsby Cable Company.

Chengtu: This system is operated by the Military authorities, but its use is extended to the public. There are about 350 phones in use. There is a 200 line exchange of two 100 line Western Electric Switchboards.

Binding Margin

Frank K. Nearing 7/26/86

0020

SUBJECT.....

From H.A......

No. 2206..... Date....., 19

Replying to No..... Date....., 19

The effect of the signing of the armistice, as evidenced by the above figures, is an almost complete stagnation of the market, which has caused all mining operations to cease.

It is difficult to even estimate the approximate quantities of future production for any definite length of time, as thus far, no authoritative survey has been made of this field in China. It is estimated that all the mines in the above mentioned districts are capable of equalling their production during the year 1918, for more than ten years. Regarding future shipments abroad, same will be governed entirely by the demands of the American and European markets."

Binding Margin.

0022

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James K. Neering 7/26/86

Number of copies 3

OFFICE CHIEF OF STAFF
Executive Division
Int. Branch.

ODY No.:

2655-D-6
WAR DEPARTMENT
1920

SUBJECT CONDITIONS IN NORTHERN FUKIEN PROVINCE

From a report to American Legation.

From H. A. ECONOMIC FACTOR

No. 2239 Date November 5th 1919, 19

Replying to No. Date, 19

CREDITS-- 89 REC'D, M. I. B., O. C. DEC 29 1919

" Money is needed to pay off the worse than useless soldiers and this cannot be done unless a large foreign loan is forthcoming. This loan must be expended under foreign supervision and control, otherwise most of it will be wasted. Then a local constabulary under foreign direction and command must be installed to put down the bandits. Under peaceful conditions, business would flourish and revenues increase without weighing too heavily on the people. If international supervision of loan expenditures and of policing does not come soon, it can only be expected that such supervision will come in the form of Japanese supervision which would be strongly resented by the people. "

Binding Margin

James K. Neering 7/26/86

0027

PAGE 2

INDUSTRIAL ENTERPRISES IN THE DISTRICT OF AMOY.

H.A.

ECONOMIC

December 4th, 1919.

2276

6----- Industry.

DOCKYARDS.

1. The Amoy Shipbuilding Yard.
Chinese Government (provincial) and local Chinese merchants are joint owners.
Sold in 1918 by British owners to the Chinese. Price \$400,000 Mexican. Original cost, about \$67,000 Mexican.
Dock is 340 feet on blocks and 370 feet over all. Width of entrance, 50 feet. Depth on sill HWOS 18 feet. Equipped for general repair work only. In financial difficulties.

ELECTRIC LIGHT WORKS.

1. Amoy Electric Light & Power Co., Ltd. Amoy, China. Chinese corporation; established 1912. Began operations in 1913.
Capital \$300,000 Mexican.
Equipment: Two 100 K.M. and one k.m. Curtis Turbine Generators (American) and 4 Babcock & Wilcox boilers. Power transmitted in 3 phase 60 cycles 2300 volt alternating current; stepped down to 110 volts for house service.
Earnings: 12 to 13%.
2. John Richards & Co., Ltd. (Shanghai Electric & Asbestos Co.) Branch of Shanghai company (British), supplying light for the international settlement of Kulangsu.
Equipment: 3 suction gas engines (2 British and 1 Chinese) 210 h.p. 3 dynamos (British). Total capacity 150 k.w. 200 volt, direct current.
3. Changma Electric Light & Power Co., Ltd. Plant at Changchow, Fukien. Chinese company.
Capital \$150,000 Mexican.
Plant: One 50 k.w. and one k.w. generator; driven by gas engines. Distributing system 440 volt direct; 3 wire; lamp voltage 220. Plant overloaded. Principally British machinery.
4. Chioh-be Electric Light Company.

0030

DECLASSIFIED BY NND740058

James L. Neering 7/26/86

PAGE 5

SUBJECT INDUSTRIAL ENTERPRISES IN THE DISTRICT OF AMOY

From H. A. ECONOMIC

No. 2276 Date December 4th, 1919, 19

Replying to No. Date, 19

6 -- INDUSTRIAL

Capacity: 180 tons per day.
Output: 50 tons:
Laborers employed: 25.
Equipment understood to be largely Japanese.
Plant has been conducted for several years at a loss.

Binding Margin

0040

DECLASSIFIED BY NND740058

James K. Neering 3/26/86

Page 8./

SUBJECT ECONOMIC SURVEY OF MUKDEN DISTRICT.

From H. A. ECONOMIC

No. 2313 Date Jan 4th 1920, 19

Replying to No. 6--- Date INDUSTRY, 19

houses has increased enormously and building operations, not only in Mukden but in the other cities of this district, have been extensive.

Binding Margin.

0053

DECLASSIFIED BY NND740058 *James K. Nevin* 7/26/86

- 2 -

SUBJECT REPORTED ATTEMPT OF JAPAN TO SECURE TUNGSHA ISLANDS
(CALLED PRATAS ISLANDS ON FOREIGN MAPS).

From H. A. COMBAT

No. 2409 Date March 3, 1920., 19

Replying to No. _____ Date _____, 19

During the SO - STRATEGIC

During the Ch'ing dynasty, these islands were appropriated by Japan in whose possession they remained until the 10th moon 1st year Hsuen Tung (November 1909) when they were recovered in order to safeguard our territorial rights.

In most maps these groups of islands are not shown at all while in others Hsi-sha Islands are included in the Southern Archipelago. Neither is right."

END.

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James K. Neering 3/26/86

0070

2463.

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Copy No
AMERICAN LEGATION

OFFICE OF THE MILITARY ATTACHE
PEKING.

1920 2653-2-24

March 26, 1920.
WAR DEPARTMENT

From: Assistant to Military Attache, Peking, China.
To: Director of Military Intelligence, Washington, D. C.
Subject: Beef Contract.

REC'D, M. I. B., D. C. S. MAY 7 1920

1. The attached letters have just been sent to the Commanding General, Philippine Department, for his information.

Wallace C. Philoon

WALLACE C. PHILCOON,
Major, Infantry.

Enc. 2.

0073

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James K. Nevin 3/26/86

3.

6. Due to the lack of communication and transportation; the character of the Chinese Government, and the corruption of officials etc., much time is required in putting through any new regulations. It is believed that within a few weeks Kats & Company will be able to obtain a sufficient amount of beef of the usual quality to fulfill their contract. They were as late as March 23rd however, still having difficulty in obtaining the necessary number of cattle. Of course it requires some time after purchasing the permits in Tsinanfu to distribute them to the local buyers throughout the Province and to purchase the cattle and bring them in, sometimes it is 50 miles or more by road before reaching the railroad. It is hoped however, that the difficulties have been solved permanently but it is possible that the question will come up again.

WALLACE C. PHILOON,
Major, Infantry.

0078

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James K. Neering 7/26/86

SUBJECT..... OPIUM GROWING IN THE UPPER YANGTZE VALLEY.

From H. A. ECONOMIC.

No. 2479. Date March 30th, 1920., 19

Replying to No. Date, 19

business that day and it was about three p.m. when we entered his shop."

Quotation From Report of Maritime Customs,

"During the calendar year 1919, the Chinese Maritime Customs Officials at Chungking confiscated 3,591 pounds of opium, valued at \$70,000.00 that at Ichang there was confiscated opium weighing 7,932 pounds, valued at \$158,640. The opium confiscated at Ichang came down the river from Chungking, where it was brought from wither Yunnan, Kueichow, or Szechuan Provinces."

END.

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1920 2655-2-28
MAY 19
WAR DEPARTMENT

SUBJECT JAPANESE RESIDENTS, PEKING.
From H. A. ECONOMIC
No. 2465. Date March 29th, 1920., 19
Replying to No. _____ Date _____, 19
REC'D M. I. D. O. C. S. MAY 7 1920

- - - - - 11 - QUANTITATIVE - - - - -

The following data was recently received from a most confidential and reliable source and is forwarded for the information of the Military Intelligence Division.

JAPANESE POPULATION OF PEKING:-

Males -----844
Females ----628
TOTAL . . . 1472

These figures do not included the members of the Legation Guard nor any members of the Japanese Military forces. They do, however, included the civilian employees and members of the Japanese Legation Staff.

- - - : T H E \$ E N D : - - -

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0098

TOTAL JAPANESE LOANS TO CHINA FROM 1917 to 1920.
(continued)

Page 4.

21. Canton Electric Tram loan. 1,500,000 Yuan. Concluded between the Military government of Canton and British and American capitalists on July 13, 1919.
22. Stamp tax loan. \$2,000,000. Concluded between Financial Minister Li and British and American capitalists, secured by 8,000,000 Yuan of Chinese Stamp Tax, redeemable in one year.
- Besides the above there is the Japan-France-China Bank in which Japan and China invested 1,500,000 Yuan each and France 1,000,000 Yuan.

CHINESE LOANS TO BE REDEEMED IN 1920

Loan	Year signed	Total amount yuan	Amount and interest to be paid in 1920 yuan
Franco-China Bank loan,	1914	40,000,000	3,948,848
Tao-Tsing Railway loan,	1914	12,846,200	207,825
Ko-An Konsu loan, . . .	1916	5,000,000	4,635,000
Chicago Bank loan, . . .	1916	10,000,000	9,271,350
Marconi Wireless loan,	1918	6,000,000	430,000
Kai-Po Railway loan, .	1918	10,000,000	675,000
Chartered Bank loan, .	1918	10,000,000	1,080,000
Shantung Railway loan,	1918	2,000,000	1,440,000
Mongolia-Manchuria Rail- way loan,	1918	20,000,000	1,440,000
Manchurian Gold mine and Forestry loan, .	1918	30,000,000	2,025,000
Grand Total amount . .		173,846,200	
Total amount and interest to be paid in 1920 .			27,025,325

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3-1
1920 2653-9
6 JUN 3

WAR DEPARTMENT

SUBJECT CHINA'S NATIONAL DEBT.

From H.A. ECONOMIC.

No. 2554. Date May 14, 1920., 19

Replying to No. Date., 19

REC'D M.I.D., G.S. JUL 2 1920
91 - DEBTS

At the end of 1919, China's national debt amounted to silver dollars, one billion and a half. It was, to be more exact, \$1,474,000,000. For the last three years, this country's total indebtedness, exclusive of overdue military and administrative expenditures, and exclusive of such loans as those which were contracted really for productive or industrial purposes, remained more or less stationary. In 1917 it was \$1,447,000,000. One year later it was \$1,449,000,000. These figures which are approximately correct have been compiled from voluminous official documents accessible to few privileged individuals in the capital, and are believed to be as authentic as any figures available.

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0122

No. 2612.
(Continued)

Page 2.

Cashier	1 part Fls. 100
Clerks	1 " " 100

The apprentices and the messenger boys get their parts of bonus, too; but their parts are not represented on the official scale. Sometimes the manager will put aside one of his parts for them; sometimes the stockholders will give them small sums for reward. In this way, all the employees of the firm get their share. Everybody will feel satisfied; when another year comes, they will work for the firm with renewed, if not additional, energy and loyalty.

Other Systems In Use.

However, the above scale is not universal. There are a variety of scales several of which follow:

A. The bonus as used by commercial houses:-

Stockholders' Dividends	10 parts
Reserve Fund for the firm	1 part
Manager	1 "
Assistant Manager	1 "
Other employees	2 parts
Total	- 15 parts

B. The bonus system used by Shanghai native banks:-

Shareholders' Dividends	10 parts
Manager	1.5 part
Assistant Manager	1 "
Other Employees	2.5 parts
Total	- 15 parts

C. The bonus system as used by Hankow native banks:-

Stockholders' Dividends	8 parts
Manager	1 part
Other Employees	1 "
Total	- 10 parts

Thus, although paying their employees a lower salary than foreign firms, the Chinese firms get much better cooperation from them than do many foreign firms.

End.

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RECORDED & INDEXED SEP 20 1920

PRICE ~~AND INFLUENCING CAUSES OF~~ CHINESE COAL.
(continued)
2594.

Page 2.

Hankow draws its coal from Kiangsi and Hupan, and has an additional source of supply in the mines of Honan, Shansi, and Chilhi along the Peking-Hankow Railroad.

Peking is the most favorably situated of all the cities in respect to the proximity to developed bituminous and anthracite coal fields, with which it has good railway connections.

Tientsin and Shanghai, being on the sea coast, can get their supplies not only from the Chinese coal fields with which they have rail and water connections, but also from the Japanese sources of supply, and the Manchurian fields under control of the Japanese, which ship through Dairen. However, it is said that under a gentlemen's agreement these Japanese coals do not come into the North China market, but only enter into competition with Chinese coal at Shanghai and south of that point.

Canton draws a little coal by rail and water from the small native mines in the interior, but depends mainly on that brought in by the sea route, largely from Japan. There has been a decided coal shortage in Canton, and local coal which usually brings about Mex. \$14 - 15 per ton, now sells at Mex. \$20. per ton, while dust brings Mex. \$10. per ton.

Hongkong draws its supply from North China, Japan, and also from Tonkin, French Indo-China. Prior to the war Cardiff coal was also brought to Hongkong.

END.

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OFFICE CHIEF OF STAFF
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1920

2643-940

OCT 23

WAR DEPARTMENT

SUBJECT ELECTRIC POWER PLANTS IN CHINA.

From H.A.

ECONOMIC.

No. 2643

Date September 14, 1920.

, 19

Replying to No. _____

Date _____

, 19

REC'D M.I.D., G.S. OCT 21 1920

(49) Electrical.

The accompanying lists give the best available data on the existing electrical power and light plants in China.

Encls.

attached

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2.

The exchange increase is figured by taking the cost in gold (any kind of American money) for one Chinese dollar. The rate on November 1st shows about the high water mark in the recent gold recovery.

W. S. Drysdale

W. S. Drysdale,
Major, Infantry.

0142

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James K. Neering 3/26/86

Major C. H. Mason,
Military Intelligence
7th & B,
Washington, D.C.

OFFICE CHIEF OF
MIL. INTEL. DIV.

1921

2655-9-44

APR 9

[Handwritten mark]

Bi-Weekly Special Report

CHINA

APR 11 1921

NOTED: M. I. 21

[Handwritten signature]

CONFIDENTIAL
O. C. S., M. I. D., G. S.

RECORDS SECTION

1921 APR 8 PM 1 15

RECEIVED

Division of

Foreign Research.

April 8, 1921.

General Motors Acceptance Corp.

Dr. J. Henckle

CHINA

Answers to Questionnaire submitted by the Division of Foreign Research.

From Julean Arnold, Commercial Attaché,

Shanghai, China, January 7, 1921.

- - - - -

1. AUTOMOBILES:

a. There is a fair demand for motor cars in those sections of China which now have suitable roads or are about to undertake highway projects. The movement for good roads is rapidly developing into actual construction and probably from 1,000 to 2,000 miles are now under way in the northern part of the country. Much may be expected in the near future in good roads construction in China. The present number of motor vehicles in Shanghai is about 5,000, in Peking over 1,200, in Tientsin probably 600, in Harbin 300, in Hankow 200, Tsingtao 500, Hongkong 500, and in Canton over 100. Motor cars are also in use in Mukden, Dairen, and other cities as well as between Kalgan, Chihli, and Urga, Mongolia. The number of cars in Peking has increased by 400 within the last year.

b. All the cars in use in China were imported.

c & d. There are no local manufacturers of motor cars in this country.

2. PASSENGER CARS:

a. The appearance and price govern the motor car buyer in China above other consideration. As a rule he is not sufficiently familiar with motor vehicles to be able to judge the quality of a car. Among the wealthier officials and merchants there is a surprising number of high-priced cars, but generally speaking the medium-priced vehicle enjoys the largest sale.

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- 2 -

b. Among the Chinese the coupe and the limousine seem to be the most popular on account of the Chinese custom of riding in enclosed vehicles. The Chinese do not have the liking for fresh air so widespread in the United States. Owing to the narrow streets in Chinese cities, the shorter the wheel-base the better. In Peking it is impossible for cars with a long wheel-base to get through all the streets. Also, the narrower the car the better, as there is not much clearance in the congested thoroughfares of Chinese cities. In Harbin the very rough condition of the streets and roads makes it essential that a motor car be able to stand incessant pounding.

c. Probably more than 90% of the motor cars in China are of American manufacture.

3. TRUCKS:

a. The motor truck is being introduced into China very slowly. In Shanghai its use has been found profitable for general hauling purposes, there being about a hundred in use. Several flour mills there have large motor trucks, also three or four of the most enterprising furniture dealers (Chinese) and large department stores have motor trucks. They are of course used extensively by the Standard Oil Co. The China Export & Import Lumber Co. has a number of trucks for use in handling lumber. Several of the Municipal Departments, such as Fire, Electricity, and Tram Systems, have motor cars or trucks for special purposes. There is a regular motor truck service conducted by two garages, the China Garage and the Central Garage. One ton trucks can be hired at \$4. per hour. To my knowledge the Shun Pao, the largest daily newspaper in China, has a regular contract with

0145

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James K. Neering 7/26/86

- 3 -

the China Garage to send a motor truck at about 4 A.M. to the newspaper printing establishment to take papers to the Stations to send off by early trains. So far the light truck has enjoyed the largest sale, most of those in use being less than two tons.

4. GASOLINE SUPPLY:

- a. There is no commercial production of fuel oil in China.
- b. There is no local supply of gasoline.
- c. The imported gasoline comes chiefly from the United States and from Sumatra.
- d. Gasoline substitutes are not used.

5. CREDIT:

- a. As a general rule commercial transactions are on a cash basis, being paid for before shipment. The motor car companies in Shanghai, Tientsin, and Peking and other cities are agents of various American manufacturers and carry a limited number of cars in stock.
- b. To the knowledge of this office it is not customary for credit to be extended by automobile dealers in China to purchasers of cars.
- c. Post-war conditions have not affected perceptibly the possibilities for barter in this country. The foreign trade of China has always for the most part been carried on by large general import and export houses.

6. TAXES:

- a. Taxation in China is not on a sound basis, although the Chinese are probably the lightest taxed people in the world.
- b. It is likely that taxes in China will be increased. In order to raise money for the relief of the famine sufferers, numerous surtaxes have been imposed, and it is probable that some will be retained indefinitely.

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James K. Neuman 3/26/86

- 4 -

c. Foreign companies in China pay taxes to the Chinese Government only on land.

7. WAGES:

a. The increase of wages and salaries in China since 1913 has on the whole been proportionate to the increase in the cost of living. China was less affected by the war than other countries.

b. Among the Chinese in the treaty ports and among those who have visited foreign countries there is a perceptible improvement in the standard of living. Among the hundreds of millions who comprise the great majority of the population there has been little improvement for centuries.

8. SOCIAL ATTITUDE:

a. The workmen of China generally are not organized, although some attempts have been made in Shanghai to form labor societies. There are no workmen's associations similar to the guilds or the trade organizations.

b. The Chinese workingman is concerned with three great problems, food, clothing and shelter. As long as he has something in his rice bowl, something on his back and some kind of a roof over his head he is satisfied. Education has made such little progress in China that the great majority of the people have never heard of the various doctrines indicated in the questionnaire.

9. SOCIALIZATION:

a. In certain directions government enterprises have increased since 1914.

b. Among the enterprises in which the government takes interest are railways, arsenals, mints, paper mills, woolen factories, coal mines,

- 5 -

telegraphs, telephones, and wireless; air mail service, motor roads and motor truck routes.

c. Generally speaking, the special industrial enterprises in which the central government is concerned are not successful, but those in which the provincial governments take part seem to fare better. The principal difficulties are the lack of an adequate civil service system and the absence of general administrative efficiency.

10. AGRICULTURE:

a. The size of an average farm in China is about two acres. In the strict sense of the word this is not a farm but simply a holding of land cultivated by the average farmer. There are no fences or other divisions between holdings of this sort, but they adjoin each other and in North China make large expanses of fields.

b. The area of land under cultivation is increasing in Manchuria and Mongolia.

c. It is difficult to answer this question, but it is believed that the number of live stock in China is fairly stationary. With a few exceptions no attempt is being made to increase the number of live stock in China.

11. FARM LABOR:

a. There is an ample supply of farm labor in China.

b. It may be regarded as fairly stationary, not increasing or decreasing perceptibly.

12. STATUS OF FARMER:

a. The Chinese farmer is better off than before 1914, owing to the world wide demand for his products which resulted from the war. Particularly

- 6 -

is this true in Manchuria, where the farmers who emigrated from Shantung and Chihli are now estimated to have a purchasing power four times as great as their relatives in the provinces which they left.

b. The Chinese farmer has not yet become able to improve his property to any noticeable extent.

13. FARM IMPLEMENTS:

a. Generally speaking, no farm machinery as we know it in the United States is used in China except in Manchuria. In a few cases tractors have been introduced, but the ample supply of human labor has outmatched them.

b. The primary purpose for the introduction of the tractor in China is to extend the area of cultivable land. In one instance it has been employed in plowing hard soil that could not be cultivated easily by human labor.

c. Generally, tractors are not being used and farmers are not familiar with them.

d. The farmer's purchasing power is entirely too low to permit him to experiment with tractors.

14. SHIPPING:

a. American goods consigned to North China should be shipped to Tientsin, which is the principal distributing center. For Central China they should be shipped to Shanghai and for South China to Hongkong. For Manchuria shipments should be routed via Dairen.

b. The question of storage for finished products at Chinese ports is very serious, the facilities being most inadequate. Godowns are being constructed at Shanghai and other ports but at present it is a difficult matter to secure space for bulky products.

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James K. Nevin 3/26/86

- 7 -

16. LITERATURE:

a. The Commercial Handbook of China, by Julean Arnold, published by the Bureau of Foreign and Domestic Commerce, Washington, in two volumes, at \$1. for the set.

"Foreign Rights and Interests in China ", by W. W. Willoughby, published by the Johns Hopkins Press, Baltimore.

"Finance in China", by S. R. Wagel, published by the North China Daily News, Shanghai.

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5.

analyses, crushing strength and resistance to abrasion, that they will be found suitable for most of the industries requiring refractory clay products in the Far East.

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2655-447

<u>date</u>	<u>changed to</u>
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10/12/21 (f)	Capt. M.D. 2

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James K. Neering 7/26/86

N. N. I. 96

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From _____ Date May 28, 1951 Serial No. 331 File No. 403-100
(Commence new series each January first.) (Select proper number from O. N. I. Index.)

Source of information _____

Subject CHINA (SHANGHAI PROVINCE) RESOURCES (Coal)
(Nation reported on.) (Index title as per index sheet.) (Subtitle.)

BRIEF.—(The review, indexing, and distribution of reports by O. N. I. will be greatly expedited if a brief summary of the contents is entered in this space. Mention leading geographical, personal, or political names, and the gist of the report.)

Coal resources in Chekiang Province (浙 12). 2630 = 2-48

BINDING MARGIN. DO NOT BIND AT TOP.

The known coalfields of Chekiang have interested engineers of many nationalities because of their proximity to the coast and to the Shanghai market, but all have pronounced them comparatively insignificant. Transportation difficulties, the poverty of the deposits, and the fact that there is no iron deposit in Chekiang worthy of consideration, have all contributed to discourage development of the Chekiang coal fields by foreign capitalists. In all the districts examined native mining has been carried on for centuries, the output being locally consumed. Lead and zinc occur in Chekiang and in the opinion of engineers it may be profitable at some time in the future when communications have improved to develop the mining of these metals and to utilize the local coals in working them. Aside from this prospect the Chekiang mines are believed to have no future.

THE CHANGSHING FIELD (長興) CHINESE BITUMINOUS.

Uses: The coal from this field cokes fairly well, but the high percentage of sulphur and ash makes its utility doubtful.

Geology: The coal is of Carboniferous age and is folded into a sharp syncline and faulted. It occurs in two horizons in sandstone and shale between limestones and to that extent the indications favor regularity. It is stated that one bed is 3 feet and another 10 feet in thickness but details are far from certain.

Reserve: V. Z. Ting, Director of the Geological Survey estimated a total reserve of 14,000,000 tons in three blocks, but suggests that

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25% should be subtracted from this total for old workings and faults.

Location: The present workings are in the extreme northwest of Chekiang Province, west of the Taihu lake and about 90 li (27 miles) northwest of the city of Changhing, from which the field takes its name. The distance from Shanghai, following the best available line of transport, is 137 miles. Of this distance 125 miles can be covered in most seasons by steam launches towing barges. The remaining 12 miles would entail an overland haul. Mr. Richin in his report upon this field to the Orient Pine Company of New York in 1916 estimated that a light railway could be constructed at a cost of \$500,000 and that the development of the mine would cost as much again.

Ownership: Two Chinese Companies, the Changhing and the Kuang-hing, hold concessions in the field. The Changhing Company's concession cover about 80% of the total area. Local potteries can use as much as 50,000 tons a year of the output.

Analyses: Made by Richin and checked with earlier data by Y. Y. Ting.

	Changhing 1st seam.	Changhing 2nd seam.	Kuang-hing 1st seam.
Moisture	0.74	1.60	0.47
Ash	16.99	13.27	13.64
Volatile	37.10	32.60	43.90
Fixed carbon	44.10	52.50	41.90
Sulphur	2.04	2.59	7.85
	Good coke	Very good coke	Fair coke

THE TUNGLO FIELD (桐廬) CHINESE ANTHRACITE
About 90 miles southwest of Hangchow, on the Chientung river

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From Z. Date May 26, 19 51 Serial No. 331 File No. 493-100
(Commence new series each January first.) (Select proper number from O. N. I. Index.)

Source of information _____

Subject _____
(Nation reported on.) (Index title as per Index sheet.) (Subtitle.)

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there is a small undeveloped anthracite field of Carboniferous age running parallel to the river near Tunglu city. At Husangfu (), 25 kilometers north of the city the seams is said to be four feet thick. South of the city the seams are thin. The beds are folded and faulted and one out-cropping when analyses proved to be too high in ash to be serviceable. Similar small deposits are known to exist northwest of Tunglu in the vicinity of Yuchienhsien.

THE CHUCHOW-CHANGSHAN FIELD (常州常山) CHINESE SUB-BITUMINOUS

Uses: Though much of the coal is of an inferior grade, there is considerable that may be coked and is only moderately high in ash.

Geology: The coal is of Jurassic age and is the most easterly outcropping of a chain of beds which begins in Hunan and crosses Kiangsi south of the Poyang lake. The strata consist mainly of sandstone and have been disturbed so that dips of 50° to 70° are not uncommon. No reliable information can be obtained upon the extent and thickness of the various beds.

Reserve: Estimated by Inouye at 80,000,000 tons in one place and 40,000,000 in another.

Location: Small native mines are, or have been, worked in many localities between and about the towns of Chuchow and Changshan which are at the headwaters of the Chientang river in the southwest of Chokiang province.

Analyses: Inouye gives analyses of samples taken from three points in the field as follows:

	Linshan	Shenking	Shihkou
Moisture	0.72	0.41	0.42

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From E. Date May 26, 19 21 Serial No. 331 File No. 402-100
(Commence new series each January first.) (Select proper number from O. N. I. index.)

Source of information _____

Subject _____
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	Linsien	Shanking	Shihkou
Volatile	15.47	16.66	19.27
Fixed Carbon	75.99	73.13	72.11
Ash	7.82	10.82	8.20
Sulphur	6.69	2.06	1.05
B. T. U.	12.967	12.076	12.711

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THE HENTOUKOU FIELDS (门头沟) ANGLO-CHINESE APPROACHES

Uses: The output from the various mines at Hentoukou is used, for the most part, for domestic purposes in Peking, Tientsin and neighboring towns.

Location: The mines are in a valley in the foothills west of Peking and are connected with the city and with the main system of railways by a 16 mile branch line.

Operation and Ownership: The field is divided up into a number of small claims, mostly owned by Chinese. One claim has been extensively worked by a syndicate known as the Tung Hsing Sino-foreign Coal Mining Company, capitalized at Pts. 1,000,000 in which the majority of the stock is held by British investors. The Langkats Company, a British Malay States rubber company has also invested in a claim adjoining that of the Tung Hsing Company and has sunk a small shaft.

Prior to 1917 the Tung Hsing Company produced about 200 tons of coal a day. In July 1917 all the mines in the valley were flooded and although much pumping has been done and plans have been drawn for much more extensive mining further down the gulch, the water problem has proved an almost insuperable obstacle to working at a profit. Water and Chinese neighbors present many difficulties. The Chinese in their underground workings do not hesitate to exceed their boundaries and intrude upon the foreign properties. They will suspend nothing on pumping or draining. When their mines are flooded they suspend operations, until the foreign companies, into whose properties

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The Administration has a fleet of about 20 chartered steamers and under favorable conditions coal can be shipped from Chinwangtao to Shanghai for as little as \$1.00 a ton or to Hankow for \$3.50. The offices of the foreign and Chinese managers of the Administration are in Tientsin.

History: The formation of the companies controlled by the Kailan mining administration, the acquisition of the various concessions, the history of the financing of the parts and the whole, go to make up a complicated and involved story. Any account which one gets from an interested foreigner or Chinese will be full of hints at unscrupulous dealing and will differ in many seemingly vital details from any other account.

Mining by native methods was carried on at Tangshan at least 500 years ago, perhaps longer. The first attempt at modern mining was made in 1879 when a Cantonese company under the direction of Chin Yee-nou, formerly a door tender in the Imperial Palace who acquired a fortune by accepting tips from distinguished visitors to the Court. This company sank a big shaft at Tangshan and built up a business which by 1900 was disposing of 80,000 tons of coal a year. Many foreign firms sought an interest in the mines and Chin Yee-nou sold options to all and sundry, enjoining secrecy upon each and pocketing the proceeds. In 1900 the Russian soldiery, being transported from Manchuria for the relief of Peking were halted near Tangshan by a delegation of engineers from the mines who went out to welcome them and propitiate them. Unfortunately the railway despatching

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system was in disorder and the train carrying the propitiatory delegation ran into the Russian troop train. This was interpreted as a deliberate attempt to frustrate the movement of troops and the members of the delegation were ordered shot. Skillful intervention saved their lives, but the attention of the Russians who had been intent upon getting to Tientsin was diverted by the incident to the mines which were then seized and occupied. Chin Yea-sou, fearing that the mines were lost and that the Russians would never give them up, hastened to Tientsin and attempted to get foreign backing by granting an option as usual. The option was granted to a Belgian group under the leadership of E. Francoqui. Mr. Herbert Hoover secured the Belgian option, took it to London and got financial backing for the further development of the mines from Hewick, Hering & Co., Mr. Hoover himself taking on the management. The output was then increased to 2,000,000, the names of many bogus employees were erased from the pay-roll. Chin Yea-sou and his colleagues were dismayed however to find that the option had really been taken up and exerted every possible influence to make things uncomfortable for the foreigners, even though they were being payed larger dividends as shareholders than they had ever dreamed of getting from their own enterprise. Chin's craftiness once more rested upon himself, however, for when the controversy became known to the Imperial court he was told that if he did not get the mines back from the foreigners through legal procedure or buy them back he would lose his head.

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nationalities. It is estimated that the output per foreigner employed is about 150,000 tons, which accounts for the economical working.

Chinese mining laws do not apply, but the company is under contract to conform with them whenever the British Government shall have acknowledged them.

Analysis:

	Moisture	Volatile	Fixed C.	Ash	Sulphur
1st class coal	0.64	22.27	71.56	5.54	0.98
2nd " "	0.60	21.08	67.78	10.52	0.16
3rd " "	0.61	19.82	54.52	15.23	0.98
5-ft. seam (fit for coke)	0.62	29.49	65.10	4.78	0.68
Linsi	1.23	26.14	62.11	10.52	0.79
9th seam in Sachiakow	1.13	22.49	66.69	9.69	0.52

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district 20,000 tons, the Tainsien district 5,000 tons, and the Feng-chen district 21,000 tons.

Analyses: The following analyses were made about 5 years ago by the Chinese Government Geological Survey:

	<u>Loping</u>	<u>Yukun</u>	<u>Tainsien</u>
Moisture	1.08	0.40	0.70
Volatile	26.55	44.31	28.02
Fixed Carbon	54.37	43.09	49.87
Ash	18.00	12.20	21.41
Sulphur	0.86	0.80	0.70
B.T.U.	13,200	14,700	12,400
Coke	firm	porous	porous

KUANGSINFU 廣信府.

At Kuangsinfu, in the extreme east of Kiangsi, there is a small field of undeveloped Jurassic coal about which little or nothing is known. It is believed to be an extension of the Changshan coal field of Chekiang. Drake mentions it in a report, says that it covers only 10 or 15 square miles and that only two or three of the beds are more than a foot thick.

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(Lower level) moisture, 2.28; Volatile, 32.76; fixed carbon, 52.97; Ash, 11.99; Sulphur, 0.68; B.T.U., 12,050.

This is the only mine of any importance in Kiangsu province. Small anthracite workings are known between Chinkiang and Hanking near the Yangtze, but are considered unworthy of detailed report.

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(41) Mineral
Lead
(Add)

CHINA
ECONOMIC

The most important ores of lead developed in China are Galena, which is the sulphide and occurs in the Jehol district, west of Peking in small quantities and at the Shuikoshan Mine in Yunnan. Cerrusite, the carbonate of lead occurs at the Kungshan mine in the Tungchuan district, Yunnan. The Shuikoshan mine, operated by the provincial government has produced in 20 years over 50,000 tons of lead concentrates the output is now about 4,000 tons of lead per annum. The lead ore occurs in a limestone of Carboniferous age, and is associated with zinc ore, in large zone of contact metamorphism.

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2.

Gold occurs in Pro-Cambrian gneiss and metamorphic rocks, in quartz veins in Szechuan, Hunan, Fukien, Kiangsi; Shantung and northern Chihli; and these are often worked in a small way, such as at the Maha mine in Szechuan and the Pingchiang mine in Hunan. In the Mi Yun district, northeast of Peking, gold bearing quartz veins occur in a phyllite and at the contact of this with limestone, and the gold is accompanied by silver and copper pyrites. The contents of the veins, which vary from 3 to 5 feet wide and are extended over a distance of up to 3 to 5 li, may reach as high as half an ounce of gold per ton. In some places the work has been carried to a depth of 300 feet. The production of gold is estimated to be as much as 200,000 ounces per annum, but this is an indication not of wealth, but of poverty, the profit being so small that only the poorest will undertake the work.

(41) Mineral
Silver
(Add)

CHINA
ECONOMIC

The Simplest method of extracting silver from its ores is to mix it with a lead ore and to smelt it, afterwards desilverising the lead. A silver ore which contains sufficient lead in it for this treatment is called a "wet" ore, and those ores which require the addition of lead for treatment are termed "dry" ores. Silver occurs in China either alone or in combination with lead and zinc or copper; but generally in combination with lead in galena. There is a notable ore occurring on Heungshan Island at Tongkaiwan north of Macao, the deposit being refractory silver manganese ore, which had at one time been successfully operated, probably one hundred years ago. The treatment of these ores is an intricate metallurgical problem and not always a very satisfactory one, so that it is not surprising that the mine was abandoned.

Silver occurring in archean gneiss has been mined in Northern Shansi and in North Chihli, especially in the Jehol district, where it is fairly rich.

The most extensive deposits of silver however occur in the Primary limestone, being contact deposits. Several small mines are worked in the hills west of Peking, the ore being generally galena. Silver is extracted from the concentrates of zinc and lead at the Shuikoshan Mine in Hunan the Kungshan Mine in Tunchuan, Yunnan, where silver is also associated with carbonates of lead and zinc; and the Tienpaoshan Mine, near Luningtsun where the silver is associated with copper. The silver production is about 60,000 ounces per annum.

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James K. Neering 3/26/86

(41) Mineral
Mercury
(Add)

CHINA
ECONOMIC

Cinnabar or the sulphide of mercury is the only regular and valuable ore of mercury, although native mercury and amalgam sometimes occur. Kweichow province produces the bulk of China's output, about 200 tons per annum. Cinnabar occurs generally as an impregnation in limestone of Carboniferous age, from intrusive masses penetrating the limestone. Cinnabar when powdered is always red. It pays to work a deposit with an average of only one-half percent of quicksilver. Occurrences have also been reported from Shansi and other provinces.

0194

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James K. Neering 7/20/86

(41) Mineral
MICA
(Add)

CHINA
ECONOMIC

The mining of mica is at present only of a superficial nature, and should be properly termed quarrying, but where shafts and drifts have been sunk, sometimes a hundred chih or more, results have shown that the mica is by no means confined to the surface.

The pockety nature of mica deposits, the existence of few rules and indications as in the case of ore bodies, by which miners may be guided, they having to depend largely on chance in following mica leads, are serious obstacles to its successful exploitation.

In China mica has only been mined for ornamental purposes and for painting upon. Deposits suitable for exploitation occur in Kiaochao Bay in Shantung. There is also a very good deposit near Chang Cheng in Shantung, but unfortunately there exist no transportation facilities.

It is the quality more than the quantity which counts and suitable deposits exist in several localities in China, and will probably receive attention in time.

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James K. Nevin 3/26/86

0195

(41) Mineral
Oil and Natural Gas
(Add)

CHINA
ECONOMIC

In the province of Shensi about 250 li southwest of Ningtiao-ling occur seepages of petroleum which exudes from red shales and sandstones. The strata from which the petroleum comes is probably of the same age as the Dakota series in America. The oil is accompanied by natural gas, and occurs overlying carboniferous strata as well as under lying it. Oil and natural gas are generally regarded as decomposition products of animal matter and not vegetable matter, which is collected over widespread areas, into anticlines, and floats, upon water, generally saliferous. Only the seepages are exploited, and the oil is retailed locally, similar occurrences are also known at the base of the Nanshan in Kansu and around Tungchow Fu in Szechuan in the Red Basin.

The search for petroleum in China has hitherto not been attended with success, due to the fact that in the localities examined the anticlines were too flat. However the verdict of the Standard Oil Company should not be accepted as final. It took many, many years of patient search to locate oil in the U. S.

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0196

(41) Mineral

China
Economic.

Iron & Steel

A new iron works is being constructed a few miles west of Peking on the branch railroad leading to the Mentokou coal mines. This plant is being constructed by an American firm and under supervision of an American Engineer, Mr. Green. The owners of the plant are the Chinese Government and Chinese business men. No foreign capital whatsoever is interested in it. The plant will not be completed before July, 1922.

The furnaces are being built to handle 250 tons of iron ore daily with a possible expansion later to four times that amount.

The iron ore is to come down from the Lingyen mine, near Hsuanwha fu on the Peking-Suiyuan Railroad. The limestone is to be obtained near the plant. The coke is to come from the company's coal mines on the Peking-Hankow Railroad. A spur track is to be run from that line over to the plant.

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ADD:

(41) Mineral
() Saltpetre

CHINA
ECONOMIC

Saltpetre is produced chiefly in the provinces of Shansi, Chihli, Shantung and Honan. It is obtained from scrapings from the earth, walls, etc. Shansi produces about 1,000 tons annually of the best quality. The other three provinces combined produce about 6,000 piculs (400 tons). Some is produced in Manchuria, Anhwei, Kiangsu and the other provinces but not enough for local consumption.

It is reported that saltpetre is also produced in Chinese Turkestan (Sinkiang) but no figures are available.

All saltpetre in Shansi, Chihli, Shantung and Honan is bought by the special saltpetre department of the Chinese Salt Administration, the head office and refineries of which are in Tientsin. A preliminary refining is made in the various provinces before sending to Tientsin where a further refining is made until it is 92 - 95% pure.

In 1919 and 1920 600 tons annually were exported to Japan. This is the total amount of the annual export. The remainder is used in China in the manufacture of black powder or in the mints, etc.

The Japanese have made advance loans to China from time to time in order to ensure the sale to them all of the surplus product.

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From K. Date June 9, 1941 Serial No. 383 File No. 403-100
(Commence new series each January first.) (Select proper number from O. N. I. Index.)

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Subject CHINA: HONAN RESOURCES (Coal)
(Nation reported on.) (Index title as per Index sheet.) (Subtitle.)

BRIEF.—(The review, indexing, and distribution of reports by O. N. I. will be greatly expedited if a brief summary of the contents is entered in this space. Mention leading geographical, personal, or political names, and the gist of the report.)

Coal resources in Honan (河南).

1921 2655-J-50
WAR DEPARTMENT 34 X

M. I. 2.

Northern Honan, north of the Yellow River, is rich in coal deposits, anthracite, semi-anthracite and bituminous. The future development of these fields through foreign co-operation is practically controlled by the Peking Syndicate, a British company, working through the Fu Chung Corporation (福中公司), an organization which represents the amalgamated interests of the Peking Syndicate and a number of native mining companies. This corporation has exclusive mining rights in Hwaiching (懷慶) prefecture and preferential rights in the prefectures of Weihwei (衛輝) and Changteh (彰德) - these three covering all of the coal bearing area north of the Yellow River.

Geological reports upon the Honan fields usually group the bituminous fields in the extreme northeast with the fields in the southwest of Chihli, and the anthracite fields in the northeast of the province with the hanai fields. This is more scientific, but since monopolistic interests of the Fu Chung Corporation include both fields it is here more convenient to be bounded by the political boundaries though this will entail repetition of geological and other data when the mines of Chihli on the one hand and of Shansi on the other come to be discussed.

CHIAO TSO (OR JAMESON 吉遜生) BRITISH, FRENCH, AMERICAN

Uses: These mines are remote from large markets and are in the heart of a country where coal is very little used by the natives, so that while the works in the Peking syndicate mine have a capacity of 4,000 tons a day, the output is kept down to 1,600 and there are always large accumulations of unsaleable coal at the mines. The Fu

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Chung Corporation which sells for all the mines in the district, ships coal by rail to Tientsin (rail rate \$5.00 per ton) and to Hankow (rail rate \$4.50 per ton) and also by the Taoching Railway, originally built and owned by the Peking Syndicate, to Taokow (道口), near the Chihli border whence barges and junks transport it to Tientsin via the Wei River and the Grand Canal. For some reason which is not explained, the Corporation has found that this transport by effects little or no economy and that shipment by rail is more satisfactory. The coal is of excellent quality and in the various markets sells well to Occidentals for domestic purposes and to some extent for industrial purposes, but the Chinese, who do not discriminate so closely in the matter of quality prefer cheaper grades.

Location: The various mines are all in the immediate vicinity of the western railhead of the Taoching railway, within a few miles of the Shansi border, in Hwaiching prefecture. The coal occurs in beds dipping away from the mountains of a large watershed. The beds are cut by faults parallel to the mountains and the coal is as little as 40 feet above a porous cavernous limestone. The whole field is therefore constantly exposed both to surface flooding and to underground flooding.

History: The development of this field by the Peking Syndicate has been attended with all the difficulties which it is possible for a mining venture in China to encounter and if the company did not engage in other business it is doubtful whether the mines in themselves would show a profit now after many years of development.

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Native competition and encroachment, flooding, official opposition, distance from markets and expense of transport, together with dissen- tion within the management of the company itself, have served to make things difficult for the operators. Seventy-five per cent of the stock in the company, capitalized at £1,540,000 is held by French and Belgians. The management is however, British and French share- holders are represented by a resident engineer only. This represen- tative invariably disagrees with the British management in his ef- forts to force production in the interest of his clientele and never fails to be on bad terms with the Fu Chung Corporation, accusing them of lack of interest in pushing sales and holding them responsi- ble for the large accumulation of unsold coal at the mines. This lack of harmony does not make for progress.

The field has been worked for centuries by native miners and in parts is a veritable labyrinth of old workings. The Peking Syndicate Limited was formed in 1897 for the purpose of obtaining railway and mining concession in Shansi and in neighboring districts in Honan. The huge possibilities of Shansi's coal and iron fields were still a matter of faith at the time and it was some years before the Syn- dicate, after exhaustive surveys first abandoned hope of making iron in the field and then abandoned its mining rights in Shansi and con- fined its energies to the development of the Chiao Tso field. Pro- specting in this field began soon after the organization of the com- pany, but the Boxer rising interfered with the first attempts at development and a serious start was not made until 1902. Water

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difficulties were encountered with the sinking of the first shaft and a second was sunk in 1903 which also proved to be of more use as a well than as a shaft, so the venture was abandoned pending the arrival of boilers and a pumping plant. Every extension of the work brought more water and it was not long before the pumps were taking out 150,000 gallons of water an hour. It was not until 1907, when what are known as number 4 and number 5 shafts were successfully carried down to the coal, that the mines began to produce. In 1911 the output was 1,000 tons a day. A year later this had grown to 2,000 tons and then number 4 pit, which was producing 875 tons a day was flooded by an in-burst which ran 250,000 gallons an hour, but subsequently decreased materially. A similar disaster occurred in April 1913 and thereafter for some time only number 5 pit was working, yielding an output of less than 500 tons a day. In 1918, when the Shensi Bureau of Trade showed some anxiety to cancel the syndicate's mining rights in that province, the management seized the opportunity to sell them back to the Chinese for \$34,000 which sum proved very useful in financing the expensive development work in subsequent years when the mines were producing little or nothing.

The activities of the Syndicate in the field stimulated native interest in mining and after the Syndicate began to take out coal the Chinese miners reopened old workings, for the most part on higher levels and with no regard for boundaries or the disposition of the water which they struck. They undersold the Syndicate consistently and their mining methods proved a constant source of annoyance. It

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was this situation which prompted the organization of the Fu Chung Corporation which amalgamated in itself the interests of all the mines in the district and prepared to handle sales for them all, Chinese and foreign alike. This company began active operations in June, 1915. The understanding is that none of the companies which the Corporation represents may enter upon any operations which might conflict with the interests of the others or with the interests of the Corporation as a whole without offering it to the Corporation first, through its pre-eminent position in the Corporation, which is a Chinese company enjoying Chinese privileges and with considerable influence in official circles, the Peking Syndicate has been able to extend its local monopoly to include the development of all mines north of the Yellow River in Honan which require foreign capital for their development. These steps have been taken presumably with a view to the future development of the rich bituminous fields in the Changteh prefecture.

Operation: The daily output from the Syndicate mine averages about 1,600 tons a day. 4,500 Chinese are employed and 15 foreigners, all British except the French resident engineer. Five shafts are working, now hoisting 560 feet. The lowest level is about 67 feet but is drowned. The coal is from 17 to 21 feet thick with a 15-degree dip. The pumps, both electric turbine and steam, take out about 400,000 gallons of water per hour. While strings of native flour mills down the various channels depend upon this water for power. The average output in long tons is:
Per coal miner per day 4.75 Per underground coolie per day 0.43. Per surface coolie per day 0.79 Per total per day 7.279.

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Subject CHINA: ANHWEI RESOURCES (Coal)
(Nation reported on.) (Index title as per Index sheet.) (Subtitle)

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Coal resources in Anhwei province (安花).
M. I. 2. WAR DEPARTMENT
1921 655-J-5
JUL 20 1921
34X

THE HWAIIYUAN FIELD (懷遠) CHINESE BITUMINOUS

Uses: This is a coking coal but is said to be sulphurous. The mine, which has been worked from time to time for 100 years, has been producing very irregularly during the past ten years and the coal seldom reaches big industrial markets, so very little is known of its quality. Since it is the only known field in northern Anhwei it may, however, play an important part in the development of the region, and since water transport costs only 80 cents a ton to Bengpu on the Tientsin-Pukow railway, it would probably be possible for the operators, if they produced in any quantity to sell to the railway at a lower price than other available coals.

Geology: The coal appears north of a low hill of limestone formation and lies 90 feet below the surface. The surface is of rotten rock and clay from 15 to 30 feet thick. Between this and the coal is a heavy layer of pasty mud. A good deal of water is present and the mine has been abandoned several times on account of flooding. There are three main seams, the thickest being 3 feet at its best. It is said that the native miners have never tapped any of the main seams.

Reserve: A Chinese mining engineer has estimated 10,000,000 tons.

Location: The mine is on the north side of a hill marked Kengshan (煤坑山) on Chinese maps in central northern Anhwei and is about 20 miles south of the district city of Hwaiyuan and three

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miles south of the Hwai River. Also very near a small tributary of the Hwai known as the Lo Ho. The surveyed line of the proposed British railway to connect the Tientsin-Pukow and Peking-Pankow railways runs through this district within a mile of the mine.

History: The mine has been for years the property of the Tatung Mining Company, a local Chinese concern. For nearly a hundred years desultory mining was carried on through one shaft, the product was carried 3 miles to the Hwai River and distributed by small boat to various points along the river. During local disturbances, incidental to the Revolution of 1911-12, the old shaft was destroyed. In 1913 a new shaft was opened and 200-300 tons were taken out at the outset. Then the operators began having trouble with water and the mine has been only occasionally worked since. A few years ago the operators sought foreign engineering advice and expressed a willingness to take in partners. The proposition was submitted to Interser, Meyer & Co. It was then estimated that since the coal has a dip of 50° a modern shaft would have to be sunk at a cost of \$16,000. It was thought that with the expenditure of \$100,000 the mine could be made to produce \$300 tons daily selling at \$2.20 per ton at the mine. Nothing came of the negotiations.

Analyses: No analyses are available.

THE KINGHSIEN FIELD (恆 泉)

Kingsien is southwest of Wuhu. About three miles east of this city is a field which forms a narrow belt about 8½ miles long. There

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are three beds of coal varying in thickness from 2 to 6 feet. The dip is over 45° and there are numerous faults and old workings, so that while it is possible that down to 1000 feet some 20,000,000 tons is present, the probable reserve would be much smaller. The coal makes a coke of good appearance but ash and sulphur are high, the reserve is uncertain and transport conditions are bad. The coal now reaches market by being brought in during summer to Zinghalon city and thence by small boats to Huhu. In winter there is less than one foot of water available. Two analyses have been made as follows:

	<u>Southwest part</u>	<u>Northeast part</u>
Moisture	0.31	1.56
Volatile	15.20	25.49
Fixed carbon	59.49	54.91
Ash	25.00	18.24
Sulphur	6.45	4.82

THE KUANGTUNGCHOW FIELD (公德井)

About 20 miles north of Kuangtongchow and east of the Tunan lake, is a coalfield which, while situated in Anhwei, finds its only outlet to Shanghai through Chekiang. Eight miles overland, crossing the Teanling Pass (300 feet), waterways are reached which are open to launch and barge traffic the year round. The distance by water is 150 miles to Shanghai. The extent of the coalfields is not accurately known but it is believed that 10,000,000 to 15,000,000 tons is present. There are two beds of coal folded into a deep syncline; the dips being over 45°. There are a few old workings but no concession for mining is now operative. The coal is probably high in sulphur, as is

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Investigations, however, show that scarcely half of them have been actually explored, and of that number only two-thirds are worked in accordance with Western mining methods. The coal output in Fungshan and Nanping for 1919 amounted to 700,000 tons, of which 95 per cent was the product of the native pits. The following is the detailed description of the mines and the native pits:

MINES.

There are over forty coal mines for which licences have been secured. A few of these are being worked. (1) The Mentoukou coal mine, Poshan, operated by a Sino-British Co. (2) The Yangkiai (楊家台) coal mine, Poshan, operated by a Sino-Japanese Co. (3) The Hoshinkow coal mine, Poshan, operated by the Kingli (公利) Co. (4) The Chai-tang coal mine, Poshan, operated by the Government and the merchants. (5) The Tsechang (申廠) coal mine, Sanshan, operated by the Tafeng (大丰) Co.

(1) The Mentoukou Coal Mine, Poshan.

The Mentoukou coal was formerly worked by the companies, the Tungshing (同興) Coal Mining Co., and the Yumow (裕懋) Coal Mining Co., both Sino-British enterprises. The latter was founded in 1910 and was well equipped with machinery. The daily coal output amounted to 400 or 500 tons during the years 1915 and 1916. But subsequently, owing to the leakage of water from the native pits in the neighborhood, the whole mine was flooded and had to be closed. The Yumow company was founded in 1915. A shaft was sunk to the depth of over 250 feet but the water was very turbulent and the capacity of

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Government and merchants. The mining area exceeds 190 square li, and bounds Chiensangyu (前桑峪) and Howsangyu (后桑峪) on the east; Shanghingshui (上清水) and Siachingshui (下清水) on the west; Kinkitai (金台) on the south; and the Lingyao Temple (靈耀寺) on the north. The quality of the coal is quite good but as the country between Mentoukou and Chaitang is very mountainous, transportation is difficult. A Mentoukou-Chaitang branch railway is proposed, although the construction will not be completed for several years owing to the heavy cost.

(5) THE TZECHANG COAL MINE, HANSHAN.

This mine is being worked by the Tefang Coal Mining Company, and covers an area of 16-17 square li. A shaft has been sunk to a depth of over ten feet but no coal has been discovered. A light railway is being built from the northwest of Tzechang, crossing the Tungling (东岭) mountain to Antse for the transportation of the coal produced in the native pits within the Antse area. The daily output of these pits amounts to 400 or 500 tons in the winter. As the Tzechang mining area is near granite deposits, the quality of the coal is rather poor.

In other places, such as Tungtsingkang (东清港), Sitsingkang (西清港), Hsingyuan (香園), and Changkowsu, there are a number of native pits under one control.

NATIVE PITS.

The native pits in Fangshan and Hanhsien were started each with a capital of only one thousand dollars respectively. The layout of

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- 2 -

The chief PORTS from which these products are exported are:

Rice: Shanghai, Changsha and Canton.

Wheat: Harbin, Shanghai, Dairen, Tientsin,

Cotton: Shanghai, Hankow, Tientsin, Ningpo.

Wool: Tientsin and Hankow.

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(3) copies M.R.D. enclosing only 1 copy of maps.

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James K. Neering 3/26/86

Economic Monograph

CHINA

FACTORIES
(56) CapacityCotton Mills in China:

The following table taken from a Chinese news agency, shows the gradual increase in the number of cotton mills in this country within the past decades.

Year	Number of Mills	Number of Spindles.
1891	2	65,000
1896	12	417,000
1902	17	565,252
1911	32	831,106
1916	41	1,145,136
1918	49	1,200,000
1921	63	1,747,312

JAPANESE COTTON MILLS IN CHINA:

The following table from a Chinese press agency shows the number of cotton mills established by Japanese capitalists in different parts of China:

Names of Mills	Amount of Capital	Number of Spindles.	Location
Tung Hsing	Yen 15,000,000	70,000	Shanghai
Feng Tien	" 4,000,000	30,000	"
Chung Jih	" 10,000,000	20,000	"
Tung Yang	" 25,000,000	50,000	"
Chang Yuan	" 17,427,650	40,000	"
Chang Hua	"	15,650	"
Ta Jih Peng	" 50,000,000	50,000	"
Jhan Ping	" .....	.....	"
Chang Jih	" 30,000,000	.....	Hankow
Tientsin	" .....	.....	Tientsin
Fuji	" 18,000,000	30,000	"
Nai Wei	"	53,200	"
Hoh Tung	" 18,750,000	30,000	Tsientsin
Ta Jih Peng	"	50,000	"
Jih Tsing	" 10,000,000	30,000	"
Ta Hua	" 10,000,000	20,000	"
South Manchuria	"	Mukden
Totals	Yen 198,777,650	469,780	

0220

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Economic Monograph

CHINA(66) Starch
Ground nuts
AddGround Nut Production:

The growing of peanuts or groundnuts in China is very extensive. The following table gives the area and production of the various provinces:

	# mow	# piculs
Chihli	1,568,119	1,136,213
Fengtien	20,027	18496
Kirin	269,119	17,615
Shantung	3,136,287	178,933,508
Honan	395,451	355,906
Shensi	112,189	2,804,725
Kiangsu	1,556,267	4,512,897
Anhwei	471,709	7,259,886
Kiangsi	391,163	1,220,429
Fukien	501,185	1,239,644
Chekiang	140,521	142,078
Hupeh	1,105,937	4,291,035
Hunan	375,048	1,028,620
Shensi	26,609	23,948
Sinkiang	15	21
Kwangtung	8,659,119	7,251,773
Kwangsi	1,576,238	4,776,356
Kweichow	11,200	3,920

The exports of groundnuts in shells and groundnut kernels for the last two years were:

		Quantity	Value
1919	Groundnuts in shells	137,389 piculs	\$527,264
1920	" " "	109,297 "	438,637
1919	" kernels	1,164,680 "	5,323,073
1920	" " "	1,158,848 "	5,610,548

Since the European War America has been the chief buyer.

(# 1 picul - 133-1/3 lbs.) (\$1mow - 1/6 English acre.)

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OFFICE CHIEF OF STAFF

265-D-57
1921
AUG 22

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
PEKING.

July 20, 1921.

2880

From : The Military Attache, Peking, China.
To : The Director, Military Intelligence Division, Washington, D.C.
Subject: Cost of Living.

REC'D. M. I. D. AUG 20 1921

1. In reply to Circular Letter #219, the following figures are submitted.

- (a) 130% (.14 + .107)
 - (b) 140.2% (1.15 + .82)
 - (c) 125.6% (.0137 + .0109)
 - (d) 114.2% (.064 + .056)
 - (e) 173.8% (.1738 + .10)
 - (f) 100% (.55 + .55)
 - (g) 180.7% (10.30 + 5.70)
 - (h) 163.6% (18.00 + 11.00)
 - (i) 68.5% (.24 + .35)
 - (j) 114.2 (8.00 + .700)
 - (k) 120% (18.00 + 15.00)
- Exchange increase, 115.1% (49.5 + .43)

2. The prices shown for units in a, b, c, d, e, f, g, and h were obtained from contracts made by the Marine Corps in the open market. While the prices are not retail prices the percentages obtained from these figures are more accurate than could otherwise be obtained.

3. The unit price shown in item j is for a small room without bath, at a hotel which is not the most expensive in Peking. It however includes board and quotations are not given without board. Rent for houses would show a marked increase.

4. In item k the pay of a cook is merely nominal - The Chinese cook makes his living on squeeze, the amount of which will sometimes be five times the nominal pay.

5. The exchange increase is figured by taking the cost in gold (any kind of American money) for one Chinese dollar.

In the absence of the Military Attache:

John Magruder
John Magruder,
Major, Field Artillery,
Ass't Military Attache.

Economic.

China.

Add

()

1920 Cotton Production in China.

The reports published by the Chinese Cotton Millowners' Association for 1920 deal with nine provinces, where actual conditions were investigated by a special mission. Honan was excluded from the mission's purview owing to the unrest in the cotton-growing areas. On the whole, the cotton production of 1920 totals just about one-third of the amount produced in 1919. The reason for this tremendous decrease is said to be due to the decline in rainfall in the growing season, and the prevalence of floods in the gathering period. In the following table, the areas for cotton growing and their output are given:-

Province	Growing Area in Mow	Producing in Piculs
Chihli	4,370,000	952,500
Shantung	420,000	120,000
Shensi	626,000	66,000
Hupeh		1,570,000
Chekiang	1,240,000	250,000
Kiangsu	---	3,000,000
Anhui	1,200,000	220,000
Kiangsi	396,800	97,800
Shensi	---	227,300

--China Cotton Journal.)

0226

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James K. Nevin 7/26/86

Economic Monograph

CHINA

Add
(69) Tramlines

Electric tramlines exist in Shanghai, Tientsin and Hongkong
(British Territory). Horse cars are used in Mukden.

Canton, Peking and Harbin have taken certain steps towards electric
tramlines but they do not exist at present.

James K. Neering 7/26/86

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7.

SZECHUAN

<u>Chi Ming Electric Light Co.</u>	Chengtu.
<u>Yueh Lai Electric Light Co</u>	"
<u>Luhsien Electric Light Co.,</u>	Luchow.

HANCHOW

Ta Yu Li Electric Co., (Chinese) Capacity 2,500 lamps.
See appendix.

YUNNAN PROVINCEMENGTZE -----One 75-KW, single phase alternator (Power).YUNNANFU -----

Two 300-KW water turbine alternator sets (Power).
Yao Lung Electric Light Co., -- Yunnanfu, (Chinese) voltage 23,000,
3 phase. Frequency 50.
Ta Kuang Electric Co., -- Mengtse, (Chinese) Voltage 6,600, 3 phase,
with output of 80 K.W. Frequency 50

OTHER CITIES :

<u>Yingkou Electric & Water Works,</u>	Yingkou, S. Manchuria.
<u>Ryokun Electric Light Co.,</u>	Port Arthur, "
<u>Manchuria Electric Light Co.,</u>	Kanjican, "
<u>Honan Electric Light & Power Co.,</u>	Changsha, Honan.
<u>Wafantien Electric Light Works,</u>	Wafangtien, Manchuria.
<u>Tashihochiao Electric Light Works,</u>	Tashihochiao, "
<u>Chihfeng Electric Light Works,</u>	Chihfeng, Manchuria.
<u>Chaochowpi Electric Co.,</u>	Chaochowpi.
<u>Kaying Electric Co.,</u>	Kaying.
<u>Kityang Electric Light Co.,</u>	Kityang.
<u>Hingaing Electric Co.,</u>	Hingaing.
<u>Wusueh Electric Light Co.,</u>	Wusueh.
<u>Sientaochen Electric Light Co.,</u>	Sientaochen.
<u>Sinyangchow Electric Light Co.,</u>	Sinyangchow
<u>Nanchang Electric Light Co.,</u>	Nanchang

Appendix :

Huchow, Cheking.Yeng Ming Electric Light Co., (Chinese) Capacity 5,000 lamps.KashingWu Hsing Electric Light Co., (Chinese) Capacity 5,000 lightsIchang, Hupeh.Kung Ming Electric Light Works, (Chinese) Current 220 and 440
volts, direct, 3 wire.Ichang Electric Light Co.,Wuhu, AnhuiWuhu Electric Light Co., (Chinese)Chungking, Szechuan,Chu Chuan Tsin Kung Ssu, Capacity 8,000 lights.

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James K. Neering 3/26/86

VALUABLE
CONFIDENTIAL

(Handwritten initials)

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192655-2-60

AUG 1921

WAR DEPARTMENT

IRON RESOURCES

of

CHINA

-ooOoo-

From:
Confidential Files
Department of Commerce
August 20, 1921

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James K. Neering 3/26/86

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OFFICE CHIEF OF STAFF

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2 SEP

AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
TOKYO, JAPAN

3770. August 25, 1921.
From: Military Attache, Tokyo, Japan.
To: Director, Military Intelligence Division.
Subject: Mr. Frank Hutchinson.

1. An American mission, consisting of mining experts, was recently employed by the South Manchurian Railway for the examination of the Fushun Coal Mine and the Anshan Iron Mine in South Manchuria. This mission returns to America on August 26.

2. I have talked with various members of this mission and if any more definite information is desired concerning these mines than is contained in report #3765, it is suggested that a letter be written to Mr. Frank Hutchinson, 5421 Oneida Street, Duluth, Minnesota, who is quite willing to give the Department any information in his possession. A large consignment of iron ore has been sent to America for experiment and testing by this mission with a view to obtaining suitable machinery for its reduction. Mr. Hutchinson will be familiar, also, with what goes on at these tests.

C. Burnett
C. BURNETT,
Lieut. Col., Cav., U.S.A.

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James K. Neering 7/26/86

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AMERICAN EMBASSY
OFFICE OF THE MILITARY ATTACHE
TOKYO, JAPAN

4626

September 18, 1922.

To: Assistant Chief of Staff, G-2.

Subject: Reference our #3765 and 3770.

2655-141
(1)

2655-D-61
(2)

1. It is requested that, if possible, information be obtained from Mr. Hutchinson concerning the progress and results of the investigations of the American Mining experts concerning the Fushun Coal and the Anshan Iron Mines, and that this office be furnished with the information obtained.

C. Burnett

C. BURNETT,
Lieut. Col., Cav., U.S.A.

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James K. Neering 3/26/86

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1922
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MAIL DEPARTMENT

October 19, 1922.

Mr. Frank Hutchinson,
5421 Oneida Street,
Duluth, Minnesota.

My dear Mr. Hutchinson:

Lieut. Colonel Charles Burnett, American Military Attache in Japan, has informed this office of your connection with an American mission for the examination of the Fushun coal mine and the Anshan iron mine in South Manchuria, and has stated that you would be glad to furnish information additional to that given him in connection with this subject.

We are just in receipt of a letter from Colonel Burnett, in which he requests that information be furnished him with respect to the progress and results of the investigations of the American mining experts who conducted the examination referred to. If you can consistently do so, will you be good enough to forward to this office the information desired by Colonel Burnett?

Assuring you of our appreciation, I am

Very sincerely yours,

E. R. W. McCabe,
Lieut. Colonel, Field Artillery.

bap

MAILED

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Frank K. Hutchinson 7/26/86

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FRANK HUTCHINSON
CONSULTING ENGINEER
FIRST NATIONAL BANK BUILDING
DULUTH, MINN.

November 2, 1922.

2655-I-61
5

Your File No. 2655-I-61

Mr. E. R. W. McCabe,
Lieut. Col. Field Artillery,
Washington, D. C.,

My Dear Col. McCabe:-

I have been absent from home for some time, and only yesterday read your letter of Oct. 19th, in which you request, for Col. Burnett, at Tokyo, information with respect to the progress and results of the investigations of a commission of American mining experts, of which I was a member, concerning the coal deposits at Fushun, and the iron ore deposits at Anshan, on the South Manchuria Railway.

I am perfectly willing to give your office all the information I possess with regard to these two enterprises, their management, and all collateral matters. At the same time, I am employed by the South Manchuria Railway as consulting engineer in connection with these projects, and feel considerable hesitation in making a report to be transmitted to Col Burnett in Tokyo.

I have not been requested, at any time, by the S. M. R. people to make any secret about any part of the enterprises at Anshan and Fushun. All the essential facts with regard to the resources were given to Col. Burnett in person in Tokyo more than a year ago. The changes since that time are interesting, but not of great importance from a national standpoint, and if Col. Burnett will get out and shake his leg he can very easily find out about them.

If the matter should, at any time, be of real importance, I will be more than willing to meet with you in regard to it, and give you complete memoranda with respect to everything I have. But I hope you will see the distinction I have in my mind, between doing this, and preparing a report for transmission to Col. Burnett at Tokyo. If Col. Burnett wants this for the State Department, I can tell the State Department about it a lot better than he can, and it is entirely unnecessary to send it to Tokyo and back again.

I trust that you appreciate my position, but feel that I must decline to handle the matter in the way that Col. Burnett has suggested.

Yours very truly,

Frank Hutchinson

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James K. Neering 7/26/86

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ERWM
1922 2655-9-61
6

November 8, 1922.

Subject: Iron and coal mines in South Manchuria.

Mr. Frank Hutchinson,
First National Bank Building,

To: Military Attache, Tokyo, Japan.

By Genl Mr. Hutchinson:

1. In reply to your communication No. 4626, dated September 18, 1922, you are informed that Mr. Frank Hutchinson, of Duluth, Minnesota, has been communicated with concerning the progress and results of the investigations of the American mining experts concerning the Fushun coal and the Anshan iron mines.

2. Mr. Hutchinson replied that he was employed by the South Manchurian Railway as consulting engineer in connection with these projects and feels considerable hesitation in making a report to be transmitted to Tokyo. Mr. Hutchinson stated, however, that all the essential facts with regard to the resources were given to you in person about a year ago. He further states that the changes since that time are interesting, but not of great importance from a national standpoint, and that information concerning these changes is obtainable in Tokyo.

For the A. C. of S., G-2:

E. R. W. McCabe,
Lieut. Colonel, Field Artillery.

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James K. Neering 7/26/86

2655-I-61

1922 2655-2-61

November 8, 1922

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Mr. Frank Hutchinson,
First National Bank Building,
Duluth, Minnesota.

My dear Mr. Hutchinson:

I acknowledge with thanks your letter of November 2, 1922, in regard to certain information desired by our Military Attache at Tokyo. Your kindness and your position in the matter are thoroughly appreciated by this office; and, should the matter at any time be of real importance, we will take great pleasure in availing ourselves of your kind offer to assist us.

With best wishes, I am

Very sincerely yours,

E. R. W. McCabe,
Lieut. Colonel, Field Artillery.

bap

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DECLASSIFIED BY NND740058 *James K. Neering 7/26/86*

OFFICE CHIEF OF STAFF
 MIL. INTEL. DIV. *b*
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 WAK DEPARTMENT
 329X

Memorandum for the Honorable the Secretary of State
on the Administration of the Chinese Government
Salt Revenue.

M. I. 2.

Now that so much attention is being given to Chinese resources and finances, the reorganization of the Salt Revenue Administration is frequently mentioned as the best example of what Chinese and foreign cooperation have been able to accomplish within a short term of years. This note will not do more than give a brief outline of the policy and methods followed in reorganization and a sketch of the Administration: technical descriptions and rules of the Service and statistics showing the great increase in returns from the Salt Tax have been published in Peking and are doubtless available in the State Department.

At the close of the Revolution of 1911-1912, the Republican Government of China, which had succeeded in displacing the Imperial Government of the Manchu Dynasty, found itself desirous of contracting a loan from a group of foreign bankers, the "Consortium", which had been organized to finance

great undertakings in China. To the original group, consisting of banks of Great Britain, France, Germany and the United States, had been added banks of Russia and Japan. Just before the loan Agreement was signed on May 21, 1913, the American Bank withdrew from the Consortium as the Administration had announced that it would not give support to any agreement which might lead to interference in Chinese internal affairs. This left a Quintuple Group which on the above date concluded an agreement with the Chinese Government for a loan of twenty-five million pounds sterling, to be secured on the proceeds of the Chinese Government Salt Tax.

In this Loan Agreement, it was stipulated that a certain number of foreigners were to be appointed by the Chinese Government, to take part in the reorganization of the Salt Revenue Service. This Agreement and more detailed Regulations which were subsequently drawn up and mutually agreed upon, provided for the establishment of a system of offices, under the joint control of Chinese officials and the foreign officials appointed as indicated above, which in

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James L. Neering 7/26/86

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general paralleled the old official system of the Salt Administration and relieved ^{it} gradually of many of its more important functions. It was considered inexpedient to abolish or supersede entirely the old organs, or to place them directly under the joint control of Foreign Officials, owing to opposition which was partly natural and partly inspired by interested persons or groups. Before continuing with a description of the reorganized Service, a brief account seems necessary of the old system of Offices for collecting the Salt Revenue.

A levy on salt, or government control of its production, is a very ancient and widespread form of taxation in both Asiatic and European countries: the word salary is said to be derived from the allowances of salt with which Roman soldiers were paid. Some say such a tax on a necessity of life is unjust, because it bears upon the poor man nearly as heavily as on the rich, as a poll-tax does. In China however, it works out to a comparatively small amount per

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James K. Neuman 7/26/86

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capita, but owing to the large population it forms probably the greatest single source of revenue, amounting in the last few years to about eighty million dollars (Chinese silver) net per annum. Salt is more easily taxed than some other commodities because it can only be produced in certain well-known, and so comparatively easily controlled, areas.

I believe my ten years of close contact with Chinese especially the official circles, both as a Chinese and as an American Government Official myself, may justify my giving my ideas of the common Chinese theory of taxation and government, which I believe will facilitate an understanding of many matters otherwise difficult to comprehend. Chinese society has been for centuries most democratic: civil service examinations, open to all, led to appointments in the great hierarchy of officials of the Empire. The "spoils system" reigned supreme as it has until comparatively recent times elsewhere; obligations of relationship or friendship were paid by official appointments, large or small, so that nearly every clan or family of any size had some more or less remote, past, present

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James K. Nevin 3/26/86

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or prospective connection with some part of the Government, and so a government run largely for the benefit of the Officials was evolved and tolerated. Great injustice was usually prevented by fear of rebellion from below, resulting in reprimand from above, and perhaps removal from office with its consequent loss to family and friends, to make way for some other "expectant" official and his satellites eagerly waiting appointment or promotion.

The term patriotism also deserves a little attention in connection with China. The development of patriotism requires, I believe, contact and competition with some formidable outside forces. China owing to her size, population, culture and geographical location was completely self-sufficient and was deprived of almost all contact save with the small tributary countries which surrounded her, and formed the universe to her. The western powers, which in the past century have forced her to reconstruct her ideas in all these matters must not be impatient, but helpful, in assisting a

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peculiarly conservative quarter of the world's population to readjust themselves to new conditions largely caused by contact with the West, and new ideas of honesty and patriotism.

To revert now to the subject in hand. Posts in the Salt Gabelle (a French word meaning Tax Administration) have been for centuries considered most desirable. Salt is produced by solar evaporation of sea water, from wells in the south west of China, and from salt lakes and marshes in the north west. Offices were established to tax the salt at the works where it was produced, and other offices grew up on the routes along which salt was transported, which levied more or less regular taxes, transit dues, checking or reweighment charges, etc.,- pretty much all that the traffic would bear. Practically every Province had a Salt Commissioner who controlled these Offices, and was one of the most important Provincial Officials, ranking with the Provincial Treasurer and Judge. The control of the Peking Government over the Provinces has, I believe, usually been rather vague and

James L. Neering 7/26/86

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uncertain, resting largely upon a nicely balanced will to be governed, sense of propriety, desire of officials to retain, and others to secure, government posts, respect for the ancient seat of government as well as for personal prestige, enrichment, and reputation with posterity.

The Provincial Salt Commissioners remitted as little as they dared to the Central Government, having first to meet the demands of the Provincial Governments for funds, from the sums which they had exacted from their subordinates in direct charge of the various Salt Tax Offices. These last collected from the purchasers or transporters of salt, all that was possible in the way of fees, exchange discount, etc. etc., and passed on to their superiors as small a portion of their collections as they deemed safe and sufficient to keep them in their posts, and the balance was considered the recognized perquisites of their office; the same was done by the Commissioners vis a vis the Government. Most government positions are on salaries which are utterly inadequate, as it is con-

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James K. Nevin 7/26/86

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sidered customary that the deficit be made up in other ways. In addition to the body of officials high and low entrusted with the watching, weighing and checking of salt, as well as the collecting of the Tax, the Commissioners maintained considerable bodies of Salt Police, to prevent the smuggling of untaxed salt. These police were often unpaid, inefficient and corrupt.

The task of reorganizing this ancient system, so as to ensure at least sufficient income to pay interest on the Reorganization Loan, was pronounced impossible by many foreign residents in China, as well as many thoughtful Chinese: that, and more, was accomplished, however, by the new organs created by the Loan Agreement, under the leadership of Sir Richard Dane, retired from the Indian Civil Service, a man of great ability, experience, wisdom and tact, and his various colleagues, successive Ministers and Vice-Ministers of Finance.

A Presidential Mandate was promulgated declaring that the Salt Tax was to be in future subject to the direct

control of the Central Government, without interference from the Provincial Governments. The Minister of Finance was appointed concurrently Director General of the Central Salt Administration, of which Office, the Vice-Minister of Finance was made Director: this Office had formerly existed but not with such important powers and duties. Parallel to this Central Salt Administration Office ("Yen Wu Shu") was created the Chief Inspectorate of Salt Revenue, with the same Vice-Minister of Finance as Chinese Chief Inspector, while Sir Richard Dane was appointed (by the Chinese Government) Foreign or Associate Chief Inspector, equal in rank, power, and responsibility. The Foreign Chief Inspector was additionally given the title of Advisor on Salt Affairs. The Chief Inspectorate was gradually organized into three Departments, one with a Chinese, one with a British and one with a French Department Chief.

At the same time Offices called District Inspectorates were established in the Provinces where they collaborated

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James K. Neering 7/26/86

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with the Salt Commissioner. In charge of these Offices there was a Chinese and a Foreign District Inspector who, like the Chief Inspectors, were equal in rank, and whose joint signature was required to all documents, cheques, etc. It was provided in the Loan Agreement that the collection and control of the Salt Tax was to be entrusted to the District Inspectors and their direct subordinates. These duties were transferred from the hands of the Salt Commissioner and his men with more or less difficulty, depending largely on conditions, personality, etc. The Commissioner retained offices for recording the production of salt at the works, and also full control of the Salt Police, but the important functions of collecting the Tax and issuing receipts which would permit the salt to leave the works, came under the sole control of the District Inspectors. Meanwhile efforts to abolish the obnoxious and irksome transit taxes, etc. collected in the interior routes followed by the salt traffic were proving successful. In certain districts the tax at the works was somewhat raised to

James K. Neering 7/26/86

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make up for the abolition of these other levies, but the result, a single tax at the source, gave satisfaction to Government, producer, transporter and consumer.

Rules were laid down regarding the appointment and dismissal of all officers employed under the Chief or District Inspectorates. Their posts were made permanent during good behavior, and fairly liberal allowance was made in the way of salaries, promotions, good service allowances, annual leave of one month on full pay, and triennial furlough of three (or in the case of foreign officers six) months on full pay.

The number of foreigners appointed was intentionally kept small, as it was not desired to burden the Chinese Government with a large body of foreign officials. There are at present about sixty in the whole Service, chosen chiefly from the nations represented in the Banking Consortium, but also a number, now including five Americans, from other nationalities. In some of the larger Districts there are foreign Assistant District Inspectors, one or two in every

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large or important places, some with and some without Chinese Assistant District Inspectors as colleagues, while in the Chief Inspectorate at Peking there are about ten Foreign Officers.

The actual conditions of the salt trade vary in different parts of the country. In some, trade is entirely free, in others it is in the hands of merchants who are simply required to register or secure a license, in others it is in the hands of merchants who have ancient monopoly rights which in some cases required to be bought up or cancelled by the Government as harmful both to it and to the people. In one large district - central and northern Manchuria - the transport and sale of salt is carried on by a strict Government Monopoly, with an Audit Office established on the lines of the District Inspectorates, with a Chinese and Foreign Auditor in joint control with the old Monopoly Office. Each District has its own problems, but most of them have not proved insurmountable. The present centrifugal tendencies of the

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James L. Neering 7/26/86

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Provinces away from control by the central Government has also been felt in the Salt Revenue Service, but the functions of the District Inspectors have not usually been interfered with. Funds which they pay over to the Provinces are treated as subsidies from the Peking Government even though the money may not actually leave the Province. Collections have always been sufficient to meet the interest on the Loan and to leave a substantial surplus partly held as reserve in the Consortium Banks, into which all Revenue must be paid, while the balance is paid over to the Government.

It has been demonstrated that security in office, fair treatment and salary, together with a certain amount of stiffening given by the Foreign Officer in each District have been largely responsible for the increased honesty, efficiency and productiveness of the Service, and it is hoped that in the period of forty years, for which the Loan runs, a body of Chinese Officials may be built up which will continue the administration of this important Department of the Government

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along these lines, and continue to serve as a model to other
branches of the Government.

*William Morgan Palmer -
16/11/21*

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James K. Nevin 7/26/86

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1 Enc.
OFFICE CHIEF OF STAFF

7655-D-63
1921

NOV 23

FOR OFFICIAL USE
ONLY

SUBJECT Semi-Monthly Summary of the Economical situation,
period ended September 24, 1921. Current Events Report.

From China

No. 2933 Date Oct. 3, 1921., 19

Replying to No. _____ Date _____, 19

Submitted.
Only two copies available.

REC'D, M. I. O., G. S. NOV 19 1921

Binding Margin.

- 3 -

American Consul Jenkins, Harbin, reports that the wheat crop in the Amur region is better than previously reported.

Consul Gauss at Tsinan submits reports estimating the wheat crop of Shantung at 65% of normal, barley 60%, potatoes 55%, and walnuts 60%, peanuts 70%, beans 60%, kaoliang 60%, millet 60%. Later figures may show better results and it is thought that in general the crops will average from 70% to 75% of normal.

Crops in general in Central China, with the exception of considerable damage done by floods, are reported to be good. Cotton, rice, and the third tea crop have done well. There was considerable damage to crops in the Han River valley due to floods.

Fruit crops in Western Honan are reported the best in many years. Cotton and kaoliang are also reported as exceptionally good. This is hilly country unaffected by floods. East and South of Chengchow a great deal of damage has been done by floods, considerable areas having been under water 100 weeks.

Crops in the immediate district of Tsingtau are reported as exceptionally good, being unaffected by floods or other abnormal conditions.

Reports from the Mukden district indicate that the bean, kaoliang, and millet crops of Manchuria will be above normal.

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The price of rice in Shanghai is around \$10.50 per picul for good average quality, being more than 40% higher than in 1918 at the same season of the year.

The Bankers Weekly in an article on Soya Bean Production in Manchuria gives statistics showing that out of the world's total production of soya beans amounting to 62,640,000 piculs, China produces 50,286,000 piculs, Japan 6,464,000, Korea 5,220,000 piculs, and the United States 870,000 piculs. Sixty to seventy percent. of China's production is in Manchuria. (One picul equals 133, 1/3 pounds avoirdupois)

5. EXPORTS.

The exemption of tea from export duty and from one half of the native duties has been extended for two years. The Maritime Customs has also extended the validity of passes for certain native re-exports to two years. The list includes practically all the import commodities exported abroad.

The advance in freight rates from Dairen to Europe on soya bean oil, which is now 120 shillings a ton, has made it possible for American firms to derive a profit from shipping oil to Europe by way of the United States.

- 4 -

There have been considerable exports of Shanghai mill flour to Japan, Saigon, the Dutch East Indies, Manila and Port Said. Exports of Sesamum Seed have also been prominent. Germany is reported to have placed orders for fair quantities of hides.

The American Consul at Chefoo reports total exports of hair nets from that port during August as 150,000 gross, compared with 200,000 gross in July.

There has been some movement of raw silk from Shanghai to the United States, the exports of White Steam Filatures for the three weeks ending September 20th totalling 114,533 pounds.

Canton's exports of raw silk to the United States for the two weeks ended September 2nd was equivalent to U.S.G.\$1,500,000. Exports of BEAN OIL from Faren this season are estimated to be 33,1/3% of normal.

In general, export business is quiet due to the rise in silver exchange.

6. IMPORTS.

The Shanghai Customs returns show a fair amount of Japanese piece goods imported, also American raw cotton, Belgian steel, French woolen goods, and Indigo Paste. A fair movement of piece goods is also shown from Shanghai to the outports and to the interior, indicative of the generally improved condition of the piece goods market. Hankow also reports the tone of the piece goods market much improved, with a considerable increase of clearances, and demand for both stock goods and forward orders.

Notable imports from the United States to China are lumber, raw cotton, cotton sheetings, paraffin wax, asphalt, cigarettes and kerosene oil. The principal articles withdrawn from bond in Shanghai were cotton goods, wire shorts and steel bars, artificial indigo paste, machinery, electrical materials. Arrivals of British and German merchandise were fairly large.

The German firm of C. Paul Hoffmann, Ltd., Dresden, advertises terms of 60 to 90 days for cutlery, hosiery, and general lines of German manufactured goods.

The advance in the price of cotton at New York had a strengthening effect on the piece goods market in China. Subsequent fluctuations however caused both buyers and sellers to hold off to a certain extent.

Stocks of import commodities, generally, are lower than for the same period last year.

Other notable exports to the United States are Tea, Bristles, Antimony, sheeps wool, and wood oil. Principal exports to other countries; Japan - Fresh eggs, wheat, bran, rape seed, hampie, beans, cotton seed cake, and gypsum; Germany - Sesamum seed, Wood Oil, Egg Products, Tungsten, Antimony, Lead ore, and Peanuts; Great Britain - Fresh eggs, Peanut oil, skins, especially rabbit, and peas; France - Raw Silk, Peanuts, and Sesamum Seed.

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James K. Neering 7/26/86

7

9. MINES AND MINERALS

Stocks of coal at Shanghai are fairly large but prices remain steady.

It appears from news reports that the much discussed Cassell Mining Agreement by which British interests secure practically a monopoly of all undeveloped coal mines in Kwangtung Province and of the branch railways and other transportation requirements in connection therewith, is now being protested by French interests on the grounds of a former agreement between them and the former Viceroy, Li Han-chang (a brother of Li Hung-chaop). This preliminary concession was signed during the last decade before the fall of the Manchu Dynasty. It makes concessions which substantially overlap those of the Cassell concession.

10. INDUSTRIES.

Reports in the Chinese press indicate that Chihli Province authorities are endeavoring to stimulate the silk industry by drawing up a set of regulations requiring the planting of additional quantities of mulberry trees and offering special inducements in the way of prizes for special activity in this direction.

The Amoy Electric Company is reported to have placed an order with the German firm, Siemens China Company, for an electric light plant consisting of a 750 KW set, 2 condensers, 3 transformers, and a 5-panel switch board, price Gold \$45,000. c.i.f. Amoy; terms 20% with order, 30% upon delivery, and 50% after trial.

The Germans have also sold two 300 KW generators at Nantungchow, which will thus acquire the largest electric plant in China outside of Shanghai.

The establishment of a large sugar refinery at Amoy is under contemplation by Chinese interests, dependent upon the selection of a suitable site with provision for steamers to berth.

11. MISCELLANEOUS TRADE NOTES.

Consul Sokobin, returning from Urga, Mongolia, reports opportunities for American firms in North China to send in American products. Order has been restored. Sugar is selling at \$2.00 (Silver Yuan) per pound, cigarettes at \$500 a tin of fifty, and gasoline at \$70. to \$80. a case.

The Chefoo Harbor Works were formally opened on September 11 in the presence of Inspector General of the Chinese Customs, and the North China Minister. The work is not entirely completed, there being some forty thousand tons of material yet to be deposited on the mole, and traffic is yet to be completed. It is expected that the work will be finished by the end of November.

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The Association of Chinese and American Engineers will hold its annual fall meeting at Hankow October 4th to 6th inclusive.

It is reported in the press that new postal regulations in the United States will provide for the return to sender of business letters addressed abroad without sufficient postage, the required postage to be added before the letters will be forwarded. This will doubtless do away with the large volume of "postage due" mail coming to China.

A waterworks project is proposed for Hanking, to be promoted by Nanking merchants in Shanghai.

The Weikien Waterworks Company has petitioned the Ministry of Agriculture and Commerce for registration.

The American Express Company has opened a branch in the Grand Hotel des Wagons Lits, Peking, under the management of S.F. Howard, with a travel department in charge of J.P. Bourne. Tickets for travel in China or to any part of the world may be secured, in addition to which, exchange, letters of credit, and the forwarding of parcels and freight may be negotiated.

The Asiatic Petroleum Company at Chengchow, Honan, are beginning the construction of a building for offices and residence for foreign staff. The Standard Oil Company has recently completed new and modern quarters. The Peking Hankow Railway is to build a school for the children of the railway's staff at Chengchow. The Lunghai Railway is about to begin construction of its Chengchow station.

The Asia Life Insurance Company, American, commenced business in Shanghai on September 1, and wrote over \$300,000. worth of insurance on the first day. Since then its business has been developing rapidly and the estimate for the first month is \$600,000. (Silver Yuan).

The following companies have recently filed articles of incorporation in the United States Court for China: China American Cigarette Company, capital \$200,000. (Silver Yuan), manufacturers and distributors of cigarettes and tobacco; Canadian American Tobacco Company, capital Taels 30,000; China Industries, Inc., capital \$100,000. (Silver Yuan), stocks, bonds, mortgages, etc; Oriental Crafts Corporation, capital Taels 50,000, importers, exporters, agents and brokers.

The American Consul General at Canton reports that the construction of $4\frac{1}{2}$ miles of new streets now under way will give the city 20 miles of improved roads.

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12. UNCLASSIFIED.

The dedication on September 19th of the Peking Union Medical College of the Rockefeller Foundation, with John D. Rockefeller, Jr., and other prominent members of the Board of Directors of the Rockefeller Foundation and distinguished physicians and surgeons from many sections of the world present, marks the beginning of a new era in medical and scientific education in China. The Peking plant represents an investment of upwards of U.S. Gold \$5,000,000. and is regarded as the most modern and most complete plant of its nature anywhere in the world. It is a remarkable testimony to American constructive philanthropy, scientific achievement, mechanical equipment, and appreciation of the beautiful in Chinese architecture. Mr. John D. Rockefeller Junior exemplified in his keen active participation in the Board of Directors meetings, which were held daily during his ten days sojourn in Peking, the American idea of public spirited service.

The visit of the Wood-Forbes party to Peking as the guests of the Chinese Government during the week September 19-26, contributed in a considerable way in the furtherance of American prestige in China and the Far East generally. General Wood and Governor Forbes were entertained by the President and various members of the Cabinet as well as by commercial and educational societies and impressed upon their audiences the fact that the United States Government is not only interested in China and the Far East but is determined that American trade and other interests shall be fully protected in their legitimate rights and in securing the advantages to which they are entitled under the policy of the open door of equal opportunity.

The American press voices the expectations of the United States Government with regard to the Washington Conference in its purpose to secure formal guarantees of the maintenance of the open door of equal opportunity in China (and Russia), to bring about a reform of the Chinese currency, the modification of certain extra-territorial rights providing China will adopt a modern Civil and Criminal Code, the substitution of a National Police Force for the standing Armies in China, revision of the customs tariff with the idea of giving China a more equitable revenue from this source, but with the abolition of likin, and development of railways free of preferential rates, political significance, or monopolistic rights.

A summary of the work concluded by the American Red Cross in famine relief in North China gives the following facts and figures;

- 145,000 workmen recruited, and
- 841,000 persons reached by relief.
- \$2,428,000. total expenditure in local currency.
- 356 miles of highways constructed.
- 3,572 wells dug.
- 15,000 tons of grain was purchased and distributed on the various projects.

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SUBJECT Semi-monthly ~~MEMORANDUM FOR THE PRESIDENT~~ summary of the

Economic Situation, period ended Sept. 30, 1921. Current Events Rept

From China

No. 2940 Date October 7, 1921., 19

Replying to No. _____ Date _____, 19

Submitted.

Only two copies available.

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to*

NOV 19 1921

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4. AGRICULTURE AND CROPS

American Consul Kirjassoff, Dairen, reports crop estimates as given out by the South Manchuria Railway head office for points along the railway, which may be taken as fairly indicative of the conditions for the whole of South Manchuria and may be summarized as follows:

Soya Beans	10%	above	normal.	Rice	25%	above	normal.
Kaoliang	25%	"	"	Vegetables		normal	or slight increases.
Corn	10%	"	"	Fruit		possibly	slightly sub-normal
Millet	15%	"	"	Barley & Wheat		20% increase	(This figure is for Mukden district)

The soil in northern Honan is reported to be in good condition for winter wheat, which is now being put in

The cotton crop of the Yangtze Valley is estimated at 50 to 60% of normal.

The Autumn silk cocoon crop -- yield poor, but quality good. Average price, \$40 silver yuan per picul.

Wheat and other crops in Northern Kiangsu, 40 to 50%.

5. Exports

The military operations on the upper Yangtze have had a very bad effect on export business, as the shipping has been held up and produce has not been arriving at Hankow. Goods contracted for, for shipment to Europe and the United States, have not arrived. This applies especially to beans, and wood oil which the native dealers are to move to Hankow from the interior because of the ex-soldiers, pirates, robbers, etc., who overrun the country and the rivers and seize cargoes. Junks containing wood oil have already been seized and foreign shippers with contracts to fill may be in a serious position as a result of this condition.

Exports of White steam filature silk from Shanghai to the United States for the week ended September 27th totalled 34,400 pounds. White silks in bales totalled 17,333 pounds.

The Bureau of Economic information mentions in its Bulletin of the Wool Industry of Shantung, which province is estimated to have a producing capacity of 1,000,000 catties (1,333,333 pounds), about 200,000 catties of which is consumed locally, 450,000 is exported through Tientsin, and 350,000 through Tsingtau, mostly to Japan.

Consul Kirjassoff, Dairen, reports the regulations issued by the South Manchuria Railway for the Mixed Storage of Wheat in Dairen, preparatory to export. Concrete elevators are provided. China exported during 1920, 20,000,000 bushels of wheat, of which 15,000,000 were shipped from Dairen.

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Declared export returns for merchandise exported from China to the United States, as reported by American Consuls in China to date, for the September quarter, are as follows:

Consular District.	Total of Declared Exports for Quarter ending Sept. 30, 1921. U. S. Gold Dollars.	Total of Declared Exports for Quarter ended Sept. 30, 1920. U. S. Gold Dollars.
AMOY	None*	None*
CANTON	6,487,456.	3,993,283.
CHEFOC	1,650,000.	812,921.
MUKDEN	289,452.	580,847.
NANKING	332,167.	1,936,306.
SWATOW	11,141.	24,158.
TSINGTAU	56,987.	206,752.

(*Exports from Amoy are principally to the Philippines, the above figures including only exports to the United States).
(It is hoped that complete figures for the whole of China will be available to include in the next report, October 15th).

The Declared Export register of the American Consulate General, Shanghai, shows the following decreases for September compared with August: Antimony regulus, cotton laces, carpets, dried eggs, feathers, hair nets (big decrease) pongees, silk (waste, wild, raw), and sheep's wool. Increases: Cotton waste, deerskins, white peas, rush hats, silk piece goods, tea, and weasel skins.

Present exchange is unfavorable for exports, especially to the United States.

Principal exports to the United States from Shanghai were; Green tea, raw silk, egg albumen and yolk, fresh eggs, weasel skins (24,000 pieces), lamb skins, goat skins, bristles, feathers, white peas, etc., quantities small.

To Japan - Fresh eggs, wheat bran, raw cotton, gypsum, rapeseed.
To Germany - Peanuts, wood oil, sesamum seed.
To France - Peanuts, feathers.
To Great Britain - Peanut oil, wood oil, white peas.

Some quantity of Shanghai mill flour was exported to Japan, Port Said, Singapore, and the Dutch East Indies.

TEA - Market steady for Pingsueys and fair shipments are being made to the United States and Europe. Sales during the new season have exceeded those of 1920 in the case of green tea, but are smaller in the case of black tea. J.C. Whitney & Co's report dated September 14 shows total purchases of green tea as 170,865 half-chests; black tea, 6,939 half chests, compared with 91,590 and 13,277, respectively, for the 1920 season. Present stocks of all teas are much lower than at this time last year.

FIBERS - New season has just commenced and prices are strong, especially for Kiangsi ramie and Hupeh flax.

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SILK - A rise in the market followed the report that 1000 bales of new tussah filatures had been purchased for shipment to the United States.

EGG PRODUCTS - Floods have seriously reduced the available supply of eggs and many factories have temporarily suspended. Fresh eggs are figuring more prominently in the exports than albumen, yolk, etc.

The Maritime Customs announces the abolition of exemption certificates for re-exports from Shanghai. Duplicates of the re-export applications will be forwarded to the port of destination instead.

6. IMPORTS

The American Consul General at Hankow reports a continuation of the demand for piece goods, prices firm with an upward tendency. Clearances in yarn are also reported brisk with some business in stock lots. The principal items of import in the Hankow Market have been copper, iron, and mild steel bars, and other steel products, machinery, and sugar.

Press reports from London state that a large shipment consisting of 9000 tons of galvanized sheets valued at 1200,000 has been cleared at Swansea for Singapore, Shanghai and other Chinese ports.

Notable IMPORT items as given in the Shanghai Customs Daily Returns up to September 26, covering imports for period August 22 - September 3, are as follows:

From U.S.A. Softwood timber 2,250,000 sup. ft.
Raw cotton, 15,961 bales
Machinery, value Haikwan taels 479,884
Grey sheetings, 62,500 pieces
Motor Trucks, 31
Also canned goods, fresh fruits, grey drills,
lubricating oil, paraffin wax, etc.

From Japan: Coal, cotton goods, aniline dyes, machinery, paper
refined sugar, matches, needles, buttons.

From Great Britain: Iron and steel, paints, machinery (value
Haikwan taels 162,890), cotton goods,
caustic soda, printing paper.

From Belgium: Iron and steel, window glass, aniline dyes
From Germany: Iron and steel, aniline dyes, lanterns, needles.
From Sweden: Paper.
From Dutch East Indies and Hongkong: White Sugar
From British India: Jute and gunny bags.

Iron and steel -- It is reported that Belgian steel manufacturers have more orders than they can fill. British prices have advanced. An American firm has sold 14,000 tons of steel rails to the Peking-Suiyuan Rail.

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PIECE GOODS - In general the Shanghai piece goods market has been quiet especially with regard to new orders, while the movement of old purchases and accumulated stocks may be regarded as satisfactory. The demand in the upper Yangtze provinces is expected to increase substantially as soon as political conditions quiet down.

Ilbert & Co. report that during the past two weeks trade has been very much better than might have been expected in view of the appalling political and economic condition of most of the Yangtze provinces. Hankow has been buying and so have the Northern dealers at steadily advancing prices. Stocks are very low in the interior. The rise in foreign raw cotton has made prices of American and British piece goods so high that Chinese local mills are benefitting. During the two weeks ended September 21 American drills were taken by Manchuria and sheetings by Chefoo, Tientsin, and Lewchwang in fair quantities. Stocks of American piece goods in Shanghai: Grey shirtings, 8990 pieces, drills, 16,490 pieces; jeans 13,490 pieces; sheetings, 28,664 pieces; American and European flannel, 100,066 pieces.

The list of goods withdrawn from bond between September 11 and 20 includes few items of any importance. Principal lines: Piece goods, artificial indigo paste, electrical materials.

PAPER - There is a good demand for American newsprint and other classes of paper, and a number of orders have been booked recently.

Among other American goods displaying some activity are groceries, glass, steel products.

RAW COTTON - It is said that no orders have been placed for American cotton since the sharp rise in the price of this commodity. Considerable shipments are arriving.

The sale of American machinery at present seems largely dependent upon the ability of the importer to finance new industrial enterprises.

The Chinese Eastern Railway is inviting tenders for gas pipe fittings, various kinds of wire, and pig lead.

7. SHIPPING AND FREIGHTS.

The freight market generally is still slack, although there are indications of a little more business, with reports from Dairen of a bumper crop of beans and a very strong wheat crop, which should result in large cargoes for Europe in November and December.

Conditions on the New York berth have not improved and rates are still "open," so that the earnings of vessels are small.

Indications from the Pacific Coast are that small quantities of steel and cotton are beginning to move, together with other general cargo.

The Japanese interests in the Trans-Pacific Tariff Bureau made advances to the other members to hold a special meeting with a view to obtaining a better understanding of conditions and agreed to abstain absolutely from all forms of rebate. This is the first time that the Japanese

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have ever made advances along these lines and it looks like a step in the right direction. This agreement applies only to Japan ports at present, but efforts will be made to extend it to all Oriental ports.

The ocean rate on tea has been placed at G. 5 per ton for the balance of September and October.

It is reported from London that reductions are being effected in freight rates based upon weight from both British and Continental ports. These reductions range from 5 shillings to 7 shillings 6 pence per ton.

The "Paludina," an 8400-ton oil tanker launched from the London Dock yard September 24, is the first vessel of her class to be built in China.

The S S "Oriental," the third ship to be completed of the four shipping board boats being constructed by the Niangnan Dock and Engineering Works, Shanghai, was given successful trial tests last week and was scheduled to sail on Saturday October 1st for San Francisco direct from Shanghai. The cost of this steamer to the Shipping Board is G. 2,009,540. The "Oriental" is the sister ship of the "Mandarin" and "Celestial," previously delivered to the Shipping Board, the latter making her maiden voyage to San Francisco from Shanghai in 18 days 6 hours. The Robert Dollar Company are agents for the "Oriental."

Press reports indicate that Japanese steamship companies are placing more steamers on the Seattle and Portland trans-Pacific service, taking full advantage of the prohibition of the United States Shipping Board against the carrying of lumber by shipping board vessels. Better rates than have prevailed up to the present are being secured.

8. TRANSPORTATION AND COMMUNICATIONS

The Bureau of Economic Information reports the total receipts of the Chinese Eastern Railway from January to July as Gold Roubles 12,120,991, which shows an average monthly increase over 1920 revenues of 283,239 Roubles. Approximately 47% of the total operating revenue is secured from the section between Harbin and Changchun.

The total operating revenues of the Chinese Government Railways for May was Yuan 3,214,800. Compared with the figures for May 1920, this represents a decrease of Yuan 1,122,379.

It is expected that the earthwork on the Chinchow-Chowyang branch of the Peking-Mukden Railway will be completed this year, good progress being reported on this construction.

The Asiatic News Agency issues a statement purporting to be in the nature of private advices from the United States indicating that the State Department has notified the Chinese Legation in Washington that the U. S. Government agrees to the exclusion of those government controlled railways and those railways which are in good working order from the activities of the new Consortium in China, the British, French, and Japanese governments concurring.

It is intimated also that among official circles in Washington the idea of Consortium Control for the Shantung railways is favored instead of the proposed Sino-Japanese joint ownership.

It is believed that as the development of the Chinese railway system directly affects the open door policy and equal opportunity principle in China, the solution of the Tsinan-Kiaochow railway question, which from the Chinese viewpoint is more important than the retrocession of the port of Tsingtau to China by Japan, will probably become the burning point between Japan, China, and America in the coming Washington Conference.

The Asiatic News Agency reports that at a recent meeting of the shareholders of the Peking Electric Tramway Company, it was arranged for the Chinese Bankers Association to take over the French interests in the project, supplying approximately half of the capital required for the furtherance of the project in conjunction with the Chinese shareholders until such time as the Banque Industrielle de Chine resumes business.

10. INDUSTRIES.

A group of American and Chinese business men in Shanghai have formed a company known as China Industries, Inc., for the promotion of industrial enterprises.

The Hsun Fung Cotton Mill, with 40,000 spindles, was formally opened September 27 at Woosung.

The organization of the Tse To Silk Filature at YueYau, Chekiang Province, with a capital of Yuan 2,000,000, is reported by the Bureau of Economic Information. The organization of a cotton mill at the same place is reported.

The opening of the Ching Hsin Iron Works at Hsuchow, engaging in the manufacture of cotton gins, weaving machines, and printing machines, is also reported.

11. MISCELLANEOUS TRADE NOTES.

Shanghai is planning a sewerage system at an estimated cost of Taels 3,870,000, including the land necessary for a disposal plant.

The Chinese General Chamber of Commerce has raised \$210,000 silver yuan for a commercial museum and library.

Owing to the heavy demand for space, the number of booths at the forthcoming automobile show will be increased. Sixty-nine have been contracted for and others reserved provisionally.

A dispatch from Changsha states that Germans are "doing more general import and export business in Hunan than the foreigners of any other one nationality."

The following new American companies have incorporated in Shanghai since September 15. Patstone & Patstone, Ltd., Yangtze Trading Co., Inc., Delano Lace Corporation.

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With reference to the Declared Export Returns as given on page 3 the following report has been received from the American Consul General at Shanghai;

Exports from Shanghai to U.S. September Quarter 1921 \$12,653,000.
" " " " " " " " 1920 \$13,963,000.

Exports from Shanghai to the United States for nine months ending September 30, 1921 - - - - \$49,851,000.

Exports from Shanghai to the United States for nine months ending September 30, 1920 - - - - \$62,952,000.

The principal items of export during the September quarter 1921 were COTTON LACES, EMBROIDERIES, HAIRNETS, RAW SILK, WILD SILK and TEA

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DEC 3

SUBJECT Semi-monthly Trade and Economic Report - China, for
the period ended October 15th, 1921). Current Events Report

From China.

No. 2952 Date Oct. 24, 1921., 19

Replying to No. _____ Date _____, 19

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The above figures for August indicated an increase of C.\$7,200,000 in exports from U.S. to China over the July figures, as well as an increase of C.\$1,900,000 over July in imports from China.

6. IMPORTS.

Recent reports that a rise in silver exchange should stimulate the import business, but the banks seem to be disinclined to sell forward except at a heavy discount.

The American Consul General at Hankow for the week ended Oct. 3th, reports the piece goods market at that port as remaining firm, with forward sales for delivery this year, and considerable clearances of stock goods. The market in yarn is also said to be brisk.

Consul Jenkins, Harbin, reports that German goods are gradually entering that market, basing their prices on pre-war catalogues with the allowance for the difference in the Mark exchange. One German firm there recently secured a contract to supply a bean oil mill with equipment at Yen 500,000 (Gold \$250,000) Orders have been taken for considerable quantities of hardware, plumbing, and heating supplies of German manufacture.

Consul Jenkins further reports that Harbin business men are showing increased interest in the possibility of trade with Chita. A number of importers, including British and American, have gone to Chita to investigate conditions, indicating growing confidence in the Chita Government.

Consul MacGowan, Vladivostok, reports that business in Vladivostok carried on in foreign currency is almost exclusively in Japanese yen and that little credit, if any, is extended. Financially the country in that section is in a bad way with little indication of improvement for some time to come.

Goods advertised stored in the Vladivostok Customs House, Sept. 21, 1921, included, Agricultural machinery 10,295 pcs; motor cars, 5; motor-cycles, 24; electric lamps 17,571; candles 6 tons; bark for tanning, 2,419 tons; tanning extract, 792 tons; sulphuric acid, 990 tons; cotton and woolen goods, 372 tons; dyes and dyestuffs, 100 tons; wire 230 tons; shoes 40 tons; condensed milk 131 tons; paraffin 15 tons; resin, white, 1,337 tons; rubber 1,396 tons; soap, 37 tons; tea, 13,326 tons; wax 200 tons; For complete list address Commercial Attache.

Consul MacGowan, Vladivostok further reports that German goods are again appearing in the market, among which are 1,800 plows.

Consul Sokobin, Kalgan, reports: 1. The first camel caravans to leave Kalgan for Urga, Mongolia, since the first of the year, left the 1st of October. The first caravan carrying cargo was one despatched by American firm, Andersen, Meyer & Co., and consisted of about 300 camels, carrying American gasoline, candles, sugar, foodstuffs, and sundries. Another American caravan left Station Manchuria (on the Chinese Eastern Railway) for Urga, and should have arrived in Urga about the 10th of October. Following the despatch of the American caravan from Kalgan, Chinese merchants also sent several caravans totaling about 300 camels with tobacco.

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The Chefoo harbor breakwater, which has been under construction for the past seven years, has now been completed at a cost of Yuan 4,300,000. The Mole, nearly a mile long and the Quay wall, nearly 600 feet in length, will be completed at the end of the present year. With funds raised from the famine surtax the Ministry of Communications constructed an embankment from Chefoo to Weih sien on the Shantung Railway with the hopes that a railway may be laid on this embankment.

The International Commission of Consulting Engineers, including the American representative Major General W. W. Black, is now meeting with the Whangpoo Conservancy Board to consider the question of the improvement of the Shanghai harbor and the Lower Yangtze.

Among the principal questions before the Commission are:

1, the deep water channel; 2, the possibility of improving the Ferry Flats; 3, alternative question of the Hangchow Bay Bridge; 4, the improvement of berthing accommodations and general port improvements.

The Chinese Post Office Administration beginning with October 15, 1921, will charge 24¢ (gold 11¢) per pound, or fraction thereof, in place of the former 35¢ (gold 17¢) for parcels with a limited weight of 22 pounds destined from China to the United States. By this reduction the rates charged by the Japanese Post Office are met.

A new wireless station at Tsingtao under Japanese auspices, it is reported, will be ready for operation in November.

9. MINES AND MINERALS.

The German interests as formerly controlled the Chinghsing coal mines in Chihli and Shansi provinces, which is supposed to have a reserve of 300,000,000 tons, are making strenuous efforts to regain the actual control which during the war was taken over by the Chinese Government.

At the Chinese & American Engineers Association Annual Meeting at Hankow recently Mr. C. Y. Wong read a very comprehensive paper on the minerals and mining industry of China. The Association is publishing this paper as a journal. A very interesting general statement on the mining industry of China has recently been compiled by the Geological Survey of the Ministry of Agriculture and Commerce as a special report of the Geological Survey of China.

It is expected by the end of the year to have ready for distribution a special report on the iron ore resources of China, and the Geological Survey has also in preparation a special report on the coal resources of China, which it is expected to have printed by the end of 1922.

INDUSTRIES.

10 Two blast furnaces are being erected under the auspices of the Kailan Mining Co. at Chinwangtao, an aggregate capacity of 120,000 tons of pig iron per annum. It is expected that pig iron will be produced at the cost of Yuan 20 per long ton at Chinwangtao (about \$11.00 gold). The company will secure its iron ore from the Tang-t'u fields in Anhwei province near Wuhu, which has an estimated deposit of 11,000,000 tons. This ore is supposed to be very pure, and the K.M.A. will use its own facilities for concentrating.

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SPECIAL.

Mr. F. J. Eldridge, Jr., Chief of the Far Eastern Division of the Bureau of Foreign and Domestic Commerce, has been deputed to accompany the San Francisco Chamber of Commerce party in its tour over the Far East. Mr. Eldridge will leave the Party at Yokohama and come direct to Peking, rejoining it at Shanghai.

The publications of the Department of Commerce may be purchased from the Shanghai Office of the Commercial Attache. Of special interest to American firms trading with China are the following:-

Special Agents Series.

167. Cotton Goods in China.	U.S.G\$ 0.25
170. Motor Vehicles in Japan, China, and Hawaii.	0.15
172. Electrical Goods in China, Japan, and Vladivostok.	0.30
180. Far Eastern Markets for Railway Materials, Equipment, and Supplies.	0.35
186. Chinese Currency and Finance.	0.10

Miscellaneous Series.

50. Far Eastern Markets for American Hardware	0.25
84. Commercial Handbook of China, Vol. I.	U.S.G\$ 0.60
Commercial Handbook of China, Vol. II	U.S.G\$ 0.40

American firms in China should subscribe to Commerce Reports now published as a weekly survey of foreign trade and containing reports from American Consular Officers and Representatives of the Department of Commerce in Foreign Countries. The domestic subscription price is \$3.00 gold and the foreign \$5.00 gold a year. For Shanghai, the domestic rate may be used. The Department of Commerce has been reorganized on a commodity basis with specialists in charge of certain particular industries. Commodities section, edited by these specialists appear in each number of Commerce Reports.

The Bureau of Foreign and Domestic Commerce has appointed Mr. Carl J. Mayer as Trade Commissioner to Siberia, with headquarters in Vladivostok. Mr. Mayer had been representative for twenty years in Siberia for the International Harvester Company.

Mr. John K. Caldwell, American Consul, Kobe, has been sent on special detail of several months to Chita, by the Department of State.

The Shanghai office of the Commercial Attache has been moved to No. 3 Canton Road, Robert Dollar Building. Mr. Lynn W. Perkins is at present in charge of the Shanghai Office.

Commercial Attache Arnold plans to visit Shanghai and South China ports leaving Peking at the end of October and occupying a month on the trip. During his absence Trade Commissioner Frank Rhea will be in charge of the Peking office, assisted by Mr. A. B. Calder.

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The Office of the Commercial Attache is in receipt of a goodly number of applications from American men and women, some resident in China, for positions with American firms. Those in need of assistants or stenographers, may find it to their advantage to communicate with the Commercial Attache.

The Bureau of Foreign and Domestic Commerce has opened a district office in Manila, in charge of Mr. G. L. Logan. The Manila office will assist in every way in furtherance of the trade of the Philippines with China.

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WAR DEPARTMENT

SUBJECT **SEMI-MONTHLY TRADE AND ECONOMIC REPORT - CHINA**

PERIOD ENDED OCT. 31, 1921. CURRENT EVENTS REPORT.

From **CHINA.**

No. ~~2953~~ **2964** Date **Nov. 7, 1921.**, 19

Replying to No. _____ Date _____, 19

REC'D, M. I. G., U. S. DEC 12 1921

Only two copies available.

GEORGE L. O'CONNOR
Capt. Inf. U.S.A.

Binding Margin.

0359

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

2-1

Enc.

SERVICE CHIEF OF STAFF

2655-D-67

1922

JAN

SEMI-MONTHLY TRADE REPORT.

- | | |
|---------------------------------------|--|
| 1. General Business v
Conditions. | 7. Shipping and Freights. |
| 2. Exchange, Credits,
and Banking. | 8. Transportation and
Communications. |
| 3. Finance and
Investments. | 9. Mines and Minerals. |
| 4. Agriculture and
Crops. | 10. Industries. |
| 5. Exports. | 11. Miscellaneous Trade
Notes. |
| 6. Imports. | 12. Unclassified. |
| | 13. Notes and suggestions
re. American Interests. |

For the period ended
November 30, 1921.

To be mailed to
Commercial Attache
Monday, Nov. 28, 1921.

From _____

Information regarding any of the above topics will be
gratefully received by the Commercial Attache,
American Legation, Peking.

New York. The Pacific Steamship Company, Admiral Line, announces the inauguration of a regular 14-day service between Seattle and Far Eastern ports. This company is now operating four Shipping Board passenger liners.

A fairly brisk demand for coastwise tonnage is reported from North China during the past few weeks. Foreign steamers on the Upper Yangtze River between Ichang and Chungking have met with much interference from the Szechwan troops. This culminated in a boycott of foreign steamers at Chungking on October 23rd when riots took place. American and other marines are said to have the situation in hand.

Plans have been announced for the re-survey of the coast of China by the Hydrographic Bureau of the Ministry of the Navy.

The steamship "William Penn", the first American motor ship to reach China, has arrived at Shanghai after a voyage from New York during which she made an average speed of 11.1 knots per hour.

The construction of seawalls, piers and other harbor works has been commenced in connection with the Praya East reclamation project at Hongkong. The contract has been awarded to a Chinese firm whose tender was Hongkong \$2,766,899.70

8. TRANSPORTATION AND COMMUNICATIONS.

Although conditions on the Upper Yangtze are not yet quiet, reports from the middle river are fairly encouraging. Vessels are now able to get through from Ichang to Chungking in spite of the fact that firing is still in progress.

On November 1st a through train on the Canton-Hankow Railway was operated between Wuchang and Changsha for the first time since the early summer. It is expected that normal train service will soon be restored.

The Hongkong authorities plan to spend \$100,000. on improving the surface of the main highways in Kowloon and an additional amount for widening and straightening various highways in the Colony.

The Russian Daily News, Harbin, an American publication, reports that all navigation on the Sungari River has stopped because of freezing. This publication also reports an increase in the movement of export commodities eastward from Harbin and that the railway administration are endeavoring to increase the carrying capacity of the railway by opening a number of new sidings.

Consul Jenkins, Harbin, states that the Chinese Eastern Railway which owns and operates the Harbin telephone system is now installing an automatic plant which will probably be in operation in the course of a month or two.

Motor car service between Kalgan and Urga has been re-established under the auspices of the Ministry of Communications.

Press reports indicate that the contract for the Harbin tramways has been awarded to a San Francisco firm.

0368

DECLASSIFIED BY NND740058 *James K. Neering 7/26/86*

The appreciation in value of Shanghai real estate is shown by the recent transaction in which property purchased in 1900 for Taels 67,500 was sold for Taels 900,000.

The American firm of Anderson, Clayton & Co., of Houston, Texas, has opened a branch office at 4 Avenue Edward VII, Shanghai, for the purpose of importing American cotton into China.

The party of 150 members of the San Francisco Chamber of Commerce touring the Far East on the S. S. "Empire State" spent the week of October 27 to November 3 in Shanghai, part of the group visiting Peking, and after visiting South China ports sailed for San Francisco direct from Shanghai.

Commercial Attache Julean Arnold, now on a trip in South China, is expected to arrive at Shanghai on November 19, and to return to Peking by November 24.

- 11 -

The statement made in this office's report of November 15th quoting newspaper reports to the effect that the Ministry of Communications had established motor car service between Kalgan and Urga, is stated by Vice Consul Sokobin at Kalgan to be incorrect. Americans are operating cars over this route and one Chinese company has five new cars in service. Rates charged per passenger when the service was first resumed some weeks ago were \$300, competitive companies cutting the rate to \$200 and one firm is now carrying passengers at \$150. The Chinese do not appear to figure depreciation in their estimate of a proper charge and this is an important item in connection with operating automobiles to Urga. Gasolene at Urga is now Yu an 40.00 per case. If the Ministry of Communications should re-establish its motor car service, local American interests would suffer, but American motor car manufacturers would greatly benefit. The Ministry of Communications may very likely cut passenger rates to a point where it will be impossible for American companies in Kalgan to operate but the Ministry of Communications will doubtless ruin more cars on the Kalgan-Urga run in a given period than a foreign operator would in a period ten times as long and the Ministry of Communications will be constantly replacing its cars with new cars, which will mean good business for the American manufacturers.

Consul Meinhardt, at Changsha, reports that the river is now low so that steamers are no longer able to reach Changsha regularly.

9. MINES AND MINERALS:

It is reported by the Chinese press that a petroleum well has been discovered at Shihkow, Yehchang district, Shensi, yielding a rich supply of oil.

The Chinese press report a movement on the part of civil officials in Manchuria toward the promotion of a Mining Bank to finance mining enterprise in Manchuria, with capital of \$1,000,000. (Yuan), the object being to keep the financial control of such enterprises in Chinese hands.

The only mines in the Mukden Consular District, as reported by Consul General Pentius, which are operating on any extensive scale are in the hands of the Japanese. General Chang-Tsao-lin some time ago engaged the services of mining experts to investigate mineral conditions throughout his district, but has not yet started mining operations on any important scale. It is understood that the reports submitted by the experts regarding some of the districts prospected were exceedingly favorable.

10. INDUSTRIES:

Dr. Liu Ong-seng, a prominent Shanghai merchant has purchased a parcel of land near the Loonghua Village, on which a big cement factory will be erected. The necessary machinery has already been ordered from abroad, and the prospectus and regulations of the institution have been submitted to the Ministry of Agriculture and Commerce for registration.

0384

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James K. Neering 7/26/86

DEPARTMENT OF STATE

DIVISION OF POLITICAL AND ECONOMIC INFORMATION

OFFICE CHIEF OF STAFF
MIL. INTELL. DIV.
1924
205
2-693
APR 23
WAR DEPT.
Latin American Section

February 29, 1924.

Captain Bogard,
Room 2751, Munitions Building,
Washington, D. C.

Dear Captain Bogard:

Confirming my telephone conversation with you I am enclosing herewith a copy of a report on the economic conditions in Cuba written by the Acting British Consul General at Havana, which contains a brief resume of the foreign investments in Cuba. When this report has served your purpose, will you kindly return it for our files.

If there is any further information which we can assist you in obtaining, we will be glad to hear from you.

Very truly yours,

B. D. Howell

Assistant Chief.

Adrian Southard

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James K. Neering 3/26/86

0385

G-2/2655-Q-69

G-2
JHB

OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

APR 29 1924
2655-2-69

WAR DEPARTMENT

April 18, 1924.

Mr. B. D. Folwell,
Division of Political & Economic Information,
Department of State,
Washington, D. C.

Dear Mr. Folwell:

I am returning herewith, with appreciation, a copy of a report on the economic conditions in Cuba by the Acting British Consul General at Havana, which was loaned to Captain Bogart of this Division on February 29, 1924.

Very truly yours,

For the A. C. of S., G-2.

GUY S. NORVELL,
Lieutenant Colonel, General Staff,
Chief, Latin American Sub-Section, M. I. 2a.

1 Incl.
lls

MAILED M. I. D.

APR 18 1924

MM

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James K. Neering 7/26/86

0394

3-1

1 Enc
OFFICE OF THE MILITARY ATTACHE
2655-D-71
1922

AMERICAN LEGATION
OFFICE OF THE MILITARY ATTACHE
CHINA

M. I. 2

December 23, 1921.

3010.

From : The Office of the Military Attache, Peking.
To : A. C. S. G-2 (Attention M.I.2, - Economic)
Subject: Changes in Economic Monograph - China.

RECEIVED 6/2 W.D. FEB 2 1922

For the purpose of eliminating useless matter, it is requested that the accompanying entries (withdrawn from our Economic Monograph) be ordered destroyed in all monographs. These items are out of date or of no present value.

Incls. *attached*

John Magruder
John Magruder,
Major, Field Artillery,
Ass't Military Attache.

0395

DECLASSIFIED BY NND740058 *James K. Neering 3/26/86*

Enc.
OFFICE CHIEF OF STAFF
STATE DEPT. DIV
2615-271
1922
CHINA
Economic.
FEB 3

27, January '20.

General.

Commerce was diverted into new channels and industry stimulated by the steadily increasing scope and effectiveness of the boycott of Japanese merchandise in South and Central China. This movement began in May and has been distinguished from previous manifestations of its kind by two new elements - patriotism and organization. It is estimated that well over half of the Japanese export business to China has been eliminated. The impetus given to Chinese industries by the boycott led to the placing of many orders for machinery and other factory equipment. There are now 1,500,000 spindles in China. The development for the past six months has been almost entirely native and when the new factories are in operation, Chinese capital will be well in the lead.

Charge d Affairs,
9/30-19.

add

out of date

0396

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

add

9, December '19.

China.
Economic

(41) Minerals.

Shantung.

There are two iron mines in active operation at Kinlingshan entirely controlled by Japanese, with railroad connecting station with mines. The output of the mines is 400 tons per day.

M. A. China, Sept. 9, 1919.

Says nothing - all such data is available in compilations in Dept of Commerce

0397

DECLASSIFIED BY MND740058

James K. Neering 3/26/86

20, December '19.

CHINA
Economic.

(41) Mineral.

The Hongkong Steel Foundry Company reports the discovery in Kuangsi and Kuantung provinces of an unlimited quantity of iron ore. Steel constructed from this ore is hard enough to cut glass and can be driven through wrought iron.

Standard Daily Trade Service,
12/10/1919.

ADD

This says nothing.

0398

DECLASSIFIED BY NND740058 *James K. Neering 7/26/86*

- j. Potash salts have recently been discovered in Szechwan.
- k. Saltpetre is mined in Sinkiang (Chinese Turkestan).
- l. Soda salts are found in Manchuria and Chihli. Leading Chinese merchants of Tientsin are reported to have formed a company to exploit the abundant deposits in that vicinity.
- m. Sulphur is found in Tsuli, Kwichow.

Covered elsewhere

0399

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

27 January '20.

CHINA
Economic.

Szechuen Province.

Mica

A mining company, capitalized at \$10,000 to work mica at Tachienlu, has been formed. The method of working the mine will be primitive, but fair results are expected.

Gold

Gold is found in numerous places and gold mining is the only profitable mining that has been carried on by the Chinese on the border. At Yutong both the crushing and working methods are employed. Lack of fuel is the principal drawback.

Coal

Coal is found at Longpapu, four days journey from the gold mines. Traces of coal are prevalent but so far undeveloped.

Minerals

In the mountains around Tachienlu minerals of great wealth and value appear to exist but foreign exploitations are very difficult.

Asbestos

Asbestos of various qualities seem to be plentiful throughout this region including the district of Yachow, the Chienchang Valley and the mountains.

add

covered elsewhere

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

0400

20, December '19.

CHINA
Economic.

[41] Mineral.

Salt Four hundred million pounds of salt are expected to be shipped from Tsingtau to Japan during 1919 and the Japanese Monopoly Bureau has permitted the importation of salt by individuals since 1918 because of its use in industries. Last year Japanese soda manufacturers imported 66,000,000 pounds from Tsingtau and their imports this year will reach 107,000,000 pounds.

Standard Daily Trade Service,
12/15/1919.

Add

*Out of date —
all such data can be found
in Annual Customs returns*



0401

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

22, November '19.

China.

Economic

(42) Vegetable.

Economic conditions generally remain unsatisfactory. The Anglo-Chinese opium agreement expired and the Foreign Office served notice that the importation of opium was henceforth prohibited, considerable poppy is still being grown in China. The tea industry is very poor.

State Dept. Nov. 14, 1919.

Out of date

Rec. destroy - See 2642

0402

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

22, November '19.

China.
Economic

(42) Vegetable.

The cotton crop throughout the country was considerably above normal although a tendency was shown to hold back the product for higher prices.

State Department, Nov. 14, 1919.

Out of date

Rec. desting. See 2642

0403

DECLASSIFIED BY NND740058

James K. Nevin 7/26/86

11, March (20)

CHINA

(42) Vegetable

SILK

Economic.

One reform has been realized with respect to a considerable part of last year's silk crop, in the replacement of Chinese reels by reels of American style, known as Grant reels. The advantage of this change is shown by the sale to Americans of practically the whole of such silk at higher prices than the price paid for the silk from Chinese reels. This success offers encouragement to those engaged in the elimination of diseased silk worms which is proceeding under the "International Committee for the improvement of sericulture in Kwangtung."

Reliable Source,

2-21-20.

Add.

Of no value in manuscript

✓

0404

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

CHINA

Economic

(22) Carbohydrates
(66) Starch

Famine

Drought in Chihli covering about twenty per cent entire famine area threatens almost total loss spring crop. This means aid must continue until summer crops say August, to about two million people now receiving aid. This situation makes more urgent request for three millions. Situation in other districts promising. Though Chinamen and other contributors have been substantial, American and Canadian funds already received have been saving factor to date.

Cable, Peking, 5/4/21.

Add

Out of date



(119) 26-70*

0405

DECLASSIFIED BY NND740058

James K. Nevin 7/26/86

Rice Crop in Foreign Countries.

The rice crop estimates for 1919-20 through the Consulate at Saigon are given as follows.

Cochin-China	4545,000 tons	increase	1,000,000
Siam	2,600,000	" decrease	1,500,000
Japan	10,772,000	" increase	1,000,000
Italy	491,000	" decrease	100,000

add India - Dept Statistics

2-23-20.

In applicable

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

0406

ADD

5, March '20.

CHINA

(43) Animal.

Economic.

China's exportation of raw animal products is enormous. The annual export of pieces of furs (wild beast) not including tails and unclassified, is over a million pieces. Large variety of furs and of excellent quality. China abounds in wild animals of many varieties and many of the domestic animals are found in both the wild and domestic state. In Southern China and the Gobi desert there are many dangerous reptiles.

Headquarters P. I. Dept.
1-12-20.

Of no value whatsoever



0407

DECLASSIFIED BY NND740058

James K. Neering 3/26/86

14, April '20.

CHINA

(49) Electrical.

Economic.

Chingwangtao.

The Electric plant of the Kailian Mining Company was installed on the 6th of April, 1918. There are electric lamps of a total candle-power of 181,000 on the break-waters. Electric light is also supplied to the Peking-Mukden Railway Station and the foreign residences. The water works of the railway made a large tank to receive the water from Tanho, and distribute it to the piers through pipes. The ships anchored there all get their supply of fresh water in this manner. The clay exported from this port in 1918 amounted to 555,915 piculs, going chiefly to the Strait Settlement for military purposes.

M. A. China 2-24-20 .

add

mixed data - all unimportant

DECLASSIFIED BY NND740058

James K. Nevin 7/20/86

0409

21, May '20.

CHINA

(74) Aeroplanes.

Economic.

Delivery of 11 Curtis Seaplanes is expected at Hongkong in the course of a few days and their arrival will enable a start to be made at once with the Macao-Canton aerial service.

M. A. Japan 3-20-20.

o-28

unimportant + out of date



0410

DECLASSIFIED BY NND740058

James K. Neering 7/26/86

14, April '20.

CHINA

(74) Aeroplanes.

Economic.

A loan of \$15,000,000 was recently secured. The port of Hulatao is to be the security between the Chinese Government and a Japanese firm, the Okura Company. Part of the money will be used in buying aeroplanes from Italy through the said Okura Company, and part will be used for improving the Municipal Administration in Hulatao which is situated about 100 miles north of Shanhaikuan on the Peking-Mukden Railroad.

M. A. China - 3-6-20.

add

Review

*Out of date and
of no value.*

0411

DECLASSIFIED BY NND740058 *James K. Neering 7/26/86*

.A J J

5, March '20.
(74) Aeroplans.

CHINA
Economic.

Aeroplans.

At Peking the government has taken up the study
but not the production. Five aviation schools have been
proposed.

Headquarters P. I. Dept.

1-12-20.

*Out of date
P. I. Dept.*



DECLASSIFIED BY NND740058

James K. Nevin 7/26/86

0412

20, December '19.

CHINA
Economic.

(74) Aeroplanes.

A British firm has negotiated with the Minister of War for the sale of eight million dollars worth of aeroplanes without demanding immediate payment. This is a transaction plus a loan to the Chinese government of three million dollars.

An Italian firm is to sell \$2,000,000 worth of naval supplies, including 6 submarines, 4 torpedo boat destroyers, 400 motor boats and 4 accessory boats. This also is a credit transaction and involves a loan to Chinese Government of one million pounds.

M. A. China report,
Oct. 3, 1919-2214

Add.

Out of date



DECLASSIFIED BY NND740058

James K. Neering 7/26/86

0413

3, February '20.

CHINA
Economic.

(74) Aeroplanes.

The following planes have been purchased by
Mr. G. T. Slaughter, 52 Broadway, New York City, from the Navy:

2 HS 2 L's
5 H - 16's
3 Aeromarine 39-B
1 Boeing Seaplane - Together with spares

Cost \$150,000.00

These planes have been delivered to Mr. Slaughter
and will leave the United States about the 27th of this month for
China. The actual purchase of the planes was made by W. J. Burns &
Company.

Mr. Slaughter has obtained the services of
W. D. Bonner, who was a naval aviator with the rank of ensign
(T), this officer having recently resigned from the service.

These planes are to be used for commercial
purposes and if the project proves successful the company of
which Mr. Slaughter is a member expects to greatly enlarge its
aviation activities.

Director of Naval Aviation.
O.N.I. Jan. 28, 1920. 156-101.

add

Out of date



0414

DECLASSIFIED BY NND740058

James K. Neering 3/26/86

11, March '20.

CHINA

(10) Finance.

MANCHURIA

Economic.

The Financial situation during the past year could be accurately described as the worst Manchuria has yet had to face. Bankruptcy seems imminent. This is partly due to the misuse of government funds by local officials, the reckless issue of notes by provincial banks, the continual enlistment of fresh soldier recruits by the local government and the specie redemption campaign carried on as long as any specie was obtainable. The banks in question have issued enormous amounts of notes, having in their possession very small quantities of silver reserves, and these reserves were speedily exhausted in redeeming notes held by Japanese.

During the past year two large private Chinese banks and a number of native business houses failed through injudicious speculations made in roubles and gold yen. Had the local government banks been in a position to come to the assistance of the two banks, the latter would have survived the crisis. The provincial banks being in a bad predicament themselves, were in no position to render aid to anyone.

Reliable Source 2-21-20.

Add.

*Wholly incorrect and
out of date.*

0415

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James K. Neering 3/26/86

OFFICE CHIEF OF STAFF
INL. INTEL. DIV.

1922

2653-D

FEB 18

WAR DEPARTMENT

G-2, 2655-I-72

1st Ind.

MC/bap

G-2, W.D., February 7, 1922. To Military Attache, Peking, China.

Returned, inviting attention to the enclosed evaluation of reports, prepared in M.I.2.

For the A. C. of S., G-2:

1 encl.

M. Churchill,
Major, General Staff.

MAILED INL. INTEL. DIV. FEB 7 1922 *2721*

0425

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James K. Neering 3/26/86

- 6 -

6. IMPORTS (continued)

The market for steel products in Shanghai is dull. An increase in the sale of galvanized sheets, tinplate, wire nails and pipe was noted during the autumn months, but during the last thirty days the demand has slackened. Since the Christmas holidays very little business has been done. Stocks are fairly big in Shanghai and not much is expected in way of depletion prior to Chinese New Year. A small demand from outports was easily filled, but the fact that such a demand exists is encouraging to interests here. Native dealers' prices were shaded a bit on galvanized sheets. The activity so apparent in the cotton and piece goods markets has not as yet been noticeable in steel.

Piece Goods: The Shanghai market continues to show considerable life. The activity mentioned in our last report continues and owing to a confident feeling with respect to demands in February, and after, jobbers are stocking up. Prices while not exhibiting any tremendous advances have registered considerable improvement during the last three weeks.

The Shanghai Daily Customs Returns for the period November 16 to December 15, 1921, inclusive, show the following imports into the port of Shanghai:

From United States: Paraffin Wax, 8,727 piculs; Raw Cotton, 37,532 piculs; Copper Ingots, 13,412 piculs; Lubricating Oil, 257,545 gallons; Kerosene Oil, 1,147,460 gallons; Softwood Timber, 1,549,211 super. ft.; Machinery to the value of Hk. Tls. 535,763; Cigarettes, 320,122 Mille; Fresh Lemons, 86,500 pieces.

From Japan: Machinery valued at Hk. Tls. 185,190; Buttons, 32,967 gross; Refined Sugar, 11,750 piculs; Raw Cotton, 5,067 piculs; Aniline Dyes, valued at Hk. Tls. 35,902; Common Window Glass, 1,006 boxes; White Plain Shirtings, 11,750 pieces.

From Germany: Wire Iron Nails, 10,350 piculs; Machinery valued at Hk. Tls. 78,995; Aniline Dyes valued at Hk. Tls. 157,626; Artificial Indigo Paste, 3,598 piculs; Window Glass, 1,807 boxes.

From Belgium: Window Glass, 11,982 boxes; Aniline Dyes, valued at Hk. Tls. 78,095.

From Canada: Softwood Timber, 1,672,635 super. ft.; Green Tea, 1,005 piculs; Machinery valued at Hk. Tls. 229,042; Cigarettes 50,050,000; Fresh Eggs, 2,100,240 pieces.

From England: White Plain Shirtings, 227,453 pieces; Cotton Yarn, 6,100 piculs; Aniline Dyes valued at 11,609 Hk. Tls.; Machinery valued at Hk. Tls. 1,010,988; Cigarettes, 12,075,000; Paraffin Wax, 2,691 piculs.

(Note: 1 picul equals 133-1/3 pounds. Present value of the Hailwan Tael is about U.S.G. \$0.82.)

be renewed. The Wuchang Weaving-Silk-Cotton and Hemp Factories, have been in operation for about ten years with a growing scale of annual profits. The item further states that Mr. Shu Yung-ting, the President of the Company, is a financier and promoter of many industrial enterprises and is also President of the Wuchang Chamber of Commerce.

Beet Sugar Mills. Mr. L. L. Putnam, Assistant Secretary of the Iowa Valley sugar Company, Belmond, Iowa, writes that owing to the serious condition of the beet sugar industry in the United States some plants can be bought for removal and believes that a judicious purchase of used machinery could be made more profitable than new construction. American firms in China quoting on such equipment might find it advisable to get into touch with Mr. Putnam in this connection as he states he is in a position to handle transactions of this character.

American Consul C. G. Gauss, Tsinan, reports that the beet sugar factory established at Huangtaichiao, near Tsinan, by the Pu Yih Industrial Company, and organization of prominent Chinese capitalists at Peking, was opened on January 4th, 1922. The factory is equipped with American machinery in the engine room, but with Japanese sugar equipment. A German sugar expert is employed to conduct the plant. It will doubtless be necessary for the owners of this factory to take means to stimulate beet raising in the district as this is the only factory of this character operating.

An item from the Russian press, reported by Consul MacGowan, Vladivostok, indicates that a group of businessmen there are interested in establishing a beet sugar factory and are endeavoring to secure a large area of land in the Ussuri district for the raising of sugar beets.

Shanghai Municipal Electrical Plant. The Engineer-in-Chief of the Shanghai Municipal Electrical Plant in his report for 1920 shows 144,500,000 units sold for the year, compared with 182,000,000 units for Manchester; 149,000,000 units for Glasgow; 132,000,000 for Sheffield and 128,000,000 for Birmingham Municipal electric plants.

Soda Ash. The Pacific Alkali Company of Tientsin, Consul General Fuller reports, expects to have completed during 1922 a plant at Taku for the manufacture of soda ash by the ammonia process with a capacity for producing 200 tons of soda per day, beginning however with half of this output.

Soap Factories. Consul General Fuller, Tientsin, reports that there are about 20 fairly large native soap factories producing about 2,000 cases of bar soap and 2,000 cases of toilet soap per month. Peking has six fairly large factories producing about 1,000 cases per month. Paotingfu has two factories manufacturing about 600 cases per month; Shihchiachuang, three factories with a total output of 800 cases; Tangshan, one factory producing 800 cases per month. The price of soap is given as 50% to 70% less than foreign soaps with quality as satisfactory and equal to that of foreign soaps of the same grade. The Tientsin Chemical Works Association, organized by Russians, manufactures soap by machinery and will soon have their soap on the market at a capacity of 4,000 cases per month.

Packing and Refrigerating Plant. Consul General Fuller, Tientsin, reports that the China Mongolia Export Company started operations during the year (1920) in their new packing and refrigerating plant in Tientsin with a capacity of freezing 10,000 carcasses and producing daily 10 tons of distilled water ice.

Glass Factories. Consul General Fuller, Tientsin, reports that the Peiyang glass factory, Tientsin, commenced during the latter part of 1920 the manufacture of lamp shades and light fixtures with satisfactory results for white shades and globes.

Flour Mills. Consul General Fuller, Tientsin, reports that there are three flour mills in operation in Tientsin with a combined daily capacity of 3,240 barrels. A fourth company has been organized and is negotiating for the machinery for an output of 1,120 barrels per day.

Cigarettes. Consul General Fuller, Tientsin, reports that the British-American Tobacco Company will have completed and in operation early this year (1922) a plant turning out 12,000,000 cigarettes a day, providing for 2,000 employees and use 75% native leaf and 25% American tobacco.

Match Factory. Consul M. S. Myers, Swatow, reports that the Swatow Match Factory, recently organized, has a capital of \$50,000, local currency, and a capacity of 20 cases per day of 720 packages of 10 boxes each. The daily output is at present about 8 cases. The plant is equipped with American machinery, power being furnished by a 9 H.P. fuel oil engine. The product is marketed under the brand "Sung Hai" and sells at local dollars 35.00 per case. Also a slightly better grade of match is turned out and sells at \$40.00 per case. There are now two match factories at Swatow having a total capacity of 44 cases per day. The other factory is the Yao Hua Factory.

Cement. Consul General Fuller, Tientsin, reports that the Chee Hsin Cement Co. of Tangshan produced in 1920, 500,000 barrels (of 375 lbs. each). The Company has arranged to complete in 1921 an additional 300,000 barrel plant and in 1923 one having a capacity of 500,000, bringing the total capacity in 1923 up to 1,500,000 barrels. In March 1920 the price per barrel at Tientsin was \$7.00 local currency.

11. MISCELLANEOUS TRADE NOTES.

British Chambers of Commerce. The British Commercial Counsellor reports that there are 16 British Chambers of Commerce functioning in China, with arrangements whereby there is an annual conference of these Chambers held in Shanghai.

It is reported that Stinnes, the German capitalist, is to start a branch of the Siemens Electro Mining Company in Shanghai, and that the Siemens Schuckertwerke Company is opening a big manufacturing plant in the region of Shanghai for electrical goods.

MacFadden & Company of Philadelphia, cotton brokers, are opening an office in Shanghai.

Stock Raising. Mr. Emil S. Fischer on a visit to Taiyuanfu last month visited the Shansi Government stock farm which imported 240 American horses last year for breeding purposes. There are already twenty colts and fully a hundred more are expected in 1922.

American Trade Opportunities. Consul General Fuller, Tientsin, in his annual trade notes, reports opportunities for American trade particularly in the following lines: Cotton and Textiles; Cotton Spinning Machinery; Kerosene; Metals; Iron and Steel; Railway and Construction Materials; Hardware and Tools; Electrical Machinery and Fittings; Motor Cars; Lumber; Tobacco; and Canned Provisions.

Probably no city in the Far East has witnessed the building boom which Harbin has been experiencing during the past few years. During 1921, 400 building permits were granted, not including those for buildings in the Chinese City Fu-chia-tien, the latter having grown during the past six years from a city of a few tens of thousands to one with a present estimated population of over 300,000. The 400 buildings above mentioned represent an estimated outlay of \$24,300,000 silver. The Hongkong Shanghai Bank is about to complete a structure costing about \$500,000 silver and the International Banking Corporation is now putting up a building for its purposes. The population of what might be termed Greater Harbin is estimated at 800,000.

According to reports of American Consul D. B. MacGowan, At Vladivostok the import of goods to the port by sea is ten times less than goods imported via Manchuria and Korea. The goods imported from Manchuria and Korea are mostly provisions. These statements are from figures of the Vladivostok Customs. There are still considerable quantities of machinery, chemicals, rubber, agricultural machinery, and other miscellaneous goods in storage at the port and some of this material has been sold by local authorities. Items sold were principally coffee, sulphur, leather, thread, dyes, woolen and cotton yarn, caustic soda, tanning extracts etc., the buyers being principally Japanese. With reference to trade with the Chita Government, the following, reported to be a reply of the Chita authorities to Japanese inquiries as to what commodities are needed by the Chita Government, is of interest:

"Chief requirements at present are medicine, iron manufactures, glass, leather and manufactures, wearing apparel, (ready made), needles and thread for sewing machines, perfumery, and food supplies. The details pertaining to trade may be learned only personally at the Ministry of Industry and Supplies and at the Health Department. Instead of payment in cash, the Government may give in exchange for goods delivered raw materials (for export), which includes hides, furs, and timber. For the goods delivered by individual persons payment will be effected in foreign currency. In the near future a branch of a foreign bank is to be opened at Chita. Also the exploitation of mines will be started.

Vice Consul N. F. Allman, Chungking reports that the Chungking Municipal Bureau is undertaking numerous improvements to public utilities in that city. The largest undertaking is the proposed model settlement along the river side of Chiangpeh. This town is on the same side of the Yangtze as Chungking but is separated from the latter by the Chialing River. The plans for the new settlement include a bridge (eventually) across the Chialing River between Chungking and Chiangpeh, and the reclamation of considerable land along the river front. The site for this settlement is now being surveyed by a German engineer. An attempt is being made to raise capital for the purpose by a lottery scheme. It is proposed also to extend and improve the present electric light plant as well as the telephone system which is at present very small and is used by officials only. Other new works to be undertaken are water works, steam ferries for the Yangtze and Chia Iang Rivers. It is understood that active steps have already been taken in connection with the electric light plant and that ferries have been ordered from the Kiangnen Dock and Engineering Works, Shanghai. The situation, however, presents opportunities for the sale of American materials and possibly for construction or other work by American firms in position to undertake such projects.

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following received from the Bureau of Foreign and Domestic Commerce, Washington, will be of interest;

"About 5000 letters addressed to foreign countries are being returned daily by the New York Post Office in accordance with the orders of the Postmaster General that under-paid letters are to be returned to the writer instead of being forwarded to destination for collection of the short amount from the addressee. Already the number of these letters in New York has been cut down 40%, and further improvement is hoped for.

The Manila Carnival and Commercial-Industrial Fair, an annual function attended by visitors from all parts of the Orient, is to be held this year February 4th to 12th inclusive and special features related to the Commerce, Industry, Education, Health, Public Welfare, Athletics, Agriculture, Animal Husbandry, Good Roads and Transportation, and Public Works of the Philippines will be given prominence. It is expected that Consul General Cunningham, and numbers of American business men in Shanghai, will attend the carnival this year.

The Secretary of Commerce, Mr. Hoover, is desirous of popularizing the Department's publication "COMMERCE REPORTS" now issued weekly, with commodity sections under the direction of experts, geographic & regional sections, and a special space allotted to trade opportunities. These reports embody also material furnished by our Consul and Commerce representatives abroad. Each issue contains about 50 pages. Americans in China will find "COMMERCE REPORTS" useful and interesting reading. The price is \$3.00 Gold for domestic and \$5.00 for foreign subscriptions. Subscriptions may be entered through the office of the Commercial Attache at Peking or Shanghai, or with the Superintendent of Documents, Government Printing Office, Washington D. C.

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James K. Neering 3/26/86

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SEMI-MONTHLY TRADE REPORT.

2655-9-76

- 1. General Business Conditions.
- 2. Exchange, Credits, and Banking.
- 3. Finance and Investments
- 4. Agriculture and Crops.
- 5. Exports.
- 6. Imports.
- 7. Shipping and Freights.
- 8. Transportation and Communications.
- 9. Mines and Minerals.
- 10. Industries.
- 11. Miscellaneous Trade Notes.
- 12. Unclassified.
- 13. Notes and suggestions re. American Interests.

For the period ended February 15, 1922.

To be mailed to Commercial Attache, Saturday, Jan. 13, 1922.

From _____

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Information regarding any of the above topics will be gratefully received by the Commercial Attache, American Legation, Peking.

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GENERAL AND FINANCIAL (Continued)

Although the bankers, business men and student classes are now organizing for participation in matters pertaining to political administration, yet government in China is still so much a matter apart from the people that trade and commerce seem to go on in spite of what would be considered by any other nation as being impossible conditions. The past year seems to have been fraught with unusual calamities.

CROP CONDITIONS.

With the beginning of 1921, the famine in North China was threatening upwards of ten millions of people with starvation. The spring crops throughout the famine region brought relief along with the assistance received from without. The Kansu earthquake during the early summer created intense suffering and heavy losses among the masses in that section of the country. However, the summer crops over the entire country promised to be the best in years. In fact, Manchuria was blessed with bumper crops of soya beans, kaffir corn, millet and wheat. Southern China fared well with crops not far below normal.

The cotton, wheat and rice crops of the great Yangtze Valley which comprises a population of about 180,000,000 gave promise of being above normal when persistent and heavy rains flooded thousands of square miles of the most densely populated and intensely cultivated territory, reducing these crops to less than 50% for the Central China region, besides bringing dreadful sufferings to millions of people. The populous province of Szechuan lived up to its usual reputation for good crops, ~~but~~ because of these reductions in the cotton and wheat productions, Shanghai imported during 1921, 1,600,000 bales of cotton and thousands of tons of American wheat to keep the Chinese flour and cotton mills from having to close down. It seemed strange that with a twenty or twenty-five million bushel crop of wheat in Manchuria the Shanghai mills with a daily capacity of 6000 bbls. of flour could not draw on Manchuria for their wheat. It appears the wheat interests in North Manchuria are holding this year's crop for good prices from the agents of the Soviet Government who are expected to purchase it for famine relief in Russia, so that American wheat is actually going into a section which during 1920 exported over 15,000,000 bushels.

EXPORTS.

The declared returns of exports from China to the United States for the year 1921 as given by the American consuls in China are as follows, with comparative figures for 1920:

James K. Neering 7/26/86

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EXPORTS (Continued)

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DECLARED EXPORT RETURNS, 1920 & 1921

<u>CONSULAR DISTRICT</u>	<u>1920</u>		<u>1921</u>	
	U. S. Gold \$		U. S. Gold \$	
Peking - - - - -	49,414.00	- -	0000 - -	
Harbin - - - - -	627,982.00		3,089,551.00	
Mukden - - - - -	3,827,295.00		1,881,837.00	
Antung - - - - -	Nil		Nil	
Dairen - - - - -	11,857,049.00		1,735,259.00	
Tientsin - - - - -	33,466,127.00		18,036,699.00	
Chefoo - - - - -	4,520,748.00		5,284,445.00	
Hankow - - - - -	21,612,433.00		7,338,590.00	
Chungking - - - - -	75,720.00		85,223.00	
Changsha - - - - -	33,015.00		67,966.00	
Tainan - - - - -	449,268.00		1,380,399.00	
Tsingtsu - - - - -	1,843,198.00		553,698.00	
Shanghai - - - - -	71,159,225.00		57,642,934.00	
Nanking - - - - -	3,157,650.00		540,880.00	
Poochow - - - - -	94,677.00		135,193.00	
Amoy - - - - -	5,375.00		190.00	
Swatow - - - - -	106,699.00		59,345.00	
Hongkong - - - - -	69,918,597.00		8,417,286.00	
Canton - - - - -	36,920,725.00		26,116,331.00	
TOTAL - - -	259,645,026.00		132,365,846.00	

SHEEPS WOOL (for carpets) from Shanghai and Tientsin respectively for 1920 and 1921:

1920 - 930,000 lbs.;	1921 - 6,600,000 lbs.;
\$ 580,000	\$ 595,000
1920 - 8,471,474 lbs.	1921 - 57,125,576 lbs.
\$ 2,012,278	\$ 5,946,980

TEA from Shanghai: (Note: All values given in U.S. Gold Dollars).

1920 - 9,000,000 lbs.	1921 - 16,600,000 lbs.
\$ 7,400,000	\$ 2,100,000

CARPETS from Tientsin:

1920 - 159,963 sq. yds.	1921 - 235,132 sq. yds.
\$ 2,256,458	\$ 1,336,804

LICORICE ROOT from Tientsin:

1920 - 10,137,316 lbs.	1921 - 15,198,347 lbs.
\$ 1,123,599	\$ 751,348

WALNUTS (shelled and unshelled) from Tientsin:

1920 - 1,934,275 lbs.;	1921 - 11,904,656 lbs.
\$ 586,116	\$ 1,166,717

PIG BRISTLES from Tientsin, Hankow and Mukden respectively:

1920 - 1,649,828 lbs.;	1921 - 1,157,005 lbs.
\$ 3,547,599	\$ 1,536,383
1920 - 650,034 lbs.	1921 - 504,490 lbs.
\$ 1,178,156	\$ 354,110
1920 - 364,784 lbs.	436,573 lbs.
\$ 739,652	\$ 707,371

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James K. Neering 3/26/86

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The large orebodies are well situated for pit-mining though they be too narrow for machine shovel work. A conservative estimate of the reserve of high grade ore is 30,000,000.

Japan undoubtedly has some interest in many small mines which are worked by native labour and native methods which she could not afford to equip with modern machinery but from which she is content to buy whatever output there happens to be. This is known to be the case in Fukien where there is no single deposit that would in any way interest an Occidental mining concern but from which Japan is glad to scrape together a few tons to increase her meager supply. The little deposits near Haichow in Kiangsu, which have been pronounced worthless by foreign engineers are also being worked by Chinese with Japanese encouragement and the output is purchased by Japanese merchants.

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James L. Neering 7/26/86

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DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
WASHINGTON .

2655-I-77

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March 18, 1922.

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IN REPLY REFER TO 19.

Informal.

Captain Walter C. Philips,
Army Intelligence Office,
War Department,
Washington, D. C.

Dear Sir:

We take pleasure in forwarding for your permanent files a copy of the report by Trade Commissioner J. Morgan Clements entitled "Gold Placer Area in Mongolia, China", which should be of interest to you.

Very truly yours,

C. C. Batchelder

C. C. Batchelder,
Acting Chief, Far Eastern Division.

Inclosure 1988.

new

RECORD SECTION
M. T. P.

1922 MAR 21 10 59

ADDRESS ALL COMMUNICATIONS TO
BUREAU OF FOREIGN AND DOMESTIC COMMERCE
WASHINGTON, D. C.

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James K. Neering 3/26/86

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MIL. INTEL. DIV.
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WAR DEPARTMENT

DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE

TRADE INFORMATION BULLETIN No. 4
FAR EASTERN DIVISION

**GOLD PLACER AREA IN MONGOLIA,
CHINA**

BY
J. MORGAN CLEMENTS
American Trade Commissioner

MARCH 10, 1922

WASHINGTON : GOVERNMENT PRINTING OFFICE : 1922

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James K. Neering 7/26/86

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OFFICE CHIEF OF STAFF
MIL. INTEL. DIV.

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SEMI-MONTHLY TRADE REPORT

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|------------------------------------|---|
| 1. General Business Conditions. | 7. Shipping and Freight |
| 2. Exchange, Credits, and Banking. | 8. Transportation and Communications. |
| 3. Finance and Investments | 9. Mines and Minerals. |
| 4. Agriculture and Crops. | 10. Industries. |
| 5. Exports. | 11. Miscellaneous Trade Notes. |
| 6. Imports. | 12. Unclassified. |
| | 13. Notes and suggestions re. American Interests. |

For the period ended March 25, 1922.

To be mailed to the Commercial Attache Saturday, March 27, 1922.

From _____

Information regarding any of the above topics will be gratefully received by the Commercial Attache American Legation, Peking.

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James K. Neering 3/26/86

THE RE-PUBLICATION OF THE MATERIAL
IN THESE REPORTS IS NOT PERMISSIBLE
OUTSIDE OF THE UNITED STATES.

SEMI - MONTHLY REPORT
ON THE
TRADE AND ECONOMIC SITUATION IN CHINA.
FOR THE PERIOD ENDED FEBRUARY 28, 1922.

OFFICES OF THE COMMERCIAL ATTACHE
AMERICAN LEGATION, PEKING
AND 3 CANTON ROAD, SHANGHAI.

1. GENERAL BUSINESS CONDITIONS Page 1	7. SHIPPING & FREIGHTS Page 7
2. EXCHANGE, CREDITS & BANKING Page 1	8. TRANSPORTATION AND COMMUNICATIONS Page 8
3. FINANCE & INVESTMENTS Page 2	9. METALS & MINERALS Page 10
4. AGRICULTURE & CROPS Page 3	10. INDUSTRIES Page 13
5. EXPORTS Page 3	11. MISCELLANEOUS TRADE NOTES Page 12
6. IMPORTS Page 5	12. UNCLASSIFIED Page 13
13. NOTES AND SUGGESTIONS RE AMERICAN INTERESTS.	

NOTE: These reports are compiled for the benefit of American trade with China. Those familiar with conditions in China realize the difficulties experienced in efforts to secure reasonably accurate and timely statistical and other data relative to China trade conditions and developments. Criticisms, corrections, suggestions, and additional information will be gratefully received by the office of the Commercial Attache. The term "Yuan" used in these reports is the Silver Yuan or Chinese Silver Dollar, the national currency, and for all practical statistical purposes equivalent in value to the Mexican Dollar which it is gradually replacing.

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Frank K. Nearing 7/26/86

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"Sesame seed oil is slowly gaining in sympathy with rapeseed oil although its stock is not so short. The price stays at ¥17.30 per box, but the figure is better maintained in actual bargains. Linseed oil, China wood oil, cotton seed oil, coconut oil or peanut oil are all still flagging without showing any disposition to improve. Their prices are more stable, however."

The Nisshin Oil Mills, Ltd., Dairen, in its weekly report for February 11th states that they are receiving many inquiries from American buyers for perilla oil, but prices are advancing rapidly as stocks of seeds are becoming scarce, the crop in Manchuria for 1921 being 1/3 of normal; 1920 crop 18,250 tons; 1921 crop, 6,025 tons. The quotation is given at \$10.00 per 100 pounds in barrels c.i.f. Pacific coast, and \$10.50 c.i.f. New York. The same circular reports substantial advances in the price of soya beans and soya bean oil with the London market very strong.

Wood Oil: Market active. Prices are very firm.

Wool: Active in Tientsin.

Walnuts: A good business is being done.

Eggs: Signs of a revival are noticeable. It was reported that 6,000 cases of eggs were recently shipped on an Express boat bound for America.

Hides and Skins: Market buoyant. Rise in sterling is helping this market as American buyers of skins expect a better demand for leather products shipped to the United Kingdom and elsewhere. Goatskins are in demand and the stocks at Shanghai are greatly depleted.

Silk: Prices are firm in Shanghai despite fluctuations in Japan. The fact that the seamen's strike at Hongkong has prevented the exports of stock held in Canton has undoubtedly strengthened the Shanghai market, already favored by the limited supplies of a short crop during the year 1921. "Finance and Commerce" give 175,427 bales as the total exports of silk from Japan July 1, 1921 to February 1, 1922, of which 159,139 bales were shipped to the U. S.

In Consul General Heintzleman's report on the Hankow market the articles of export figuring largest in Hankow trade for the week of February 3rd were: Cowhides, 212,000 pounds; buffalo hides, 66,000 pounds; goat skins 17,000 pieces; vegetable tallow, 402,000 pounds; raw cotton, 1,250,000 pounds; bristles, 26,000 pounds; wood oil, 2,360,000 pounds; hen egg albumen, 11,000 pounds; liquid yolk, 71,000 pounds; antimony regulus, 224,000 pounds; In the early part of the month the export business in general with the exception of hides and skins, and wood oil, was quiet.

James K. Neering 7/26/86

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5. EXPORTS (Continued).

Consul Gauss, Tsinan, in commenting upon the organization of an association of hairnet importers in New York, one of the objects of which is to discourage the making of double nets, states that it appears that the manufacture of double nets threatens to reduce the hairnet business to much smaller proportions, and that the importers who introduced the double nets into the American market have come to regard the question as of serious consequence as the double net long outwears the single nets; and is likely to result in the reduction of the imports into the United States by more than half. Efforts are being made to encourage the establishment of a hairnet guild in China to discourage the manufacture of double nets; however, as Consul Gauss indicates, the foreign importers in the United States are practically confining their activities at the present to the double nets.

Vice Consul Adams, Tsingtau, reports as indicative of the manner in which Japan has taken advantage of the food supplies and raw materials which are advantageously cleared at Tsingtau for shipment to Japan, the increase in the exports of cattle to Japan from 88 in 1916 to 33,268 in 1920. Practically all the iron ore production and all the coal production on the Shantung Railway lines are consumed in Japan. Peanuts and peanut oil are also important items of export from Tsingtau to Japan.

6. IMPORTS (

Trade Commissioner Port makes the following resume regarding the Shanghai market on February 19th:

Mild Steel Bars:

Good sized stocks. Situation easy.

Mild Steel Plates:

Market flat. Good stocks. Small lots sold for river craft construction.

Galvanized Sheets:

Main - Large stocks, fair demand, tendency to shade.

Tinplate:

English stocks large.

No American stocks. Shipment 30 to 60 days. Market fairly active. World demand brisk for this product and this means Shanghai prices will be maintained.

Galvanized Wire:

Stocks are not large. Demand is fair.

Not much European competition.

Wire Nails:

Owing to building activity, Shanghai stocks are small. Market is firm. German deliveries are unreliable. American nail considered superior and brings premium at times.

Black Gas Tubes:

Fair sized stocks. Market quite firm, however, owing to fair amount of business going.

6. IMPORTS (Continued)

The principal steel products imported into Shanghai during January 1922 were:

Bars	23,278 piculs	Corrugated Gal-	
Wire Nails	6,764 "	vanized Sheets	7,027 piculs
Plates	15,427 "	Iron Plate Cuttings	8,264 "
Rails	5,898 "	Iron Sheets	3,319 "
Tubes	2,046 "	Iron Bar Ends	6,764 "
Angles	5,047 "		
Plain Galvanized Sheets	13,035 "		

The steel market generally shows signs of life. Pipe and tinplate are in demand. Perhaps the buyers are beginning to realize that America produced less in 1921 than in any year since 1904, and that this fact coupled with a slight increase in U.S.A. demand means that the world must have drawn considerably on stocks. Buyers feel that they should replace in larger lots, because there can not be any great change or sudden drop in price. There is a feeling too that exchange may go to over 2. Mex. for 1. gold within a reasonably short time, making the steel more costly in local currency than at present.

Piece Goods: Quiet. Some hesitancy on the part of buyers owing to a recent cut in price by large Manchester house. They are afraid that perhaps more shading will be done by manufacturers owing to India not coming in as strong as usual at this season. The exchange is not helping matters any, either.

Tientsin reports an improvement in the cotton piece goods market with prospects that the accumulated stocks will soon be disposed of.

Lumber: Competitive goods are evidently entering the China market since the rise in prices of Oregon pine. A great deal of Singapore lumber is coming in and is being used whenever possible by Chinese builders as a substitute.

Raw Cotton: This market is not over active although prices are firm owing to a recovery in America and India. Mills seem to have plenty of foreign cotton on hand, although Chinese cotton is more in demand.

Figures compiled from the Shanghai Daily Customs Returns for imports of Raw Cotton into Shanghai for 1921 (not including imports from abroad transhipped at Shanghai) give the following totals:

IMPORTED FROM	NO. OF BALES	IMPORTED FROM	NO. OF BALES
India	297,239	Egypt	575
America	142,865	Siagon	525
Japan	23,995	Singapore	340
Hongkong	3,050	Port Said	265
Formosa	1,510		
TOTAL		469,564 bales (500 lbs. each)	

James K. Neering 7/26/86

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9. MINES AND MINERALS.

Vice Consul Dillard B. Lasseter in a report on mineral deposits in the Antung Consular District states that there are deposits of silver in the northern part of the district, the ore being shipped to Mukden for extraction. There are also deposits of asbestos, coal, lead, copper, and iron. The Japanese hold concessions for the working of the copper pyrites deposits along the banks of the Yalu River, some south of Antung, the ore being taken to Chinnampo, Korea, for refining. The working of coal deposits in the district is impractical because of lack of transportation. Stone, marble, and granite is also quarried in the district to some extent by native methods.

10. INDUSTRIES

Consul General Feintzleman, Hankow, reports that the blast furnace operated by the Yangtze Engineering Works and opened in May 1920 under contract with the Hupeh Bureau of Mines for a supply of 70,000 tons of iron ore from the Bureau's iron mines at Hsiang Pei Shan, is now offered for sale to the Bureau of Mines for 2,000,000 dollars silver, this because of lack of funds and the fall in the price of iron. The capacity of this blast furnace does not exceed 100 tons per day, this output requiring 250 tons of coke costing 14 to 15 taels per ton. To turn out one ton of iron, two tons of iron ore, costing - including transportation - about taels 10, coke valued at approximately taels 40 are required. Each labor 5 to 6 taels per ton the cost of production is approximately 50 taels per ton, and with the present market at 40 taels per ton the plant cannot be run except at a loss.

A new manufacturing enterprise known as the China International and Engineering Manufacturing Co., Ltd., B-108 Soochuan Road, Shanghai, promoted by C. C. Fieh, Wei Yuen Ping, and Lin Yen-chie, with a subscribed stock of 300,000 dollars half paid-up, to engage in the manufacture of electrical wares, supplies, and machinery, is expected to be in operation about May or June of the present year. It is understood that the machinery and other equipment, German and American, have been ordered. It is expected that the products of this company will be marketed in China. The manager is Mr. C. S. Young, an American returned student, and the project is a purely Chinese enterprise.

The China A.B.C. Underwear Weaving Co., S-696 Markham Road, Shanghai, directed by T. G. Wong, is reported to have a capital of 100,000 taels, paid-up 75,000 taels. The plant has a capacity of 250 suits of summer underwear per day, same being exported principally to the South Sea Islands and Manila, and used in China.

A Japanese, Mr. G. Kubo, at Dairen is reported by American Consul Kirjassoff to have discovered a process of manufacturing dyes from kaolin bran, and to be negotiating the formation of a joint stock company with capital of 150,000 dollars for the manufacture of dyes by this new discovered process. It is stated that 70 kin (about 82 pounds) of kaolin bran mixed with soda sulphate, etc., according to the new method will produce 100 kin (about 132 pounds) of dye. At present only two colors, brown and black, have been produced. Patents have been applied for in the United States for these two colors as well as for blue-black. The total expense for the manufacture of black dye is stated to be about Yen 15 per 100 kin (132 pounds), and to be saleable at Yen 25 per 100 kin, the blue-black to sell at Yen 35. The brown dye costs Yen 60 per 100 kin to produce.

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James K. Nearing 3/26/86

10. INDUSTRIES (Continued)

An American, returned from Sianfu, Shensi, reports that General Fong Yu Hsiang is interested in a proposition to install at Sianfu a modern cotton spinning mill to take advantage of the very fine cotton grown in the Wei basin, and meet the demands for yarn for the domestic market.

Consul General Gale, Hongkong, reports that the shareholders of the Hongkong Electric Company recently passed a resolution authorizing the Board of Directors to enter into an agreement with the Government of Hongkong for the grant to the company of a new license for 25 years on terms offered by the Government. In these terms it is stipulated that the maximum charge for light and power should be as follows:

Light, per unit	18 ¢	Hongkong silver currency
Power, per unit (unrestricted hours).....	7 1/2 ¢	" " "
Power, per unit (provided that current is not consumed between 6:30 and 9:30 P. M.).....	5 ¢	" " "

Provided always that the above maximum charges per unit for power shall not apply in the case of lift motors, crane motors, or motors having a very low load factor.

11. MISCELLANEOUS TRADE NOTES

A Y. M. C. A. secretary in the interior has informed this office that Mr. C. F. Yang, Hsin in Hsien, Henan Province, is interested in cement making machinery, presumably concrete mixers, also turbines, etc., for use in a coal mine. While this office has not had an opportunity to look further into this enquiry, it might be well for American firms interested to get into touch with this prospect.

Vice Consul Adams, Tsingtau, reports that there is a very noticeable activity in building on the part of the Japanese community in spite of the business stagnation otherwise. This building has been stimulated by the ruling that leased lands would be disposed of to lease holders on the condition that they erect buildings thereon. During 1921, 510 building permits were issued for an aggregate expenditure of about Yen 4,000,000. The total number of building permits issued during the seven years of Japanese occupation was 2,334, providing for an expenditure of about Yen 23,000,000.

The February 1922 number of the "Light of Alexandria" contains an article on the manufacture of artificial petroleum from soya bean oil. Consul Kluge's office has reported in full on this subject to the State Department.

12. UNCLASSIFIED

THE balance sheet of the Chinese Post Office shows a profit ranging from \$1,000,000 to \$2,000,000 silver. Preparations are now under way for the turning over of the foreign post offices in China so that by Jan. 1, 1923 full facilities will be accorded for handling the business now being done by these foreign post offices. It is expected that arrangements will be completed permitting the mailing of parcels between the U. S. and Shanghai equal in weight and size to those now accepted by the United States Post Office. Also facilities will be completed for the issuance and payment of international money orders. It is

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anticipated that the international postal rates between China and the United States will be increased over those at present obtaining unless the United States should decide to increase its international rates.

The Chinese Post Office is beginning within a few months the erection of a new building on the corner of Soochow and North Szechuan Roads. The building will cost several millions of dollars silver, and will be four or five stories, probably providing living apartments on the top floors.

The Yunnan and Civil Governor of Yunnan telegraphed Peking recommending the opening of Chengchow as a treaty port. This will be the first city of Yunnan to be opened to foreign trade.

The American Minister in his address on Washington's Birthday on the results of the Washington Conference made the following statement in regard to the Chinese tariff revision.

"The Washington Conference has provided that the tariff is to be raised to an effective 5 per cent. within four months, and this revision to go into effect two months thereafter. Furthermore, the Conference has provided for a further increase of the tariff to the maximum of 12½ per cent. already contemplated by existing treaties between China and certain of the foreign powers, including the United States, and also for the abolition of likin, which is the condition precedent to putting into effect the rate of 12½ per cent. Finally the Conference provides that during the period between the adoption of the 5 per cent. effective tariff and the further increase to 12½ per cent. a commission consisting of representatives of China and of the Powers may authorize the levying of a surtax of 2½ per cent. with a possible advance to 5 per cent. on select classes of commodities."

13. NOTES AND SUGGESTIONS RE. AMERICAN INTERESTS.

The United States Government owns in Shanghai probably the most favorable site in the city for United States Government purposes. Its Consul General Cunningham has reported, American interests in that very important commercial center will be greatly advanced through the utilization of this property for a set of buildings adequate to serve all government needs, and at the same time to be a model of American building methods, and equipment, which would cost, if designed to meet all requirements, at least \$1,250,000, and would be a wonderful advertisement for America throughout the Far East.

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13. NOTES AND SUGGESTIONS RE. AMERIC. INTERESTS (Continued)

Property in the most favorable section of Shanghai, directly opposite the Shanghai race course, has been secured for the erection of a Y.M.C.A. building under American auspices for the American and European community.

The Shanghai American Club has purchased property for its own club house, which it is anticipated will incorporate an athletic club.

The Shanghai American school is arranging to have the building for the primary department completed for the fall term.

The plans for the American school building at Peking include the idea of making this building an American community center where different American organizations may hold meetings, luncheons, etc., and where a library for the American community may be developed. The plans contemplated cost about \$90,000 silver, and it is hoped to have the building ready for the next fall term.

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SEMI-MONTHLY TRADE REPORT

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| 3. Finance and Investments. | 9. Mines and Minerals. |
| 4. Agriculture and Crops. | 10. Industries. |
| 5. Exports. | 11. Miscellaneous Trade Notes. |
| 6. Imports | 12. Unclassified. |
| | 13. Notes and suggestions re. American Interests. |

For the period ending March 31, 1922.

To be mailed to the Commercial Attache, Peking, March 29, 1922.

From: _____

Information regarding any of the above topics will be gratefully received by the Commercial Attache American Legation, Peking.

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SEMI-MONTHLY TRADE REPORT

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For the period ending March 31, 1922.

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RE-PUBLICATION OF THIS REPORT
IS NOT PERMITTED WITHOUT THE
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DEPARTMENT OF COMMERCE
American Commercial Attaché
Peking-Shanghai

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12. UNCLASSIFIED (Continued).

Chinese-American Trade - January. Business Conditions in the United States
 A telegram received by the Commercial Attache on March 5th from the Bureau of Foreign and Domestic Commerce, Washington, gives January imports from China to the U.S. as \$10,600,000., representing an increase of \$3,200,000 or 45.9% over December 1921. Exports from U.S.A. to China for January tallied \$7,600,000., an increase of \$500,000. over December. Figures for the past three months are as follows;

1921	Exports from U.S.A. to China.	Imports from China to U.S.A.
November	Gold \$ 7,500,000.	Gold \$ 5,100,000.
December	7,500,000.	7,400,000.
1922 January - - -	7,600,000.	10,600,000.
TOTAL - - - - -	Gold \$ 22,400,000.	Gold \$23,100,000.

As regards the industrial situation, production is reported as increasing; foodstuffs are rising in price, manufactured goods are irregular in price; general export and import business shows decline; commercial failures are heavy, and wages are declining. This information was reported confidential to American firms in China on the date of receipt.

American Population in China. The American population of China as registered at the Consulates December 31st, 1921, is as follows (Hongkong figures are omitted as not yet received).

CONSULAR DISTRICT	MEN	WOMEN	CHILDREN	TOTAL
AMOY	36	46	50	132
ANTUNG	5	6	1	12
CANTON	290	306	225	821
CHANGSHA	94	118	115	327
CHEFOO	48	55	51	154
CHUNGKING	54	85	74	213
DAIREN	10	7	12	29
FOOCHOW	87	137	81	305
HANKOW	333	354	373	1063
HARBIN	53	18	10	81
KALGAN		(45 men and women)	10	55
MUKDEN	40	26	17	83
TIENTSIN	690	692	456	1018
SWATOW	22	34	36	92
SHANGHAI	1094	1059	922	3075
TSINAN	153	145	125	401
NANKING	331	421	247	999
TSINGTU	20	17	22	59
GRAND TOTAL	5240	5521	2305	9709

The American populations of Peking and Tientsin, figures for which are included in the above total for the Tientsin Consular District, are as follows:

PEKING	375	381	205	957
TIENTSIN	225	165	129	519
SHANGHAI (Foreign settlement)	1002	902	741	2667

The above figures probably represent 80 to 85 % of the actual American population of China.

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In reply
refer to 350.05

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HEADQUARTERS PHILIPPINE DEPARTMENT,
INTELLIGENCE OFFICE
MANILA, P. I.

25 March 1922.
2655-9-83

From: G-2, Philippine Department.
To: G-2, War Department, Washington, D. C.
Subject: Economics, China.

WAR DEPARTMENT
34 X

1. This office has been in receipt of the inclosed Bulletin for some time past. Pertinent extracts have been made from time to time and submitted as proposed monograph data.
2. As this publication covers so general a field it is thought that the filing of it in your office would be of more value than were it filed here. Unless advised to the contrary will continue forwarding to you.

2 Incls.

John C. H. Lee
John C. H. Lee.

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BULLETIN

PREPARED FOR CIRCULATION ABROAD.

處論討濟經

REPUBLIC OF CHINA

GOVERNMENT BUREAU OF ECONOMIC

INFORMATION

Peking Address :
33 Tung Hua Men Ta ChiehShanghai Address :
95 Foochow Road

Annual Subscription—Mex. \$10.00

No. 52

February 18, 1922

Series 1.

The Bureau of Economic Information is a nonpolitical organization which proposes to provide economic, commercial, financial and industrial information relating to the Republic of China.

Inquiries on subjects of this nature from responsible persons or organizations will be attended to. Feature articles may be arranged for.

Mining Licenses

Mining licenses issued by the Ministry of Agriculture and Commerce during December 1921 were as follows:—

Owner	Mineral	Location	Mining Right
程行樂 Chen Shin-chu	Gold	吉林琿春 Hungchun, Kirin	Operating
宋文林 Sung Wen-ling	Coal	奉天義縣 Ichow, Fengtien	,,
陸伯福 Lu Pei-hung	,,	浙江長興 Changsin, Chekiang	,,
盛德新 Sheng Teh-sin	,,	奉天義縣 Ichow, Fengtien	,,
官文周 Kwan Wen-chow	,,	山東寧陽 Ningyang, Shantung	,,
石兆經 Sze Chao-king	Gold	黑龍江瑯瑯 Aigun, Heilungkiang	,,
張漢傑 Chang Han-chih	Coal	山西左雲 Tsoyun, Shansi	Prospecting
趙恩普 Chao En-pu	,,	奉天西安 Sian, Fengtien	Operating
錢汝能 Chien Jui-len	,,	山東博山 Poshan, Shantung	,,
姚錫舟 Yao Shi-chow	,,	江蘇句容 Kuyung, Kiangsu	,,
曹德山 Tsao Teh-shan	Iron	江西瑞昌 Shuichang, Kiangsi	,,
郭運泰 Kou Yung-tai	Coal	江西高安 Kaoan, Kiangsi	,,
陳聘卿 Chen Pin-chin	,,	山東淄川 Tzechwan, Shantung	,,
秦元寬 Chin Yuan-kuan	,,	山西榆次 Yutsze, Shansi	Prospecting
顧範喃 Ku Fen-chin	,,	奉天本溪 Penki, Fengtien	Operating

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Mine Owner	Mineral	Location	Mining Right
張集梧 Chang Chih-wu	Coal	山西大同 Tatung, Shansi	Prospecting
趙景福 Chao Chin-foo	„	奉天撫順 Fushnn, Fengtien	Operating
葉清予 Yeh Tsing-yu	„	江西安福 Anfu, Kiangsi	„
尉遲福 Yu Chih-foo	„	安徽貴池 Kweichih, Anhwei	„
白雲軒 Pei Yun-shuan	„	山西左雲 Tsoyun, Shansi	Prospecting

Embroidery in Hunan

The finest embroidery in China, it is said, comes from the province of Hunan. At present there are over twenty embroidery firms, of which more than ten manufacture Siang (湘繡) or Hunan embroidery and the rest Ku embroidery (顧繡). The latter derives its name from a Ku family which has been known for ages in the province in connection with embroidery. The workmanship is rather coarser than that of the Siang or Hunan embroidery.

Although there are over twenty firms in existence—half of which turn out Ku embroidery and the other half Hunan embroidery—there is now only one factory. The firms, which send out their work to the homes of their employees, are situated in Nancheng-shieh (南正街), Hungpeilow (紅牌樓), Pakouting (八角亭), Yowangchieh (藥王街), and Tsowmalou (走馬樓). The embroidery business has been declining for some years past, the cause being attributed to the competition of Japanese embroidery. This fact, coupled with the tightness in the local money market, accounts for the suspension of the operations of all the factories except on . The merchants of Hankow, Yoyang, and Changteh purchase the product for export.

Trade Notes of Canton

The trade of Canton during 1921 was very prosperous, the revenue from the duties collected at the Canton Customs House exceeding the record of previous years by 30 per cent. According to the statement of accounts, the revenue amounted to more than \$20,500,000, a figure which is higher than that recorded by any other Customs House in the country—“*Yih Shih Pao*.”

Human Hair. After 1916, foreign firms in Canton no longer desired first quality human hair. Inferior grades found a favourable market and the general human hair market was spoiled until Canton hair of the high and middle grades found a market in Chefoo and Tsingtao, where the prices were on the upward trend. Before long there appeared more than 100 hair net factories in and around Canton. They gathered the hair from the southern Yangtze provinces as well as from Szechuen, Kweichow and Yunnan.

Since the end of 1920, the European firms have been buying the high grade hair again and the prices have continued to rise. The condition of the hair trade in 1921 was very satisfactory.

Duck Feathers. Duck feathers are usually collected from distant places by the firms in Fushan (佛山), where they are baled and sold to the foreign firms. Many of the Fushan firms have lost much of their trade because European firms have stopped purchasing. There is now too much goods on hand and absolutely no market, so the loss has been considerable. Hunan feathers have ceased to find a market. The goods from Hsiung Lien Chow of Annam (安南暹羅) were purchased to some small extent.

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Bristles. The prices of bristles were at the highest point in the Autumn of 1920. In the Spring of 1921 the prices began to go down and in the Summer the trade became hopeless. When the Autumn came, there was some revival. Unfortunately, with the arrival of the Winter season the prices began to fall once more. Recently European firms stopped purchasing, and the whole business was threatened. The eighty bristle factories at Hwah Lih (花 樣) have stopped work.

Variogated Feathers. There are more than twenty firms engaged in the business of variogated feathers. The market prices were good throughout the year.

Wild Silk. The price of wild silk fell suddenly when the autumn arrived. Japan ceased to buy recently and there was a very great loss.

Tobacco. The tobacco market was very prosperous throughout the year. Prices were firm.

Cassia Bark. The crop in 1921 was one sixth larger than that of former years. Business was quiet.

Coloured Mats. The market was good throughout the year, but the makers were hampered by old methods and there were difficulties in loading and unloading goods.—*Shanghai Journal of Commerce (Chinese)*

**Operating Revenue of the Chinese Government
Railways for August and September, 1921**

Railway	August	
	Total Revenue	Increase or decrease compared with August 1920
Peking-Hankow	\$1,720,880	\$365,490 increase
Peking-Mukden	1,451,532	266,710 decrease
Tientsin-Pukow	893,280	351,191 "
Peking-Suiyuan	783,446	52,436 increase
Shanghai-Nanking	506,457	12,477 decrease
Shanghai-Hangchow-Ningpo	242,081	4,711 increase
Chengtch-Taiyuan	238,441	57,710 "
Canton-Kowloon	96,945	20,244 "
Kirin-Changchun	187,822	41,663 "
Taokow-Chinghua	99,467	10,175 decrease
Chuchow-Pinghsiang	—	—
Changchow-Amoy	4,834	2,450 increase
Kaifeng-Honan	118,807	17,605 "
Wuchang-Changsha	—	—
Ssupingchieh-Tsenchiatun	53,172	15,658 "
Total:	\$6,397,164	\$62,586 decrease

Railway	September	
	Total Revenue	Increase or decrease compared with September 1920
Peking-Hankow	\$1,963,166	\$ 34,557 increase
Peking-Mudken	1,736,344	714,521 decrease
Tientsin-Pukow	1,003,729	256,445 "
Peking-Suiyuan	428,178	18,292 increase
Shanghai-Nanking	585,945	58,558 "
Shanghai-Hangchow-Ningpo	291,134	45,956 "
Chengtch-Taiyuan	243,935	27,239 "
Canton-Kowloon	106,083	24,573 "
Kirin-Changchun	192,595	62,009 "
Taokow-Chinghua	114,813	56,274 "
Chuchow-Pinghsiang	1,732	23,021 decrease
Changchow-Amoy	5,819	5,344 increase
Kaifeng-Honan	154,046	39,067 "
Wuchang-Changsha	—	—
Ssupingchieh-Tsenchiatun	52,071	10,662 "
Total:	\$6,879,590	\$611,456 decrease

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Monograph

Some Vegetable Oils

Wood Oil.—*Aleurite cordata* is the technical term for the species of tree which yields this oil. Its growth is generally rapid, the stem of the tree attaining a height of more than 20 feet as a rule. It blooms and bears flowers of a pink or reddish-brownish colour. Seeds are found in them with a quantity of 26% oil. The main producing districts are Siushan, Fowchow (Fowling), Pengshui, Tienkiang (Tienshan), Liangshan and Wanhsien, in Szechwan; Yungyang, Ichang, and Laohokow, in Hupeh; Changteh, Yungting, Paotsing, Shenchow, Lichow, Tsingchow and Yungshun, in Hunan; Tungjen and Sungtao, in Kweichow; and Kweikiang in Kwangsi. The old method of manufacture is described briefly as follows: seeds of *aleurite cordata* are first ground into small particles by a millstone turned by an ox, a horse or a donkey. The particles thus obtained are made into cakes, which are then pressed for their oil content. Oil extracted by this means has a brownish colour, a disagreeable odour, and contains an abundance of dirt. The latter causes much loss to the trade. By adopting a more scientific method, the yield could be made 53% instead of 40%.

Vegetable Tallow. This is one of China's chief products. It is gathered from the seeds of a species of cypress. The chief growing districts are the south-eastern part of Szechwan, the western part of Hupeh, the north-western part of Hunan, and the borders of Anhwei and Chekiang. There are also such trees in Kweichow. In extracting oil from the seeds, the latter are first exposed to the heat of the sun, after which they are opened. The contents are then heated and melted, thus leaving the oil floating on the top and the dirt at the bottom. The oil is sent to the market in the form of a solid mass and great quantities are used in the manufacture of candles. The demands from abroad are increasing rapidly. The dirt residue is used as a kind of fertilizer on farms. The shells of the seeds are valued for medicinal properties. The industry stands in great need of manufacturing improvements.

Sesamum Oil. Black sesamum has been recognized by experiment to be a better oil-yielding product than the White. The seeds contain about 50% oil. Sesamum is chiefly produced in Honan and Hupeh and along the Peking-Hankow Railway line. The procedure of extracting oil from sesamum is as follows: The seeds are first sifted so as to remove the accumulation of dirt or dust. They are then warmed in a pan, and the greatest care must be taken to prevent them from over-heating. If such care is not taken, the oil yield is much restricted. On the other hand, if they are not sufficiently warmed, the oil, though plentiful, is of very poor quality. The best way is to heat them till they are red in colour. They are then ground by mill-stones and the powder obtained as the result of the grinding is mixed with water, thus giving oil after the stuff has been thoroughly stirred. Out of every 100 catties of sesamum, thirty catties of oil are usually obtained. But the result of experiments conducted by expert analysis shows that there is still a loss of about 10%. Should modern methods be adopted, the total yield of oil from every 100 catties of sesamum would be between 40 and 45 catties.

It cannot be too strongly emphasised that modern ways and means of manufacturing oil are badly needed in China. Furthermore a better quality product and a greater output to meet the demands from abroad are urgently required.

Tanning

With the establishment of a University course in Peking, improvements in tanning in China may be expected in the near future. As it is, the process is extremely primitive. Taking the

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methods employed by the Chang Hsia (振亞) Cow Hide Tannery, Kalgan, as an example, the hides, after preliminary cleaning, are first steeped in a tank containing lime water. Each tank has a capacity for forty or fifty pieces of skin, and for each piece three cattles of lime are required. After the skin has remained in the tank for about ten days, it is taken out for further treatment. When the hair on one side of the skin and the remaining bits of flesh and oily matter on the other have been removed, the hide is kept in a wooden tank, which contains a solution of the sap of the mangrove tree, for forty or fifty days, during which time the contents are frequently stirred and turned over. The hide is then taken out, washed, and put under a drying press to squeeze out the water. When partially dried, it is coated with a mixture of pea-nut and jute oil. In coating the hide, about one catty of oil is required for each piece. After further drying, designs are printed on the finished leather, which is then ready for market.

Three months are spent in the operation of tanning a hide, and each piece in its finished condition measures about eight feet in length and four and a half feet wide. It is sold—prices ranging around ten taels—to local boot and shoe makers for making Mongolian boots and shoes.

Railways

The Ministry of Communications announces a policy of reform and retrenchment. Instructions have been issued to the Railway Administrations to:

- (1) Arrange for extension of time in the payment of large sums which have fallen due, such payments to be made in instalments as early as possible;
- (2) Exercise the greatest care in acquiring new properties and extending existing railway lines, such additional expenditure to be made strictly in accordance with the financial strength of the various railways;
- (3) Purchase new materials only when absolutely necessary, and when there is money to pay for them, payment of large orders to be made, whenever possible, in small instalments.

In order to prevent waste, members of the Ministry have been sent to the various Railways to investigate actual conditions. Where surplus equipment is held, it must be sent to those Railways which are in need of the material. Scrap material must be sold.

Means of Communication

Good Roads. It is proposed to build a road between Yangssu chiao (楊思橋) and Lulichiao (六里橋), Shanghai. The Shanghai-Chwansha Motor Service has initiated the scheme.

In Kaifeng, The Honan Famine Relief Committee is proposing to use famine relief labour for good roads. More than 1800 *li* are now projected, of which nearly 200 *li* are finished and 500 *li* now in the course of construction. Most of this is being carried out in the eastern part of the the province, and already motor busses are running on these roads. The director of Supplies and Transport is Bishop W. C. White, while The Military and Civil Governors of the Province, H. E. Chao Ti and H. E. Chang Feng-tai, are the Chairmen.

The gentry of Chengtu and Chienhsien (簡縣) have proposed the building of a road between Sihochang (西河場), Chengtu, and Szetzechen (石子鎮), Chienhsien. A temporary office has been established in Chengtu and the preliminary survey is now in progress.

The Chekiang Provincial Roads Plan and Preparation Bureau (浙江省道籌備處) has been planning roads to cover the entire province. Work has begun on the Chekiang-Fukien main line. Because there is no prospect of immediate success in using motor cars for long hauls along the Chekiang-Anhwei line, the plan of constructing this line has been set aside for the present.

The Chang Yu Section (常玉段) of the Chekiang-Kiangsi line is regarded as of great importance in establishing better communications.

The construction plans were drawn by Ch'en Hsu Tang (陳樹棠) former engineer of the Chekiang Roads Company (浙路公司). The Military and Civil Governor of Chekiang has informed the Provincial Roads Plan and Preparation Bureau to commence construction work on this line immediately. The starting point is at Hangchow and the other terminus is the boundary line of Kiangsi at Yushan (玉山). The road will be 592 li long and will cost about \$4,000,000.

Railways. The section of the Lung-Hai Railway between Shenchow and Kwanyintang (Honan) is expected to be completed shortly. Traffic will be inaugurated in the Summer.

The Ministry of Communications has sanctioned the construction of a section of railway between Mentowkow (門頭溝) and Chaitang (齋堂) by various Peking merchants. Construction will commence in March.

Banking and Finance

New Banks. The Industrial Development Bank of China is now preparing to issue bonds valued at \$2,500,000 in accordance with its regulations. The face value of each bond is \$10, bearing interest at 7% per annum. The bonds, which are bearer bonds, will be issued on and after March 1st and will be fully redeemed commencing March 1st, 1923. On redemption, two dollars will be offered as premium on every \$100. Interest may be deducted for six months at the time of purchase together with a discount of 3.5% on less than \$100, 4% on less than \$500, 4.5% on less than \$1,000 and 5% on \$1,000 and over.

The Hwa Yih Bank (華一銀行) has been organized at Shanghai.

The Territorial Development Bank (殖邊銀行) at Peking is to have its new building in the same place as the old one, i.e. in Shih Chia Hutung (施家胡同). The corner stone was laid on January 20.

The Principal Officers have been elected: Kiang Tsao Chung (江朝宗) President; Tsai Ching Tang (柴勳唐), Vice-President and the Chairman of the Bureau for Clearing Up Old Debts (舊債清理處) is Wang Hsiang Hwan (汪祥煥). Hsu Hsiao Mung (徐孝孟) is the manager of the branch office at Kalgan. The managers of the branch offices at Tientsin and Shanghai have not yet been elected.

A branch of the Bank of Territorial Development (殖邊銀行) is reported in process of organization in Fukien province.

The Kashing Commercial Savings Bank is being promoted at Kashing, Chekiang, with a capital of \$500,000. The preparation office is now situated at Chunshuya (椿樹街), Kashing.

Siao Kwang-yu (蕭光裕), of Kian (吉安), Kiangsi, has proposed the establishment of a Salt Bank with a capital of \$1,000,000. Preparations are now in progress and the inauguration will take place as soon as half the sum required has been subscribed.

The Civil Governor of Szechwan has issued instructions to all the Intendents of Prefectures and Magistrates of Districts to establish Agricultural and Industrial Banks in their respective administrations. In response the Yungning Prefecture is making preparations to establish the Yungning Agriculture and Industrial Bank (永甯道農工銀行) with a capital of \$100,000. Subscriptions are now being raised.

—“The Bankers Magazine” (Chinese).

The Ningpo Ming Hsin Bank (寧波民新銀行) was inaugurated on January 13th.

A branch office of the Peking Agricultural and Commercial Bank at Hankow is in process of organization. A report to this effect has been sent to the Ministry of Agriculture and Commerce.

The Wanping Yisin Agricultural and Industrial Bank (宛平日新農工銀行), situated in Wanping (宛平), Chihli, has been inaugurated.

The Chekiang Silk and Silk Piece-Goods Business Bank (浙江絲綢商業銀行) petitioned for registration.

Bank Statements. The Commercial Bank of Chihli has declared a dividend of 14% for 1921.

The Chung Hwa Savings Bank (中華儲蓄銀行) has declared a dividend of 18% for 1921.

The Chekiang Industrial Bank (浙江地方實業銀行) has declared a net profit during 1921 of \$332,195.21—an increase of \$40,586.08 over the previous year.

Bank of Communications. The following decisions were arrived at on February 5th by a meeting of the shareholders of the Bank of Communications:

(1) That the amount of the paid up capital of the bank should be increased to \$10,000,000, for which new shares to the value of \$2,500,000 should be issued; that the shares which were issued in taels should hereafter be changed into dollars and that the old shares which represent a sum of Taels 5,000,000 should be revalued at \$7,500,000.

(2) That deposit receipts issued by the bank should be accepted by the bank as specie in payment of shares by the new shareholders.

(3) That new shares should be issued to private persons to take the place of the Government shares which have been relinquished by the Ministry of Communications.

(4) That the date on which the issue of new shares shall commence and the date on which the issue shall close should be fixed by the Bank's Board of Directors.

Currency. For the purpose of unifying the currency, the Currency Bureau of the Ministry of Finance has decided to issue new dollars bearing the image of President Hsu Shih-chang. The Tientsin Mint has been instructed to coin them for early issuance.—*Yih Shih Pao.*

Taxes. A Cigarette Impost Bureau has been established in Peking with offices at 24 Siang Lu Ying Tao Tiao. A similar office has been established in Shanghai.

Exchanges. Three exchanges, The Pacific, The Shanghai Merchant Cotton Yarn, and the Union Evening, (太平洋滬商棉紗合眾夜市等三交易所) have been amalgamated into the Shanghai Union Exchanges Bazaar (上海各業交易所聯合市場).

Industrial Notes

Forestry. Forestry stations are to be established in various parts of the metropolitan area. The Ministry of Agriculture and Commerce took the initiative of gaining the interest of the metropolitan officials.

Machinery. Liu Hung Sheng (劉鴻陞) proposes to erect a cement machine factory at Lunghwa (龍華) along the Whampoo River.

Fisheries. The Chung Hua Fishing Company (中國漁業股份有限公司) has requested the Ministry of Agriculture and Commerce to grant it registration.

Medicines. Chang Chung-chang (張宗昌) and others proposed to organize the China Drug Store (中國醫藥公司). The Ministry of Agriculture and Commerce has granted registration.

Tobacco. The China Hsin Yi Tobacco Company (中國興業煙草公司) petitioned for permission to increase its capital. The Ministry of Agriculture and Commerce has permitted it to have a new registration with increased capital.

Agriculture. Since its establishment the Anhwei Model Nursery has produced annually about 100,000 young shoots. The young shoots of various trees yielded during 1920 totalled 125,000, while, on account of the insufficiency of rainfall, the production for 1921 amounted only to 80,000. On the other hand, mulberry shoots have been growing flourishingly, and it is expected that more than 700 piculs of mulberry leaves will be produced this spring. A building for raising silkworms is now in course of erection. —“*Yih Shih Pao*”.

Coal. The Kailan Mining Administration announces that the total output of the Administration's mines for the week ending February 4, 1922 amounted to 8,925 tons and the sales during the same period, to 77,788 tons.

Money and Exchange

CUSTOMS EXCHANGES RATE FOR FEBRUARY

Hk. Tls. 5.10 @ $3\frac{1}{4}$	£1
„ 1 @ 908	Francs 10.12
„ 1 @ —	Marks —
„ 1.22 @ $73\frac{3}{4}$	Gold \$1
„ 1 @ $65\frac{1}{8}$	Yen 1.71
„ 1 @ $263\frac{1}{2}$	Rupees 2.94
„ 1 @ 1.50	Mex. \$1.50
„ 1 @ 16.62	Italian Lire 18.52

Roubles no quotation.

Weights and Measures

1 Catty= $1\frac{1}{3}$ lbs. or 604.53 Grammes.

1 Picul= $133\frac{1}{3}$ lbs. or 60.453 Kilogrammes.

1 Mow= $\frac{1}{6}$ of an English acre.

1 Li=2115 feet of $\frac{2}{5}$ of an English mile. It is usually spoken of as $\frac{1}{3}$ of an English mile.

Kindly Send Us Your Publication

James K. Neering 7/26/86

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BULLETIN

PREPARED FOR CIRCULATION ABROAD.

處論討濟經

REPUBLIC OF CHINA

GOVERNMENT BUREAU OF ECONOMIC INFORMATION

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95 Foochow Road

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January 14, 1922

Series 1.

The Bureau of Economic Information is a nonpolitical organization which proposes to provide economic, commercial, financial and industrial information relating to the Republic of China.

Inquiries on subjects of this nature from responsible persons or organizations will be attended to. Feature articles may be arranged for.

Customs Revenue

The Maritime Customs Revenue for 1921 amounts in round numbers to Hk. Tls. 54,500,000 (at average exchange 3/11 7-16 equal to £10,772,265) and shows an increase of 5,000,000 Taels on the previous record collection, i.e. for 1920, although it is to be noted that as a result of a drop in the average rate of exchange from 6/9½ in 1920 to 3/11 7-16 in 1921 the gold equivalent of the 1921 collection at average exchange is over £6,000,000 less than that of the collection for 1920.

The following are in round numbers the collections at the principal Ports:—

	Hk. Tls.		Hk. Tls.
Harbin	1,381,300	an increase of	448,100
Antung	1,062,000	a decrease of	67,500
Dairen	4,959,000	an increase of	56,300
Tientsin and Chinwangtao	6,816,900		1,320,800
Kiaochow	2,139,200		531,700
Hankow	3,858,200		187,200
Shanghai	19,914,300		1,081,300
Swatow	1,334,300		224,400
Canton	3,118,400		576,100

The 1921 Revenue of the Native Customs under the Inspector General's control amounts in round numbers to Hk. Tls. 4,500,000 (at average exchange 3/11 7-16 equal to £889,453) showing an increase of Hk. Tls. 120,000.

All Foreign Loan and Indemnity obligations secured on the Customs Revenues including the Service of the Re-organization Loan and all Domestic Loan obligations indirectly secured on the Customs collection have been fully met.

(Signed) F. A. Aglen
Inspector General of Customs

Peking
2nd January, 1922

Rec'd. M. I. P. D. 1 JAN 24 1922

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DECLASSIFIED BY NND740058 *James K. Neering 3/26/86*

Nantungchow

Nantungchow is known as the most prosperous cotton-producing district in China, and Chang Chien, ex-Minister of Agriculture and Commerce, has spent more than 20 years in developing that industry in the district. He has paid special attention to the cultivation of cotton and the spinning and weaving industry. The Ta Sheng Cotton Spinning Mill was started by him 20 years ago with 40,500 spindles. In 1915, 20,600 spindles and 400 weaving machines were imported, with an addition of 14,000 spindles and 300 weaving machines in 1918. The Mill, which has a capital of Taels 2,500,000, consumes 170,000 piculs of cotton per year, and is producing annually 47,000 bales of yarn (between 10 and 42 threads) and 130,000 rolls of cloth. There are more than 5,000 labourers in the various spinning and weaving factories.

The second mill is established at Chiulungchen, Chungmin; and the third mill at a place 10 li north of Chinglungchiang in Haimen. In the third mill there are 36,000 spindles, and a railway has been constructed to connect it with the Chinglungchiang River, so as to facilitate communications and transportation. Capital has been subscribed for the construction of No. 4, No. 5, No. 6, No. 7 and No. 8 mills. A site has already been acquired for the erection of the No. 4 Cotton Spinning Mill on the bank of the Tienhengchiang River and 60,000 spindles and 1,000 weaving machines are to be purchased for its equipment. In connection with this mill, knitting and dyeing factories are to be constructed. It has been decided that No. 5 Mill is to be built at Kaokuchiang, No. 6 Mill at Tungtai and No. 7 Mill at Yencheng, and each of them will have 25,000 spindle. No. 8 Mill is to be erected at Szeyangpa in Nantungchow, and 15,000 spindles and 600 weaving machines are to be imported.

In addition to the undertakings of Chang Chien, there are also several other cotton spinning mills, such as the Kaiyang, Chiu-an, Tai Hua and Min Sheng Cotton Spinning Mills, where many women and girls are employed.

Shantung Salt

The return of the Japanese Salt Public Sale Bureau at Tsingtao reveals the following figures of output:—

<i>Name of firm</i>	<i>Quantity in catties</i>	
The Tsingtao Salt Co. (青島鹽業會社)	8,000,000	Refined Salt
Tu Pai Yang Chih (渡邊楊青)	7,000,000	„ „
Ping Tien Salt Co. (平田鹽業社)	2,000,000	„ „
Tung Hai Tsao Ta Co. (東海曹達會社)	3,000,000	Unrefined Salt

Iron

The present annual production of pig iron in China from Chinese furnaces is estimated to be about 450,000 tons, while that from Japanese furnaces is estimated to be about 250,000 tons. The total annual output of iron ore is about two million tons.

The Lung Yen Iron Mining Administration was formed under private and Government joint auspices with a capital of \$5,000,000. The mines are located at Hsuan-huafu. The two blast furnaces, each of 250 tons capacity, which will be finished this summer, are situated at San-chia-tien, which is about 10 miles west of Peking. The ore is colitic haematite.

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The Yangtse Engineering Works, Hankow, owns a blast furnace of 100 tons capacity which went into blast last June. The ore comes from the "Elephant Nose" mine of the Tayeh district and the coke from the Liu Ho Kou mine.

The Kung-chang-ling Iron Works has just been established in Fengtien under the control of the Japanese "San-lin" Company in association with the provincial government.

Coal

The Ching Hsing Coal Company, operating in South Shantung, plans to sink a new pit to augment its daily output in three years time to 3,000 tons in place of the present output of 1,500 tons.

The Japanese Fushun Collieries in Manchuria have planned a 10 year programme of improvements and extensions. Their present daily output is 10,000 tons, but according to plans for the period ending 1929, the output is to be raised from three to eight million tons a year. The improvements include the laying down of a plant for the extraction of petroleum from the oil in the shales above the coal seams.

Within three years the Sino-British Kailan Mining Administration hopes to increase its daily output from 15,000 tons to 20,000 tons. The improvements consist in the sinking of a new mine of 5,000 tons capacity, enlarging the existing coal-washing plant, erection of by-product ovens, and the construction of a new wharf at Tangku.

The Peking Syndicate has increased its daily coal output to nearly 4,000 tons from 2,300 tons by the opening of several new pits.

The Pei Piao Coal Company, operating near Chao-yang, Chihli, has a capital of \$5,000,000, half of which has been subscribed by merchants and the other half by the Peking-Mukden Railway. The coal has been found to be an excellent steam coal, suitable for locomotive and marine boilers. Arrangements are being made for construction of a branch line from the Peking-Mukden Railway to the coal field.

The Men Tou Kou Coal Mining Co. owns a concession at Mentoukou, sixteen miles from Peking. This is a Sino-Foreign organization with a capital of \$1,000,000. Its output, anthracite, is the popular household coal of Peking.

The Tung Pao Company, Tatung, Shansi, has a capital of \$3,000,000, raised by Shansi merchants in co-operation with Cantonese. The coal field has two kinds of coal, smokeless at the top, and high class steam for locomotives and steamers at the bottom of the coal-bearing series.

The Liu Ho Kou Collieries in Honan have planned to increase their daily output from 600 tons to 1,500 tons within two years time. A Standard gauge railway has been built to Fenglochen, replacing the narrow gauge railway.

The Chihli Lincheng Mines will increase their daily output to 1,500 tons through the sinking of a new shaft.

Speaking on the annual dinner of the China Institution of Mining and Metallurgy, held at Peking on December 28, Mr. K. Y. Kwong (Vice-President), in an address on "The Mining Industry in China," said that in his opinion the total annual coal production for China was between twenty and twenty-five million tons.

The annual production of the Hanyehping Company's Collieries at Pinghsiang is about 1,000,000 tons; that of the Chinghsing Mining Administration about 360,000 tons; and that of Okura and Company's Mines at Penchihu about 300,000 tons.

Match Industry

In recent years the match industry in China has assumed a healthy growth. Match manufacturing firms have sprung up in almost every important city and district. As a natural consequence imports of foreign matches show a marked decline, as will be seen from the following table:—

1916	26,600,000 gross
1917	15,518,332 "
1918	13,339,855 "
1919	16,598,943 "
1920	8,818,607 "

Glass

The total number of glass factories in China is 445, according to the last official investigation. They are distributed according to the following table:—

Chihli	11
Fengtien	30
Shantung	88
Shansi	10
Kiangsu	10
Kiangsi	178
Fukien	24
Chekiang	1
Hupei	12
Hunan	8
Kwangtung	73
Total:	445

Chamber of Commerce

At the request of the Chambers of Commerce of Zichow (徐州) and Haichow (海州) the Nantungchow General Chamber of Commerce erected a new building last year at a cost of \$160,000. It is located north of Nantungchow Park and was formally opened on January 1, 1922.

Crops

Owing to the failure of last year's crop and the fall in price of cotton cloth, the market of Chinkiang (鎮江) is bad. Because of the import from Nantungchow and Hankow the local cotton merchants suffer.

According to investigations conducted by the Japanese, the cereals produced in Manchuria and exported in the months of September, October and November amounted to 551,107 tons.—
Yih Shih Pao.

Forestry Licenses

The Ministry of Agriculture and Commerce has issued forestry licenses to the following:

Name	Location
Kiang Wei-ching (姜渭卿)	Kaichihho, Hwatiehsien, Kirin. (吉林樺甸縣加級河林場)
Chang Yu-ling (張玉林)	Ertaokow, Holunghsien, Kirin. (吉林和龍縣二道溝林場)
Feng Keh-chang (馮克昌)	Tasiaoyentungkow, Ningansien, Kirin. (吉林寧安縣大小洞溝林場)
Heng Tang-chu (韓登舉)	Weishaho, Hwatiehsien, Kirin. (吉林樺甸縣草沙河林場)

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Name	Location
Heng Tze-shen (韓子陞)	Chihchantzekow, Hwatiehsien, Kirin. (吉林樺甸縣韓子陞林場)
Tuan Chuan-chen (段駿臣)	Hwangyuho, Tungpinghsien, Kirin. (吉林同賓縣黃玉河林場)
Yang Chieh.chen (楊介臣)	Siaoyuanpaoho, Wuchanghsien, Kirin. (吉林五常縣小元寶河林場)
Yang Shu-hua (楊毓華)	Ta Siao Lomeishan, Fenchensien, Kirin. (吉林方正縣大小羅勒密山林場)

Cotton Yarn

The export of cotton yarn from Shanghai in 1921 was as follow:

Jan.	38,564 piculs
Feb.	38,323 "
March	44,180 "
April	45,518 "
May	38,919 "
June	37,655 "
July	27,835 "
Aug.	26,135 "
Sept.	30,664 "
Oct.	30,499 "
Nov.	10,428 "

Exported to Japan, Hongkong and the interior of China.

The Cotton Industry in North China

During the last few years the cotton industry has been greatly developed in the North of China. Cotton spinning mills are being erected in increasing numbers and farmers everywhere are realising the profit of growing cotton plants. The two-fold extension of the industry portends uninterrupted progress.

The development of the cotton industry in the North has been attributed to the following causes:

1. Encouragement of the Government

The Ministry of Agriculture and Commerce has established several Cotton Experimental Stations with the object of educating the farmers in the new method of planting cotton plants. The officials in charge of the No. 4 Cotton Experimental Station in the west suburbs of Peking, and of the No. 1 Cotton Experimental Station in Chengting have achieved excellent results in encouraging the industry. They have been in touch with the farmers and are teaching them the right method of cultivation. During the past few years these Experimental Stations have been distributing American cotton seeds among farmers in the various districts. The Industrial Bureaux of the provinces have also taken steps to encourage cotton cultivation and the distribution of American cotton seeds. The Experimental Stations have been entrusted with the task of organizing an association for the national reform of cotton cultivating methods. In Chihli and Shensi much progress has already been made in this direction.

2. Employment of Technical Experts

During the past few years many agricultural experts have returned from abroad to teach the people how to cultivate cotton plants. They have raised large sums to start cotton plantations on an ambitious scale in Chihli, Honan and other provinces. There are now more than ten cotton plantations started with ample funds and well managed by experts and experienced farmers. The National Cotton Industry Association is establishing a model station in Tientsin with the object of educating the farmers of the country. As the industry offers great profits, it is expected that before long native farmers will abandon the cultivation of less profitable commodities in order to make the best use of their soil.

3. Increased Demand

The demand for cotton is growing rapidly. The various cotton spinning mills in the country are buying cotton from all outlying districts; and Japanese are also looking to the Chinese farmers for supplies. The price has been considerably raised on account of the demand, and farmers in consequence are neglecting to cultivate other kinds of plants in order to make room for the cotton plantation.

The development of cotton cultivation has ultimately led to the development of the spinning and weaving industries of the country. In Tientsin alone there are several cotton spinning mills under construction. In addition to those already existing there, there are two more large cotton spinning mills in course of erection, namely, the Yu Ta Cotton Spinning Mill and the No. 3 Pao Cheng Cotton Spinning Mill. It was originally decided that the Yu Ta Cotton Spinning Mill should start with a capital of \$2,000,000, and, beyond the expectation of the promoters, the full amount was subscribed in a short space of time. They have nearly completed the erection of the mill at Chengchiachen, Tientsin. The machinery purchased from England has already arrived in Tientsin, and 25,000 spindles will also soon arrive. The No. 3 Pao Cheng Cotton Spinning Mill belongs to the proprietors of the No. 1 and No. 2 Cotton Spinning Mills of Shanghai. Their capital was fixed at \$3,000,000, which has been fully subscribed. The machinery of this third spinning mill has been purchased from the United States. The spindles etc. have also arrived in Tientsin, and the mill is situated near the Yu Ta Cotton Spinning Mill. The Chihli Model Cotton Spinning Mill and the Yu Yuan Cotton Spinning Mill are also in course of construction. They possess large capital and are sure to do good business. Besides the Chihli cotton spinning mills, similar mills are being constructed in other provinces. The Lu Feng Cotton Spinning Mill is doing good business at Linching, in Shantung. The subscribed capital for this mill is \$1,200,000, and it possesses 15,000 spindles.

In Honan, a cotton producing province, many people are organizing companies for the erection of cotton spinning mills. The promoters of the Kuang Yi Cotton Spinning Mill, having 29,000 spindles and a capital of \$1,500,000, have established their mill in An Yang. In Shensi, where cotton cultivation has been specially encouraged by the local authorities, steps are being taken to raise capital for the construction of several cotton spinning mills in order to utilize the raw materials.

Means of Communication

Railways. The Lung-hai Railway has been completed from Hsuehchow to Pan Yih Shih of Pee Hsien (邵境八義集), a distance of 30 miles. The railway from Pan Yih Shih to Tu Shan Chen (土山鎮) will be completed in February.—*Shanghai Journal of Commerce (Chinese)*.

The Chang Hua Wai Station between (長淮衛站) Pengpu (蚌埠) and Meng Tai Tse (門台子) has recently been built.

The Government has issued an order by which a reduction in railway freight will be made of twenty-five per cent on rice and flour and fifty per cent on millet and kaoliang. Likin and other taxes on grain in transport by rail will be reduced fifty per cent. The order came into operation on January 11.

Good Roads. The government has circularised the provinces exhorting the officials to take an interest in the construction of new roads.

Telephones. The Tung Eu Telephone Company of Peking (北京東歐電話公司) has been granted registration in the Ministry of Agriculture and Commerce.

Banking and Finance

Exchanges. The request of Liu Shou-ming and others (劉壽明) for establishing the Kiukiang Stock Exchange (九江證券交易所) has been refused by the Ministry of Agriculture and Commerce.—*Shanghai Journal of Commerce (Chinese)*

The Ministry of Agriculture and Commerce has granted registration to the Ningpo Cotton Exchange (寧波棉業交易所).

The Peking Stock Exchange requested the Ministry of Agriculture and Commerce to register its revised list of shareholders on January 4.

Ningpo (寧波) Wenchow (溫州) and Taichow (台州), Chekiang (浙江) are rich in marine products. A Marine Produce Exchange is being organized by Fung Yi-sang (馮益三) with a capital of \$2,000,000.

The Ministry of Agriculture and Commerce has recently revised the regulation regarding the guarantee fund of Exchanges. The guarantee fund should be 50% in cash and 50% in domestic bonds.—*Sin Wen Pao.*

The Miscellaneous Cereals, Flour and Bean Exchange (雜糧粉稈交易所) petitioned the Ministry of Agriculture and Commerce for early registration.

The Tinfoil Exchange of Hangchow (杭州紙箔公司) held its organizers' meeting on January 6, 1922.

National Debts. The Ministry of Finance has appointed two advisory committees, the Domestic and Foreign Debt Committee and the Likin Abolition Committee, which will function for a period of six months. Members of the Ministerial staff will act on the Committees.

New Banks. The Tsung Yeh Bank (中法振業銀行), established by Chinese and French capitalists with a capital of \$2,000,000, has been registered at the French Legation, Peking. Inauguration of the Bank was held on January 8, 1922.

The Hsueh Commercial Bank (徐州商業銀行), Hsueh, Shantung, established under the auspices of the Chung Hwa Citizens' Saving Society (中華國民有獎儲蓄會), was inaugurated on December 18.

The Ningpo Ming Hsin Bank (寧波民新銀行), situated at Tang Hong Street (糖行街), Ningpo, was inaugurated on December 13.

The Taitsang Bank at Taitsang (太倉銀行), Kiangsu, was inaugurated on December 24th.

The National Credit Bank (神州實業銀行), which has recently been registered, has a capital of \$1,000,000, which is now being raised. The Preparation Bureau is situated at 33, Chien Fu Hutung,, Chienmen, Peking. Inauguration is expected in February.

The Tseh Foong (志豐) and Heng Kong (恆廣) banks will be organized in January. The managers will be Messrs. Ging Ji Mai and Woo Tin Van. (經濟美吳廷鑑).

The Ise Yu Bank will be reorganized with a capital of \$160,000, with Mr. Liu Woo Chao (劉午橋) as manager.

Bank Statements. Net profits of the Chinese banks at Peking are reported as follows:—

Salt Industrial Bank	(鹽業)	\$1,300,000.00
King Chen Bank	(金城)	600,000.00
Hui Nieh Bank	(匯業)	600,000.00
Sing Heng Bank	(新亨)	700,000.00
Tung Lu Bank	(東陸)	700,000.00
Agricultural & Industrial Bank	(農工)	200,000.00
Peking Commercial Bank	(商業)	200,000.00

—Shanghai Journal of Commerce (Chinese)

In the course of a public statement, the Bank of Communications gives its total note issue in the market at \$6,438,790, and its reserve as follows: \$2,732,000 in the vaults of its Peking office, \$432,000 deposited in various Peking banks, \$1,939,991 in the vaults of its Tientsin office, and \$1,686,830 deposited in various Tientsin banks. This makes an aggregate total of \$6,790,827. In addition, the bank has \$700,000 in its Shanghai office to meet any liabilities incurred through the transfer of credits etc. The redemption of the notes issued was resumed on January 6. The bank has decided to revise its system of note issue. A special fund will be set aside for the redemption of notes and the vaults will be open to public inspection.

Industrial Notes

Machinery. The Hua Hsin Weaving Machine Company (華興織物機械廠) at North Shansi Road, Shanghai, was organized by Tsai Hung-ping (蔡鴻濱), Kou Hui Ming (高惠民), Kou Fu-chen (郭輔宸) and others. The Company has now more than over 100 labourers and manufactures iron satin weaving machines, wooden machines and cotton gins. At present, the company proposes to expand and new shares will be issued.

Electricity. The Yau Hua Electric Company (耀華電燈廠) of Hsuehchow was established in 1905. Three new plants have been installed and a new building erected which was completed on December 27. It is estimated that the three plants supply 30,000 lights.

The meachants of Hokow (河口), Yunnan, have raised \$20,000 for the establishment of The Hokow Electricity Co., Ltd. (河口漢光電燈有限公司).

Coal. The Kailan Mining Administration announces that the total output of the Administration's mines for the week ending December 31, 1921, amounted to 102,128 tons, and the sales during the same period, to 65,791 tons.

There are more than twenty coke companies along Sinza and North Tibet Roads, Shanghai. Owing to the high price of coal, there is a great demand for coke. Some prominent coke merchants propose to organize the Lien Nieh (聯義) Company at Kaifoong Road, Shanghai, with a capital of \$100,000,000.

Mining. According to the latest investigation of the Ministry of Agriculture and Commerce, the number of mines now in operation in China is 4,049, covering a total area of 11,310,050 *mu*. 3,412 mining experts and 152,400 miners are employed.

Iron. The Hanyang Iron Works, in view of the great decrease in the iron exports last year, has discharged about 2,000 labourers.—*Yih Shih Pao.*

Agriculture. A model poultry farming station has been established near Antingmen, Peking.

Textiles. The increase of capital of the Kwan Ching Spinning and Weaving Co. (江蘇廣勤紡織公司), Kiangsu, has been registered in the Ministry of Agriculture and Commerce.

Cement. Mr. Kwan Chin Chen (關善臣) organized a Cement Company at Chefoo with a capital of \$500,000, which has been

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registered in the Ministry of Agriculture and Commerce. A formal opening will be held in April.

Medicines. The trade marks of Tsui Hua Drug Co. (上海神華製藥廠) in Shanghai has been registered in the Ministry of Agriculture and Commerce.

Silk. Tien Chang Silk Weaving Company of Peking (北京天章絲織廠) has been granted registration by the Ministry of Agriculture and Commerce.

Bricks. The Chung Hua Porcelain and Clayware Factory (中華窯廠) was established by Mr. Moh Su Chai (穆舒齋) last March at Tong Ka Wai (唐家灣), Poosi (浦西). Mr. Kwan Teh Yin (關德寅) has been engaged as engineer. As soon as the necessary machines have been installed, tiles and bricks will be manufactured. A glass and porcelain factory will be organized in the near future.

Mr. Mai Tsu-pai (梅祖培) of Yu-han (餘杭) District has organized the Nanhu Brick Manufacturing Company in Hanchow (杭州南湖製磚公司) The material is to be procured from Nanhu (South Lake) (南湖).

Hairnets. The Yue Sung Hairnet Co. (裕生髮網工廠) of Hsuehchow is increasing its output. Since last autumn, 50 bundles (each consists of one gross) have been manufactured and shipped to Shanghai, Tsinan and other cities.

Oil. The price of Beans and Peanut Oils and Tallow in Shanghai has increased owing to a chief source of supply being cut off at Newchang (牛莊) Fengten (奉天), because of excessive export by foreign firms and the local manufacture of candles.—*Shanghai Journal of Commerce (Chinese)*

Caps. The Ta Tung Cap Company, Peking (北京大同製帽公司), petitioned the Ministry of Agriculture and Commerce for registration and a licence of trade.

Bristles. Black pig bristles in Shanghai are chiefly exported to Germany. The price has recently decreased from Tls. 800.00 to Tls. 750.00 per picul owing to the poor quality.

Money and Exchange

CUSTOMS EXCHANGE RATE FOR JANUARY

Hk. Tls. 4.09 @ 3/10 $\frac{1}{4}$	£1
„ 1 @ 995 $\frac{1}{2}$.29	Francs 11.09
„ 1 @ —	Marks —
„ 1.20 @ 74 $\frac{5}{8}$	Gold \$1
„ 1 @ 65 $\frac{1}{8}$	Yen 1.71
„ 1 @ 276 $\frac{1}{8}$	Rupoes 3.08
„ 1 @ 1.50	Mex. \$1.50
„ 1 @ 16.75	Italian Lire 19.26

Roubles no quotation.

Weights and Measuras

1 Catty—1 $\frac{1}{3}$ lbs. or 604.53 Grammes.

1 Picul=133 $\frac{1}{3}$ lbs. or 60.453 Kilogrammes.

1 Now= $\frac{1}{6}$ of an English acre.

1 Li=2115 feet of $\frac{2}{5}$ of an English mile. It is usually spoken of as $\frac{1}{3}$ of an English mile.

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Names.	Employees	Looms
Kai Yuan	50	9
Jui Yih Chen	120	20
King Lung	68	12

Some features of the industry:-- Quality is determined by fineness or coarseness of the wool, and the number of threads to the square foot. The number of threads varies from 60-110, the more threads the better the quality and design of the carpet. Chinese carpets last longer than Turkish makes. Colors are natural but last longer without being affected. Wool is the most important material used. In the cheaper carpets camels wool and goats wool, are used but the best grades are made of sheep's wool. The spring yield, or best sheep's wool, sells at \$52 per picul (133-1/3 lbs) while a second grade known as autumn wool costs \$43 per picul.

Dyes are obtained without the application of chemical processes, some of the most commonly used dyestuffs being:--

Sapan wood	\$10 per catty	obtained from	Kwangtung
Acorns	20 " "	" "	Peking
Alum	6.00 " "	" "	Tientsin
Indigo	25.00 " "	" "	Fongtien, Honan, Shantung, Shansi & Chihli.

(1 catty = 1 1/4 lbs.)

(Source, Chinese ^{Govt} Bureau of Economic Information.)

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Shantung (Cont'd)

other districts sheep raising is extensively carried on.

Yunnan

Estimated number of sheep in 1915, 1,006,140. In the Chukiang valley region the most flourishing sheep-raising districts are Talifu, ~~XXXXXX~~ Likiang and Chaotung. Sheep's wool is also produced in Yungpeh and Kingtung.

Kiangsu

Estimated number of sheep in 1915, 957,021. See foot notes "a" and "b".

Anhwei

Estimated number of sheep in 1915, 895,938. See foot note "b".

Chekiang

Estimated number of sheep in 1915, 829,756. Foot note "b".

Shensi

Estimated number of sheep in 1915, 805,151. Sianfu is famous for tannable sheepskin. Fengsiang, Pinchow, Fuchow, Sintch, Yulin, Tungchow are excellent sheep raising districts.

Hunan

Estimated number of sheep in 1915, 702,948.

Hupei

Estimated Number of Sheep in 1915, 605,248. Foot-note "b".

Fengtien District, Manchuria

Estimated number of sheep in 1915, 510,682. See foot-note "c".

Jehol District, Chihli

This frontier district, not included under "Chihli Province" above, had in 1915 estimate 433,109 head.

Kwangtung

Estimated number of sheep in 1915, 385,463.

Honan

Estimated number of sheep in 1915, 374,511. See note "a".

Fukien

Estimated number of sheep in 1915, 373,676.

Kwangsi

Estimated number of sheep in 1915, 311,722.

Kirin (Manchuria)

Estimated number of sheep in 1915, 315,502. See note "c".

Chahar, Chihli

This frontier district, not included in above estimate for Chihli, in 1915 was estimated to have 297,352 head of sheep.

Heilungkiang (Manchuria)

Estimated number of sheep in 1915, 118,113. See note "c".

Kweichow

Estimated number of sheep in 1915, 77,874.

Kiangsi

Estimated number of sheep in 1915, 59,105.

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4. In August, 1919, operations at the Tsinglohsien Model Pasture, Shansi, were commenced with the sole object of improving native breeds by crossing with American stock. At present (March, 1922) there are 358 head of sheep of American origin and 2400 head of Chinese sheep in the pasture. The average annual yield of wool from these sheep is a little more than a catty (1-1/3 lbs.) per head.

(Source: Chinese Govt. Bur. of Economic Info.)

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from Kiyang, produces about 10 tons of coal daily in springtime as but floods impede operations during the rainy season; but during the other seven months 160-170 tons are turned out daily. Area about 400 sq. li (133-1/3 sq. mi.). Under administration of Hwang Tze-ming.

Changkow's supply comes from Chilichiaoshan, about 3 li from Kiyang and amounts in the spring to about 20 tons, worked by Chang Yuan Company.

Hwangniutang, 70 li from Kiyang, claims a production of 70 to 80 tons daily, except in spring and summer when work is discontinued owing to pits being flooded.

Yentanzou, about 70 li from Kiyang, averages over 100 tons of coal a day except in spring and summer when little mining can be done here. Area, 100 square mow, about 16-2/3 acres; operated by Li Siao-shun with a capital of \$30,000.

Tapao, 120 li from Kiyang has an average daily output of 50 tons. There are no floods in this area, which covers about 200 square mow (about 5 acres); operated by Cheng Sin Company. Thickness of seam varies from one foot to five or six feet.

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and due credit must be given to him for his very substantial contribution of both material and comment.

Mineral Production. No official statistics are available upon which any reliable estimate may be made of the value of the mineral production of the Province.

The two principal mining industries are coal and iron.

The iron production is confined to the output of the Chinlingchen mines, along the Shantung Railway, under Japanese official control.

The Japanese administration at Tsingtau has supplied the following statistics on the iron production at the Chinlingchen mines for 1920 and 1921:

Year	Quantity (Tons)	Total cost of production (in Silver Yen*)	Ton unit cost†
1920....	138,246	915,192.62	6.62
1921....	101,880	620,502.79	6.09

* The value of the silver yen may be taken as roughly 50¢ U.S.

The Industrial Commissioner (Chinese) of the Shantung Provincial Government has communicated the following statistics of the iron production of the Chinlingchen mines:

1920.....110,481 tons
1921..... 61,041 tons

but inasmuch as the mines are under the control of the Japanese administration at Tsingtau the Japanese report must be accepted as official.

Coal. The Industrial Commissioner of the Shantung Provincial Government estimates the coal output of the Province (including the mines under Japanese control) as follows:

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we have the following result:

Source	1920 Production in tons	1921 Production in tons
Japanese report	647,234	665,936
Chinese report	1,245,846	852,400
Total	1,893,080	1,518,336

These figures do not vary considerably from the Chinese official estimate, quoted on page 3, of the coal output of the Province. Inasmuch, however, as the Chinese statistics are admittedly incorrect--reports of output being reported as low as possible, and the statistics of output by districts including only the larger Chinese mines, we may estimate the total coal output of the Province in normal years--say 1920--as between two and two and a half million tons.

Japanese sources estimate the coal production capacity of the present mines in Shantung at roughly two and a half million tons.

The Year 1921. There is but little to record in the way of any substantial change in either the iron or coal industries in Shantung during 1921.

Labor conditions are understood to have improved in 1921 due both to the extensive crop failures in the flooded areas of the province during the summer, increasing the supply of labor, and to the completion of the return from the European war areas of the thousands of disciplined men of the Chinese labor battalions.

The abnormal rainfall and floods in the province, however,

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is aware, Mr. Rea is the only technical man who has made an inspection of the Shantung mining operations within the past year or two. His reports, therefore, may take on some special interest, and, copies of the February, 1921, issue of the REVIEW having been obtained, the articles on Shantung mines have been taken out and are submitted as an appendix to this report.

II.

Detailed Treatment of Each Mineral Industry.

The material available for detailed treatment of each mineral industry is scant and of course, incomplete, but it is submitted for what it may be worth.

Iron and coal only are reported upon. Other minerals are not produced in Shantung in commercial quantities.

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IRON ORE

Chinlingchen Iron Mines. These mines, operated by the Shantung Railway Administration of the Japanese government of occupation of Tsingtau, are located in Lintze hsien, Shantung, on the line of the Shantung Railway.

A report on these mines was submitted by Vice Consul N. P. Allman, of Tsinan, China, by despatch No. 55 of May 11, 1920, to the Department of State.

A report on the same mines will be found in the February, 1921, issue of the FAR EASTERN REVIEW, accompanying this report.

According to a Japanese publication of the Shantung Railway Administration, Tsingtau, the following is a "list of galleries and their length" as of March 31, 1921:

1st gallery:	Main gallery.....	163.3	metres
2nd gallery:	Right side.....	174.7	"
"	Left side.....	144.7	"
3rd gallery:	Right side.....	868.6	metres
"	Left side.....	753.1	"
4th gallery:	Right side.....	150.7	"
"	Left side.....	42.0	"

The same publication, according to Vice Consul Adams at Tsingtau, shows the area of the Chinlingchen iron mining district worked by the railway administration as 283.1 square kilometres.

The following table, furnished by the railway administration at Tsingtau, shows the production of the Chinlingchen mines in 1920 and 1921:

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Year	Quantity in tons	Total cost of produc- tion (in silver yen*)	Unit cost of production (in silver yen*)
1920.....	138,246.62 tons	S¥ 915,192.62.....	S ¥ 6.62
1921.....	101,888.80 "	S¥ 620,502.79.....	S ¥ 6.09

According to information furnished by the Sales Manager of the Shantung Railway Administration, the price at which the iron ore was sold in 1920 was Gold Yen 7.00 per ton, f.o.b., Tsingtau; while in 1921 the price was Gold Yen 6.50 per ton, f.o.b., Tsingtau.

It is stated for the year 1922 the price has not yet been settled as the Japanese fiscal year commences April 1st.

The iron ore was taken entirely by the Yawata Iron Works at Wakamatsu, Japan.

It is stated that the demands of the Yawata works have greatly decreased and the railway administration expects that the output at the Chinlingchen mines in 1922 will be out to about half the output of 1921.

The stoppage of work on naval armament in Japan, in consequence of the Washington agreements, should decrease the Japanese demands for iron ores.

Exports: The following table, compiled from the Customs statistics at Tsingtau for the calendar years 1920 and 1921 shows the export and declared value of iron ore from Tsingtau to Japan in those years:

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Year	Quantity			Value		Rate of Exchange
	Piculs	Long Tons	Hk. Taels	U. S. Currency	change	
1920	2,579,835	153,543	507,982	\$624,817.86	1.23	
1921	1,438,584	85,630	287,717	218,808.77	.7605	

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COAL.

The coal mines in Shantung may be divided roughly into two principal areas:

- (1) Along the line of the Shantung Railway from Tsinan to Tsingtau
- (2) In Yih sien and Ichowfu in southern Shantung.

I. Mines along Shantung Railway.

Along the line of the Shantung Railway, the principal coal fields are those at

Tsuehuan (Tsechuan) Hsien
Pohshan
Changchiu hsien
Fangtze

Tsuehuan Mines. These mines are operated directly by the Shantung Railway administration, and were taken over by the Japanese as part of the railway property upon the expulsion of the Germans from Tsingtau and the line of the railway.

A description of these mines will be found in the February, 1921, issue of the FAR EASTERN REVIEW (attached to this report).

Supplementing the information contained in that publication, the following data has been obtained from the Vice Consul on detail at Tsingtau:

Output, 1920 and 1921

Year	Quantity in tons	Cost of Production in Silver Yen	Unit cost of production in silver yen
1920	522,756	2,849,022.27	5.46
1921	528,196	3,454,402.69	6.54

The silver yen may be taken roughly as equal to 50¢ U.S.Cy.

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The official area of these mines is given in reports of the Japanese railway administration at Tsingtau as 418 sq. kilometres.

The following information, obtained from a Japanese publication "The Mining Industry in Shantung" published in 1922 by the Shantung Railway Administration, is intended to show the extent of the operations in the Tsuchuan Mines:

Gallery	: Bed : Name	: Average : thick- : ness of : bed : Metres	AREA DUG		Length of Gallery	
			: Mar.31 : 1920 *	: Mar.31 : 1921 *	: Mar.31 : 1920	: Mar.31 : 1921
			Sq. Metres	Sq. Metres	Metres	Metres
2d Gallery:	FCD	0.8	3,107,250	3,358,000	27,500	30,000
	GHE					
3d "	FCD	0.8	2,082,176	2,302,500	26,715	28,000
	GHE					
1st Gallery	F					
at Shih-li- Chuang	GH	1.5	4,400	80,000	1,000	3,500
2d Gallery:						
at Shih-li- chuang	F	1.5	...	3,000	---	1,700
	GH					
Hanewang Gallery...	F	1.3	...	...	...	750
	GH					
TOTAL.....			5,193,826	5,743,500	55,215	63,950

*The translation of this table reads sq. kilometres; it is presumed that this is an error and that sq. metres are meant.

The abnormal rainfall during the summer of 1921 flooded these mines to some extent. The collieries were not completely dried until February 1922.

These collieries have the advantage of transportation rates and facilities which the Shantung Railway, by which they are worked, naturally furnishes.

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issue of THE FAR EASTERN REVIEW (attached hereto). (See page 100).

Fangtze Mines. These mines are in what is officially known as the Weihsien district. They are included among the properties belonging formerly to the Germans and now occupied and controlled by the Japanese military government of occupation at Tsingtan, through the Shantung Railway Administration.

They are not operated by the railway administration, but by two Japanese companies--The Fangtze Coal Mining Company (Japanese) with an authorized capital of Silver Yen 3,000,000 only 25% of which is understood to be paid up, and by the Nikka Kogyo Kaisha (Japanese) with a capital of silver yen 500,000. In 1920 these mines sold their entire output, under contract, to the Railway; in 1921 the Railway is said to have taken only 40,000 tons of the output.

The output for the Fangtze mines in 1920 and 1921 is reported by the Shantung Railway administration as follows:

Year	Quantity in tons	Cost of Production in Silver Yen *	Unit cost of production
1920..	124,478.....	595,007.57.....	4.78
1921..	137,740.....	692,832.20.....	5.03

*The Silver Yen may be taken roughly as worth 50¢ U.S. Cy.

The coal mined by the Fangtze Mining Company in the west of this field is reported as bituminous; that mined by the Nikka Kogyo Kaisha, in the eastern section, is an anthracite.

For description of the Fangtze mines, and history of the operations, see February, 1921, issue of the FAR EASTERN REVIEW, page 97, et seq. (Copy attached to this report).

On December 31, 1921, the Fangtze mines had on hand 38,132 tons of coal ready for shipment.

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total mining area allocated of 26,952.7 mow (approximately 4,492 acres) and rights to prospectors aggregating 7,008.2 mow (approximately 1,168 acres)--a total mining area allocated in the Poshan district to Chinese miners, of 33,960 mow (or 5660 acres).

The same publication included a list of mines in this section showing those which have "some economic relation" to Japanese firms. It is impossible, however, to reconcile the list with the list mentioned previously or with the list of principal mining companies in Shantung supplied by the Industrial Commissioner of the Province in connection with his statement of coal output. It may be stated, however, that the list of mines in which some Japanese interest is claimed includes 73 mines.

A table taken from the same publication mentioned above also attempts to show the amount of Japanese invested capital in the coal industry of Poshan, and places the totals at 850,000 silver yen and 610,000 gold yen. This report is admittedly inaccurate and not based on reliable data. The Guild of Japanese Industrial Coal Companies at Poshan is stated to claim that the Japanese capital invested in the Poshan field in February, 1922, totaled ¥4,000,000 (Chinese currency), which is a little more than \$2,000,000 U. S. Currency.

Coke.

As to coke produced in the region along the Shantung Railway, the FAR EASTERN REVIEW for February, 1921, has the following to say:

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are unwilling to disclose the details of their operations.

It is stated at the mines that a large new shaft is being sunk; it will be ready in about 2 years. This will be the largest and most up-to-date shaft; it will be operated by electricity throughout and have a capacity of about 3,000 tons a day.

Among new additions planned or in process of construction the following are given:

1. Two new 40 ton track scales for weighing cars
2. New kilns for burning their own brick--fire and common
3. Ice plant
4. Enlargement of electric plant by adding two 1500 kw. dynamos; they now have two 800 kw. dynamos.
5. New boilers
6. Office building costing \$150,000 Mexican currency
7. Four foreign-style residences almost completed; eight more to be built. The head office now at Tientsin is soon to be moved to the mines at Tsaochwang.

It is reported that this Company is in negotiation for the sale to the Chinese Government of 90 li (about 30 miles) of railway built some years ago to carry coal from the mines to the Grand Canal at Taierchwang. It is understood that this line will probably be taken over and operated by the Tientsin-Pukow Railway and that it will probably, later, be extended south from Taierchwang to a point on the Lung-Hai Railway so as to permit coal to be shipped direct from the mines to the new port of Haichow to be constructed on the coast of Kiangsu following the completion of the Lung-Hai Railway.

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