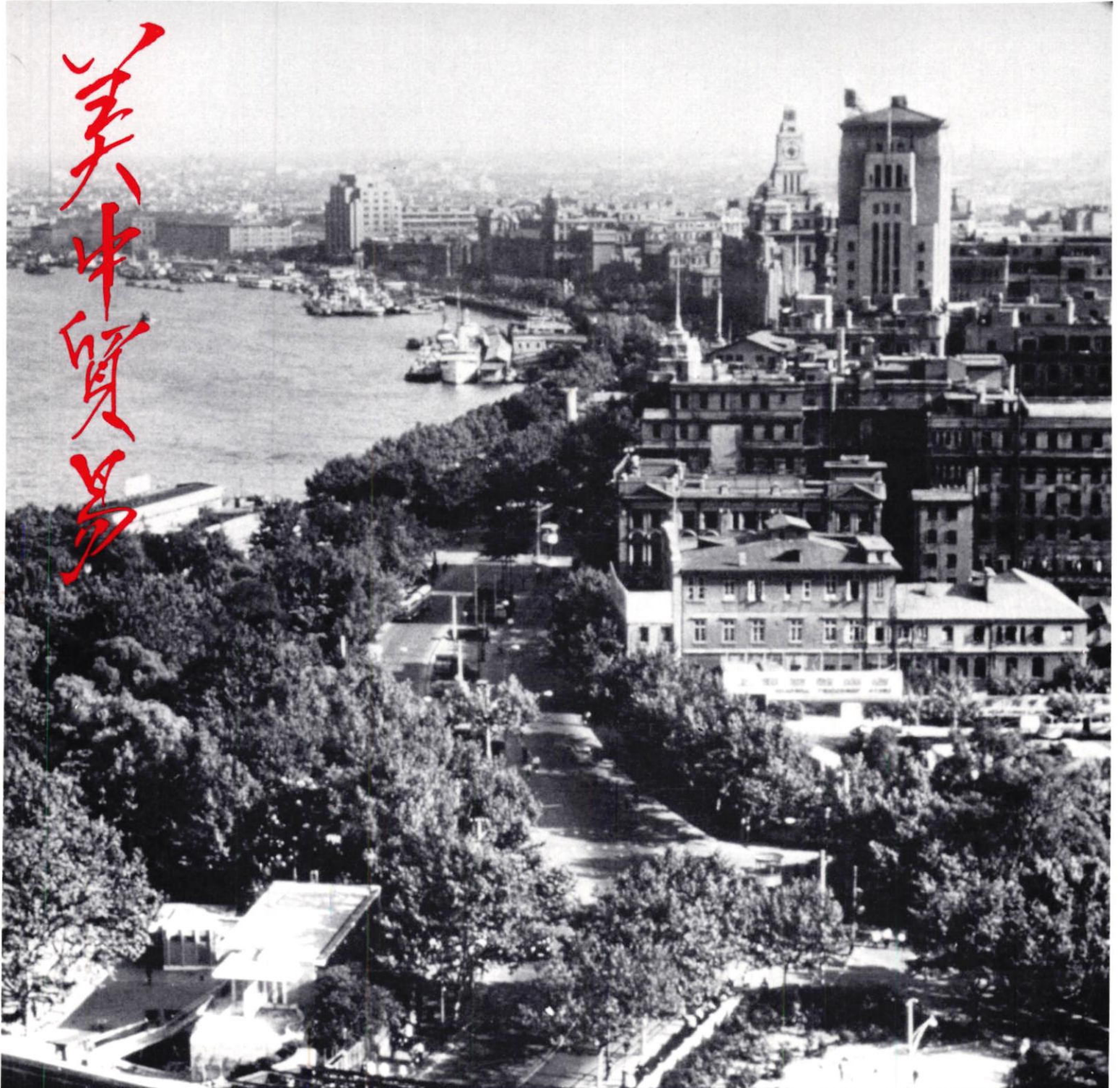




U.S. CHINA BUSINESS REVIEW®



TRANSLATION SERVICES OF THE NATIONAL COUNCIL

The National Council provides translation services for member companies and other firms wishing to have material translated into modern, simplified Chinese characters.

In all business contacts with the People's Republic of China, having correspondence, brochures, and other information translated into the script presently used in China facilitates communications with China's trade organizations. This is because China has limited translation resources: information received in China in Chinese can be disseminated and responded to much faster than if the correspondence is in English.

It is very important for the Chinese characters used in correspondence with Chinese trade authorities to be clear, fluid, and well-drawn. It is important to recognize that present terminology and style of business correspondence used among overseas Chinese differ considerably from that now in use in the People's Republic of China.

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- Summary of Technical Data
- Advertisements
- Catalogues
- Any other form of communication required

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The Council also has an extensive set of reference works available including specialized dictionaries, atlases, and recent literature from China.

In the preparation of Chinese script, the following processes are involved: initial translation, research for technical terms, reference to specialized dictionaries, calligraphic copying, and final checking of contents.

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Front Cover: A scene along the waterfront in Shanghai, one of the cities most frequented by American businessmen. For information on how to get around Shanghai, see page 33.

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The National Council for United States-China Trade is grateful to His Excellency Huang Chen, Chief of the Liaison Office of The People's Republic of China in Washington, for the calligraphy on the front cover of the U.S. China Business Review.

CHINA TRADE EVENTS

PEKING, July 19-27

Council President Phillips and Hong Kong representative John T. Kamm met with officials of the China Council for the Promotion of International Trade and members of China's Foreign Trade Corporations in Peking.

CHINA, August

Three of China's corporations have scheduled mini-fairs during August. The Native Produce and Animal By-products Corporation held a fair promoting forestal goods and fireworks in Kwangchow August 5-12. The Light Industrial Products Corporation will be sponsoring a series of simultaneous arts and crafts fairs in Peking, Shanghai and Kwangchow August 15-30. (A fourth location—Tientsin—was cancelled because of the recent earthquake.) These fairs will feature precious stones, jewelry, carvings, antiques, cloisonne, lacquerware, furniture and other products. The Chemicals Corporation had scheduled a pharmaceuticals fair in Tientsin July 27-August 10 which was cut short, also due to the earthquake.

CHINA, August

The National Council's first export mission to China will be led by Earl Morgan of FMC Corporation, Philadelphia. The delegation members, all experts in the agricultural chemicals field, will be accompanied by Nicholas H. Ludlow, the National Council's Director of Publications and Research.

CHARLOTTESVILLE, VA., September 24

The University of Virginia will hold a conference on US-China Trade. Among those slated to speak are Robert Scalapino, Professor of Political Science, University of California at Berkeley; Eugene A. Theroux, Partner, Baker and McKenzie; Philip Habib, Under Secretary of State for Political Affairs; Jerome A. Cohen, Professor of Law, Harvard University; Alexander Eckstein, Professor of Economics, University of Michigan; Christopher H. Phillips, National Council President; Stanley Lubman, Attorney at Law; and Ralph Clough, Senior Fellow, The Brookings Institution. Inquiries to the Asian Studies Committee, University of Virginia, Cabel Hall, Charlottesville, Va. 22901.

KWANGCHOW, October 15-November 15

The 40th Chinese Export Commodities Fair will be held. National Council representatives Melvin W.

Searls, Jr., John T. Kamm, Judy Poon, and Angus T. Simmons, will be attending. Firms wishing to attend this Fall's Fair can request that the National Council recommend them to Chinese officials for inclusion on the invitation list. Given the nature of the Fair and the continuing imbalance in trade favoring U.S. exports, the Chinese have made clear their desire to invite *only* those firms which are interested in buying what China has readily available to sell to the United States. Firms seriously interested in importing from China should supply the Council with a brief description of their companies, including volume of sales for the most recent period, names and nationality of personnel to attend fair, an outline of products to be bought, and a bank reference. This information should be sent to the National Council, care of George Driscoll, Director of Business Advisory Services, no later than September 4. No guarantee can be given that all requesting firms will be invited to the Fair; the Chinese, following past traditions, will probably be most receptive to those firms whom they perceive to have the best prospects for making purchases.

PEKING, October

The second official National Council delegation to China is tentatively scheduled to visit China's capital at the invitation of the China Council for the Promotion of International Trade.

ST. LOUIS, November

The National Council has scheduled a conference which will focus on Chinese agriculture. For details, call George Driscoll (202) 331-0290.

YOUR MEN IN PEKING

When in Peking, US Commercial Staff at the US Liaison Office will be happy to assist you. Please feel free to call them if you are in China's capital.

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Graham E. Marx, President and General Manager of G. A. Gray Company, with Cheng Chi-hsien, Deputy Managing Director of the China National Machinery Import and Export Corporation.

How Peking Shops For Machine Tools

Cincinnati's G. A. Gray Company Takes a Long and Winding Road

The following article describes the experience of the President and General Manager of G.A. Gray Company, Mr. Graham E. Marx, who gave a speech and slide presentation to the National Council's third Annual Meeting on June 14, 1976. Mr. Marx's firm is a member of the National Machine Tool Builders' Association (NMTBA) which arranged an American machine tool builders delegation to China in November 1976 assisted by the National Council.

“. . . The plants we visited were simply enormous by our own standards. They employ, roughly speaking, 2,000 to 8,000 people. They are, in essence, complete complexes . . . And, yes, some of the biggest and most modern machines were just prototypes, one of a kind. But I can assure you that the Chinese have come a long, long way to make that single prototype; and the second model and the third one will come much more easily.”

Excerpts from Graham Marx's speech at the National Council for US-China Trade Annual Meeting, June 14, 1976.

Contact is the first and foremost problem confronting any American firm wishing to open trade relations with China, and it is an especially perplexing dilemma

for the smaller manufacturing concerns which lack extensive international divisions. The G.A. Gray Company, although it is a wholly owned, Cincinnati-based subsidiary of the large Warner & Swasey Company, stands as an example of one small business that has established warm, if not yet fruitful, relations with Peking's foreign trade corporations.

As a machine tool producer, the G.A. Gray Company first came to the attention of Chinese importers through an industrial association. As far back as 1971, the National Machine Tool Builders' Association (NMTBA) proposed an exchange of trade missions to the Chinese. Since the Association can claim over ninety percent of American machine tool builders as members, the Chinese recognized the invitation as official enough to warrant further consideration, but, with characteristic reserve, requested further information concerning American machine tool production.

Early Foundation for Trade

The vital foundation for trade was cemented with the shipment of 86 crates of catalogs and 2000 issues of NMTBA directories translated into Chinese by China Consultants. In light of the subsequent expertise in American products that Chinese negotiators have displayed, there is every reason to believe that all the information sent was avidly consumed.

Thus, a first rule for establishing relations with China is to favor excess when responding to requests for information. The more confident the Chinese are of their knowledge of an area, the more likely negotiations are to continue.

Besides the attendance of two NMTBA officials at the Spring 1973 Canton Fair and what has been

described as "the continuation of continuous discussions," little progress was made in the actual sale of American machine tools throughout 1973 and 1974.

January 1975, however, brought the sort of oblique response that has become typical of Chinese foreign trade corporations. In accordance with a request made through the PRC Liaison Office in Washington, the US Government arranged a visit for a delegation from China's TECHIMPORT corporation. The purpose of the trip was to investigate product technology for heavy duty gas turbines. In order to provide the Chinese a thorough view of America's industry, the government enlisted the help of two major US gas turbine producers, General Electric and Westinghouse. The majority of the Chinese trip was spent touring the facilities of these two companies, notably the General Electric Large Gas Turbine Department in Greenville, South Carolina; and Westinghouse plants in Lester, Pennsylvania, and Texas, as well as that company's Research and Development Division in Pittsburgh.

Beyond the large gas turbine producers, the Chinese had specified in their requests that they would be interested in visiting some of America's machine tool producers. G.A. Gray was one of those companies selected to host the Chinese delegation.

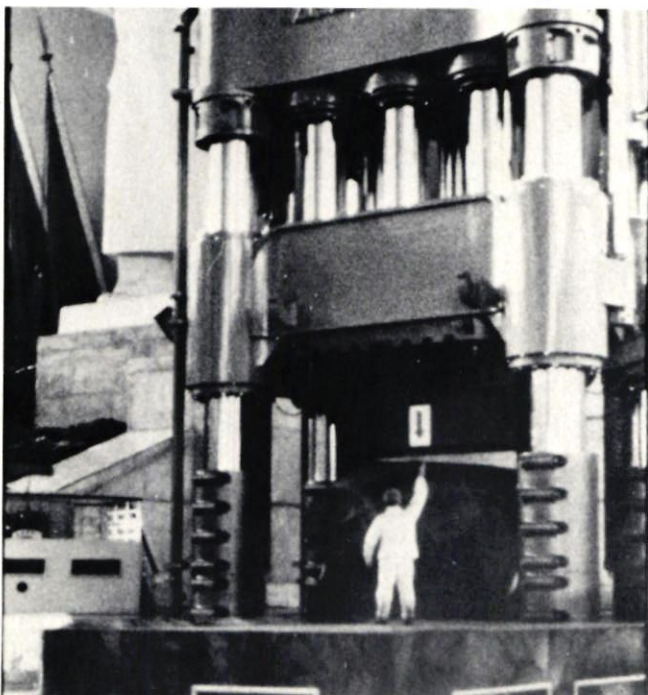
To what degree the excursions to American machine tool plants were premeditated by the Chinese is unclear, but it is virtually certain that heavy dissemination of information two years earlier played an important role in leading the Chinese to American suppliers.

Three Alternatives

In the eyes of G.A. Gray executives, the reason for the Chinese visit to the American large gas turbine plant was to study the possibility of constructing a stationary gas turbine plant in China to augment their inchoate power generation network. At that time the Chinese were faced with three alternatives: have an American firm design and build the plant, have an American firm serve as a consultant in the construction of the plant, or attempt to build the plant alone and import the necessary machine tools. Since the only known sustained Chinese interest has been in American machine tools, it seems that the third alternative has been chosen by the Chinese officials, with the understanding that American firms such as G.A. Gray will supply the more sophisticated horizontal and vertical boring machines which are unavailable in China.

Perhaps the most important event in the development of G.A. Gray's relationship with China was the TECHIMPORT delegation's initial visit in February 1975. With that single plant tour, the company joined the ranks of foreign firms considered "old friends" by the Chinese. The distinction between "old friends" and "new friends" is constantly alluded to in Chinese

Model of Chinese machine tool photographed by Marx.



literature on foreign trade. The second rule for establishing trade relations with China is then to arrange some form of personal contact; it is an investment that always pays for itself in dealing with the Chinese.

Three months after the plant visit, in June of 1975, G.A. Gray received a request for quotations on thirteen different types of machine tools. This inquiry came nearly four years after the initial proposal for exchange was made by the NMTBA in 1971, but only three months after the plant visit by the TECHIMPORT delegation.

Quotations Returned

By August, G.A. Gray had returned quotations on all the specified equipment. The hardware comprised various vertical and horizontal boring, drilling, and milling machines, all of which would require export approval before shipment could be made. The horizontal machines ranged in size from 6" to 8" floor type models, while the vertical equipment had tables ranging from 4' to 16' in diameter. The controls on the equipment were either General Electric numerical units, or digital mechanical data input systems, custom-made for G.A. Gray by the Moog Company of Buffalo.

The next contact G.A. Gray had with the Chinese was, once again, through the NMTBA. In early November 1975, the Association received an invitation from the China National Machinery Import and Export Corporation (MACHIMPEX), another Chinese foreign trade corporation, to organize and sponsor an American machine tool builders' delegation to China. Not only were the companies to participate in the visit specified by the Chinese, but the topics for speeches to be given by the American officials at a technical symposium included in the tour were also delineated. Among the Americans invited was Graham E. Marx, President and General Manager of G.A. Gray Company. During the 10-day tour which began only two weeks after the invitation was extended, G.A. Gray's Marx was honored by special invitations to continue discussions with TECHIMPORT officials who, by that time, had received and reviewed the machine tool quotations. This unusual consideration is further evidence of the importance of establishing a personal rapport with the Chinese.

Almost immediately after the NMTBA delegation returned to the United States, preparations were initiated for a second TECHIMPORT visit to America. In contrast to the earlier exploratory tour which included the General Electric plant visit, communications with the Chinese made it clear that the second delegation was coming to buy.

The Final Round

Arriving in the US in March of this year, the delegation embarked upon a month's tour of twelve



Chinese workers stand by sign greeting the delegation from the National Machine Tool Builders Association

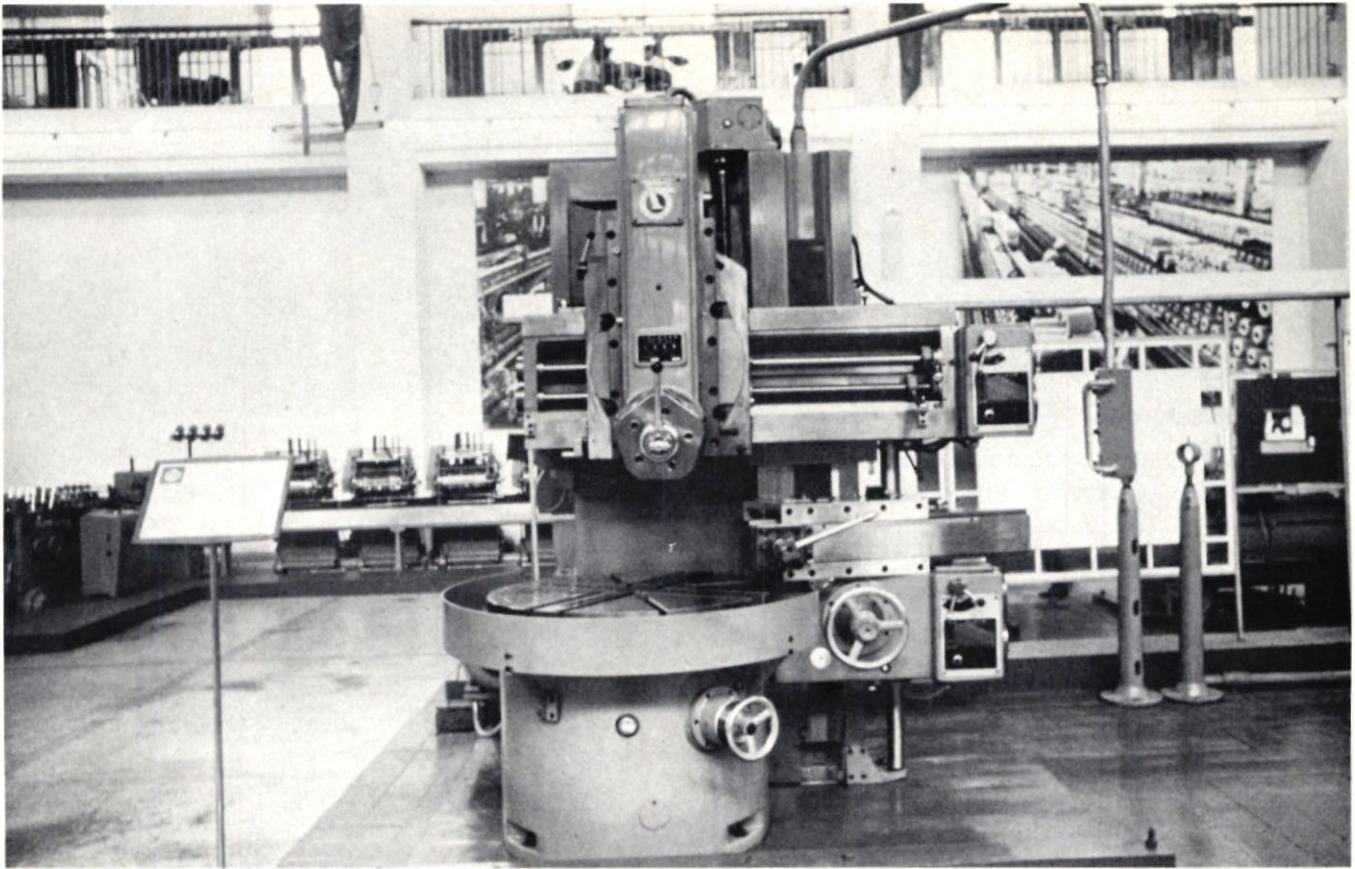
American machine tool manufacturers. Again G.A. Gray was selected as one of the participating firms, and the Chinese were welcomed for their second visit to the Cincinnati plant in mid-April 1976. After the visits had been completed, the Chinese delegation returned to Washington to hold negotiations out of the PRC Liaison Office. And it was to that office that executives of G.A. Gray traveled to hold the final round of negotiations. These negotiations did not bear fruit.

The negotiations had proceeded to a point at which Gray and TECHIMPORT had agreed upon confirmed and irrevocable letter of credit payment thirty days prior to shipment. The stumbling stones of the deal came afterwards with the price clause. The Gray Company had made its quotation at its lowest level acceptable, considering expected costs of production and materials during the construction period. The Chinese negotiators, however, were under the impression that there was still room for bidding down the price to some degree. Apparently, when confronted with an intransigent Gray offer, the Chinese opted to turn elsewhere for the required equipment.

Although the basic letter of credit mode of payment had been accepted by both sides, there was, in addition to the problem of price, some disagreement over other Chinese demands, such as the cancellation and arbitration clauses.

The position of the G.A. Gray Company is, nevertheless, not unenviable at this time. Two important thresholds have been crossed: its catalogs have been received and read by Peking buyers and its personnel have established direct friendships with Chinese officials. Those two facts should place its products under consideration when the Chinese next decide to import vertical or horizontal machine tools. Although no trade could be negotiated in the last round of talks, that certainly does not preclude G.A. Gray sales to China in the future.

完



One of the machine tools on display at the Spring, 1976, Canton Fair.

Chinese Machine Tools on Show at the 39th Chinese Export Commodities Fair Canton, Spring 1976

A total of 32 machine tools were exhibited in the Machinery Exhibition Hall in Canton this spring. The following 24 machines had some specifications available, and those produced after January 1, 1975, had fairly complete details provided.

Horizontal Rectangular-table Surface Grinding Machine. Model M7150A. Shanghai Machine Tool Works, June 1975.

Machining Capacity:

Maximum grinding width 500 mm
 Maximum grinding length 2000 mm
 Maximum grinding height 600 mm

Working surface, magnetic chuck (W×L) 250 × 600 mm

Dimensions of grinding wheel (L×W×H)
 500 × 305 × 100 mm

Spindle speeds 1450 rpm

Distance, spindle axis to table:

Maximum 850 mm
 Minimum 220 mm

Electric motors:

Main drive 18.5 KW;
 Hydraulic pump drive motor 5.5 KW

Overall dimensions (L×W×H) 6600 × 2300 × 3000 mm

Gear Grinding Machine. Model YC 7150. Chinchiao Machine Tools Plant, December 1975

(The machine employs a mechanical, electrical and hydraulic drive system.)

Maximum gear diameter 500 mm
 Minimum gear diameter 50 mm
 Maximum modulus 12 mm
 Minimum modulus 2 mm
 Maximum teeth 140
 Minimum teeth 20

Maximum width of gear cut 150 mm
Traverse of slider 170 mm
Grinding wheel speed 1800 rpm
Maximum diameter of grind wheel 400 mm
Minimum diameter of grind wheel 320 mm
Total output of motors 7.9 KW

Gear Grinding Machine. Type Y 76100. Chinchiao Machine Tools Plant, November 1975.

Maximum outer diameter of work ground 1000 mm
Minimum outer diameter of work ground 440 mm
Maximum workpiece thickness 170 mm
Number of work teeth;

Maximum 87
Minimum 9

Grinding wheel diameter

Maximum 400 mm
Minimum 320 mm

Grinding wheel widths 16, 20, 25, 32, 40 mm

Maximum grinding travel of slider 200 mm

Ranges of table:

Maximum 25 mm
Minimum 2 mm

Grind wheel speed 2800 rpm

Digital Process Control Single Column Jig Grinder Model MK 2940. Tientsin Machine Tools Factory, December 1975.

(Machine is "suitable for production departments having frequent change of products, and for national defense industry.")

Working surface of table (L×W) 750 × 400 mm

Maximum traverse of table:

Longitudinal 500 mm
Cross 300 mm

Maximum travel of column 400 mm

Hole diameter of ground $\varnothing 2 - \varnothing 100$ mm

Effective depth, ground $\varnothing 90$ mm

Setting accuracy ± 0.01 mm

Single Column Jig Boring Machine. Model T 4132.

Ningjiang Machine Tool Works, April 1975.

Work surface of the table 500 × 320 mm

Work traverse:

Longitudinal 400 mm
Cross 250 mm

Minimum screen read of longitudinal jig system .0001 mm

Distance, spindle nose to table:

Maximum 500 mm
Minimum 30 mm

Spindle speeds:

Low 100-800 rpm
High 800-2000 rpm

Motor .55 KW

Single Spindle Turret Auto. Model C 1325. Nanking Machine Tool Works, June 1973.

(Details not available.)

Single Column Vertical Turret Lathe. Model C 5112A. Tsitsihai First Machine Tools Works, June 1975.

Maximum turning dimensions with vertical head 1250 mm

Maximum turning dimensions with side head 1100 mm

Table diameter 1000 mm

Maximum height of workpiece 1000 mm

Maximum weight of workpiece 3000 kg

Table speeds:

Longitudinal 6.3 - 200 rpm

Number of steps 16

Power of main drive motor 22 KW

Overall dimensions (L×W×H) 2277 × 2260 × 3403 mm

Net weight, approximate 8000 kg

Universal Thread Grinding Machine. Model Y 7520.

Hankiang Machine Tools, November 1974.

(Details not available.)

Numerical Control Curve Grinding Machine. Model MK 8532. Shanghai Machine Tools Works, September 1975.

(Control unit from Shanghai Continuous Electrical Instrument Factory.)

Maximum radius of work ground:

Exterior outline 160 mm
Interior outline 110 mm

Maximum grinding length:

Cam shaft 1000 mm
Inner cam 50 mm

Template 120 mm

Curved and swing surface work 250 mm

Lead Screw Grinding Machine. Type S 7450. Shanghai Machine Tools Works, April 1975.

Maximum diameter of the workpiece $\varnothing 500$ mm

Maximum diameter of thread $\varnothing 50 - \varnothing 400$ mm

Maximum length of workpiece 5700 mm

Maximum length of thread 5000 mm

Maximum revolving angle of grinding wheel $\pm 30^\circ$

Accuracy:

Error between two neighboring pitches .003 mm
Error with length of 25 mm .005 mm
surface finish 9

Automatic Cutter-Shift Numerical Controlled Boring and Milling Machine. Model THK 6350. Shanghai No. 7 Machine Tools Plant, June 1975.

(Control unit by Shanghai Rapid Progress Machinery Plant.)

Rectangular working surface of table (L×W)

1500 × 500 mm

Traverse of jig spindles:

X 1200 mm
Y 600 mm
Z 500 mm

Spindle speeds 18 steps 40 - 2032 rpm

Feed speeds 62 steps 1.12 - 1250 mm/pm

Capacity of cutter storage 53 pieces

Cutter handle 7.24 mm

Maximum cutter diameter 100 mm

Maximum boring diameter 90 mm

Maximum tapping diameter M 24 mm

Minimum indicated value 0.01 mm

Single Column Jig Boring Machine. Model TK 4163A.

Shanghai Number Three Machine Tools Plant, December 1975.

Working surface of table 1100 × 630 mm
Maximum traverse of working table:
Cross 600 mm
Longitudinal 1000 mm
Maximum boring diameter 250 mm
Spindle speeds (no steps) 20-150 rpm
Spindle feed speeds 4 steps .03, .06, .12, .24 mm/pr
Jig accuracy 0.008 mm

Universal Lathe. Model CA 6250. Shenyang Number One Machine Tool Works, No Date Given.

Swing over bed 500 mm
Distance between centers 1000, 1500 mm
Number of spindle speeds 24
Range of spindle speeds 10-1400 rpm
Taper of hole in spindle Morse No. 6
Bore in spindle 48 mm
Main drive motor 7.5 KW
Net weight:
For 1000 mm 2040 kg
For 1500 mm 2130 kg

Universal Lathe. Model CA 6240/1000. Shenyang Number One Machine Tool Works December 1974.

(Details not available.)

Cylindrical Grinding Machine. Model MQ 1350 A. Shanghai Machine Tool Works, May 1974.

(Details not available.)

Internal Grinding Machine. Model M 2120. Wusih Machine Tool Works, June 1975.

Grinding diameter 50-200 mm
Maximum length of bore ground 200 mm
Maximum swing of workhead:
Inside splash guard 400 mm
Outside splash guard 650 mm
Maximum swivel of workhead 30°
Table speeds Infinitely variable .2-6 m/min
Electric motors 3-phase AC:
Work spindle drive 1/1.5 KW
Grinding wheel drive 4 KW
Overall dimensions (L×W×H) 3100 × 1450 × 147 mm
Net weight 3350 kg

Radial Drilling Machine. Model Z 3080. China Czechoslovak People's Friendship Works, September 1975.

Maximum drilling diameter 80 mm
Distance, center line of spindle to column:
Minimum 550 mm
Maximum 2500 mm
Distance, spindle nose to base plate:
Minimum 550 mm
Maximum 1800 mm
Taper hole of spindle Morse No. 6
Maximum traverse of spindle 450 mm
Maximum traverse of spindle head on arm 1950 mm
Number of spindle speeds 16
Range of spindle speeds 16-1250 rpm
Motor for driving spindle 7.5 KW
Overall dimensions (L×W×H) 3680 × 1400 × 3223 mm
Net weight 9500 kg

Horizontal Surface Grinding Machine. Model MM 7112. Tientsin Instruments Manufacturers Machine Works, June 1975.

Capacity
Maximum dimensions of work ground (L×W×H) 350 × 125 × 300 mm
Table: Work surface (L×W) 350 × 125 mm
Maximum travel:
Longitudinal 380 mm
Cross 170 mm
Wheelhead:
Distance from axis of wheel spindle to table 70-400 mm
Vertical traverse of wheelhead 330 mm
Electric motor: Wheelhead drive:
Power 1.5 KW
Speed 2810 rpm
Overall dimensions 1060 × 1060 × 1632 mm
Net weight 98.3 kg

Horizontal Surface Grinding Machine. Model MM 7120. Hangchow Machine Tool Works, October 1974.

(Details not available.)

Precision Single-Spindle Screw Machine. Model CM 1113. Ningjiang Machine Tool Works, February 1975.

Maximum bar cutting capacity 13 mm
Maximum stock feeding length 80 mm
Spindle speeds:
Number 21
Range 600-6000 rpm
Camshaft speeds:
Number Steplessly variable
Range 0.052-10 rpm
Idly rapid revolving 6 rpm
Number of tool slides 5
Main drive motor 2.2 KW
Net weight 850 kg

High-precision Leadscrew Lathe. Model SG 8615. Tsinghai Number Two Machine Tools Works, December 1973.

(Details not available.)

Thread Rolling Machine. Model C 28-75. Tsingtao Sheng Chien Machine Tool Works, September 1971.

(Details not available.)

Hydraulic Roll Grinding and Fluting Machine. No manufacturer given, August 1974.

(Details not available.)

Universal Milling Machine (Knee type) Model X 6134. Shanghai Seventh Machine Tool Works, February 1976.

Working surface of table (W×L) 340 × 1400 mm
Maximum travel of table:
Longitudinal 800 mm
Cross 300 mm
Vertical 350 mm
Maximum swivel angle of table ±45°
Spindle speeds:
Range 0 - 1500 rpm
Motor main drive power 7.5 KW
Overall dimensions (L×W×H) 2291 × 1787 × 1660 mm
Weight 2770 kg

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(2) 说明应报货币的种类,以免事后再磋商折算办法,耗费时间。

(3) 说明价格条件如 F O B、C & F、C I F 等和到达口岸运输方法,以及最迅速的交货日期。这点我们应该先了解商品体积的大小,是否为易碎品和用户是否急需等问题,再来决定价格条件和运输方法。原则上我们争取保险由我方承保,即询价时照国外报 C & F 价格,原因是国内保险可减少

How China Prepares to Buy from Abroad

This is the fifth in a UCBR series of translations from the PRC's Foreign Trade Practice, published in Shanghai, 1959. The book was reprinted in 1972 and reportedly remains one of the principal texts at Peking's Institute of Foreign Trade.

CHAPTER TWO: CONTACT WITH FOREIGN FIRMS

Section 1: Inquiries

Once the Import Business Division has thoroughly investigated and verified all relevant products through the use of different data cards, then the parties to be contacted must be decided upon. Afterwards, inquiries abroad may be initiated.

1) **Methods of Inquiry** (In addition to negotiations in person, generally, there are the three methods listed below.)

(a) **Telegram Inquiries:** For communications in which time is a consideration, telegrams can be used for inquiries. In order to clarify any misunderstandings the recipient might have once the telegram has been sent, a letter containing the contents of the telegram sometimes is also posted.

(b) **Form Letter Inquiries:** In order to save the expense of a telegram and avoid the effort of drafting a letter, import companies also possess a printed form

letter for inquiries. The names, specifications, and quantities all can be filled-in; then, the form letter can be mailed abroad. This method is more suitable for use with old trading "friends." For new friends, a formal letter of inquiry should be prepared.

(c) **Formal Letters of Inquiry:** When approaching new trading partners, conditions for trade with them must be stated explicitly. As for old partners, when the specifications for certain types of goods are particularly complicated, or when other information must be appended, the Import Business Division should provide a detailed explanation. Ordinarily, formal letters of inquiry are sent by air mail. If there is a large number of items that cannot be included within the body of the letter, a complete list can be attached. This is the method most often selected.

Section 2: Some Problems to Keep in Mind

(Listed below are some checkpoints to follow when composing inquiries.)

(a) **All inquiries should be coded and dated:** Whether the inquiry is a form letter or a formal letter, it should have a reference number. A single English letter representing the Import Business Division involved should be inserted before the reference number. Next, there should appear a second letter standing for

the official handling the account. The final entry in the code should be the reference number. If all letter and telegram responses from abroad were also labeled in this way, they could be easily transferred to the person handling the account.

(b) **Clearly explain and accurately quote the type of currency:** This precaution will prevent time from being wasted with later discussions and calculations.

(c) **Delineate the price clause, whether FOB, C&F, CIF, etc:** The port of entry, the means of transport, and the earliest possible date of delivery should also be included. At this point, the size of the commodities in question should be determined. Are the goods fragile? Is the end-user in serious need? This sort of question must be considered. Only then can the price clause and manner of shipment be decided. The general principle is to seek to handle insurance domestically. Thus, when inquiries are made, it should be insisted that foreigners quote C&F prices. The reason for this is that the use of domestic insurance can reduce foreign currency expenditures.

But if there happens to be an especially small order which is not too expensive, and which contains goods that are apt to be broken, then a CIF quotation may be requested. This measure simply allows the shipment's insurance to be provided by the seller. There are also some goods for which direct factory prices should be requested so that a quotation can be returned as soon as possible. Meanwhile, an estimate for shipping cost can be added to the price. In this case, an FOB quotation should be sought. After the transaction has been completed, although the cost of freight has been estimated, the payment should be made according to the shipping documents which will arrive with the merchandise. These factors, then, are the substance of price clause decisions.

As for determining the method of shipment, if the end-user is in great need, or if the price of the goods is terribly high, air freight may be used. However, if the volume of the goods is small, they may be sent by parcel post. All other goods should be marked for shipment by sea freight. Generally, when ordering bulky merchandise, sea freight is the rule; and if there is no explanation, foreign trading partners will assume that this method is desired.

Nevertheless, if time needs to be saved, the order should be made by land transport. At the same time, when specifying the method of a shipment, the place of delivery should be marked explicitly (i.e. the port of entry). The earliest possible date of shipment should be stated.

(d) **Request that responses include an explanatory letter as well as specimens or samples:** An explanatory letter is necessary for determining the quality of the goods. So it should be indicated that some detailed explanation—a booklet or brochure, for example—plus some sort of sample, should be enclosed along with the quotation. These materials can

be used as references by the Import Business Division and the end-user.

(e) **Inquiries should be absolutely meticulous with respect to specifications:** Blueprints should be included for custom-made merchandise. In inquiries, it is of the utmost importance that the specifications be completed; the more detailed the better. If, within an inquiry to a foreign firm, there is mention of a model number, then care should be taken to include the name of the factory in which the model was manufactured. If, for some reason, the information is not complete, an explanation should be provided in order to avoid the waste of time which is involved in sending a second inquiry after the first one has been received. If the inquiry is for a special production system, then a blueprint must be enclosed. China's current, phases, frequency, and voltage should be described for electrical equipment.

(f) **In the event there is some difficulty in making a quotation:** It can be suggested that the foreign firm give a quotation for a comparable product, or else recommend another producer who might be able to supply the goods in question. After a group of products has been investigated, in the event that a foreign firm under consideration might be unable to offer an absolutely comparable piece and provided the end user has agreed that a substitute would be acceptable, then the inquiry may note that if a quotation on the specific items is not feasible, the firm may give a quotation on some comparable piece, or else recommend another firm. This system lends a degree of flexibility to the foreign firm with regard to specifications and simplifies the process for quotations.

(g) **When attachments are to be needed then the inquiry should include a request for separate quotations:** If some piece of the merchandise inquired about requires ancillary equipment, and if the price of this equipment is not included in the price of the main piece, then a request should be made for a separate quotation. By doing this, the task of comparing different ancillary equipment is simplified, and it becomes more convenient to vary the number of attachments when making the final order. (Generally, there are several items that are included within a piece of merchandise, but which are not calculated within the price of the item.)

(h) **After an inquiry has been sent, that fact should be entered on a card which should be properly filed:** For future reference, the card should be catalogued under the project's code and arranged according to merchandise ordered. As soon as the inquiry has been drawn up, the date and the number of firms contacted should be entered on the card. 完

The next issue of UCBR will include the second second section of "Contact with Foreign Firms;" concerned with the problem of foreign quotations.

A Review of China's Economy and Market Prospects 1971-1980

During the past two or so years, the *US China Business Review* has featured a number of sectoral reports on different aspects of the Chinese economy, including such industries as steel, chemicals and electronics. Common to all industry surveys of the PRC is the fact that China issues no regular statistics, for industrial production, trade or anything else. She is the last remaining major world country not to issue such data. In addition, China has not published, in regular form, details of her five year plans since the 1950s.

In an attempt to provide an overall view of the Chinese economy and various industrial sectors, *UCBR* presents, in the next four pages an assessment of China's Fourth Five-Year Plan (1971-75), and anticipated Fifth Five-Year Plan (1976-80). China market prospects in each sector are also given.

This information, compiled in the main by Howell Jackson, is based primarily on fragmentary data from Chinese media reports, plus the best estimates of *UCBR*, US government experts, and other observers of the Chinese economy. As far as possible it is based on known facts. It cannot be considered authoritative, of course, but will provide any company executive with a reasonably sound view of the state of China's industrial progress.

CHINA MARKET PROSPECTS—

Fourth Five Year Plan (1971-1975)

China's economy grew strongly; economic planning mechanisms now firmly established. China's GDP grew at 5-7% p.a. in real terms during 1971-1975. (Perkins, US Gov.) reaching \$215-250 billion 1974 dollars in 1975. GDP per capita, growing est. 3% p.a., was \$230-66 in 1975. Industry was fastest growing sector with 9.3% p.a. moving from 47% of GDP in 1970 to 52% in 1975. Construction expenditures increased at 9.2% p.a. representing 5% of GDP in 1970 and 1975. Agriculture the slowest sector with 2.8% p.a. fell from 29% of GDP in 1970 to 24% in 1975. Energy related sectors experienced the sharpest growth: crude oil production up 23% p.a. natural gas up 21% p.a., electricity generation up 11% p.a. Savings increased 52% during 4th FYP; capital investment jumped est. 79%.

Fifth Five Year Plan (1976-1980)

OVERVIEW

Areas of apparent priority during 5th FYP are agriculture mechanization crude steel production and feedstocks, petroleum and transportation sectors, plus consumer electronics. To meet policy goals, China will need at least 7% p.a. real increase in GDP; industrial expansion should be closer to 10% p.a. Care must be taken in pushing agricultural expansion 3% p.a. to keep safely ahead of 1.8% yearly population growth.

Trade Prospects

China's rapidly expanding foreign trade reached \$14.0 billion in 1975, over 3 times 1970's previous high of \$4.29 billion. Increase due to agricultural imports, inflation, currency fluctuations and complete plants bought for steel, power and petrochemical production. Also large quantities of construction and mining equipment, transportation vehicles. Repayment schedule for past industrial and agricultural purchases will run \$1-1.5 billion p.a. (19% of 1975 exports) so trade surplus will be attempted during 5th FYP. Unless internal policy contradictions arise, a conservative estimate of foreign trade by 1980 would be \$20 billion p.a. Larger plant sales probable in latter part of plan. Strong US and Japanese economies will be good market for Chinese goods in 1976-78. Oil exports?

AGRICULTURE

Grain output rose 12.5% in 4th FYP from 240 m tons in 1970 to about 270 m tons in 1975; annual growth was erratic—+2.5% in 1971, -2.5% in 1972, +4.2% in 1973, +6% in 1974, and +2% in 1975. Average: 2.3% p.a. Contributing were 64% increase in chemical fertilizer use, new irrigation wells, enlarged irrigated area by 6.5 m ha and improved drainage on another 6.5 m ha during 1971-75. New seed development yet to show results; general research techniques still 25 years behind West.

Ambitious 400 m mt goal set for 1980 grain and soybean output requiring nearly 7% yearly growth 1976-80. Planners will rely on mechanization, fertilizer, and improved management. But returns from new inputs may not be realized until complementary factors in place. Irrigation systems possible bottleneck. 300 m mt goal more realistic with agricultural takeoff in 1980's. (274.9 m tons output figure for 1974 announced by the Chinese refers probably to grain plus soybeans—255-260 grain, 15-20 soybeans.)

High volume of grain imports—3.0 m mt in 1971, 4.8 in 1972, 7.6 in 1973, 7.0 in 1974, 3.3 in 1975—with 1973-74 peak due to poor domestic harvest. Raw cotton imports averaged \$88 m during last 3 years, will continue to be imported 1976-80 for textile processing and marketing in West. Grain imports, averaging more than \$500 m p.a. during 4th FYP, likely to continue at 3-5 m tons a year.

AGRICULTURAL MECHANIZATION

Agricultural mechanization drive, initiated 1973, led to large production increases. Est. 1975 output of 54,000 standard tractors and 42,420 walking tractors, up 92% over 1971. Total horsepower of irrigation systems: 37,599,000 in 1975, 87% over 1971 capacity. Production organization has machinery over 20 hp and engines over 4 cylinders manufactured at national level with smaller equipment at county and city plants. Communes adjust all machinery for local use. Mechanization power sources: diesel for mobile units and electricity for stationary.

Mechanization expected to accelerate, with goal of total mechanization by 1980. Local efforts will be emphasized to develop additional semi-mechanized equipment, plus industrial efforts to mass produce rice transplanters and combine harvesting machinery. Priorities in order are water conservation and irrigation, food and fodder processing, threshing, land preparation, paddy transplanting, and harvesting of crop. Average Chinese farm machine works 2500 hours a year, 6 times Japanese rate, 2.5 times US rate.

Self-reliance and mechanization will go hand in hand. The bulk of tools for mechanization will be produced locally, but opportunities in larger more sophisticated machinery particularly for irrigation and harvesting equipment possible. All farm machinery must be of durable nature to survive Chinese usage practices. 4th FYP non-road tractor imports est. at \$44 m; demand may continue. China may begin exporting agricultural machinery technology to Asian third world countries during 5th FYP, esp. rice transplanting equipment.

THE NEXT FIVE YEARS

Fourth Five Year Plan (1971-1975)

Fifth Five Year Plan (1976-1980)

Trade Prospects

CHEMICALS AND PETROCHEMICALS

1975 chemical fertilizer production of 28.7 m mt. double 1970 output. 4th FYP saw construction of 28 large and medium scale fertilizer plants. Intermediate plants bought abroad 1971-75 for ethylene-glycol, polypropylene, ammonia, titanium trichloride, butadiene, and benzene, at total cost: \$1 billion. 1975 synthetic fiber production est. 85% above 1970 output, insecticides up 77%, pharmaceuticals up 90%. Small scale plant output up, e.g. small synthetic ammonia plants accounted for 54% of output by 1973.

Foreign plants coming on stream through 5th FYP. At least 13 plants with fertilizer capacities of 330,000 mt p.a. each will double nitrogen supply to est. 28.7 m mt by 1980. Petrochemical plants to start production of urea, DMT, polyester chips, cyclohexane, aromatic extraction, and catalysts. Development of new cracking techniques for acetone, isopropyl alcohol, CIS-1, 4-polybutadiene, polyethylene, polypropylene, and acrylonitrile production should complement intermediate petrochemical facilities purchased during 4th FYP.

Emphasis will shift from intermediary chemical plants to end-use facilities for agricultural chemicals, synthetic fibers, plastics etc. Foreign technology will continue in demand. Petrochemical feedstocks—polyester chips, caprolactam, PVC, VCM, ethylene glycol, methanol likely to be imported until foreign plants come on line, 1978-80. Demand for potash fertilizer could reach 1 m mt p.a. as nitrogen fertilizer imports fall. Additional plant sales possible for phosphoric fertilizer.

CONSTRUCTION

Growth of construction activity during 4th FYP est. at 9.2% p.a. Use of concrete increased at about 13% p.a. to 36.8 m mt in 1975; timber grew to 28.5 m mt at 7.3% p.a.; finished steel used in construction reached 7.6 m mt in 1975 with yearly growth of 9.6%. Large concrete expansion due to program of 28,000 new small plants. Small plant production was 40% of total in 1971, 58% of total in 1975. Approximate construction shares 1975: cement 20%, timber 30%, steel 50%.

Construction activity should continue at 8-10% annual rate of increase. Petrochemical and steel plant purchases abroad, totaling \$2.2 billion in 1973-75, will use construction resources for much of 5th FYP. Increased construction will be in petroleum, steel and mining industries and harbor facilities as well as chemical fertilizer and artificial fiber plants.

Opportunities exist for considerable construction equipment sales during 5th FYP. With average yearly purchases of \$25-28 m during 4th FYP, Chinese chose bulldozers, forklifts, and cranes. These will continue to be bought; volume could reach \$60-75 m p.a. if current trends continue. Motorgraders, scrapers and road rollers may also be marketable.

ELECTRONICS

Radio production est. 15 m units in 1975, nearly 300% above 1970 output, surpassed only by US and Japan. New emphasis on TV production reaching approximately 191,000 units in 1975 compared to 1970's 15,000. Color TV output began. Computer systems were developed during 4th FYP with a million operations per second capacity, production over 100 units p.a. LSI unit components of 10,000 elements in production 1975. Telecommunication equipment was a top 4th FYP priority.

Mass production of television may follow current boom in radios; production could reach 1 m units p.a. by 1980. Potential need for 2000 to 2500 large computer systems will spur increased domestic production. Main priorities: color television, high precision testing equipment, monitoring and control instruments for industrial purposes. Planned automation will increase demand for electronics. Small scale plant output will expand.

Only \$350 m of electronics trade in last 15 years reflects meager demand: many imports single units for research purposes. But imports of electronic equipment for industrial use averaged \$20 m p.a. during 4th FYP and could reach \$50 m yearly during next five years. Good opportunities for process control equipment. Demand for computer systems est. at 150 units over next 2-3 years.

MACHINE TOOLS

Marginal increases in production led to est. 1975 85,000 unit output, 21% above the 1970 production of 70,000 units. Chinese technological advances of 4th FYP included simple numerically-controlled (N/C) machine tools, fully automated heavy duty thread grinders, and large column jig borers. Research done on reproduction of foreign manufacturing methods.

With slightly better manufacturing techniques, production in 1980 could pass 114,000 units p.a. Chinese present know-how sufficient to handle general production requirements for agricultural mechanization program and mining industry, but foreign expertise will be needed in specialty fields. Chinese capacities should allow export of smaller, less complex machine tools within 10 years.

Importation of machine tools fluctuated during 4th FYP. Value of imports were: 1971, \$62 m; 1972, \$22 m; 1973, \$19 m; 1974, \$50 m; 1975, est. \$55 m. Due to apparent 5th FYP priorities, demand for machine tools should continue to require considerable foreign support, in excess of \$50 m p.a. Best bets: N/C machine tools, copy milling machines, and precision measuring equipment.

NON-FERROUS METALS AND MINERALS, COAL

Tungsten production steady at 15,000 tons p.a. through 4th FYP. Antimony down 25% from 1965 output to 12-14,000 ton range due to low international price. Tin at about 20,000 ton annual production, also below potential output. Coal, however, up est. 5% p.a. to 411 m tons in 1975, accounting for 69% domestic energy supply. Imports of copper, aluminum, and nickel alone increased an average of 22.6% p.a. during 1971-75, together costing 50% more than all China's metal and mineral exports during same period.

Major efforts in coal mining are expected with yearly growth rate of over 8%. 1980 production could surpass 603 m tons. Additional supplies may be needed to save oil for export and supply burgeoning steel industry. Tungsten, antimony and tin production will increase only with world price hike. Aluminum, nickel, copper to remain expensive import items.

China will stay major metal importer for next five years. At present rates, value of metal and mineral imported, not including steel and iron, could exceed \$1.5 billion in 1980. Value of exported minerals and metals should only grow to \$50 million by end of 5th FTP. Steadily rising demand for mining related equipment and vehicles from abroad will continue with emphasis on copper mining and smelting material.

OIL

Crude oil production rose 169% from 28.5 m mt in 1970 to 76.7 m mt in 1975, an average annual growth rate of 21.9%, Chinese recoverable reserves though between 20 and 40 billion barrels, with est. ranging from 7 to 235 billion. China would rank 10th in world reserves with 20 billion, and 5th with 40. Known oil-related equipment sales to China of at least \$340 m during 4th FYP.

Growth for 5th FYP est. at 17.7% p.a. pushing output to 173.3 m tons in 1980, a 125% jump. Investment required in petroleum infrastructure during 1976-80 could be equivalent of \$5 billion at \$50 per ton of increased output. Purchases abroad for harbor facilities, refining and transportation systems will be placed 1976-78.

Purchases abroad for oil equipment will probably reach \$50-200 m p.a. during 1976-80. Total US equipment sales to PRC could reach \$1.5-2 billion in next ten years (Cheng). Exports of crude oil likely to increase from 14 m tons in 1975 to perhaps 25 m tons in 1980. Diversifying petroleum exports; by 1980 perhaps oil to US, Europe.

POWER GENERATION

Electric power generated in China has increased est. 65% from 72 billion kw in 1970 to 125 kw in 1975, with average growth rate of 11.6% p.a. Current level of technology allows serial production of 400 ton per hour steam boilers, 125 mw steam turbines and 72.5 mw hydro turbines, and 110/120 kv transmission line. Installed generating capacity grew 39% during 4th FYP to 35,700 mw in 1975. Development of 300,000 kw thermal generator reported. Sources of energy in 1975: coal 69%, oil 20%, gas 10%, hydro 1%.

76% increase expected in electric power production pushing output to 221 billion kw by 1980, with demand thought to increase at 12% p.a. reaching 186 billion kw in 1980. Capacity will increase 64% to 58,600 mw by 1980. Development during 5th FYP should center around 670 mt/hr boilers, 200 and 300 mw steam turbines, 150 mw hydro turbines and 330 kv transmission lines. Probable energy distribution in 1980: coal 57%, oil 30%, gas 12%, hydro 1%.

Imports of power generating plants and equipment exceeded \$350 million during 1972-74. Additional hardware will be needed during 5th FYP. Areas of need are complete oil and coal-fired, steam-electric plants of 250-600 mw range with ancillary equipment; hydro-electric turbogenerators with non-power hydraulic operations; plants, equipment and technology for power gas turbines 25 mw and larger; EHV and HVDC transmissions technology and prototypes; plus other modern power system equipment.

SHIPBUILDING

Increased emphasis on production of 10,000 dwt ships with total launched dwt in 1975 est. over 200,000, up 150% from 1970 output. China gained capacity for complete construction of 10,000 dwt ships including 10,000 hp engines. Largest ships launched in 4th FYP: 24,000 dwt tanker and 25,000 dwt freighter. 300 dwt cement boats also developed for domestic use, but total small ship production dropped about 6% p.a. 1975 merchant fleet est. at 4 m dwt, up .7 m from 1974 fleet.

Expansion of fleet likely esp. in oil tankers of 24-25,000 dwt range as well as oil rig supply ships. If present priority growth rate of 20% p.a. is maintained, annual launching capacity could reach 1 million dwt by end of plan.

Recent purchases of 14 tankers (one in 100,000 dwt class) from West, totaling 580,000 dwt, plus two 45,000 dwt Yugoslavian freighters. Current chartering of 1 million dwt of ocean-going vessels may be decreased through foreign purchases during 5th FYP, demand for tankers and dredgers possible. Export of 3,000-10,000 dwt class vessels noted during 1975, will probably expand.

STEEL

Crude steel production grew at promising 12.7% p.a. rate until 1973 when stagnation of industry prevented further increase. 1975 crude steel output at about 26 m mt giving average 4th FYP yearly growth of 7.8%. 1975 finished steel production was approximately 19.2 m mt, 43% over 1970 figures. Past failure to expand mining and ore beneficiation operations caused unprecedented pig iron imports, over 1 m mt p.a. after 1973. Scrap supply and coking coal capacities also failed to keep pace. Steel finishing facilities have also been a bottleneck, but \$500 million steel plant purchases from Japan and Germany will alleviate this.

Domestic finished steel requirements projected to reach 32.8 m mt by 1980, but current trends put 1980 production at 27 mt, with crude steel output at 35.9 m mt. Swing to BOFs. Probable program to relieve mining bottlenecks with new ore beneficiation systems and other primary operations. Balance could be regained by 1980 in time for 6th FYP.

Until Chinese steel industry regains stability, many areas may be open for foreign sales. Pig and scrap iron apt to be imported at 1.5+ m mt p.a. during 5th FYP. Finished steel goods could reach 5 to 6 m mt mark by 1980. Room for equipment sales esp. pelletizing equipment; BOF auxiliaries; air separation plants; 15-20 ton electric furnaces; continuous casters; rolling mills, particularly for flat rolled products; electrolytic tinning and galvanizing lines; and instrumentation and process control computers.

TEXTILES

Cotton used in textile production grew at est. 7% p.a. from 1.6 m mt in 1970 to 2.28 m mt in 1975 while cotton cloth production was unchanged at 7.6 b lin. metres. Expansion of cotton acreage led to est. 1975 crop of 10.8 m bales, 54% over 1970. Domestic demand for raw cotton still required over \$285 m of US cotton during 4th FYP. Synthetic fiber output at 55,000 mt in 1975, 100% above 1970 level. Synthetics only 2% of cotton-synthetic output in 1975. Major effort to import synthetic fiber plants included polyester and nylon facilities as well as feedstock systems for acrylics, nylon, vinylon and polyester.

Foreign plants should push 1980 synthetic fiber output to 500,000 mt, nine times 1975's production. Current trends indicate cotton used in textile production over 3 m mt in 1980, when synthetics will account for about 7% of cotton-synthetic output. Increased cotton fabric production could push textile exports in 5th FYP over \$500 m p.a. from 4th FYP average of \$300 m. Further expansion of synthetic fiber spinning plants expected since non-cellulosic fiber imports will run about 200,000 mt p.a. until 1978 or beyond.

For Chinese exports, grey woven cotton should pass \$200 m p.a. during 5th FYP. Other natural cloths, blends, and piece goods will be sold in bulk. Also anticipated are more purchases of synthetic spinning plants, especially polyester staple and filament. Some interest possible in automatic looms and double-knit machines. Increased synthetic production may relieve cotton demand.

TRANSPORTATION

Expansion of economy and development of port facilities: 40 10,000 dwt berths built in last 3 years to increase cargo loading capacity by 50%. Rail system grew 20% during 4th FYP from 40,000 km in 1971 to 48,000 in 1975; first electrified line opened; rail freight moved in 1975 est. at 900 m mt, up 45% from 620 m mt in 1970. Serious bottlenecks 1974. Surge in road vehicle output and use.

Expansion in all areas expected. Completion of at least one 100,000 dwt berth for larger tankers and further port development to match increased trade anticipated. New railroad network plus some double tracking and electrification of trunk line expected. Further expansion of road system predicted to reach 2% of communes and 17% of production teams still outside motor access.

60 aircraft, including 10 Boeing 707s and 35 HS tridents, ordered during 4th FYP, valued over \$450 m. More than 200 locomotives, electric and diesel, priced at over \$85 m also sold. \$12 m spent on foreign cars, and \$460 m on trucks. Imports in all these areas should continue. Recent purchases of Rolls-Royce jet engine license may signal shift to production using foreign technology rather than plant. Peking turned down Leyland whole plant offer from Australia in October 1974.

Abbreviations: b=billion; FYP=Five Year Plan; ha=hectacre; hp=horsepower; Kv=kilovolt; Kw=kilowatt; dwt=dead weight tons; lin=linear m=million; mt=metric tons; Mw=megawatts; p.a.=per annum.

Sources: Chinese media reports, UCBR, Commerce Dept., USDA, CIA Research Aids, JEC Compendium, and others.

CHINA TRADE MISSIONS— The British Experience

Dick Wilson

What do trade missions to and from China accomplish? What kinds of missions are there? And what is the most productive kind of mission? This article explores the British experience of China trade delegations, now spread over twenty-three years. In assessing a mission, the key points are: preparation, limitation in scope, and establishment of ongoing personal relations with Chinese counterparts.

In 1964 I went to Peking to see, among other things, the exhibition of scientific instruments offered for export to China by British manufacturers. The Britons concerned were immensely enthusiastic, and the exhibition was obviously enjoyed by both sides, including the Chinese engineers and end-users who came to see it. And then I met at the bar of my Peking hotel one night the lonely and frustrated figure of a Rolls Royce engineer who spent most of his day playing snooker on the hotel billiards table and sight-seeing. He had been "lent," free of charge, for one year to the Chinese authorities as part of their contract to buy Vickers Viscount airliners.

But instead of being fully utilized by the Chinese technicians on the maintenance and repair of the Rolls Royce engines in the Viscounts, he was left idle. Only on the very few occasions when the Chinese were absolutely at a loss to know how best to proceed did they approach this expert, who was at their service, and then only by telephone. Never was he able



to show his clients at first hand how the equipment worked.

The scientific instrument makers and I used to discuss this. Were the Chinese too proud to admit their technical inferiority within a personal relationship? Were they reluctant to show the visitor just how thoroughly they had stripped and re-assembled his engines to learn how they worked and how they could be reproduced in Chinese factories? Or were they just too shy? We would never know.

I left Peking on that occasion feeling that I had been observing in action two British commercial missions—one, the instruments people, remarkably successful; the other, the Rolls Royce man, an apparent flop. Yet today we can look back on three successive years (1973-75) in which British exports of professional and scientific instruments, including electrical measuring and control apparatus, have averaged £3.6 million (almost \$8 million) yearly, from the almost insignificant level they were attaining ten years before.

And late in 1975 Rolls Royce landed a £90 million contract to supply its Spey engines and its technology for making them. Who can say now, twelve years later, which had been the more useful of those two missions?

Twenty-Three Years Experience

But the lesson is not to be drawn that any mission, no matter how constituted, how prepared, how briefed,



A British trade delegation from the 48 Group arrives at Peking's airport, October, 1963.

is bound to succeed. The UK experience over twenty-three years, since the so-called ice-breaker trade mission of 1953 led by Harold Spencer of Crompton Parkinson, provides many object lessons in how to organize a good mission—and how not to. That first mission of the British Council for Promotion of International Trade, run at that time by the controversial Lord Boyd Orr, caused a great deal of comment, but did not, as is so often the case in China's foreign trade, lead immediately to a large increase in exports.

Though UK trade promoters such as Gordon Sloane and Roland Berger were among the sixteen members, the mission was as much fact-finding and contact-making as commercial. Dr. Joan Robinson, the Cambridge economist who is such a passionate defender of the Chinese economic model, accompanied the mission as an observer. Peter Marshall, now of the Sino-British Trade Council, was then in the British chargé d'affaires office in Peking to receive and assist it.

The mission signed a general business arrangement with the Chinese on July 6, 1953: some contracts were finalized on the spot but most had to wait until the second half of the agreement was signed at a meeting in the Leipzigerstrasse office of the China National Import and Export Corporation, in East Berlin, in April 1954.

The 48 Group and the SBTC

It was on this occasion that the British traders present, looking for a new name for their group,

found that they were 48 in number and so christened themselves "The 48 Group." They were the pioneers in opening up Western trade with post-1949 China (their 1953 mission preceded by a few months the similar French and Japanese ice-breaking missions), and they remain a group with excellent contacts and entrees into Peking. At the twice-yearly Kwangchow Fair those members of the 48 Group present organize themselves into a cohesive body to help each other as well as pursue their individual contracts, as do the SBTC members, whose party at the autumn 1975 Kwangchow Fair was attended by 33 Chinese officials. Almost every year, sometimes more often, the 48 Group organizes either a mission or an exhibition or seminar in China.

In 1954 the Sino-British Trade Council (SBTC) was also founded, sponsored by the Confederation of British Industry, the Association of British Chambers of Commerce, the London Chamber of Commerce and the China Association, and it has sent, or part-sponsored, a large number of missions to China, as well as organized or helped to organize exhibitions in China in 1964, 1965, 1966, 1973 and 1975.

The two organizations have the same objective (to sell to China) but do not collaborate—the 48 Group having developed primarily from Britons active in the communist East European and Soviet trade, the SBTC from Britons active in the pre-communist China trade. The former is a small non-mainstream ginger group, the latter a more conventional establishment-oriented



Members of the Chi Chao-ting economic and technical mission from the PRC dine at Grosvenor House, London, November, 1957.

A delegation from China tours Amalgamated Power Engineering, Ltd., Bedford, England, hosted by the Sino-British Trade Council.



body with a much larger membership. SBTC also has a sub-committee solely concerned with promoting Chinese exports to Britain, which consults with the Chinese Commercial Counsellor in London as well as the Kwangchow Fair authorities.

Different Types of Missions

There are, of course, all kinds of missions, and the topic cannot be sensibly discussed without detailing the various categories, of which five broad types can be identified:

- *Trading Mission* to buy or sell a specific line or a variety of goods.
- *Study Group* to make a preliminary technical reconnaissance of current techniques and import possibilities.
- *Service or Instruction Group* to follow-up a contract already signed.
- *Comprehensive Mission* to introduce new suppliers or buyers from various industries, often supported by technical specialists.
- *Promotion or Exhibition Group* to investigate or implement the sales promotion or display of products.

The *Trading Mission* is typically formed by one of the foreign trade corporations on the Chinese side, or by an industrial association on the British side. The Chinese missions can sometimes buy and sell at the same time, as was the case with the China National Metals and Minerals Import and Export Corporation mission in Britain at the beginning of 1976.

This type of mission may sometimes go to several other countries as well as Britain, and may extend over several months, receiving new instructions from head offices as it goes along.

The British type of trade mission is usually export only, which is sometimes a handicap. A single giant corporation like Imperial Chemical Industries (ICI) can perhaps combine a buying and selling mission to China, but multi-corporation missions usually specialize in selling.

It may be easier to sell if you have some import contracts to dispense on your side, and organizers try to bring importers and exporters together in the same mission. But with small companies this is not easy to organize.

Association Missions—Narrowing Down

If a number of potential exporters to China in the same field of industry decide that a group visit to China would be useful, it is obviously sensible for them to go as a group organized by their trade association, as has been done recently by the Association of British Mining Equipment Exporters, the British Electrical and Allied Manufacturer's Association, the Electronic Engineering Association, the British Pump Manufacturers Association and the Association

of the British Pharmaceutical Industry. It was a similar association—the Scientific Instrument Manufacturers' Association—which organized the specialized exhibition I went to see in 1964. The SBTC briefs such ventures and sends staff to help in China.

Such specialized groups are inevitably more likely to succeed than any individual company mission, which requires a solo invitation, unlikely to be forthcoming unless the Chinese are already highly interested in your product, or a general omnibus group of the Chamber of Commerce type. If it is organized by its accepted national association then the invitation will have been sponsored by a Chinese technical association which will undertake to arrange suitable specialist programs for it.

The problem comes at the later stages of a Chinese purchase decision, when the Chinese have narrowed down their short list to include only one or two of an association's members—at which point the association meets the difficulty that its responsibility is to *all* its members, not just to the lucky few favored by Chinese importers. If many of its members want to go on a mission, but the association knows the Chinese are seriously interested in only one or two of them, a prickly situation can ensue. "The trade association becomes too blunt an instrument," one observer comments, "with too much surface area for the final delicate stages of negotiation." The Chinese nowadays tend to limit missions to a maximum of twelve persons.

The trade association can also act as a host to a Chinese mission, though this function may even be performed by a smaller group, such as the three firms which recently sponsored an inward electronics buying mission from China.

This is where an organization specializing in the China trade, lacking wider responsibilities, can score better. The 48 Group, for instance, is proud of the results of specialized missions in 1965 for harbor installations and mining equipment. Its members did not, of course, secure all the subsequent Chinese contracts in those sectors, the Chinese course being to first settle on the technology which is needed, then see who makes it and for what price.

The *Study Group* is a more specialized mission, particularly common among the Chinese missions. A Chinese study group comes to see what is available in one solitary field—it may be printed circuitry or long-wall coal mining or blind approach control on airfields. It is a preliminary reconnaissance, not a buying mission, but a likely progenitor of future buying missions. The time-lag can be as much as three or four years. The typical study group is formed from a learned society rather than a corporation, and conversely the host group in Britain is usually a technical society. Thus an electro-optics group at the end of 1973 visited EMI, Pye, Rank and Mullard as well as Imperial College in London and the Royal Association. The Chinese oceanographical group in the



PRC trade mission studies automatic wheel dressing for ball screw thread-grinding at Lucas Aerospace, Hemel Hempstead, 1972.

spring of 1975 toured British companies in the field after visiting the International Oceanology Exhibition at Brighton. Both were joint-sponsored by the SBTC and accompanied by SBTC staff.

Usually such a study group will visit only the UK, though not always, as in the coal miners' case.

The *Service Group* follows rather than precedes a commercial contract and its role is self-evident. The Rolls Royce engineer in Peking in 1964 was on a service mission, and the host is invariably the customer on the other side.

The *Comprehensive Mission* is an interesting, if relatively infrequent, type of mission. It is characteristically larger than the others, and often represents a higher level of executive—even at the chairman or president rank. The SBTC mission led by Lord Nelson of Stafford in the spring of 1974, a return visit for CCPIT Chairman Wang Yao-ting's on similar lines, was an example of this; and a Chinese case was the 1957 mission led by the late Chi Chao-ting, the US trained economist. It had over twenty members from a variety of industries and trading corporations, and the British government played host.

The problem for potential exporters to China is how to make the best utilization of a visiting but versatile mission of this sort. One piece of advice is to arrange highly technical, specialized seminars for small groups of only two or three from the Chinese team, and to get them interested in products they might wish to buy in the future. Otherwise the comprehen-

sive mission can turn out to be primarily an exercise in public relations or a political device to achieve some decisions on trade that are political in nature rather than commercial.

Regional Missions—From the UK and PRC

One form of comprehensive mission which has been found useful is the regional one, where, for example, the Birmingham Chamber of Commerce (October 1975), the Scottish Development Council (November 1974), and the Edinburgh Chamber (November 1975) sent missions to China (the SBTC helping to select and brief their members). This is partly a means by which the British government can stimulate its own manufacturers and exporters to respond to the challenge of the Chinese market, partly a convenient collective label for an otherwise heterogeneous group. At worst it becomes a tourist trip. But if well prepared on both sides it can lead to good contacts being made which can be followed up afterwards by more specialized missions.

It is interesting that the Chinese are also beginning to go "regional" in their trade missions. The mission which came for the International Handicrafts and Do-it-Yourself Exhibition at London's Olympia in 1975 was wholly Kwangtungese. The Chinese pavilion there was primarily a regional display devoted to the arts and crafts of Kwangtung province and neighboring provinces whose export business is handled by the Kwangtung authorities. The mission leader was a

senior executive of the province's Foreign Trade Bureau, and his two deputies were from that office and the Kwangchow Municipality Foreign Trade Bureau. An export trading mission was attached to the display, led by Chang Fu-ying and including various trading corporation representatives.

The *Promotion Group* is self-explanatory. The team which came from China to prepare for the Chinese display at Olympia in 1974, partly sponsored by SBTC, is an example, and the silk delegation in September 1974 is another. British importers sometimes complain, incidentally, that promotion missions of this sort ask that the British side bear the burden of promotion in its market, although the silk scheme and the Olympia display are obvious exceptions. The Chinese do not advertise, yet.

Year of Preparation Best

All those who have experience in organizing missions stress the importance of preparation. "The best mission," says one of them, "is one that grows out of five years of discussion, gradually focusing after much talk and interchange of ideas." It will go out with very specific objectives, for which its Chinese hosts will also be well prepared. "The ideal mission," another mission organizer insists, "has only six or seven members at most. Five is a good number. The Chinese say so themselves. To achieve anything, a mission should be limited in scope, with a small number of specialists who can be easily handled by the Chinese side."

Another device which is increasingly popular is the seminar mission, where engineers and technicians, rather than salesmen, of a given industry, from companies, naturally, with some expectations in the Chinese market, go in a small group to give lectures and demonstrations. It is a way of bringing new saleable technology to the attention of Chinese end-users without having to go through the importing bureaucracy. Engineers get a better reception than salesmen, understandably, and experiences of great rapport and camaraderie are recounted after such trips. The participants can take off their jackets, roll up their sleeves, fill their pockets with cotton waste and plunge into the dirt and grease of the machine shops where they can get a much clearer idea of just what the Chinese side will be wanting to buy over the coming years.

A point often emphasized is the personal factor. If one or two men can build up over the years a good relationship with their Chinese opposite numbers, this will count for a great deal when the time comes to give out the contracts. One man who has been involved in trading with China in more than one trade association over the past fifteen years is ready to quantify this. "The winning of a contract," he says, "rests 55 percent on the personal factor, on whether they find you trustworthy, reliable, straightforward and human, and 45 percent on commercial factors." This, among other things, is why missions are so particularly important in trading with China, and why a badly prepared or badly led one can do more harm than staying at home. 完

BRITISH MISSIONS TO CHINA 1974

April	13-member <i>Sino-British Trade Council</i> mission under Lord Nelson at invitation of China Council for Promotion of International Trade.
September	<i>Telecommunications</i> mission accompanying Minister of State, Lord Beswick.
October	British <i>Electrical and Allied Manufacturers' Association</i> mission.
October	48 Group 21st anniversary mission led by Gordon Sloan—17 members.
November	14-member <i>Scottish Council (Development and Industry)</i> mission led by Lord Clydesmuir.
November–December	14-member <i>Westminster Chamber of Commerce</i> mission.

1975

April–May	<i>Newspaper</i> executives led by Vere Harmsworth.
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April–May	<i>Electronic Engineering Association</i> delegation.
April–May	British <i>Pump Manufacturers' Association</i> mission.
October	<i>Birmingham Chamber of Commerce</i> group.
November	Association of <i>British Pharmaceutical Industry</i> delegation—invited by China National Chemicals Import and Export Corporation.
November	<i>Engineering Industries Association</i> mission.
November	<i>Edinburgh Chamber of Commerce</i> mission.
November	<i>48 Group</i> mission.
November–December	15-member Association of <i>British Mining Equipment Exporters</i> mission at invitation of China Coal Society.

CHINESE MISSIONS TO BRITAIN 1974

February–March	11-member <i>mechanized colliery</i> design and mining equipment study group from Chinese Coal Society at invitation of Association of British Mining Equipment Exporters.
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February 10-member *machine tool* mission from China National Machinery Import and Export Corporation. Leader, Chu Pao-ho.

March *Pharmaceutical* study group.

April *Chemicals* trading group.

April-May 6-member *hydraulic equipment* mission from China Mechanical Engineering Society at invitation of Association of Hydraulic Equipment Manufacturers.

May *Gum rosin and cassia* survey and trading group.

May-June 5-member *electrical instruments* group from China Electronic Society to attend International Instruments, Electronics and Automation Exhibition.

May-June 6-member *mechanical handling* group from China Mechanical Engineering Society to attend Mechanical Handling Exhibition.

May-June 7-member *packaging* mission from China National Foreign Trade Export Commodities Packaging Corporation, at invitation of Packaging Industry Research Association and to visit Packaging Exhibition. Leader, Chu Ping.

June 6-member *marine navigation equipment* study group from China Shipbuilding Society. Leader, Hu Chang-chun.

July 31-member air logistics follow-up training group on *flight simulators* from Civil Aviation Administration of China (CAAC).

July-August 4-member Trident space parts and overhaul equipment buying mission which by-passed Hawker Siddeley and went direct to sub-contractors.

July-August 3-member *walnut and almond* mission at invitation of Biddle Sawyer.

August-September Trade group to participate in Chinese stand at International *Handicrafts* and Do-It-Yourself Exhibition at Olympia. Leader, Tso Pen-pin.

September 7-member group from CAAC and China Machinery Import and Export Corporation (CMIEC) at invitation of British government to see *Farnborough Air Show*. Leader, Cheng Chih-hsien.

September 4-member *silk* delegation from China National Textiles Import and Export Corporation. Leader, Yu Lien-chia.

September 4-member *ceramics and ceramics equipment* group from Ministry of Light Industry to see Interceramex '74. Leader, Chen Chinkang.

October 10-member *air traffic control equipment* mission from Machimpex. Leader, Cheng Chih-hsien.

October 5-member *bristles, hog casings and furs* marketing mission from Native Produce and Animal By-Products Corporation.

November 3-member *silicate* group from China Silicate Society to attend Glass Fiber Reinforced Plastic Conference in Brighton. Leader, Shen Chen.

November 8-member study group from Central *Meteorological* Bureau of China.

September 5-member group from China Ocean *Shipping* Company at invitation of Port of London Authority. Leader, Chiang Po.

1975

January 7-member *steel* mission from China National Metals and Minerals Import and Export Corporation (CNMMIEC), at invitation of British Steel Corporation (BSC).

January *Coal mining* equipment mission.

March 4-member follow-up group on *light industrial* products.

March Hardware trading group from Minmetals.

March-April 9-member group from China *Oceanography* Society to visit International Oceanology Exhibition at Brighton. Leader, Lin Chen-ping.

May 4-member mission to attend first International Congress on *Polymer Concretes* in London. Leader, Wang Yen-mou.

May 6-member *film dyeing* study group to follow up Technicolor contract.

July 8-member *electronics* components delegation from Chinese Mechanical Engineering Society.

July *Essential oils* trading group from NPABC.

September 3-member *platinum* and precious metal group from Minmetals. Leader, Fang Hsin-min.

September 3-member *gum rosin* sales group from Native Produce Corporation. Leader, Ke Pao-chia.

September 3-member *rabbit, pork, seafood and frozen vegetable* mission from Cereals, Oils and Foodstuffs Corporation (COFC). Leader, Li Ya-min.

September 3-member *tea* mission from COFC. Leader, Fu Chuan.

October 5-member *garments* trading group from China Textile Corporation. Leader, Chen Chiang-hai.

October 3-member *artificial fiber* trading group from China Chemical Corporation.

November *Coking boiler* group from Anshan Steel Corporation to visit BSC.

December *Steel* mission from Minmetals at invitation of BSC.

December 7-member, *high-speed photography* mission at invitation of Royal Society. Leader, Yuan Chi, Deputy Director of Sian Institute of Opto-Mechanics of Academia Sinica.



Senate Minority Leader Hugh Scott (R-Pa.) addresses luncheon of the National Council's third Annual Meeting, June 14, 1976. Seated behind him, clockwise, are Ambassador Han Hsu, Deputy Chief of the PRC Liaison Office; William Hewitt, Chairman of the National Council Board; and Tung Chihkuang, Second Secretary of the Liaison Office.

NATIONAL COUNCIL ACTIVITIES

- Third Annual Meeting Held
- Importers' Steering Committee Elections
- Mid-Western Representative Appointed
- Houston Petroleum Conference
- US-China Trade Exhibitions Committee Formed

Importers' Steering Committee Meets

The entire Importers' Steering Committee met in New York on June 3, 1976. Among the topics covered at the meeting was the election of Mr. Charles Rostov of Trans Ocean Import Co., Inc., to replace Mr. Sidney Sweet of C. Tennant, Sons & Co., as a member of the committee. A possible Steering Committee delegation to China was discussed, and a resolution to enlarge the committee was passed. (See Importers Notes for details.)

Other Importer Committees Hold Meetings

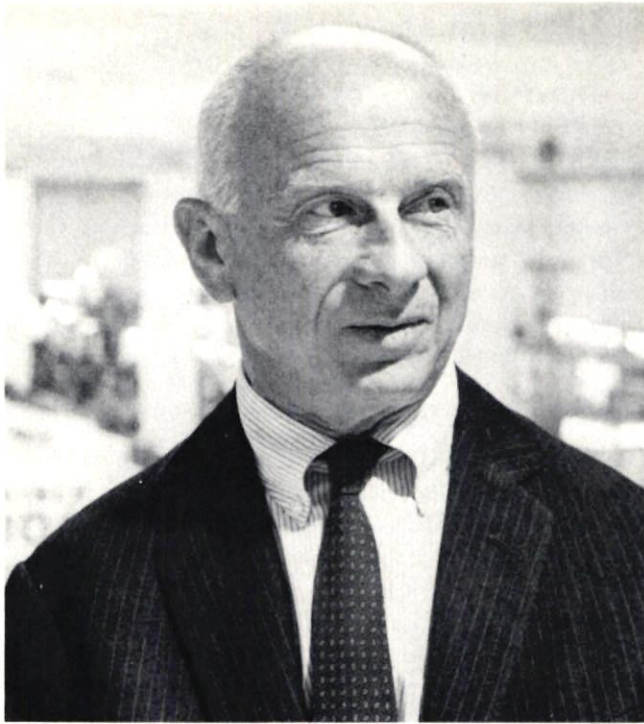
The Foodstuffs Committee met to draft a letter to send to China's CEROILS Corporation. The letter discussed the difficulties facing foodstuffs importers in the United States, as well as the possibility of a foodstuffs delegation to China in the near future. Another letter was sent by the Committee, together with translations of low-acid food documents, encouraging CEROILS to complete processing forms before the HEW deadline of September 1. There were also meetings of the National Council Textile Garment Committee and the Textile and Fiber Committee in New York on June 16th. Various problems confronting textile importers were analyzed at both meetings. All of the importer committees have supported the proposal for the Steering Committee delegation to China; the proposal was taken to Peking by Ambassador Phillips, President of the National Council, in July.

THIRD ANNUAL MEETING

The National Council's Third Annual Meeting was held at Washington's Mayflower Hotel on June 14, 1976. Over 150 Council members and guests attended the luncheon, at which Senate Minority Leader Hugh Scott (R-Pa.) spoke on his experience with China. The afternoon session of the annual meeting was addressed by three additional speakers: Lucian Pye, Professor of Political Science at M.I.T. and author of *Mao Tse-tung: The Man in the Leader*; William Clarke, head of the Commerce Department's PRC division; and Graham Marx, President of the G.A. Gray Company and a member of last November's National Machine Tool Builders' Association delegation to China. Ambassador Han Hsu, Deputy Chief of the Liaison Office of the People's Republic of China, and officials from the Commercial Section, were present during the luncheon.

Board of Directors Enlarged

The third Annual meeting adopted a resolution increasing the number of National Council Directors from 23 to 25, and four new directors were named to the board. William A. Hewitt, Chairman of the Na-



Saul Poliak, of Clapp & Poliak, Inc., will serve as chairman of the Council's newly-created Committee on US-China Trade Exhibitions.

NATIONAL COUNCIL IMPORT COMMITTEES

Importers' Steering Committee—members

Chairman—Kurt E. Reinsberg, Associated Minerals & Metals

Co-Chairman—Harold Potchtar, Toscani Imports, Ltd.

Robert Boulogne, J.C. Penney Co.
 Veronica Yhap, Dragon Lady Traders
 David Cookson, ICD Group Marketing, Inc.
 Julius Klugmann, Julius Klugmann International, Inc.
 George M. Krieger, ACLI International, Inc.
 Stanley Lubman, Lubman & Company
 Herbert Roskind, Jr., Holtrachem, Inc.
 Charles I. Rostov, Trans Ocean Import Company, Inc.

Import Industry Committees—Chairmen

- Foodstuffs/Native Produce
Chairman—(Foodstuffs) David Cookson
Co-chairman—(Native Produce) Julius Klugmann
- Light Industry
Chairman—Harold Potchtar
- Machinery
Chairman—Stanley Lubman
- Metals, Minerals/Chemicals
Chairman—(Metals) George Krieger
Co-chairman—(Chemicals) Herbert Roskind
- Textiles
Chairman—(Textiles) Veronica Yhap
Co-chairman—(Garments) Robert Boulogne

tional Council and Chairman and Chief Executive of Deere and Company, announced the election of the following new directors:

William S. Anderson, Chairman and President of NCR Corporation; John C. Brizendine, President of the Douglas Aircraft Company division of the McDonnell Douglas Corporation; Anthony L. Conrad, Chairman and President of RCA; and George M. Krieger, Vice President of ACLI International, a trading company.

"The National Council for United States-China Trade welcomes the participation of these distinguished executives," said Mr. Hewitt. "Their knowledge and experience will be invaluable in the continuing development of trade between the United States and the People's Republic of China."

Mid-Western Representative

Highlighting another new development, Council President Phillips announced the appointment of Thomas H. Miner, President of Thomas H. Miner and Associates, Inc., as the first National Council representative for the Midwest. Mr. Miner, who, as President of the Mid-America Committee recently headed a delegation to the People's Republic of China, will focus his activities on arranging conferences and seminars on doing business with the People's Republic of China, working with Chinese delegations visiting the Chicago area, and consulting with Council members located in or visiting the Midwest.

"Tom Miner has been one of our most active and effective members," said Mr. Phillips. "He has demonstrated his value and his intimate knowledge of China on numerous occasions, and his new position with the Council will add immeasurably to our presence in the Midwest."

Mr. Miner is consultant and advisor on international trade and investments for US multinational corporations, branches of the United States government and many foreign governments and corporations.

Successful Petroleum Conference in Houston

More than 200 petroleum equipment manufacturers and companies interested in the field attended the National Council's Petroleum Conference in Houston on June 23, 1976. The Conference, which attracted participants from Japan and the Middle East, as well as major American petroleum equipment suppliers, featured speeches by the foremost western authorities on China's petroleum industry. James Lilley, Special Assistant on Chinese Affairs for George Bush, was the luncheon speaker and spoke on "Current US-Chinese Relations." Michel Oksenberg, a University of Michigan professor of Political Science, gave a speech titled "China's Political Scene." William Clarke, head of the Commerce Department's division on the PRC, spoke on "China's Economy." A.A. Meyerhoff, a lead-

NATIONAL COUNCIL EXPORT INDUSTRY COMMITTEES

Agricultural Chemicals Committee

Chairman—Earl Morgan
FMC Corporation

Construction Equipment Committee

Chairman—C. Andrew Burali-Forti
FMC Corporation

Mining Equipment Committee

Chairman—Milton Neul
WABCO

Petroleum Equipment Committee

Chairman—R. N. Winship
Cameron Iron Works, Inc.

Sub-committee Chairmen

Exploration—Eugenia L. Loveless
IBM Corporation

Drilling and
Production—Charles T. Jones
FMC Corporation

Processing and
Refining—Eric Kalkhurst
Fluor International, Inc.
Transportation—Murray E. Wilkinson
Polyken Division

US-China Trade Exhibitions Committee

Chairman—Saul Poliak
Clapp & Poliak, Inc.

ing geologist, addressed the problem of "Petroleum Geology of the PRC, and Jan-Olaf Willums, Manager of Special Projects for Saga Petroleum in Norway, spoke on "The Development of China's Petroleum Industry." Victor Li, a Professor at Stanford Law School, spoke on "China and the Law of the Sea." Harned Hoose, President of Hoose China Trade Services, Inc., discussed "Licensing to the PRC," and Ray Pace, President of Baker Trading Company, gave a talk on "Petroleum Equipment: Prospects for Sales." There were also two speeches given by Council officials: Ambassador Phillips, President, commented on "US-China Trade and the National Council," and M.W. Searls, Vice President, spoke on "Who's Sold What Petroleum Equipment to China."

New Exhibitions Committee Established

The formation of a National Council Committee on US-China Trade Exhibitions was announced on June 23 by Council President Christopher H. Phillips. Saul Poliak, one of America's leading experts in the field of trade and industrial exhibitions, and whose firm, Clapp and Poliak, is a charter member of the Council, has agreed to serve as Chairman.

In announcing the development, Council President Phillips said, "Trade exhibitions are among the principal means by which foreign companies have sold to China—and it has been a fundamental National Council objective to make early arrangements for an American exhibit in Peking." In accepting the new position, Mr. Poliak added his hope for a major Chinese exhibition in the United States "at the soonest possible date." "Chinese exhibits in other countries," he said, "have won many friends and admirers for China, and the American people are eager to see with their own eyes China's great achievements." Principal work of the Committee will include:

- analyses of adequacy and availability of exhibition sites for a Chinese Exposition in major US cities;
- preliminary organization to permit prompt and orderly arrangements once the Chinese side is prepared to go forward with concrete plans for a US event; and
- development, in conjunction with the Council's Industry Committees, of proposals to the China Council for the Promotion of International Trade for US trade shows in China, on a small, specialized basis as well as for large events.

No exhibitions have yet been held by US industry in China, nor have there been any Chinese trade shows in this country. The reason for this has been the inability of the two Governments so far to agree upon settlement of some \$196 million in private US claims against China, and about \$75 million in Chinese assets frozen by the US government. Until it is resolved, this matter provides a basis for possible legal attachment of Chinese assets—such as display items in an exposition—by a private American claimant.

Committee Chairman Poliak has expressed "confidence that the two Governments will solve this problem so that we can progress to this important area of normalizing trade relations and building mutual trust and friendship." 完

THE COUNCIL'S OFFICE IN HONG KONG

The Hong Kong Office of the National Council for US-China Trade is presently located at

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Ka On Building
10th Floor, Flat C
Hong Kong
Telephone: 5-444682

Office hours are from 9:00 AM to 5:00 PM,
Mondays through Fridays, 9:00-12:00 on Saturdays.

Ms. Irene Chan and Miss Agnes Sung will assist Mr. John Thomas Kamm, Hong Kong representative, in staffing the office during these hours.

WHEN WILL YOUR SHIP COME IN?

Part II: The A to Z
of Transshipment
from China

Stephanie R. Green

"The overall psychology of the importer purchasing PRC merchandise is 'it's a long boat from China'."

"We accept all kinds of documentation and shipment problems from the Chinese that we wouldn't stand for from anyone else. Trade would be much improved if these annoyances were alleviated."

"Everything is one-way in dealing with the Chinese, but we simply must live with this situation."

"It's different, but not harder, to deal with the Chinese—the frustrations are different. They always rectify things if you bring them to their attention."

Comments of US Importers in Response to
UCBR Transshipment Questionnaire, Spring
1976.

Sometimes an importer of Chinese goods may have no problems, and sometimes just one or two. But occasionally there will be incidents memorable for a multitude of maddening reasons. The following, told to UCBR by a company which purchases goods from China's Native Produce and Animal By-Products Corporation, is such a case.

Last year, the company received a 500-ton shipment on which it lost the entire profit because of poor packaging and shipping. The situation might have been exacerbated by the fact that it was a split shipment on partial charter.

A view of the Shanghai Harbor.



"We did not learn the name of the ship until it had almost arrived," said a company representative, "and only at that time did we learn that the product, which was in multi-wallpaper bags, was not in containers, but was loose without pallets in the hold of the vessel. We had to scramble to obtain pallets, and line up railcars in order to offload the materials.

"Of course, this caused us a great deal of extra administrative expense, as well as the cost of the extra pallets, the lowering of them into holds, and loading of the pallets for offloading onto the pier. In all, the extra cost of this particular shipment amounted to 5% of the value of the cargo, or \$10,000, and we lost the entire profit. Had it been containerized, we would not have had this problem."

As every China trader knows, importing from China is very rarely a straightforward process. It often contains the elements of a great spy story, a mystery—sometimes with a last-minute happy ending and sometimes with a sad denouement. As with that set of dedicated "China watchers" of the political scene, the businessman trying to assess the commercial scene, and keep track of his imports from the PRC, often must engage in some Sherlock Holmesian sleuthing and deduction. While purchase of goods from the PRC sometimes is concluded without a hitch, it is a rare company that has not encountered some type of tie-up along the way.

This article, focusing on the process of transshipment from the PRC, will help to clarify the picture. A third article, completing this series, in the next issue of UCBR, will examine the problems of communication, documentation and handling faced by US importers anxious to see their goods arrive intact and on time. Much of the material in both pieces is based on questionnaires distributed by UCBR to a variety of importing companies and shipping lines.

Majority of Goods Transshipped

Over ninety percent of goods shipped from China to the US are transshipped through Hong Kong or Kobe, with the remainder sent direct on Chinese-chartered, third country flag vessels (see UCBR Vol. 2, No. 6). About eight or nine ships a month delivering transshipped Chinese goods docked in all US ports in 1975, seven a month in January to April of this year. A slightly greater number appear to have gone through Hong Kong than through Kobe and most were shepherded by American and Japanese shipping lines.

Topping the list in volume of Chinese cargo transshipped from the PRC to the US are Mitsui OSK Lines, K Line, American President Lines and US Lines. Overall, however, PRC goods account for 5% or less of each of their totals. Mitsui OSK and K Line are part of several consortia of Japanese lines. One of the consortia, also including Japan Lines, YS Line,



A 40-foot container from K Line's feeder vessel, the *Asia Friendship*, rests on a Chinese-produced flat-bed car in Shanghai.

and NYK Line, ships to the East Coast. All of these, plus Showa Line, go to the Pacific Northwest; and all except Showa and K Line transport goods to California.

The full-container service to the East Coast, which is operated under a space charter agreement, employs seven vessels: K Line's *Verrazano Bridge* (container capacity 1,842 twenty-foot equivalent units or t.e.u.); Mitsui OSK Line's *New York Maru* (1,892) and *New Jersey Maru* (1,892); Japan Line's *Japan Ambrose* (1,495); NYK Line's *Kurobe Maru* (1,826); *Kiso Maru* (1,826); and YS Line's *Tohbei Maru* (1,620).

Officially, only four of these lines—excluding NYK—carry Chinese cargo. Yet, as a result of a possible mixup in their space charter process, NYK Line is on record for at least two shipments of Chinese goods. "It's a surprise to us," wryly commented an NYK official when informed by UCBR.

The space charter system permits each of the five lines to charter vessel space from other member carriers and enables each to book cargo individually. Since there are seven ships in the service, each line receives one-seventh of each vessel's cargo space for its shipments. Mitsui OSK and NYK both are entitled to two-sevenths, since they have committed two ships each. In order to keep all the vessels full, they may purchase space of another member.

Also involved in transshipment of Chinese cargo to the US at one time or another have been Barber Line, Sealand, Pacific Far East, YS Line, Atlantica, Relt, Barber Blue Sea, Showa, Japan Lines, SCI Line, Maersk, Zim Container, Orient Overseas, American Export Isbrantsen, Cargo Line, Finn Lines, Marchis-sini, Northeast Express Lines, Maritime Co. of the Philippines, Dart Container Line and Seatrain. In some cases these lines were not aware of the fact that

Chinese cargo was aboard, owing to problems of documentation, and difficulties with shipping consortium systems.

Transshipment Time

Based on the UCBR sample, total transshipment time for US-bound products from the Chinese to the US port has averaged 63 days to the East Coast and 39 days to the West Coast. One East Coast company, however, waited one year for its merchandise. Aside from that, extremes in East Coast transit time have

been 35 days to 180 days, and for the West Coast, 34 days to 44 days. Light industrial products have, generally, been subject to more problems in transshipment than chemicals and metals because of the difficulties of packaging them properly. (Chemicals are usually packed in steel drums, as opposed to the lighter-weight cases common for light industrial products.)

Five PRC organizations are presently involved in the transshipment of Chinese goods:

- China National Chartering Corporation: ZHONG-

TRANSSHIPMENT LOCAL STRUCTURE IN HONG KONG

As with other trade-related services, China attempts to garner as large a share as possible of the foreign exchange proceeds derived from the transshipment of her export commodities through Hong Kong. To this end, the Ministries of Foreign Trade and Communications work through a network of state-controlled limited companies which regularly remit profits cum "dividends" back to official shareholders resident in the PRC.

Far East Enterprising (HK) Ltd. (FARENCO) acts as the local agent for the China National Chartering Corporation and the Maritime Transportation Department of the China National Foreign Trade Transportation Corporation (ZHONGWAIYUN). One of the company's three departments is charged with overseeing general arrangements—including the booking of space on both conference and non-conference lines—for transshipping PRC goods via sea. Senior personnel of the Bank of China hold over 60 percent of FARENCO's equity, a fact which ensures prompt remittance of profits derived from agency fees; and charges flow directly to the state's principal foreign exchange bank.

China Travel Service (HK) Ltd. (CTS) has, in recent years, assumed an increasingly powerful position on the local transshipment scene. In its capacity as agent for the Rail Transportation and Air Transportation Departments of ZHONGWAIYUN, CTS arranges the delivery (via Kowloon Canton Railway freight cars) and dispatch (via foreign carrier) of Chinese exports sold on a CIF-TAT basis. In March 1974, two Peking-based officials purchased 4,000 shares of CTS stock to increase the state's holdings to over 80 percent. Three months later, CTS substantially increased its allotment and achieved managerial control over Hip Kee Godown Co. (HK) Ltd.—one of the Colony's largest storage companies.

China Merchant Steam Navigation Company Ltd. (CMSN) is the local agent of the principal carrier of Chinese imports into the colony, China Ocean Shipping Company (COSCO). CMSN cooperates closely with FARENCO in arranging transshipment details.

Prior to COSCO's emergence as a major interna-

tional shipping line, CMSN maintained its own fleet of vessels and was heavily involved in Southeast Asian maritime trade. In recent years, however, CMSN's activities have increasingly centered on servicing the approximately 100 vessels of COSCO's Kwangchow Branch—a development reflected in a sharp drop in corporate profits from HK\$2.5 million in 1966 to less than HK\$700,000 in 1974.

CMSN is a joint state-private enterprise, incorporated in China, with its head office in Peking. Majority interest in the company is exercised by ranking officials of the Ministry of Communications. Its authorized capital funds are valued at RMB 200 million, 60% of which is held by representatives of this ministry and 40% by other PRC citizens.

Chu Kong Shipping Company Ltd. plays a major role in local shipment and transshipment.

Chu Kong Shipping Company Ltd. represents the bureau of maritime transport of Fukien, Kwangsi and Kwangtung provinces. These organizations are responsible for the planning and licensing of coastal trade carried out by mechanically propelled vessels under 300 tons (including steamers, junks and launches).

Given the fact that a large proportion of the cargo transshipped through Hong Kong arrives breakbulk on small coastal carriers, Chu Kong's presence looms large. The principal director of the firm is Ho Yin, a prominent businessman and delegate to the Fourth People's Congress; 60 percent of the equity is held by residents of Kwangchow.

Insurance of transshipped cargo is overseen by the People's Insurance Company of China's local agent—the *Ming An Insurance Company (HK) Ltd.*—and two PRC-incorporated joint state-private ventures—the *China Insurance Company Ltd.* and the *Tai Ping Insurance Company Ltd.* Sea freight is usually covered under the PICC's Ocean Marine Cargo Clause; increased demand for TAT through Hong Kong has led Ming An to issue its own Air Transportation Clause as supplement to PICC's Air Cargo Clause.

As with other components of the PRC's local financial sector, Ming An's stock is held largely by senior personnel of the BOC.—JK.

ZU, while most extensively involved in booking and arranging space on third country flag vessels and its foreign ships, also takes a role in transshipment through its agent, Far East Enterprising Co. (FARENCO) of Hong Kong.

- **China Ocean Shipping Company:** COSCO's major responsibilities are in arranging the movement of China's foreign trade goods on Chinese flag vessels, but also includes Hong Kong transshipment through its agent, the China Merchant Steam Navigation Company of Hong Kong.

- **China National Foreign Trade Transportation Corporation:** CNFTTC's main function is supervision of goods shipment on Chinese flag vessels, but it is involved in all transportation issues. Its agents are FARENCO and China Travel Service.

- **China Travel Service:** CTS in Hong Kong has assumed a role in movement of goods to transshipment points, acting as agent for both the rail and air transportation departments of the China National Foreign Trade Transportation Corporation. The number of foreign buyers employing this option has been on the upswing in recent months.

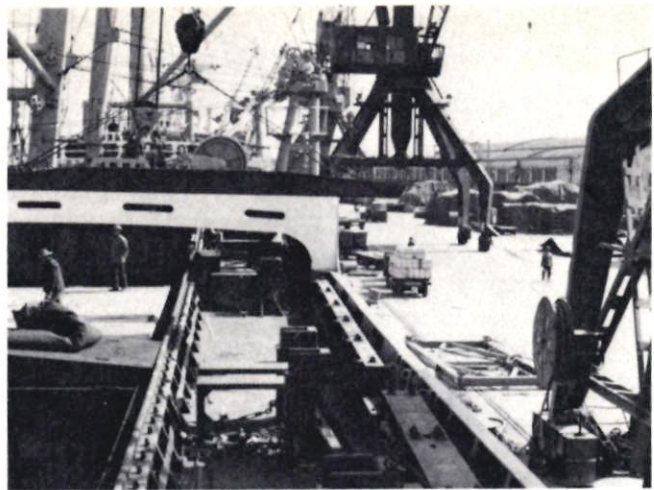
- **CAAC:** An increasing, but still rather modest, percentage of Chinese exports is being shipped by air aboard China's national airline to Karachi, Paris or Tokyo, where they are then placed aboard usually PIA, Air France or Japan Airlines. Rates are according to IATA tariffs.

The Start of the Journey

Although it has been developing steadily, China's transport system is still not as advanced as those in more highly developed countries and must naturally have difficulties handling the present heavy volume of traffic. Road and rail networks for bringing commodities to Chinese ports were not originally designed for so much general activity, nor for carriage of container boxes. It appears that the rail system is improving rapidly, however. One outside observer has noted that the Chinese said in 1974 they were going to develop rail as the prime basis for their transportation system and that roads would act as feeders. Chinese sources today cite various railroad bureaus as having consistently achieved desired quotas for freight transport, indicating that they have, indeed, followed this policy.

Ports, too, have been trying to modernize in different ways. China is trying to alleviate the problem of shallow waters (30 feet or less in depth) at many of its principal ports by constructing 40 deepwater berths since 1974. In Shanghai, a huge port reconstruction and improvement problem is underway.

Transshipment of Chinese goods has been hindered by the lack of container facilities at Chinese ports. While the rest of the world has been undergoing a "container revolution," China has watched from the



Workers on the deck of K Line's feeder vessel between Shanghai and Kobe, the 6000-DWT *Asia Friendship*, berthed at Shanghai.

sidelines, taking her time to assess her capabilities and goals in this area. Obstacles to container construction include inadequate road and railroad facilities to handle container transport to and from Chinese ports and the relatively backward cargo handling machinery and equipment for loading and discharging containers. Shanghai, at present, has only two trucks capable of handling 40' containers.

The decision has been made to construct some container facilities in Whampoa, Shanghai, and Hsinking. One source has conjectured that Chinese facilities may be aided by the construction of a container terminal in Macao, a project currently under investigation. It could become a satellite container port to Hong Kong where container expansion is limited. However, another source notes the fact that the potential of this Portuguese colony is also quite limited. There are no rail lines, and space is at a premium.

Container construction is currently going on in Whampoa and Hsinking. A container area of 110,000 square meters will open in the latter, either late this year or early next year. The berth will be able to handle 10,000-ton ships, 20-foot containers and will have its own cranes. It is not yet certain whether the port will have the facilities to handle 40-foot containers and larger ships; more dredging may have to be done. Shanghai still handles only small containers in its Chang Hwa Bing section and its shallow waters permit vessels of only 25-foot draft while large container ships draw 44 feet.

Despite various problems, Chinese shipping agencies are instituting improvements of various types, both within China and in conjunction with foreign shipping lines. Starting this past March, cargo from Shanghai and other northern ports is being consolidated in Hsinking for container shipment to Japan and then transshipment to the US. Cargo from Dairen, Fuchow, Swatao, Hsinking, Whampoa and Tsingtao is being consolidated in Hong Kong for transshipment to this

country. (Occasionally Tsingtao cargo is consolidated in Hsinkang instead of Hong Kong.)

CONTAINER SERVICES

For the past several years, both American and Japanese liner services have dominated Sino-US trade routes, with the American lines loading PRC cargoes in Hong Kong, and the Japanese loading in Kobe. It has been typical for small feeder vessels to pick up break-bulk, or loose, cargo along the Chinese coast to be brought to Hong Kong and Kobe. At these two transshipment points, the cargo is packed into containers for transport on non-Chinese liner services to the US.

One of the new procedures that the Chinese have agreed to, however, is the inauguration of a "through container" service—a kind of halfway house between direct shipment and transshipment—recently instituted by the Japanese carriers Mitsui OSK and K (Kawasaki Kisen Kaisha) Line. In this process, a Japanese container vessel (or at least temporarily a semi-container vessel) is loaded in one of three Chinese ports—Hsinkang, Tsingtao or Shanghai—shipped to Kobe, and there transferred intact to another liner vessel for the long haul to the US. The shift at Kobe is not considered transshipment in the usual sense; a single through bill-of-lading covers the transportation of the container and its contents from Chinese port to US destination.

Only one full container service is presently being operated to China—by the Shinwa Line from Japan, a tramp service which generally handles charters between Japan and the US. It is currently carrying some containers from Hsinkang to Yokohama and Tokyo. These shipments, considered to be on a trial basis according to the line's New York representative, average 30 to 40 10-foot containers per vessel and operate irregularly. Shinwa does not know what percentage, if any, of these shipments may be American-bound cargoes.

Mitsui OSK Line

Active in the PRC trade since mid-1973, Mitsui carries probably the largest amount of Chinese cargo to the US of the Japanese lines; an estimated 5%, or 100,000 tons annually.

The line operates its own feeder service from Hsinkang and Tsingtao to Kobe and Hong Kong. New York officials note that they try to average one a month to Hong Kong. Two a month are now operating to Kobe as part of the through-container service. In the past, say officials, they have been hindered by great congestion at Hsinkang.

From late last fall until mid-March, Mitsui made use of a semi-container vessel, the *Victoria Peak*, for the China-Japan route. In mid-March, the line inaugurated its "through container" service, one official noting that "the Chinese have been pushing this idea

themselves." A full container vessel, the *Osho Maru* (8,130 dwt), is currently in use. It has a capacity of 147 t.e.u. (twenty-foot equivalent units). The maximum number of twenty-footers allowed is 115, and the maximum number of forty footers 60. Reefer plugs are available for six 20-foot reefer containers.

The vessel has kept to the desired schedule for a twice-monthly turnaround. Optimum timing would be, for example: Depart Kobe on the 30th of the month, dock in Hsinkang from the 5th to the 9th of the next month, return to Kobe on the 15th, then again to Hsinkang from the 20th to the 24th and back to Kobe at the end of the month. As currently foreseen, the *Osho Maru* will make only one voyage to Hsinkang each month, but will hopefully be able to visit both ports the second time around in that month. If there is no room on Mitsui OSK out of Kobe, the line may soon start putting cargo on the Maersk Line, although the goods will still be under Mitsui's B/L. The line's application for permission is currently pending with the FMC.

Mitsui OSK also operates a semi-container vessel, the *Kenkai Maru* (6,130 dwt), from Hsinkang and Tsingtao to Kobe and Hong Kong for transshipment to North and South America. It is possible that at various times this vessel will carry Chinese cargo bound for the US.

The through container service operates to 21 US ports, including eleven on the east coast, four on the west coast, and six in the Gulf reached by mini-land-bridge. (Naturally, these are all the ports normally served by Mitsui.) Only for New York will this service definitely not include some sort of supplementary coastal transportation.

If all goes well with the through container service, Chinese goods could conceivably reach American importers in as little as 25 days to the East Coast, and 18 days to the West Coast.

Mitsui's contact group in Hong Kong is FARENCO.

K Line

K Line, another member of the space charter agreement, became involved in the China trade very early—January 1968. Chinese cargo comprises about 2% of the total outward liftings of its liner services.

The line originally proposed a through container service to the China National Chartering Corporation (ZHONGZU) over two years ago, and negotiated until the fall of 1975, with positive results. "They now realize the merits of containerization," commented a K Line official in New York.

Beginning last fall, the line was able to begin through-container shipments from Shanghai to Kobe, with the first east-bound shipment in September and the first west-bound cargo in November. Although the service moved regular commercial cargoes at that time, it was not considered completely official nor regular until March 1976.

The company is currently operating a semi-container vessel, although it plans to change to a full container vessel "as soon as the Chinese can accommodate it." The 6,900 dwt ship, the *Asia Friendship*, can load up to 110 20-foot containers. Its equipment comprises two derricks, one with a 40-ton lifting capacity and the other with a 15-ton capacity. Early sailings were expected to average 70 20-foot and 20 40-foot containers plus some 2,500 tons of breakbulk.

The service is transporting Chinese merchandise from Shanghai to New York, Boston, Philadelphia, Baltimore, Norfolk, Savannah, Jacksonville, Charleston, Miami and Tampa on the east coast and Los Angeles and Oakland on the west coast, with more ports proposed. The line originally expected that extremes in transit times would be: Shanghai-New York, 26 days to 36 days; and Shanghai to Baltimore or Philadelphia, 24 to 26. Early shipments, however, progressed more slowly for several reasons.

The desired twice-monthly turnaround was held up by congestion in Shanghai, caused by inadequate loading equipment. Trucking equipment in Shanghai, comments a K Line official, is not up to par, especially the container chassis for the 40-footer, limiting movement per hour to five or six containers. Ship's loading and unloading must be done entirely by ship's gear. The result is the wait in Shanghai which, however, has lessened noticeably with each succeeding voyage. The turn-around time of 23 days for the first voyage has dropped to 18 days for the third and was expected to lessen to a projected 14 days for the fourth.

An additional constraint on total transit time is the problem of space availability on the mother vessels from Japan to the US.

K Line comments that through bills of lading have not yet been instituted; it is "reluctantly" applying

conventional bills of lading even for cargo containerized at Shanghai. Although it estimates that Peking will allow it to switch to a full container vessel within a few months, it anticipates a Chinese request to allocate, in addition, a conventional break bulk vessel for cargoes the Chinese are unable to containerize, such as those bound for Latin American ports. "It is our headache due to the economical difficulties," comments Captain Y. Miura, Manager of the China Team of the Tokyo Office.

United States Lines

US Lines, operating solely through FARENCO in Hong Kong, began to transport its first noticeable quantity of PRC cargo about the summer of 1974, amounting to approximately 10% of its Hong Kong-USA tonnage. This is, however, only a small percent of its total cargo liftings for its Europe/USA/Far East service.

Operating through FARENCO, US Lines continuously receives cargoes from Chinese ports on lighters, from which they are immediately transferred to the line's containers in port. Nine US Lines vessels have been transporting the cargo every week out of Hong Kong. US ports of discharge in order of volume for the last 18 months are New York, Charleston, San Francisco, Savannah, Los Angeles, Philadelphia, Baltimore, Boston, Norfolk, Honolulu and Miami.

American President Lines

APL first started carrying PRC cargo bound for the US in 1972. Last year, these cargoes accounted for 4.4% of the line's total liftings. Its Atlantic/Straits vessels use FARENCO as the freight forwarder, while its Round-the-World vessels use China Merchant Steam Navigation Co. of COSCO.

Ship alongside berth at the port of Hsinkang.



Goods are obtained through FARENCO from Chinese feeder vessels and loaded on either of two APL ships for shipment to the US. They are containerized within 48 hours of receipt and loaded on a vessel within 36 to 48 hours of containerization, according to the line's Hong Kong office.

SHIPPERS' EXPERIENCES

The lines transshipping cargo along the Sino-US route have had varied experiences with the Chinese shipping organizations.

Obtaining Information

Most shippers interviewed attested to the receipt of regular information. Commented US Lines: "We do not have any problem in securing information pertaining to advance space bookings or coordination of cargo delivery." But the line did feel that receipt of documentation and/or payment was sometimes slow. Whether a line's contact is China Merchant Steam Navigation Co. or Far East Enterprising Co., that contact is very limited or completely non-direct.

Mitsui OSK Lines pointed out the difficulties of handling Chinese shipments which are not well marked. Particularly noting cotton, greige goods, and bristles, a Mitsui representative in New York commented that the marks and numbers of shipments are so similar that it is very difficult for them to determine what is in the container. Sorting has been a problem. The lack of a numbered seal—only a wired seal—means that the line does not know if an item has been tampered with.

American President Lines finds information is freely available in Hong Kong, but it often comes at the last minute in terms of bookings and takes quite a long while for exact weights and measures from shipping origin point.

Notifying Importers

Despite the fact that some importers say the Japanese lines never notify them, the Japanese companies say they do. Each line handles notification differently. K Line says it alerts the American importers by using a copy of the B/L with an arrival notice. Mitsui notifies the buyers "wherever it's known." The Chinese forms give no indication of the identity of the US firms. In some cases, a London firm is noted, and Mitsui cables it to track down the American consignee. In other cases, "an infamous T.O. Wang" in Hong Kong carries out this duty.

US Lines reports that it shares notification duties with FARENCO. The Chinese organization issues the through B/L and notifies the ultimate consignees on its own, and US Lines also performs this service.

American President Lines notifies importers of loading information if specially required, according to a representative. Otherwise, a "normal" arrival sequence of events is carried out at the port of discharge.

Documentation

Mitsui sometimes fills out documents "by default," its representatives commenting that "a disproportionate amount of time is spent servicing Chinese cargo over cargo from other countries." K Line completes US Customs Inward Manifests at Kobe. American President Lines points out that "normal" shipping documents are prepared. US Lines "merely" makes an HK/USA memo B/L and manifest in order to release cargo to holders of the original through bill of lading issued at the Chinese port in the name of the initial carrier.

Mitsui pointed out that the slow receipt of documents on their way from Chinese port to Kobe has often complicated the entry of ships into that Japanese harbor. Since no documentation is available, the captain of the Japanese vessel is forced to do it himself. Several days later the Chinese documents may arrive in Kobe, too late to be of any use. The line's New York representative also noted that the Chinese still do not include voyage numbers, container numbers, or freight charges on the bill of lading.

Transfer Time

There is great variance in the amount of time cargo waits in Hong Kong or Kobe before being loaded onto liner services for shipment to the US. This process appears to be carried out much faster in Hong Kong, where American President Lines estimates that its goods are containerized within 48 hours of receipt and loaded onto a vessel within 36 to 48 hours after containerization, and US Lines says that cargo is "immediately" transferred to containers.

Kobe appears to be more of a problem, especially lately. Shippers believe the cause is the general upturn in the world economic situation and the corresponding increase in American purchases of goods from Japan, Korea, Hong Kong and Taiwan. This has resulted in a rush of cargo from these locations, much of it going through Japan, especially Kobe.

Mitsui commented that in such a situation Chinese cargo often gets somewhat shortchanged. Cargo coming in by feeders costs extra, and freight rates from China are already so low that the line cannot afford to load Chinese cargo on the first available ship, preferring to wait for a more economical ship going direct to the proper port. Furthermore, Japanese cargo moves out faster than that of other countries.

Mitsui estimates that in a cargo rush situation, goods can be held up for a month to two months, or more, counting the date of the B/L plus the layover in Japan. K Line estimates that it generally transfers items to its container vessels in Kobe about ten days after sailing from Shanghai, but that Chinese cargo does face the continuing problem of lower freight rates which are not attractive to shippers. 完

(To be continued next issue)



Chinese and foreign vessels enter Shanghai Harbor.

THE CHINA TRADER'S SHANGHAI

Though still overshadowed by Canton and Peking as a foreign trade venue, Shanghai is emerging as a major Chinese center for doing business with foreigners. The following piece, the China Trader's Shanghai, is the sixth in a UCBR series designed to assist American executives doing business in China's major cities.

Gone the glitter and glamour; the pompous wealth beside naked starvation; gone the strange excitement of a polyglot and many-sided city; gone the island of western capitalism flourishing in the vast slum that was Shanghai.

Edgar Snow in "The Other Side of the River," 1962.

Shanghai is China's largest city and biggest port. Located fifteen minutes from the mouth of the Yangtze River, on a tributary, the Whangpoo, Shanghai is the focus of one of the PRC's most heavily populated and industrialized regions. Its name means "To the Sea."

Present day Shanghai has five-to-six million inhabitants in ten districts administered by a 150-member Revolutionary Committee, 22 of whom are military officials, 22 administrative staff and the rest "mass representatives." The metropolis has about 9,000 factories dominated by the iron and steel, petrochemicals, shipbuilding, machine building and textile industries. Heavy industry accounted for 54 percent of Shanghai's industrial output in 1973, up from 19 percent in 1949.

Small wonder that foreign trade is an important element in Shanghai's economy. Over three thousand foreign vessels alone call at Shanghai every year, making it the busiest of any Chinese port. Fourteen branches

of China's foreign trade corporations are located here. And, in keeping with Shanghai's industrialization program, manufactured goods now account for two-thirds of the exports for the city, compared to one-third twenty years ago.

Traditionally a radical stronghold, comparable in some ways to New York City, Shanghai is where the Chinese Communist party was founded in 1921. It is also where China's great Cultural Proletarian Revolution began in November 1965. The radical spirit may have been response to the city's growth as a western treaty port following the 1842 Treaty of Nanking. Within thirty years Shanghai had become a booming cosmopolitan metropolis.

For the businessmen or women arriving in Shanghai today, most time is spent between the hotel, factories, Shanghai's exhibition halls and the airport. In his or her spare time there is plenty to see, however. The Shanghainese, who encore China's favorite opera stars and wear striped T-shirts, know, as New Yorkers do, that although the nation's capital is elsewhere, the city is very much in the center of things. As Ross Terrill has written, "Shanghai is a city to watch, for the sake of China, Asia, indeed the world."

Climate and Dress: Comparable to New Orleans

The climate of Shanghai is comparable to that of New Orleans. Annual precipitation averages 45 inches, fairly evenly divided throughout the year, though the June through September period experiences a slight

increase in rainfall. Temperatures rarely drop below 40° F in the winter nor rise above 90° F in the summer. Summer weight suits are appropriate throughout the year except in the December-March period when chilly air makes heavier wool items a must. With moderately heavy rainfall spaced throughout the year, a raincoat is almost de rigueur in Shanghai.

Rainbow Airport and Beyond

Most Shanghai travelers arrive by air at Rainbow Airport on the city's western edge. CAAC, Japan Airlines, Swissair and Pakistan Airlines serve Shanghai from such foreign destinations as Tokyo, Zurich, Athens, Geneva and Karachi. Domestic service is provided by CAAC from Peking and Canton on a daily basis with less frequent flights from Nanking, Hangchow, and Wuchang.

As elsewhere in China, foreigners arriving at Shanghai will be met by representatives of their host organization, be it China International Travel Services, one of the foreign trade corporations, or the CCPIT. The host will help expedite customs formalities, if Shanghai is port of entry, and baggage claim. They will also arrange for the halfhour ride to the city center, usually in a Shanghai automobile.

Domestic travelers may also arrive by rail. The train station is located just south of Soochow Creek, not far from the Bund, though a new terminal is now under construction. Service is available on the Nanking "Passenger Rapid" from the Northwest or from the South via Hangchow.

SHANGHAI HOTEL COSTS

Hotel	Rate in RMB/Date	Extras (%)	Comments
Peace	48 April '76	Heat 15%	Large suite. Cost of same suite in 1973 was 36 RMB.
Peace	38 Jan. '76	Heat 15%	Suite.
Peace	28 Sept. '75	A/C 15%	Suite with living room, dining room, bedroom, two bathrooms, facing river.
Shanghai Mansions	38 Jan. '76	Heat 15%	Suite.
Ching Chiang	20 Late '75	NA	Twin Room "Adequate"
	36		Suite.

AMERICAN PLAN IN SHANGHAI

A day's full board and lodging, including three meals, at Shanghai Hotels in early 1976 cost as follows, at two RMB to the dollar:

Peace Hotel (April '76)		Peace Hotel (Jan. '76)		Shanghai Mansions (Jan. '76)	
Suite	24.00	Suite	19.00	Suite	19.00
Breakfast	0.75	Heat	3.00	Heat	3.00
Lunch	2.00	Meals	3.00	Meals	4.50
Dinner	4.00	Guide	2.50	Laundry	1.00
Total	\$30.75	Total	\$27.50	Total	\$27.50

Accommodations: "Nice People, Comfortable, Great"

One recent visitor to Shanghai, commenting on the Peace Hotel (in pre-Liberation days known as the Cathay), said, "It was probably one of the most luxurious hotels anywhere when it was built 40 years ago. The only trouble is that nothing has changed since then, including the furniture." Another commented, "Nice people, comfortable, great."

The Shanghai Mansions, near the Peace, has a very good view of the city. It housed the Feathers and Down Mini Fair in January this year, along with the exhibitors at many of the foreign exhibitions held in Shanghai. The Ching Chiang, set in from the river, near the former residence of Sun Yat-sen is where presidents and other notables, including some businessmen, usually stay. The International Hotel, formerly the Park Hotel, is situated opposite the old race track, now the People's Park.

All three hotels are equipped with a main service desk which books cabs and can be counted on for general information about sightseeing and eating in the city; auxiliary services desks on each floor responsible for housekeeping, including laundry; and a ground floor shop which provides daily necessities and snacks. Other hotels in Shanghai include the Nationalities reserved for overseas Chinese.

Communications with the US

If anything, phone connections from Shanghai to the US can be made quicker and clearer than from Peking. (Shanghai is China's terminus for trans-Pacific calls). A recent visitor reported that his call to the US East Coast went through in seven minutes and encountered absolutely no interference. Rates to the US are standard throughout China: RMB 37 for the first three minutes and RMB 10 for each additional minute, with an RMB 4 non-refundable service charge. Service desks at the major hotels can assist in placing calls. The Post, Telephone and Telegraph exchange (PTT), located directly across the street from the Ching Chiang also has overseas telephone facilities.

Cables may be sent from hotels as well as the PTT. Charges are RMB 1.44 per word (minimum seven words) for eight-hour delivery and RMB 0.72 per word (minimum 22 words) for 24-hour delivery. There is no public telex available in Shanghai except during exhibitions when a machine is usually available at the exhibition center. Air mail to and from the US takes about a week.

Getting the News

Foreign magazines and newspapers are not for sale in Shanghai, though New China News Agency summaries in English are available at the hotels. They are, however, sometimes several weeks old. The long

SHANGHAI ADDRESSES AND TELEPHONE NUMBERS

Banks

Bank of China
23 Zhong Shan Road (E.1)

Hong Kong and Shanghai Banking Corporation
185 Yuan Ming Yuan Road

Chartered Bank
185 Yuan Ming Yuan Road

Airlines

Japan Airlines
1202 Huai Hai Road
Tel: 378-467

CAAC
789 Yenan Road (Central)
Tel: 532-255

Pakistan Airlines
1 Yenan Road (East), Rm. 606
Tel: 217-855
216-038
Cable: Pakintair-Shanghai

Swissair
c/o CAAC (which acts as flight booking agent)

Hotels and Restaurants

Peace Hotel
No. 20 Nan Jing Dong Road
Tel: 21-1244

International Hotel
No. 170 Nan Jing Xi Road
Tel: 29-1010

Shanghai Mansions
No. 20 Bei Su Zhou Road
Tel: 24-6260

Overseas Chinese Hotel
No. 104 Nan Jing Xi Road
Tel: 29-4186

Chin Chiang Hotel
No. 189 Chang Dong Road
(Mao Ming Nan Road)

Heng Shan Hotel
No. 534 Heng Shan Road

Stores

Shanghai No. 1 Department Store
830 Nan Jing Dong Road

Shanghai No. 2 Department Store
903 Huai Hai Zhong Road

Shanghai No. 10 Department Store
635 Nan Jing Dong Road

Shanghai No. 1 Pharmaceutical Store
629 Nan Jing Dong Road

term visitor may consider bringing in a radio. The British Broadcasting Corporation and the Voice of America air news hourly which can be picked up at 11.75 MH₂ and 15.345 MH₂ respectively.

Transportation

Unlike Peking, or Kwangchow at Fair times, there are no cab queues at Shanghai's hotels except during exhibitions when ranks operate both at the hotels and the exhibition center. Hotel service desks can easily arrange for taxi service, however, and drivers, if instructed, will await their passengers on trips through the city for an additional charge. The cars are Shanghai's, Toyotas, and Datsuns, and are priced cheaper than in Peking, less than RMB 2 per mile. Bus service is, of course, available for the intrepid, but is not recommended for any but the accomplished linguist.

Western Amenities

The foreign community in Shanghai consists of the Polish and Japanese Consulates, two British representatives of the Chartered and Hong Kong and Shanghai Banks, the 40 Poles associated with the Sino-Polish Shipping Company and one octogenerian White Russian. There is a seaman's club, officially open only to merchant marines, though some non-maritime visitors to Shanghai are reported to make use of its limited bar and ping pong tables on occasion.

Business in Shanghai

American China traders come to Shanghai for one of four reasons: to present a technical seminar; to participate in a third country exhibition; to attend one of China's "mini-fairs;" or to meet with end-users. In the past, one US firm held negotiating sessions with the

For visitors to Shanghai today, the Shanghai that was still seems vivid.

Robert W. Barnett, Vice President of the Asia Society in Washington, D.C., was born and lived in Shanghai. The following piece, excerpted from an Asia Society presentation by Mr. Barnett on Shanghai as it was before 1949, provides some interesting historical perspective on China's largest city.

Visitors to today's Shanghai should be aware that this is a picture of the Shanghai that was, a picture modern Chinese are anxious to forget.

By 1937, Shanghai had become the place where the heartbeat of the modern world had been, and was, heard and felt by the people of Imperial and Republican China. It was the sanctuary to which Europeans, and then Chinese, had repaired during a century of mounting social, political and economic turmoil. It was the capital of foreign privilege and predatory foreign economic exploitation: it was a symbol of China's weakness and humiliation.

In the 1930s and 1940s both the Kuomintang and the Chinese Communist Party saw Shanghai this way. Then in 1937, the Japanese had taken over Shanghai. In 1943, after Pearl Harbor, when the action had only symbolic importance, the United States gave up claim under treaty to its special status and special privilege in Shanghai.

Shanghai was famous for the bar at the Shanghai Club to which no Chinese were admitted—the longest bar in the world. Signs were displayed in Shanghai's parks—"no dogs or Chinese permitted." In one of these parks during the summer, the Shanghai Municipal Orchestra, under the direction of Maestro Mario Paci, would play Tchaikovsky, Wagner, and

Beethoven for western audiences under the stars.

There was opium, and every form of gambling. There was horse racing and dog racing and jai alai. There was cricket and lawn tennis—with alert and agile ball boys—rugby, soccer, basketball and swimming. There were the American marines, and the Coldstream Guards with their annual Torchlight Tattoos. Chauffeurs would drive high school children, chattering in English, French and German, to tea dances at the Astor Hotel. There were White Russian teachers of French and violin and cello and flute. There was Tung Wen—the Japanese University, famous for its baseball teams and its training of "spies."

There was the French Catholic Cathedral, with its learned priests, at Zicawei; and there was, downtown, the Church of England. There were American and Chinese churches, and church educational institutions, and hospitals. There were the monuments on the Bund to the Hong Kong and Shanghai Bank and to Jardine and Mathieson enterprise . . . And, there was the most varied and delicious cuisine to be found anywhere in the world . . .

The Real Cost of Living

During the three years following August 1937, the Chinese worker's cost of living had risen by 580 percent. And, the Shanghai Municipal Council grimly maintained its records on economic trends within the city.

"In 1935, a peacetime year, there were 5,590 exposed corpses collected in the streets of Shanghai. In 1937, the figure rose to 20,746 corpses which were dumped on vacant lots to be collected and buried by an active and relatively unheralded Chinese philanthropy, the Shanghai Public Benevolent Society. In 1938 when normal disabilities were aggravated by war

THE SHANGHAI

Machinery Corporation in Shanghai, but this happened only because a diplomatic visit to Peking has taxed that city's accommodations to the limit.

Shanghai's technical seminars have been held in a variety of locations, including scientific institutes, but the most popular location is the main conference room at the Peace Hotel. The Chinese will provide slide projectors and blackboards, but additional visual aid equipment, such as movie projectors, must be brought in. Shanghai's electric current is 220 volts with a frequency of 50 cycles per second.

Exhibition facilities in Shanghai are adjacent to the Shanghai National Industrial Exhibition Center and are rated as quite good. Hours normally are 08:30 to 11:30 and 13:30 to 17:30 daily, except Sunday.

Meetings with end-users take place at a plant or factory site and are arranged by the host organization.

Restaurants

The food at the Peace and International Hotels is really good, with a comprehensive choice of Chinese or Western foods at both. The Peace Hotel Restaurant, for a visitor in April 1976, "cooked western food well, and offered everything."

Ross Terrill writes that the breakfast menu at the Peace includes "Jam Souffle," which is "large, light and delicious." The chef learned how to prepare the dish in the 1940s.

Breakfast at the Peace costs less than a dollar, lunch the equivalent of \$2.00 and dinner \$3-\$4.00 at most in the Spring of this year.

The Ren Min or People's Restaurant serves good local food, which is characterized by fish, fish and more fish. The Szechuan offers the spicy fare now closely identified in the minds of Chinese restaurant-

THAT WAS

conditions, the disposal of exposed corpses became an acute problem and old Chinese customs of disposal became unsuitable.

Hence, while the Shanghai Public Benevolent Society was able to bury 22,770 and other agencies transported, stored or buried 19,763, the Health Department of the Shanghai Municipal Council cremated 58,511 exposed corpses during the year. Thus, the total number of exposed corpses disposed of in the International Settlement alone during the year 1938 amounted to 101,047.

There is relevance in these morbid data. They foreshadow the almost incredible capacity of a Chinese labor force to survive great disaster, and then to go on to productive activity.

Order and the availability of what proved to be ample industrial electricity—supplied by the American Shanghai Power Company—were crucial to any understanding of the amazing growth of industry during the three years from 1938 until Pearl Harbor. Five years before the Sino-Japanese War, Shanghai had already accounted for 50 percent of China's total industrial output . . . But by April, 1940, sales of industrial power surpassed all previous performance and far exceeded the industrial power consumed by Birmingham, Manchester or Liverpool.

Chinese Ingenuity

There cannot be a simple explanation for this industrial achievement. But let me take from my 1941 book what I had to say about a small part of the story:

. . . The prototype of Chinese industry was the domestic workshop on the farm and in the village. The growth of merchant and industrial capital in

port cities of China, first foreign, then Chinese, rendered relatively uneconomic the handicraft industry of the hinterland lying around these cities. Large factories, using modern machines, offered the Chinese workshop in the interior crippling competition and merchant capital flowed to cities. Chinese ingenuity and adaptiveness asserted themselves, and old Chinese habits persisted. The Shanghai industrial workshop represented the product of these characteristics. . . .

"Between 1937 and 1940 there was a spectacular expansion and diversification of small-scale industry. . . . Glue was made from tannery by-products. Chinese and Japanese plants produced oxygen. Timber from the Philippine Islands was milled by Japanese interests. Japanese plants rolled steel bars, assembled motor trucks and motors, made Japanese furniture, manufactured sporting goods. . . .

During 1940, small-scale industry entered still other lines. Old-timers in Shanghai predisposed to regard the Chinese manufacturer as inept when dealing in goods requiring precision work, were forced to abandon this particular prejudice. New machine shops turned out air compressors, and equipment for flour mills and steam silk filatures. Small manufacturers entered the field of electrical apparatus, making flat irons, air heaters, ventilators, humidifiers, fans . . . American orders for telephone parts were placed in Shanghai for export to South America. One producer of field radio sets filled a CH\$100,000 order for guerrillas in the hinterland."

The skills of Shanghai's merchants and bankers, practiced in a Chinese, then a world market, in those agonized years for China, depended on the drive, thrift, and industrious habits of Shanghai's managers and workers.



"Long Live Chairman Mao" reads the sign at the top of the Shanghai Mansions Hotels, where many foreigners stay.

goers with the western province of the same name. The prices are somewhat cheaper than those of comparable Peking establishments. There is also a French Restaurant, the Red House, that serves filet mignon and wine.

Leisure and Shopping

The Shanghai Industrial Exhibition is a showcase of China's technical progress. Established in the wake of the Cultural Revolution, the Exhibition Center has more than 8,000 square meters of floor space divided into eight separate halls for machine building and electric machinery, metallurgy, chemicals, instrumentation and telecommunications, light industry, textiles, handicrafts, and a miscellaneous category. In all, about 5,000 items are exhibited.

Among the sights of Shanghai are Sun Yat-sen's former home, now a museum, and the house where the Chinese Communist Party of China was founded, now a National Shrine. Among the popular parks is People's Park, which was formerly a racetrack. Lung Hua Park contains the city's only pagoda, built in 1147. The Yue Yuan Gardens were laid out in the 16th Century.

The only organized night-time diversions, aside from eating, are cultural events such as revolutionary opera or ballet, domestically produced films, and occasional sports events, including basketball, volleyball, and, most notably, ping pong. Host organizations can arrange tickets for all of these events.

Recent visitors have expressed disappointment in the selection and price of goods available in Shanghai shops, most of which are concentrated along Nanking Road. The consensus is that better bargains for such perennial Chinese items as antiques and silk goods can be had in Hong Kong.

The Friendship Store, near the Peace Hotel, is open

only to foreigners, offering a wide array of Chinese goods ranging from souvenir postcards to carefully carved jade figurines. A visit to the Number One Department Store, Shanghai's and China's largest, with some 50,000 items on display, provides the opportunity to see what is available to the Chinese themselves and what they must pay. It is usually very crowded. The Hsin Hua bookstore on Nanking Road has an unusually good supply of technical books which may be of interest to visiting engineers.

Before You Go: Books on Shanghai

Many books include information about Shanghai. For business visitors wishing to taste the flavor of China's largest city before they go, the following books contain interesting material of different kinds about the city.

Flowers on an Iron Tree, by Ross Terrill, (Little, Brown, 1975; \$15.00). Terrill discusses five Chinese cities from a sophisticated viewpoint; his socio-political discourse on modern Shanghai is long, fascinating and well-informed. *China's Changing Map*, Theodore Shabad, (Praeger 1972; \$5.95) has a chapter on Shanghai and its region from the economic standpoint. *Un-glazed China*, J. Tuzo Wilson, (Saturday Review Press, 1973; \$9.95) has an interview with the Deputy Mayor of Shanghai. *Serve the People*, Victor W. and Ruth Sidel, (Josiah Macy, Jr. Foundation, 1973). The medically-oriented volume has a long section on Shanghai, including maps, demographic and medical data. *Red China Today*, (The Other Side of the River), Edgar Snow, (Vintage April 1971; \$3.45), has a good look at Shanghai as it was in the 1930s and 40s prior to the establishment of the PRC. *American's Tourist Manual—People's Republic of China*, John E. Felber, (International Intertrade Index, 1974), has a chapter on Shanghai for the tourist.

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A dawn mist envelops the Shanghai skyline.



**EXPORT AND IMPORT COMMODITIES SUBJECT TO
INSPECTION BY THE CHINESE INSPECTION BUREAU**
The PRC General Bureau of Commodity Inspection, February 1, 1974

EXPORTS

1) Grain. 1. Rice, 2. Corn 3. Buck wheat
2) Beans. Soy beans (yellow and green)
3) Fruit seeds. 1. Walnut (nucleus) 2. Walnut (in shell) 3. Apricot (nucleus) 4. Peanut (shelled) 5. Peanut (in shell)
4) Tobacco leaves 1. Traditional 2. Sun-cured
5) Tea. 1. Black tea (two types) 2. Green tea (five types) 3. Oolong 4. Jasmine
6) Fruits (including those bound to Hong Kong and Macao). 1. Apple 2. Citrus fruits
7) Cotton, raw. High-denier cotton
8) Yarns. Mulberry silkworm raw silk: i. Machine-reeled ii. Double cocoon raw silk iii. Silk thread
9) Fabric. 1. Cotton fabrics: i. Plain cotton fabric ii. Dyed fabric (including dyed, bleached, and printed fabrics) iii. Cotton flannel (dyed cotton flannel, corduroy) Excluded are yarn-dyed cotton fabric, hand-woven cotton fabric, short rolls of 15 meters or less in length, and low-grade mixed cotton fabric. iv. Short-fiber cotton/polyester (mixed spun) fabric (bleached, printed, and yarn-dyed) 2. Woolen fabric: i. pure sheep (spun) wool fabric ii. pure sheep (combed) wool fabric iii. sheep wool/synthetic fibers (mixed spun or mixed weave) fabric. Excluded are plush, camel hair padding, man-made leather, and blankets. 3. Silk fabric: i. pure mulberry silkworm silk fabric (including spun silk yarn fabric) ii. Pure oak leaf silkworm silk fabric (including spun yarn fabric) iii. Raw silk/ rayon mixed weave fabric iv. synthetic fiber/raw silk fabric
10) Garments. 1. Overcoats: i. Woolen overcoat ii. Plush overcoat iii. Sheep wool/synthetic fiber (mixed spun or mixed weave) overcoat 2. Suits and Trousers (long and short trousers): i. Woolen unit, trouser ii. Sheep wool/Synthetic fiber (mixed spun or mixed weave) suit, trousers 3. Dress shirts for men (including long and short sleeved, hard collared shirts): i. Poplin dress shirts ii. Cotton/polyester dress shirts. Children's clothing, pajama, and embroidered garment are excluded
11) Meat. 1. Livestock meat: i. Frozen pork ii. Frozen beef iii. Frozen mutton iv. Frozen rabbit meat (including sectioned or boneless meat) v. Frozen

pork by-products 2. Poultry meat: i. Frozen chicken ii. Frozen duck iii. Frozen goose (including sectioned chicken, duck, and goose).
12) Intestines. 1. Salted chitterling 2. Salted goat intestines 3. Salted sheep intestines 4. Salted cow intestines 5. Salted pork large intestines
13) Canned foods. 1. Canned fruits 2. Canned vegetables 3. Canned meat 4. Canned fowl meat 5. Canned fishery products 6. Other canned food.
14) Egg products. 1. Dehydrated egg: i. Dehydrated egg yolk ii. Dehydrated whole egg iii. Dehydrated egg white, slices. 2. Frozen egg: i. Frozen egg yolk ii. Frozen whole egg iii. Frozen egg white
15) Raw and processed eggs. 1. Raw chicken egg 2. Raw duck egg 3. Thousand year egg (p'i-tan)
16) Furs (including fur rugs). 1. Weasel rug 2. Lambskin 3. Blue kidskin 4. Mink fur 5. Marmot fur 6. Siberian sable fur 7. Muskrat fur 8. Chinchilla fur 9. Civet fur 10. Otter fur
17) Hides. 1. Goatskin 2. Deerskin 3. Cowhide 4. Horsehide 5. Pigskin 6. Sheepskin.
18) Bristles. 1. Hog bristles 2. Hog bristles (bundles) 3. Goat bristles (including bundled hair) 4. Horsemane 5. Horsetail
19) Wool. 1. Sheep wool 2. Wool-like goat hair 3. Rabbit hair 4. Camel hair
20) Feather. 1. Duck feather 2. Goose feather 3. Duck down 4. Goose down
21) Fur goods. 1. Fur overcoat 2. Restored fur overcoat 3. Children's fur overcoat 4. Short fur jacket 5. Overcoats 6. Fur hat/cap
22) Leather footwear (excluding scuffs and manmade leather footwear) 1. Men's leather shoes 2. Women's leather shoes 3. Children's leather shoes
23) Dairy product. 1. Condensed milk (including skimmed milk, whole milk, unsweetened and sweetened condensed milk) 2. Powdered milk (including whole and skimmed milk) 3. Butter
24) Fishery products. 1. Fish: i. Frozen fish (frozen whole or sectioned fish) ii. Salt fish iii. Dried fish 2. Prawn and Shrimp: i. Frozen prawn ii. Frozen shrimp 3. Shellfish (including shellfish in shell and shelled): i. Conch and mud snail ii. Ark shell iii. Clam iv. Trough shell v. Jack-knife clam

4. Other fishery products: i. Jellyfish ii. Frozen squid iii. Frozen sectioned squids iv. Salmon roe v. Salt herring roe
25) Seasoning. 1. Honey. 2. Dried hot pepper.
26) Vegetable oil. 1. Tung oil 2. Peanut oil. 3. Soy bean oil. 4. Cotton seed oil.
27) Resin products. 1. Rosin.
28) Natural aromatics. 1. Citronella oil. 2. Cassia bark oil. 3. Mint oil. 4. Fennel oil. 5. Eucalyptus oil. 6. Camphor oil. 7. White camphor oil. 8. Sassafras oil. 9. (Shiroadamo). 10. Menthol. 11. Camphor
29) Non-metal minerals. 1. Fluorite: i. Chunk. ii. Powder. 2. Aluminas (including bauxite). 3. Barytes. 5. Talcum (powder and chunk).
30) Metal minerals. 1. Tungsten ores: i. Tungsten-ferromanganese ore and tungsten-manganese ore. ii. Tungsten-calcium oxide ore. 2. Antimony ore. 3. Manganese ore: i. Soft manganese ore (including powder). ii. Hard manganese ore.
31) Fuel. 1. Crude oil. 2. Coal. 3. Coke. 4. Tar.
32) Lumber. 1. Plywood: (6 types of plywood). Not including plywood smaller than 1 square meter.
33) Sugar. 1. White sugar. 2. Cube sugar.
34) Chemical industry raw materials: Industrial salt (Sodium chloride)
35) Porcelain ware. 1. Porcelain (shallow) washing bowl. 2. Porcelain cup. 3. Porcelain tableware.
36- Sewing machine. 1. Home sewing machine (including manual sewing machine).
37) Sundries. 1. Alarm clock. 2. Bicycles. 3. Transistor radio. 4. Camera. 5. Electric fan. 6. Batteries.
38) Pottery. 1. Tea utensils. 2. Tableware.
39) Rubber footwear. 1. Rubber coated rubber footwear. 2. Rubber-lined cloth footwear.
IMPORTS
 1. Corn. 2. Wheat. 3. Soybeans. 4. Raw cotton. 5. Jute. 6. Sisal hemp. 7. Cellulose fiber (liquid, and bemberg rayon). 8. Synthetic fibers (polyester, etc.). 9. Natural rubber. 10. Paper. 11. Chemical fertilizers. 12. Molasses. 13. Fishmeal. 14. Fur and leather raw material hides. 15. Wool (Sheep, camel, and goat).

Source: Yuko to Boeki No. 63 April 1976. Reproduced, by permission, from data supplied by China in early 1976.

PLANT AND PLANT TECHNOLOGY SALES TO CHINA 1975-1976

COMPANIES (Countries)	TYPE OF PLANT Output Specifications Technology	PRICE (US \$ equivalent)	DATES
1975			
Koyo Seiko (Japan) Nippon Seiko (Japan)	Ball Bearing Plants: US \$3 million to be provided by Nippon and US \$8 million to be handled by Koyo Seiko. The plants, which manufacture machine tool and railway rolling stock ball bearings, will be placed in Loyang, Manchuria.	(US \$11m)	Contracts signed 2/75; Delivery early 1976; Expected onstream late 1976.
Heurtey Company (France) Haldor Topsoe A/S (Dan.)	Three Ammonia factories (valued at US \$35 m. @) and one catalysator plant (US \$22 m). The Ammonia equipment will be built and delivered by Heurtey although Haldor Topsoe will provide detailed plans and licenses. The catalysator plant will be equipped by Haldor Topsoe who will also provide know-how, licenses, and training of personnel.	Swedish Kronor 500m (US \$127m)	Contract reported 2/75; Other dates unavailable.
Linde AG (W. Ger.) Houdry Division of Air Products and Chemicals (USA)	Benzene Plant with 100,000 ton/year capacity: Linde Division TVT of Munich received the order for all services in planning, process and engineering design as well as procurement of principal equipment. Project has a two-stage hydrogenation system for the feedstock and a catalytic dealkylation based on the pyrotol process developed by the Houdry Division of Air Products and Chemicals. The feedstock will be pyrolysis gasoline, and a hydrogen purification plan based on the Linde AG low temperature process is to be employed. Plant will also produce 25,000 tons of mixed xylenes p.a.	DM 20m (US \$8.1m)	Contract signed 7/75; Expected onstream 1978.
Ataka & Co. (Japan) Nippon Sanso K.K. (Japan) Ishikawajima-Harima Heavy Industries Co. (Japan) Fuji Electronics Co. (Japan) Sumitomo Precision Products Company (Japan)	Industrial Oxygen Plant was contracted by Ataka, a Japanese trading company. The machinery was to be supplied by Nippon Sanso, Ishikawajima-Harima, Fuji, and Sumitomo. Plant capacity to be 35,000 cubic meters of oxygen per hour.	Yen 3,600m (US \$11.9m)	Contract reported 11/75; Shipment scheduled for Spring, 1977.
Rolls Royce (UK) Dowty Fuel Systems (UK)	Spey Engine technology was sold to the Chinese by Rolls Royce. The engines which have a thrust of 9,850-12,550 lbs. can be used for either civil or military purposes. The sale was for "residual technology" allowing Chinese future improvements upon Spey design. Of 50 engines included, some already installed in Chinese MiGs, reportedly.	UK Pounds 90m (US \$181.9 m)	Contract announced 12/15/75; Expected onstream 1980.

**PLANT AND PLANT TECHNOLOGY SALES TO CHINA
1975-1976 (Continued)**

COMPANIES (countries)	TYPE OF PLANT Output Specifications Technology	PRICE (US \$ equivalent)	DATES
Eurotecnica (Italy) UOP, Inc. (USA)	Linear Alkyl Benzene plant order through the Italian Engineering Company, Eurotecnica, which will handle the engineering, equipment procurement and supply, erection supervision, training and start-up program for the 50,000 ton per year plant. The complex contains four units: kerosene feedstock desulphurization; n-paraffins extraction (<i>Molex</i> process); dehydrogenation to n-olefins; and alkylation with benzene. UOP is supplying the technology. LAB is used for biodegradable detergent.	(US \$30m) Payment in cash.	Contract signed 12/75; Expected onstream 1979.
Siemens A.G. (W. Ger.)	Turbine technology for the manufacture of 150 mw steam turbines was sold to the Chinese by Siemens. The technology will be used in three Chinese plants, and will replace less sophisticated Czech Skoda know-how.	NVG Payment thought to be in a lump sum.	Contract reported 12/75.
Toyo Engineering (Japan)	A complete petrochemical complex with 300,000 ton p.a. capacity for ethylene plus facilities for plastics, ammonia, rubber, and detergents, was reported being under negotiation.	NVG	Part of contract signed in 1975; other sections still under negotiation.
Speichem (France) Lurgi (France)	Acetylene Plant with annual capacity of 30,000 tons p.a. Speichem is reported to be main contractor while Lurgi will provide the technology.	NVG	Contract signed 1975; Other dates unavailable.
	1975 Plant Sales Previously Reported	\$35.7m	
	1975 Plant Sales Listed Above	\$369.9m +	
	TOTAL 1975	\$405.6m +	
	1976		
Krupp-Koppers (W. Ger.) Dynamit Nobel/Witten	Dimethylterephthalate plant with annual capacity of 90,000 tons announced with Krupp-Koppers handling supply of equipment, supervision of construction, training of personnel, and management of initial production. Location is thought to be at Liao-Yang, Shenyang. The process is to be Dynamit Nobel/Witten.	Cost was not revealed at Chinese request.	Contract reported 1/76; Expected onstream 1978.
Kraus-Maffei AG (W. Ger.)	Polyester Fiber Plant equipment order came to Kraus-Maffei in the form of nine high-yield decanter centrifuges to be installed in plants being constructed by Technip and Speichem of France. Annual capacity set at 88,000 tons.	NVG	Contract reported 1/76; Other dates unavailable.

**PLANT AND PLANT TECHNOLOGY SALES TO CHINA
1975-1976 (Continued)**

COMPANIES (countries)	TYPE OF PLANT Output Specifications Technology	PRICE (US \$ equivalent)	DATES
Nippon Kokan (Japan)	Large capacity Kellogg-type multi-walled ammonia synthesis converter to be supplied to China by Nippon Kokan. The converter will have a 1,000 ton per day capacity, will weigh 350 tons, and will have walls with a thickness of 220mm.	NVG	Contract reported 1/76; Other dates unavailable.
Uhde (W. Ger.) Veba-Chemie AG	Ethanol plant with 100,000 ton/year capacity. Uhde to handle design, procurement, construction, supervision, and commissioning. Veba-Chemie to supply Ethylene based technology.	DM 25-30 m (US \$9.8-11.7m)	Contract signed 2/76; Expected onstream 1978.
Itoh & Co. (Japan) Sumitomo Shoji (Japan) Japan Gasoline (Japan) Sangyo Boeki (Japan)	An Aromatic extraction plant with capacities for 24,000 tons of toluene and 64,000 tons of paraxylene p.a. was sold to China by Itoh, Sumitomo, Japan Gas. Technology supplied by a non-Japanese firm.	Yen 12,000 m (US \$39.9 m)	Contract reported 3/76; other dates not available. Financing, through Japan's Exim Bank delayed because China sought 6.5% interest while Japanese were holding out for 7.5%
Japan Synthetic Rubber (Japan) Mitsubishi Corporation (Japan) Toko Bussan (Japan) Japan Gasoline (Japan)	A synthetic rubber plant was sold to China by a consortium of four Japanese firms.	Yen 8,000 m (US \$26.6 m)	Contract reported 3/76; Other dates unavailable.
Toray Industries Inc. (Japan)	Polyester Polymerization Plant, with annual capacity of 80,000 tons. The plant is to become part of the Shanghai integrated synthetic textile plant.	Yen 17,000 m (US \$66.4m)	Contract to be signed 3/76; Other dates unavailable.
BASF (W. Ger.)	Diethylhexanol plant of annual capacity 50,000 tons. BASF will handle licensing, design and supply for plant.	DM 60m (US \$25.9m)	Contract signed 3/76; Construction to begin late 1976.
Ube Ind. (Japan) Unitika Ltd. (Japan) Maruzen Oil (Japan) Nichimen Co. (Japan)	These Sanwa Bank Group companies sold caprolactam-nylon technology to China.	NVG	Contract signed late 5/76.
Teijin (Japan)	Polyester Polymerization plant was contracted by Teijin. Plant had a capacity of 80,000 tons of polyester a month.	Yen 12,000m (US \$40.1m)	Contract reported 6/76; Other dates unavailable. Deal is yen-denominated with 10% payment initially, 20% payment on delivery, and the balance paid in five years of installments once the factory is on line.
Nuovo Pignone (Italy)	Licenses and know-how for the manufacture of centrifugal compressors were sold to the Chinese by Nuovo Pignone. After Chinese engineers come to Italy for initial training, Italian specialists will travel to China to oversee manufacturing start-up.	(US \$10m)	Contract signed 6/9/76. Other dates unavailable.

1976 PLANT SALES

US \$218.7m +

PLANTS AND PLANT TECHNOLOGY UNDER NEGOTIATION 1975-1976

COMPANIES (Countries)	TYPE OF PLANT Output Specifications Technology	PRICE (US \$ equivalent)	DATES
1975			
Furukawa Mining (Japan) Sumitomo Metal Mining (Japan)	China was reported to have been interested in copper smelting plant capable of producing 10,000 tons of copper ingots p.a. Inquiries were made at Furukawa and Sumitomo.	US \$120-170 m	Reported 9/75.
Toray Industries (Japan)	A Toray 60,000 ton p.a. paraxylene plant was being considered by Chinese officials. The plant would be for the Peking General Petrochemical industrial site.	NVG	Reported 10/75.
Kawasaki Heavy Industries (Japan) Japanese Gasoline Co. (Japan)	300,000 ton p.a. gas liquification plant was being discussed by Kawasaki Japan-Gas, and Chinese. Facility was for Takang vicinity.	NVG	Reported 12/75.
Chiyoda Chemical Engineering and Construction Co. (Japan) Mitsui & Co. (Japan)	Natural Gas Refinery negotiations were reported under way between Chiyoda, Mitsui, and Techimport in Tokyo.	NVG	Reported 12/75.
1976			
Bridgestone Liquified Gas (Japan) Ishikawajima-Harima Heavy Industries (Japan) Toko Bussan Co.	A turn-key liquified Natural Gas plant was being negotiated between Bridgestone and Techimport. Ishikawajima and Toko Bussan were also reported involved. The plant would produce 300,000 tons of LNG p.a. near the Takang oil fields.	NVG	Reported 1/76.
Nippon Steel Corp. (Japan)	A Desulfurization plant for a silicon manufacturing facility plus replacements for the Wuhan steel combine rolling plant, was being negotiated by the Chinese and Nippon Steel.	Yen 8,000m (US \$26.5m)	Reported 2/76.
Toyoto Motor Company (Japan) Nippon Denso (Japan)	An auto-parts plant was the apparent reason for a delegation from China to Japan's leading automobile producer's plants.	NVG	Reported 5/76.
Nuovo Pignone (Italy)	Automation system know-how for centrifugal compressor manufacture was reported under negotiation between Chinese and Nuovo Pignone.	NVG	Reported 6/76.
Ube Ind. (Japan) Unitika Ltd. (Japan) Maruzen Oil (Japan) Nichimen Co. (Japan)	These Sanwa Group Companies are negotiating sale of 50,000 ton p.a. nylon Fiber plant with caprolactam facilities. Value. ¥25 billion (US \$836 million).	NVG	Reported 7/76.

Note: This table is a continuation of a table appearing in *UCBR* Vol. 2. No. 5; page 21.

EXPORTER'S NOTES

Briefly

- **Shipping News: Chinese chartering is off; bulk facilities are inadequate.**
- **Sino-American Tutorials: Caterpillar teaches Chinese at home and abroad.**
- **Machine Tool and Satellite delegations in US, one to buy and one to look.**

SALES

Kellogg Plants Near Completion . . . Pullman Kellogg Company of Houston, Texas, the firm which sold a record \$200 million worth of ammonia fertilizer plant to China in 1973, anticipates that the first three of these facilities—located in Heilungkiang, Liaoning, and Szechwan Provinces—should be on-stream by the end of the summer. A fourth plant, in Hopei Province, is currently slated for startup by the end of this year, and the remaining four should be operational by the close of 1977. All of the eight 1,000 metric-ton-a-day plants will be feeding ammonia to the urea plants being constructed by Kellogg Continental of Amsterdam. Kellogg of Houston has hosted six technical missions from the PRC, the last of which is still here in training. The ammonia plant sale represents the largest dollar volume ever ordered by the PRC from a US firm in the industrial sector. **More Offshore Equipment Sales?**

. . . Industrial rumor has it that Chinese buyers have been shopping in West Germany of late. The Blohm & Voss Company, a large and reputable German shipbuilding concern that works out of Hamburg, has reportedly been negotiating for one or two offshore rigs. Other reports indicate the Chinese are also considering purchasing two Polish semi-submersible units.

TECHNICIANS IN THE US

Pipelayer Classes . . . Caterpillar Tractor Company, which concluded a \$3.8 million deal to sell 38 pipelayers to China in August 1975, has been actively involved in the technical training of Chinese personnel, both in the US and China. From March 16 to April 14, an eight-member, end-user group from the China National Petroleum and National Gas Prospecting and Exploitation Company studied servicing and maintenance of the pipelayers at

TOYKO AMCHAM AND CHINA

The Chairman of the China Commercial Relations Committee of AmCham, Tokyo, Mr. A. F. J. Finnerty, would welcome receiving expressions of interest from experienced China traders regarding the possibility of addressing his committee in Tokyo while en route to or from China. Those interested may write to him at the following address: The American Chamber of Commerce in Japan, 701 Tosho Building, 2-2, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan.

Caterpillar's Peoria, Illinois, facilities. The delegation also visited Caterpillar sites in Decatur and Aurora, Illinois, as well as a dealership in St. Louis and a pipelaying job in Houston. On June 13, Caterpillar sent a team of five service people—two from Hong Kong and three from Peoria—into China to oversee on-the-job training. The group spent the bulk of the trip near Tsingtao where they were again instructing Chinese end-users in the operation and maintenance of pipelayers. The length of their stay in China was undetermined.

US MACHINE TOOL SALES

US Machine Tools Sales to the PRC—\$7 million . . .

After more than ten weeks in the United States, the 6-man TECHIMPORT machine tool delegation returned to China during the week of June 14. The group, which had negotiated out of the PRC Liaison Office in Washington for nearly six weeks, reportedly signed nine contracts with six American machine tool producers. The value of the sales was reported at \$7 million, and some items may require export approval by the US government. Prior to negotiations, the Chinese delegation toured America visiting leading machine tool plants. The trip included stops at American Tool, Cyril Bath, Lucas Machine Division (Litton Industries), Bullard (White Consolidated Industries), XLO, National Broach (Lear Siegler), Devlieg Machine, G. A. Gray (Warner & Swasey), Cincinnati Milacron, Carlton Machine Tool, Kysor Industries Corporation, Sunstrand, Rockford Machine Tool (Greenlee Bros.), Danly Machine, and Detroit Broach (Babcock & Wilcox).

SHIPPING

Chartering Activities Down . . . Representatives of the China National Transportation Corporation and the China Ocean Shipping Company, who met with National Council staff at the Spring Canton Fair, indicated that the activities of the China National Chartering Corporation have definitely slacked off from previous high levels. Chinese-chartered vessels made over 300 calls between US ports and China during 1973, 1974, and 1975. **Inadequate Bulk Shipment Facilities . . .** It was also learned at the Canton Fair that the PRC does not have facilities for receiving bulk shipment of chemicals, although construction of such facilities may find a place on the agenda of the current five-year plan. The limited bulk facilities already in existence are primarily ear-marked for both export and internal distribution of petroleum products, and it is presently visualized that future facilities will also be constructed for this purpose. Bulk facilities have been built in Shanghai, Talien, Whampoa, and Tsingtao, and others are currently under construction at Lien Yun Kang, Chinese officials told American Chamber of Commerce Hong Kong representatives.

NEW LANGUAGE SERVICE

Interlingua Opens in New York . . . Interlingua Language Services Ltd. with its headquarters in Hong Kong and branches in Tokyo and Manila, has recently opened an office in New York City. The company is incorporated

in the United States under the name of Lingua Language Services Ltd., with its address at 152 West 42nd Street, Room 1425, New York 10036, The new office is dedicated exclusively to work in Asian languages, the most important ones being Chinese and Japanese, for which it will provide interpretation and translation. Most of the translators and interpreters used by Lingua are persons with United Nations experience and fully competent in use of modern characters. For major works, highly technical documents, or those that will have to be typeset, much of the work can be accomplished at the Interlingua head office in Hong Kong. Typesetting in modern, simplified characters is also to be taken care of in Hong Kong.

MISCELLANEOUS

China Consultants Control AIR . . . As described in the last issue of UCBR, McGraw-Hill International and The *American Industrial Report*, published by China Consultants International Ltd., signed an option agreement effective May 1 in which McGraw-Hill purchased an interest in AIR. More on that: McGraw-Hill will contribute technical, engineering and scientific material to AIR, and will be responsible for selling AIR ad space worldwide. But China Consultants will continue to be the publisher of AIR and will remain the coordination point in the US on all AIR-related matters. For further details, call or write Bill Donnett at 3286 M Street, N.W., Washington, D.C. 20001 (202) 338-2388 or any McGraw-Hill office.

EXHIBITIONS

Japan's Trade Show—51% Sold . . . Japan's trade exhibition in Peking last December, sponsored by the Japan External Trade Organization (JETRO), has been termed a success by that group. Negotiations both for buying and selling were conducted, but JETRO bases its opinion largely on the significant quantity of goods sold to the PRC. Japanese firms sold US\$826.72 million out of a total of US\$1.63 billion worth of exhibited goods, a sales ratio of 50.68%. Later in the exhibition, negotiations were con-

MORE CHINA TRADE BANKS IN THE US

Unintentionally omitted from UCBR's list of third country banks in the US able to transact business directly with the PRC, page 18, May-June 1976 issue, are the following—

CHICAGO

The Sanwa Bank, Ltd.
39 South LaSalle Street
Chicago, Illinois 60603

NEW YORK

The Sanwa Bank, Ltd.
200 Park Avenue,
New York, New York 10017

SAN FRANCISCO

The Sanwa Bank, Ltd.
300 Montgomery Street
San Francisco, California 94104

ducted for non-exhibited commodities as well. Seventy-two Japanese companies concluded sales contracts with the PRC. Out of a total of 349 negotiations, 216 were proposed by Japan and 133 by China. Chinese buying inquiries were most numerous regarding precision and medical machinery, followed in descending order by machine tools, low voltage electrical machinery, earth-moving and construction machinery, and transportation machinery. Japan bought Chinese foodstuffs, herbal medicines, electric meters, medical equipment, lead and other items. MACHIMPEX handled 70% or so of inquiries and negotiations, SINOCEM next (for medical equipment) and Light Industry Corp. next. JETRO notes that the Japanese sales ratio of 50.68% is "relatively high" for this kind of exhibition and that, if

A PRC-manufactured truck on show at the Spring, 1976, Canton Fair.



**RESULTS OF THE JAPAN INDUSTRY &
TECHNOLOGY EXHIBITION, 1975
IN PEKING**

Item	Offer Value (¥)	Value (¥) Contract	%
Metalworking machinery, offset and others	592,390,480	178,495,515	21.60
Medical machinery, testing instruments, office machinery, etc.	374,256,560	293,349,173	35.48
"Data Coder," low-voltage electrical machinery, etc.	195,419,572	48,649,018	5.88
Woodworking machinery, wood-inspecting machinery, wood-assembling machinery	18,676,460	7,279,066	0.88
Grind stones, pipe grinders, etc.	1,035,040	1,048,296	0.13
Pumps, motorbikes, welding machinery, etc.	73,561,856	16,203,080	1.96
Fibers, synthetic leathers, etc.	61,400	0	—
Valve drills, machine shop tools, etc.	11,699,144	1,821,347	0.22
Medical chemicals, plastics, etc.	9,116,000	0	—
Transportation, earth-moving and construction machinery, etc.	355,127,084	279,882,591	33.85
Total	1,631,343,596	826,728,086	100.00
Offer Value	1,631,343,596		
Contract Value	826,728,086		
Sales Ratio	50.68%		
Selling Companies	Totaling 72 companies		
Business Dealings Proposed by Japan	Totaling 216 cases		
Business Dealings Proposed by China	Totaling 133 cases		

Source: JETRO.

the recent inflationary trend had not forced prices so high, the ratio could have been substantially higher. China even stated, says JETRO, that they would have bought more commodities if the Japanese had sold them and if some of the exhibitors had stayed longer. The Japanese trade organization reports that China is seeking material on new technologies related to the petrochemical industry, metallurgy, nonferrous metals, transportation equipment and mining, as it is preparing to purchase machinery in these areas, according to an official of TECHIMPORT.

NEW PUBLICATIONS

Study of China's Paper Industry Says Market Has Limited Potential . . . Business International Research has recently published a detailed study of China's paper manufacturing industry which should be of great interest to American companies who wish to explore this area of the PRC economy. The 40-page report, another in BI's

series of China Industry Surveys, delves into several major subject areas: the traditional papermaking industry, the modern paper-making industry, organization and development of the industry, products, foreign trade, and others. In addition, there is a 73-page appendix listing PRC paper mills, including size, date of operation, raw materials used, and products. According to BI researchers, China's potential as an export market for American companies is very limited. China, they conclude, is largely self-sufficient in paper production and in the ability to build machinery for the industry. This industry, centered in Heilungkiang Province and in Shanghai, has succeeded in developing many alternative non-wood and non-traditional raw materials for paper production, in order to make up for the chronic short supply of timber. This does not mean, however, that there are no opportunities for American sales at all. In the past, China has imported wood pulp, paperboard and kraft paper and, predicts BI, will continue to do so in the future. The PRC's main interest, however, will be in the purchase of prototype machinery and equipment from which to copy, as she has done in many other industries, thus conforming to the oft-touted creed of self-reliance. Companies may thus find some opportunities to sell equipment and pulp, and others will have the chance to import some types of paper which have become available for export. BI's study is available from Business International/Research Division, One Dag Hammarskjold Plaza, New York, N.Y. 10017, at (212) 759-7700. **New Journal on China's Economic and Human Geography . . .** As ties with the PRC increase, so do the number of journals and magazines dealing with all aspects of its culture. One of the very newest is *The China Geographer*, subtitled "The Journal of the Friends of the Chinese Landscape." These "Friends" are a group of faculty and graduate students at the University of California, who represent "probably the largest group of geographers in one school committed to the study of China." They hope to create "an open, serious but informal forum" for all those with interests in this area. Two issues have been published thus far. According to Editor Christopher L. Salter, Associate Professor of Geography at UCLA, the journal will consider Chinese landscape design and utilization, as well as broad aspects of the cultural, economic and physical geography of the Chinese world. Its statistical information and economic/trip reports may be of interest to market research specialists. The journal is published three times a year, Fall, Winter and Spring, with some additional special mailings planned. A year's subscription is \$9.00 from *The China Geographer*, Department of Geography, University of California, Los Angeles, California 90024. Manuscripts from interested parties are also welcomed. 完

CHINA FTC'S NEW TELEX NUMBERS

Three of China's foreign trade corporations will now be easier to contact. They have been assigned the following telex numbers:

MACHIMPEX: 22042, Answer Back CHIEC CN
SINOCHEM: 22043, Answer Back CHEMICN
TECHIMPORT: 22044, Answer Back CNTIC

IMPORTER'S NOTES

Briefly:

- **FDA tightening up on low acid foods.**
- **Chinese hire lawyers to register marks in the US. Meanwhile, a US firm registers marks in the PRC via Canada.**
- **Textiles from PRC continue falling, but communications and documentation problems with CHINATEX continue rising.**
- **Fiber technology to China?**
- **Friendly visit to Chinese chemical factories welcomed.**

IMPORTER'S COMMITTEE PLANS AHEAD

Importers' Steering Committee Has New Plans . . . On June 3, the entire Importers' Steering Committee met in New York. One of the first matters of the day was to elect a replacement for Mr. Sidney Sweet of C. Tennant, Sons & Co., who has retired. The Committee is pleased to welcome Mr. Charles Rostov of Trans Ocean Import Co., Inc., to membership on the committee and extends its appreciation to Mr. Sweet for his service. Among the other topics discussed were: the possibility of a Steering Committee delegation to China before the end of 1976 (a proposal for topics, dates and people will be given to Christopher H. Phillips to present to the CCPIT during his trip in July); the resolution that the Steering Committee be "enlarged to a body of twelve with new and rotating members to be appointed in September to take office in December 1976;" planning for a luncheon-meeting with commercial representatives of the Chinese Liaison Office; the drafting of reports by each of the subcommittees for discussions in October with each of the Foreign Trade Corporations. The next meeting of the Steering Committee is tentatively scheduled for August 31.

FOODSTUFFS

Low Acid Foods Scrutinized . . . In a form letter, the FDA notified all foreign and domestic producers of US-consumed, low-acid canned foods that import restrictions would be tightened as of September 1976. The legislation that permits the FDA to take such action was passed in July 1974, but import controllers decided to wait a reasonable period of time to give foreign producers an opportunity to comply with the two requirements of the act: (1) to register with the Food and Drug Administration and (2) to supply completed process filing forms for all low process foods. At this point, only four Chinese plants have registered with the FDA, the CEROILS branches in Dairen, Fukien, Kwangtung and Shanghai. As of September 1976, all foreign firms that have registered but have not yet sent in the completed process forms and have not had their products approved will be placed on a "block list." Such firms will not be allowed to sell low-acid canned foodstuffs in the United States until the requirements have been met. To be removed from the "block list," a firm will need to assure the FDA, either in writing or through a plant inspection, that the process system adheres to US Government standards. **Foodstuffs Subcommittee Sends Letter to China . . .**The

foodstuffs subcommittee of the National Council's Importers' Steering Committee has dispatched a detailed letter to Peking to open discussions with CEROILS officials on the problems and possibilities facing Chinese foodstuffs in the US market. The subcommittee was formed for the purpose of exchanging news among American importers, discussing foodstuffs import questions with officials of the Chinese and US governments, and acting as the focal point at the Council for arrangement of trade missions and information exchanges with China. In its letter, the foodstuffs subcommittee (1) discussed the US Government foodstuffs standards and urged that Chinese foodstuffs products with a significant potential in the US market be modified to meet the relevant technical requirements, (2) suggested that the Chinese consider granting exclusives to carefully selected firms in order to increase sales outlets, (3) pointed out the growing American interest in buying red meat and indicated Council wishes that arrangements be made to allow a US Government red meat inspection team to visit Chinese processing plants, (4) proposed discussions on labeling, delivering, scheduling and packaging, (5) informed the Chinese of the importance US Customs places on the continuity of supply on a long-term basis, (6) extended an invitation to CEROILS officials and to Native Produce officials handling foodstuffs for that corporation to visit the US, (7) indicated its desire to send a delegation to the PRC for "mutually beneficial discussions of matters related to expanding China's exports of food stuffs to the US." **Lawyers Retained . . .** At the Spring CECF, officials from CEROILS informed AMCHAM that several US lawyers had been hired by the Chinese to register trademarks for China in the US. **Essential Oils Prices . . .** British buyers at the Canton Fair reported that oil prices were well received by foreign buyers. For European firms, groundnut oil was between \$595 and \$600 per m.t. cif. while semi-refined cotton sold well at US\$510 per m.t. cif. on European terms. Tung oil, on the other hand, was reported in short supply at between \$635 to \$649 per metric ton, CIF, on European terms. **Skimpy on Shrimp? . . .** Importers are having difficulty obtaining shrimp directly from China and have resorted to buying via third countries. A great part of Chinese shrimp that is entering the US is coming into Los Angeles. A worldwide shortage of shrimp continues as do the higher prices. Since the first of this year, there have been no detentions of Chinese shrimp, but imports are continuing to

UPCOMING CHINA EXPORT FAIRS

NATIVE PRODUCE	Native Produce/ Forestal/Fireworks	Kwangchow August 5-12
LIGHT INDUSTRY (tentative)	Arts and Crafts	Shanghai/ Kwangchow Peking August
MINMETALS	Hardware	Shanghai September

CHINA'S ESSENTIAL OIL EXPORTS TO US

Type	Volume 1974 (US \$)	Price per kilogram	Rank among US importers	(US \$) Volume 1975	Price per kilogram	Rank among US importers
Anise Oil	114,358	10.59	1	349,113	11.55	1
Camphor Oil	17,715	2.45	2	1,867	0.93	2
Cassia Oil	607,464	31.32	1	960,592	30.28	1
Citronella Oil	1,172,371	6.10	3	35,896	9.06	4
Eucalyptus Oil	13,325	14.81	9	22,975	25.58	5
Geranium Oil	11,147	46.45	10	19,617	49.04	7
Lemongrass Oil	498,198	6.15	2	110,150	3.99	2
Menthol	40,250	67.08	10	45,515	18.28	8
Pineneedle Oil	1,859	3.65	9	9,757	9.57	4
Essential Oil, not elsewhere specified	1,457,493	4.02	3	500,664	3.27	6

Source: *Foreign Agricultural Circular*; May, 1976.

drop since the record high in 1974. Import figures for shrimp from China to the US are as follows: 1971—29,635 lbs.; 1972—81,804 lbs.; 1973—416,299 lbs.; 1974—2,990,610 lbs.; 1975—1,335,638 lbs. (source: US International Trade Commission). Imports of shrimp now make up about 52 percent of US consumption. Major exporters to the US are Mexico, India, Panama, and Ecuador. The US shrimp-fishing industry, fearing that imports may damage its business, has asked for import relief in the form of adjustment assistance to the domestic industry catching and landing shrimp. **Chinese Potatoes?** . . . Imports of dehydrated potatoes from China have risen from 1,000 lbs. in 1973 to a grand total of 19,000 lbs. in 1975, making China the second largest supplier to the US after Canada.

TEXTILES

Textile Meetings . . . Both the National Council Textile Garment Committee and the Textile and Fiber Committee held meetings in New York on June 16 to discuss the present state of US-China textile trade. **Poor Communications:** Members of the Committee agreed that the primary problem in trading with China was poor communication, or lack of communication. Communication has been particularly unsatisfactory during the last few months. Buyers wish that CHINATEX would acknowledge the receipt of their cables even if the information requested is not yet available. Sending communications in Chinese often precipitates more prompt replies but, generally, cannot apply to telegraphic communication. American garment and textile companies would like to explore the possibility of having a textile representative in Peking who would act on behalf of all companies in expediting matters. **Lack of Documentation:** Another very serious problem discussed was lack of adequate documentation. Often the descriptions on the documents are incomplete, or some documents are missing. Sometimes goods arrive before the shipping documents. If documents are not on hand when the goods arrive, the goods are impounded by US Customs which causes the importer extra charges and crucial loss of time, particularly when the shipment is by air or T.A. **No Visits to Factories** . . . A constant complaint of the importers which again surfaced during the Textile and Fiber meeting con-

cerned restraints on visits to the Chinese factories producing their goods. Most other countries, including centrally planned economies such as Romania, have allowed US buyers or their representatives to visit factories. **Mutual Exchange of Information:** . . . Committee members complained that China is reluctant to divulge information on production essential to planning an import or export program. Yet, CHINATEX continues to request such information from the companies with which they are trading. Unless China is willing to have some sort of mutual exchange of information, buyers will continue to be cautious about committing themselves to a long-term program with China. US importers would like to have some idea of China's production plans and the quantity China expects to allocate to the United States for the next two quarters or more, so that they will be able to plan for future purchases. **Quotas: Less Ominous:** The threat of US quotas is, for the moment, less ominous due to the steady decline in Chinese textile exports to the US. From April 1975 to December 1975 imports of Chinese fabrics rose from \$4.3 million to \$32.7 million; yet, a substantial change was seen in January 1976 when imports went down to \$19.8 million and by April the amount dropped to \$14.6 million. Members will continue to work toward avoiding imposition of a formal quota, if possible. **Price Changes:** Committee members felt that, in the case of samples being made without a written contract, a buyer should be notified of any price changes upon receipt of samples and such prices should hold firm for a limited amount of time. **Fewer Cotton Sales in the Future:** At the Spring Canton Fair, prices were up 20% to 30% and CHINATEX warned that prices would be still higher in the future. US importers fear China will price itself out of the US market as garment inventories are building up again, particularly cotton inventories, which will bring domestic prices down in the near future. In addition, the importance of the cotton garment market is limited as the average American is still oriented to synthetic blends. CHINATEX is anxious for importers to commit themselves in advance, but with the lower US prices, buyers will be very reluctant to buy for the future. **FOB: Freight costs from Hong Kong are rising.** Importers hope that CHINATEX will determine the FOB price with some degree of accuracy on US Customs forms, taking into con-

sideration higher freight costs. At times, Chinese sellers put down a low freight cost on the US Customs forms which makes the cost of the product look higher and, consequently, the US import duty will be more. **Slow-Down in Delivery:** Importers have noticed a definite slow-down in delivery. During the last few months, delivery dates have been pushed forward. One buyer who placed an order during the Fall Canton Fair for delivery in June 1976 was told this spring that delivery would be moved to July/August, and recently a new date was set for September. Buyers faced with late deliveries and possible cancellations from US customers or seasonal deadlines have no recourse.

China's Buying Plans: It was suggested that China now has a strong interest in establishing long-term relationships with key industries in the US. Up to this time, China has looked to companies for technical ideas for plant facilities. Yet it was felt that China is not aware of other items for export that could be supplied on a continual basis, such as fiber technology. **Textile and Fiber Report:** Members of the Committee will present a new Textile Report to CHINATEX during the Autumn Fair 1976. The Committee would like to update and supplement the previous report and encourages those who attended the meeting (as well as other new members unable to attend) to contribute to the report with suggestions for improving trade in textiles and fibers or with information on the US industry which they feel will aid CHINATEX in understanding the US market. These should be sent or telephoned to Veronica Yhap, Dragon Lady Traders, 1185 Park Avenue, New York, New York 10028. Tel: (212) 289-2582 or to Robert Boulogne, J. C. Penney Company, 1301 Avenue of the Americas, New York, New York 10019, (212) 957-5998.

CHEMICALS

Regulations Hurt Chinese Exports . . . In an AMCHAM interview, held in Kwangchow May 5 and 7, a Chinese official reported that China's chemical exports to the US are limited and not particularly profitable because of high freight costs and customs tariffs. The official also indicated that the Chinese would like to expand exports of pharmaceutical raw materials which, because of their relatively high per unit cost, are more economical to ship. However, he added that such an expansion would be difficult in light of the heavy restrictions imposed by the US FDA. On the question of plant inspections, it was asserted that such demands were unacceptable in principle although friendly visits would be welcome. **Chemical Packaging . . .** Chemical packaging is decided upon by the producer, not the FTC involved in its export, according to a SINOCEM official who was in attendance this Spring's Canton Fair.

TRADEMARKS

Blue Bell Goes Through Canada . . . Blue Bell, Inc. of Greensboro, N.C., has just completed registration in the PRC of its trademarks, Wrangler, Blue Bell and "W" stitch. The registrations are in the name of the company's Canadian subsidiary, Blue Bell Canada, Ltd., since US firms cannot be involved in such dealings until this country has entered into a bilateral trademark agreement with China. Blue Bell's trademarks are protected until May 1986 and cover general apparel, boots, and moccasins. Blue Bell decided to take this step "just for the protection of its trademarks," according to a member of its Greensboro legal department, Terry Weatherford. The company has thus far

made no attempt to market its goods in China, nor does it have any concrete plans to do so in the future. "We believe we are one of the first companies to obtain such a registration," Weatherford commented. He said Blue Bell became interested in registering its trademarks in China in early 1972 at the time of the signing of the Shanghai Communiqué. It was five years later that the company was able to complete registration because of the problems involved in finding a country with a reciprocal trade agreement with the PRC which also has all of its trademarks registered. They first tried Sweden and Great Britain, but were headed off by technicalities. Canada established a trade agreement with the Chinese in early 1974 and by the end of that year, Blue Bell of Montreal had begun negotiating through its trademarks attorneys. Its application was approved by the China Council for the Promotion of International Trade, but was handled by the Central Administrative Bureau for Industry and Commerce of the Ministry of Foreign Trade, which issued the registration certificate.

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METALS ON DISPLAY AT THE 39th CHINESE COMMODITIES EXPORT FAIR: CANTON, SPRING 1976

RARE EARTHS

Rare Earth Trioxide	Yttria
Samarium Oxide	Neodymium Oxide
Ytterbium Oxide	Terbium Oxide
Cerium Dioxide	Cassiopeium Oxide
Thulium Oxide	Helium Oxide
Prasodymium Oxide	

NONFERROUS METALS

Mercury	Tellurium
Zerim Sand	Cadmium
Zucomium Oxide	Aluminium 99.99%
Zucomium Hydroxide	Arsenic 99.99%
Complex Beryllium	Tin 99.99%
Wolfram Ore	Antimony 99.99%
Special	Copper 99.99%
1st	Kwansi Tin (Kwangtung)
2nd	Yunan Tin Ingots
Beryl	Gallium Spec. ba.
Shelete Ore	99.9-99.999%
1st	Mang. Dioxide Ore
2nd	Metallic Manganese
Molybdenum Oxide and Ore	Sintered Manganese
Ferro Titanium Ore	Mang. Dioxide in powder
Selenium in Powder	Ferruginous Mang. Ore
Columbite Grade	Antimony Regulus
Ta 205 + Nb 205	Antimony Sulphide
60% min.	in powder
55% min.	Antimony Trioxide
Lithionite	Crude Antimony
Xenotime	Antimony Ore
Grade 1 34% min.	Antimony Ore
Grade 2 30% min.	(Floating Selected)
Wolfram in powder	Single Crystalline Silicon
Metals in High Purity	Artificial Piezoelectric
Zinc	Quartz

**CHEMICAL COMMODITIES FOR EXPORT THROUGH CHINA NATIONAL
CHEMICALS IMPORT AND EXPORT CORPORATION, HOPEI & KIANGSU BRANCHES**

Canton, May 1976

HOPEI

China National Chemical Import and Export Corporation, Hopei Branch

Address: 52 Peima Road, Shihchiachuang, China

Cable: SINOCEM SHIHCHIACHUANG

PHARMACEUTICALS

Dextrose Monohydrate Formula: $C_6H_{12}O_6 \cdot H_2O$; M. W.: 198.2; Description: Colourless crystals, or a white or cream-coloured crystalline or granular powder; odorless; taste, sweet; Specifications: B. P. 1968; Uses: Dextrose is given orally as a readily absorbed carbohydrate in all conditions associated with insufficiency of carbohydrates. In providing a source of rapidly available energy for patients with low fat tolerance, dextrose promotes assimilation of fats. It is widely used in severe nutritional disturbances of infants, especially when accompanied by diarrhea and vomiting; Packing: in 25-kilo bags.

Glucose for Injection (Details not available)

Indomethacin Specification: B. P. 1973; Uses: Indomethacin is a new non-steroidal anti-inflammatory reagent, which belongs to the indole derivatives, it has significant anti-inflammatory activities as well as excellent analgesic and antipyretic action. It is used to cure rheumatoid arthritis, alkylosing spondylitis, gout and osteo-arthritis. But it is also effective for various inflammatory pain or inflammatory symptoms after having trauma, surgery, and clinical inspection. Packing: In 25-kilo iron drums.

Methyle Violet (Gentian Violet) Specification: B. P. 1968. Uses: Commonly used as disinfectants and antiseptics. Packing: In 1-kilo tins, 12 tins to a carton or 25-kilo iron drums.

Vitamin B₁₂ (Details not available.)

Ergometrine Maleate (Details not available.)

Jiemycin Hydrochloride Jiemycin Hydrochloride is identical with lincomycin hydrochloride produced elsewhere. It is a white crystalline powder, with bitter taste and faint or special odour. It is freely soluble in water and is, in the main, effective against gram-positive cocci. Indications: Jiemycin Hydrochloride is chiefly indicated in myelitis, infections in the respiratory tract, the soft part and ENT tissues, septicemia and scarlatina, which are due to gram-positive cocci, such as staphylococci, streptococci, diplococci pneumoniae and the like. The drug is also effective against infections due to anaerobes, clostridium tetani, bacillus aerogenes capsulatus, corynebacterium diphtheriae and mycoplasma pneumoniae. Besides, Jiemycin Hydrochloride has been demonstrated to be effective in the treatment of staphylococcal infections resistant to other antibiotics and susceptible to jiemycin. Packing: In one-kilo aluminium cans.

Theobromine Description: A white crystalline powder with a slightly bitter taste. Specification: Theobromine $C_7H_8N_4O_2$ 99.0% min. Uses: Theobromine is a diuretic. It is used to treat chronic nephritis and swelling disease of cardiopatiens. Packing: In 5-kilo tins, 4 tins to a carton.

Vitamin BT (Details not available.)

CHEMICALS

Corn Protein Powder Specification: Protein Contents 40% up; Fat 5-10%; Moisture 12% max; Starch 40% max. Uses: Food industry: gourmet powder, soya-sauce. Pharmaceutical industry: antibacterial culture medium. Chemical industry: artificial wool, etc. Packing: in 25-kilo burlap bags lined with plastic bags.

Sodium Bromite Formula $NaBrO_2$; M. W.: 134.9. Description: Clear yellow liquids, Decompose on heat and light. Stable in alkaline solutions, React violently with strong acids. Specification: Sodium bromite concentration: 60-80 g/L Effective Br: 142-190 g/L; PH of aqueous solution: 13-14; Uses: Useful as desizing agents of textiles. Packing: in drums. Precautions: It is a powerful oxidizing agent and may decompose violently; therefore, it must be stored in a cool place (below 30-35 C), and kept away from external heat and light.

KIANGSU

China National Chemical Import and Export Corporation, Kiangsu Branch

Address: 50 Chung Hwa Road, Nanking, China

Cable: SINOCEM NANKING

THIOUREA

99% bag 50kg

SODIUM HEXAMETAPHOSPHATE

P_2O_5 60-65% drum 50kg

Fe 0.15%

DICALCIUM PHOSPHATE (DENTAL)

bag 50kg

STRONTIUM CARBONATE

96% min, glass fibre bag 25 kg

ETHYLENE DICHLORIDE

99.8%, galvanized iron drum 200 kg

INOSITOL

97% min, drug 50 kg

PARACETAMOL BP1968

plywood keg 25 kg

LACTIC ACID (EDIBLE)

80% min, plastic container 25 kg

CALCIUM LACTATE BP1968

plywood keg 50kg

WEIGHING MACHINES

INFANT SCALES

CHINA ECONOMIC NOTES

From Chinese Media Reports

GENERAL

First Quarter Growth . . . The first quarter of 1976 saw reasonably strong growth in China's industrial sector. Machinery production for that period was 10 percent above the level for the same period of 1975; this rate is somewhat better than the 9.6 percent average annual industrial growth estimated by UCBR for the 1971-1975 Five-Year Plan. In accordance with the current drive for agricultural mechanization, the Chinese press emphasized the increase in agricultural support machinery, such as handguided tractors, internal combustion engines and rubber-tire handcarts, which grew for the first quarter of 1976 to between 21 and 32 percent above last year's level. Tractors, which promise to be the backbone of agricultural mechanization, were manufactured 33 percent more rapidly than they were last year, according to the Chinese media. **Light Industry Above Average . . .** Light Industrial production grew at an annual rate of 11 percent during the first quarter, by Chinese press accounts. The most striking advances were seen in salt, gunny bags, detergent and wrist watches, all of which enjoyed production levels over 20 percent above last year's first quarter. That light industrial goods exceeded machinery in growth is surprising; since China's planners do not normally emphasize consumer products, it could be that light industrial production is being encouraged to expand exportable commodities to reduce balance of payments difficulties.

AGRICULTURE

The Fish Are Biting . . . While it is still too early in the year to have reports on standard agricultural harvests, the Chinese media have devoted much copy to fish catches. The most notable example comes from Chekiang Province where the catch for the first quarter was 200,000 tons, double the 1975 output for the same period. **Farm Supplies Skyrocket . . .** In lieu of harvest figures, the Chinese press reports that industrial products in support of agriculture have increased impressively. In the first quarter, chemical fertilizer, internal combustion engines, tractors and other equipment supplies increased 40 percent over last year's. Insecticides supplied were up 23 percent. **Increased Irrigation Systems . . .** Stories periodically surface in the Chinese press on the vast amount of land that has been opened to irrigation or protected from potential floods. According to May 1976 accounts, over 20 million mou of newly irrigated land and 20 million mou of newly protected land were added to the Chinese agricultural scene in each of the last five years. However, in metric terms, these advances are equivalent to only 1.2 million hectares for new irrigation and 1.2 million hectares for new protection. Considering China's total cultivated land is approximately 155 million hectares, these combined yearly advances are affecting only 1.6 percent of the relevant acreage. **Unbalanced Fertilizer Expansion . . .** As part of the continuing coverage of chemical fertilizer development, a May 1976 local Shantung press account reported that the province's nitrogenous fertilizer production in the

first quarter of 1976 was 41 times higher than the 1965 figures. Phosphate fertilizer production, however, was only five times the 1965 figure. For properly balanced chemical fertilization, these two types of fertilizer should grow at the same rate.

MANUFACTURING

China Number 5 in World Steel Production . . . According to an article published by *World Mining*, the PRC with its 30 million metric tons in 1975 is the fifth largest raw steel producer in the world. China followed the Soviet Union (142), the United States (106), Japan (102), and West Germany (40). Although the difference would not alter China's rank, UCBR estimates China's raw steel production somewhat below the *World Mining* figure at 26 million metric tons. **Coal Mining Record Set . . .** Following the recent drive to break bottlenecks in the iron and steel industry, Chinese press gave major coverage to a national record for the amount of coal extracted from one fully-mechanized work face. The winning team was No. 5352 of the Kailuan Coal Mines. The team not only set the monthly record in April with 125,393 tons of coal, but also broke the old daily record with 11,809 tons on April 14. The press accounts declared that the team had reached advanced world standards. **Advances in Machine Tools . . .** In the past two months, the Chinese press has heralded the development of revolutionary machine tools. One account reported the No. 1 Heavy Machine-Building Plant in Harbin, Heilungkiang, produced new 3,500-ton open-ended binary power presses and 8,000-ton forging and pressing machines. Meanwhile, an NCNA general machine tool industry survey announced noteworthy advances in production of high precision, heavy duty, combination and digital controlled machine, plus automated assembly lines. New varieties of fully automated, heavy duty thread grinders; large, double-column jig borers; large planer-type, milling machines; high precision engraving machines; and laser testers for lead screws were also mentioned.

PETROLEUM

Drop in Petroleum Expansion . . . China's crude output rose 12.7 percent in the first quarter of 1976, an acceptable level, except when compared with the 1971-75 average annual growth rate of 21.9 percent or 1975's growth of 17.7 percent. **Oil Centers Shift . . .** While Taching is still lauded as the epitome of socialist industries, its reported production for the first quarter of 1976 was only 11.3 percent higher than 1975, according to NCNA accounts. Development of the Taching field has most definitely not been abandoned. The first two months of the year saw a 41.7 percent growth in the total drilling footage, a 15-fold increase in the number of wells under down-hole repairs, and a 26.2 percent rise in the mileage covered by seismic exploration. Nevertheless, the Taching increases do not compare with the 33 percent growth in first quarter Shengli production over last year's first quarter. Even more interesting is the renewed interest in old oil fields. On May 3, NCNA reported that there were 43 percent more oil

workers in Sinkiang than there were in 1966. This shift may be predicated by the recent improvements in China's secondary recovery techniques. **Two Oil Drilling Records . . .** New Chinese records were set for oil well depth and oil well drilling speed in the first six months of 1976. The new national record for meters drilled in a single day is held by the Shengli drilling team No. 3252 which, on May 20, 1976, recorded drilling 1,244.45 meters. Probably more important was the new drilling depth record set by petroleum well-drilling team No. 7002 in Szechuan Province. Their well was sunk during the spring of 1976 and reached a reported depth of 6,011 meters. **New Chinese Produced Petroleum Equipment . . .** China's first 1,200 atmospheric pressure stratum fission machine was reported in a local news report on June 5, 1976. The machine, which was designed for petroleum production, is used to force high-pressure liquid through oil or natural gas wells to widen and extend stratum rifts in order to increase production. The machinery was said to have been built by the Lanchow General Machinery Plant in Kansu within a period of nine months. **How Much Oil in 1975? . . .** China produced over 80 million metric tons of petroleum in 1975, according to a recent edition of *Oil & Gas Journal*. The article claimed that China had increased crude oil production 20 to 24 percent in 1975 compared with 1974 and that the 1975 Chinese output was 1,620,000 barrels per day (approximately 81 million metric tons). Their reading is more optimistic than UCBR's which holds the 1975 increase to 17.4 percent with an output of almost 77 million metric tons (approximately 1,530,000 barrels per day) in 1975.

POWER GENERATION

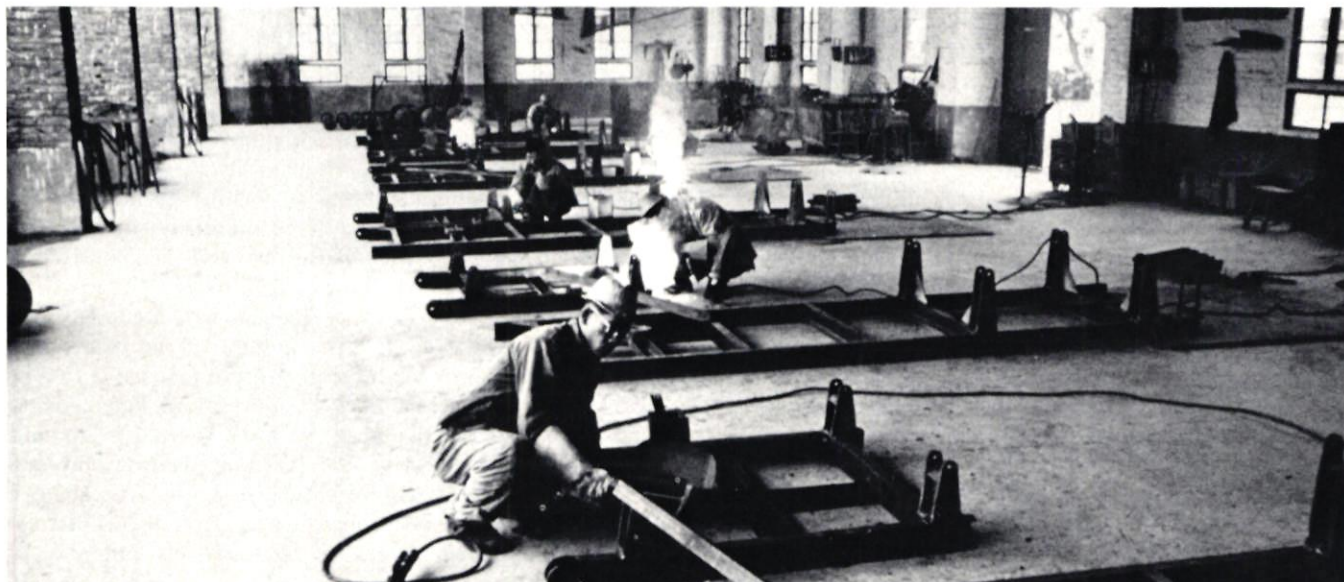
Large Increase in First Quarter . . . In the first quarter of this year, China's electricity output rose by 17.8 percent over the same period of 1975, according to an NCNA account in April. The most publicized advance in power generation equipment was a set of two 110,000-volt power transmission lines in Changwei Prefecture, Shangtung Province. The total length of the high-tension power lines was reported to be 166.8 kilometers. **Expansion in Provincial**

Power Generation Capacities . . . Simultaneous with the Chinese national drive to improve power generation capacities is a drive to make provinces self-sufficient in power generation equipment. According to a Hong Kong Press account, Shangtung is such a province. While it could not produce any substantial power generating equipment in 1965, its current production capacities now include power transmission lines in excess of 35-kv and 50,000 kw double water internal-cooled generating units. The largest generating units found in the province, 125,000 kw, had to be imported from other regions of China. **Energy Economy . . .** Concern over wasted fuel is now a feature of modern China. Press accounts hailed the improvement of generating facilities which could produce two and a half times as much power out of the same amount of fuel as old models.

TECHNOLOGY AND TECHNIQUES

Steel Roping . . . China is now manufacturing machines capable of producing 1,000-strand steel ropes. The equipment is manufactured in Harbin through a six-stage process complete with 276 tons of hardware; and production of the rope-makers reportedly fills a gap in China's machinery industry. The rope itself is three times stronger than previous lines. **High-Speed Liquid Packing . . .** The workers of the Shanghai Reagent Plant along with scientists from the Lanchow Institute of Chemical Physics (Chinese Academy of Science) have begun trial production of fourteen kinds of packing materials for high-speed liquid chromatography. The technique, which uses separation and analysis methodology, has been under development for the last ten years. **Chemical Analysis Machine . . .** A new instrument for determining specific surface area and pore size distribution was reported developed by the Institute of Chemistry (Chinese Academy of Science) and the Peking Analytical Instrument Factory, according to a March 6 NCNA account. The instrument which makes its measurements through the principle of the absorption and condensation of cryogenic nitrogen will be of use in the petroleum, metallurgical, building materials, electrode and national defense sectors of the Chinese economy. NCNA states that the technology is up to "advanced international standards."

Chinese workers in steel plant.



Peking Production . . . In a general survey of Peking Municipality advances since the Cultural Revolution, several technological developments were revealed. Among other things, Peking workers now produce big hybrid analogous computers, atomic clocks with a tolerance of 1 second per 15,000 years, precision laser range finders with maximum range of 40 kilometers, high-power radio transmitting sets, and color television transmitters. **Electron Microscope . . .** A new electron microscope has been developed by the Peking Scientific Instrument Factory (Chinese Academy of Science) during the past year. The microscope, which was in development for nearly a decade, has a high resolving power and is capable of distinguishing fine detail at about 100 Angstroms (100 ten-billionths of a centimeter). According to reports, the instrument displays a three-dimensional image so that it may be used in examinations of microscopic fissures in metal, catalytic surfaces, and entire plant spores. The microscope may also be used in conjunction with an X-ray machine.

TRANSPORTATION AND COMMUNICATIONS

Red Flag Shipyard Turns Out Eighth 24,000-Ton Tanker . . . China's most advanced large tanker producer, the Hungchi (Red Flag) Shipyard in Dairen, Liaoning, launched its eighth 24,000-ton tanker on April 15, 1976. The tanker, "Taching #44" was the third such vessel to be produced by the yard this year. **Meanwhile, Shanghai Shipyards Also Prosper . . .** The Shanghai shipbuilding industry in the past six years has produced forty-four 10,000-ton vessels. That shipyard's specialty seems to be 10,000-ton dredgers, petroleum prospecting ships, oceanographic inspecting ships, large passenger ships and 10,000-ton floating docks. **Talien Port Opening . . .** The largest oil tanker berthing facilities in China were inaugurated at a meeting attended by 10,000 people on April 30. The two berths, which are 100,000-ton and 50,000-ton class models, had been under construction since November 1974 according to press accounts. **Cargo Handled at Chinese Ports Increases . . .** The volume of cargo handled by Chinese ports increased by 9.2 percent in the first quarter of this year over the 1975 figure for the same period. The volume, being 4.2 percent over the previous record for any three-month period, set a new Chinese record. This improvement is probably a result of the general harbor expansion which was begun in 1972. Individual ports were reported to have even more impressive improvements. For instance, the turnover at Chingtao was up 27.1 percent in the first quarter over 1975. Tsingtao also increased its first quarter volume of cargo handled by a large margin, 14.3 percent, reportedly due to better communication with "coal mines, oil fields and railway bureaus to coordinate for transportation of goods." It was not clear, from Chinese accounts, whether the increases in port turnovers were a result of additional foreign trade or expanded usage for sea routes for domestic shipments. **600 Meter Highway Bridge Spans Pengchiang River . . .** The bridge, which holds a 13.5 meter wide highway plus two sidewalks, is constructed upon an 11 arch, national style configuration. The largest arch reportedly spans 70 meters and is at least 9.5 meters above water level at all points. It took two years and 270,000 man days of voluntary labor to complete the bridge which has a capacity of 20 tons. **Canton Drops Steam Engines . . .** The Canton news



Charles Abrams (l.) of China Trade Corporation kicks off the New China Sporting Goods Corporation with Don King, promoter of heavyweight boxing title bouts, who will select athletes to endorse Chinese product lines in the US.

bureaus announced on May 16, 1976, that the Canton Railway Lines would discontinue use of steam locomotives effective immediately. **Two Separate Advances in Electronic Communication Systems . . .** In Kansu Province, the Kansu Telecommunications Equipment Plant reports that it can now manufacture transistorized, 12-channel microwave carriers in addition to 100, 200, and 500-channel semi-electronic switchboards. In the same NCNA account, mention was made of a 60-channel video transmission machine capable of transmitting photos, illustrations, reports, and whole pages of newspaper, to be completed in Lanchow shortly. The second advance came in the form of a microwave trunk line which now links Peking with twenty provinces, municipalities and autonomous regions. The line is equipped with a 960-channel, transistorized unit and a 600-channel electron tube microwave signalling system. 完

RMB DOLLAR RATES AS OF JUNE 1976

Date		RMB/US\$	RMB US¢/	RMB/US\$ % Change
February 12	Bid	1.9516	51.2400	
	Offer	1.9418	51.4986	
	Median	1.9467	51.3689	+0.10
March 2	Bid	1.9613	50.9865	
	Offer	1.9515	51.2426	
	Median	1.9564	51.1142	+0.50
March 12	Bid	1.9691	50.7846	
	Offer	1.9593	51.0386	
	Median	1.9642	50.9113	+0.40
May 18	Bid	1.9789	50.3331	
	Offer	1.9691	50.7846	
	Median	1.9740	50.6596	+0.50
June 8	Bid	1.9710	50.7357	
	Offer	1.9612	50.9892	
	Median	1.9661	50.8621	-0.40
June 29	Bid	1.9651	50.8880	
	Offer	1.9553	51.1430	
	Median	1.9602	51.0152	-0.30

Source: NCUSCT based on data supplied by the Standard Chartered Bank.

CHINA'S MINERALS AND METALS TRADE 1957-74

CHINA'S IMPORTS, BY VOLUME

Product	Unit of Measure	1957	1965	1970	1971	1972	1973	1974
Iron and steel								
Finished steel	Thousand metric tons	530	750	2,200	2,200	2,200	3,700	3,650
Iron ore	Thousand metric tons	240	10	30	30	30	60	1,750
Pig iron	Thousand metric tons	—	—	100	700	700	1,000	800
Steel alloys	Thousand US \$	100	100	200	800	2,600	1,900	1,400
Steel scrap	Thousand metric tons	—	10	150	350	350	650	300
Other metals								
Aluminum	Thousand metric tons	4	5	20	75	100	110	75
Cadmium	Kilograms	—	—	25	45	25	70	5
Chromium	Thousand metric tons of concentrates	20	90	140	160	240	250	220
Cobalt	Metric tons (metal content)	50	500	250	100	900	900	1,400
Copper	Thousand metric tons	3	30	80	90	100	170	140
Lead	Thousand metric tons	—	7	27	15	14	25	32
Magnesium	Thousand metric tons	0.2	0.2	1.8	1.7	4.9	4.8	2.9
Nickel	Thousand metric tons	2	8	8	11	15	29	29
Platinum metals	Kilograms	500	5,700	3,200	1,300	4,300	5,600	1,600
Tantalum	Metric tons	—	—	—	1	1	0.3	0.6
Titanium	Thousand US \$	1,185	132	561	71	238	176	1,002
Tungsten	Metric tons	—	Negl.	2	11	14	9	33
Zinc	Thousand metric tons	3	5	24	23	8	8	8
Nonmetallic minerals								
Diamonds	Thousand US \$	—	558	25,327	17,472	14,279	16,170	4,336
Precious and semi-precious stones	Thousand US \$	206	223	111	109	218	770	650
Phosphates	Thousand metric tons	20	700	800	1,000	1,100	1,800	400
Sulfur	Thousand metric tons	—	—	25	—	250	420	200

CHINA'S EXPORTS, BY VOLUME

Iron and steel								
Finished steel	Thousand metric tons	90	350	250	350	400	450	350
Iron ore	Thousand metric tons	630	230	—	—	—	—	—
Pig iron	Thousand metric tons	215	600	10	10	10	15	10
Other metals								
Aluminum	Thousand metric tons	1	2	Negl.	1	1	3	1
Antimony	Thousand metric tons (metal content)	3.5	3.5	2.0	5.4	6.9	7.6	5.9
Bismuth	Metric tons	25	80	2	1	—	—	—
Cadmium	Metric tons	11	—	38	—	—	—	—
Copper	Thousand metric tons	0.2	0.8	0.2	3.4	0.8	1.8	0.4
Gallium	Thousand US \$	—	—	—	46	233	746	464
Lead	Metric tons	17,000	50	50	100	200	500	1,000
Manganese	Thousand metric tons of ore	5	38	43	52	50	51	65
Mercury	Thousand flasks ¹	22	13	5	6	4	7	8
Molybdenum	Metric tons	—	276	—	200	—	—	30
Tin	Thousand metric tons	24.0	7.7	6.0	8.2	8.0	9.5	10.2
Titanium	Metric tons	—	—	—	141	701	625	490
Tungsten	Thousand metric tons of 60% WO ₃ equivalent	29.7	14.0	7.1	10.1	11.3	12.3	11.1
Zinc	Thousand metric tons	1.0	0.2	0.3	0.3	0.6	1.8	2.7
Nonmetallic minerals								
Asbestos	Thousand metric tons	2.1	2.0	0.2	0.1	0.9	0.9	2.2
Barites	Thousand metric tons	10	20	60	55	75	78	125
Bauxite	Thousand metric tons	1	1	5	3	12	20	28
Diamonds	Thousand US \$	248	414	679	1,014	559	2,256	1,622
Fluorspar	Thousand metric tons	150	180	200	170	200	290	360
Graphite	Thousand metric tons	5.5	9.2	9	7	9	12	16
Magnesite	Thousand metric tons	130	16	20	18	18	49	71
Mica	Metric tons	112	100	2,200	2,500	1,500	2,000	4,500
Precious and semi-precious stones	Thousand US \$	794	1,011	3,168	5,993	9,310	17,522	7,416
Salt	Thousand metric tons	750	920	1,100	1,050	1,160	1,060	960
Sulfur	Thousand metric tons	85	45	2.4	2	1	1	2
Talc	Thousand metric tons	96	83	87	120	161	208	235

1. One flask equals 34.5 kilograms; 29 flasks equal 1 metric ton.

Source: CIA Research Aid, March 1976

INTERNATIONAL CHINA NOTES

BUYING REPORTS

Chemical Purchases from Japan Plummet—Japanese chemical manufacturers were surprised and disappointed with Chinese orders for chemical products at the Spring Canton trade fair which totaled ¥6,000 million, barely half the volume contracted for at the Fall Fair. Imports were reduced on all chemicals except methanol, acetic acid and ethylene glycol. The sharp reduction in orders has been attributed to more stiff price competition from European chemical firms and to China's determination to right its trade imbalance with Japan. A Chinese trade representative, commenting on the Sino-Japanese trade situation, said the situation can right itself eventually through reciprocity and equality. According to the June *China Trade Report* Hsiao Wen-hsin, chairman of the Chinese Exhibition Mission at the Osaka International Sample Fair, said China would like Japan to buy more textile goods, livestock products and food items. **Processed Nylon**—China has ordered 1,300 tons of processed nylon from three Japanese companies, according to a mid-June report from Japan. Also, according to the report, the three companies (Toray, Unitika and Asahi Chemical) began negotiations in Peking in June for sales of nylon filament yarn, nylon tire cord and acrylic staple fiber. **Malaysian Rubber**—A delegation from the China National Chemicals Import and Export Corporation arrived in Malaysia on June 21 to discuss direct purchases of rubber. The transactions would be handled through a purchasing unit to be set up at the Chinese Embassy in Malaysia. The delegation also held talks on the shipment to Europe of Malaysia rubber via Chinese vessels. **Aluminum Ingots**—Sumitomo Chemical Co. Ltd. has reluctantly agreed to sell to China 2,000 tons of aluminum ingots at \$860 per ton, far below the domestic price of ¥326,000 per ton. The company agreed to the contract—which was negotiated at the Spring 1976 Canton Fair—in consideration of its negotiations with the Chinese on the export of polyethylene and PVC resin. **Polyester-cotton fiber**—Japan's hopes for maintaining its volume of exports to China of polyester-cotton fiber were dashed when China limited its contract for July-October shipment to 20,000 tons. During the January-June period, China's imports had totaled 41,000 tons. The new contract was negotiated at the Canton Fair and later in Peking. **Polyester Staple Fiber**—Six Japanese polyester makers will ship 22,000 tons of polyester staple fiber to China between July and October 1976. Companies and volume involved are Teijin, 8,400 tons; Toray, 7,600 tons; Kuraray, 3,200 tons; Toyo Spinning, 1,200 tons; Unitika, 1,000 tons and Kanegafuchi Spinning, 600 tons. Though the price was not disclosed, it is believed to be slightly higher than that negotiated for the first six months of 1976. **Polyester Polymerization Plant**—Teijin of Japan concluded a contract with MACHIMPEX for the sale of a polyester polymerization plant capable of producing 80,000 tons of polyester per month. According to a Japanese account, the deal, worth 12 billion yen, calls for a 10 percent initial payment, 20 percent on delivery, and the remainder in five-year installments after the plant is in operation. **Licenses and Know-How from Italy**—TECHIMPORT concluded lengthy

negotiations with Nuovo Pignone of Italy with a contract signed on June 9 for licenses and know-how in connection with the manufacture of centrifugal compressors. The contract, reportedly worth about \$10 million, is the largest of its kind between an Italian firm and a foreign partner according to Italian sources. The agreement involves training for Chinese engineers in Italy and technical assistance in China provided by Italian engineers. Nuovo Pignone is also negotiating in Peking for the sale of automation systems for compressors. **Methanol**—At the Spring Canton Fair, China ordered 15,000 tons of methanol from four Japanese manufacturers—Sumitomo Chemical, Mitsui Toatsu Chemicals, Mitsui Gas Chemical and Nippon Chemical. Negotiations over price—which ranged from ¥55 to ¥65 per kilogram—continued in May. **Japanese Steel**—Japanese sources report an inquiry from China for an additional 105,000 tons of steel products to be delivered before the end of August. **Australian Sugar**—Australia was awarded a PRC contract for 150,000 tons of sugar, far exceeding its previous high of 66,000 tons in 1973. The announcement of the contract was made in Melbourne on June 1. **PVC Orders**—Japanese PVC makers did not receive the expected Chinese order for 7,300 tons of PVC. Instead, China ordered only 3,000 tons for loading in May and after. **Toyota Trucks**—China's MACHIMPEX has ordered 92 Toyota trucks in six different models ranging from 1-ton to 2.5-ton capacity from the Japanese firm, by the end of July. **Steel**—According to Japanese sources, China's Vice Premier Ku Mu has indicated China's purchases of steel for 1976 will equal that of 1975, despite the slow beginning. **The Movie Business**—In what is believed to be the first successful direct negotiation between an American film distributor and the PRC, the Revolutionary Committee of the China Film Corp. has purchased American International's "Wuthering Heights."

SELLING REPORTS

Fuel Oil—C. Itoh and Company, which imported 20,000 kiloliters of fuel oil from China in March and May, has agreed to adhere to the advice of the Japanese Ministry of International Trade and Industry and terminate imports of fuel oil. **Canned Foodstuffs**—The Philippines Trade Department authorized the import of canned goods from China worth \$200,000 to help ease the emergency caused by flooding. **Fuel Sales to Hong Kong**—The PRC's share of the Hong Kong kerosene market leaped from 4.2 percent in 1973 to 37 percent by 1975, totaling HK\$41 million. Diesel fuel supplied by China accounted for 41 percent (HK\$183 million) of the total consumed in Hong Kong in 1975, up from 3.1 percent in 1973. According to an AMCHAM account, the PRC has courted the Hong Kong market with the lowest price possible, selling its diesel fuel for about HK\$30 less per metric ton than its competition and its kerosene for HK\$2.46 per container, well under the world market price of HK\$3.35. Sources speculate that these prices will be increased once the Chinese products are firmly established. PRC sales of other petroleum products in Hong Kong have not been significant, primarily because of inadequate petroleum storage facilities in Hong Kong. However, this obstacle will be somewhat alleviated with

completion of oil storage facilities under construction, plus others in the offing. **Light Industry**—Exports of Chinese light industrial goods, arts and handicrafts in 1975 totaled six times that of 1965 and, according to the official news agency, are available in over 150 countries and areas throughout the world. **Fluorspar to Japan**—Nippon Steel Corporation announced its agreement with China to import 80 percent calcium-fluoride fluorspar to the tune of 50,000 tons in the next year. The FOB price of the metal was reported to be 91.5 yuan (US\$46) per ton.

AIR AND SEA

Tankers—Malta's Development Minister announced in April the award of contracts from the PRC for the construction of two 5700 dwt tankers at Malta Drydocks. Work was scheduled to begin in early summer. Construction of a 300,000 dwt dock, financed with a Chinese Government loan, is expected to be completed by next year. **Pressure Vessels**—Construction Metalliques de Provence (CMP) is building pressure vessels for the PRC according to an account in the *Petroleum Times*. **Shipbuilding**—The Malaysia International Shipping Company has ordered a 3,700-ton cargo ship to be built by a Shanghai shipyard. According to a Chinese media account, the ship, scheduled for delivery in mid-1977, will have a draft of six meters, a cruising range of 6,000 nautical miles, and 4,900 cubic meters of cargo space. **Supply Helicopters**—China reached agreement with Messerschmitt-Boelkow-Blohm on June 5 for the purchase of four Bo-105 helicopters to be used to supply ships and drilling rigs off the North China coast. According to a report from Germany, the Bo-105, which costs about DM1.5 million, is the world's only available light helicopter with two turboprop engines and it is, thus, ideal for maritime use. China is continuing negotiations for the purchase of 15 to 20 additional helicopters.

MISCELLANEOUS

China Stockpiling Food—According to a Japanese account of a meeting between China's Vice Premier Ku Mu and a delegation from Japan's Agricultural, Forestry and Fishery Finances Corporation, China will have to stockpile its food products for the time being in order to meet its domestic needs. However, China's food production in 1975 reflected an increase of 3-5 percent over 1974's 274.9 million tons and the 1976 crop year is expected to be equally good, if not better; thus raising the possibility that China will be able to meet Japanese requests for agricultural products. **Sino-Japanese Trade**—Japanese firms are encountering stiffer competition on the Chinese market and sources believe Japan's trading at the Canton Fair will register an import excess, reversing the trend of recent years. The apparent reasons behind this turn-about are: the stiffer competition from the West and Southeast Asia as the number of China's trading partners grows, a reduction in Chinese purchases of machinery items, and China's concern over its trade imbalance with Japan. **Nepal/Tibet Trade**—Total trade volume for 1975 between Nepal and its neighbor, the Tibet Autonomous Region of China, almost doubled that of 1972. It reflected an increase of 24 percent over 1974 and is expected to increase still further in 1976. Items traded include wool, pelt, mutton, salt, grain and pepper. **A Question of Rights?**—Following the Philippine announcement that a consortium of Swedish-

Filipino oil firms had begun oil drilling in the area of Liletan (Reed Bank) of the Nansha Islands, China issued a statement reiterating its claim to sovereignty over the area and charging that exploitation of oil or other resources in the Islands by any foreign country constitutes encroachment on that sovereignty. **Tomato Tariffs**—The Canadian tomato industry is urging instatement of tariffs on tomato imports, citing their threat to the domestic market. Specifically mentioned was the PRC which ships tomatoes via US ports at a price of \$5.30 for 24 19-ounce cans. The domestic equivalent is \$10.50. **Sino-British Trade**—The flurry of trade between Britain and China during the first four months of 1976, which set a new record, shows signs of flagging. Despite frequent assurances from Chinese officials that no change is planned in China's foreign trade policy, few new inquiries are coming from China. **Communications Cable**—China and Japan have begun construction of a submarine cable linking the two countries. The Japanese-made CS-15-M-system cable has 480 circuits and will be laid about 70 cm beneath the seabed stretching about 700 kilometers from Amakusa in Kumamoto Prefecture, Japan, to Shanghai. The construction of the project is expected to be completed in early July with communications in operation by September.

AGREEMENTS

Nepal—The trade agreement between China and Nepal was extended an additional 10 years beginning May 2 in an exchange of letters on April 30. **Afghanistan**—On June 5, China and Afghanistan signed a protocol on the exchange of goods for 1976. **Philippines**—During talks aimed at alleviating the trade imbalance between the two countries, China and the Philippines suffered a deficit of US \$21.8 million. Under the agreement reached during the talks, China will buy copper concentrates, raw sugar, coconut oil, logs and lumber, textile fibers, certain paper products, plywood, industrial products and other commodities and sell to the Philippines crude oil, machinery and equipment, chemical products and light industrial products. **Comoros**—On June 10 the governments of Comoros and the PRC signed an agreement on economic and technical cooperation. **New Zealand**—New Zealand and China agreed to mutual most-favored-nation treatment in shipping with a formal exchange of letters May 1. **Diplomatic Relations with Surinam**—On May 28 Surinam and China issued a communique announcing the establishment of diplomatic relations between the two countries. The agreement was signed in New York by China's representative to the UN, Lai Ya-li, and Surinam's representative, Henricus A. F. Heidweiller. **Pakistan**—During the late May visit to China of Pakistan's Prime Minister Zulfikar Ali Bhutto, Pakistan and China signed an agreement on scientific and technical cooperation as well as a protocol to the agreement. Pakistan's Air Chief Marshal Zulfikar Ali Khan stayed on in Peking after Ali Bhutto's departure for further talks, which, according to a London report, may have been focused on Pakistan's purchase of a new Chinese aircraft. **Sudan**—A trade agreement signed by China and Sudan in late May calls for an exchange of trade of \$33.35 million in each direction. Cotton would dominate Sudanese exports which would also include sesame and gum arabic. Chinese exports would include food, textiles, light industrial products, machinery and construction materials. **Sino-**

Soviet Agreement—The 1976 trade agreement signed by China and the Soviet Union calls for an increase in two-way trade between the two countries of 40%—up to 280 million rubles,—according to a report from Moscow. The USSR will export aviation equipment and spares, 200,000 kw steam turbines with boilers, trucks, motor vehicles and spares, cranes, tractors, farm machinery, metal cutting tools, ferrous metals, rolled steel and chemicals. China's exports will include non-ferrous metals and ores, fluorspar and other raw materials, and consumer goods including knitwear, clothes, furs and fabrics. **Afghanistan**—China and Afghanistan signed a protocol on the exchange of goods for 1976 on June 5 in Peking. **Egypt**—On June 6 a protocol to the trade agreement between Egypt and China was signed in Cairo. **Silk Agreement with Japan**—An agreement on 1976 silk trade between China and Japan was reached during the third round of negotiations in late June. Japanese import quotas for Chinese raw silk were set at 54,000 bales for the 12 months beginning April 1976, substantially greater than the 31,000 bales imported in 1975. However, silk fabric quotas were set far below the 1975 volume at 19 million square meters. 1975 imports totaled 28 million square meters. **Bicomo Power Station**—On May 1 China agreed to build a hydro-electric power station at Bicomo in Equatorial Guinea, as well as a high-tension power transformer and transmission line between Bicomo and Bata.

FOREIGN AID

Textile Mill for Sri Lanka—China will supply all machinery and building materials for the Minneriya Textile Mill in Sri Lanka. Construction of the plant, which will have 600 power looms and 25,000 spindles, was begun on April 30. **Egyptian Bricks**—China and Egypt signed a contract for the construction of a 1.1 million dollar brick factory to be built in the Minia governorate, 140 miles south of Cairo. Production capacity will be 50 million bricks annually. **Chad Gets Stadium**—A 50,000 capacity olympic stadium will be constructed in Ndjamena, Chad, by China. The stadium, which will be built on the site of the present race course, is expected to cost \$20 million. **Islamabad**—China has agreed to help build a multi-purpose cultural complex in Islamabad. The cultural arena will be added to the sports complex already under construction there with Chinese assistance. **Albania**—A pig iron-coke production line and blast furnace at the Metallurgical Combine in Albania developed with Chinese aid began operation on April 25.

EXCHANGES AND EXHIBITIONS

Diamonds—Li Kwang-yuan led a six-member team from MACHIMPEX to England in June to discuss the purchase of industrial diamonds. The group, apparently, also displayed an interest in the sale of ornamental diamonds. **Switzerland**—A delegation representing the Swiss Basle Industries Fair visited China in May, departing for home on the 14th. **Coal-dressing Conference**—A delegation from China's Coal Mining Society attended the seventh International Conference on Coal-dressing held in Australia. Hao Feng-yin headed the delegation which left for Australia on May 15. **Canton Fair Attendance**—China's *Ta Kung Pao* reported on May 20 that the Spring Canton Fair received 24,000 visitors from 110 countries and regions all

over the world. According to the report, the attendance was an all-time high. **Aviation Conference**—A delegation from China attended the ninth air navigation conference of the International Civil Aviation Organization in Montreal in late April. **Polish Visit**—A Polish delegation from the Ministry of Foreign Trade and Maritime Economy visited Peking in early May to explore prospects for bilateral trade. **German Industry Group**—The CCPIT hosted a delegation from the Association of German Industry, which arrived in Peking on May 17. **Brussels Fair**—China participated in the Brussels International Fair this year for the first time. The 15-day fair opened on April 24 and, according to Chinese sources, the Chinese pavilion received 300,000 visitors. **German Exhibit**—The German Democratic Republic held a 10-day exhibit in Shanghai in April which included displays of optical, analytical and measuring and surveying instruments, telecommunications equipment, electronics computers and office equipment. **Norway**—The joint Chinese-Norwegian Trade Commission met in Peking in early June. While in Peking, the visitors from Norway also met with Chang Wen-pin, China's Vice Minister of Petroleum and Chemical Industries, and with Chai Shu-fan, Vice Minister of Foreign Trade. **Japanese Bankers**—The Bank of China hosted a five-member delegation from the Japanese Chuo Trust and Banking Company, Ltd. The group arrived in China on June 3. **Technical Steel Mission to Japan**—Japanese sources report the expected July visit to Japan of a Chinese steel technical mission which will study Japanese steel-making technology at Japan's leading steel mills. Japan hopes the mission will lead to additional purchases of Japanese steel-making equipment. **Japan Oil Group**—The vice president of Japan's International Oil Trading Corporation led a delegation to Peking in early June to discuss the problems related to its importation of Chinese oil. **Romanian Chemical Mission**—A delegation from Romania's chemical industry was welcomed to Peking on June 15 by Sun Hsiao-feng, China's Vice Minister of Petroleum and Chemical Industries, and by Hsi Chao-ming, Deputy Director of the Soviet Union and East European Affairs Department of China's Foreign Ministry. **Luxembourg Fair**—For the first time, China participated in the International Fair of Luxembourg. Thirty countries attended the 9-day event which closed on May 24. **Road Builders**—Road building engineers from Japan arrived in China on May 26 for a two-week stay at the invitation of the Chinese Society of Civil Engineering. **Norway**—The joint China-Norway Trade Commission met in Peking on June 6. **Venezuela Oil Delegation**—The Peking General Petrochemical Works received a Venezuelan delegation led by Venezuela's Minister of Mines and Petroleum. The delegation, which left for home on June 7, also visited Takang oilfield, according to Chinese reports. **Yugoslavia Broadcasters**—At the invitation of the Central Broadcasting Administration of the PRC, a radio and television delegation from Yugoslavia arrived in Peking on June 7. **Study Group to Canada**—A study group led by the director of the Hopei Provincial Bureau of Surveying and Cartography headed for Canada on June 8 to study surveying techniques at the invitation of Canada's Ministry of Energy, Mines and Resources. **Veterinarian Group**—A Japanese technical exchange delegation from the Japan-China Agricultural and Peasant Exchange Association arrived in Peking on May 25.

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Importers in the National Council constitute a special committee whose activities are designed not only to acquaint importers and potential importers with Chinese manufacturing, sales and trading practices, but also to aid the Chinese Foreign Trade Corporations in understanding the import regulations, consumer tastes and other market conditions in the United States.

SHANGHAI

Locations of Commercial Interest

- ① Shanghai Exhibition Center
- *② Port Affairs Bureau and Superintendent, Freight Management Corporation, China Ocean Shipping Agency.
- ③ Bank of China, Native Produce Corporation—Animal By-Products Branch, People's Insurance Co.
- *④ Light Industrial Products Corporation—Arts and Crafts Branch, Textiles Corporation—Silk Branch
- *⑤ Cereals, Oils and Foodstuffs Corporation
- *⑥ Chemicals Corporation, Machinery Corporation, Metals and Minerals Corporation
- ⑦ Foreign Registered Ship Supply Co.
- ⑧ Main Post Office
- ⑨ Customs Building
- ⑩ Telegraph Office (see City Map)
- ⑪ Chiang-nan Shipyard (see City Map)
- ⑫ Steel Plant.

Hotels

- ① Peace Hotel
- ② Shanghai Mansions
- ③ International Hotel
- ④ Overseas Chinese Hotel
- ⑤ Chin Chiang Hotel
- ⑥ Heng Shan Hotel (see City Map)

Sites of Interest

- ① People's Park
- ② Huang-Pu Park
- ③ Fu-hsing Park
- ④ People's Square
- ⑤ Culture Square
- ⑥ Site of the First National Congress of the Communist Party of China
- ⑦ Sun Yat-sen's Former Residence
- ⑧ Lu Hsun Memorial Park (see City Map)
- ⑨ Shanghai Museum
- ⑩ Shanghai Natural History Museum
- ⑪ Shanghai Children's Palace (see City Map)
- ⑫ Shanghai No. 1 Department Store
- ⑬ Yung-An Department Store
- ⑭ People's Theater
- ⑮ Shanghai Municipal People's Council
- ⑯ Women's Store
- ⑰ Lung Hua Pagoda (see City Map)

Miscellaneous

- ① Shanghai Railroad Station (see City Map)
- ② Shanghai Hung-Chiao Airport (see City Map)
- ③ No. 1 Hospital
- ④ Friendship Store
- ⑤ Seamen's Club
- ⑥ Fu-tan University (see City Map)
- ⑦ T'ung-chi University (see City Map)
- ⑧ Chiao-tung University



*Approximate Location

