

THE MAGAZINE OF THE NATIONAL COUNCIL FOR US-CHINA TRADE SEPT.-OCT. 1976



# U.S. CHINA BUSINESS REVIEW®



# **CHINA AGRICULTURE CONFERENCE**

Christopher H. Phillips, President of the National Council for US-China Trade, announced on August 25 that a major conference will be held November 18, 1976 in St. Louis, focusing on China's Agriculture and the Prospects for US Sales.

In the past five years US companies have sold China a massive \$1.4 billion worth of agricultural commodities. The People's Republic of China has been one of the most important markets for US farm products.

The US has sold \$205 million worth of fertilizer ammonia plants to the PRC, and agricultural-related equipment such as pick-up hay balers and fertilizer bagging equipment. US-made insecticides, herbicides and fungicides, animal hormones, and hybrid plants have gone to China. American tobacco has been blended in Chinese cigarettes.

Chinese foreign trade officials have visited American farms, US agricultural equipment manufacturers, and agricultural research stations. Scientific missions between the US and the PRC have studied insect control, plant development, and agricultural mechanization.

The state of China's agricultural industry and prospects for continuing US sales will be the subject of the all-day meeting, to be sponsored by the National Council, and cosponsored by the St. Louis Regional Commerce and Growth Association, in cooperation with the United States Department of Commerce and the St. Louis Council on World Affairs of the World Trade Club of St. Louis.

The conference will be of interest to any firms involved in agricultural commodities, chemicals, machinery, research, processing and packaging, technology, livestock, irrigation and water control equipment.

The meeting will give details on the present state of China's agriculture, the prospects for agricultural sales to the PRC in the future, who has sold what agricultural goods to the PRC, and what companies have exhibited agricultural items in China. Leading experts on these subjects will give presentations and the problems of doing business relative to these topics will be discussed. The conference is expected to attract worldwide interest.

Inquiries concerning registration should be addressed to Eric T. Kalkhurst at the National Council for US-China Trade, 1050 Seventeenth Street, N.W., Suite 350, Washington, D.C. 20036 or Joseph M. de Rotaeche, at the St. Louis Regional Commerce and Growth Association, 10 Broadway, St. Louis, Missouri 63102, Telephone: (314) 231-5555.

US agricultural commodity sales to the People's Republic of China, 1972-1975, have included the following: wheat (\$544.7 million), cotton (\$365.8 million), corn (\$251.1 million), soybeans (\$183.9 million), soybean oil (\$20.1 million), tallow (\$7.5 million), and tobacco (\$4.1 million).



# U.S. CHINA BUSINESS REVIEW



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**Front Cover:** China's Agriculture—will be the subject of a Council conference in St. Louis (see facing page). Mechanization of agriculture was discussed at a Council briefing for a visiting Chinese delegation (see pp. 44-45). Here, rice growing in Changsha, Hunan Province. Photo: Committee on Scholarly Communications with the PRC.

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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

## CHARLOTTESVILLE, VA., September 24

The University of Virginia sponsored a conference on US-China Trade. Among those who spoke were 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; Robert Dernberger, 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 George Lent, Asian Studies Committee, University of Virginia, Cabel Hall, Charlottesville, Va. 22901. (804) 924-7008.

## UNITED STATES, September-October

A delegation from the jewelry division of China National Light Industrial Products Import and Export Corporation is touring the US at the invitation of the National Council.

## WASHINGTON, D.C., September 28

The National Council will sponsor a pre-Canton Fair briefing on "Doing Business at the Canton Fair" for companies invited to Canton and for all those interested in exchanging ideas and views on China's trade practices. The speakers will include Melvin Searls, Council Vice-President; Suzanne Reynolds, Council Coordinator for Import Activities, and members of the Importers' Steering Committee of the Council: Kurt E. Reinsberg, Chairman, Associated Minerals and Metals; Harold Potchtar, Co-Chairman, 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. Lectures will cover the role of the Fair in the China trade, how the Fair works, negotiating, and developments in trade with each of China's foreign trade corporations.

## PEKING, October 9-21

The second official National Council delegation to China is scheduled to visit China's capital at the invitation of the China Council for the Promotion of International Trade. Visits will also be arranged to Shantung Province, Nanking and Shanghai. Participants include: Mr. and Mrs. William A. Hewitt, National Council for U.S.-China Trade; Mr. and Mrs. John Hanley, Monsanto Company; Mr. and Mrs. Christopher H. Phillips, National Council for U.S. China Trade; Mr. and Mrs. Walter Surrey, Surrey, Karasik and Morse; Mr. and Mrs. Joseph T. Kenneally, International Systems and Controls Corporation; Mr. and Mrs. John Brizendine, Douglas Aircraft Company; Mr. and Mrs. Kurt Reinsberg, Associated Metals and Minerals Corporation; Mr. and Mrs. Hans Becherer, Deere and Company; Mr. and Mrs. Melvin W. Searls, Jr., National Council for U.S.-China Trade; and Ms. Judy Poon, National Council for U.S.-China Trade.

## CAMBRIDGE, October 15-16

The 1976 Harvard-East Asia Conference on "The Pacific Century" will be held at Harvard University. Speakers include Sen. Frank Church, and Harvard Professors Dwight H. Perkins, John K. Fairbank, and Edwin O. Reischauer. Sessions will consider Korea, the Philippines, China and Japan.

## 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, Gladys Maher and Angus T. Simmons will be attending.

## PLATTSBURG, N.Y., October 22

A series of workshops on "Doing Business with Asia" will be held at Plattsburg State University, part of the State University of New York system. For further information, contact Hiroshi Itoh, Department of Political Science. (518) 564-3825.

## LAS VEGAS, October 26-29

"Licensing to China" will be the title of a presentation to be made by former Council Vice President Eugene A. Theroux at the annual meeting of the Licensing Executives Society.

## ST. LOUIS, November 18

The National Council is planning a conference which will focus on China's agriculture. The co-sponsor is the St. Louis Regional Commerce and Growth Association, in cooperation with the US Department of Commerce and the St. Louis Council on World Affairs of the World Trade Club of St. Louis. The conference will give details on the present state of China's agriculture, the prospects for agricultural sales to the PRC in the future, who has sold what agricultural goods to the PRC, and what companies have exhibited agricultural items in China. Inquiries to Eric Kalkhurst at the Council at (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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Agricultural Representative:	Koy L. Neeley (FAS/USDA)
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Telex:	None



# The Promotion of Chinese Consumer Products in the USA

American importers, many of them new to trade with the PRC, have wondered what China has done to sell its goods elsewhere. Earlier issues of UCBR have taken a look at how Chinese consumer goods are promoted abroad, in Britain, France, Hong Kong and Japan. (see UCBR Vol. 1 No. 4 p. 30, Vol. 2 No. 3 p. 40, Vol. 2 No. 5 p.7, and Vol. 3 No. 1 p. 26). But what about in the US? How have China's consumer products been marketed here? In this article Kenneth Miller and Judith Katz of the New York marketing agency Miller, Addison and Steele, survey the promotion of the PRC's products by some major stores in the US

There has always been a demand for goods from abroad in this country. In 1975, total imports were an amazing \$96.1 billion and will probably increase this year as personal income grows and demand rises for a wide range of commodities. Add the enticement of the new and interesting and the increasing amount of "well-traveled" and curious American consumers, and the public seems very ready to accept products from China.

The job of the merchandiser—the company that markets products directly to the consumer—is to make the consuming public aware of what "made in the People's Republic of China" represents. The merchandiser and the manufacturer must acquaint the consumer with the fine quality of craftsmanship and pride involved in the production of Chinese products. Once the consumer has a good experience with the products, the chances are that experience will be repeated.

In talks with a number of businessmen actively involved in trade with China, few long-term "marketing programs" of PRC products were discovered. An

Kenneth Miller, an author and lecturer on marketing, is president of Miller, Addison, Steele, Inc., an international marketing and advertising agency located in New York City. Judith Katz is a writer and researcher for Miller, Addison, Steele, Inc.

**Treasures FROM THE PEOPLES REPUBLIC OF CHINA**

- EARRINGS
- BRACELETS
- NECKLACES
- RINGS
- JADE FIGURINES
- TURQUOISE
- JADE
- LAPIS LAZULI
- MALACHITE
- AMETHYST
- TIGER EYE

and more—many intricately carved—and set in silver or gold plated over silver. A treasure trove of gorgeous jewelry—many one-of-a-kind and many with beautiful enamel work. We show only a few pieces from our vast assortment.

**\*10-750**

**Alexander's**  
How Lucky can you get

OPEN TO 5 P.M. NO MAIL ORDERING  
LEXINGTON AVENUE & 58th STREET EXCLUSIVELY!



example of this is the large amount of Chinese straw bags and plaited goods now on display in many New York stores. Though the quality of the Chinese bags is far superior to those of the Philippines and Haiti and even to the more expensive Italian imports, no mention was made in promotional material that the bags originated from the People's Republic of China—except on the products themselves.

For the store wishing to promote Chinese goods, the problems most difficult to overcome are those originating in China. Delivery dates, for instance, are still not being met, a situation that leads to, as one importer put it, "a stick-your-neck-out campaign." Successful marketing hinges on careful timing and coordination of advertisements, promotions and merchandise availability.

Quantity of goods is another unresolved problem. With the scarcity of goods, especially the more popular articles such as bamboo, comes a lack of enthusiasm for promotions. If the supply is inadequate a promotion campaign cannot be justified.

A few importers mentioned problems in packaging and labeling. This, however, seems to be a problem of which the Chinese are becoming more aware.

There is the problem of responsibility when dealing with the trade organizations rather than individual manufacturers. Most foreign firms will take an active role in marketing their products, or at least will assist with an advertising allowance. But the Chinese seem to have a very special attitude toward advertising. They do not want to exploit their products and as yet, have not involved themselves except in such places as Hong Kong. They are, however, beginning to understand the role advertising plays in our market.

Still, the promotion gap must be filled. Who will fill it?—the importer, the US retailer, the Chinese Trade Corporations, an outside source?

### **Where Does the Importer's Job Stop?**

Some importers feel the responsibility of marketing—encompassing promotions, advertisements, public relations—lies with the retailers. The importer presents his goods as attractively as possible and educates buyers as to the fine craftsmanship involved in production. To those importers that is where the importer's job stops.

But Ohrbach's, the New York department store, "celebrating" the Year of the Dragon, ran a promotion emphasizing the craftsmanship and uniqueness of the Chinese artifacts. Its promotion utilized both newspaper and television media and, in contrast to most other retail efforts, was interestingly run by the importer and not by Ohrbach's itself.

One importer feels it is the job of the retailer to "thrust the craftsmanship of the products." As an importer of a wide variety of PRC products, from feathers and downs to fine antiques, this firm is more than willing to assist with promotions, but he is not

willing to run them. This executive felt that the Chinese need to create an image of their own based on the excellence of their products in order to counteract the reputation of early oriental imports from other locations. He feels it is the job of the retailer to help the Chinese develop a marketing identity and enjoy the recognition they deserve.

The managing director of another New York importing firm has a variety of attractively produced photos and ads he uses to introduce his products to buyers. His company imports dinnerware, straw products and some glassware. Merchandising of these Chinese products would be made simpler if the goods were presented in more attractive packages. The executive added that as time progresses and as communications improve, the Chinese are meeting his needs in this respect. His new line of dinnerware had a much improved and "marketable" package. He believes the use of brand names and exclusives, which are being more readily granted, will protect the importer and ease marketing considerably.

Another Manhattan importer, on the other hand, has a very positive attitude toward advertising. His firm, specialists in bamboo products primarily from Shanghai, advertises in three or four trade publications monthly. This trader believes the one-item-from-one-area approach employed by his firm is ideal in trading with China, permitting the development of a special expertise as well as establishment of the firm, now in its fourth year, and its product line. He feels his firm's marketing techniques gave Shanghai Bamboo the fine reputation it now has and deserves. Since we are dealing with a country and not a company, he believes the importer should assume the role of the manufacturer where advertising is concerned. In other words, the importer should take an active role in acquainting the consumer with this product. This may not work for importers with broad product interests, however, nor for department stores.

### **At the Retail Level—Frustrations**

Turning to the retailer's point of view, most expressed a strong desire to make the public aware of the high quality of Chinese commodities but also mentioned the "frustrations" involved.

One retailer remarked, "... promotions must be planned months in advance. If we feel insecure about our delivery dates, we simply avoid doing them." An example was cited by one of the larger department stores in New York. This store featured a promotion of Chinese artifacts in its Christmas catalog; the shipment never made it to the store in time for the promotion and the store was embarrassed by the entire campaign. It will not risk repeating this experience. One importer firm actually published a letter of apology in a trade publication after an advertisement appeared announcing goods which failed to arrive.

On the other hand, stores such as Bloomingdale's



have had better luck, although they have had frustrations too. They are quite proud of the products they have purchased and would very much like to make the public aware of their fine product line.

In February and March of 1976 the store ran a promotion featuring rare antiques and accessories. A special section of the store with high visibility commemorated "The Year of the Dragon." The "shop" was richly decorated and made an attractive, enticing and informative display. It was "introduced" with a very effective ad in the *New York Times*. Both the ad and the promotion in the store were eye-catchers, and isolating the items from other products on the floor gave them the "status" they deserved. Mr. Carl Levine of Bloomingdale's bought many of the accessories with this in mind and obviously feels some responsibility in educating his customers.

Though Bloomingdale's has found dealing with China frustrating at times, the store carries products from the PRC in three other departments. The art department carries silk embroidery tapestry which has sold successfully; the lamp department has a new line of lamps which will feature antique porcelain vases used as lamp bases (these will be promoted as a new line of exclusive Bloomingdale lamps); and the gift department will include a broad line of boutique type items, inexpensive and expensive.

J. C. Penney has an entirely different attitude toward advertising, stemming from the nature of the company's imports. Penney's buys textiles from China, based on an intensive study of Chinese products and Penney's needs, and does so because of the fine quality of PRC products. They are not concerned with "motivating" the public to purchase Chinese goods per se and does not see a need for a marketing tool to do so. The firm feels that, as the Chinese begin to understand our needs and begin to conform to and meet those needs, marketing their products will be simply a case of presenting a high-quality, low-priced product.

Macy's in New York is soon to open a shop called "New Horizons East" which will be introduced in an ad in the *New York Times*. The shop isolates the products from Asia, including those from China, and presents them in an ambiance worthy of their origin.

Jewelry, another of China's fine products, is being promoted by Alexander's . . . a rather large Alexander's ad ran May 6, 1976 in the *New York Times*. This promotion also isolates the products from China, emphasizing the place of origin and the fine quality. The jewelry was purchased by a jewelry importer.

Marketing PRC products in the States is not a simple matter for these reasons; insecurity of delivery dates, insecurity of quantities available, general difficulty in actually purchasing products due to having to purchase them in China, consumer ignorance as to product quality, lack of Chinese product identity and all this compounded by the difficulty in determining responsibility of initiating a marketing program. 完

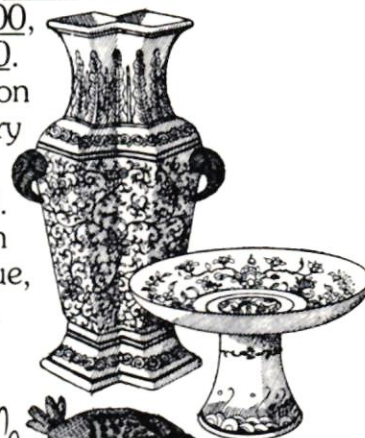
# ANTIQUE CHINESE

Newly arrived from the People's Republic of China: century-old porcelain tureens, vases and objets d'art, each one of a kind.

Pomegranate 45.00,  
compote 35.00,  
vase, 300.00.

From a collection  
of antique and very  
old porcelains,  
35.00 to 1250.00.

Gift Shop, main  
floor, Fifth Avenue,  
St. Davids,  
Manhasset.



BAltman & Co

Two examples of promotion of Chinese products in the US market.

From the orient of old  
An incredible necklace from the Ching dynasty  
specially created to be worn by an infant of a noble  
family as a status symbol. On a fine silver chain  
there are two delicately carved carnelian apertures,  
two beautiful lions and a withful Buddha suspended  
over a large silver pendant that has intricate  
Chinese symbols on either side. \$500. One of a  
selection recently acquired from The People's  
Republic of China. Antique Jewelry on One  
Marshall Field & Company, Chicago.

Marshall Field & Company  
There's nothing like it back home.



# New Chinese FTC Addresses 1976

The Hong Kong Representative Office of the National Council has assembled a new comprehensive list of branch and sub-branch corporations of China's seven national import and export corporations. This list, together with head office details, is presented below.

When compared with the most recent CCPIT listing (published in 1975 and re-published by the NCUSCT later in the year), the lists reveals 32 new units open for business with foreign firms. There have also been a number of street and cable address changes.

A branch corporation enjoys a monopoly over the import and export of a wide range of commodities in a given territory. The most prominent branches have traditionally been the large port corporations located in Shanghai, Tientsin and Kwangchow. These port corporations often act as agents for FTCs in the interior.

The emergence of new corporations with direct buying and selling responsibilities reveals a pattern of declining dependence on port corporations for the foreign trade of interior regions. Hopeh, Kiangsu and Heilungkiang are becoming foreign trade centers in their own right, a development which may portend future changes in the trading styles of the FTC's Kwangchow Fair delegations.

Branch corporations may establish *sub-branches* within their provinces and *offices* outside of their provinces. The new list points to the strong emergence of Kwangchow as a centre for offices of branch corporations engaged in agricultural and side-line (native produce) trades.

While the following list enumerates organizations which are active in direct import and export activities, it is by no means a complete registry of the various sub-units which make up the national import and export corporations' spheres of control. According to a spokesman for the Light Industry FTC, branch corporations under the Peking head office now exist in every province, autonomous region and municipality of China. Moreover, each branch corporation typically operates a dozen or more sub-branches and offices to cover specific regions under its control.—JK.

## CEROILS

CHINA NATIONAL CEREALS, OILS AND  
FOODSTUFFS IMPORT AND EXPORT  
CORPORATION

82 Tung An Men Street, Peking  
Cable: CEROILFOOD PEKING  
Telex: 22081 CEROF CN  
Tel: 55-8831

## Branch Corporations

### PEKING BRANCH

No. 1 Building, Fu Wai Street, Peking  
Cable: CIFCPB PEKING

### SHANGHAI CEREALS AND OILS BRANCH

11 Hankow Road, Shanghai  
Cable: CHINAFAT SHANGHAI

### SHANGHAI FOODSTUFFS BRANCH

26 Chungshan Road, E.1, Shanghai  
Cable: FOODSTUFFS SHANGHAI

### KWANGTUNG FOODSTUFFS BRANCH

48 Hsiti Erh Road, Kwangchow  
Cable: CNCFCB KWANGCHOW

### KWANGTUNG CEREALS AND OILS BRANCH

2 Chiao Kwang Road, (P.O. Box 20), Kwangchow  
Cable: CNCFC KWANGCHOW

### SHANTUNG CEREALS AND OILS BRANCH

29 Woosung Road, Tsingtao  
Cable: NACEROIL TSINGTAO

### SHANTUNG FOODSTUFFS BRANCH

70 Chungshan Road, Tsingtao  
Cable: FOODSTUFFS TSINGTAO

### TIENTSIN BRANCH

134 Chihfeng Road, Tientsin  
Cable: CEROILFOOD TIENTSIN

### TALIEN (DAIREN) BRANCH

145 Stalin Road, Talien  
Cable: EASTOILFOOD TALIEN

### FUKIEN BRANCH

Foreign Trade Building, 94 Tung Fang Hung Street,  
Foochow  
Cable: FOODCO FOOCHOW

### HUPEH BRANCH

72 Yuan Kiang Road, Hankow, Wuhan  
Cable: CEROILFOOD HANKOW

### HUNAN BRANCH

34 Tung Mao Street, Changsha  
Cable: REDEAST CHANGSHA  
*Kwangchow Office*  
144 Loh Nee San Road, Kwangchow  
Cable: HUNANFOOD KWANGCHOW

### KWANGSI CHUANG AUTONOMOUS REGION BRANCH

Hunghsing Road, Nanning  
Cable: CEROILFOOD NANNING  
*Kwangchow Office*  
128 Loh Nee San Road Kwangchow

### YUNNAN BRANCH

148 Hwa Shan Nan Road, Kunming  
Cable: 0960 KUNMING  
*Kwangchow Office*  
132 Janglan Road, Kwangchow  
Cable: YUNNANEXPORT KWANGCHOW



#### **HONAN BRANCH**

6 Wenhua Road, Chengchow  
Cable: 4752 CHENGCHOW  
*Kwangchow Office*  
Janglan Road, Kwangchow  
Cable: 4752 KWANGCHOW

#### **KIANGSI BRANCH**

25 Chuan Chian Road, Nanchang  
Cable: 7350 NANCHANG  
*Kwangchow Office*  
61 Industry Road, Mei Yuan West, Honan, Kwangchow  
Cable: 1868 KWANGCHOW

#### **KIANGSU BRANCH**

50 Chung Hwa Road, Nanking  
Cable: CEROILFOOD NANKING

#### **HOPEH BRANCH**

52 Pei Ma Road, Shihchiachuang  
Cable: CEROILFOOD SHIHCHIACHUANG  
*Chinwangtao Office*  
Tung Feng Road, Chinwangtao, Hopeh  
Cable: CEROILFOOD CHINWANGTAO

#### **HEILUNGKIANG BRANCH**

53 Hoping Road, Harbin  
Cable: 5567 HARBIN  
*Kwangchow Office*  
980 Chieh Fang Road, Kwangchow  
Tel: 32067  
Cable: 0506 KWANGCHOW

#### **Hongkong and Macao Agents**

##### **NG FUNG HONG**

115 Queen's Road, W, Hong Kong  
Tel: 5-404021  
Business Department Tel: 5-480465, 5-403830, 5-481113  
Cable: NGFUNG HONGKONG

##### **NAM KWONG TRADING CO.**

Nan Tung Bank Building, 65-A Rua Da Praia Grande,  
Macao  
Cable: NAMKWONG MACAO

#### **NATIVE PRODUCE ANIMAL BY-PRODUCTS**

CHINA NATIONAL NATIVE PRODUCE AND  
ANIMAL BY-PRODUCTS IMPORT AND EXPORT  
CORPORATION

82 Tung An Men Street, Peking  
Cable: CHINATUHSU PEKING  
Telex: 22083 TUHSU CN  
Tel: 55-8831

#### **Branch Corporations**

##### **PEKING BRANCH**

52 Hsi Chiao Min Hsiang, Peking  
Cable: TUHSUBRAN PEKING

##### **SHANGHAI TEA BRANCH**

74 Dian Chi Road, Shanghai  
Cable: NATIONTEA SHANGHAI  
Telex: 33060 CNPCS CN

##### **SHANGHAI NATIVE PRODUCE BRANCH**

18 Dian Chi Road, Shanghai  
Cable: CHINAPROCO SHANGHAI  
Telex: 33060 CNPCS CN

##### **SHANGHAI ANIMAL BY-PRODUCTS BRANCH**

23 Chungshan Road, E.1, Shanghai  
Cable: BYPRODUCTS SHANGHAI

##### **TIENTSIN NATIVE PRODUCE BRANCH**

33 Harbin Road, Tientsin  
Cable: NCNPC or DRUGS TIENTSIN

##### **TIENTSIN ANIMAL BY-PRODUCTS BRANCH**

66 Yen Tai Street, Tientsin  
Cable: BYPRODUCTS TIENTSIN

##### **TALIEN (DAIREN) BRANCH**

139 Stalin Road, Talien  
Cable: PRODAIREN or BYPRODUCTS TALIEEN

##### **SHANTUNG NATIVE PRODUCE BRANCH**

12-16 Paoting Road, Tsingtao  
Cable: CNSNP TSINGTAO

##### **SHANTUNG ANIMAL BY-PRODUCTS BRANCH**

24 Hupei Road, (P.O. Box 112), Tsingtao  
Cable: BYPRODUCTS TSINGTAO

##### **FUKIEN BRANCH**

Foreign Trade Building, Tung Fang Hung Street,  
Foochow  
Cable: NATIONTEA or PROFUKIEN or  
BYPRODUCTS FOOCHOW

##### *Amoy Sub-Branch*

Foreign Trade Building, Tung Fung Road, Amoy  
Cable: NATIONTEA or PROAMOY AMOY

##### **KWANGTUNG TEA AND NATIVE PRODUCE BRANCH**

486 Loh Nee San Road, Kwangchow  
Cable: NATIONTEA or PROCANTON  
KWANGCHOW

##### *Kwangchow Sub-Branch*

163 Renmin Road (South), Kwangchow  
Cable: NAPRODIMPEX KWANGCHOW

##### *Tsamkong Sub-Branch*

Foreign Trade Building, People's Road, Hsia Shan,  
Tsamkong, Kwangtung  
Cable: 9960 TSAMKONG

##### *Tungoon Sub-Branch*

12 Fan Di Road, Tungoon, Kwangtung  
Cable: 2222 TUNGOON

##### *Kongmoon Sub-Branch*

194 Shiang Yang Road, Kongmoon, Kwangtung  
Cable: 7531 KONGMOON

##### *Swatow Sub-Branch*

111 Yung Hsing Street, Swatow, Kwangtung  
Cable: PROSWATOW SWATOW

##### *Shekki Sub-Branch*

169 Renmin Road, Shekki, Chungshan, Kwangtung  
Cable: 7777 SHEKKI

##### *Hainan Sub-Branch*

75 Chien Fang Road, W., Hoihow, Kwangtung  
Cable: 0427 HOIHOW

##### *Shunteh Sub-Branch*

8 Chang Ti Road, Yungki, Shunteh, Kwangtung  
Cable: 0256 SHUNTEH

##### *Fushan Sub-Branch*

219 Chao Yang Road, Fushan, Kwangtung  
Cable: 5420 FUSHAN

##### *Chaoching Sub-Branch*

Bing Che Road, Chaoching, Kwangtung  
Cable: 5420 CHAOCHING

*Huiyang Sub-Branch*

1 Chao Yang Street, Huiyang, Kwangtung

Cable: 5420 HUIYANG

*Shumchun Sub-Branch*

Wen Tsin Doo, Shumchun, Kwangtung

Cable: 4349 SHUMCHUN

**KWANGTUNG ANIMAL BY-PRODUCTS BRANCH**

48 Chu Kiang Road, Sha Mien, Kwangchow

Cable: BYPRODUCTS KWANGCHOW

**KWANGSI CHUANG AUTONOMOUS REGION  
BRANCH**

13 Tsinan Road, Nanning

Cable: PRONANNING NANNING

*Wuchow Sub-Branch*

Foreign Trade Building, Bund, Wuchow, Kwangsi

Cable: 0427 WUCHOW

*Peihai (Pakhoi) Sub-Branch*

Foreign Trade Building, Peihai, Kwangsi

Cable: 0427 PEIHAI

*Kwangchow Office*

373 Nan An Road, Kwangchow

Cable: PRONANNING KWANGCHOW

**HUPEH BRANCH**

766 Chungshan Road, Hankow

Cable: PROWUHAN HANKOW

**HUNAN BRANCH**

34 Tung Mao Street, Changsha

Cable: 0427 CHANGSHA

*Kwangchow Office*

144 Loh Nee San Road, Kwangchow

Cable: HUNANNAT KWANGCHOW

**YUNNAN NATIVE PRODUCE BRANCH**

148 Hwa Shan Nan Road, Kunming

Cable: PROEXCORP KUNMING

**KIANGSU BRANCH**

50 Chung Hwa Road, Nanking

Cable: CHINATUHSU NANKING

**HOPEH BRANCH**

52 Pei Ma Road, Shihchiachuang

Cable: TUHSUBRAN SHIHCHIACHUANG

*Chinwangtao Office*

Tung Feng Road, Chinwangtao, Hopeh

Cable: TUHSUBRAN CHINWANGTAO

**HEILUNGKIANG BRANCH**

53 Hoping Road, Harbin

Cable: 5567 HARBIN

*Kwangchow Office*

980 Chieh Fang Road, Kwangchow

Tel: 32067

Cable: 0506 KWANGCHOW

**Hongkong and Macao Agents**

**TECK SOON HONG LTD.**

37 Connaught Road, W., Hong Kong

Tel: 5-456041

Cable: STILLON HONGKONG

**NAM KWONG TRADING CO.**

Nan Tung Bank Building, 65-A Rua Da Praia Grande,  
Macao

Cable: NAMKWONG MACAO

**LIGHT INDUSTRIAL PRODUCTS**

CHINA NATIONAL LIGHT INDUSTRIAL  
PRODUCTS IMPORT AND EXPORT  
CORPORATION

82 Tung An Men Street, Peking

Cable: INDUSTRY PEKING

Telex: 22082 LIGHT CN

Tel: 55-8831

**Branch Corporations**

**PEKING BRANCH**

76 Hsi Chang An Street, Peking

Cable: INDUSBRANCH PEKING

**PEKING ARTS AND CRAFTS BRANCH**

1 Hsi Chiao Min Hsiang, Peking

Cable: PEKARTCO PEKING

**PEKING JEWELRY BRANCH**

Building No. 1, Fu Wai Street, Peking

Cable: PEKJEWECO PEKING

**SHANGHAI BRANCH**

128 Hu Chiu Road, Shanghai

Cable: INDUSTRY SHANGHAI

Telex: 33054 INDUS CN

**SHANGHAI CERAMICS BRANCH**

16 Chungshan Road, E.1, Shanghai

Cable: CERAMIC SHANGHAI

Telex: 33053 ARTEX CN

**SHANGHAI ARTS AND CRAFTS BRANCH**

16 Chungshan Road, E.1, Shanghai

Cable: LACEART or HOODART or ARTCRAFT  
SHANGHAI

**TIENTSIN BRANCH**

172 Liao Ning Road, Tientsin

Cable: INDUSTRY TIENTSIN

**TIENTSIN ARTS AND CRAFTS BRANCH**

4 Chieh Fang Pei Road, Tientsin

Cable: ARTS or PORCELAIN or STRAW TIENTSIN

**KWANGCHOW BRANCH**

87 Chang Ti, Kwangchow

Cable: INDUSTRY KWANGCHOW

**KWANGTUNG CERAMICS, ARTS AND CRAFTS  
BRANCH**

2 Chiao Kuang Road, Kwangchow

Cable: CERAMICO or ARTCANTON KWANGCHOW

*Swatow Sub-Branch*

63 Chi Ping Road, Swatow

**TALIEN (DAIREN) BRANCH**

110 Stalin Road, Talien

Cable: INDUSTRY TALIEN

**LIAONING ARTS AND CRAFTS BRANCH**

110 Stalin Road, Talien

Cable: 5669 TALIEN

**SHANTUNG BRANCH**

8 Tientsin Road, Tsingtao

Cable: INDUSTRY TSINGTAO

**SHANTUNG ARTS AND CRAFTS BRANCH**

14 Paoting Road, Tsingtao

Cable: NAPERY or STRAWART or HAIRART or  
2611 TSINGTAO

**FUKIEN BRANCH**

Foreign Trade Building, East Road, Foochow

Cable: INDUSTRY FOOCROW



**FUKIEN ARTS AND CRAFTS BRANCH**

195, 817 Road, N., Foochow  
Cable: ARTCRAFT FOOCOW

**HUNAN BRANCH**

103 Wu Yih Road, E., Changsha  
Cable: 0756 CHANGSHA

**HUPEH BRANCH**

75 Shengli Street, Hankow  
Cable: INDUSTRY HANKOW

**KWANGSI CHUANG AUTONOMOUS REGION ARTS AND CRAFTS BRANCH**

13 Tsinan Road, Nanning  
Cable: PRONANNING NANNING

**Wuchow Sub-Branch**

45 Shikuo Road, Wuchow, Kwangsi

**KIANGSU BRANCH**

50 Chung Hwa Road, Nanking  
Cable: INDUSTRY NANKING

**HOPEH BRANCH**

52 Pei Ma Road, Shihchiachuang  
Cable: INDUSTRY SHIHCHIUACHUANG

**Chinwangtao Office**

Hai Bin Road, Chinwangtao, Hopeh  
Cable: INDUSTRY CHINWANGTAO

**HEILUNGKIANG BRANCH**

53 Hoping Road, Harbin  
Cable: 5567 HARBIN

**Kwangchow Office**

980 Chieh Fang Road, Kwangchow  
Tel: 32067

Cable: 0506 KWANGCHOW

**Hongkong and Macao Agents****TECK SOON HONG LTD.**

37-39 Connaught Road, W., Hong Kong  
Tel: 5-456041

Cable: STILLON HONGKONG

**HUA YUAN COMPANY**

12 Stewart Rd., Hong Kong  
Tel: 5-754391

Cable: HYCOMP HONGKONG

**NAM KWONG TRADING CO.**

Nan Tung Bank Building, 65-A Rua Da Praia Grande,  
Macao

Cable: NAMKWONG MACAO

**MINMETALS****CHINA NATIONAL METALS AND MINERALS IMPORT AND EXPORT CORPORATION**

Erh Li Kou, Hsi Chiao, Peking

Cable: MINMETALS PEKING

Telex: 22041 MIMET CN

Tel: 89-2376

**Branch Corporations****SHANGHAI BRANCH**

27 Chungshan Road, E.1, Shanghai  
Cable: MINMETALS SHANGHAI

**TIENTSIN BRANCH**

319 Ho Ping Street, Tientsin  
Cable: MINMETALS TIENTSIN

**HOPEH BRANCH**

52 Pei Ma Road, Shihchiachuang  
Cable: MINMETALS SHIHCHIUACHUANG

**Chinwangtao Sub-Branch**

Kai Luan Road, Chinwangtao, Hopeh  
Cable: MINMETALS CHINWANGTAO

**KWANGTUNG BRANCH**

61 Yen Chiang Road (1), Kwangchow  
Cable: MINMETALS KWANGCHOW

**SHANGTUNG BRANCH**

9 Tang Yi Road, Tsingtao  
Cable: MINMETALS TSINGTAO

**TALIEN (DAIREN) BRANCH**

143 Stalin Road, Talien  
Cable: MINMETALS TALIEN

**KWANGSI CHUANG AUTONOMOUS REGION BRANCH**

13 Tsinan Road, Nanning  
Cable: MINMETALS NANNING

**Kwangchow Office**

128 Loh Nee San Road, Kwangchow  
Cable: CNMCKBCO KWANGCHOW

**YUNNAN BRANCH****Kwangchow Office**

132 Chiang Lain Road, Kwangchow  
Cable: YUNNANEXPORT KWANGCHOW

**PEKING BRANCH**

190 Inside Chao Yang Men Street, Peking  
Cable: MINMETBRANCH PEKING

**KIANGSU BRANCH**

50 Chung Hwa Road, Nanking  
Cable: MINMETALS NANKING

**Lienyunkang Office**

Lienyunkang, Kiangsu  
Cable: MINMETALS LIENYUNKANG

**FUKIEN BRANCH**

Foreign Trade Building, Tung Fang Hung Street,  
Foochow

Cable: MINMETALS FOOCOW

**Hongkong and Macao Agents****CHINA RESOURCES COMPANY**

Bank of China Building, Hong Kong  
Tel: 5-235011

Cable: CIRECO HONGKONG

**NAM KWONG TRADING COMPANY**

Nan Tung Bank Building, 65-A Rua Da Praia Grande,  
Macao

Cable: NAMKWONG MACAO

**MACHINERY****CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION**

Erh Li Kou, Hsi Chiao, Peking

Cable: MACHIMPEX PEKING

Telex: 22042 CMIEC CN

Tel: 89-1243

**Branch Corporations****SHANGHAI BRANCH**

27 Chungshan Road, E.1, Shanghai  
Cable: MACHIMPEX SHANGHAI

**TIENTSIN BRANCH**

14 Chang Teh Road, Tientsin  
Cable: MACHIMPEX TIENTSIN

**KWANGTUNG BRANCH**

61 Yen Kiang Road (1), Kwangchow  
Cable: MACHIMPEX KWANGCHOW

**SHANTUNG BRANCH**

82 Chungshan Road, Tsingtao  
Cable: MACHIMPEX TSINGTAO

**TALIEN (DAIREN) BRANCH**

145 Stalin Road, Talien  
Cable: MACHIMPEX TALIEN

**PEKING BRANCH**

190 Inside Chao Yang Men Street, Peking  
Cable: MACHBRANCH PEKING

**KIANGSU BRANCH**

50 Chung Hwa Road, Nanking  
Cable: MACHIMPEX NANKING

**HOPEH BRANCH**

52 Pei Ma Road, Shichiachuang  
Cable: MACHIMPEX SHICHIACHUANG  
*Chinwangtao Office*  
Tung Feng Road, Chinwangtao, Hopeh  
Cable: MACHIMPEX CHINWANGTAO

**Hongkong and Macao Agents****CHINA RESOURCES COMPANY**

Bank of China Building, Hong Kong  
Tel: 5-235011

Cable: CIRECO HONGKONG

**NAM KWONG TRADING CO.**

Nan Tung Bank Building, 65-A Rua Da Praia Grande,  
Macao  
Cable: NAMKWONG MACAO

**CHEMICALS****CHINA NATIONAL CHEMICALS IMPORT AND EXPORT CORPORATION**

Erh Li Kou, Hsi Chiao, Peking  
Cable: SINOCHEM PEKING  
Telex: 22043 CHEMI CN  
Tel: 89-1289

**Branch Corporations****KWANGTUNG BRANCH**

61 Yen Kiang Road (I), Kwangchow  
Cable: SINOCHEMIC KWANGCHOW

**SHANGHAI BRANCH**

27 Chungshan Road, E.I., Shanghai  
Cable: SINOCHEMIS SHANGHAI

**SHANTUNG BRANCH**

82 Chungshan Road, Tsingtao  
Cable: SINOCHEMAO TSINGTAO

**TIENTSIN BRANCH**

171 Chien Sheh Road, Tientsin  
Cable: SINOCHEM TIENTSIN

**PEKING BRANCH**

190 Inside Chao Yang Men Street, Peking  
Cable: SINOCHEMIP PEKING

**TALIEN (DAIREN) BRANCH**

135 Stalin Road, Talien  
Cable: SINOCHEMIR TALIEN

**KIANGSU BRANCH**

50 Chung Hwa Road, Nanking  
Cable: SINOCHEM NANKING

**HOPEH BRANCH**

52 Peima Road, Shihchiachuang  
Cable: SINOCHEM SHIHCHIACHUANG  
*Chinwangtao Office*  
Tung Feng Road, Chinwangtao, Hopeh  
Cable: SINOCHEM CHINWANGTAO

**HEILUNGKIANG BRANCH**

53 Hoping Road, Harbin  
Cable: 5567 HARBIN  
*Kwangchow Office*  
980 Chieh Fang Road, Kwangchow  
Tel: 32067  
Cable: 0506 KWANGCHOW

**TEXTILES****CHINA NATIONAL TEXTILES IMPORT AND EXPORT CORPORATION**

82 Tung An Men Street, Peking  
Cable: CHINATEX PEKING  
Telex: 22080 CNTEX CN  
Tel: 55-8831

**Branch Corporations****SHANGHAI BRANCH**

27 Chungshan Road, E.I., Shanghai  
Cable: TEXTILE SHANGHAI  
Telex: 33055 SHTEX CN

**SHANGHAI GARMENTS BRANCH**

27 Chungshan Road, E.I., Shanghai  
Cable: GARMENTS SHANGHAI  
Telex: 33056 GAREX CN

**SHANGHAI SILK BRANCH**

17 Chungshan Road, E.I., Shanghai  
Cable: CHISICORP SHANGHAI  
Telex: 33059 CTSSB CN

**PEKING BRANCH**

Building No. 1, Fu Wai Street, Peking  
Cable: PEKITEK PEKING

**TIENTSIN BRANCH**

114 Ta Ku Road, C., Tientsin  
Cable: CHINATEX TIENTSIN

**SHANTUNG BRANCH**

78 Chungshan Road, Tsingtao  
Cable: CHINATEX TSINGTAO

**KWANGTUNG BRANCH**

255 Yen An Road II, Kwangchow  
Cable: CANTEX KWANGCHOW

**LIAONING BRANCH**

135 Stalin Road, Talien  
Cable: CHINATEX TALIEN

**KIANGSU BRANCH**

50 Chung Hwa Road, Nanking  
Cable: CHINATEX NANKING

**HOPEH BRANCH**

52 Pei Ma Road, Shihchiachuang  
Cable: CHINATEX SHIHCHIACHUANG  
*Chinwangtao Sub-Branch*  
Tung Feng Road, Chinwangtao, Hopeh  
Cable: CHINATEX CHINWANGTAO

**Hongkong and Macao Agents****CHINA RESOURCES COMPANY**

Bank of China Building, Hong Kong  
Tel: 5-235011

Cable: CIRECO HONGKONG

**NAM KWONG TRADING CO.**

Nan Tung Bank Building, 65-A Rua Da Praia Grande,  
Macao

Cable: NAMKWONG MACAO

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# TOP FIFTEEN US IMPORTS AND EXPORTS IN SINO-AMERICAN TRADE FOR FIRST HALF OF 1976

(US Dollars)

## US EXPORTS TO CHINA

Commodity of Export	Value January-June 1976	Value January-June 1975	Percent Change 1976/1975
Alum & Alum Al, Unwr, NEC	25,641,310	—	—
Stm Eng & Trbs In Blrs & Pts	7,655,637	7,956,937	-3.7%
Staple, Polyestr, Nt Crd Etc	6,548,520	—	—
Mchs, Pts NEC Trtmt Chng Tmp	6,450,963	7,023,255	-8.2%
Gas Compress Centrif & Axial	5,600,032	7,496,321	-25.3%
Gas Turbns & Pt Mech Dri	4,809,718	1,006,218	378.0%
Steam Power Boilers, NEC	3,293,546	—	—
No. 1 Hvy Mlt Stl Scr Ex Sts	3,205,659	1,600,000	100.3%
Air Compress Stnry Ov 100 Hp	3,041,068	153,654	1,887.6%
Lift & Load Mchs NEC & Pts	2,842,200	—	—
St Tb A Pipe Flanges Forged	2,731,753	80,079	3,313.8%
Carb St Stand Pipe Smlss Blk	2,167,376	—	—
Cmpnd Catalysts, Exc Nickel	2,125,858	699,843	204.0%
Trucks, Off-Highway, NonMil	1,926,435	—	—
Nonauto Vlvs, Taps, Pts, I/S	1,912,509	1,103,987	73.4%
<b>TOTAL All Exports</b>	<b>119,581,259</b>	<b>147,465,475</b>	<b>-18.9%</b>

## US IMPORTS FROM CHINA

Commodity of Import	Value January-June 1976	Value January-June 1975	Percent Change 1976/1975
PC Shirt NES Wh Cot Nfbc	7,661,035	495,824	1,447.7%
Antiques Nspf	5,742,005	2,079,084	432.2%
Tin Other than Alloys Unwgrt	5,379,708	23,729,676	-77.4%
Abc Sheet Wh Cot Nfbc Crd	4,078,691	1,799,111	126.7%
Fireworks	3,494,742	1,711,379	104.2%
Feathers Nt Meeting Fed Std	2,735,504	234,693	641.5%
Bristles Crude Or Processed	2,396,079	1,282,589	86.9%
PC Shirt NES Wh Cot Nfbc	2,143,013	3,779	71,333.3%
Twill NES Wh Cot Nfbc Crd	1,976,847	925,824	113.6%
Shrimp, Raw Peeled	1,657,438	65,783	2,449.2%
Baskets And Bags Bamboo	1,656,138	572,685	189.5%
Silk Raw In Skeins Etc NES	1,560,047	1,025,441	52.2%
Tung Oil	1,536,150	1,203,654	27.7%
Pepper Capsicum Etc Unground	1,512,330	834,743	81.3%
Bskts Bag Unspun Veg Mat NES	1,390,677	1,172,436	18.6%
<b>TOTAL All Imports</b>	<b>90,531,602</b>	<b>72,952,458</b>	<b>24.1%</b>

Source: NCUSCT based on data from Bureau of E-W Trade.

## SINO-US TRADE PROJECTED THROUGH 1976

(\$ Million)

	1971	1972	Change %	1973	Change %	1974	Change %	1975	Change %	Projected 1976	Change %
US Exports	\$ —	\$63.5	—	\$740.2	1065.9	\$819.1	10.6	\$303.6	-62.9	\$239.2	-21.2%
US Imports	\$4.9	\$32.4	561.2	\$ 64.9	100.3	\$114.7	76.7	\$158.3	38.0	\$180.6	14.1%
Total	\$4.9	\$95.9	1857.1	\$805.1	739.5	\$933.8	16.0	\$461.9	-50.5	\$419.8	- 9.1%



# ECONOMIC INDICATORS FOR THE PRC 1975

KEY INDICATORS	1952	1957	1965	1970	1971	1972	1973	1974	1975
<b>GNP (bil 1975 US \$)</b>	<b>82</b>	<b>115</b>	<b>163</b>	<b>219</b>	<b>236</b>	<b>246</b>	<b>272</b>	<b>283</b>	<b>299</b>
<b>Population, midyear (mil persons)</b>	570	640	750	840	860	880	899	917	935
<b>Per capita GNP (1975 US \$)</b>	144	180	217	261	273	280	303	309	320
<b>Industrial production index (1957 = 100)</b>	<b>48</b>	<b>100</b>	<b>199</b>	<b>316</b>	<b>349</b>	<b>385</b>	<b>436</b>	<b>455</b>	<b>502</b>
Producer goods index (1957 = 100)	39	100	211	350	407	452	513	536	602
<b>AGRICULTURE</b>									
<b>Agricultural production index (1957 = 100)</b>	<b>83</b>	<b>100</b>	<b>114</b>	<b>129</b>	<b>134</b>	<b>130</b>	<b>138</b>	<b>143</b>	<b>141</b>
Grain (mil metric tons)	154	185	210	240	246	240	250	260	260
Soybeans (mil metric tons)	9.5	10.1	N.A.	7.0	N.A.	N.A.	N.A.	14.9	17.0
Cotton (mil metric tons)	1.3	1.6	1.9	2.0	2.2	2.1	2.5	2.5	2.3
Hogs (mil head)	90	146	168	226	251	161	N.A.	261	N.A.
<b>INDUSTRY</b>									
<b>Machinery index (1957 = 100)</b>	<b>33</b>	<b>100</b>	<b>257</b>	<b>586</b>	<b>711</b>	<b>795</b>	<b>930</b>	<b>992</b>	<b>1,156</b>
Electric generators (mil kW)	Negl.	0.3	0.8	N.A.	3.0	3.5	4.0	4.7	5.5
Machine tools (th units)	13.7	28.3	45.0	70.0	75.0	75.0	80.0	80.0	90.0
Tractors (th 15-hp units)	..	..	23.9	79.0	114.6	136.0	166.0	150.0	180.0
Trucks (th units)	..	7.5	30.0	70.0	86.0	100.0	110.0	121.0	145.0
Locomotives (units)	20	167	50	435	455	475	495	505	530
Freight cars (th units)	5.8	7.3	6.6	12.0	14.0	15.0	16.0	16.8	18.5
Merchant ships (th metric tons)	6.1	46.4	50.6	121.5	148.0	164.6	209.4	297.8	335.6
<b>Other producer goods index (1957 = 100)</b>	<b>41</b>	<b>100</b>	<b>200</b>	<b>294</b>	<b>336</b>	<b>371</b>	<b>415</b>	<b>429</b>	<b>472</b>
Electric power (bil kWh)	7.3	19.3	42.0	72.0	86.0	93.0	101.0	108.0	121.0
Coal (mil metric tons)	66.5	130.7	220.0	310.0	335.0	356.0	377.0	389.0	427.0
Crude oil (mil metric tons)	0.4	1.5	11.0	28.2	36.7	43.1	54.8	65.8	74.5
Crude steel (mil metric tons)	1.3	5.4	12.5	17.8	21.0	23.0	25.5	23.8	26.0
Chemical fertilizer (mil metric tons)	0.2	0.8	7.6	14.0	16.8	19.8	24.8	24.9	27.9
Cement (mil metric tons)	2.9	6.9	15.3	19.7	23.0	28.3	30.5	33.7	40.0
Timber (mil m³)	11.2	27.9	27.2	29.9	30.7	33.2	34.2	35.2	36.2
Paper (mil metric tons)	0.6	1.2	3.6	5.0	5.1	5.6	6.0	6.5	6.9
<b>Consumer goods index (1957 = 100)</b>	<b>60</b>	<b>100</b>	<b>183</b>	<b>272</b>	<b>272</b>	<b>295</b>	<b>334</b>	<b>347</b>	<b>368</b>
Cotton cloth (bil linear meters)	3.8	5.1	6.4	7.5	7.2	7.3	7.6	7.6	7.6
Wool cloth (mil linear meters)	4.2	18.2	N.A.	N.A.	N.A.	N.A.	N.A.	65.2	N.A.
Processed sugar (mil metric tons)	0.5	0.9	1.5	1.8	1.9	1.9	2.2	2.2	2.3
Bicycles (mil units)	Negl.	0.8	1.8	3.6	4.0	4.3	4.9	5.2	5.5
<b>FOREIGN TRADE</b>									
<b>Foreign trade (bil current US \$)</b>	<b>1.9</b>	<b>3.0</b>	<b>3.8</b>	<b>4.3</b>	<b>4.7</b>	<b>5.9</b>	<b>10.1</b>	<b>14.0</b>	<b>14.3</b>
Exports, f.o.b.	0.9	1.6	2.0	2.0	2.4	3.1	5.0	6.6	6.9
Imports, c.i.f.	1.0	1.4	1.8	2.2	2.3	2.8	5.1	7.4	7.4

Source: C.I.A., Office of Economic Research. Data as of August 1976. For previous years see UCBR May-June 1975.





Agriculture is the foundation of China's economy: Chinese characters proudly proclaim this location as Tachai, China's model agricultural production brigade.

# Estimating China's Gross Domestic Product

**Dwight H. Perkins**

*For firms wishing to gauge the progress of a nation's economy, real GDP growth is a key indicator, and much care is usually taken by corporate planners to obtain the most accurate and up-to-date data available. The People's Republic of China is an exception, even among socialist nations, in that she produces no regular statistical information of any kind. The following article, by a leading expert on China's economy, answers some of the major questions relating to China's gross domestic product, and how it may be estimated.*

It is a commonly held view that estimating China's gross domestic or national product (GDP or GNP) is an occult art understood by only a few. Many go so far as to suspect that the exercise is comparable to alchemy with about the same prospects for success.

Suspicion of Chinese GDP estimates begins with the belief that the People's Republic of China publishes few statistics and what they do publish are of doubtful reliability. In fact the Chinese publish (or broadcast) quite a few figures and there is reason to believe that the reliability of many of these figures is frequently high.

There was a period, mainly in the 1960's, when China stopped publication of most economic statistics. And when publication of many figures resumed in the early 1970's these data did not appear in any single handy source such as a statistical yearbook. Instead they were scattered in different issues of newspapers, provincial radio broadcasts, and the reports of visitors to the PRC.

Those figures that are available, to be sure, are not always easy to use or interpret. With some exceptions, most of the statistics published are in index form rather than in tons or yuan (ren-min-bi). And the coverage and definitions being used are seldom clearly specified. Thus we have considerable amounts of data



on chemical fertilizer output, but no information on whether it is in some standard unit such as ammonium sulphate equivalent or is simply the gross weight of the product as it comes out of the factory (we assume the latter).

For many statistics, however, we are able to do better by referring back to data for the 1950's when Chinese publication policies were quite open. Many Chinese indexes, for example, give the percentage increase over 1949. To convert the index into physical product, all one often needs to do is find the 1949 physical product in some Chinese handbook such as *Ten Great Years*. Frequently for the 1950's there is also information on how these figures were compiled and the definitions used in making those compilations.

Deliberate falsification is not a problem, at least not at the central level. At the individual plant and commune level, of course, there are attempts to distort reported figures in order to gain an advantage of one kind or another. But there does not appear to be anyone at the central level deliberately distorting the data reported up for propaganda or other reasons. At least no one has ever discovered a shred of evidence of falsification of this type and not because no one has tried. Economists working on China regularly check Chinese data for its internal consistency, for example. Lack of consistency between two or more related series is not proof that they were not tampered with. Statistical authorities can falsify in a consistent manner. But it is doubtful that such has been the case in China. China meets its public relations needs not by falsification, but by selective publication. Statistics for lagging sectors are either not published at all or are compared with some year (1949 is a favorite) which makes them look good. When say both 1970 and 1974 are compared with 1949 for a particular series, however, little skill is required in making the comparison between 1970 and 1974.

If falsification is not a major problem, do the Chinese make a serious effort to collect reliable statistics

or are they indifferent to the need for accurate data? The answer in most cases (population data may be an exception) is almost certainly the former. It is inconceivable that one could run a centrally planned economy such as China's without a steady stream of reliable figures. Chinese planners tried to do without in 1958 and 1959 and the result was chaos.

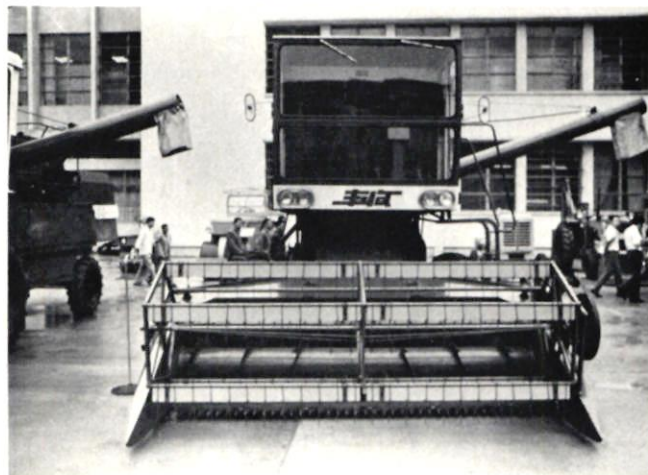
### Methodology—How to Use the Available Figures

Given that reasonably reliable data are, for the most part, available, how does one use these figures to estimate gross domestic product? Almost all analyses in recent years have followed the same comparatively straightforward procedure.<sup>1</sup> The first step is to derive series for the major components of GDP, namely agriculture, industry, services, and sometimes construction. Gross value output is the form in which the agriculture and industry series are most readily available. These must be converted to value added in order to eliminate double counting. For the 1950's it is possible to eliminate double counting in a fairly systematic way. For the period after 1957 detailed analysis of the relationship between gross value and value added is not possible and the usual procedure is to assume that the ratio between the two was the same in the 1970's as, say, in 1957. This assumption introduces potential bias because, among other things, the ratio of gross value added is sensitive to changes in the degree of vertical integration in industry. Such work as has been done in this area, however, suggests that the changes in degree of vertical integration that have occurred are not likely to have caused major biases.

The services sector (government, trade, personal services, etc.) is the most difficult to estimate. The largest segments of this sector (e.g. trade), however, tend to be highly correlated with industry and agriculture. We have, for example, a Chinese figure for retail trade in 1973 and the increase from 1957 to 1973 almost exactly matches the percentage rise in industry plus agriculture. We also know something about the number of personnel in the Chinese military and in other government activities. One way or another, therefore, one can come up with a plausible if not very reliable estimate of this sector. Some comfort can be obtained from the fact that estimates for this sector in other less developed nations generally aren't very good either. Construction, when it is separately estimated at all, is derived from an index of output of construction materials.

All that remains is to add up the value added figures. Of course, in calculating value added a decision has to be made as to the prices to use; Chinese 1952 and 1957 prices and Indian prices are among those that have been used by various authors. And many people are interested in Chinese GDP in U.S. dollars so that they can make international comparisons. More will be said about these issues below, but first

This "Feng Shou" combine was displayed at the Spring 1976 Canton Fair.





**Table 1**  
**"OFFICIAL" ESTIMATES OF AGRICULTURAL PRODUCTION**

	GRAIN (million tons)		GROSS VALUE OUTPUT (billion 1957 yuan)
	(excluding soybeans)	(including soybeans)	
1949	108.1	113.2	29.0
1952	154.1	163.9	43.1
1957	185.0	195.1	53.7
1962	174	—	—
1964	200	—	52.9
1965	205	—	—
1967	230	—	—
1970	240	—	72.0
1972	240	—	—
1974	260±	274.9	79.9

**Sources:**

*Grain:* The data for the years 1949-1957 and 1970-1972 have been published in numerous official publications. The 1960-1967 grain output figures have been leaked to visitors to China on a number of occasions. For 1974 we have been told by Chou En-lai that grain output in 1974 was 140 percent above that of 1949. Other Chinese officials have stated that 1974 output was 274.9 million tons. There is some uncertainty about the 1949 base figure used in calculating the 1949-1974 percentage increase because both 108 and 110 million tons appear in the literature. No one has explicitly stated that the 274.9 figure includes soybeans, but, if it doesn't, then the published percentage increase would be inconsistent with the reported absolute figures. The assumption, therefore, is that the figure includes soybeans.

*Gross Value Output:* The 1957 figure in 1957 prices was published in *Ten Great Years*, p. 118. The same source publishes figures in 1952 prices for 1949-1957. The index derived from these figures is used to reconstruct figures for 1949 and 1952 in 1957 prices. The 1970 figure was given to Edgar Snow by Chou En-lai. The 1974 estimate is the product of a careful effort at reconstruction by Thomas Wiens in "Agricultural Statistics in the People's Republic of China," a paper forthcoming in a volume edited by Alexander Eckstein. The 1964 figure was derived from the 1974 figure and Chou En-lai's statement that output in 1974 was 51 percent above 1964.

more discussion of output series is in order.

**Agriculture**

Agriculture is the easiest series to reconstruct. First, we know what grain output was in most of the years since 1949 and grain accounts for about half the value added in the entire sector. We also have data for some other crops and animals (particularly hogs) and there are even gross value output figures that can be reconstructed for a few years (see Table 1).

Because there are fewer intermediate products in the agricultural sector, the problem of double counting is much less serious than in industry. Conversion of gross value output into value added, therefore, is comparatively straightforward. The choice is between use of a constant ratio of value added to gross value output for the entire period or a rising ratio to take into account the greater use by agriculture of industrial inputs (mainly chemical fertilizer) after 1957. Whichever method is chosen, the choice has a comparatively small impact on GDP growth rates.

**Industry**

It is possible to reconstruct the "official" Chinese gross value of industrial output for almost all years since 1949. Figures for selected years are presented in Table 2. It is even possible to construct the gross value of industrial output on a province by province basis for selected years.<sup>2</sup>

During the 1960's however, reconstruction of this series was not possible and alternative methods arose in an attempt to fill the gap. The most commonly used indexes were those of Robert Michael Field which were built up from series for individual industrial products as estimated by various CIA economists and published by the Joint Economic Committee of the Congress or elsewhere. As the Chinese began to publish more and more industrial figures of their own, however, it became apparent that some of the U.S. government economists' figures were underestimates. There was, of course, also the possibility that the Chinese figures were distorted in the opposite direction. But as more and more work has been done with the Chinese data, a consensus has begun to develop that the Chinese figures are the best we have and should be used where available in preference to estimates by outsiders. As can be seen from Table 2, Field's index in its present form is very similar to the "official" index which is not surprising since Field's index is based mainly on official data.

**Which Prices?**

One of the most difficult decisions to be made in reconstructing Chinese GDP is the choice of the prices to be used in adding up the various components. One must select the prices of a single year because otherwise

**Table 2**  
**ESTIMATES OF INDUSTRIAL PRODUCTION**  
**(GROSS VALUE IN BILLION 1952 YUAN)**

	"Official"		R. M. Field	
	GVFHO	GVFAO	Index	Index
1949	14.02	—	18	20
1952	34.33	—	44	48
1957	78.39	86.66	100	100
1962	—	101.97	118	114
1965	—	171.65	198	199
1968	—	178.51	206	222
1970	—	288.36	333	313
1972	—	342.51	395	371
1974	—	417.82	482	432

**Sources:** The "official" series were reconstructed by Thomas Rawski in "China's Industrial Performance, 1949-1974," a paper to be published in a volume edited by Alexander Eckstein. GVFHO is the gross value of factory and handicraft output. GVFAO also includes initial stages of agricultural processing not included in GVFHO. The Field index is taken from his "Civilian Industrial Production in the People's Republic of China: 1949-1974," in Joint Economic Committee, *China: A Reassessment of the Economy* (Washington: 1975), p. 149.



**Table 3**  
**AN ESTIMATE OF CHINESE GROSS DOMESTIC PRODUCTS (BILLION 1957 YUAN)**

	1952	1957	1962	1965	1970	1974
Agriculture	32.15	44.72	35.30	49.10	59.96	67.09
Industry (including transport)	19.31	34.16	45.67	64.60	96.99	138.84
Construction	1.48	4.00	4.48	8.00	9.80	13.96
Services	17.47	21.80	22.84	28.94	37.15	46.35
GDP	70.41	104.68	108.29	150.64	203.90	266.24

Sources: D. H. Perkins, "Issues in the Estimation of China's National Product," to be published in a volume edited by Alexander Eckstein.

**TABLE 4**  
**GDP GROWTH RATES**

Period	Average Annual Rate in %
1952-57	8.3
1957-70	5.3
1970-74	6.9
1952-74	6.2

GDP figures will reflect price changes as well as real changes in output. But which year's prices are appropriate or does it really matter?

It certainly matters. Between 1952 and 1974 industry grew at an average annual rate of 11.5 percent while agriculture grew at only a 2.8 percent rate. The GDP growth rate is obtained in essence from a weighted average of these two sectoral rates (plus services) and the weights used are heavily influenced by the structure of prices. Chinese 1952 industrial prices, for example, are quite high relative to agricultural prices due to the fact that industry suffered more from pre-1949 wartime destruction and from the Korean War embargo than did agriculture. The use of 1952 prices for estimating GDP, as a result, gives an unusually heavy emphasis to industry with the effect of raising the GDP growth rate nearer to that of the industrial sector growth rate.

Chinese 1957 prices are an improvement. By 1957 the Chinese had introduced an across the board cut in industrial prices and agricultural purchase prices had been raised. On the other hand, China had by that time introduced central planning and administrative allocation of key industrial inputs. Prices, therefore, were no longer much influenced by market forces in the producer goods sphere as they are supposed to be if GDP calculations are to reflect the value placed on Chinese output by the preferences of the Chinese people.

Economists have also tried using 1933 prices in

China and 1948-49 Indian prices. The advantage of the former is that they are easy to obtain and they reflect relatively free market forces. Their disadvantage is that 1933 was over 40 years ago when Chinese preferences and the structure of the Chinese economy were very different from what they are today. Indian prices suffer, among other things, from the many distortions in Indian prices introduced by Indian policy makers. Where Chinese 1952 prices exaggerate the size of Chinese industry, Indian prices understate industry's share because of low or zero tariffs on capital goods imports and the like.

The estimates of Chinese GDP in Table 3, therefore, are based on Chinese 1957 prices on the grounds that they are the best available. Even these prices may exaggerate the share of industry in comparison with some more "ideal" set of prices. But whatever reasonable prices are used, it is clear that the industrial sector today accounts for around half of China's total GDP and for most of the growth in that GDP. If 1970 prices were available in sufficient quantity, for example, and gave a somewhat lower weight to industry than agriculture, the growth rate of GDP in recent years would be lowered, but not by much. The main effect on growth rates would be in the earlier years when the slow growing agricultural sector was a much larger share of GDP.

#### Conversion into U.S. Dollars

From some points of view, the main trouble with the figures in Table 3 is that all figures are given in terms of Chinese currency. For growth rate calculation purposes the figures in Chinese currency are all that are needed. But what does one do if one wants to compare China's GDP with that of the United States or with any other country? Similarly, how do we calculate the ratio of foreign trade to GDP when all our Chinese trade figures are in terms of U.S. dollars because they are collected from China's trading partners, not from China itself? The answer to both ques-

**TABLE 5**  
**RELATIVE PRICES IN THE 1950'S**

	Price Ratio Yuan/Dollar
Agricultural Products	2.60
Manufactured Products	8.50
Services	.20

Sources: Chinese and American agricultural and manufactured product prices were compared for 1951 by Kang Chao as reported in Feng-hwa Mah, *The Foreign Trade of Mainland China* (Chicago: Aldine, 1971), pp. 83-84. The figures in this table are a weighted average of these price ratios in the case of agricultural prices and an unweighted average of manufactured prices. The service sector figure was obtained by taking average annual wages in retail trade in the United States in 1957 (about \$3,124) and dividing into the average Chinese wage in 1957 of 637 yuan.



tions would appear to be to convert Chinese GDP to U.S. dollars at the going exchange rate. Nothing could be simpler, but the results can be very misleading.

The problem is twofold. Exchange rate conversions of GDP are of doubtful theoretical validity when the economic structure and price structure are as different as is the case with the United States and China. For China the problem is compounded by the fact that China's exchange rate tells us even less about relative prices than the usual exchange rate between two countries because the China-U.S. dollar rate is set by administrative fiat, not market forces.

The differences in the price structures of the United States and China are shown with 1950's data in Table 5. Manufactured products in China were eight times as expensive as those in the United States (if the yuan and dollar had been of equal value) while services in China were available at only one-fifth of their American cost. If one converted Chinese GDP into U.S. dollars on a sector by sector basis, services would account for 80 percent of Chinese GDP, an absurd result. Using a single conversion rate for all sectors disguises the problem, but doesn't get rid of it. If one is only interested in the foreign trade ratio, one is on safer ground converting dollar trade figures into yuan than GDP into dollars.

Still, exchange rate conversions can be of some use if the "right" exchange rate is used and the countries being compared are at comparable stages of development (e.g. China and India). What exchange rate is appropriate? In the mid-1950's the official yuan-dollar exchange rate (see Table 7) was believed to be overvalued. Since the 1950's, however, Chinese prices have been quite stable while those in the U.S. have risen as indicated in Table 6. Thus the old exchange rate of 2.355 would undoubtedly undervalue the yuan and it is likely that the current 1.9 rate would as well. A purchasing power parity rate can be estimated crudely by dividing a rate a bit above 2.355 by 1.747, the index of increase in U.S. prices between 1957 and 1974. The result would fall somewhere between 1.3 and 1.5 yuan to the dollar. Further work could improve on this figure, but in no case should this or any other rate be used to obtain "precise" estimates of GDP. Only a general range is possible.

## Conclusion

What then can we say about China's gross domestic product? We know it has been growing fairly rapidly by world standards and that the pace has picked up in the 1970's after slowing down in the 1960's under the impact of the post Great Leap difficulties and the Cultural Revolution.

We also know that China is still a poor country although steadily becoming less so. If China's population is today approaching 900 million, per capita GDP in 1974 was about 300 yuan. In U.S. dollars this would put per capita GDP at around \$200 in current prices

**Table 6**  
**U.S. IMPLICIT GNP DEFLATOR**  
**(1957 = 100)**

Year	Index
1950	82.3
1957	100.0
1965	112.9
1970	138.8
1972	150.0
1974	174.7

Source: Various Statistical Abstracts of the United States.

or perhaps a bit higher. This figure is well above that of India, but well below that of such nations as Malaysia or Iran (before the oil price rise). If per capita GDP continues to rise at the 5 percent pace of the past few years, however, it will double every 14 years and Chinese GDP will be approaching that of the current levels of the poorer industrialized nations of the world in the first decades of the twenty-first century. By then Chinese GDP in absolute, not per capita, terms would be comparable to that of, say, the United States today. 完

## Footnotes

1. Among the many efforts to estimate Chinese GNP or GDP are those of T. C. Liu and K. C. Yeh, *The Economy of the Chinese Mainland* (Princeton: Princeton University Press, 1965); Alexander Eckstein, "Economic Growth and Change in China: A Twenty Year Perspective," *The China Quarterly*, April/June 1973; W. W. Hollister, *China's Gross National Product and Social Accounts, 1950-1957* (Glencoe: Free Press, 1958); Subramanian Swamy, "Economic Growth in China and India, 1952-1970," *Economic Development and Cultural Change*, July 1973; and many others including several attempts of my own.
2. These figures were collected and published by R. M. Field, N. R. Lardy, and J. P. Emerson, *A Reconstruction of the Gross Value of Industrial Output by Province in the People's Republic of China: 1949-73* (Washington: Department of Commerce, 1975).

**TABLE 7**  
**YUAN-DOLLAR EXCHANGE RATES**

Period	Yuan-Dollar Rate
1955-1968	2.355
1974	1.90-2.04
1975 (Sept.-Oct.)	1.94-1.99



## BOOK REVIEW

### CHINA'S MODERN ECONOMY IN HISTORICAL PERSPECTIVE

ed. Dwight Perkins

Most studies of the Chinese economy available today either consider traditional Chinese society or else critique the modern Chinese development model. Now, however, a third type of analysis is available in *China's Modern Economy in Historic Perspective*, (Stanford, 1975, 344 pp.) edited by Dwight H. Perkins, Professor of Economics at Harvard University and Associate Director of the university's East Asian Research Center. Perkins's book is a series of nine essays, each a self-contained discussion of some aspect of China's economic order, but bound together by the underlying belief that China's modern economy has been strongly influenced by the country's pre-communist development.

For the executive, or casual observer seeking some perspective on current-day China, this book provides a broad and thoughtful interpretation of a subject that is still hotly contested in academic circles across the US and Europe. With the exception of Perkins' own paper on the "Growth and Changing Structure of China's Twentieth Century Economy" which serves as a hub for the collection, the essays can be divided into three types: four pieces which seek to link China's past with the present, two sectoral studies, and two reasonably detached intellectual analyses.

For a foreigner attempting to enter the China market, Robert Dernberger's study of "The Role of the Foreigner in China's Economic Development, 1840-1940" is fascinating reading. Opposing the traditional theory that the colonial era crippled China's ability to develop industrially, Dernberger presents a convincing argument that foreign capital and technology made available to China through the treaty ports of the late 1800s and early 1900s were significantly more beneficial to the Chinese economy than any damage done through textile or opium dumping on the Chinese consumer. He also discusses the importance of the foreign establishment of a transportation infrastructure and modern factories for later Chinese assimilation.

Another article linking modern China to its past is Carl Riskin's work on "Surplus and Stagnation in Modern China." Riskin hypothesizes that the Chinese economy in late Ch'ing China (up until 1911) had a considerable surplus in addition to essential consumption needs. However, this surplus, which was then equivalent to some 27% of the GDP, was wasted away by the wealthy classes on non-productive luxury goods, a situation that precluded any significant capital accumulation in the precommunist era.

The two other, perhaps less stimulating articles in this category, are Ramon Myer's "Cooperation in

Traditional Agriculture and Its Implications for Team Farming in the People's Republic of China," which dates PRC economic policies to precedents in traditional Chinese life, and Peter Schran's "On the Yen'an Origins of Current Economic Policies," which dates PRC economic policies to precedents during the Yen'an period (1937-45) when the Chinese communists based out of the extreme hinterlands of north central China.

*Textiles, Capital Goods:* Any foreign executive involved in either textiles or capital goods will want to study the two sectoral pieces in this book. Kang Chao's "Growth of a Modern Cotton Textile Industry" is a revealing investigation of Chinese textile industry's development from handicraft to advanced production. With a table that shows cotton production through 1956, this piece describes how China took advantage of its comparative advantage in the labor-intensive weaving sector to supply local demand through home production until relatively recently.

Thomas Rawski's "The Growth of Producer Industries, 1900-1971" is an even better glimpse of China's expanding heavy industry. Plagued with problems of managerial inefficiency and steel and iron bottlenecks, this sector of China's economy is traced through the beginning of the Fourth Five Year Plan (1971-1975). Tables of "Gross Output Values in Industry" and "Average Annual Growth" are complete through 1971 within this essay.

The first strictly academic piece in the series is Mark Elvin's "Skills and Resources in Late Traditional China," a study of certain aspects of late dynastic technology and the Chinese attitude towards technology at that time. The second article is "The 'Standard Market' in Traditional China" by John Fei. In this, Fei attempts to explain the economic geography of the traditional Chinese village through a mathematical analysis.

Regardless of the admitted merits of all eight other articles, the best of the series is Dwight Perkins's own "Growth and Changing Structure in China's Twentieth-Century Economy." Drawing heavily on Riskin's analysis of an existing surplus in the pre-communist economy and Dernberger's theory of foreign contributions through treaty port development, Perkins cogently explains the dramatic advances that are reported in modern China. Through carefully conceived economic redistribution, China's recent advances have occurred as the bottom half of society has had its standard of living doubled while the investment rate has been tripled. The book is well worth buying for this piece alone.—HJ



# Council Activities

- **The Death of Mao Tse-tung**
- **Talks in Peking**
- **Council Sees Quake First Hand**
- **Eric Kalkhurst Joins Council**
- **New Importer's Chairman**

## ON THE DEATH OF MAO TSE-TUNG

On the death of Mao Tse-tung on September 9, 1976 at 00:10 hours, the National Council sent the following cable to the CCPIT on behalf of its members.

"On behalf of the National Council for US-China Trade, this brings to our friends at the China Council for Promotion of International Trade, deepest condolences on the loss of your great and distinguished leader, Chairman Mao. His death removes from the world scene a man of towering stature whose impact on all mankind will long be felt."

Christopher H. Phillips, President of the Council, and other members of the Council Staff visited the Liaison Office of the People's Republic of China in Washington, D.C. to pay respects. A large wreath was sent by the Council on behalf of its members.

The following letter was sent to the Liaison Office:

"The National Council for US-China Trade, its members and staff, wish to express their profound condolences to their colleague at the Liaison Office on the occasion of the death of Chairman Mao Tse-tung.

The transformation of China under the guidance of Mao Tse-tung, for the benefit of the Chinese people, has been an achievement without parallel in history. The passing of Chairman Mao is a loss which will be felt not only in China, but throughout the world."

In the official eulogy to Mao Tse-tung, the Chinese emphasized that "we must carry on the cause left behind by the Chairman . . . We should continue to unfold the three great revolutionary movements of class struggle, the struggle for production and scientific experiment, build our country independently and with the initiative in our own hands, through self-reliance, hard struggle, diligence and thrift, and go all out, aim high and achieve greater, faster, better and more economical results in building socialism."

There follows an account of some of the few American businessmen in Peking at the time of Mao Tse-tung's death and the mourning that followed.

### "Transform Sorrow into Strength"

On September 9, the day of Chairman Mao's death, a large number of foreign businessmen were in Peking negotiating with various of China's foreign trade corporations. Among them were Lewis Shanks and James Chen of the IDC Marketing Division of WJS, Inc., in Washington, D.C. They were housed on the 17th floor of the Peking Hotel, from which vantage point they

watched the Chinese converge on Tien An Men to mourn their leader.

**September 9** Shanks and Chen were engaged in normal business meetings at 4:00 p.m. Peking time, the time that Mao's death was revealed to the public. At 4:15, one of them tried to make another business appointment, and was confused when the operator kept hanging up. At 4:30 they found out why. As word of Mao's death spread through the hotel, all of the employees dissolved into tears. The two men could see a crowd beginning to grow in Tien An Men beneath Mao's huge portrait.

They tried to phone the US, but were delayed by the outpouring of grief among the operators. Everywhere they could see crowds of people standing at attention and crying uncontrollably. Hundreds of flags went up at half mast throughout the capital. By early evening the hotel staff had black armbands and were passing them out to all foreigners who wanted them. The two stayed in for the evening and listened to the radio.

It was announced that no recreational activities would take place from the 9th through the 18th, the official period of mourning.

**September 10** It came as no surprise that all business meetings were cancelled during the mourning period, with contact between traders and FTC's limited to any urgent situation that might arise. The WJS men spent the day walking the streets, observing the many flags and the people with black armbands. They stood in line with crying Chinese to buy that day's newspaper, headlined "Eternal Glory to our Great Leader and Teacher Mao Tse-tung," and found themselves photographed as they were handed their copies.

The appearance of public billboards—upon which newspapers are normally posted—was transformed by white paper flowers of mourning interspersed with new photographs of Mao. Almost all shops affixed slogans above their entrances and adorned their front windows with more white flowers and portraits of Mao. Stands were set up along the street selling his photos and writings. All efforts, noted the Americans, seemed to be directed at preserving his memory.

Shortly after midnight, they could see a large crowd, estimated at 3,000-5,000, lining the streets between Mao's residence and the Great Hall of the People. They conjectured that the crowd served as an honor guard while Mao was moved from his home to the new location for public viewing.

**September 11** In the morning, the central area around the Great Hall was closed to pedestrian and bicycle traffic. A continuous procession of mourners visited Mao's bier, perhaps 18 hours a day. After the first day, a glass case enclosed the body as protection



against the overwhelming crush of people. Hundreds of buses carried mourners to the square, and continuous TV coverage brought scenes of mourning from all over China. "Watching soldiers who fought alongside Mao as well as kindergarten-age children sob uncontrollably," commented the men, "is one of the most moving experiences one can imagine. Americans can never fully understand the emotion here; it is as if everyone's father died at the same time."

**September 13** That day the men were invited to visit Mao's bier. They were probably among less than 100 Americans given such an honor. Representatives of their host corporation escorted them to the Great Hall. On the way back to the hotel not a word was said.

The daily scene in Tien An Men was crowded, but well organized. Mourners stood four abreast as they waited their turn to pass the bier, sometimes using three entrances at the north side of the Great Hall of the People. Medical teams stood by to take care of emotional breakdowns. As the people filed past political leaders, and then Mao's body, the tears flowed freely, and many had to be assisted out.

A few business meetings were held during the week, but no one's heart was in them.

**September 18** The morning was very gray, with rain threatening. A total curfew was instituted beginning 9 a.m. for Peking Hotel guests who were within the bounds of the funeral throngs, as protection during the final ceremonies scheduled for that day. For an hour before the start of the curfew, Shanks and Chen walked along Changan Ave., watching units of the People's Liberation Army, workers, and peasants organize for the afternoon ceremony. The Chinese were busy constructing road blocks and positioning numerous medical stations to care for upsets or injuries.

At exactly 9 a.m. all streets into Changan Avenue were blocked off by human barricades. The men returned to the Peking Hotel to view the activities from the 17th floor. With the halt of all vehicular traffic into the area, a vast silence reigned. For the first time, the men could hear breezes blowing softly through the trees. The mood was set for the solemn events which were to follow.

From the 17th floor, the men watched the morning activity pick up. PLA members dotted the rooftops of the major buildings, and others marked off locations for units to occupy. By 12:30 Tien An Men seemed completely filled, and by 2 p.m. Changan Ave. and Tungtan St. were jammed as far as they could see. They estimated the crowd of workers, peasants, PLA, and police at over one million.

At 2:45—15 minutes before the scheduled ceremony—the noise of the crowd suddenly began to subside, like the lull before a storm, the men thought. A brilliant sun came out and the breeze stopped blowing, leaving only stillness. At 3 p.m., three horns sounded across the square. Wang Hung-wen, second

vice premier, made a short announcement, and then the crowd of one million was on its feet together, standing at attention with heads bowed. Afterward, the national anthem broke the stillness. Premier Hua Kuo-feng delivered the eulogy, glorifying Marxism/Leninism, Maoist thought, the Chinese Communist Party, and pledging "eternal glory" for Mao Tse-tung. At 3:28 p.m., Wang Hung-wen signalled for all to bow their heads three times in salute to Chairman Mao. The service closed with the playing of "The East is Red."

Many in the throngs had been overcome with grief, and the people were advised to sit down if there was room—mainly for their own safety. For about 20 minutes, Shanks and Chen watched thousands of people "crying their hearts out." It was a heartrending experience. They recalled the words of one official who had said, "China and Chairman Mao are the same thing." To them, it was never more evident than at that moment.

At 4 p.m., the announcement was made to start moving out of the square; the men remarked on the amazing efficiency and speed with which this was carried out. In a few hours, all were gone, leaving a small amount of litter which was quickly cleared by the street cleaners. Tien An Men was back to normal, but the men were left with powerful impressions of the incredible emotion and feeling displayed such a short time before, the simplicity of the ceremony itself, and the all-encompassing organization which characterized this historic event.

At the start of the week of mourning, a huge platform had been built at the entrance of Tien An Men, above which a gigantic new portrait of Chairman Mao was erected. Thousands of plants decorated the reviewing stands, and over the monument to the people's heroes a 50-foot-high sign stated the official line, still intact after Mao's passing: "We will follow Chairman Mao to carry out the proletarian revolution to the end." In order to be successful, the grieving crowds were told, they must transform their sorrow into strength.

### **COUNCIL'S PEKING TALKS PAVE WAY FOR OCTOBER DELEGATION**

In less than two weeks in Peking in July, Ambassador Christopher H. Phillips, President of the National Council, and John T. Kamm, Council Representative in Hongkong, met with more than forty officials of fourteen Chinese organizations involved in foreign trade on behalf of Council members. The visit was to pave the way for the Council's October delegation to China. Among the key points made by the Chinese:

- China's foreign trade will continue to develop. The Chinese said "International trade will surely develop with the development of the domestic economy. The current policy was set forth by the Central Committee of the Communist Party and by Chairman Mao.



This policy is not subject to change with the death or removal of individuals. We will do our best to attain the targets as set forth by the late Premier Chou En-lai."

- The CCPIT confirmed the invitation to the National Council to visit China in early October.
- According to the Bank of China "It is not necessary to wait for normalization of relations to solve (the claims/assets problem). . . . Once the problem of frozen assets is solved, banking relations will be normalized quickly."
- Concerning non-trade relationships with US banks, the BOC said this would depend on (1) the ability of the US bank to meet certain requirements as to size and geographic location, and (2) the existence and maintenance of a friendly attitude towards China, especially in regard to the Taiwan question.
- The Chinese plan to increase the use of containers in shipments to the US and Canada.
- CHINATEX officials said that concern that Chinese exports constitute a threat to the US textile industry is "absolutely unjustified" and that "future rates of growth in textile exports to the US would not be able to match those rates registered in the final quarter of 1975." A delegation from the Council's textile committee was welcomed in principle.
- CHINATEX AND MINMETALS were both considering delegations to the US this year; these would be in addition to a delegation from the Light Industry Corporation already confirmed.
- Mining and construction equipment were high priority sectors according to TECHIMPORT.
- SINOCHEN indicated problems had arisen with some US firms, relating to fulfillment of US sales contracts, including cancellations and "negation" of specific contract details after signing. Even more frequent were occurrences of US firms unilaterally changing terms of the contract with regard to time of shipment, quantity and quality specifications. US firms, according to SINOCHEN, continue to place trial orders after having had sufficient time to decide the product's quality.
- The proposals from the Council Committees for petroleum, mining and construction equipment for trade delegations to China were reviewed, and plans made for more detailed proposals to be discussed in October.

### **Eric Kalkhurst Joins Council As Director Of Business Services**

National Council President Christopher H. Phillips announced the appointment of Eric Towne Kalkhurst as new Director of Business Advisory Services, effective September 1. Mr. Kalkhurst, 30, who speaks Chinese, was previously Director of Fluor Corporation's China Marketing Program.

He received his Chinese Studies B.A. from the University of Virginia in 1968, and also studied at George

## **THE PACIFIC CENTURY AT HARVARD**

National Council member firms may be interested in attending the 1976 Harvard-East Asia Conference on "The Pacific Century," to be held at Harvard on October 15-16. The two-day program of lecture and discussion will include Senator Frank Church speaking on "The Multinational Corporations in US-East Asian Relations"; Harvard Economics Professor Dwight H. Perkins on "Can the Periphery Survive?" (Taiwan, Korea, Philippines); Harvard History Professor John K. Fairbank on "A Stable and Friendly China?"; and Harvard History Professor Edwin O. Reischauer on "21st Century Superpower?" (Japan). For details call (617) 495-4657.

Washington University and at the Yale-in-China program in Hong Kong. Mr. Kalkhurst was in the US Army, where he rose to the rank of Captain, with assignments in the Far East.

After leaving the service in 1973, Mr. Kalkhurst joined Fluor Engineers and Constructors as Associate Sales Coordinator, coordinating sales activities for the US Western states, Europe and Latin America. Subsequently he held the position of Sales Coordinator for Vice President of International Sales, Australasia, in which capacity he directed Fluor's sales and investment activities in Southeast Asia and China.

A native of Los Angeles, Mr. Kalkhurst is married, and has a number of hobbies including hiking, fishing, karate, fencing and history.

George Driscoll, who was with the Council for two and-a-half years, is leaving the Council for private industry, and takes with him the best wishes of the National Council.

### **George Krieger new Importer's Steering Committee Chairman, effective December 1, 1976.**

The National Council Importers' Steering Committee nominated George Krieger of ACLI International to be its new chairman during the Committee's August 31 meeting. Current committee chairman, Kurt Reinsberg was unanimously requested to remain on the committee as a member.

Three new members were elected to the Steering Committee: Lee Sobin of Friendship International, a division of Sobin Chemicals, who was also elected chairman of the National Council Light Industrial Sub-committee; Robert Tsai of Boxer and Ashfield who was elected Co-chairman of the Light Industrial Sub-committee; and Eric Ho of Amax who will help represent Minmet/Chemical Sub-committee interests on the Sub-committee. The committee expressed the hope that Mrs. Sobin and Mr. Tsai will strengthen the Steering Committee's ability to represent Companies involved in the growing volume of Chinese light industrial exports to the US.



The Steering Committee was disappointed to learn that, due to pressures from other commitments, Mr. Harold Potchtar plans to resign his membership on the steering committee and his chair of the Light Industrial Sub-committee. He will stay on as a member of the Light Industrial Sub-committee.

Other pieces of business included the proposed Steering Committee delegation to China in December of this year, the formation of a new sub-committee on transportation, and the Canton Fair briefing which the Steering Committee will sponsor for interested businessmen prior to this fall's CECF.

### **MINMETALS/CHEMICALS COMMITTEE INAUGURATED**

The National Council's Minerals, Metals and Chemicals Committee met for the first time on August 31 in New York. Committee Chairman George Krieger of ACLI International opened the meeting of twenty-three US companies with several comments on the purpose and importance of the committee. Mr. Krieger also announced that since he is to assume the chair of the Importers' Steering Committee in December he would have to step down as Chairman of the Committee. Mr. Herbert Roskind, President of the Holtrachem, Inc., has been co-chairman of the Committee, representing the Chemical sector. He will now assume the chair and a new co-chairman will be elected at the next meeting.

The committee plans to be an important link with the two relevant Chinese FTCs, MINMETALS and SINOCEM, through periodic reports to be sent to those corporations and discussions at the Canton Fair.

During the committee's meeting several suggestions for entries in the future reports were made, including recent news items or US government decisions pertaining to stockpiling and developments which affect the materials China exports, such as tin, antimony or tungsten; publications which the two Chinese corporations might find interesting; proposals for differential pricing; and requests for a complete list of Chinese chemicals available for export to the US. All members of the committee have been asked to submit at least one page for inclusion in the first report.

### **COUNCIL SEES QUAKE FIRST HAND**

When the earthquake struck the Tangshan-Tientsin-Peking triangle in the early morning hours of July 28, two members of the National Council staff were in the Chinese capital, having just concluded meetings with the CCPIT and with China's FTC's. Council President Christopher H. Phillips was at the Peking No. 1 Infectious Diseases Hospital, where he had been taken earlier that week with an intestinal infection, and Hong Kong representative John Kamm was in his room at the Peking Hotel.

Ambassador Phillips had been whisked four days

earlier to the hospital, where he was given a small but pleasant single room with toilet and shower, located in the foreigner's ward on the second floor of the hospital. Dr. Chang, who attended Mr. Phillips, was fairly proficient in English; he and Phillips were able to understand about 60% of the conversation in which, after that, they often indulged. Phillips was particularly indebted to Dr. Chang, who, following the earthquake, spent three entire nights away from his family and at the hospital in order to be available should Phillips' condition worsen.

Phillips' diary describes what occurred in the early hours of Wednesday, July 28: "A memorable night. At approximately 3:40 a.m. I was awakened by a strong shaking both vertically and horizontally accompanied by a low, rumbling, thunder-like noise..."

Following the 70 seconds of severe shaking, a hospital orderly dashed to the room to lead him to an escape outdoors. Phillips grabbed a jacket, raincoat and bag and followed her down swaying steps to the courtyard. Dawn found the foreign patients back inside as anxieties subsided a bit, but by mid-morning Dr. Chang requested that they find cover in a small ambulance which was parked about 50-60 feet from the hospital walls. A torrential rainstorm had started, and the five spent an hour and a half in the leaking, humid van, where rain mixed liberally with sweat.

Beginning that evening, the hospital staff set up tents for all patients, just as millions were also doing within the city limits of Peking, Tientsin and Tangshan. As Phillips sat, handbags packed and ready to proceed to the tent once darkness descended, "that all too familiar shaking and rumbling," swelled up again, and he was rushed outside, this time to the ready tents. That aftershock did no damage, although it was stronger than the minor tremors which had occurred during the day. 完

**CCPIT Chairman Wang Yao-ting and Council President Phillips at a reception at the US Liaison Office during the latter's July visit to Peking.**





# CHINA TRADE REPRESENTATIVES IN THE US

In response to frequent inquiries as to "Who can represent us in our trade with China?", the National Council earlier this year circularized its members to establish a directory of US-based China Trade Representatives. The following, the response to that circular, lists all the major companies in the US acting as China trade intermediaries. It was compiled and edited by Kathy Simmons.

The companies are listed alphabetically. Whatever information has been supplied by the firms is included—addresses, date established, principals, types of services, clients, product area, and other information. Most of those listed will represent both importers and exporters. For further information please contact the firms directly. The Council hopes to publish this data in booklet form later.

Why use a China Trade Representative? The fact is that trade with the PRC is a specialized business, and a corporation may find it more convenient to use a representative rather than invest time and money going it alone.

If your firm expects purchases or sales to be low-volume or irregular, does not want to assume the risks that may be involved in importing goods from China, does not wish to station a representative of its own for a week or two or more at the Canton Fair or in Peking, or simply wishes to obtain samples or place orders for known goods, an intermediary may be useful to your firm.

An intermediary may have the goods you want in stock, negotiating advantages (e.g. bulk buying), specialized legal services, language ability, offices in Hong Kong, Europe and elsewhere, well-developed contacts among China's FTC's in Peking, and may be able to provide a comprehensive picture of a given product supply situation.

Also included in this listing are consultants, who specialize in advising companies about the characteristics of negotiating with the Chinese, Chinese customs, and other aspects of doing business with the PRC.

**Agricultural and Industrial Chemicals, Inc.**  
**665 Fifth Avenue**  
**New York, New York 10022**

Telephone: (212) 644-0970

Telex: ITT 420261  
RCA 224355  
WUI 66331  
WUD 125301  
TWX 710-581-2952

Cable: AGRINDE NEW YORK

*Date Established:* February 1967

*Principals:*

RAYMOND J. LEARSY, President—Following a two-year stint in the US Navy, Mr. Leary was employed by Continental Ore Corp. and the International Sulphur Company Division, Alberta, Canada, until 1966 when he joined the newly formed Agricultural and Industrial Chemicals, Inc. He received his BA degree from the University of Pennsylvania, Wharton School for Business.

MURRAY COPILLO, Executive Vice President—From 1948 to 1964, Mr. Copillo was employed by American Trading Co., Inc., New York, New York. He then spent two years with International Ore and Fertilizer Corporation in New York and joined A&IC at its inception in 1966. He was elected Vice President in 1969.

MOLLIE RABINOWITZ, Director of Accounting—Prior to joining A&IC in 1966, Ms. Rabinowitz served as Controller for Allalemdjian Poser, Inc., of New York, Fur Import/Export and in public accounting firms. In 1971 she was elevated to Director of Accounting.

JAMES J. CATTANO, Assistant Vice President—Mr. Cattano joined A&IC in 1972 as Assistant Export Manager and has since been promoted to Assistant Vice President. He was previously employed by AMF International, International Commodities Export Corp., and Chase Manhattan Bank. He was graduated from St. Bonaventure University in 1965.

DORIS ROBISON, Manager, Fertilizer Sales—An employee of A&IC since November 1971, Hs. Robison was formerly employed by International Ore and Fertilizer Corp. from 1950 to 1967 in various capacities including Manager of Phosphate Rock Export Corp., and by H. J. Baker & Bro.,



Inc., from 1967 to 1971 as Manager of Fertilizer Sales. She attended the School of Foreign Trade and New York University.

**JOHN J. CUADRADO**, Vice President—Mr. Cuadrado has been involved in chemical export and related fields since 1949. He held executive positions with Olin Mathieson Chemical Corp., International Ore & Fertilizer Corp., Hooker Chemical Corp., and Transammonia, Inc., prior to joining A&IC in 1974 as Vice President. He is multilingual and a graduate of City College of New York.

**RAYMOND J. B. PARTRIDGE**, Vice President European Operations—From 1939 to 1973 Mr. Partridge was employed in various branches of Imperial Chemical Industries, last serving as Purchasing and Supply Manager for its Agricultural Division from 1961 to 1973. In 1974 he joined A&IC as Vice President of European Operations.

**R. P. PENNINGTON**, Vice President, Brimstone Export Ltd., Canada—Dr. Pennington has his Doctorate of Agronomy from the University of Wisconsin; served as Assistant Professor of Agronomy at Pennsylvania State University; Manager of the Agricultural Chemical Division, Electric Reduction Company, Canada; Manager, Potash Company of America in Canada; and as Sales Manager of Potash Company of America in Canada. Dr. Pennington joined Agricultural & Industrial as Vice President of its Toronto and Calgary affiliate company, Brimstone Export Ltd. on July 1, 1974.

#### *Types of Services:*

Principals in the sale of products obtained from major producers in the US, Canada, and Europe. Maintains fleet of tank cars and in addition to transportation offers depot storage, terminalling and financing. Import distributor.

#### *Clients:*

Major fertilizer, chemical and sulphur producers worldwide.

#### *Product Area Specialties:*

Sulphur, phosphates, nitrogen and potash, fertilizers, agricultural chemicals, industrial chemicals, base metals, and specialty equipment. 30,000-60,000 tons of Canadian sulfur was sold to China in 1972 by A&IC, marking China's entrance to the world sulfur market. And in 1973 the first sale of fertilizer by one American Company to the PRC was negotiated by A&IC. The latter sale involved 14,000 tons of diammonium phosphate valued at slightly under \$2 million.

#### *Other Information:*

Agricultural and Industrial Chemicals, Inc., has subsidiaries/affiliates in Tampa, Florida; Toronto, Ontario, Canada; Middlesbrough, England; Karachi, Pakistan; Bombay, New Delhi, India; Luxembourg, Luxembourg; Indonesia; and Sao Paulo, Brazil.

#### **Altman Consultants, Inc.**

**19 Francis Lane**

**Port Chester, New York 10573**

Telephone: (914) 937-1318

Cable: ALTMANINC

*Date Established:* September 1972

#### *Principals:*

**DONALD R. ALTMAN**—Prior to establishing Altman Consultants, Mr. Altman coordinated a number of European trade development projects and has run several firms in the merchandising and import fields since 1955. He has been actively involved in trade with the PRC since September 1972.

#### *Types of Services:*

Consultant/representative for sales to the PRC. Purchasing agent for imports from the PRC.

#### *Clients:*

Manufacturers, importers and exporters.

#### *Product Area Specialties:*

Exports: marine engineering, metal preparation equipment, road construction, mineral and ore processing equipment, machine tools, industrial machinery, medical equipment, food processing equipment.

Imports: textiles, minerals and chemicals, sporting goods, giftware and department store types of merchandise, native produce.

#### *Other Information:*

The firm has established contacts with all major Foreign Trade Corporations in Peking.

#### **Baker Trading Company**

**P. O. Box 3048**

**Houston, Texas 77001**

Telephone: (713) 789-1800

Telex: 76-2833

Cable: BACASO

#### *Date Established:*

Formed in 1972 as a subsidiary of Baker Oil Tools

#### *Principals:*

**J. RAY PACE**, President—Mr. Pace is a native of Dallas, Texas, and spent the first 11 years of his career with a major oil company. In 1959 he formed a small, independent engineering company to offer consulting petroleum engineering services in Venezuela. He became a Baker employee when his company was acquired by Baker Oil Tools in 1964 and since that date he has visited most of the major oil fields of the world in various capacities with Baker Oil Tools. In September 1972 he was assigned to direct the company's marketing activities with the People's Republic of China and has headed Baker Trading Company since it was founded shortly thereafter.

**BOBBY E. TAYLOR**, Vice President—An employee of Baker Oil Tools since 1961, Mr. Taylor is an expert in the design of oilwell completions for both injection and producing applications. He has broad experience in all phases of drilling and production technology and intimate first-hand knowledge of oilfield conditions. In 1971 he was assigned the responsibility of designing and proposing Baker drilling and production systems for use in all parts of the world. Since that date, he has prepared many major proposals for use of Baker equipment under special conditions to solve numerous unique problems. In these cases he has participated in the training of Baker personnel to qualify them for installation operations in foreign areas and has



worked with many foreign customers to help them understand the complex equipment. He was promoted to the position of Vice President of Baker Trading Company in January 1974 and was assigned responsibility for management of the Eastern Europe Division.

**STANLEY R. MILLS**, Marketing Manager—Before joining Baker, he was employed by a small independent oil company as Superintendent in charge of drilling and production. After joining Baker Oil Tools in 1953, he held several technical and management positions, and was Regional Manager in South America and Indonesia for ten (10) years. He was responsible for Marketing, Service and Manufacturing operations. He transferred to Baker Trading Company in 1975. He is experienced in all areas of drilling, completion, related tools, and equipment used in the petroleum industry.

**A. J. BARTHOLOMEW**—Manager, Technical Products. Mr. Bartholomew worked for six (6) years for a major oil company in engineering and engineering management prior to joining Baker Oil Tools in 1971. At Baker Oil Tools, he worked in International Marketing where he pioneered the entry of Baker into the surface production equipment and instrumentation market. He has traveled extensively into most areas of the world where the petroleum industry is active. Through his experience in all facets of petroleum production surface facilities, Mr. Bartholomew is highly competent in oilfield automation equipment and systems. In February, 1976, he transferred to Baker Trading Company to provide additional technical support to their growing operations.

#### *Types of Services:*

Technical and commercial sales assistance for parent company and its divisions for whom Baker acts as agent. Agent for petroleum and mining equipment manufacturers outside the Baker group involved in China trade. Imports and exports as principal.

#### *Clients:*

Byron Jackson, Inc.  
Daniel Industries  
Hakimian Company  
Johnson Division of UOP  
Knapp Poly-Pig, Inc.  
Skytop Brewster Company  
Zapata Off-shore Company  
Bowen Oil Tools, Inc.  
FMC Corporation, Petroleum Equipment Division  
Hydril Company  
Schramm, Inc.  
Vector Cable Company  
(partial list)

#### *Product Area Specialties:*

Petroleum and mining equipment; as principal, carpets and arts and crafts.

**Blum International, Inc.**  
**112 West Ninth Street**  
**Los Angeles, California 90015**

Telephone: (213) 627-8645  
Telex: 698199  
Cable: BLUMINT

#### *Hong Kong Address:*

Blum International Far East Ltd.  
717-719 Tung Ying Building  
100 Nathan Road  
Kowloon, Hong Kong

Telephone: 3-679121-4  
Telex: 75915 Blumi  
Cable: BLUMINT

#### *Principals:*

A. A. BLUM, President

#### *Types of Services:*

Agent for importers.

#### *Product Area Specialties:*

Textiles and apparel

#### *Payment Arrangements:*

5% Commission

**Chase Pacific Trade Advisors**  
**One Chase Manhattan Plaza**  
**New York, New York 10015**

Telephone: (212) 552-3393  
Cable: PACCHASE NEWYORK  
Telex: 235122 CPAC UR

#### *Date Established:* 1975

#### *Principals:*

KENNETH P. MORSE, President of Chase Pacific Trade Advisors, has been responsible for advising and assisting firms in doing business with China since late 1971. He has spent more than six months in China during seven separate visits—all on behalf of clients—and has been directly involved in the purchase and sale of foodstuffs, electronics equipment, capital goods, and high technology equipment for use in China's petroleum and power industries. Prior to founding Chase Pacific, Ken Morse was responsible for the China-related activities of Schroder International Ltd., a leading London-based merchant bank. Mr. Morse is a political science graduate of the Massachusetts Institute of Technology and received his MBA with honors from Harvard Business School where the subject of his thesis was "The United States and Western Countries Trade Relations with the People's Republic of China."

TJOE-FO TJHO served as a consultant to Chase prior to the formation of Chase Pacific Trade Advisors and was actively involved in the preparatory work essential to its formation. In his present capacity as Research Manager he draws heavily on his 19 years of experience in China as an engineer and editor in the Technical Committee of the Ministry of Electrical Power and Water Conservancy, as Technical Head of the Scientific and Technical Information Research Center of the Ministry and as Civil Engineer with the Yellow River Commission. Mr. Tjho obtained an MS in civil engineering at the Technical University in Delft, Holland, has taken graduate courses in Hydraulic Engineering and International Relations at the Massachusetts Institute of Technology.

#### *Types of Services:*

Chase Pacific Trade Advisors was established as an operating unit of a subsidiary of the Chase Manhattan Bank, N.A. to



advise and assist firms seeking to establish and expand their commercial relationships with China. Chase Pacific Trade Advisors has the capability to provide a full range of market advisory and consulting services designed to assist clients with nearly all aspects of successfully dealing with the Chinese—from planning to execution. Our goal for clients is for them to establish a continuous long-term, and mutually beneficial trade relationship with China. The Chase Pacific professional staff, having spent a combined total of over 20 man-years in modern China, provides a unique resource of specialized knowledge and experience on the nature of the Chinese market. Through frequent trips to China on behalf of clients, combined with a careful monitoring of the Chinese press and other appropriate sources, we provide clients with the earliest possible indications of shifts in Chinese policy which may create trade opportunities for them. In parallel with the above, we advise and assist clients—both exporters and importers—in studying the China market and identifying various potential end-user interest.

Chase Pacific makes recommendations to clients as to how they can make their approaches to the appropriate Chinese agencies and authorities most effective and mutually beneficial, and we advise, assist, and participate with clients in their negotiations with the Chinese. In so doing, we do not act as agents or intermediaries and do not receive commissions. We believe, rather, that we act as a constructive catalyst whose advice and assistance is beneficial to both sides. Our continued visits to China and our long standing relationships with our clients testifies to the constructive nature of our advisory role.

Working closely with units of the Chase Manhattan Bank, N.A., Chase Pacific assists in arranging all aspects of pre-financing and banking services related to transactions with China.

#### *Clients:*

As a matter of policy, the activities, identities, and all aspects of its clients' dealings with China are kept strictly confidential. Nevertheless, they have agreed to provide references upon request.

#### *Product Area Specialties:*

As part of its advisory service relationships with clients, Chase Pacific has produced a limited number of in-depth studies on various industries and related trade opportunities in China. The firm has focused attention on those sectors where trade is of the greatest interest to China including, but not limited to, automotive; electronics; power generation and distribution; oil, petrochemicals, and chemicals transportation and distribution; and other high technology capital goods.

#### *Payment Arrangements:*

Although its client relationships vary, Chase Pacific is generally compensated for its professional services by a retainer fee which reflects the amount of staff time committed to client projects.

#### *Other Information:*

Chase Pacific is headquartered in New York City and is supported in the United States and abroad by the full resources of Chase's economic, industry, and financing special-

ists. Both Chase Pacific and its clients have access to the global network and branch system of the Chase Manhattan Bank, N.A.

### **China Consultants International Ltd. 3286 M Street NW Washington, D.C. 20007**

Telephone: (202) 338-2388

Telex: 440302

Cable: CCIWASH

*Date Established:* April 1972

#### *Principals:*

**WILLIAM E. DONNETT**, President—Mr. Donnett, a US Foreign Service Officer and a China specialist, was asked to accept early retirement from the Department of State to form CCI and become its chief executive officer.

Other principals include American and Asian professionals with backgrounds in aerospace, engineering, international law, shipping, publishing, advertising and public relations.

#### *Types of Services:*

Represents and/or advises US firms involved in China trade. Publishes *American Industrial Report*, a Chinese language technical and industrial magazine with the objective of introducing American engineering and scientific developments to Chinese trade officials and to Chinese end-users. Also produces high quality Chinese language catalogues, brochures, directories, and business letters for clients wishing to introduce their products and services to China.

#### *Product Area Specialties:*

Heavy machinery, off-highway road equipment, machine tools, industrial chemicals, petroleum products, medical instruments, drilling chemicals, business systems, microwave landing systems, and offshore workboats.

#### *Clients:*

Chromalloy American Corporation  
Arthur Andersen & Co.  
Halter Marine Services, Inc.  
Hycel, Inc.  
National Machine Tool Builders Association  
The Aerospace Group of Singer Co.  
Port of Seattle  
People's Ware  
Rogers International Trading Ltd.  
Dulles International Air Freight Corp.

#### *Payment Arrangements:*

Retainer

#### *Other Information:*

The firm limits its services only to clients whose products or services are known to be of high priority in China or who are seriously interested in buying Chinese raw materials or ready-made items.

Representational offices are located in Tokyo, Seoul, Hong Kong, Macau, Manila, Jakarta, Surabaya, Medan, Kuching, Brunei, Kota Kinabalu, Singapore, Kuala Lumpur, Penang, Rangoon, Colombo, Bombay, Goa, New Delhi, Calcutta, Bangalore, Ahmedabad, Madras, Karachi.



**Clipper Industries, Inc.**  
**83 Nineteenth Street**  
**Brooklyn, New York 11232**

Telephone: (212) 689-9350  
Showroom and Executive Offices  
1150 Broadway  
New York, N. Y. 10001

Telephone: (212) 689-9350  
Telex: 235643 CLIP UR  
Cable: CLIPPERIND, NEW YORK

*Date Established:* 1967

*Principals:*

JEROME S. EISENBERG, President—Responsible for European and South American operations.

ROBERT EISENBERG, Vice President—Responsible for Oriental operations.

Following service in the U.S. Army during W.W. II, Jerome and Robert Eisenberg were employed by Artsam Company Inc. of New York, N.Y.

Artsam Company is a well known national distributor of small housewares, gifts, and wicker baskets. In 1960 they became sole owners of Artsam Company. In 1967 they founded their own import company, Clipper Industries, specializing in the importation of gift woodenware and woven baskets and wicker furniture.

*Types of Services:*

Buys for own account and distribute to retailers and wholesalers throughout the United States. Also acts as agent/representative for national chains, manufacturers and importers.

*Clients:*

Names confidential but include some of the largest retailers and importers in the United States.

*Product Area Specialties:*

Woven basketware and wicker furniture, bambooware, willow-ware and straw products.

*Payment Arrangements:* Retainer and/or commission.

*Other Information:*

Clipper Industries was probably the first importer specializing in wicker, straw and bamboo products invited to Peking. Representatives of Clipper have been to China at least eight times during the last two years, and enjoy a good working relationship with both China National Light Industrial Products Import & Export Corporation and China National Native Produce and Animal By-Products Import & Export Corporation.

**Dragon Lady Traders, Inc.**  
**1185 Park Ave.**  
**New York, New York 10028**

Telephone: (212) 289-2582  
Cable: LADRAGON NEWYORK  
Telex: 425940 DLT1

*Date Established:* September, 1971

*Principals:*

VERONICA YHAP, President—Born in Shanghai, China

grew up in Hong Kong and received her undergraduate and ing and marketing. She was Vice President of Sistrina, a professional Health & Educational Facilities Planner in various architectural firms in N.Y. and the New York City Municipal government. In September 1971 she founded DLT, Inc. which was one of the first American firms established for the sole purposes of importing from and exporting to the People's Republic of China. Ms. Yhap makes four to five trips a year to China on behalf of American companies. She first attended the Canton Fair in the fall of 1971.

ELYANE JONES, Director of Marketing—Born in Paris, France and grew up in the United States. She studied art and design in college and has extensive experience in retailing and marketing. She was Vice President of Sistrina, a needlework concern which was sold to another firm. She developed a national market for the products. Subsequently she was involved in home furnishings importing from Europe until she joined DLT, Inc. in 1972. She is responsible for all major sales in textiles and garments with China.

*Types of Services:*

Agent for manufacturers and distributors and acts as consultants on behalf of export clients.

*Clients:*

Confidential

*Product Area Specialties:*

Imports: textiles, garments and accessories. Architectural and decorative products and materials. Exports: textile machinery. Architectural/engineering machinery.

*Payment Arrangement:*

Varies with each customer and client.

**The East Asiatic Company, Inc.,**  
**110 Wall Street,**  
**New York, New York 10005.**

(Subsidiary of The East Asiatic Company, Ltd., Copenhagen, Denmark.)

Telephone: (212) 943-4900  
Telex: ITT 420178  
RCA 232319  
TWX (710) 581-2284  
Cable: PYRAMIDE—Management  
ESTASIATIC—General

*Date Established:* March 27, 1897; in Denmark.

*Principals:*

S. GONGE, President,  
KLAUS GULDAGER, Manager, China Department.

*Types of Services:*

Promotion of US products in China through Hong Kong office and Peking representative. Represents US and European corporations in China trade. Principal and Agent.

*Product Area Specialties:*

Imports—textiles, agricultural products, metals, minerals and chemicals.  
Exports—machinery, plants, chemicals, man-made fibers, and other industrial products.



#### *Other Information:*

Founded on March 27, 1897 in Denmark, EAC is today Scandinavia's largest commercial enterprise, with branch offices and subsidiary companies throughout the world, engaged in shipping, industry, forestry, plantation and import/export. EAC has for some 75 years enjoyed continuous trading and friendly relations with China. The first EAC office in China was opened in 1900 in Shanghai, and others followed in Wuhan, Harbin, Dairen, Kwangchow, Tsingtao and Tientsin.

After the establishment of the People's Republic of China, EAC continued uninterrupted to trade with the Chinese Foreign Trade Corporations. In December 1971, EAC stationed a representative in Peking, and this representation has been maintained on a continuous basis since then. In particular, EAC China Trade Departments in Copenhagen, Hong Kong, Vancouver and New York are involved in trade with China.

EAC's promotion of US products in China started in April 1971, and today EAC is representing a number of large US Corporations, covering a wide range of products. EAC's policy of trade has always followed China's principle of reciprocity.

**Hoose China Trade Services**  
**129 North Rockingham Avenue**  
**Los Angeles, California 90049**

Telephone: (213) 277-3811  
Cable: HARNHOOSE

*Principal:* HARNED P. HOOSE

**ICD Chemicals, Inc.**  
**641 Lexington Avenue**  
**New York, New York 10022**

Telephone: (212) 644-1500  
Telex: RCA 234635  
WUI NY62-746  
ITT 42-1512  
Domestic 127447  
Cable: INKEMDYE

*Date Established:* 1946

#### *Principals:*

DAVID COOKSON, Vice President of Far East Operations—Though just thirty-three, British-born David Cookson is a veteran of thirteen years in the China trade. Prior to joining the ICD Group in the United States, he was Manager and Coordinator of China trade for one of the largest British concerns trading with the PRC. In that capacity he was instrumental in developing business with China for the leading French merchanting company, COPCI, in Paris, and made frequent trips to China, beginning in 1967, buying and selling a wide range of goods, including machinery, chemicals, oils, foodstuffs, textiles, consumer goods and many other commodities.

Mr. Cookson joined the ICD Group in 1970 as Director of the Far East Division, an international trading organization. He maintained his strong ties to China and consequently was one of the first businessmen from America to be invited to attend the Spring 1972 Kwangchow Fair. He has attended all the subsequent Fairs and is now Vice

President of Far East Operations, which encompasses all of Asia, the Indian sub-continent and parts of the mid-east. He was educated at the City of London College and Essex University, holds degrees in Export Marketing and Management, and is a member of the Institute of Export and the British Institute of Management.

#### *Types of Services:*

Importing agent for machine exports, consulting, marketing.

#### *Product Area Specialties:*

Imports—chemicals, foodstuffs, native produce, minerals and metals, musical instruments and raw materials.  
Exports—chemicals, raw materials and machinery.

#### *Other Information:*

ICD has been in business for more than 30 years and is one of the largest US dealers in the import and export of chemicals and raw materials. It is the biggest US exporter of edible beans. Associate offices are maintained in Paris, France; Copenhagen, Denmark; and Zurich, Switzerland.

**International Corporation of America**  
**1300 Army Navy Drive**  
**Arlington, Virginia 22202**

Telephone: (703) 979-8888  
Cable: INCORAM

*Date Established:* 1971

#### *Principals:*

DR. C. J. WANG—Dr Wang came to the US from China in 1945 as a graduate engineering student. His professional experiences gained while working in the US industry and serving in the US Department of Defense as Director of Engineering are proving to be most valuable in his US-China trade activities.

#### *Types of Services:*

Acts as bridge between the Chinese Trading Corporations on one hand and US manufacturers on the other; advises and assists US manufacturers in their approach to China markets and execution of China contracts.

#### *Clients:*

Confidential

#### *Product Area Specialties:*

Machinery, technologies, materials, chemicals, instruments, industrial equipment and facilities. Major deals since 1973 have totaled \$35 million covering mining equipment, oil equipment, transportation equipment, computer equipment, processing equipment, power generating equipment, construction equipment.

#### *Payment Arrangements:*

Flexible—to suit clients and be compatible with the practice of the client's particular industry.

**INTSEL Corporation**  
**825 Third Avenue**  
**New York, New York 10022**

Telephone: (212) 758-5880



Telex: RCA 233182 ISC UR  
ITT 421573 INSL UI  
WU 125718 INTSEL NY  
FRENCH 82626 INTSEL NEW YORK  
Cable: INTSEL NEW YORK

*Date Established:* 1921

*Principals:*

VICTOR BESSO, Sr. Vice President (New York)  
ERWIN MARKE, Manager, East-West Division (New York)  
DENNIS ROGERS, East-West Division (London)  
FRANCOIS GILBERT, East-West Division (Paris)

*Types of Services:*

East-West Trade Division acts as principal and agent in marketing, trading, barter and switches. It concentrates on joint ventures, turnkey contracts, consulting and the sale of products and technology.

*Product Area Specialties:*

Non-ferrous metals and ores, non-metallic ores, industrial chemicals and industrial equipment, technical know-how and turnkey plants for the production and fabrication of metals and industrial chemicals, agricultural and animal waste handling systems, audio and computer tape and cassettes, packaging, electronic interactive drafting systems, materials handling and transportation equipment.

*Other Information:*

INTSEL is a wholly owned subsidiary of Pechiney Ugine Kuhlmann of France, the world's largest producer—outside of North America—of primary aluminum, aluminum semi-fabricated products, secondary aluminum alloy ingots, copper and brass semi-fabricated products and stainless steel. It is a major producer of ferro alloys, chemicals, magnesium, titanium and nuclear products. Branch offices of the East-West Trade Division are located at:

Intsel Ltd. (London)  
Intsel France (Paris)

**Lubman and Company**  
**3100 Highland Place, N.W.**  
**Washington, D.C. 20008**

Telephone: (202) 244-2700  
Telex: RCA 248577  
Cable: LUBMAN WASHINGTON D.C.

*Date Established:* 1972

*Principals:*

STANLEY LUBMAN—Mr. Lubman, who received a law degree from Columbia University in 1958 and a doctorate in law from Columbia in 1969, spent four years (1963-67) in Chinese language training and in research on Chinese legal, economic and administrative institutions under the auspices of the Rockefeller Foundation and Columbia University. From 1967-1972 he was Acting Associate Professor of Law at the University of California, Berkeley, and during that time studied Chinese foreign trade practices and institutions through research in Hong Kong, Japan, Canada, France, Germany and the United Kingdom. Since 1972 he has been advising and representing American firms on trade with China.

JUDITH LUBMAN—Mrs. Lubman studied architecture and design at Smith College and the University of California at Berkeley and has design, office management and business experience in New York and Hong Kong. She has purchased large quantities of Chinese merchandise for numerous American department stores and importers.

*Types of Services:*

Acts as buying agent for importers and large retail groups. Buys on behalf of customers in China or, when a customer sends his own representatives, prepares for negotiations before representatives arrive, and then assists during negotiations. Follows through in the implementation of contracts and helps to resolve any post-contractual problems.

Lubman and Company is the exclusive U.S. agent for China Translation and Printing Services (Ltd.) of Hong Kong. China Translation and Printing Services translates and prints technically-oriented advertising literature and trade promotion material which is distributed widely to Chinese trade officials and end-users, and has also printed most of the catalogues for foreign trade exhibitions held in Peking.

*Product Area Specialties:*

Garments, piece goods; arts and handicrafts, antiques, porcelain, glass, jewelry, housewares, cookware; foodstuffs and machinery.

*Other Information:*

The Lubmans have attended every Fair since the fall of 1972 and have been invited to Shanghai and Peking on several occasions. Further details about their activities will be supplied upon request.

**Port of Galveston**  
**Galveston Wharves**  
**609 Fannin Building, Suite 1901**  
**Houston, Texas 77002**

Telephone: (713) 228-9838

*Date Established:* 1825

*Principals:*

JOHN V. SHIDELER, Director of Sales

*Types of Services:*

Agent for exporters of cargo bound for PRC. Handles shipments from the inland carrier through and over the port's piers to the side of the vessel.

*Clients:*

Cook Industries, Memphis, Tennessee  
Dunavant Cotton Company, Memphis, Tennessee  
Plains Cotton Cooperative Association, Lubbock, Texas  
M. W. Kellogg, Houston, Texas

*Other Information:*

Has been furnishing port related services for exports going to the PRC since 1972.

**Tragacanth Importing Company**  
**144 East 44th Street**  
**New York, New York 10017**

Telephone: (212) 697-3216  
Telex: 14-8362  
Cable: TRAGACANTH-NYK



*Date Established:* 1909

*Principals:*

ASHOD J. ANDON, President—Mr. Andon began his career as a field salesman for A. E. Andon's Sons, Inc., in 1946. In 1949 he joined Tragacanth, advancing rapidly to Vice President of Sales in 1951 and then to President in 1957. He is also Chairman of the Board and Executive Vice President of R. H. Realty Corp., a partner of Andon Associates, and a director of Day, Meyer, Murray & Young, all in New York City. He was graduated from Yale University in 1946.

TIGRAN H. MELIK, Treasurer—An employee of Tragacanth since 1945, Mr. Melik was appointed to his present position in 1957. He attended Boston University's School of Business Administration.

*Types of Services:*

Field specialists in the importation and exportation of natural water soluble gums.

*Product Area Specialties:*

Water soluble gums

*Other Information:*

The firm maintains agencies across the US and in Hong Kong, Taiwan, Korea and England. US offices and warehouses are located in Franklin Park, Illinois; St. Louis, Missouri; Dallas, Texas; Torrance, California; Sunnyvale, California; Minneapolis, Minnesota; and Mexico City.

**Wagman-Wolf, Inc.**  
**4920 North 20th Street**  
**P. O. Box 12248**  
**Philadelphia, Pennsylvania 19144**

Telephone: (215) 457-7777

Telex: 845-243

Cable: WAGMAN, PHILA.

*Date Established:*

Successor to N. Wagman & Company founded in 1915, Wagman-Wolf was incorporated in 1971 and also does business under the name of sister companies:

Wagman-Grenamyer, Inc. and Primus, Incorporated,  
at the same address.

*Principals:*

ALAN D. WOLF, President  
HOWARD WAGMAN, Executive Vice President  
MARCO BORGHESE, Vice President

*Types of Services:*

Imports on behalf of clients and for own account. Sells to American and Canadian firms; also exports to Europe.

*Product Area Specialties:*

Hog bristles, horse tail hair, violin bow hair, musical instruments, feathers, shoes, human hair and soft hairs, straw products, and work gloves.

*Payment Arrangements:*

Letter of Credit

*Other Information:*

Largest single importer of hog bristle in the US.

**WJS, Inc. (IDC Marketing Division)**  
**Suite 805**  
**1150 Connecticut Avenue NW**  
**Washington, D.C. 20036**

Telephone: (202) 659-9500

(202) 659-9656

*Principals:*

CHRISTOPHER E. STOWELL, Chairman of the Board and President—Mr. Stowell, formerly with the office of the Assistant Secretary of the US Department of Commerce, was one of the original founders of WJS. He recently published a book on Soviet Industrial Import Priorities.

PAUL W. SPELTZ, Vice President, WJS, Inc.; President IDC Marketing Division—Mr. Speltz founded IDC Marketing, Inc., which became a subsidiary of WJS, Inc., in 1974 and a division in January 1976. Between August 1972 and April 1976 he traveled to China fifteen times and spent over eleven months in negotiations with, or on behalf of, US companies buying and selling in Peking, Tientsin, Shanghai and Kwangchow.

JAMES CHEN, Managing Director—Mr. Chen, a native-born Chinese, joined the company in January 1976 and has spent almost three months in negotiations on sales and purchases in China between February and May 1976. He has a graduate degree in computer science from Texas A & M and is fluent in Mandarin, Japanese and English.

LEWIS B. SHANKS, Import Manager—Since joining WJS in August 1975, Mr. Shanks has traveled to China three times, spending more than three months there on negotiations for imports for the US.

*Types of Services:*

Marketing strategy and consulting agents for American firms involved in importing or exporting of machinery technology, or licenses in the China trade.

*Clients:*

Names available upon request.

*Major China Deals:*

WJS has been involved in more than \$35 million in contracts with the PRC since 1972.

*Product Area Specialties:*

- 1) Export and licensing of petroleum-related equipment, specialized construction equipment, machine tools, textile equipment, and the health care field. Limited work in other specialized, highly technical machinery/equipment.
- 2) Import of native produce and animal by-products, light industrial products, foodstuffs, textiles.

*Payment Arrangements:*

Expense fees plus commission.

*Other Information:*

WJS has on its Board of Directors, Alfred le S. Jenkins, a senior China specialist and Andrew E. Gibson, former Assistant Secretary of Commerce. Jenkins had the honor of opening the American liaison office in Peking and served as Deputy Chief of Mission to Ambassador Bruce from 1972-74. Gibson was a member of the National Council's first mission to the PRC.

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## TELEX NUMBERS IN THE PEOPLE'S REPUBLIC OF CHINA

Many entities in the PRC, both Chinese and non-Chinese, were assigned revised telex numbers on July 27, 1976. Among these were a number of Chinese corporations and other commercial bodies which had never before had them, including MINMETALS, SINOCHEN, MACHIM-PEX, TECHIMPORT, and the Bank of China in

Peking, as well as some branch FTC offices in Shanghai and Kwangchow. For reference purposes, UCBR has listed telex numbers of Chinese trade-related organizations and of foreign groups in China, including embassies, news agencies, foreign companies, and airlines.

### CHINESE TRADE RELATED ORGANIZATIONS

#### Cereals, Oils and Foodstuffs

22081 CEROF CN Peking

#### Chemicals

22043 CHEMI CN Peking

#### Light Industrial Products

22082 LIGHT CN Peking  
33054 INDUS CN Shanghai Branch  
33053 ARTEX CN Shanghai Ceramics Branch

#### Machinery

22042 CMTEC CN Peking

#### Metals and Minerals

22041 MIMET CN Peking

#### Native Produce and Animal By-Products

22083 TUHSU CN Peking  
33060 CNPCS CN Shanghai Branch

#### Textiles

22080 CNTEX CN Peking  
33055 SHTEX CN Shanghai Branch  
33056 GAREX CN Shanghai Garment Branch  
33059 CTSSB CN Shanghai Silk Branch

#### Technical Import

22044 CNTIC CN Peking

#### Bank of China

22054A BCHO CN Peking  
22054B BCHO CN  
44074 BKCA CN Kwangchow Branch  
44075 BKCA CN

#### The People's Insurance Company of China

22102 PICC CN Peking

#### Civil Aviation Administration

22101 CAXT CN Peking

#### China National Chartering Corporation and China National Foreign Trade Transportation Corporation

22065A TRANS CN Peking  
22065B  
22065C

#### China Ocean Shipping Company

22064 CPCPK CN Peking  
33057 COSCO CN Shanghai Branch

#### China Ocean Shipping Agency

33052 COSAS CN Shanghai Branch

#### Administration of Long-Distance Communication

22011 PKLDT CN Peking

#### Telex Booth PK601-PK603

22021 BOOTH CN Peking

### FOREIGN COMPANIES

22099 CHORI CN Chori Co. Ltd.  
44051 KRCK CN D.P.R.K Export and Import Corporation (North Korea)  
22093 ETAIR CN Ethiopian Airlines  
22118 TRIS CN Hiroshima Trading Co. Ltd.  
33058 HSBCS CN Hongkong And Shanghai Banking Corporation (Shanghai)  
22123 KELOG CN Kellogg-Continental (Holland)  
33051 CHIPO CN Polish Ocean Company (Shanghai)

Source: NCUSCT based on information from RCA.



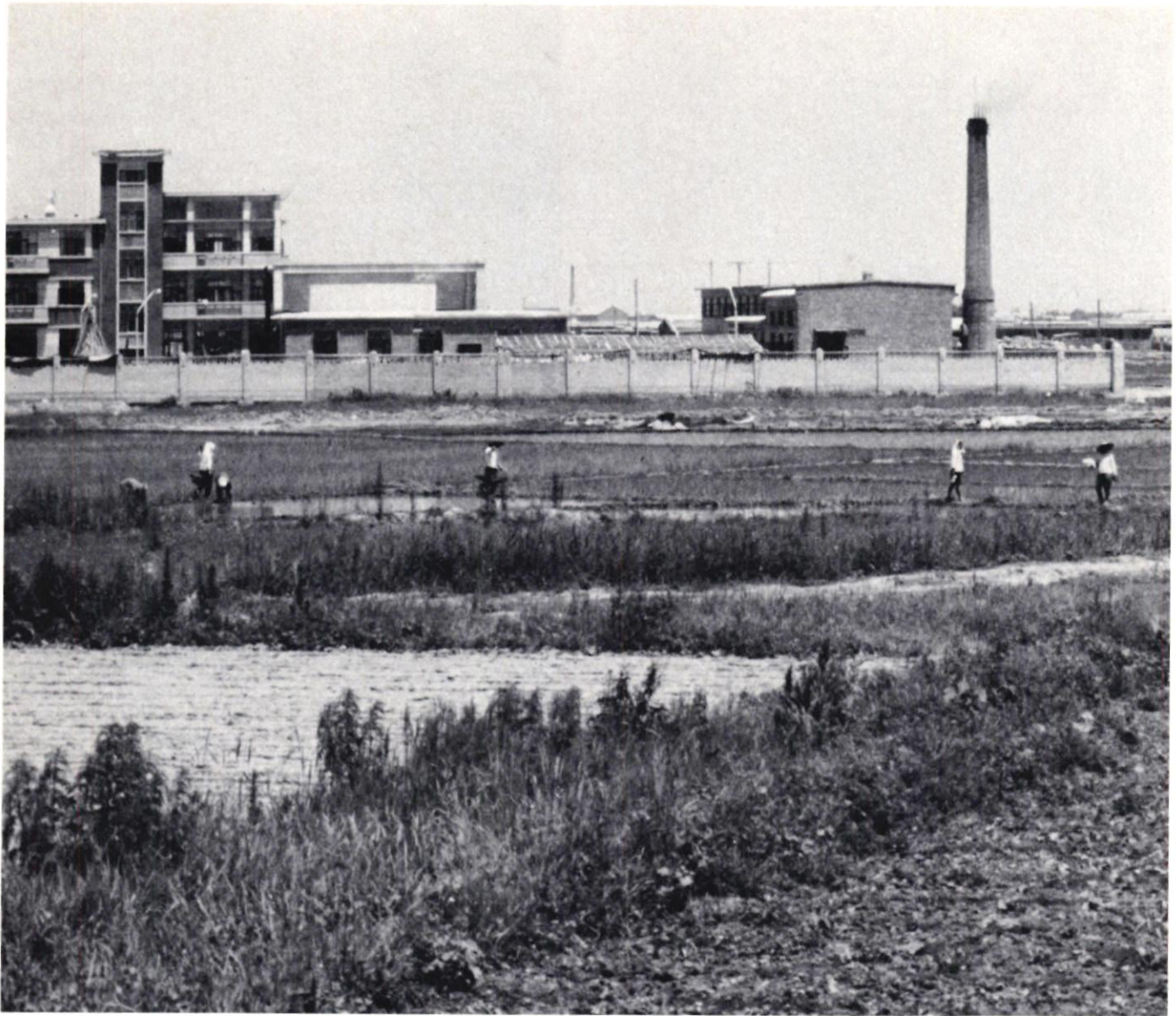
## TELEX NUMBERS IN THE PEOPLE'S REPUBLIC OF CHINA Continued

PRESS AGENCIES							
22097	DPAPK	CN	ADN (German Federal Republic)	22094	FINCO	CN	Finland (commercial office)
22090	ANPEK	CN	ANSA News Agency (Italy)	22096	COMA	CN	France (commercial office)
22114	ABCPK	CN	Australian Broadcasting Company	22110	AMGAB	CN	Gabon
22128	BTAPK	CN	Bulgarian News Agency	22059	AAPEK	CN	Germany
22105	CTK	CN	Czechoslovakian News Agency	22095	GUYPK	CN	Guyana
22085	DNEWS	CN	Dagens Nyheter (Sweden)	22067	GREMB	CN	Hellenic Republic
22089	DWPKG	CN	Die Welt (German Federal Republic)	22126	INDEM	CN	India
22109	ADNPK	CN	German Democratic Republic News Agency	22053	IRAN	CN	Iran
22106	MTIPK	CN	Hungarian News Agency	22088	IRAQI	CN	Iraq
22112	PAP	CN	News Agency of Poland	22075	TAISI	CN	Japan
22091	SCANE	CN	Scandinavian Agencies	22107A	DTKRP	CN	Korea (D.P.R.K.)
			1. Dagens Nyheter (Sweden)	22107B	DTKRP		
			2. Politiken (Denmark)	22127	KWTIA	CN	Kuwait, State of
			3. Helsingin Sanomat (Finland)	22113	AMLIB	CN	Lebanon
			4. Dagbladet (Norway)	22122	MAPEK	CN	Malaysia
22120	YUPON	CN	Politika (Yugoslavia)	22057	MALI	CN	Mali
22084	PRELA	CN	Prensa Latina (Cuba)	22119	AMRIM	CN	Mauritania
22086	RTRPK	CN	Reuters (Britain)	22062	EMMEX	CN	Mexico
22048	AGER	CN	Rumanian News Agency	22068	SIMAP	CN	Morocco
22098	TAPEK	CN	Tanjug (Yugoslavia)	22077	NETHL	CN	Netherlands
22115	TASS	CN	Tass	22124	BATA	CN	New Zealand
22022	PRESS	CN	Press Center Peking PK601 PK603	22133	NIGER	CN	Niger
				22074	FRONP	CN	Nigeria
				22066	NORAM	CN	Norway
				22125	PECOP	CN	Peru (commercial office)
				22078	LEPRU	CN	Peru
				22132	AMPHI	CN	Philippines
				22050	ROCOM	CN	Rumania (commercial office)
				22104	ARWAP	CN	Rwanda
				22100	ASENE	CN	Senegal
				22076	.....	CN	Sierra Leone
				22121	SOMAL	CN	Somali
				22108	SPAIN	CN	Spain
				22136	LAPEK	CN	Sri Lanka
				22061	SVENS	CN	Sweden
				22051	AMSPK	CN	Switzerland
				22116	SUDAN	CN	Sudan
				22130	ATC	CN	Togo
				22103	AMBTU	CN	Tunisia
				22072	UGEMB	CN	Uganda
				22131	AHVPK	CN	Upper Volta
				22047	SOVEN	CN	U.S.S.R.
				22046	STORG	CN	U.S.S.R. (commercial office)
				22137	EMVEN	CN	Venezuela
				22079	.....	CN	Yemen
				22092	YUCOM	CN	Yugoslavia (commercial office)
				22073	AMBAZ	CN	Zaire

### EMBASSIES IN PEKING

22069	EMBAR	CN	Argentina
22063	AUSTM	CN	Australia
22058	OEBPK	CN	Austria
22070	AHST	CN	Austria (commercial office)
22060	AMBEL	CN	Belgium
22111	BENIN	CN	Benin
22117	EMBRA	CN	Brazil
22071	AMUPK	CN	Burundi
22056	ACPK	CN	Cameroons
22087	AMBTP	CN	Chad
22052	CHILE	CN	Chile
22049	COMEX	CN	Cuba (commercial office)
22055	AMDAN	CN	Denmark
22134	EARE	CN	Egypt
22129	FINLA	CN	Finland





A view of the living quarters, known as a guest house, at one of the Pullman Kellogg ammonia plant sites in China.

## US TECHNICIANS IN CHINA: THE PULLMAN KELLOGG STORY

*Any company selling plant equipment or technology to China will probably want to have technicians in the PRC at one point or another to make sure the installation and start-up of the equipment is going according to the contract. Since US trade with China was reopened in June 1971, a number of US firms have signed sizeable contracts to deliver various types of plant to China. This article answers many of the questions companies will be asking: How will their personnel be treated in China? What will conditions be like? What special arrangements are necessary? What problems are there?*

*Last June, UCBR had the opportunity to talk with three executives from the Pullman Kellogg division of Pullman Incorporated, of Houston, Texas, which signed two history-making contracts with the China National Technical Import Corporation (CNTIC) in*





Above left: Adults and children from a Kellogg construction site in China visit a local commune. Above: Guest house attendants pose informally with children of a Kellogg employee. Left: The Kellogg personnel have managed to get in some leisure travel in the PRC. Here, Len Neidinger, of the Houston headquarters, visits the Great Wall.

1973 for the sale of eight ammonia fertilizer plants worth \$200 million. Kellogg Continental of Amsterdam, a Pullman Kellogg affiliate, was awarded contracts for eight urea plants. Both the ammonia and urea complexes are scheduled for startup in 1976 and 1977. Some Kellogg personnel associated with the projects will remain in China during the early part of 1978.

Since the first Kellogg representative and his wife departed for China in November, 1974, a total of about 140 Pullman Kellogg representatives—employees and dependents—have lived on the Chinese construction sites—some of the first Americans to live in the PRC since 1949. The Kellogg men interviewed by UCBR—Peter W. Dobi, Jr., senior project manager; William Hill, China project manager; and W. C. “Bill” Walker, construction manager—described what the experience was like for them and their colleagues. Their comments, in the story which follows, reveal the Chinese to be courteous and understanding hosts.

Even in the far reaches of China’s northernmost Heilungkiang Province, it is possible for a group of Americans to order filet mignon, scrambled eggs,

a grilled pork chop, or even a slice of apple pie. They can take their leftovers home to air-conditioned apartments, put them in a refrigerator next to the Chinese beer, and sit down to watch a videotape of an American television program.

The Heilungkiang group is one of eight such communities of technicians and their families from Pullman Kellogg. One of the stipulations in the company’s contract for the sale of ammonia fertilizer plants to China was the sending of American technical experts to provide on-site counsel and assistance in the PRC, as well as the dispatch of Chinese technicians to Houston headquarters for technical training. In addition to Heilungkiang, plant sites are located in Liaoning and Hopei in the north; Yunnan, Kweichow, Hupei and Hunan in the south; and Szechuan in the west. In the US, the Chinese technicians from CNTIC have been based in Houston, but spent periods of time at other Kellogg and vendor facilities, and at Kellogg-built process plants around the nation.

The main impression brought back by Pullman Kellogg personnel is the fact that the Chinese have *not* presented many special logistical or human relations problems and that the very routine and smooth



interactions between Kellogg and CNTIC in both countries have contributed to overall good relations between the PRC and US. Comments Senior Project Manager Peter Dobi, who has visited sites in China several times, "I feel this has brought the countries closer together. Each time you go, things are friendlier and friendlier. The Chinese are just like any other client now: we're accomplishing with them because we've proved ourselves. We've earned our reputations as Kellogg employees and as specialists."

Pullman Kellogg was awarded contracts by CNTIC for eight 1000-metric-ton-a-day ammonia fertilizer plants. The first three were contracted for in July, 1973, and the rest in September of that year. Kellogg has designed, engineered and procured materials and equipment for the projects. The schedule calls for start-up of the first plants in 1976, with the others following at three-month intervals. Thus far, that goal has been adhered to. Four ammonia plants should be started up by the end of the year, and the remaining

four are anticipated to be operational by the end of 1977.

The construction schedule of eight 1620-ton-a-day urea plants by Kellogg Continental parallels that of the ammonia plants.

#### **140 Workers and Families**

At the peak point in Kellogg's dispatch of technicians to the PRC, more than 140 Pullman Kellogg employees and dependents were living on the various plant sites, with up to approximately 25 at an individual location.

Each group includes the site manager—generally the first to come and the last to leave—who remains on-site for 16 to 18 months; the furnace specialists, who stay about a year; and water treating personnel, who remain about four months. Technical personnel from other disciplines remain for periods ranging from four months to a year. Startup advisors stay on hand for approximately three months, just before

### **THE CHINESE IN HOUSTON— FAIR EXCHANGE**

Not only has Pullman Kellogg sent its own staffers to China, but it also has acted as host to Chinese technicians who came to Houston headquarters for classroom training, all of whom have now returned to China. Six groups visited the US following the signing of the contract: a preliminary mission, and delegations specializing in design, operation, maintenance, inspection, and project coordination. They were regarded as the nucleus of workers involved in the PRC's ammonia fertilizer plant efforts.

Each of the technicians from the China National Technical Import Corp. was enrolled in one of three main training programs—Design Engineering Training, Operator Training, and Maintenance Training. Following the conclusion of the Houston courses, they returned to the PRC to pass on their newly acquired technical knowhow to additional plant workers.

Their life in the US was very quiet and self-contained, since both they and Kellogg shunned publicity. Most of the time not in class was spent in their quarters at a local residential hotel. There they stayed in suites where they were able to do their own cooking of Chinese food. (Most Chinese delegation members who tour the States find it difficult to adjust to the large pieces of meat and the relative blandness which characterizes American cooking). Kellogg bought authentic Chinese tea for office meetings; food for working lunches was catered by a local Chinese restaurant.

Not all of the time was spent in the city of Houston. Kellogg arranged visits to other facilities around the

US, including Princeton, N.J.; Longview, Texas; Tulsa and Enid, Oklahoma; and locations in Illinois and Ohio. One of the visits was to a chicken egg-laying farm; this was requested by the Chinese.

The first of the missions to Kellogg arrived in Houston in November of 1973 for a two-month tour of plants and facilities throughout the US. Conferences were held on all aspects of Kellogg's capabilities, and were followed by plant visits, including one to Kellogg's Northeast Operations Center in Hackensack, N.J., and trips to the ports of Houston and New York. In addition to business and technical discussions, the group was able to fit in a little sightseeing, although its members were more interested in work. They attended football games in Houston and Kansas City, ballet performances, and visited national monuments and American restaurants.

Another of the groups was dispatched to Enid, Oklahoma in June and July of 1975, where 23 Chinese technicians studied the operation of an ammonia plant Kellogg had built for Farmland Industries, a farmers' cooperative. The Chinese stayed in a dormitory at Phillips University and, as usual, cooked their own meals. Although contact with the local populace was limited, ping pong diplomacy was found useful again, as college students and townpeople stopped by to play ping pong with the Chinese at the university.

Just as with the American technicians in China, the PRC technicians encountered no animosity. Curiosity and grass-roots friendliness prevailed.



## A GOURMET'S DELIGHT

When one pages through the exotic and sophisticated menu the Chinese provided for Pullman Kellogg employees and their families living in the PRC, it is hard to believe that most of the company's plant sites are located in isolated rural areas. The

menu, offered to the Americans on a daily basis, is enough to please a gourmet. The following menu items, selected at random from the Szechwan Province Guest House No. 1 menu, illustrate the scope of the available cuisine, both Eastern and Western.

### CHINESE DISHES

		RMB	\$*
香酥鸭子	Shiang Su Duck	3.40	1.70
蛋酥鸭子	Crisp duck fried with starch and egg	3.20	1.60
八宝鸭子	Eight-jewel braised duck	4.40	2.20
挂炉鸭子	Grilled duck	6.00	3.00
清汤鸭条	Plain soup with sliced duck	1.80	.90
酱烧鸭块	Braised duck in sauce	2.00	1.00
笋炒鸭片	Fried sliced duck with bamboo shoots	2.40	1.20

### NON-CHINESE DISHES

白会鸡饭	Fricassee of chicken & rice	1.80	.90
煎薄鸡片	Pan-fried thin sliced chicken	2.00	1.00
童子鸡	Braised spring chicken	2.80	1.40
炸鸡	Fried chicken with starch & egg	2.00	1.00
咖喱鸡	Chicken curry	2.00	1.00
哥烙鸡	Chicken cutlet	1.40	.70
猪肉哥烙鸡	Chicken cutlet with pork	1.20	.60
咖喱鸡饭	Chicken curry with rice	1.80	.90

### DESSERTS

鱼皮花生米	Coated peanuts	1.42	.71
五香花生米	Spiced crisp peanuts	1.60	.80
奶油蛋白花生米	Fried peanuts with egg & sweet	2.12	1.06
核桃占	Sugar coated walnuts	2.00	1.00
爱司饼干	S-shape biscuit	1.90	.95
营养条饼干	Chocolate wafer	1.90	.95
奶油大花蛋糕	Brioche	4.90	2.45
桃蛋糕	Custard with cherry	.15	.07

\* Dollar equivalent, at RMB: 50 cents, for reference purposes.



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The first Kellogg employee and his wife to leave the US for field assignment in China took a crash course in Chinese culture conducted by the Foreign Service Institute under Department of Commerce auspices. The two-week course usually is reserved for those in the foreign service, but given the unusual nature of the Kellogg assignment, an exception was made.

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"At first we had no idea what to expect," comments construction executive W. C. "Bill" Walker. "But there were no major problems. The Chinese made extraordinary efforts to duplicate the American lifestyle and to make living conditions as comfortable as possible."

Notes one Kellogg representative: "We have a hardy group of people out in the field. They really enjoy the travelling around and the varying conditions." Kellogg personnel in China have had former posts all over the world, including Indonesia, Australia, South Africa, and Southeast Asia. Although they have had to adapt to many different environments, they regard the plant sites as basically very similar. There is an incentive pay program for anyone going overseas. The variations between China and other nations are not considered to be that great.

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The Chinese provide housing, a service staff, and interpreters. Generally, it has not cost more than \$5.00 per diem for food and laundry for an individual to maintain himself at a comfortable living standard.

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The Americans have brought taped cassette TV shows, dart boards, Monopoly and other box games. Videotaped American programs arrive about a week after they are aired in the States. The Chinese have provided billiards and ping pong tables.

The Kellogg community subscribes to several English-language publications, including *Time Magazine* and the *International Herald Tribune*. They can even read *Playboy*, which has often been included in monthly packages mailed from Hong Kong.

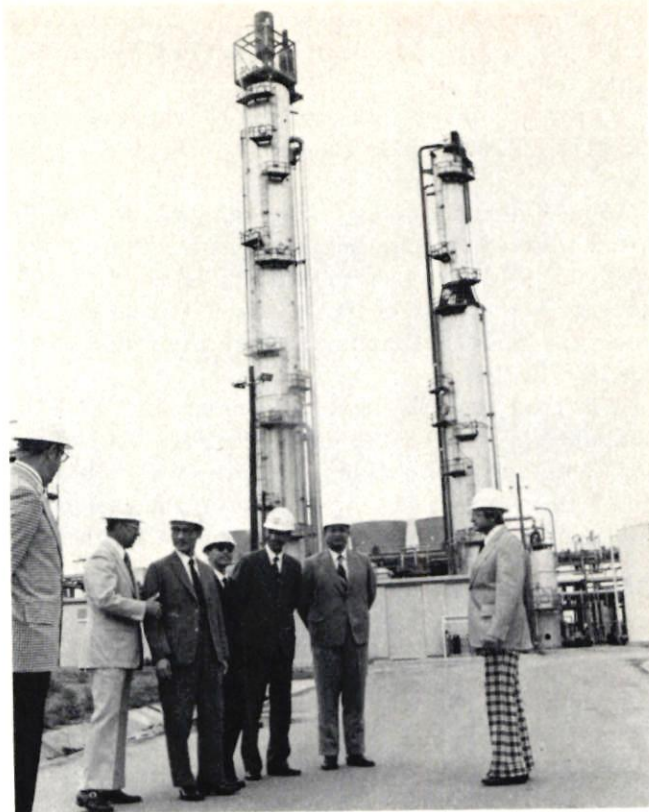
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Mealtimes have been gastronomic adventures. Each site has a restaurant staffed by cooks skillful with both Eastern and Western cuisine. Meals are ordered a day in advance, although individuals can reserve the option of cooking their own. Yet, probably not too many have been able to resist a menu which includes three hundred items, as does that at Guest House No. 1 in Szechuan Province—130 Chinese main





**Above left:** Wife of one of the Pullman Kellogg site representatives, Mary Ochs, partakes of a local type of ice sledding. **Left:** Children at one of the guest houses dress for an American holiday far from home—a Halloween party. **Above:** And in the United States CNTIC technicians were given a tour of a Pullman Kellogg-built ammonia plant at Enid, Oklahoma.

dishes and 147 western ones, supplemented by a variety of beverages and desserts. The Americans point out that the list includes a large variety of western dishes not usually available in the US.

And the price is right. Chicken and peanuts in hot sauce can be had for a modest two yuan (\$1.00); grilled duck for six yuan (\$3.00); shredded pork in pepper sauce costs 1.6 yuan (\$.80). Stewed sea-slug—not a winner with many Americans—is probably considered steep at 4 yuan (\$2.00), but dumplings with shrimp and meat—always a favorite—are very tempting at only .6 yuan (\$.30).

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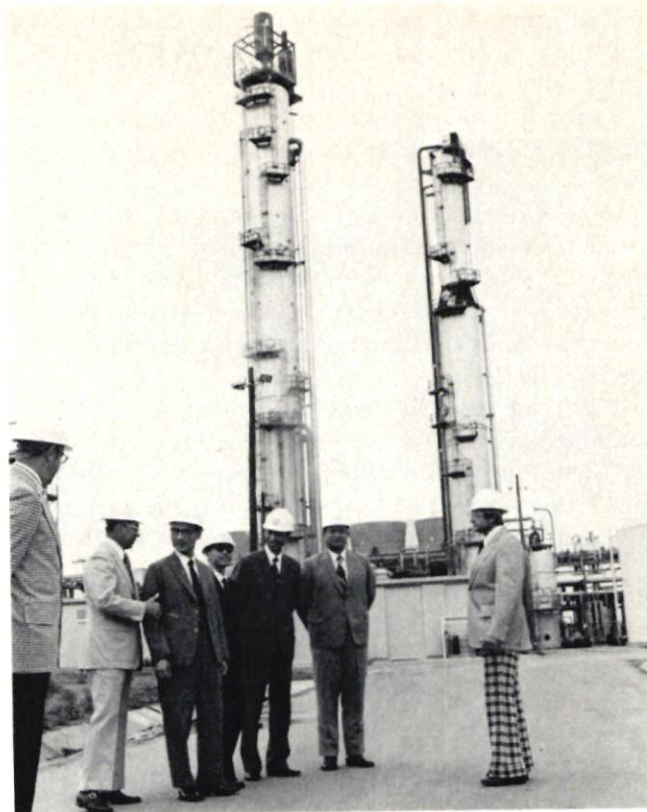
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than their husbands, who are tied up all day at work. One of the wives became fluent in Chinese and several others have learned enough to make themselves understood reasonably well.

The wives also have had more opportunity than their working husbands to tour China, and they have taken advantage of it. On several occasions they converged on Peking for meetings to exchange experiences and discuss how to deal with problems they have encountered.

The site representative's wife maintains a position as social leader and liaison. This might include conferring with the cooks on food selection, or with the house staff regarding services.

To fill some of the idle hours, the wives organized a lending library service within and between the eight plant sites, thus vastly increasing the amount of English-language reading matter available to the various Kellogg communities.

American children in China do not, of course, attend Chinese schools. Their surrogate schoolhouse is a course of study, the Calvert System, prepared by Northwestern University. A daily curriculum is sent to the enrolled children, who after studying and answering it, return it to the US for grading. At the Liaoning site, mothers organized their own school for the youngsters.

### **At Work With the Chinese**

Kellogg technicians conform to the Chinese work schedule—six days a week, eight hours a day. They begin at 7:30, stop for a two-hour lunch, and go home at 5:30. Personnel stress that the routine of plant construction is a universal one, and China has proved itself very similar to other locations at which they have worked.

Work relationships are very smooth, comment all executives interviewed by UCBR. There is an interpreter assigned to each construction advisor in order to facilitate communications. Said William Hill, "Each respects the other's point of view, and has tried to work things out. It is true that we haven't always agreed. In fact, a useful Chinese expression has been 'Wo bu tongyi.' (I disagree). But there is more, rather than less, mutual respect because of this." When questions have come up, the Chinese have conducted meetings to discuss them.

The Kellogg men also stress that it is necessary to account for the patience which is so much a part of the Eastern tradition. "Chinese time is very slow," says one.

Technicians who remain on site in China for more than six months receive a one-week vacation outside the country, usually in Tokyo or Hong Kong.

### **Getting Sick in China—Comprehensive Care**

"I sneezed, and a doctor came," says Walker, in illustration of the excellent Chinese medical facilities.

He comments that the combination of "barefoot doctors" (similar to our medics) and specialists allow the Chinese to provide extremely widespread and comprehensive medical care.

One of the Kellogg men broke his ankle playing ping pong while on a visit to a city near his plant site. He was taken immediately to the local hospital, where a specialist (American-trained, it turned out) was called in from another city to make sure that proper care was given him.

Sometimes when colds or influenza have struck the visiting Americans, their Chinese hosts have applied a combination of Chinese and western medicine, of herbs and penicillin, as a cure.

### **Travel and Communications**

Personnel are generally limited in the distance they can travel from the guest compound; this differs at each site. However, if they desire to journey to some further point, the Chinese are usually very amenable. As mentioned, there is no problem in going into the neighboring towns to shop.

This relative freedom of movement has allowed the development of rather close contact between Kellogg people and their correspondent technical groups, as well as with the local populace. Joint informal dinners in private homes of the Chinese have not been uncommon.

There is a good deal of travel to lakes and resort areas, with travel arrangements usually made by the Chinese. Escorts are provided for all trips. It is not impossible, however, to make one's own travel arrangements, especially on the second or third time around.

Even at the remote Heilungkiang site, the Americans are not out of telephone contact with home, although there are some difficulties involved in hooking up from the more outlying areas. The sites use Telex facilities through Peking, but send cablegrams direct. Mail takes about ten days to reach its destination from the US.

### **Personal Interaction**

While there has been quite a bit of contact between guest and host, at dinners or during ping pong games, politics is usually kept out of the discussion. But a little bit of political history crept in on at least one occasion. Walker asked one Chinese who he thought were the outstanding Americans in the country's history. The reply: George Washington, for leading the revolution; Thomas Jefferson, for authoring the Declaration of Independence; Abraham Lincoln, for freeing the slaves; and Richard Nixon, for opening relations between the United States and China.

In interaction, the Pullman Kellogg delegates to China have clearly begun to feel at ease with their new client. They have established a viable, ongoing relationship. As a result, they hope to increase their business with China in the future.—SRG 完



中华人民共和国  
上海商品检验局  
(SHANGHAI COMMODITY INSPECTION BUREAU OF  
THE PEOPLE'S REPUBLIC OF CHINA)

检验证 (INSPECTION CERTIFICATE)

品名: 三氧化二锑 (Antimony Trioxide)  
数量: 80 袋 (bags)  
毛重: 4,064 公斤 (kg)  
净重: 4,000 公斤 (kg)  
皮重: 64 公斤 (kg)  
检验日期: 1976年2月11日  
检验地点: 上海 (Shanghai)

发货人: 中国五金矿产进出口公司  
(China National Metals & Minerals Imp. & Exp. Corp.)  
收货人: 中国五金矿产进出口公司  
(China National Metals & Minerals Imp. & Exp. Corp.)

检验结果: (RESULTS OF INSPECTION)  
三氧化二锑 ( $Sb_2O_3$ ) 99.59%

局长: 赵青 (Zhao Qing)  
主任: 申世春 (Shen Shi-chun)

中华人民共和国  
南京商品检验局  
(NANKING COMMODITY INSPECTION BUREAU OF  
THE PEOPLE'S REPUBLIC OF CHINA)

检验证 (INSPECTION CERTIFICATE)

品名: 中国产无花红辣椒 (China Dried Red Chillies)  
数量: 400 包 (bags) = 10 吨 (10 tons)  
毛重: 10,000 公斤 (kg)  
净重: 10,000 公斤 (kg)  
皮重: 0 公斤 (kg)  
检验日期: 1976年3月25日  
检验地点: 南京 (Nanking)

发货人: 中国土产畜产进出口公司江苏分公司  
(China National Native Produce & Animal  
By-Products I.P. & Exp. Corp., Jiangsu Branch)  
收货人: 中国土产畜产进出口公司江苏分公司  
(China National Native Produce & Animal  
By-Products I.P. & Exp. Corp., Jiangsu Branch)

检验结果: (RESULTS OF INSPECTION)  
水份: 1% 以下  
(Moisture: 1% max.)  
产地: 中国  
(Place of Origin: China)

局长: 周印 (Zhou Yin)  
主任: 章敏 (Zhang Min)

## CHANGES AT THE CCIB

### A Note on the China Commodities Inspection Bureau

A number of organizational changes have recently been instituted in the China Commodities Inspection Bureau, which should prove significant for the efficient operation of the PRC's inspection system. They are as follows:

- Direct control of the CCIB was transferred from the Ministry of Foreign Trade to the State Council in 1974, putting it under the direct authority of China's highest administrative organ.
- Whereas formerly no import or export commodities subject to inspection were publicly revealed, the PRC has recently made available a roster containing 185 export items in 39 categories and 15 import items (see UCBR July-August 1976, p. 39). Further clarification has been made regarding other commodities not included in this list (see below).
- Further details have been made public as to the specific offices in various ministries other than the CCIB which are now (as of 1974-75) involved in the inspection of particular commodities. These include:

Ministry of Transportation: Ship Inspection Bureau.

Ministry of Agriculture and Forestry: Plant Quarantine Office and Animal Quarantine Office.

Ministry of Public Health: Materia Medica Inspection Bureau.

National Bureau of Weights and Measurements (an organization heretofore never mentioned in the PRC's official documents). Formerly, the Ministries of Communications, Foreign Trade, Public Security, and Public

Health, with no offices specified, shared responsibility for carrying out inspection, at least of incoming goods, under regulations promulgated in 1961.

The above changes were disclosed by the PRC in talks with the Japan Inspection Technical Exchange Delegation, which visited China October 6-22, 1975. Extracts of the group's report were recently published in *Yuko to Boeki*, April, 1976. These observations supplemented information already made public by the Chinese in letters to and meetings with National Council staff (see UCBR No. 3, 1975, and No. 2, 1976).

The Japanese report, translated by UCBR with permission, highlights details of the central and regional organization of CCIB standards and procedures of the import and export inspection systems, and the operation of the Tientsin and Shanghai Inspection Bureaus.

### Organization of the CCIB

According to the Japanese report, commodity inspection in the PRC is considered "a vital link in international trade." In addition to the central office of the CCIB, regional commodity inspection bureaus have been established in China's three municipalities and in the 25 provinces and autonomous regions. All bureaus carry out the inspection of import and export commodities but have no direct participation in the inspection of domestic products for domestic consumption.

Both import and export commodities are subject to inspection if they fit into one of the following categories:



1) Inclusion on the official list published by the CCIB, which contains 185 export items in 39 categories and 15 import items (see last UCBR) 2) Specification in the contract that inspection must be carried out, and 3) Animal and vegetable products which require quarantine or sanitation inspection. In addition to the CCIB, several other government bodies, as mentioned above, are involved in the inspection of specific commodities.

### Standards and Methods of Inspection

The premier standard of inspection is that specified in the contract between the Chinese FTC and the foreign company; but this, of course, must not fall below whatever has been set as the State standard. In the absence of these standards, inspectors adhere to those set on the ministerial level and, for imports, by the enterprise in China.

Inspection of export commodities is carried out at the factory, by the FTC, at the local commodity inspection bureau, and at the port of shipment. In the factory, a CCIB inspector oversees the entire production process. The FTC hires fulltime inspectors to inspect both the raw materials and the finished products while at the production facility. When the product reaches the port of shipment, samples are chosen at random to determine if any damage has occurred enroute from factory to port.

For import commodities, on-board inspection is made to determine if loading, packing or crating has caused damage to the goods. They are further inspected at warehouses or labs to assess their quality.

The visiting Japanese delegation asked the Chinese what would be done in the event that views differed on an acceptable degree of deterioration of foodstuffs. "It is a very difficult problem," agreed the Chinese. The CCIB representatives suggested that the two parties should agree in advance to an identical standard of inspection.

In China's Foreign Trade Manual, issued in 1959 and apparently in use today, the Chinese further comment on the question of different standards of inspection. They have written: "If the foreign trade corporation sends a letter of explanation informing the foreign company that all other foreign firms have accepted Chinese inspection terms, that all requests for claims have been resolved satisfactorily, and that there has never been a combative situation, then most foreign companies will come around to accepting Chinese inspection terms." This, in the view of many foreign firms, is rather far from the truth.

### Tientsin Bureau

The Tientsin Commodity Inspection Bureau employed 300 inspection technicians in 1975, and has five inspection labs and one inspection station. The textile lab oversees cotton, hemp and raw silk; the industrial goods lab checks light industrial products and machinery; the food lab inspects fruits and frozen and canned foodstuffs; the chemical industrial lab controls chemical products, ores and dyes; the metallic materials lab inspects steel commodities.

The Tientsin staff described, for the Japanese delegation, the process of inspecting imported goods, but not that of export items. Inspectors go aboard ship to check loading and packaging, and conduct random sampling, mostly of foodstuffs, raw cotton and chemical fertilizer, before these goods can be unloaded. For commodities which cannot be sampled, such as machinery, electronic

instruments, and industrial plant, inspection is continued at the warehouse or labs. When further help is needed, the bureau calls on universities or research institutes. The Tientsin representative pointed out that because the bureau's buildings were constructed back in 1927, the on-location facilities are insufficient to inspect all incoming goods. Machine tools are inspected elsewhere.

### Shanghai Bureau

The Shanghai Commodities Inspection Bureau, as of late 1975, had a total of 600 employees—500 technicians and 100 administrative workers. Its operation is similar to that of the Tientsin branch.

The main building has facilities for the inspection of grain, foodstuffs, textiles, minerals, raw cotton and chemicals, while chemical fibers, automobiles and chemical raw materials must be checked at a separate facility.

Both the Shanghai and Tientsin bureaus issue damage certificates for flawed imports which serve as the basis for claims actions.

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## PRC AND US INSPECTION

Naturally, both the US and the PRC pay particular attention to the condition of incoming goods to make sure that they meet governmental standards. The basic difference between the inspection services of the PRC (and any other non-market nations) and those of, say, the US is that the PRC inspection is aimed at making sure the products imported conform exactly to the specifications of contracts, whereas in the US inspection generally is only to ensure that incoming products conform to federal hygiene and other standards for the consumer's protection.

The Chinese inspection service, while it is more than meticulous in inspecting incoming goods, often appears less than interested in the same standards for exports. This attitude is said by some to be common to all centralized bureaucracies.

The US generally leaves inspection of export products to manufacturers, who must have the responsibility for the finished product. In some cases, such as wheat sales, US inspection procedures have been less than perfect.

For incoming goods, the US inspects all imports from everywhere, each month detaining those that do not conform to certain well-defined standards primarily relating to health and consumer protection and which apply equally to products from all nations.

Typically, in one representative week, June 1-4, 1976, the US detained commodities—mostly foodstuffs—from Indonesia, the Ivory Coast, Liberia, Japan, Singapore, Ecuador, India, Hong Kong, Egypt, Spain, Denmark, Thailand, the Netherlands, the PRC, and others. During May and June of this year, PRC goods detained included peanuts, sugar candy, canned lotus root, shrimp, chillies, honey, drugs, tonics, white rabbit roll, canned apples, preserved vegetables and several acupuncture scopes. Some of the reasons for detention were inadequate labelling, decomposition, and presence of insect fragments.





Council President Phillips participates in a toast with Li Chuan, Vice President of the China Council for the Promotion of International Trade, and other CCPIT staff at the US Liaison office, Peking, July 1976.

## CHINA'S FOREIGN TRADE STRUCTURE

### Decentralizing, Specializing, Reorganizing

It is interesting that a recent Chinese campaign criticizes "advocating direct and exclusive control of enterprises by the ministry concerned." The article continues to criticize the preaching of "slavish comprador philosophy, the mentality of crawling behind at a snail's pace, 'big, foreign and complete (factories)', and the rules and regulations of the Magnitogorsk (Russian) iron and steel combine." (NCNA August 16, 1976)

Alone, this article would be read as another attack on China's bureaucracy in the tradition of the Cultural Revolution, but events suggest that the attack on exclusive ministry control may be reflected in a decentralization and reorganization of China's foreign trade. These changes are probably in response to the needs of the system of China's foreign trade, which has expanded rapidly during the past five years.

### Items

- There has been an expansion of FTC branches to include a large part of China's interior, away from the traditional 'port corporations.' See the article in this issue. Thirty-two new branches of FTCs, mainly in interior Chinese provinces, were noted at the Spring 1976 fair.
- The Ministry of Foreign Trade had the China Commodities Inspection Bureau taken from its bailiwick in 1974. The CCIB is now directly under the State Council and China's inspection system has been revamped during 1974-1975.
- All FTCs now have telex numbers in their head offices in Peking. Some branches of some FTCs, notably CHINATEX in Shanghai, also have telex numbers.
- More specialized agencies than the regular eight FTCs have recently become more conspicuous as Chinese pur-

chasing agents. These include China Film Corporation, CHINAPACK, and Chinese marine agencies. Details are given below.

- The China Film Corporation has been buying foreign films in increasing numbers recently—from Britain, the US and possibly Canada. See International Notes in this issue.
- At least one new FTC has emerged during the past three years, the China National Export Commodity Packaging Corp. (CHINAPACK) with branches in five cities. In recent meetings in Peking, CHINAPACK, responsible for seeing to the packaging of goods for export from China, stated that it would be interested in sponsoring an international seminar in packaging techniques or perhaps exhibitions in China for foreign packing equipment. CHINAPACK, established in 1974, has been inviting foreign firms in for technical presentations in China, and may sign contracts in the future to purchase foreign packaging hardware or technology. (Details: UCBR March-April 1976, p. 5)
- Organizations other than an FTC have recently been involved in major purchases of foreign equipment for China's merchant marine. COSCO buys its own ships. These and other purchases, made by PRC-related entities in Hong Kong on behalf of a Chinese marine agency, while they fall into a certain traditional purchasing pattern, indicate that MACHIMPEX is not the sole buyer of maritime products for the PRC.
- On the export side of China's trade, at the Fall 1975 and Spring 1976 Kwangchow Trade Fair one antique warehouse informed potential customers that the warehouse could be approached directly for future sales. Such an invitation runs directly counter to the tradition of working exclusively through central FTC offices in Peking.

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# EXPORTER'S NOTES

## Briefly:

- Foreign firms receive telex numbers in Peking.
- Balance of trade in second quarter favors China.
- US exports to China in first half of 1976 drop 19%; agricultural exports negligible, aluminum exports increase.
- US carrier takes Australian cattle to Shanghai.
- PRC agricultural mechanization groups tours US, discusses Chinese need for tractors, other priorities.
- New directory of Chinese market published.
- US medical equipment sold.

## COMPANY TELEX NUMBERS NOW IN PEKING

Among the organizations in Peking recently assigned new telex numbers are three companies who have been involved in mammoth sales to China in the last few years, and who have each established an ongoing presence in the Chinese capital. Chori and Hiroshima, both well known Japanese trading companies, and Kellogg-Continental, the Dutch affiliate of Houston's Pullman Kellogg, which sold \$200 m. worth of ammonia fertilizer plants to the PRC, have set up permanent enough bases to rate their own Peking telex facilities.

## SINO-US TRADE (JAN-JUNE 1976) SHOWS NEW TRENDS

**Projected Two Way Sino-American Trade for 1976: \$420-450 Million.** Total US-China trade for the first half of 1976 was \$210 million (US Exports were \$120 million while US imports were \$90 million). If current trade patterns continue for the second half of the year, total two-way trade for 1976 should be roughly \$420-450 million dollars (exports at \$240-270 million and imports at \$180 million) a slightly lower level than last years. **Balance of Trade in Favor of China for Second Quarter.** For the first time since the third quarter of 1973, the value of US imports from China exceeded the value of US exports. With a US trade deficit of \$7.6 million in the second quarter, the balance of trade for the first half of 1976 was still \$29.1 million dollars in favor of the United States. This trend is the result of a sustained Chinese effort to balance their chronic deficits with the US, which were \$692 million in 1974 and \$145 million in 1975. Projected US trade surplus for 1976 is \$58.2 million. **US Exports to China in First Half of 1976 below 1975 level.** US exports to China during January-June 1976, US \$120 million, were nearly 19% below 1975's \$148 million. This drop is totally due to a curtailment of cotton exports to China in the first half of 1975. All of the manufactured goods categories (chemicals, machinery, transport equipment, etc.) enjoyed solid growth in the first half of 1976. **Composition of Exports to China Change** With agricultural exports, including all cotton exports, removed from US sales to China in 1976, a new group of goods has gained importance in US exports. **Features of the first six-month sales of 1976—**At over \$25.5 million, unwrought aluminum and aluminum alloys is the biggest recent American export category to China. Coupled with last year's nearly \$40 million, this year's figure reveals more than \$65 million worth of aluminum has been sold to China in the last



Participants in the briefing on the US agriculture industry, which was hosted by the National Council for a visiting delegation on agricultural mechanization.

eight months. **Polyester staple's** \$6.6 million in exports to China for the first half of this year more than tripled 1975's total of \$1.6 million. **Steel scrap** is crossing the Pacific to the PRC—\$3.2 million of number one heavy steel scrap was sold to China in the first half of 1976 along with nearly \$1 million of **iron scrap**. Many of the leading exports to China in the first half of 1976 are thought to be connected to the construction of Pullman Kellogg's **ammonia plants** such as steam engines and turbines (\$7.5 million), gas compressors (\$5.6 million), and steam power boilers (\$3.2 million). Transport equipment—more than a million dollars of two different types of **heavy transport machinery** were imported from the US by China in the first six months of 1976: \$1.9 million of off-highway trucks and \$2.8 million in lifting and loading machines, a category not sold to China last year. There were also \$152,000 of excavators and crawlers sold to China in the first two quarters of 1976. **Agricultural chemical categories**—fungicides (\$617,701); insecticides and agricultural chemicals, not otherwise specified (\$595,058); and organic phosphate insecticides (\$60,600)—were all markedly up from their 1975 export levels. A new trend of PRC purchases in the **TV broadcast and studio equipment** field seemed to be developing in early 1976 with the shipment to the PRC for \$451,260 of US magnetic tape video recorders, \$166,705 of dictating and recording machine parts, \$96,103 of non-video TV studio equipment, and \$35,132 of TV broadcast transmitters. Of the 283 different types of commodities exported to China in the first half of 1976, other interesting items included well drilling machine parts (\$284,289), and magnetic tape for computers (\$17,163). However, the most portentous US export to China came during the month of June when the first American used passenger car was shipped to China, priced at a tantalizingly low \$5,000.

## US EQUIPMENT SOLD

**A highly sophisticated blood analyzer** of an estimated value in excess of \$100,000, was sold to China last December by Tarrytown, New York-based Technicon Corporation. The negotiations of the contract for a SMA Plus 10/60 unit was handled by Technicon's wholly owned Japanese subsidiary, Nihon Technicon. Within one hour, the machine,



properly known as a Serum Multiple Analyzer, can perform ten distinct tests on sixty one-half ounce serum samples, which are extracted from blood specimens through centrifugal separation. The SMA Plus model the Chinese selected can run tests on glucose, blood urea, nitrogen, protein, calcium, SGOT, SGPT, LDH, cholesterol, and two other unspecified areas. Several years ago, Nihon Technicon was first approached by officials from the Chinese Medical Corporation, and it was those two organizations that handled the negotiations which resulted in the sale of one unit for use in Peking's Metropolitan Hospital. American Technicon executives report that this first unit, produced in their Dublin, Ireland manufacturing plant, may lead to a series of multiple sales for advanced hospital equipment.

**ITT has sold marine short-wave radios** to the PRC,

according to an account in August. The equipment, valued at \$400,000 was sold to the Hong Kong-based, PRC-controlled China Merchant Navigation Company. Shipment is scheduled within the year. The equipment is destined for China's merchant marine.

**At least one numerically controlled machine tool** was sold to the Chinese TECHIMPORT delegation that travelled and negotiated in America for more than two months this summer. The Ingersoll Milling Machine Company of Rockford, Illinois announced in mid-July that an 8" quill-type horizontal spindle, travelling column milling, drilling, and boring machine had been sold to the PRC. The machine, which will cost the Chinese \$1.1 million, is to be controlled by a three axis, General Electric, numerical control unit, model number 550 MDB. Described as a general

## AGRICULTURAL MECHANIZATION:

### A PRC Agricultural Mechanization Study Group

arrived in the United States at the end of August, under the auspices of the Committee on Scholarly Communication with the People's Republic of China. The fifteen man delegation planned to investigate mechanization of cultivation, management, and harvesting of wheat, corn, rice, and soybeans; new techniques in the manufacture of agricultural machinery and new products; research and development of agricultural machinery, its application, management, supplementation, and maintenance; characteristics of the development of American agricultural mechanization; and mechanization of pig, chicken and cattle breeding. In a Washington, D.C. seminar sponsored by the National Council for US China Trade, mission members were addressed on the American farm mechanization industry by Emmett Barker, Executive Secretary of the Farm and Industrial Equipment Institute (FIEI). Representatives from International Harvester, Sperry Rand's New Holland Division, Ford, John Deere, and Caterpillar were present at the August 31 meeting. Some of the points made by the Chinese:

#### Tractor Production

- Chinese tractor production is currently "less than that the US," that is, it is less than 160,000 units p.a., but no absolute figure is available. "China does not announce the number."
- Small and medium tractors form the bulk of Chinese tractor output. The largest model made in the PRC at present is a 4-wheel drive 160 h.p. 'crawler' type tractor. Tractors are smaller in the south of China, in rice growing areas, larger in the north where tracts are larger.
- There are tractor plants of varying sizes in all provinces of the PRC except Tibet.
- China has national standards, so that engines, parts and equipment are interchangeable throughout

the country. The Chinese referred to engines as being "standardized, universalized, and systematized."

#### Tractor Demand and Supply

- Present demand for tractors in China is greater than supply. Tractors are China's "most urgently needed" machines. After fourteen years of "bumper harvests," farmers have tended to become "rich" and want to buy tractors. And "when one farmer buys one, others want to as well."
- The biggest problem at the moment—tractor accessories and parts supply is "not sufficient" for the demand. Present machinery is in constant repair.
- Future demand: "In the future, land units will become larger, so that larger equipment will be needed as communes expand." (in 1974 the average size of arable land in a Chinese commune was about 5,000 acres, though it averages 7,500 acres in some provinces. The average size of cultivated land at the brigade level is about 340 acres. A brigade has seven production teams, about 220 households, and about 980 persons. Source: Frederick W. Crook, *JEC: A Reassessment of the Economy*, July 1975).
- Priority Chinese needs, besides tractors, include irrigation and drainage equipment to move water, such as pumps and diesel motors. There was particular interest in US makers of diesel engines and injection nozzles.

#### Guarantees

- Guarantees are given by Chinese manufacturers for tractors in much the same way as they are in the US. Chinese tractor makers give three guarantees: 1. to repair parts, 2. to service equipment, and 3. to change defective items. The guarantees, as for those in the US, are good for 1-2 years depending on the product and do not cover willful damage or normal maintenance work.



purpose unit, this machine will be custom built for the Chinese with a scheduled delivery date in the late summer of 1977. Ingersoll has previously built similar models for American buyers such as General Electric, Westinghouse, and Allis-Chalmers. The vertical travelling capacity of the machine tool head the Chinese selected is 4000 mm while the horizontal travelling capacity is 1200 mm. Almost a dozen other companies also sold machine tools to China during TECHIMPORT's visit last spring; the aggregate value of the sales, including Ingersoll's, is reportedly \$7 million although the names of the other firms are not yet known.

#### FARM SALES TO PEKING

**American Agricultural Exports to China Drop** to prac-

tically nothing in 1976. Strong domestic harvests in 1975 and the first half of 1976 have allowed China to reduce foreign exchange expenditures on agricultural produce this year. Purchases to date include 100,000 tons of soybeans from Brazil, a deal arranged by the Swiss firm, Panchaud. Rumors of an additional sale of 1-200,000 tons of Brazilian soybeans are, to date, unconfirmed. Nevertheless, China is still thought to be a net soybean exporter, since Japanese imports of Chinese soybeans probably already exceed 100,000 tons in 1976. The reason for the Brazilian sale to China, which has a precedent in a 30-50,000 ton sale in 1975, may be that the South American soybeans are grown as an oil producing crop while the Chinese soybean is a protein-rich foodstuff. Also, in the past, China, a major rice exporter, has been known to buy small quantities of

## THE CHINESE TALK TRACTORS ON VISIT TO U.S.

### Financing and Distribution

- Tractor purchases in China are financed in three ways: (a) 70-80 percent of production brigades are self-reliant. They use their own money to buy what they need. (b) A few poorer communities (20 percent) buy with the aid of bank loans (c) A third group—the very poor and minorities—obtain interest-free grants from the government.
- Tractor distribution in the PRC is arranged such that the end-users, production brigades or communes, requests a tractor from a purchasing organization, such as the Peking Agromachinery Corporation, which handles purchases for an (undefined) Peking area. That corporation then buys the equipment directly from the factory and sees to its distribution.

### The Chinese Agricultural Machinery Society

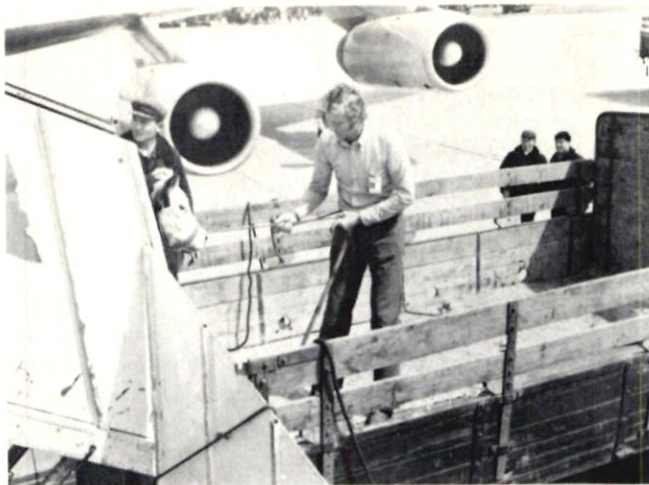
- The Chinese Agricultural Machinery Society is an important technical/professional society in the PRC, the members of which are not only "intellectuals," but also workers and peasants (40 percent). The Society has 6,000 members, with branches in 25 provinces.
- The main work of the Society is (a) to promote the exchange of agro-machinery research results between different regions and act as a channel to introduce better types of equipment, knowledge and materials to different areas; (b) to coordinate scientific research projects relating to agricultural machinery; (c) to publish materials every so often; (d) to arrange seminars and meetings; (e) to handle liaison with foreign countries.
- The scope of "agricultural machinery" as defined by the Society is much broader than that of the USDA. It includes the mechanization of forestry, fisheries, animal by-products, and agricultural chemicals, including fertilizer. This definition coincides with that used by the FIEL.
- The Society does not have "full responsibility" for agricultural mechanization in China—the Chinese

government has that. The Society is responsible for making suggestions concerning farm machinery policies. For example, if Government proposals do not appear to be realistic, the Society can suggest changes.

The group, which will split into two traveling units, plans to tour Iowa, Illinois, Kansas, Minnesota, Louisiana, Nebraska and California in order to visit facilities of Deere & Company; International Harvester Company; Ford Motor Company; Sperry Rand, New Holland Division; Caterpillar; Agricultural Research Service, US Department of Agriculture; National Tillage Laboratory, ARS/USDA, Auburn, Alabama; Nebraska Tractor Test, University of Nebraska, Lincoln, Nebraska; and the Federal Extension Service, US Department of Agriculture.

The chairman of the group, is Hsiang Nan, vice president of the China Agricultural Machinery Society; the deputy chairman is Liu Chung-yi, a council member of China Agricultural Machinery Society. Other members of the group are Wan Ho-chun, Professor at North China Agricultural Mechanization Institute; Chang Ching-hai, Chief Engineer "September 3" State Farm in Heilungkiang Province; Liu To, Director of Agro-machinery Corporation in Peking; Tuan Chi-cheng, Engineer at the Agricultural Machinery Research Institute of Shantung Province; Kung Huan-wen, a responsible member of Lutai State Farm in Hopei Province; Chiu Mei-chen, a lecturer at Chenkiang Agricultural Machinery Institute in Kiangsu Province; Huang Yu-hao, Engineer at Nanning Walking-tractor Factory in Kwangsi Chuang Autonomous Region; Hou Chieh, Chief of Laochuo Water Pumping Station in Heilungkiang Province; Chou Tsun-shan, Engineer Agricultural Machinery Research Institute in Liaoning Province; Li Shu-jen, Engineer at Loyang Designing Institute; Li Shou-jen, Director of Division of Cultivation at Agricultural Machinery Research Institute in Shansi Province; Chang Ping-yao, Secretary; and Wang Hsien-tsung, Interpreter.





**US jet in Peking: Australian cattle are coaxed off TIA plane in Peking by TIA's Jim Anderson for delivery to Chinese purchasers.**

rice from such countries as Thailand and Burma for either financial or diplomatic reasons. Conceivably the Brazilian soybeans may fall into this sort of category. Two million tons of grain imports by China have been divided between Canada (1.1 million) and Australia (0.9 million) so far this year. There seems little hope that America will get a piece of the pie in 1976. **Cotton imports** by China, however, are still a possibility this year. Since other cotton growing areas of the world are experiencing unfavorable weather conditions, the price of non-America cotton might force the Chinese to make some purchases in the US. The total sales, nevertheless, of American cotton to China in 1976 are not expected to reach past records: 1976 US exports of cotton may not even reach a quarter of the 265,000 bales exported to China in 1975.

#### **LIVESTOCK TO CHINA**

**US carrier takes Australian cattle into Shanghai.** A specially converted Trans International Airlines DC8 flew 87 head of Australian cattle into the Shanghai airport on March 21. According to TIA officials, these cattle are part of a Chinese program to up-grade the quality of their breedstock herds, which have been cut-off from foreign strains since 1949. The majority of the 29 bulls and 58 heifers were Santa Gertrudis, a breed developed by the King Ranch in Texas over the last eighty years. They are known for their general hardiness and their resistance to tick fever. The remaining head were, reportedly, all Herefords. The four thousand mile flight from Brisbane, Australia to Shanghai was without incident due to TIA's long experience in transporting livestock by air, and apparently, the Shanghai airport was well-equipped to handle the bovine disembarkment. During the unloading, however, one heifer did manage to escape into some neighboring rice paddies, where TIA attendants and Chinese airport personnel gave pursuit. When the jet departed after seven hours on the ground, the animal had still not been recovered. The China National Native Produce and Animal By-Products Import and Export Corporation made the purchase of the animals for a Shanghai commune from several Australian breeders in order to obtain as much variety in the genetic composition of the group as possible. The shipment was arranged by Elders Smith Goldbrough

Mort., a large Australian trading company and the firm that hired TIA for the flight. Further negotiations between the Chinese and the Australian ranchers are underway, and additional sales are expected in the future. **Possible US Sales?** One executive close to the Australian deal indicated that US ranchers were hampered in potential livestock sales to China for two reasons. First, to date, China has only purchased live animals from countries with full diplomatic recognition, such as Australia, the United Kingdom and France. Secondly, and perhaps more importantly, the US livestock may contain some diseases which are not found in China. On a more positive note, American cattle are generally considered to be qualitatively and genetically the best in the world. Holstein cattle particularly could be an extremely good breed for Chinese conditions, according to US officials. While this Australian shipment of cattle marks the first American involvement in beef sales to China, it is by no means the first foreign livestock sale to the PRC. At least three other countries have supplied the PRC with cattle in the past five years. Just this spring 100 head of West German stock were flown to China out of Munich-Reim, and in January, 1976 sixty pedigree British cattled valued at £82,500 (US \$40,680) were sent to China under the auspices of Perth auctioneers, Macdonald, Fraser and Co, Ltd., who completed the deal. This British herd

#### **KNOWN CHINESE OFFSHORE DRILLING EQUIPMENT**

**In Use, July 1976**

<b>Rig Name</b>	<b>Type Specifications</b>	<b>Location</b>
FUJI	Jack-up 300' water depth	Pohai Gulf
Kantan I	Catamaran Drilling Ship; 250' water depth	Yellow Sea
Pai Lung	Semi Submersible	Yellow Sea
Pinhai I	Jack-up 100' water depth	Pohai Gulf
Pinhai II	Jack-up 100' water depth	Pohai Gulf
Pinhai III	Jack-up 100' water depth	Pohai Gulf
Pohai I	Jack-up 100' water depth 18,000' drilling depth	Yellow Sea
Pohai II	Jack-up 100' water depth 18,000' drilling depth	Yellow Sea
<b>Under Contract</b>		
Robray Rig 2	Jack-up 300' water depth 25,000' drilling depth	In Robin Ship- yards, Singapore Scheduled Completion 9/76
Robray Rig 3	Jack-up 300' water depth 25,000' drilling depth	In Robin Ship- yards, Singapore Scheduled Completion 12/76

Source: Petroleum News, Southeast Asia, July 1976.



was composed of 20 Herefords, 16 Beef Shorthorn and 12 Aberdeen-Angus. Previous English cattle sales to China had totalled £7,000 (US\$ 3,427) in 1975 and £41,000 (US\$ 17,600) in 1974. Twenty-two Canadian Shorthorns, including one bull called Cudlobe Century 24th, were also shipped to China on P.W.A. Cargo Aircraft on October 7, 1974. There was even one livestock show held in Peking back in October 1974. This annex to the Australian Industrial Exhibition was comprised of 16 stud cattle and 40 sheep of 14 different breeds. The Australian stand was sponsored by Elder Smith Goldsbrough Mort, who owned the livestock and who eventually made this spring's Santa Gertrudis sale. But the earliest reported cattle sale to China came from France. In 1973, 100 head of cattle, of which 50 were Charolais, were sent to the PRC for breeding. The nearest the US has come to exporting livestock to the PRC to date was a cargo of US breeder chicks that went to China in 1974.

#### NEW REPORT WILL BE STANDARD REFERENCE

**CHINA: Industries, Markets, Imports and Competition, 1975-1985.** This report is the first comprehensive business directory of modern Chinese industry and import potential. Prepared by 21st Century Research, a New Jersey-based consulting firm, the 550-page study identifies 2,500 manufacturing plants, mining administrations, research institutes and service organizations in the People's Republic of China. By dividing the Chinese economy into more than forty sectors, ranging from petroleum to agricultural equipment to internal combustion engines, 21st Century Research makes use of a format that has proven extremely useful to American businessmen in their previous study of the Soviet Union. In a typical section 1970-75 exports to China from all sources are summarized in dollar terms, and estimated production versus imports graphed to indicate trends through 1985. The ministry concerned is described, as well as the organization of research in that industry, and the various research institutes and plants associated with this product line. The data on institutes and factories is brief, however, with sources given, and does not claim to be an "exhaustive treatment of every aspect of each industry." Nevertheless, the information available in this directory, which was researched internationally, spans the gamut of such internal specifics as characteristics of Chinese compressors and such figures as Chinese exports and imports with Romania. That the report includes estimates of Chinese trade with eastern block countries—a practice hitherto avoided in discussion of PRC foreign trade—reflects the ambitious nature of the project. At the back of the book are individual country statistics, details of China's FTCs and their personnel, and other useful data. Definitely a standard reference. Readers of the *US China Business Review* can obtain a 10% discount on the \$700 price if they note they have read about it in these pages. Further information can be obtained by contacting 21st Century Research, 8200 Kennedy Blvd. East, North Bergen, N.J. 07047. Tel: (201) 868-0881.

#### BOOK ON CHINA'S ECONOMY

**More Essays on the Chinese economy** are available in Alexander Eckstein's new book, *China's Economic Development: The Interplay of Scarcity and Ideology* (University of Michigan Press, 1975. 399 pages.) Of the twelve essays

included in the volume, only three were prepared specifically for this edition: "A Twenty-Year Perspective," "Economic Development Strategies in China," and "The Chinese Economy: Some Firsthand Impressions." Since the remaining nine articles were originally published as long ago as 1954, the book might better be titled *The Development of One Economist's View of China*; as such it is a fascinating work, for Eckstein's appreciation of the importance of ideology in modern Chinese society has emerged through his writings over the last twenty-two years. To the person interested in China today, only the last chapter, "The Chinese Economy: Some Firsthand Impressions," will be of much help. Drawn from his experience during a recent trip to the PRC, Eckstein analyzes various economic policies and the social conditions of modern China. Perhaps most interesting is a reconstruction of the average



Eric T. Kalkhurst recently joined the Council as Director of Business Advisory Services.

#### THE COUNCIL'S OFFICE IN HONG KONG

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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 Agness Sung will assist Mr. John Thomas Kamm, Hong Kong representative, in staffing the office during these hours.



## US TRADE WITH PRC FOR JANUARY-JUNE 1976, BY CATEGORY

(US \$ millions)

### EXPORTS TO CHINA

Commodity Group	January-June 1976	January-June 1975	Percent Change 1976/1975
Food and Live Animals	0.00	0.00	.....
Beverages and Tobacco	0.00	0.00	.....
Crude Materials, Inedibles, except Fuels	12.04	80.08	-85.0%
Minerals Fuels, Lubricants, and Related Products	0.06	0.17	-64.7%
Animal and Vegetable Oils and Fats	0.00	0.00	.....
Chemicals	7.83	2.42	+223.6%
Manufactured Goods by Chief Materials	42.80	9.90	+332.3%
Machinery and Transport Equipment	54.57	53.39	+1.8%
Misc. Manufactured Articles NEC	2.28	1.50	+52%
Items and Trans N/Class	0.00	0.01	-100%
<b>Total Exports</b>	<b>119.98</b>	<b>147.47</b>	<b>-18.6%</b>

Chinese family's consumption habits, presented in one section of this chapter. For those willing to spend an evening or two, this book will provide a picture of how the American perspective of China has evolved from the McCarthy era to the 1970s. Professor Eckstein's work in the last two decades has been an enlightening force in that evolution.

### SHIPPING

**Chinese chartered shipping to US ports has dropped precipitously.** According to latest reports from the four steamship agents appointed by COSCO and ZHONGZU as China's American port agents, very few Chinese-chartered vessels have called along any US coast in 1976. No ships from China docked in Great Lakes ports in 1976 until early September, when the Norwegian *Kongsfjord* arrived in Quebec, reported March Shipping, Ltd. of Montreal, which handles the Gulf Coast ports. The last ship in on the West Coast was West Germany's *Nordwelle*, which

loaded fertilizer last February. On the East Coast, the *White Sea* left Charleston June 29 after a stop in Baltimore, under the auspices of Kerr Steamship Company, the PRC's Atlantic coast agent. Finally, only seven ships under PRC charter have berthed in the Gulf this year, with none arriving during the summer months. The last to call in the Gulf, according to Strachan Shipping Co. of New Orleans, was the *Kongsfjord*, which docked in Galveston September 13 to load mining machinery, spare parts for drills, chemicals and other products. The marked decrease in Sino-US chartered shipping is in line with China's trend toward greater use of her own merchant marine. It also reflects the fall-off in PRC purchases of US agricultural goods and scrap which composed the bulk of chartered cargoes in 1973 and 1974, as well as the winding down of goods shipment for long-term contracts, such as that of the Pullman Kellogg Company of Houston which sold \$200 million worth of ammonia fertilizer plants to the PRC in 1973. 完

## GENERAL SUMMARY OF SINO-AMERICAN TRADE FOR FIRST HALF OF 1976

(US \$ millions)

Type of Trade	Value 1st quarter 1976	Value 2nd quarter 1976	Projected Value for All 1976	Actual Value 1975	Projected Percent Change 1976/1975
US Exports	85.4	34.2	239.2	303.6	-21.2%
US Imports	48.4	42.1	180.6	158.3	+14.1%
Two Way Trade	133.8	76.3	419.8	461.9	-9.1%
Balance of Trade	37.0	-7.9	58.2	145.3	-40.1%



# IMPORTER'S NOTES

## Briefly:

- **CANTON FAIR TO BE ANNUAL EVENT.**
- **Water instead of oil ruffles essential oils market.**
- **Jewelry delegation tours US, hosted by National Council.**
- **Chemicals: mini-fair reactions.**
- **Pending legislation may hinder rabbit meat imports, US forbids ivory imports.**

## CANTON FAIR

**Canton Fair To Become Annual Event** Reliable sources report that the Canton Fair is scheduled to become an annual event, most probably beginning in 1977. This is as yet unconfirmed by Chinese officials. No modifications should be expected for the 1976 Fall Fair, however.

**New Canton Hotel**—The Bai Yuan, a newly-completed 30-story hotel in Canton, will be ready for occupancy by visitors to the next Fair. It is located in the northeast section of the city on Hsian Lieh Road, past the zoo but before the Sha Ho Restaurant. Fair authorities have yet to announce which foreign guests will stay there (ordinarily, fairgoers are assigned quarters according to nationality), but best guess is that the Japanese contingent, the largest from a single nation, will be moved to these extensive accommodations. American businessmen attending the fair will probably not be envious, since the Bai Yuan is a long distance—and an expensive taxi fare—from the Fair buildings.

## COMMUNICATIONS

**Cables too Expensive** . . . PRC rates for sending cables are significantly higher than their American counterparts, some importers complain. A night letter from China costs 45 cents per word, while in the US the charge is only 17 cents per word. An ordinary cable from the PRC is an astronomical 90 cents per word; again, the American price is much lower—just 34 cents per word. These importers suggest that China bring its charges into line with the established rates for telex and cable. **Direct-Dial From the PRC Now Available** . . . Some visitors to China may now be able to make direct-dial long-distance phone calls in Peking, Tientsin, Tsinan, Shanghai and Hangchow via a newly-completed, co-axial trunk line. The 1,700 km, 1,800-channel carrier can serve several thousand users at the same time. Businessmen should be able to place calls from Peking to Shanghai within 10 seconds. Also available on this line will be express telegram, facsimile and coded communications services. In addition to the co-axial trunk line, a microwave communications trunk line linking Peking with a large part of the country has recently become operational. The line, equipped with a domestically-made 960-channel transistorized and a 600-channel electron tube microwave signalling system, is used by Peking TV to transmit color programs throughout the country. **# \$ % & [ ! . . .** Some importers, much to their dismay, have been receiving packing lists only in Chinese. Importers request that these documents be sent in English in order to facilitate business.

**No Word From Tientsin** Importers expecting shipments

from Tientsin, which was heavily damaged by the July 28 earthquake, had not, at the time of writing, heard any word from the Chinese on whether or not their goods would arrive in the US on schedule. However, since goods normally arrive at the end of the month, buyers were hoping that even though no cables had been received, their purchases would nevertheless reach American ports.

## LIGHT INDUSTRY

**Another Antiques Outlet**—Most Canton fairgoers are familiar with Kwangchow's Antiques Showroom on Hoig Shu Lu (Red Book Road), as well as with the other major marketing centers in Tientsin, Peking and Shanghai. Several American visitors to the Spring, 1976, Fair report having seen another warehouse some twenty miles outside of Canton which contained "some of the most beautiful stuff they'd ever seen," including old silver jewelry and beads, and necklaces and bracelets inlaid with rare stones. At this antique warehouse, visitors from abroad were warmly received and were encouraged to deal directly with the warehouse staff. The American visitors had already been trading with China for several years. **Jewelry Delegation to US** . . . China's second delegation from the Light Industrial Products Corporation's arts and crafts division arrived in the US in late September for negotiations with American companies. Jewelry and precious stones are major items under discussion. **China Clocks In UK** . . . The first wrist watches from China are now on sale in Great Britain. Costing between \$20.00 and \$30.00, they are being imported and distributed by Prescott Clock and Watch Co., Ltd. As part of this market expansion, the June 28 issue of China's Foreign Trade advertised the **Double Rhomb wristwatch**, Model SZB-1, a new product of the Peking Watch Factory. The all-steel, 17-jewel watch is shock-

**Jewelry is the main commodity being shown by a delegation from the Light Industrial Corporation touring the US at the invitation of the National Council.**





resistant, waterproof and antimagnetic. It has a movement of 60 oscillations per second. The Peking Watch Factory is also trial-manufacturing automatic watches, and designing and producing styled and colored watch faces with raised figures and fashionable cases. **Ivory Imports Must End . . .** The import of all products made from Asian elephant ivory was declared illegal by the US government as of July 14 of this year. At that time, the Asian elephant was one of 159 animals added to the list of endangered species appended to the Endangered Species Act of 1973. In addition to a ban on imports, no interstate commerce in existing stocks of Asian elephant ivory will be permitted. Such stocks can only be sold off within an individual state's boundaries. In order to enforce this new regulation, US customs requires the exporting government to certify the incoming ivory's country of origin; a certification by a business concern is not considered adequate. However, it is impossible to be absolutely certain whether a piece of ivory is African or Asian, should the government of export not relay the information. Walrus and whale ivory were already forbidden before the latest additions to the list. The Endangered Species Act is further supported by the Endangered Species Treaty signed by 28 countries, effective July 1975 but only now being implemented. Its roster of endangered and threatened species corresponds roughly to those in the American act. An endangered species is one that faces imminent worldwide extinction, while a threatened species is one that may become faced with extinction. The new ban on elephant ivory affects only a small quantity of imports from China. From January to May of this year, Chinese ivory imports to the US were valued at \$44,771.

**Household Wares and Ceramics on Show in Hong Kong** Two exhibitions of Chinese light industrial products were hosted during the summer by Chinese distributors in Star House, the state-owned Chinese Export Commodities Exhibition Hall. The Chinese Household Wares Exhibition, sponsored by a group of 11 local distributors, was held June 6-27. Attendance topped 70,000 people, including numerous buyers. The Chinese Ceramics Exhibition, held July 11-August 1, was sponsored by Teck Soon Hong and the Hong Kong Ceramics Union. Attendance reportedly reached the 100,000 mark.

**Forbidden product: Ivory from the Asian elephant, such as this carving from a Kwangchow factory, has been declared illegal by the US government.**



China Travel Service (H.K.) has recently published a brochure advertising its airfreight service. It provides a T.A.T. service in which FTC's deliver their exports by train to Hong Kong where CTS reforwarders them by air and their agents effect final delivery by truck, and T.A. service, in which shipments are airfreighted to the USA and Canada within a few days. Copies of the brochure are available free from the Council.

According to the brochure, China Travel Service "handles several hundred thousands of passengers and thousands of tons of air cargo and several hundred million tons of cargo on rail and by highway transportation." CTS is also one of the leading companies in operating transportation (more than one hundred trucks) and warehousing business (seven large warehouses) in Hong Kong.

In air-freighting, CTS operates scheduled chartered freighters to Europe each month and has bulk-breaking agents in Europe, U.S.A. and Canada to render all the necessary services.

## MISCELLANEOUS

**New Tabloid Looks at All Asia . . .** In response to a general increase in American interest regarding Asia, a new publication has been launched called *The Asia Mail* which its editors believe fills a gap in American reporting on the East. "There is no other journal," comments one of the Associate Editors, Jay Henderson, "which is published within the US, is directed primarily at an American audience, and deals exclusively with American perspectives on Asia." *The Asia Mail* is a 20-page tabloid dedicated to just about everything which reflects "the US looking at Asia": books, ideas, views and reviews on Asian politics, business and art. Planned is a "China Symposium", as well as reviews and articles on China's trade, industry and politics. Regular features will include articles by a US Senator or Representative on some aspect of US-Asian relations. Businessmen may be interested in advertising in this newspaper. According to its editors, it will reach opinion leaders, executives and businessmen, academic and library personnel, organizations, and foreign embassies and information offices abroad. *The Asia Mail* will be published once a month, at a subscription rate of \$9.00 per year. For further information on subscriptions or advertising, contact Associate Editors Diane DeBuck, Donna Gays, or Jay Henderson at *The Asia Mail*, P.O. Box 1044, Alexandria, VA 22313. Telephone: (703) 548-2881.

**Earthquake Aid Offered . . .** Although aware of China's general emphasis on self-reliance, one importer who has



done business at several Kwangchow Fairs extended an offer of any type of assistance following the July 28 quake. He had earlier helped Guatemala after its disaster last January by preparing and running advertisements in American newspapers in order to raise money. The PRC has not accepted any offers of assistance from either foreign governments or private parties. However, the importer hopes that his offer will be respected by the Chinese as a genuine expression of concern and of admiration for their country.

**Shanghai Maps Available:** The map of Shanghai which was included in the last issue of UCBR as a removable insert is available separately for interested parties. Inquiries should be directed to the Council's Publications Department (202) 659-7681.

## NATIVE PRODUCE

### Pending Legislation May Hinder US Rabbit Import Regulations . . .

At present, FDA regulations merely require inspection of rabbit meat imports at the point of entry to determine the presence of decomposition or disease and the adequacy of cleaning. But H.R. 10073 which has passed the House of Representatives and is currently before the Senate, establishes stringent animal inspection and health standards for rabbit meat intended for human consumption. Regulations for meat intended for animal consumption are not quite as stiff. The responsibility for inspection would lie with USDA. If enacted this year the law will become effective on January 1, 1977. **Human Consumption Standards.** According to APHIS, the Animal and Plant Health Inspection Service of USDA, the legislation would require both domestic and foreign rabbit meat to meet the same standards for inspection and sanitation as those already in existence for poultry. Foreign plants must certify that inspection standards and procedures in their countries are "at least as rigorous as those of the United States. The standards include *inter alia* both ante-mortem and post-mortem inspection of every animal." The plant must also allow APHIS personnel to make on-site inspections of the plant four times a year. Thus far, the Chinese have not permitted any inspections of their plants in any situation.

**Animal Consumption Standards** H.R. 10073 appears to contain one exemption from inspection which might lessen the blow to Chinese imports. Inspection of slaughtering and processing plants is not required if the meat is intended for animal consumption. Instead, the meat is examined upon entry to insure that it is either naturally identified as prescribed by regulations of the USDA to deter its use for human food. Meat is ordinarily "denatured" by application of charcoal dust, which gives it an appearance repugnant to humans. Under these regulations, China would be able to export rabbit meat to the US for animal food but avoid inspection requirements. There is presently no US market for domesticated rabbit meat for animal consumption, although one could be developed in the future.

**American Reaction to Chinese Imports.** Some domestic producers of rabbit meat claim that the Chinese are flooding the market at unacceptably low prices. Robert Dubbell of Pel Freez Meat, Inc., Arkansas, the leading spokesman and organizer of the domestic rabbit meat industry, points out that ordinarily domestic meat sells for \$1.25 per pound retail, but that the Chinese have offered to provide fully processed and packed rabbit at much fewer cents per pound delivered. In addition, he notes, Chinese rabbit meat



Representatives of a variety of American firms were in Peking at the time of the July 28 earthquake. Here, some damage is apparent at the Peking No. 1 Department Store.

flooded the British market in the 1960's and is expanding rapidly into the Australian market. US Commerce Department trade figures for 1973-1975 show that China's share of the US market has grown greatly—from 428,000 pounds in 1973 to 1,761,145 in 1975. **Essential Oils Scandal—Water Instead of Oil May Up Demand for Chinese Products.** An Indonesia firm perpetrated a bizarre hoax in the essential oils trade in mid-August which some think could cause some reverberations at the Fall Canton Fair, at least for citronella oil. The Indonesians, who along with China are one of the world's largest exporters of essential oils, shipped water instead of oils to a vast number of buyers both in the US and Europe. Losses are estimated at \$1½ m. overall—\$1 m. for the Europeans, and about \$500,000 for all 11 American companies in this business. The oils actually contracted for included vertiver, patchulia, clove leaf, citronella, and nutmeg. Several traders believe the scandal will have little effect on Sino-US trade in essential oils. This is because the bulk of the oils involved—patchulia, clove leaf, nutmeg and kanango—are not exported from China to the US. Only citronella oil, used in aerosol sprays and disinfectants, is sold to American importers. Citronella, the buyers note, is not in big demand. The scandal did not up the market price, which remains stable at \$2.70-\$2.80 per kilogram. (Citronella imports from China dropped precipitously from a 1974 peak of \$1,172,371 to \$35,896 in 1975). Apparently as a result of the fraud, China has been telling buyers it has nothing to sell—either because, another importer conjectures, it really doesn't, or, more likely, Chinese trade officials "are waiting to put the squeeze on at the Fair." It is true that companies worldwide will remain suspicious of Indonesian oils, but they will not necessarily refuse to buy from that country. "Things will be checked more carefully, as they were many years ago," predicts one businessman. Samples will be drawn from each drum by the international Superintendent's Company; and a certificate issued for approved merchandise. A leading dealer comments, "All the traders should consider purchasing through dealers, who can act as a buffer since they have stocks from which they can replenish any orders such as these." Since China has withdrawn from the market, prices may rise in the future, including at the Fall Fair, despite their current stability. American firms are now considering what action should be taken against the Indonesians, most



likely the Indonesian government laboratories which inspected and approved the "oil." The Essential Oils Association of the US held a meeting August 18 toward this end, deciding to send a mission to Indonesia for talks with government officials. The affected companies have been in frequent communication with each other, with the US State Department and with the Indonesian Government. Says one shocked trader, "I can't believe the Indonesians pulled this. But I'll *always* trust the Chinese."

## CHEMICALS

**Pharmaceuticals Fair: What Might Have Been:** One of the casualties of the great North China earthquake was the China Chemicals and Pharmaceuticals Special Fair, scheduled to have been held in Tientsin from July 27-August 19. An estimated 150-200 chemical buyers from over twenty countries and territories had been invited to the mini-fair, which was organized by the export department of SINO-CHEM's head office and sponsored by the corporation's branches in Kwangtung, Shanghai, Shantung, Tientsin, Peking, Talien, Hopei and Kiangsu. A total of nine US companies, including H. Reisman Corporation, Sobin Chemicals and George Uhe, were in the carefully-selected group. As planned, the event would have been the most comprehensive mini-fair to date. A large array of commodities currently available for export—including rubber tires, pharmaceuticals and medical instruments, surgical dressings, and chemicals—was to have been covered in contractual negotiations between foreign firms and Chinese

branches. At the time the earthquake struck, nearly sixty businessmen had already arrived at the new Friendship Hotel in Tientsin, and another twenty were spending the night, in transit, at the Peking Hotel. Those in Tientsin were immediately evacuated, and all businessmen were invited to come to Shanghai for negotiation with that city's branch of SINO-CHEM. Most buyers chose to accept the invitation, and subsequent reports indicate that—although volume of sales were low—some contracts were concluded.

**Shanghai Chemicals Fair: Good or Bad?** Traders who attended the chemicals mini-fair held in Shanghai February 20-March 6 brought home diverse reactions to their experience. Their opinions break down along nationality lines, with American buyers expressing a far more favorable response than Europeans. One representative from a European company described the fair as "a joke." Prices were much too high both for buying and selling, he says, and the Chinese displayed relatively little export merchandise. His summation: the Chinese appeared more interested in picking foreign brains than in selling their products. American traders who attended the fair were much more enthusiastic about its usefulness. Two of those interviewed by UCBR agree that the prices were quite high, higher than at last Spring's fair, and the products offered were not necessarily what companies wanted but they and others did a satisfactory amount of business. It's true that we did more business in Canton," admits one, "but Shanghai definitely was not a waste of time. We felt good enough about it to decide to go to the Tientsin Pharmaceuticals Fair in July." Others comment that the people invited were all serious traders, unlike at the Canton Fair, and that the smallness of the fair led to a better spirit of unity and friendliness. All in all, insists one, those who went generally liked the mini-fair concept.

## CHINA TRADE BANKS IN THE US

UCBR (Vol. 3, No. 3, p. 18) contained a listing of China trade banks in the US. The Standard Chartered Bank has notified the Council of additions to the list (Chicago and Seattle) and two address changes:

### NEW YORK

- \* Standard Chartered Bank Ltd.  
(Formerly The Chartered Bank)  
160 Water Street  
New York, New York 10038  
Tel: (212) 269-3100

### CHICAGO

The Chartered Bank  
Sears Tower  
Chicago, Illinois 60606  
Tel: (312) 876-1414/5

### SEATTLE

The Chartered Bank  
Suite 2040, Washington Building  
1325 Fourth Avenue  
Seattle, Washington 98101  
Tel: (206) 622-4830

### SAN FRANCISCO

The Chartered Bank of London  
100 Montgomery Street  
San Francisco, California 94104  
Tel: (415) 398-5151

- \* Member of the National Council

## TRADE STATISTICS

**Imports Up in First Half of 1976** The value of imports from China during the January-June period was 24.1% above the 1975 level for the same two quarters. Since the Chinese try to keep their balance of trade with individual countries in line, this increase of US imports is quite significant. All major categories of goods with the exception of chemicals reported growth in the first half of 1976. **The Top Imports** Nine of the top fifteen US imports from China in the first half of 1976 were included in the top 15 for 1975. The top 15 in 1976 thus far are PC white cotton shirting, antiques, tin, ABC sheeting, fireworks, feathers, bristles, cotton twill, raw shrimp, bamboo baskets and bags, raw silk skeins, tung oil, pepper capsicum, and unspun baskets and bags.

## TEXTILES

**Price Changes Rued** Some textile importers feel that in the case of samples being made without an accompanying 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. **Freight Costs Up** Freight costs from Hong Kong are rising. Importers hope that Chinatex will take this into account when determining the FOB price on US Customs forms. At times, Chinese sellers put down a low freight cost on US customs forms, making the cost of the product look higher and thus causing the US duty to be higher.

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# CHINA ECONOMIC NOTES

## From Chinese Media Reports

### GENERAL

Information on the economy in Chinese press accounts over the past two months has been unusually sparse, perhaps as a result of the unstable political situation. A general discussion of China's economic development, released in the second week of July, 1976, emphasizes accomplishments of both the Third (1966-1970) and Fourth (1971-1975) Five Year Plans. Such dated advances as China's first hydrogen bomb and its first man-made earth satellite were praised. Notably absent were any new output or production figures. The one aspect of the economy that seemed to be receiving new attention was coal extraction (see below), an indication that China might be attempting to stimulate coal output in order to save petroleum products for future sales abroad. Any policy changes that may result from new leadership prerogatives will probably not be reflected in production for at least another six months.

### AGRICULTURE

**Mixed crop returns** are in on the 1976 harvest to date. The winter wheat crop is thought to have been slightly better than last year's although the spring wheat products have dropped a bit. Due to abnormal cloudiness, the early rice crop is thought to have been slower to mature, but equivalent to 1975's level. Its late harvest might cause the second rice crop to somewhat behind schedule. The final 1976 output figures should be roughly equivalent to 1975's 270 million metric tons of grain, with an additional 10 to 12 million tons in soybeans. **Cotton acreage is up** slightly this year, according to sources in the US government. The effect of this development on possible US cotton exports to China this year may be negative. **Ducks replace pesticides** in the rice paddies to control insects and weeds. According to US scientists who recently visited the PRC, armies of 5,000 ducks are released onto the fields where each fowl will consume an average of 417 insects in two-and-a-half hours. These itinerant workers also remove half of the weeds in paddies at no extra cost. **Mechanization continues** in Chinese agriculture with a 10 to 50 percent increase in the output of major farm machinery products in the first quarter of 1976 over the same period in 1975. Previous press accounts have indicated that the production of tractors, irrigation and drainage machinery, and spare parts grew at an annual rate of between 21 and 28 percent from 1965 to 1975. The increases reported so far this year from China's 1600 agricultural machinery manufacturing facilities seem to be in line with past development programs and do not reflect the farm machinery output upturn which is expected by the end of the decade.

### MANUFACTURING

**Improvements announced in steel industry.** China has produced a new group of steel equipment, according to a Hong Kong report. The hardware includes a 1,700 mm continuous hot roller that can produce steel sheets from 750 to 1,550 mm wide, 1.2 to 10 mm thick, and weighing 24 tons

per roll. Other machines reported in the same family are a 1,150 mm mold rolling machine, a large track molding machine, and a 4,200 mm rolling machine, all of which can produce a 250 mm extra thick sheet or a .03 mm extra thin sheet. **Camera output has expanded . . .** at an average annual rate over 29% since 1965, as camera models increased five times. Although no production figures were given with the report of camera production improvements, the account was typical of continued Chinese press coverage of more abundant consumer goods output in the PRC. Much of this increase, however, is clearly for sale abroad.

### PETROLEUM

**A lower rate of production increase** was reported for the first half of 1976 than was expected. A July 28 NCNA account announced that crude oil and natural gas production had increased 10 percent over the 1975 level. This rate is considerably below the Fourth Five Year Plan (1971-1975) average annual output increases estimated at 21.9 percent and the projected Fifth Five Year Plan (1976-1980) growth, 17.7%. **Taching oil production up again.** An August NCNA account reported that Taching's first half production was 13.5% higher than during the same period in 1975. This increase is a slight improvement over the 11.3% increase in Taching output reported earlier this year for the first quarter. Taching accounts for an estimated 33% of total Chinese oil output. **Oil refining capacity grew** at a faster rate (20 percent in the first half of 1976) than previous estimates for Fourth Five Year Plan annual growth of 16.6%. Natural gas refining capacity grew at an even more impressive rate, 200%, during the first six months of 1976. **Oil refining gap closing . . .** If the trends revealed in the NCNA articles hold true for the rest of 1976, then the gap between crude oil output in 1976 (estimated at 84.4 million metric tons) will only exceed domestic refining capacities (estimated at 73.7 million metric tons) by 10.7 million metric tons, down nearly 30 percent from the 15.2 million metric ton gap of 1975. This reduction may have a negative effect on the crude oil available for exports in 1976, and beyond. **Weather problems at Shengli fields** were reported twice so far this year. A May 21 NCNA account reported that severe snow storms in February brought down 870 electric pylons and disrupted production, and a June 9 article revealed that Yellow River flooding submerged another one of Shengli's production units. **55-kilogram-class petroleum drilling tubes** were recently reported developed by the Capital Iron and Steel Works, the Anshan Iron and Steel Company, the Luchou gasfield, and the Southwestern Iron and Steel Research Institute. These drilling tubes were developed especially for the "special geological characteristics of oilfields in Szechuan: deep wells, hard rocks, and high sulphur content." **A high precision automatic instrument apparatus** was reported developed by another group of Chinese manufacturing facilities, research institutes, and worker study teams. The device is designed for use in oilfields, harbors, oil refineries and aviation units; it can measure and indicate the volume, density and water



content of petroleum and petroleum products. With the help of a computer attachment, the machine calculates the accurate weight of pure oil. **Refinery cooling units** were also reported manufactured for the first time in recent months. Under the direction of the Harbin Industrial University, Fushun Petrochemical Engineering College, and Fushun No. 2 Petroleum works, this cooling unit can save enough water in a 5 million ton capacity refinery to supply a city of one million. **A transfer line catalytic cracking oil equipment** installed in the Yumen Refinery over a year ago has raised that refinery's crude oil capacity by 35 percent and its gasoline and diesel oil capacities by 7 percent over the levels possible with the old fluid catalytic cracking process. **New 39" pipeline was laid** 140 kilometers (87.5 miles) from Kwangtung Province to the port of Chankiang (Tsamkong), which was the first Chinese port capable of handling 50,000 ton tankers and the largest known diameter pipeline laid in the PRC to date. **Talien can handle 15 million tons of petroleum annually**, according to a July 22 NCNA report. With its 1,400 meter wharf, capable of berthing one 50,000 ton tanker and another 100,000 ton one simultaneously, this capability exceeds China's total estimated petroleum exports for 1975 (14.03 million metric tons) by nearly one million tons.

### COAL

**Coal publicity**, by all measures, has been abnormally visible in recent Chinese press accounts. If western observers are correct in equating increased coal production in China with increased petroleum export potential, the current media reports portend greatly increased exports in the next few years. **Coal production is up 7.6%** in the first six months of 1976 compared with the same period in 1975. This growth rate is substantially greater than the estimated 5% average annual increases seen from 1971 to 1975. Other NCNA accounts indicate that China's coal production capacity is up 36.3% over 1975, a jump reminiscent of increases in petroleum production just a few years ago. The Chinese press also stated that this year 31 new coal pits have been added to China's existing mining operations, in addition to the twelve major operations added in 1975. (See below). If these accounts hold true, then China's 1976 coal production could reach between 442 and 500 million metric tons, from 411 million metric tons in 1975. Such a level of increase substantially surpasses CIA estimates that Chinese coal production would increase between 6% and 7% during the Fifth Five Year Plan (1976-1980). **More encouraging reports** accompanied the output increase announcement including accounts of improved provincial production—Heilungkiang province met its half-year target three weeks ahead of time and produced 1.93 million tons more than planned. **And improved techniques** were announced, such as a 600,000 ton per year coal dressing plant in Shensi Province, which can handle coal crushing, transportation, feeding, washing, flotation, filtering, dewatering, and loading. This machine was made entirely in China. **A new record** has also been set in coal production this year. The award for largest daily output of coal from a fully-mechanized work face was won by the Fankochuang Colliery at Kailuan for 12,000 tons of coal recovered on April 19, 1976. Although not mentioned in the same article, this record presumably breaks the old record of 11,809 tons removed on April 14, 1976 at Kailuan mines by team No.

5352. **Chinese team attends International Coal Conference.** A group of eleven Chinese coal engineers and two interpreters attended the IXth World Mining Congress in Dusseldorf, West Germany from May 24 to May 28, 1976. The Chinese presented three papers on "Rapid Sinking of Inclined Shafts in Rock Formations," "Studies on Overburden Destruction and Safe Winning Under Water Bodies," and "Vigorous Growth of the Coal Industry South of the Yangtze."

### NEW COAL OPERATIONS IN 1975

<i>Location, Operation</i>	<i>Annual Capacity</i>
Anhui, Shihtai Coal Mine	600,000 tons
Fukien, Chiasu Coal Mine	300,000 tons
Heilungkiang, New Shafts, Chitung Coal Mine	120,000 tons
Honan, Yangtsun Pit	600,000 tons
Hunan, Limin shafts of Lienshao Mining Bureau	600,000 tons
Kwangtung, two vertical pits, at Mine No. 4 Hungkung	310,000 tons
Kweichow, three pairs of shafts, Wumeng mountains	900,000 tons
Ningshia, Wulan Coal Mine (coking coal)	190,000 tons
Shantung, Hsikang Coal Mine	300,000 tons
Shensi, Takyukou Coal Mine	900,000 tons
Szechwan, Kaotingshan No. 2 Coal Mine	150,000 tons
Szechwan, Paoting Coal Mining Complex	Unknown

*Source: Petroleum News S.E.A. July 1976*

### COMMUNICATIONS AND TRANSPORTATION

**Expanded television broadcasting networks** in China have been the topic of a series of articles in the Chinese press during the last three months. It is reported that China now has 37 television stations which are supported by an additional 123 relay stations. This publicity is perhaps in anticipation of an increase in China's production of television sets, estimated at 191,000 units in 1975. Output might reach 1 million units in 1980 if present trends continue. Many shows featuring Chairman Mao have been broadcast in China over the past few years "to satisfy the eager demand of the worker-peasant-soldier masses." Televisions, introduced in China in 1958, have expanded 10-fold since 1965. **A new railroad line** was completed between Tientsin and Shanghai in July, 1976 according to NCNA reports. The 1,300 kilometer (812.5 mile) line shadows the main trunk line already in place. Construction of the railroad link, which passes through Nanking and Pulou, was begun in 1958 and was completed ahead of schedule through the mobilization of more than 40,000 workers. In order to lay the tracks, more than 9,140,000 cubic meters of earth and stone were moved, six major bridges including one 5.7 kilometer (3.6 mile) bridge over the Yellow River at Tsinan were constructed, and 400 small and medium-sized bridges were raised. The line, which will help to unclog China's internal transportation bottleneck, is to be controlled by a domestically-produced electric interlocking signal system.



**Timberland railroad also was completed** in China's extreme Northeast. Begun in 1964, this rail line reaches the northern most extremes of Heilungkiang province, within kilometers of the Soviet border. Following CCP directives, the expansion serves to develop both China's natural resources in the minority Olunchun, Owenko and Takanerh nationalities. The area is traditionally snowbound eight months out of the year with temperatures down to  $-58^{\circ}\text{F}$ .

### SHIPPING

#### Shipping and shipbuilding in China continue to grow.

A variety of Chinese media accounts this summer have summarized the steady advances made in Chinese shipping over the past ten years. The Chinese merchant marine now operates 27 sea transportation routes which call on 320 ports in 87 different countries on all five continents. The volume of Chinese trade cargo carried by Chinese-owned vessels has increased from 13.3% in 1965 to 71% in 1975. This improvement, according to NCNA accounts, is due to superior Chinese construction capacities, sufficient to produce 10,000, 20,000 and 24,000-ton ocean going vessels. Reports have also been made of Chinese-made 25,000 ton floating shipyards and 500 ton floating cranes for new maintenance and loading needs. **A new floating dock**, the Lu-shan, was reported in Nanking harbor this August. With a displacement of 28,000 tons and a maximum draught of 12.2 meters, this dock is 158 meters long, 32 meters wide and 14.7 meters high. It is capable of handling a weight of 6,500 tons, equal to the net weight of a 10,000 ton class ship. **Tanker chartered for Romania.** The *Sino-British Trade Journal* reported this June that China had chartered a 95,000-ton oil tanker to ship oil to Constanza, Romania, in mid-January this year. Earlier reports had indicated that China was planning to greatly expand its petroleum exports to Romania from 150,000 tons in 1975 to perhaps 6 million tons this year.

### TECHNOLOGY

**A high-temperature, high-pressure, radioactive logging tool** was reported developed for the first time in China this summer. The machine, manufactured by the Chungking Petroleum Apparatus Repair Factory, was used in the drilling of China's record breaking 6,011-meter well in Szechuan this spring. With the endurance to withstand heat over 200 degrees centigrade and pressure of 1,000 atmospheres, this apparatus is fully electronic. **Advances in China's integrated circuit research** was also reported recently. An example of the country's progress comes from Peking's Electronic Instrument Factory where a 1024 bit MOS random access memory was devised last year. This memory system has since been installed in many industrial and defense applications, replacing the old magnetic core memories. **Other electronic innovations** were heralded in an NCNA essay on new instruments and meters in Chinese industry. Among the systems lauded were infra-red analyzers of carbon dioxide for investigating photosynthesis in plants, electronic computers for industrial process control, China's first laser microspectroscope, and a large-scale projector for improving the precision of parts in aircraft, shipping and motor vehicle industries. **A transistorized telemetering weather station** was reported constructed by the Institute of Radio Research in Kiangsu this June. Controlled by

electronic clocks and logical program computers, this new type of station automatically records, files and transmits eight meteorological readings, including atmospheric pressure, temperature, and relative humidity. **A coke-desulfurizing method** was also announced during the past few months along with a general discussion of advances in the coal industry. Developed in Hunan Province, this process, known as a "sulfur-binding method", involves the use of a chemical additive to "bind" or neutralize the sulfur in coking coal so that it can be eliminated along with the slag in iron and steel refining. This new technique allows coal with a sulphur content of up to 3.5% to be processed, replacing the old method which could only handle coal with less than 1% sulphur. **Shanghai industry praised:** An August NCNA report exalted the progress made in Shanghai's manufacturing since the Cultural Revolution. Attributed with 20,000 innovations and 2,100 new techniques or processes, Shanghai was said to have perfected production of an 8-meter long roller grinding machine, a computer-controlled 16-route meter-rectifying machine, a new X-ray flow detector and a high tension D.C. power transmitter.

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#### RMB: DOLLAR RATES AS OF AUGUST 1976

Date		RMB/US\$	US\$/RMB	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
July 15	Bid	1.9553	51.1430		
	Offer	1.9455	51.4007		
	Median	1.9504	51.2715		-0.50
July 17	Bid	1.9612	50.9892		
	Offer	1.9514	51.2453		
	Median	1.9563	51.1169		+0.30
July 29	Bid	1.9534	51.1928		
	Offer	1.9436	51.4509		
	Median	1.9485	51.3215		-0.40
August 17	Bid	1.9436	51.4509		
	Offer	1.9340	51.1706		
	Median	1.9480	51.3136		-0.03
August 18	Bid	1.9320	51.7598		
	Offer	1.9224	52.0183		
	Median	1.9272	51.8888		-0.11

Source: Standard Chartered Bank, Ltd.



# INTERNATIONAL CHINA NOTES

## CHINA BUYING REPORTS

**A Finnish safety glass factory** was sold to the China National Technical Import Corporation by Tamglass Oy, according to a Finnish press account in July. The contract, which calls for delivery of all the machinery and equipment, installation, technical assistance, and staff training by the spring of 1977, is for a production line for the manufacture of laminated safety windshields. Tamglass Oy was founded in 1970 and deals almost exclusively in the export of TGL-systems for flat and bent-laminated safety glass. **A Hitachi Ltd. computer sale to China** has practically been finalized according to that company's officials in August. The proposed sale includes the Hitac M-160 II, the Hitac M-170, and communications control apparatus for automated weather information systems to be used by the Central Chinese Meteorological Station. The reason for the remaining uncertainty is that the system requires COCOM approval. Should the approval be received, delivery can be made within eighteen months, and regular operation can be expected another thirteen months after delivery. **Lucas Aerospace gets piece of Spey engine deal.** In early July, this British firm announced that it had received a contract to supply between £3 and £7 million (US \$1.5-3.5 million) of equipment for the Spey 202 engine for China. The special components for the engines' fuel systems and control mechanisms will be manufactured at the Lucas factories in Shaftmoor Lane and Marston Green; delivery is scheduled between July 1977 and September 1978. In an interview this summer, a company official expressed the hope that Lucas could continue supplying this sophisticated equipment directly to the Chinese once they take over production of the Spey engine. **Another English firm to supply dynamometers.** Froude Engineering Ltd. of Worcester, England will sell China £350,000 (US \$175,000) of DA890EH dynamometers, capable of absorbing and accurately measuring outputs up to 37,500 bhp at speeds between 3,600 and 6,500 rev/min from steam and gas turbines. Included with this piece will be a Froude electro-hydraulic control system geared for either constant torque, constant speed or propeller law characteristics. Four Chinese technicians are scheduled to travel to the Froude factory to observe final assembly and testing. **5,000 tons of Australian lead** was sold to China by the Broken Hill Associated Smelters Pty. Ltd. The sale, announced in mid-June, came as a result of negotiations which began in October 1974. **Malaysian Natural Rubber** was sold to China's National Chemical Import and Export Corporation after that FTC's delegation spent nearly two weeks in Kuala Lumpur holding negotiations. A contract for 15,000 tons of rubber, valued at \$30 million (US \$11.9 million), was signed by the Malaysian Government Trading and Development Corporation, Pemas Marden. Delivery was set for July and August, 1976. Although the London *Financial Times* reported that a second contract was signed with some non-government traders for an additional 3,000 tons of rubber worth nearly US \$8 million during the

delegation's visit, indications are the Sino-Malaysian rubber trade will not maintain past levels. In 1975, 10 percent of Malaysia's rubber exports went to China (140,416 tons). Even that volume was down from previous sales records to the PRC in 1974 of (144,833 tons) and 1973 (195,370 tons). Since China only produces approximately 30,000 tons of rubber domestically per year, it is always in need of major rubber imports from abroad, generally over 200,000 tons each year. **Philippine sugar for China.** 50,000 tons of sugar was contracted for China according to a Philippine National Bank account on June 26, 1976. The sugar is to be supplied by bank subsidiary Philippine Exchange and will be delivered in two shipments. No price figures were mentioned in the press release. In 1975, the Philippines exported more than 1.1 million tons of sugar, valued at \$581 million, of which half went to the United States and only 11,000 tons went to China, the Philippines' ninth most important importer of sugar. However, as a result of the establishment of diplomatic relations and the signing of a commodities trade agreement in June, 1975, expectations are for increased Philippine sugar sales to China over the next few years. **Japanese giraffes arrived in Tientsin zoo** on July 26, according to an NCNA account. The pair of giraffes were presented by the Mayor of Kobe, Japan and were received by Hsieh Hsueh-kung, the Chairman of the Tientsin Municipal Revolutionary Committee. Five hundred Chinese attended the ceremony. **87 head of Australian breeding cattle** were flown from Brisbane Australia to Shanghai on a specially configured DC8, chartered through the US charter airline TIA, according to a news report. Jim Anderson, TIA's Director of Livestock Sales, accompanied the cattle on their four thousand mile flight and later reported that he felt there is a potential market for registered breeding cattle in China. For more details, see Exporter's Notes. **Japanese aluminum alloy extruded shapes,** to the tune of 50 tons, were sold to China by Kobe Steel, Ltd., according to a July *Japan Economic Journal* report. The aluminum, which was to be shipped in September, is the first of its type to be sold to China by a Japanese firm since 1972. Kobe, apparently, expects even more sales later this year. **20,000 Singapore trucks** will be imported by China in order to restore proper trade balance, according to a July 7 *Daily Yomiuri* account. The promise, reportedly made by Chinese Premier Hua Kuo-feng to Singapore's head of state, Lee Kuan Yew, when he visited Peking in May of this year, came through a leak at the Singapore Embassy in Tokyo. **More and more foreign movies** seem to be making their way to Peking's China Film Corporation. During a recent trip, a corporation delegation to Europe bought 25 BBC television documentaries covering natural history, travel and exploration, plus Dicken's *Great Expectations*. Also purchased from the London film house, E.M.I., were Laurence Olivier's *Richard III*, and *Lady Caroline Lamb*, a picture which traces the life of Lord Byron.



## CHINA SELLING REPORTS

**Japanese imports of Chinese oil increase.** The two Japanese companies involved in importing Chinese petroleum agreed to increase imports in the second half of 1976 by 700,000 tons, pushing total expected 1976 Japanese imports of Chinese crude to 6.8 million tons, compared with 6.1 million tons expected previously. Nevertheless, the sale is substantially less than the 2 million tons of additional petroleum exports that Chinese negotiators sought. Consequently, 1976 exports to Japan will not reach the 1975 record of 7.9 million tons. 400,000 of the 700,000 tons were purchased by the Japan-China Oil Import Council while the remaining 300,000 tons were bought by the International Oil Trading Company. **Halted Philippine petroleum imports resume.** After a two month hiatus in Chinese oil shipments to the Philippines, a Hong Kong chartered tanker, the Feoso Sun, arrived at Shell's Bataan gas refinery in the Philippines on June 2, 1976 with 18,000 tons of Shengli crude. China is expected to supply 10 percent of the Philippines' oil needs this year. **Silk cartel formed in Japan.** A group of twenty-eight textile importing trading houses banded together on May 25 to privately regulate the import of silk from China. With official government approval expected shortly, the cartel hopes to negotiate Japanese purchases from the China National Textiles Import and Export Corporation. Silk imports to Japan were up 70% in fiscal 1976 as total imports reached 54,000 bales, compared with 30,000 bales in fiscal 1975. **Soybeans contracted for Japan** in the second quarter were only 5,000 tons, 10 percent below the expected figure. The Chinese soybeans bound for Japan are of the foodstuff variety whereas the soybeans that China imports from the US or Brazil are primarily used for oil extraction. **Chinese coal for Japan** is part of long-term energy plans which Japanese planners are currently formulating. It is estimated that more than 15 million tons of coal will be imported by Japan between

now and 1985 from such countries as the Soviet Union, China and Australia. So far this year, Japan has contracted for 100,000 tons of coal from China. **Hong Kong's water supply** from the PRC will increase by one third from 18,500 million gallons/year to 24,000 million gallons/year effective October 1. The price of the water will remain at HK \$1.30 (US 7.5¢) per thousand gallons, and the delivery is set for between October 1976 and July 1977. **Fresh vegetables for Japan.** After a Chinese delegation visited Yokohama on July 5, an agreement was announced to the effect that China would supply the city with fresh vegetables. Specifically, Yokohama will get 200 tons of onions in February 1977 as well as a variety of Spanish paprika and other vegetables. **Goodwill trade** is now going on between Nippon Steel Corporation, along with five other major Japanese steelmakers, and the Chinese. These companies, with the assistance of the International Oil Trading Company of Tokyo will receive 200,000 tons of crude from the PRC. In a recent round of negotiations, International Oil Trading Company contracted to buy 300,000 more tons of Chinese oil than had been previously expected.

## PRC SHIPPING NEWS

**Fast Boat From China**—According to sources in London and Hamburg, thirteen vessels under the auspices of the China Ocean Shipping Company (COSCO) are taking part in a new regular liner service between the PRC and four ports in Western Europe. Sailings will be made from the South China ports of Whampoa and Tsamkong (both in Kwangtung Province) to London, Antwerp, Hamburg, and Rotterdam. The London service was inaugurated in July when the COSCO ship "Jining" arrived at the China Terminal in the Port of London Authority's Royal Docks, where all future Chinese vessels will dock. The Rotterdam service was initiated in August, at which port COSCO is represented by the Ocean Freightier Shipping Agencies B.V.

### CHINESE IMPORTS OF JAPANESE CHEMICALS

Contracts Signed at Spring 1976 Canton Fair  
Compared with Contracts signed at Fall 1975 Canton Fair

	Volume Spring 1976 (US mil \$)	Price per ton Spring 1976 (US \$)	Volume Fall 1975 (US mil \$)	Price per ton Fall 1975 (US \$)	Change in Volume 1976 over 1975	Change in Price per ton 1976 over 1975
Methanol	3.48	232	1.65	206	+111%	+13%
Acetic Acid	2.91	416	.66	358	341%	+16%
Polyethylene	1.64	583	2.22	574	-26%	+2%
Ethylene Glycol	1.20	459	.86	478	+40%	-4%
Caprolactam	0.97	970	4.63	874	-79%	+11%
PVC Resin	0.94	438	1.22	407	-23%	+7%
Acetylene Black	0.86	1,229	1.32	1,320	-35%	-7%
Sodium Triphosphosphate	0.76	380	2.35	392	-68%	-3%
Poal	0.67	744	.83	893	-19%	-17%
Phthalic Anhydride	0.66	440	2.98	373	-78%	+18%

Source: Nikon Keizai Shimbun.



**China Launches First 50,000 Tanker**—China launched her first 50,000 dwt tanker on August 23, 1976 at Dairen's Hung Chi Shipyard. The vessel, named Hsi Hu, was reportedly a short 135 days on the launching ways, and is expected to be delivered before the end of 1976.

**Panama Registry**—As of mid-August, China has reportedly registered 19 ships (232,000 dwt) in Panama that were previously registered in Somali. Another 13 Somali registered ships (156,200 dwt) have been sent to China. Only 88 Chinese ships, of about a million dwt, remained registered at that time in Somali. The PRC's Somali registration is expected to be phased out by the end of October.

**Largest Salvage Vessel**—China is awaiting delivery, in September, of the salvage vessel Hu Jiu Lao 3, 3,100 gross registered tons, presently being built in Niigata Shipyards. This is the largest salvage vessel in the world. The purposes to which it will be put by the Chinese have not been reported.

#### SELECTED CHINESE DELEGATIONS ABROAD

**Belgium, 5/4/76, Government Trade** Delegation led by Ch'eng T'o-pin, Deputy Director of Ministry of Foreign Trade.

**Japan, 5/7/76, Insurance** Delegation led by Sung Kuo-hua, Deputy General Manager of People's Insurance Company.

**Romania, 5/7-15/76, Government Trade** Delegation led by Ch'e Chieh, Vice Minister of Foreign Trade.

**Switzerland, 5/7/76, High-Energy Accelerator** Study Group to attend European Organization for Nuclear Research at Geneva, led by Tu Tung-sheng of Chinese Academy of Sciences.

**Netherlands, 5/14-22/76, Government Trade** Delegation led by Ch'eng T'o-pin, Deputy Director of Ministry of Foreign Trade.

**Iran, 5/21/76, Geophysicists** Delegation led by Ku Kung-hsu, Vice Chairman of Revolutionary Committee of Institute of Geophysics, Chinese Academy of Science.

**Sweden, 5/22-28/76, Government Trade** Delegation led by Ch'eng T'o-pin, Deputy Director of Ministry of Foreign Trade.

**U.K., 5/76, Bearing Survey** Group, fourth of series of specialist trips connected with Spey engine licensing agreement, led by Chang Shu-nan.

**U.K., 6/11-7/10/76, Pollution Instruments** Study Group from Instrument study Sub-Society of the Chinese Mechanical Engineering Society, with representatives from Peking Municipality Instrument Bureau, the Peking Environment Protection Institute, the Sian Instrument Factory, and the Shanghai Petrochemical General works. Trip includes visits to fifteen companies producing calibrating and tracing instruments.

**Hungary, 6/12-26/76, Plant Physiologist** Delegation participated in exchange upon the invitation of the Hungarian Academy of Sciences.

**Switzerland, 6/14-7/2/76, Delegation** to attend the 31st Session of the Administrative Council of the International Telecommunications Union, led by Liu Yuan.

**Mexico, 6/18/76, A Government Trade** Delegation led by Sun So-chang, Deputy Director of the Ministry of Foreign Trade.

**Austria, 6/23/76, A Chinese representative delegation** participated in the drafting of a constitution for the United

Nations Industrial Development Organization in Vienna, led by Yu Pei-wen, Chinese Ambassador to Austria.

**West Germany, 6/25/76, An Insecticide and Toxicology** Study group, led by Liu Meng-ying of the Chinese Academy of Sciences.

**Canada, 6/29/76, A Work Group**, led by Chiu Tsui-pao, leading member of the China Film Corporation.

**Japan, 7/6/76, Port Technique** Study Group led by Li Chung-yuan, Vice Chairman of the Tientsin Municipal Capital Construction Committee.

**Japan, 7/6/76, Technical Study Group for Port Environment** Protection led by Yen Tai-lung, Permanent member of the Chinese Navigation Society.

**West Germany, 7/10-7/24/76, Pollution Instruments** Study Group from Instrument Study Sub-Society of the Chinese Mechanical Engineering Society.

**Japan, 7/13/76, Blast Furnace Operation** Study Group led by Li Wen-ch'i, Deputy Chief of the Revolutionary Committee of the Capital Area Iron and Steel Corporation, with eight other members of the Chinese Metal Society.

**United Kingdom, 8/20-9/20/76, Oil Experts** Delegation to inspect rigs and technology with later trips to Netherlands and Denmark, led by Ke Yen-tseng of the Chinese Mechanical Engineering Society.

**Japan, 8/20/76, Shipping agreement** delegation to discuss reciprocal establishment of representative offices in two countries and regular information channels on shipping matters, led by Chang Kung-chen, Chief of Shipping Bureau, China National Foreign Trade Transportation Corporation.

#### CHINESE FOREIGN AID

**Burma, 5/3/76, First stage** of Chinese expansion of Meiktila textile mill went into operation.

**Zaire, 5/6/76, Chinese study group** began work on stadium construction.

**Benin, 5/11/76, 80 hectares of rice fields**, cultivated by Chinese, were handed over to Benin.

**Pakistan, 5/14/76, Chinese roadbuilders** reported constructing the Karakoram highway, at heights reaching 15,500 feet.

**Sudan, 5/16/76, A Friendship Hall** with exhibition, conference, theater, and other facilities was reported completed on the banks of the Blue Nile.

**Vietnam, 5/18/76, A medical glassware factory** for production of syringes, ampules and vials came on line with more than 5,500 tons of Chinese machinery.

**Pakistan, 5/20/76, China announced** that it will make a 15 million rupee (\$1.51 million) loan for construction of a glass-sheet factory.

**Sierra Leone, 5/20/76, Three Chinese-aided rice stations** were handed over.

**Congo, 5/26/76, The Madingou limestone-crushing plant** begun in November 1974 was handed over by the Chinese.

**Sudan, 5/27/76, Trial production** began at the spinning and weaving sections of the Hassheisa textile mill. Valued at \$1.5-2.0 million with 16 million meter per year capacity.

**Vietnam, 5/29/76, A 110/35/10kV transformer station** was completed in Than Hoa province with two 20 kV transformers. This is one of three transformer units being supplied to Vietnam by the Chinese.



**Yemen, 5/30/76,** The Aden **farm tool and hardware factory** started trial production.

**Equatorial Guinea, 6/10/76,** The first group of ten native students graduated from Chinese aid-sponsored **medical training course**.

**Vietnam, 6/28/76,** NCNA report of construction of a modern **nitrogen fertilizer works** at Ha Bac with help of Chinese workers and technicians.

**Pakistan, 7/5/76,** China offered to build two **sugar mills** in Pakistan, according to Pakistani officials.

**Zambia, 7/14/76.** The **Tanzam 1860 kilometer railway** connecting Zambia with the Tanzanian port of Dar Es Salaam was handed over to the countries officially on July 14. Requiring more than five years of work, this project has been one of China's most ambitious foreign aid operations.

**Sri Lanka, 7/20/76,** China gave Sri Lanka 350 **water pumps for irrigation** programs.

**Guinea, 7/22/76,** Two **trawlers** were presented to Guinea by China in a ceremony at the port of Conakry.

**Tanzania, 8/14/76,** A **pharmaceutical plant** which was built with aid from the PRC was inaugurated in a ceremony attended by Tanzanian President Nyerere.

**Vietnam, 8/14/76.,** A **thermoelectric power plant** with a generating capacity of 100,000 kilowatts was reported completed near Ninh Binh City of Ha Nam Ninh Province.

#### CHINESE AGREEMENTS WITH FOREIGN COUNTRIES

**Equatorial Guinea, 5/4/76,** Agreement on economic and technical cooperation, including Chinese construction of hydroelectric power station and high-tension power transformer and transmission line.

**Guinea Bissau, 5/11/76,** Protocol dispatch for Chinese medical team.

**Surinam, 5/28/76,** Communiqué establishing diplomatic relations.

**Pakistan, 5/30/76,** Agreement and protocol for scientific and technical cooperation

**Vietnam, 5/76,** Scientific cooperation plan between Chinese Academy of Sciences and Vietnam National Commission for Scientific and Technical Research with Vietnam Social Science Commission.

**Cuba, 6/10/76,** Three part agreement for trade, payments, and protocol. In attendance: Li Shan-i, Chinese Ambassador to Cuba; Merminio Garcia Lazo, Cuban Vice-minister of Foreign Trade.

**Iran, 6/18/76,** Memorandum on 1976 trade arrangements. In attendance: Hsi Yeh-sheng, leader, Chinese delegation; M. Ghannadian, leader, Iranian delegation.

**Republic of Seychelles, 6/27/76,** Statement of recognition sent by Hua Kuo-feng, Premier State Council of PRC.

**Laos, 6/28/76,** Agreement on application of bank account system between National Bank of Laos and Bank of China.

**Nepal, 7/8/76,** Agreement for Chinese to provide economic and technical assistance in a free grant to build Pokhara water control and irrigation project. Cost estimated at \$4 million (50 million rupees). In attendance: Nepalese Secretary from Ministry of Finance; Chinese Charge d'Affairs.

**Somalia, 7/8/76,** Protocol between countries for sending Chinese medical team. In attendance: Wang I-mu, Chinese Charge d'Affairs; Musa Gure, Director General, Somali Ministry of Health.

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#### CRUISE INTO CANTON

**Western tourists will visit Whampoa, Canton's** port, on a cruise ship for the first time since 1949. Recently the Chinese government reportedly gave permission to the Greek-owned Carras cruise liner *Daphne* to call at the Pearl River port of Whampoa in February, 1977. In the course of an 88-day world cruise, tourists on board the *Daphne* will be allowed to travel two or three days inland to visit the city of Kwangchow.

Meanwhile two other luxury liners, the *Queen Elizabeth 2* and the *Rotterdam*, have arranged excursions into the PRC on their around-the-world cruises. For a three day trip to Canton and the Tung Fang Hotel from Hong Kong, the price tag is only \$300, that is, \$300 in addition to the base cost of the cruise: priced variously from \$4,367 to \$30,000 per person, double occupancy. For details on how the first such excursions were arranged, see *UCBR* September-October 1974. The first Western liner to arrange such a tour was the *Veendam* of the Holland America line, although the first liner to have passengers take the Canton excursion was the S.S. *France* in March 1974.



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# US TECHNICAL DATA AND PRODUCTS

*Licensed for Export to China*

## Totals 1971 Through Second Quarter 1976

Item	Value (\$)
Products Licensed for Export to China	262,922,588 +
Products for Temporary Export to China	82,809,822
Technical Data Approvals for China	399,617,000 +
Products Licensed for Reexport to China	2,332,178 +
Products Licensed for Temporary Reexport to China	209,335 +
Total of All Approvals	747,890,923 +

## US Products Licensed for Export to China—1976

### First Quarter

Date	Item	Value (\$)
1/29	Communications Equipment (Installation on Aircraft)	98,938
2/9	Testing Equipment (Research)	31,742
2/9	Magnetic Recorder and Parts (Maintenance for Recorder)	20,691
2/9	Magnetic Recorder and Parts (Maintenance for Recorder)	13,208
2/12	Communications Equipment (Telecommunications)	16,153
2/12	Communications Equipment (Telecommunications)	15,469
3/30	Magnetic Tape (TV Broadcast)	10,600
3/30	Magnetic Recorder and Parts (TV Broadcast)	205,000
3/30	Magnetic Recorder and Parts (TV Broadcast)	480
3/30	Magnetic Recorder and Parts (TV Broadcast)	27,600
3/31	Pigments and Coatings (for Medical Purposes)	793
	Subtotal	440,674

### Second Quarter

Date	Item	Value (\$)
4/13	Lasers (Holography)	3,060
4/13	Lasers (Holography)	3,060
4/13	Communications Equipment (Maintenance)	14,949
4/13	Electronic Computing Equipment	23,000
4/16	Chemical Preparations (Testing)	1,278
4/16	Aircraft Engines (Repair Non-military Aircraft)	250,000
4/22	Communication Equipment (Maintenance)	12,083
4/22	Communications Equipment (Maintenance)	6,899

4/23	Magnetic Tape (TV Broadcasting)	4,010
4/23	Magnetic Recorders and Parts (TV Broadcasting)	350,000
4/23	Magnetic Recorders and Parts (TV Broadcasting)	121,020
4/23	Magnetic Recorders and Parts (TV Broadcasting)	350,000
4/30	Semiconductors by Laser (Replacements)	278
5/3	Aircraft Instruments (Spare Parts)	21,461
5/3	Aircraft Instruments (Spare Parts)	908
5/3	Aircraft Instruments (Spare Parts)	11,639
5/14	Organic Chemicals (Analytical Chemistry)	325
5/25	Communications Equipment	8,391
6/7	Electro-Medical Apparatus (Parts For Warranty Replacement)	30,000
6/15	Electronic Computing Equipment (Plant Microbe Research)	212
6/24	Aircraft Parts and Accessories NEC (Non-Military Aircraft Prts.)	29,811
6/24	Aircraft Parts and Accessories NEC (Non-Military Aircraft Prts.)	202,575
6/28	Integrated Circuits	97
	Subtotal	1,465,256

## US Products Licensed for Reexport to China—1976

### First Quarter

Date	Item	Value (\$)
3/18	Electronic Computing Equipment (Petroleum Research): From UK	53,191
3/24	Parts and Accessories NEC (Spare Parts for Civilian Aircraft) from UK	596,340
5/11	Electronic Computing Equipment (Automated Message Switching) From UK	180,602
	Subtotal	830,133

## US Technical Data Approvals for China—1976

### First Quarter

Date	Item	Value (\$)
1/18	Technical Data (Organic Compounds for Detergents)	NVG

### Second Quarter

6/11	Technical Data (Production of Compressors)	NVG
6/18	Technical Data (Oil Refining Processes)	NVG
6/28	Technical Data	NVG



# 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.

## Services Offered

The National Council offers a translation service, with strict quality control, for all companies involved in business with China for translation of:

- Correspondence
- Business Cards
- Brochures and Pamphlets
- Summary of Technical Data
- Advertisements
- Catalogues
- Any other form of communication required

These services also include review, revision and correction of translations, both written and oral, made via other agencies in the U.S. and

elsewhere, and referral to printing houses possessing modern Chinese ideographic forms. The Council has a simplified-Chinese typewriter.

As information that companies wish to convey to the Chinese normally includes technical terms, the Council's services also include a reference system of leading Chinese-speaking authorities in the U.S. in all major technical fields. These include those of applied mathematics, physics, biochemistry, civil engineering construction, electrical engineering, medical technology, metallurgy, statistics, computer sciences, heavy engineering, textile machinery, electronics and petroleum technology.

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.

To insure strict quality control, the translators used by the Council have been screened by authorities on modern Chinese usage. The services made available by the Council are also often recommended by the Washington Liaison Office of the People's Republic of China.

## Charges

Translation charges depend on the type and extent of translation involved. Charges are increased for work needed at short notice. Fees are based on an hourly charge, plus additional cost if additional translation consultations with specialists are involved. There is a reduced hourly rate for members of the National Council. Non-members pay a higher rate. Estimates may be obtained in advance without charge. All services are provided in the strictest confidence.



美中贸易全国委员会  
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全体会员公司

为中国伟大领袖  
毛主席  
的逝世

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The National Council for US-China Trade and all its members extend  
their deepest condolences to their friends in all China's Foreign Trade  
Organizations on the death of their great leader Mao Tse-tung.