

JAPAN'S Industrial Growth



DURING THE War Japan's industrial capacity was expanded by the addition of more than 14,000 new enterprises comprising every branch of industry. During the first six months of 1919 alone more than \$600,000,000 in new capital was invested in Japanese industry.

The industrial growth of Japan is second only to that of the United States, and, due to natural limitations, is dependent to a large degree upon supplies furnished by American industry.

By utilizing the facilities afforded by this corporation, with branches at Yokohama and Tokio, American manufacturers will greatly augment their ability to do business with Japan.

Other Branches

SHANGHAI, China PARIS, France
SEATTLE SAN FRANCISCO

OFFICERS

Charles A. Holder, President
T. Fred Aspinen, Vice-President
E. B. Mackenzie, Secretary & Treasurer

PARK-UNION FOREIGN BANKING CORPORATION

56 Wall Street, New York

Paid Up Capital and Surplus, \$2,250,000



Cocoa Beans from African Gold Coast

BRITISH WEST AFRICA sent to the United States last year 40 per cent. of all cocoa beans imported by this country. Five years ago this trade amounted to practically nothing. Nearly all these shipments in 1919, aggregating 75,000 tons and valued at more than \$30,000,000, came from a single colony, the Gold Coast. Quantities even larger were exported to Europe.

Rich and growing markets in British West Africa, Egypt and Morocco are winning attention from American business men, and through the Bank of British West Africa a direct, personal handling service is obtained. Our more than forty branch banks in the principal cities of West and North Africa enable us to expedite accurate trade information and transact your business promptly.

Further information will gladly be supplied by our New York office.

Bank of British West Africa

New York Office: 100 Beaver Street

R. B. APPERLY, Agent
ROWLAND SMITH, Head Office, London

Mitsui & Co. Ltd.

Importers Exporters
Shipowners

GENERAL OFFICE
65 Broadway, N. Y. City

Tea Dept., 87 Front Street
Raw Silk & Habutai, 25 Madison Ave.

HEAD OFFICE

TOKYO, JAPAN

San Francisco Seattle Portland
London, England

Branches in Most Important Cities of the World

INDIA CHANGES TO THE GOLD STANDARD

Silver Will Remain a Legal Tender With a Fixed Ratio of Value.

SYSTEM IS REORGANIZED

Provision Will Be Made for Paper Currency Similar to That of United States.

Special Cable Dispatch to THE SUN AND NEW YORK HERALD.

Copyright, 1920, all rights reserved.

LONDON, Feb. 3.—The Empire of India yesterday changed from a sterling and silver basis to a gold basis. The Secretary of State for India in Council announced the adoption of a report by the Indian Exchange and Currency Committee and its recommendations go into effect at once so far as possible.

The main feature is that gold in the future will be the standard value in India and silver will remain a legal tender with the fixed ratio of one rupee for 11.30016 grains of fine gold. The committee recommended that the British pound, which now is rated by law in India as worth fifteen rupees, should be made legal tender in India at the revised rate of ten rupees. This provision, however, is not to be adopted at once because disruption would ensue in commercial affairs. For the time being, therefore, gold imports will continue to be controlled and will be converted into rupees at the rate of fifteen to the pound.

The reorganization of the Indian currency system assumes great importance because of the huge volume to which foreign trade has grown, and the consequent inconvenience in making payments to and taking payments from the outside world when silver, which is so hard to obtain, was the only metal that could be tendered in payment.

The currency report also goes into the matter of popularizing paper money in India. A system will be adopted providing for an issue of paper currency with a legal maximum metallic reserve of 40 per cent., the balance to be based on Government securities. The amount of this class of paper money necessarily will be rigid, expanding and contracting only as the metallic reserve or Government securities fluctuate. Such fluctuations might tend to contract the currency at the very time when active trade demanded expansion. To provide for such general currency requirements an issue of paper currency by the predecessor banks based upon commercial paper is to be permitted.

From this outline it will be seen that India's new system, rather than the one now in America, because part of the currency is backed by Government bonds and metal while the balance is based on commercial paper and is regulated in quantity by the needs of commerce.

JAPAN SEEKS RICE LANDS.

Cultivation of Formosan Sugar Areas Suggested.

TOKYO, Feb. 3.—Japan is dependent upon Formosa for sugar supply. In view of the increasing shortage in rice, Japan's insatiable food, many publicists advocate that the region of sugar cane be cultivated in Taiwan. After the crop of sugar, they want to get it from Hokkaido and Corea, said to be fit for the cultivation of sugar beets.

The "Yokohama" as a sugar cane is a tropical plant, it cannot be expected to thrive best in Taiwan, a subtropical region. Japanese sugar manufacturers in Formosa are envious of their rivals in Java, who can produce good sugar so abundantly, while they are worried by the deterioration of sugar cane, which increases in sweetness year after year. Hawaii would appear to be the best country for raising sugar cane.

FAR EASTERN TRADE NOTES.

When the shellac market in Calcutta, India, reopened, after being closed from the start to the end of the year, shortly started covering and prices advanced rapidly. The Russian crop arrivals were very unsatisfactory and indicated a small crop. The reports on the Cosmos crop were unfavorable and it seems to be the general opinion that this crop of shellac could not exceed 6,000,000 pounds.

Australian packers have the advantage of proximity in supplying pork products, especially hams, to the Dutch East Indies. American exporters since their entrance into the market in 1919, and doubtless could develop a good business with proper representation.

Because of the war time demand for wolfram the production in Burma increased during the years 1914-1918, although the methods and machinery used were crude. It is thought that when the figures for 1919 are published they will be found considerably less than for the previous year owing to the curtailment of operations in the mines, due to the fall in the price of wolfram ore.

It is reported that the magnesite deposits in Manchuria are sufficiently well proved to show that they are extensive and have a great potential value. The magnesite is for the most part too pure to use for making bricks without the admixture of 7 to 8 per cent. of iron.

The Japanese own the larger part of the deposits, but the Chinese still have considerable areas under their control. Associated with the magnesite are numerous deposits of talc, which may be favorably compared with the high grade French talc, but which have not yet been extensively developed. All of these deposits are from three to ten miles from the South Manchuria Railway.

There is an increasing demand in Australia for cream separators, of which \$400,000 worth are imported annually. Both hand and power machines are in use, the former having a capacity of from eight to seventy gallons an hour and the latter a capacity of from twenty-five to 150 gallons. As a foreign make selling at reasonable prices is very popular, a satisfactory market for American machinery could only be developed by considerable exertion and demonstration.

It is reported that about twenty-five ships are being built in Shanghai for various interests in addition to the twelve transports being constructed for the American Government by the Klason Dock and Engineering Works. Although the placing of these orders was largely due to war time conditions it seems probable that satisfactory work will lead to the establishment of a considerable shipbuilding industry in this port.

Japanese Hide Market Falls Off. The Japanese hide and leather market has fallen off considerably, notwithstanding the firm tone of the Chinese market, because the Japanese manufacturers are anxious to dispose of their old goods, manufactured in expectation of a large demand from abroad, and the production is said to exceed the demand at the present time in Japan. In China, however, prices have increased more than 50 per cent., due to the demand from Europe, a rise in the price of silver and a decrease in production.

IMPORT TRADE TO CHINA NEEDS SPECIAL FINANCING

Expert Takes Up Methods and Procedures Step by Step for Benefit of Americans Seeking Oriental Business.

This is the fourteenth of a series of articles on Chinese financial and economic topics written especially for THE SUN AND NEW YORK HERALD by G. Passeri, late financial adviser to the Bank of China and a resident of the East for twenty-three years.

By G. PASSERI.

If the system of American banking existing in China is perfect and such as to render possible the development of American business in that rich country the facilities accorded by the individual bank to its clients are of a very broad and highly efficient character. The banker in the Far East has a very difficult task to perform, because a great deal is expected from him by his clients. He must be the friendly adviser of the merchant, not only in matters concerning the financing of commercial transactions but in many instances also in those connected with the technical aspect of the trade itself. It is for this reason that the Far Eastern banker, in order to be successful, must possess a perfect knowledge of the trade of the country, and the American banker will be the personnel the best asset on which they can rely for the development of their own business and for the furtherance of the commercial interests of their own clients.

It has been mentioned already in the preceding articles that the import and export trades differ greatly in the matter of financing; that, in fact, while it is possible to sell in China American products in gold dollars, it is necessary to change those gold dollars into local currencies when purchasing China's products for export to the United States. It may prove interesting to the American business man to be informed of the details connected with this phase of the business.

A business man going out to China for purposes of trade will take with him a full line of samples and whenever possible certain quantities of "stock" of the articles that he is in a position to handle. The price quoted to him by the manufacturer will be in practically every instance in gold dollar, f. a. s., or f. o. b. Pacific ports. He may quote to the Chinese in Chinese currency if he so prefers, or, as it is generally done, in gold dollars, either Shanghai or other ports in China. Freight, insurance and other charges are easily ascertainable and will have to be added to the price originally quoted by the manufacturer.

When the agreement has been reached and signed by both parties, the merchant will have to approach his own bank in China for the purpose of opening a credit in favor of the manufacturer in the United States. Those merchants who have been established in China for a long time or have recently come but are enjoying a certain amount of credit with the banks are generally in a position to obtain the facility above described quite easily against payment of a very modest commission. The credit may be opened, giving the specifications of quantities and qualities of the commodities to be shipped by the manufacturer, and although the bank does not assume any responsibility on the merchant's part, it is always advisable to furnish these details. The credit can be made available against bills, drawn by the exporter or manufacturer, in United States currency, at sight, or at thirty, sixty or ninety days, and the following clause is generally embodied in the bill: "This interest at the rate of _____ from date hereof till approximate date of arrival of funds in the United States."

When the agreement has been made and signed by the manufacturer, the bill for mailing to the exporter or manufacturer in the United States, but the bank itself will notify directly the correspondent bank of the country of the opening of the credit, and the correspondent will in turn advise the beneficiary on receipt of the letter opening the credit from the bank in China.

When the agreement has been made and signed by the manufacturer in the United States on the importer in Shanghai, in favor of the bank and presented for payment to the correspondent of the bank in the United States, they will be forwarded to China accompanied by the usual set of documents. Upon their arrival in China the bank will send the bill for acceptance or for payment, if at sight, to the importer in China, and will surrender the documents upon arrival of the steamer carrying the merchandise, in order to enable the merchant to take delivery of the goods, pay the custom duties and other charges, and store them in the name of the bank in a neutral warehouse. The handling account issued by the warehouse company will be handed over to the bank. The merchant will notify the Chinese buyer of the arrival of the merchandise. It is customary for the Chinese to order larger quantities of commodities that they can take delivery at one time, and it is also customary to allow them the privilege of taking delivery in partial lots.

It must be remembered that the price quoted to the Chinese was in gold dollars, and it is therefore for him to settle the exchange between gold dollars and the native currency at any time between the moment the order is booked and accepted and the moment the last delivery takes place, not later than the due date of the bill of exchange drawn by the exporter or manufacturer in the United States.

When the Chinese buyer wishes to take delivery of the goods he will get in touch with his bank and will obtain the rate at which the bank is willing to check the amount in gold dollars corresponding to the amount of the bill of exchange, and if this rate is accepted by the Chinese, settle in full with the bank. It is evident, therefore, that the importer in China does not run any risk as far as the exchange rate between gold dollars and native currency is concerned, this risk being entirely assumed by the Chinese buyer.

When the Chinese buyer wants to take delivery of a partial lot he will send in his request to the importer accompanied by the so-called "native order," a check or a draft on a Chinese bank at ten days sight, to the importing firm for the amount corresponding approximately to the value in local currency of the partial lot, this value being reckoned naturally on the original price in gold dollars, plus all charges. The importing firm will then prepare a delivery order for the partial lot on the warehouse company and will send the delivery order, the native order, and passbook to the bank. The bank, after verification of the native order, will sign the delivery order and will return it to the merchant, crediting his special "import account" for the amount of the native order, the "value" to be reckoned in the day when the native order itself is collectable. The importing firm will then hand over the delivery order, signed by the bank, to the Chinese buyer.

When the total quantity of goods referred to a certain bill has been taken delivery of and paid for the merchant will "take up" the bill, that is to say, will ask the bank to debit the same to the special "import account" and the rate settled, plus interest and charges. The bank will then send to the merchant a detailed account showing the difference between the amount of the original bill, debited to the account, and the amount of the native order paid in by the Chinese buyer. This difference will constitute the profit or loss for that particular transaction and will be passed by the bank to the credit of the ordinary "current account" of the client.

In case the total quantity of goods referred to a certain bill has not been taken delivery of, before the bill itself becomes due, it is customary for the bank to grant an extension of time.

porter or manufacturer in the United States on the importer in Shanghai. When the Chinese buyer wishes to settle the exchange, the merchant will get in touch with his bank and will obtain the rate at which the bank is willing to check the amount in gold dollars corresponding to the amount of the bill of exchange, and if this rate is accepted by the Chinese, settle in full with the bank. It is evident, therefore, that the importer in China does not run any risk as far as the exchange rate between gold dollars and native currency is concerned, this risk being entirely assumed by the Chinese buyer.

When the Chinese buyer wants to take delivery of a partial lot he will send in his request to the importer accompanied by the so-called "native order," a check or a draft on a Chinese bank at ten days sight, to the importing firm for the amount corresponding approximately to the value in local currency of the partial lot, this value being reckoned naturally on the original price in gold dollars, plus all charges. The importing firm will then prepare a delivery order for the partial lot on the warehouse company and will send the delivery order, the native order, and passbook to the bank. The bank, after verification of the native order, will sign the delivery order and will return it to the merchant, crediting his special "import account" for the amount of the native order, the "value" to be reckoned in the day when the native order itself is collectable. The importing firm will then hand over the delivery order, signed by the bank, to the Chinese buyer.

When the total quantity of goods referred to a certain bill has been taken delivery of and paid for the merchant will "take up" the bill, that is to say, will ask the bank to debit the same to the special "import account" and the rate settled, plus interest and charges. The bank will then send to the merchant a detailed account showing the difference between the amount of the original bill, debited to the account, and the amount of the native order paid in by the Chinese buyer. This difference will constitute the profit or loss for that particular transaction and will be passed by the bank to the credit of the ordinary "current account" of the client.

In case the total quantity of goods referred to a certain bill has not been taken delivery of, before the bill itself becomes due, it is customary for the bank to grant an extension of time.

SUMATRA TOBACCO CROP TO BE NORMAL

Shipping Facilities Expected to Stimulate Industry.

By ALGAR E. CARLETON.

United States Consul, Medan, Sumatra. The first six months of 1919 witnessed a big revival in the export trade of the Sumatra east coast, which may be partially explained by the fact that in 1918, owing to shipping restrictions and the inability to obtain bottoms, considerable amounts of the crop of the year were held in stock. At the beginning of 1919, however, the producers were able to clear up the greater portion of those stocks with a rush, as shipping conditions became normal, and the unshipped tobacco for 1917 and 1918 reached such amounts that the producers decided to reduce the acreage by 25 per cent. It is thought, however, that the normal amount of tobacco for 1920 will again be in the market.

A return to the normal conditions of the pre-war period cannot be reasonably anticipated at this time, and, in fact, it is very doubtful if such conditions will ever return. Before the war, the balance of trade was about 65 per cent. in favor of the exports, principally tobacco, rubber, etc., but now the exports constitute less than half the foreign trade. The exports will, however, always be much larger than the imports, since there is practically no manufacturing in Sumatra, and nearly all the imports, with the exception of rice and piece goods, are for the European trade. The total European population in the East Coast is not over 8,000. The total population is just under 1,000,000, and the purchasing power of the natives is, of course, very limited.

The situation at the close of 1918 was not altogether favorable, notwithstanding that shipping was much easier and that the armistice had brought inquiries, with the result that the local market became much firmer; there was every prospect of a good year in 1919, and the first six months thereof fully justified this expectation.

The market, although much more satisfactory in every way, was in a certain sense artificial, and perhaps to a certain extent speculative. The tobacco buyers certainly anticipated a quicker return of the European and American requirements, but the delay in signing the peace treaty kept stock orders and the producers have, all things considered, been very fortunate in reducing old stocks.

Queensland Sugar Falls Off.

BRISBANE, Feb. 3.—Queensland one of the sources of sugar of the Southern Hemisphere, has an estimated 1919 sugar crop of 155,000 tons, which is 35,000 tons less than that of the year before and 152,714 tons less than in 1917.

NEW SOUTH WALES Premier Wool State of the World

Australia is the world's chief producer of fine wool, and New South Wales is the greatest wool-producing State of Australia.

At the end of June, 1917, the New South Wales flocks contained nearly 36,200,000 sheep. (The same year the entire United States, second country of the world in sheep-raising, had only 47,616,000 head of sheep.) The wool clip of New South Wales in 1917 totaled 270,525,000 lbs., "in the grease," worth about \$88,000,000 to the growers. The same year 22,088,432 lbs. of mutton were exported from New South Wales.

The State had 2,766,000 cattle in 1917 and 734,000 horses.

Meat is transported, at low cost, from New South Wales to the world's markets in large, refrigerated ocean steamers.

The great factor in low cost production of meat and wool, in addition to the large areas of suitable land, is the mild climate. It never freezes, except in the highest mountains—fodder grows the year around—hence farm animals are raised without the necessity of providing barns and other farm shelters, and without the labor and cost of winter-feeding from mow or granary. Such a gift of Nature puts the ranchman ("station-owner") of New South Wales beyond the pale of competition. The results show in the tremendous growth of pastoral wealth in New South Wales.

NEW SOUTH WALES INFORMATION BUREAU

149 Broadway, New York City

Your Market Overseas



ADEQUATE facilities for merchandising and marketing your products to be sold abroad are the first requisites to success in the overseas market.

We wish to place at your disposal the unexcelled facilities of our organization for developing your export trade through direct representation abroad. As large importers and exporters our organization has been built up through years of effort and careful study of export requirements. May we not place our accumulated knowledge at your service?

COMMERCIAL UNION OF AMERICA, Inc.
25 Beaver Street, New York

EXPERT IN FAR EASTERN BANKING AND TRADES
Seeks position with first class corporation interested in the Far East. Absolutely first class, unexcelled knowledge, experience, capable of developing or creating business.
Address: H. box 105 The Sun.

TALKS 2,000 MILES OVER SEA WIRELESS

Australian Concern to Offer Low Rates.

Special to the Far Eastern Section of THE SUN AND NEW YORK HERALD. WAHROUNA, Australia, Feb. 3.—A wireless telephone conversation over a 2,000 mile stretch of sea was recently carried out by E. T. Flak, managing director of Amalgamated Wireless, Ltd., who while on the steamer Borealis, communicated with his home by means of an experimental telephone set installed upon the vessel.

"Wireless telephony with a range of 2,000 miles is at once practicable," said Mr. Flak. "We could provide services between Sydney and Perth, Sydney and Hobart and between Australia and parts of New Zealand or the islands of the Western Pacific. At the commencement we could offer clients a three minute conversation for 18s. (normally \$2.50) for the 2,000 mile conversation, and when business increased up to a certain point that charge might be reduced to 5s. (normally \$1.21)."

SOYA BEAN MARKET STEADY.

Increasing Stock on Hand Has Good Influence.

The market for soya beans which has been subject to violent fluctuations in the past months became more quiet during the second week of December, says the Japan Advertiser of December 15. This is said to be partly due to the steady influence of the accumulation of beans at Dairen, which stood at approximately \$2,600 tons at the beginning of the week, showing a gain of 35,000 tons when compared to the stock on hand at the same time of the previous year.

Beans also accumulated to the extent of more than \$4,000 tons. At that time the January-February crop was quoted at 12.05 yen per picul (133.13 pounds) and the experts were forecasting that the market would continue steady for the rest of December.

BIG BANK MERGER EXPECTED.

Two Great Export Institutions Reported in Negotiation.

It is reported that negotiations are in progress for a combination of the interests of the Anglo-South American Bank, Limited, and the British Bank of South America, Limited.

Just what form this combination will take has not yet been made public, but it is considered to have an important bearing on the future and enlarged activities of both institutions, representing as they do two of the leading export banks of Great Britain.

South Africa's Get-Together Spirit

A GET-TOGETHER spirit of cooperative effort for industrial advancement has been South Africa's heritage from the war. One large corporation having this for its sole object is the National Industrial Corporation of Africa, Ltd.

Its effect is already being felt in increased industrial activity and demand for supplies.

The National Bank of South Africa, Ltd., maintains more than 400 branches throughout South Africa which we will gladly place at your disposal for cooperation when transacting business with that territory.

National Bank of South Africa, Ltd.

New York Office, 10 Wall Street

R. E. SAUNDERS, Agent
BOMBAY (India) LONDON (England) ANTWERP (Belgium)

Total Resources over \$287,000,000

Direct Connection for Foreign Collections



This corporation maintains branches in the important world markets for the specific purpose of assisting American business men in promoting their foreign business.

One of the important helps we are prepared to render deals particularly with collections. The importance of direct and expert representation in collection matters, which often require delicacy and diplomacy in handling, cannot be over emphasized.

Our organization, both at home and abroad, is at your disposal for helpful service in the transaction of matters affecting finance and credit for imports and exports.

AMERICAN FOREIGN BANKING CORPORATION

53 Broadway, New York

Capital, Surplus and Undivided Profits over \$5,000,000

Why Trade With the East Will Increase Your Business

England, France, Italy and Japan have been sparing no efforts to extend their business interests in the Near East. American business men with vision have seen that in Asia lies a big field of vast resources.

There is a wonderful chance for you to do a constructive business in the East. Read about it in "New Trails in Trade," by Lewis Heck, in the current issue of

ASIA

The American MAGAZINE On the Orient

The richly illustrated magazine gives not only the trade relations but the diplomatic, also the life, customs, history and traditions. All of these are essential to the business man who desires an active trade with the East.

On sale at the leading news dealers and book-sellers. Thirty-five cents per copy.

ASIA PUBLISHING COMPANY, 627 Lexington Avenue, New York, N.Y.



This street scene in Amoy, China, is typical of hundreds of its kind in the many small ports along the coast.