

PROSPECTS OF INDIAN TRADE WITH THE
UNITED STATES OF AMERICA

REPORT

BY

T. E. GREGORY, D. Sc.

AND

Sir DAVID MEEK, C.I.E., O.B.E.



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LETTER FROM DR. T. E. GREGORY AND SIR DAVID MEEK, NEW YORK, TO THE SECRETARY, DEPARTMENT OF COMMERCE, GOVERNMENT OF INDIA, NEW DELHI.

NEW YORK,

September 28, 1940.

SIR,

We have the honour to transmit herewith the report which we have drawn up relative to the economic situation in the United States of America and to the possibilities of finding alternative markets there for the products excluded from Europe by the present war situation. Our enquiries—as will be seen from the list of individuals, firms and representatives of different Government Departments interviewed by us and constituting an appendix to this report—have been extensive, and considerations of time have prevented us from pursuing personal enquiries in South America. A separate report upon the Canadian market will be submitted to you by Sir David Meek, the Government of India having recalled Dr. Gregory to duty in India.

2. The main conclusions at which we have arrived will be found summarized in Section C, of our report and we do not think it necessary to recapitulate them here. But we would like to take this opportunity of officially drawing the attention of the Government of India to the friendliness and courtesy with which we were everywhere received. Our task was thereby greatly facilitated and we would request that the official thanks of the Government of India be conveyed to the Government of the United States of America for the assistance which has been so widely extended by the officers of that Government, and in particular to the Hon'ble Mr. Jesse H. Jones, Secretary of the Department of Commerce, to the Hon'ble Mr. Claude Wickard, Secretary of the Department of Agriculture, and to Dr. H. F. Grady, Assistant Under-Secretary of State in the State Department. We would also request

(ii)

that the Government of India's thanks be conveyed to His Excellency the Marquess of Lothian, His Majesty's Ambassador in Washington, and to Sir Owen Chalkley, K.C.M.G., Commercial Counsellor, and his staff.

We have the honour to be,

SIR,

Your most obedient servants,

T. E. GREGORY.

D. B. MEEK

PREFATORY REMARKS

We were asked by the Government of India to proceed immediately by air to the United States of America to conduct an investigation into the prospects of finding alternative markets in North and South America for those Indian products which in pre-war days had been purchased by Continental European markets, now closed as a result of the prosecution of the present war. We have divided our report into three sections:—

- A. The current economic background in the U. S. A.
- B. Detailed analysis of the position of industrial commodities.
- C. Conclusions.

Appendix.—List of Firms, Associations and Individuals interviewed.

PROSPECTS OF INDIAN TRADE WITH THE UNITED STATES OF AMERICA.

SECTION A

THE CURRENT ECONOMIC BACKGROUND IN THE U. S. A.

1. In considering the possibilities of the U. S. A. as a market for Indian products, it is necessary, all questions of detail apart, to consider the general economic position, both from the structural point of view, and from the point of view of those dynamic forces which, influencing as they do the current levels of employment, production and national income, determine, in conjunction with governmental policies in the spheres of tariff policy, regulation of agriculture and industry, relief and rearmament, the short-run demand for Indian products.

2. The economic structure of a community determines its demand for producer's goods (including, naturally, the raw materials used for the manufacture of consumers' goods), whilst the efficiency of its productive apparatus determines, by and large, the level of the national income, and, therefore, in conjunction with governmental policy, the range of consumers' goods which are likely to be called for—though the types of goods demanded are also profoundly influenced by the distribution of that income among various classes of the population (in contradistinction to the absolute size of the national income) and by popular taste and inherited customs and prejudices.

3. When the U. S. A. is looked at as a productive machine, it is at first sight easy to exaggerate the significance of the fact that within a few decades the economic centre of gravity has shifted from agriculture to other forms of gainful activity. In 1920, over 25 per cent. of gainful workers (ten years old and over) were still employed in agriculture, by 1930, the percentage was only slightly over 20 per cent. and these percentage changes conceal the important fact that in the interim the total number of gainfully employed persons had risen from 41·6 millions to 48·8 millions, whilst the numbers engaged in agriculture had fallen from 10·67 to 10·47 millions. Though the *proportion* of persons employed in manufacturing and mechanical industries had also fallen in this decade, the absolute number so engaged had risen from 12·8 millions to 14·12 millions. It is clear that there has been a considerable increase in employment outside both agriculture and industry,

but it is also clear that, figured both absolutely and relatively, agriculture as a source of employment has declined most.

4. It would be wrong to infer from this relative and absolute decline of agriculture that the increasing demand for raw materials of the kinds required by a growing economy necessarily implies a *proportionate* diminution in the competitive position of American agriculture as a source of supply, *vis-a-vis* of other agricultural communities. It is no doubt true that, as American production expands, the aggregate demand for raw materials will go up—so that an absolute increase in America's demand for foreign products does not imply any absolute diminution in the demand for internally produced supplies; on the contrary, such an increase may be quite consistent with a considerable stimulation of the demand for American grown products. But neither the fact of the growing predominance of the non-agricultural portions of the American economy nor the fact that part of the raw materials demanded by American industry cannot be produced in the U. S. A. at all contravenes the point made above—obviously an important one from the standpoint of raw material producing countries in general and India in particular.

5. In the first place, though the general trend of American economic life is still upwards, the decade 1930—1940 has been characterized by two major depressions, from the second of which the country has only recently been recovering and that only hesitatingly, whilst the first, the magnitude of which was almost without precedent, has profoundly affected the whole relationship between economic life and the apparatus of government.

6. Secondly, the intimacy of contact between government and economic life is particularly marked in the case of agriculture, which has not only had to face the impact of technological changes, but also growing competition in the world markets and has at present also to face the consequences of the blockade of Europe enforced by the British Government. It used to be regarded as a common-place that countries with an agricultural surplus could not benefit by the imposition of a tariff. But this statement cannot be accepted without serious qualification. Even if a tariff cannot directly benefit the producers of a commodity which is produced *in excess of local demand*, they may stand to benefit by a tariff on a competitive product which has to be imported. And even if they cannot be completely protected by a tariff on substitutes, they

can be indirectly helped by means of (a) export subsidies (b) other governmental measures intended to limit consumption, other than a tariff.

7. Whilst it is unnecessary here to enter into detail, the net effect of the depression may be summed up by saying that the Government of the U. S. A. is prepared to consider sympathetically a much wider range of measures, the direct and indirect effect of which may be to assist agriculture, than was the case before 1930. So far as India is concerned, the two agricultural commodities most affected are jute and cotton. It is true that the cotton producers of the U. S. A. have interests in common with the cotton producers of India, in that they would both wish to see the use of this staple fibre extended. If it is true that the U. S. A. takes a certain amount of short staple cotton from India, it is equally true that India takes a certain amount of long staple cotton from the U. S. A. Nevertheless, in the short run American producers of cotton desire to protect their external markets by the use of subsidies, if necessary, and their internal market by limiting as much as possible the use of jute, in all directions, again, if necessary, by the use of subsidies, and, in this case, also by the use of tariffs and other measures of governmental intervention.

8. If, on the one hand, the necessities of American agriculture set limits to the extent to which the expansion of the American economy will create a demand for overseas products, so, on the other hand, the technological advances of American industry also set limits to that expansion. It is not the case that an increase in the production of a substitute will necessarily cause a decline in the absolute amount imported, or even prevent a further expansion of the demand for the imported commodity, but it nevertheless remains true, in general, that the limits of potential expansion are more closely drawn *than would otherwise have been the case*, at any rate, if short-run influences are being considered. In the long run, it is conceivable that a demand for a particular substitute product may tend, as the national income expands, to expand the demand for the commodity which is in competition with the substitute, *e.g.*, that the demand for natural silk may expand ultimately as a consequence of the use of rayon. But these are long term considerations, at best, and do not invalidate the argument that, in the short run, substitutes for shellac and jute may limit the market for Indian products, in spite of a general expansion of the American economy. And, in any case, the existence of a substitute produced within

the United States of America may intensify the strength of the protectionist forces which have been so generally encouraged by the depression of the last ten years, notwithstanding the efforts of the present Secretary of State to promote reciprocal trade agreements with a wide range of countries.

9. It is now necessary to consider the present phase of the trade cycle in relation to America's possible demands for overseas products. The Federal Reserve System has recently produced a revised index of industrial production which allows of a correction of the somewhat pessimistic views currently held as to the course of industrial production since the depression of 1929. The new index, which is based upon the years 1935-39, differs from the old owing largely to an increase in the coverage of the more stable non-durable goods industries and to the inclusion in the new index of new series for the more advanced products of manufacture, such as machinery and furniture. The index fell from a maximum of 110 for 1929 as a whole to 69 for 1933 as a whole. It then reached a new peak in 1937 with a figure of 113. A sharp setback occurred in 1938: the average for the year was only 88, though this general average conceals the important part that recovery began in the middle of the year and was continued throughout 1939, the situation being greatly affected by the outbreak of the war. By the end of 1939, the index stood at 126, the highest figure ever recorded. In the early months of 1940, there was a decided setback, the figure for April being only 111. Thereafter recovery was rapid, the provisional (and latest available) figure for July, being 121.

10. In considering the significance of these figures, it will of course be appreciated that they sum up a large variety of factors which impinge in very different ways upon different branches of the national economy. The phase in which the American economy now finds itself is characterised by a greater measure of activity in the durable than in the non-durable group of manufactures: the index of durable goods manufacture standing at 131 in July as compared to a figure of 113 for non-durable goods (provisional and adjusted for seasonal variation). This phenomenon is, of course, a normal feature of the recovery phase of the cycle, even if the influence of armament is eliminated, just as in the depression stage of the cycle the non-durable goods industries maintain a higher level of production than the durable goods industries.

11. The bald fact that the level of American security prices has not by any means reflected the up-trend of American business should be a sufficient warning that continued recovery is by no means counted upon by American opinion. American business circles are notoriously nervous in an election year, but this year this factor of uncertainty is a minor one as compared with the tension induced by the vicissitudes of the war. Though the continuance of war means an intensification of the difficulties of South America and an aggravation of the cotton surplus problem in the U. S. A. itself, every indication of a possible lengthening of the war adds to business optimism, and every hint of a possible ending of hostilities involves a decline of "confidence"—this, in spite of the fact that an early ending of hostilities would involve an intensification of the necessity for American rearmament, and, therefore, in the short run, an intensification of activity in just those industries producing durable goods which are already very active.

12. It should be pointed out that the present degree of recovery cannot be ascribed for the most part, to the influence of rearmament orders, whether Allied or American. The index of aircraft production, has, indeed, undergone a spectacular rise: from 160 in June 1939 to 339 (provisional figure) in July 1940. The shipbuilding index stands at 190 as against 126 a year ago. These and other direct and indirect armament activities have, of course, a direct repercussion upon the output of steel and similar products. But weighed against the massive scale of American industry as a whole, the absolute amount of Allied orders, effectively carried out, (so far as is known, they appear to have amounted to some 800,000,000 dollars, in the first year of the war) cannot account for more than a relatively small portion of American activity, though the psychological effects may be disproportionate.

13. The effects of American rearmament are *purely* prospective, since the programme has barely passed the stage of Congressional appropriations and the placing of contracts. In absolute figures, the programme is a vast one—the present total of appropriations already amounts to 15,000 million dollars. But it must be remembered that it will take years to complete the programme, though its effects, direct and indirect, are bound to be impressive, since not only does it call for vast masses of steel and other commodities directly consumed in the manufacture of war-like materials, but its indirect effects are also likely to be great. Employment will

expand, thus reacting on consumers' goods industries. Further, it is recognized that the long drawn out period of depression has resulted in a failure to replace machinery, so that a replacement programme is necessary, again adding to the demand for labour and materials.

14. The armament programme calls for commodities such as manganese, shellac and mica, coconut shell char, which India is in a position to supply. The position as regards jute and coir is more doubtful, since in these cases governmental activity is likely to be influenced by political factors, such as the pressure of the cotton interests to utilise cotton as a war material to the greatest possible extent. Moreover, the United States of America Government proposes to build-up "Stock-piles", that is reserves of certain strategic raw materials and this policy will add to the amounts of raw materials required. Strategic raw materials are defined by the Army and Navy Munitions Board as—

"Those essential to national defence, for the supply of which in war dependence must be placed in whole, or in substantial part, on sources outside the continental limits of the United States; and for which strict conservation and distribution control measures will be necessary."

Fourteen such materials are listed at the present time, *viz.* :—

Antimony	Mercury	Rubber.
Chromium	Mica	Silk.
Coconut Shell Char	Nickel	Tin.
Manganese, Ferrograde	Quartz Crystal	Tungsten.
Manila Fibre	Quinine.	

Attention has already been drawn, in paragraph 8 above, to the important problem of substitution. In the case of charred coconut shell it is understood that a satisfactory substitute is being developed.

15. As regards mica, available information points to the fact that if sufficient supplies are not forthcoming from India, strenuous efforts will be made to encourage production in Brazil and the use of Porto Rican labour is contemplated in the processing. It is understood that large users, have been experimenting with Brazilian mica and have established satisfactory provisional standards which can be put into operation without any great delay.

16. Whilst the vast rearmament programme thus offers the opportunity of an expanding market, it would not be wise to overlook certain limiting conditions. The steel industry is already producing at, or very nearly at, its theoretical optimum capacity. Whilst there is still heavy unemployment in the United States, shortages of skilled labour are likely to manifest themselves, though the President has appointed a special Labour Member upon the National Defence Advisory Council and large training schemes are already under way. It is not unlikely that as the rearmament programme gathers momentum, "bottle-necks" of one kind and another will be revealed. So far as the Allied purchasing schemes are concerned, a future limiting condition may prove to be financial stringency. These considerations of finance are perhaps remote, but they are at all times subject to discussion in the financial press and have now become a matter of general discussion. Any suspicion of unfavourable developments may affect confidence, and, therefore, the general business situation in the United States.

17. There need be no apprehension whatever that the underlying forces of expansion will be checked by any credit shortage, arising out of technical conditions in the money market, though it may, of course, prove to be the duty of the Federal Reserve System to attempt to check incipient inflation, should that manifest itself. So far price levels as a whole have shown very little, indeed no tendency, to an abrupt rise. The wholesale price index for farm products (1926=100) now stands in the neighbourhood of 70, barely five points above the level of 1938: wholesale food prices are still about what they were in 1939. Even "other commodities", which might be expected to reflect the changes in the economic situation, show no marked tendency towards a rise, taking them as a whole. Summing up the price situation in the August number of the "Survey of Current Business", the U. S. A. Department of Commerce remarks that:—

"It should be remembered that prices have been rather consistently pointing downward since the sharp jump of last September (1939) and that from the beginning of the recovery in mid-1938 to the outbreak of the war, business volumes improved despite a gradual decline in the price level. In other words, during the past 2 years the only

major upward movement of prices, that of last September, resulted from the impact of heavy forward buying. The continuing volume of consumption was insufficient to push prices up. Hence, with most of Europe cut-off from world markets and with no strong forward buying move under way, it is not surprising that prices are not firm at the present time. The sensitive price index is still about 7 per cent. above the pre-war figure and it would seem that considerable expansion of domestic income and consumption could occur without creating pressure on the price level. Industrial prices have been relatively firm, and existing cost price relationships have been such that the increase in business volumes has resulted in a very marked rise in profits."

18. If the armament programme develops, it is, of course, more than possible that forward buying on a large scale will also develop, with consequential effects upon the price level. Such a rise in prices would involve, of course, an increase in the absolute amount of purchasing power involved in carrying stocks and an increase in constructional costs at the same time. Assuming that this condition of affairs would involve some increase in the demand for bank credit, there is nothing in the situation of the commercial banks to prevent such a demand from being satisfied. Excess reserves held by member banks of the Federal Reserve System are in excess of 6,600 million dollars and it is notorious that the commercial banks are finding it embarrassingly difficult to find commercial borrowers for their funds. With total reserves in excess of 85 per cent. of total liabilities on deposit and note-issue account, it would be possible without doubt for the Federal Reserve System to expand credit further. But, at the present time, there is no evidence that any large demand for credit will develop, since the habit of "ploughing back" reserves into the business has greatly contributed to make American business enterprise as a whole independent of the banking system.

19. Should inflationary tendencies develop, the first effect (whatever the ultimate consequences) would be to add to the stream of money income in the U. S. A., a stream which

is likely to be swollen in any case as a result of rising employment and increased wage payments. Income payments were estimated by the Department of Commerce at over 6,200 million dollars in June 1940, the adjusted index (1929=100) standing at 87.9. Of this amount 374 millions represented income from relief sources, either work-relief payments or other relief or social security benefits. An expansion in the volume of employment would, of course, involve a reduction under these general relief heads, but there would tend to be a net gain. It would not be unreasonable to suppose that the present level of aggregate income, running at some 75,000 million dollars per annum, might swell to 80,000 millions when the rearmament programme is in full swing, taking account, of course, both of direct impact effects and secondary repercussions.

20. It is clear that the U. S. A. is the richest consumers' market in the world, whether aggregate income or average *per capita* income is being considered. It is important, of course, not to be misled by aggregates, however impressive, or by averages, however high. The studies being currently undertaken by the Department of Agriculture show that by no means an insignificant portion of the total population of the U. S. A. is so badly rewarded that it does not even spend enough on food to ensure healthy conditions of existence, and an elaborate administrative machinery has had to be created to meet its bare physiological needs. But, however distressing the facts thus revealed, the statistical fact remains that if a considerable portion of the population gains less than the average income, other sections of the population must, *ipso facto*, gain more than the average.

21. At this stage, attention may be directed to some of the more conspicuous features of America as a consumer's market. The very fact that it is a rich market implies that every country in the world is anxious to sell to it—that means intense international competition. It is a market in which the "five and ten cent. store", the "mail-order" house (catering in the past largely to the farm population but now striking into the urban field) and the "Department store" are of great and increasing significance. Because these agencies deal with a vast public, their own scale of organisation tends to be large. From the economic point of view, this means not only competition in the field of price, but insistence upon

standardisation of the product ordered, prompt delivery and adherence to the terms of contracts. A further point is important. - The American public is avid for novelty and impatient of traditionalism in the field of consumer's goods : that implies that producers must be willing constantly to devise new patterns and new designs—the price to be paid for a refusal to do so is the loss of the market to another competitor.

22. Great interest and friendliness were manifested by the representatives of buying organisations during the course of the investigations which have led to the present report. It was frequently emphasized that the mere fact that a product was produced in India would be a good "selling point". But good will and interest are not in themselves sufficient to establish a market unless the considerations mentioned in the preceding paragraph are borne constantly in mind.

23. If the armament programme itself and the general expansion of economic activities in the U. S. A. present additional opportunities for the sale of Indian products, the fact that American agriculture is in some respects competitive with Indian agriculture must never be lost sight of. That competition affects not only jute, but other products such as cashew-nuts, which enter into direct competition with domestic nuts of various kinds. This competitive aspect influences not only the tariff policy of the country, but its willingness to grant subsidies, if need be, for the purpose of maintaining export markets.

24. Agricultural surpluses are regarded by the Agricultural Department of the U. S. A. as part of the general problem of re-directing American agriculture. It would not be true to say that the granting of subsidies in order, if possible, to retain that part of the world market which is regarded as America's "fair" share plays an especially prominent part in the multiplicity of policies which are being implemented at the present time. The problem of surplus is, in fact, being dealt with in a variety of ways : by acreage limitation, by loan, by distribution of surplus products as part of relief expenditure, by diversification, as well as by subsidy. It is, however, the case that the production of cotton presents a peculiarly intractable problem—since cotton cultivation represents practically the only form of livelihood open to a

large section of the Southern agricultural population. Taking into account the already large volume of unemployment, it is regarded as highly undesirable that the problem of transferring great masses of persons into new occupations should be accentuated by an abnormal decline in the volume of acreage under cotton.

25. The intention of the U. S. A. to maintain its "fair share" of the world market may therefore be taken as unalterable, though the method by which this intention is realized in practice may change. There is considerable reason to suppose that if the U. S. A. could arrive at international agreements with the other producers of staple products—particularly of wheat and cotton—it would be prepared to drop the resort to subsidisation. It is, of course, fully realized that the present situation is abnormal, that the problem of surplus is greatly complicated by the exigencies of war, and that the method of direct subsidy is not the appropriate instrument for dealing directly with the problem of finding a market under circumstances of war. But no doubts should be entertained of the general determination of the U. S. A. to prevent its products from being eliminated from the world markets for such staple products.

26. The U. S. A. is not pre-occupied exclusively with its own domestic surpluses: it is deeply concerned with the situation in Latin America and with the critical position of these predominantly raw material producing countries, primarily dependent on the European market for the disposal of their goods and, for the greater part, financially not in a position to sustain long continued valorisation schemes of their own.

27. After the outbreak of the European war, the 21 Republics of the Western Hemisphere, acting under the aegis of the Pan American Union, set up, as a consequence of the Panama Conference, a standing Inter-American Financial and Economic Advisory Committee. Its function, as the name implies, is the continuous study of the economic conditions of the American Republics, for the purpose of formulating policies and creating instrumentalities for the purpose of implementing these policies. At the Havana Conference held in July 1940, it was decided to strengthen and expand the activities of this standing committee, and at the same conference a series of objectives were agreed upon, intended to fortify the

economic position of the American republics, the most important of these objectives being :—

1. To increase the domestic consumption of exportable commodity surpluses.
2. To increase inter-American trade, and
3. To create "instruments of inter-American co-operation for the temporary storing, financing and handling of any such commodities and for their orderly and systematic marketing having in mind the normal conditions of production and distribution thereof."

28. The technical problems before the Latin American countries are obvious and intractable. These countries, are, for the most part, financially weak and yet they are called upon virtually to find the funds with which to supply raw material producers with the income which they lack as a result of the closing of European markets. Alternative markets for some products are available in the U. S. A., provided that producers in the U. S. A. are willing to see their local market invaded at a time when their own position is none too good. War demands in the U. S. A. may lead to *new* products being demanded, *e.g.*, mica from Brazil. But there are obvious limitations to the amounts of the staple products which the U. S. A. can take, even with the utmost goodwill.

29. Whilst it is understood that a variety of minor schemes are being discussed, the major action so far undertaken by the U. S. A. Government has consisted in the passage through Congress of an act extending the lending activities of the Import-Export Bank by a sum of five hundred million dollars, for the purpose of extending aid to the countries of Latin America. The major function of the Import-Export Bank, prior to the recent extension of its activities, was to act in much the same way as the Export Credits Department of the British Board of Trade. The prime function, in other words, was to facilitate exports. The new lending powers imply, therefore, a considerable reorientation of its functions.

30. It is obvious that the sum of five hundred million dollars, though large absolutely, would not be large enough to solve the entire problem of the South American surpluses.

even if it were the intention of the lending authorities to devote the whole of the sum involved to this purpose. In fact, however, there is no such present intention of acting as the "fairy godmother". Whilst the U. S. A. have an obvious political interest in the maintenance of economic solvency in the Latin American countries, and is prepared to assist them, it would be untrue to say that any simple formula has been evolved, still less that the U. S. A. are prepared to spend indefinite sums of money in keeping Latin American products off the market.

SECTION B.

DETAILED ANALYSIS OF THE POSITION OF INDIVIDUAL COMMODITIES.

31. The value of the trade in the principal commodities from India to Europe which has disappeared since the outbreak of hostilities has been estimated at some Rs. 29 crores which works out at over 17 per cent. of the total export trade of India. The American continent, in particular the U. S. A., has, for many years, been a large importer from India, but the range of Indian commodities in which interest has been taken by the Western Hemisphere has never been very extensive, and the relatively large volume of export business has resulted from the broad demand of a prosperous and highly populated country for a few commodities produced in India but not in America. This position will be clear from the following table which gives a summary of the export trade of India to the U. S. A., for the years 1934-35 to 1938-39 for the principal commodities in that trade.

TABLE I.

EXPORTS OF PRINCIPAL INDIAN COMMODITIES TO UNITED STATES OF AMERICA.

Commodity.	Average annual value for period 1934-35 to 1938-39.	
	In Lakhs of Rupees.	
Total Value of exports of all commodities to the U. S. A.	15,93	
Jute Manufactures }	7,64	48.0 per cent. of Total.
Raw Jute }	1,25	7.9 " " "
Raw Goat Skins	1,47	9.2 " " "
Cashew Kernels	1,09	6.9 " " "
Lac	72	4.5 " " "
Raw Cotton	55	3.5 " " "
Raw Wool	48	3.0 " " "
Tea	42	2.6 " " "
Total for these exports	13,62	85.6 " " "

32. Jute Manufactures and Raw Jute cover 56 per cent. of the total trade and the other six items given in the table, *viz.*, Goat Skins, Cashew Kernels, Lac, Cotton, Wool and Tea are responsible for another 30 per cent. The remaining 14 per cent. includes a large number of commodities, the relative importance of which, in the export trade from India to U. S. A., can be seen from the 1938-39 figures set out in the succeeding table.

TABLE II.

EXPORTS OF CERTAIN OTHER INDIAN COMMODITIES TO THE
U. S. A.

	Value of Exports to U. S. A. from India in 1938-39.
(In thousand of Rupees.)	
Manganese Ore	15,14
Mica	13,41
Raw Rubber	11,13
Woolen carpets	7,31
Tanning materials	7,14
Ground nuts	5,92
Cotton waste	5,75
Cotton piecegoods	5,37
Leather	5,68
Foys, etc.	5,11
Coir manufactures	4,47
Tea waste	4,31
Sandalwood	3,70
Pig Iron	3,69
Essential Oils	3,77
Rice	3,18

No comments are required regarding this trade position.

33. We have been asked to survey the possibilities of finding alternative markets for the articles which can no longer be exported from India to the continent of Europe in normal volume. This trade to continental Europe was mainly comprised of the following commodities :—

TABLE III.

PRINCIPAL EXPORTS FROM INDIA TO EUROPE IN 1938-39.
(FIGURES IN RS. LAKHS.)

Commodity.	Germany.	Netherlands.	Belgium.	Denmark.	Norway.	Sweden.	U. S. S. R.	France.	Spain.	Italy.	Austria and Hungary.	Czecho.	Poland.	Total for Countries with a trade of one lakh or more.
Bones (for manufactures).	..	..	20	..	..	..	..	2	..	..	..	..	..	22
Coffee	..	2	4	..	8	..	..	12	..	..	..	..	..	26
Coir-yarn, etc.	14	8	4	1	..	1	..	4	..	3	..	1	..	36
Myrobalans	4	2	1	..	..	..	..	2	..	..	..	..	..	9
Brush fibres	..	2	..	..	..	..	..	..	..	..	..	..	..	2
Cashew Kernels	..	3	2	..	..	..	..	2	..	..	..	..	..	7
Wheat	42	..	7	..	..	..	..	..	..	7	..	..	..	56
Raw hides	28	3	2	..	3	4	..	2	..	10	..	6	2	60
Raw skins	12	6	3	..	..	4	..	22	..	3	..	8	..	58
Tanned Goat-skins.	..	..	..	..	..	..	..	6	..	..	..	..	..	6
Kapok	..	1	1	..	..	..	..	..	..	..	..	..	..	2
Lac	12	4	1	..	..	..	1	3	..	1	..	..	1	23
Bones Manures	..	..	11	..	..	..	..	4	..	..	..	..	..	15
Bone meal	..	..	4	..	..	..	..	..	..	..	..	..	..	4
Pig Iron	10	20	..	..	..	..	..	..	..	..	..	..	..	30
Chromite	2	..	..	..	..	..	..	..	..	..	..	..	..	2
Manganese Ore	1	..	3	..	..	..	..	18	..	16	..	..	..	38
Mica	13	2	..	..	..	..	..	2	..	8	..	..	..	25
Lemon grass oil	1	..	..	..	..	..	..	..	..	..	..	..	..	1
Vegetable oils	1	..	..	..	..	..	..	..	..	..	..	..	..	1
Oil cakes	54	18	22	11	6	12	..	..	..	..	..	..	..	123
Paraffin wax	3	..	..	..	..	..	..	..	..	..	..	..	..	3
Rubber raw	13	..	..	..	..	..	..	1	..	..	..	6	..	20
Castor-seed	1	4	..	..	..	..	..	..	..	..	..	..	1	6
Groundnuts	134	276	78	27	12	1	..	178	..	41	..	40	..	797
Linseed	15	..	..	..	..	..	..	12	..	1	..	..	..	28
Rapeseed	..	4	2	..	..	..	..	5	..	..	..	..	..	11
Cardamoms	2	..	..	1	1	6	..	..	..	..	..	..	..	12*
Ginger	1	..	..	..	..	..	..	..	..	..	..	..	..	1
Pepper	1	..	..	..	..	..	..	..	..	..	..	..	..	1
Tea	10	..	..	..	..	..	..	..	..	..	..	..	..	10
Cotton raw	161	39	124	1	..	3	..	145	1	69	2	29	25	599
Cotton waste	22	..	4	2	..	5	..	4	..	1	..	..	..	38
Hemp raw	5	..	22	2	..	2	..	7	..	..	..	3	..	41
Jute raw	254	25	96	2	2	13	36	150	20	92	5	39	12	746
Jute manufac-ture.	5	2	20	..	20	1	..	2	..	..	..	..	..	50
Wool raw	4	..	2	..	..	..	..	..	..	..	..	..	..	6
Total	..	..	..	..	..	..	..	..	..	..	..	..	..	29,07

* (Including 2 for Finland).

34. This table gives a bird's eye view of the trade which has been lost between India and Europe in the principal articles of export. As has been indicated already the loss works out at some 17 per cent. of the total export trade. It has to be remembered however that only the important items have been considered and there is still a considerable volume of lost trade in minor commodities of export. All this trade did not disappear immediately on the outbreak of war for, as will be remembered, exports were still made to France in large volume and in controlled quantities to adjacent neutral countries well into the present year. But as the war has developed France has disappeared as an ally and Belgium, Holland, Denmark and Norway have been overrun and occupied by the enemy with the resultant cancellation of the export quotas to these countries. In the present circumstances, the export trade to Europe lost by India is over 30 crores of Rupees on the 1938-39 quantities and prices. In a few instances the use of the 1938-39 figures tend to magnify the extent of the loss as will be seen from an examination of the figures of previous years. Such cases relate very largely to what may be regarded as strategic materials which certain European countries imported in increased volume in 1938-39 as some kind of insurance against a war which they regarded as, at least, highly probable.

35. From the point of view of value these lost markets might be grouped into three classes (a) those with a value of one crore of rupees and over (b) those below a crore and say over 20 lakhs and (c) all the others. This would be a mere statistical grouping and would not necessarily give any accurate indication of the urgency of finding alternative markets for any particular commodity. Although many markets have been lost as a result of the war, new and increased demands from other sources, for some of the articles which can no longer be sold to Europe, have also arisen. For example the loss of a market worth Rs. 30 lakhs for pig iron on the continent is of no significance under war conditions when every ton of pig iron produced can be sold elsewhere. Similar remarks might be made regarding manganese ore and mica, of which the Government of the U. S. A. are extremely anxious to build up, by import from India, "stock-piles" in excess of the immediate requirements for these materials by the United States of America and in excess of the past-normal European imports from India. Again there should be no

difficulty regarding rubber, since the U. S. A. has entered into an agreement to purchase and stock rubber to an extent which, during the period of the war, should remove any danger to the rubber plantation industry which might have arisen from the closing of European markets. Instead therefore of giving a statistical table and assuming that the figures contained therein afford a straight-forward measure of the lost market it will be necessary to consider each item separately in the light of the known factors which have a bearing, direct and indirect, on the market position of the commodity under examination. In this examination it will be useful to take the commodities in the order of importance of the former European purchases.

36. *Groundnuts*.—On the basis of the 1938-39 value figures, the lost European markets amounted to almost Rs. 8 crores, and the biggest purchasers in that year were Netherlands, France, Germany and Belgium in that order. But it may be noted that the total quantity of groundnuts purchased in 1938-39 by those four European countries was in considerable excess of the average quantity taken in the previous four years. Altogether, in anticipation of war, they took some 562,000 tons in the year immediately preceding the war, whereas in the four previous years their average annual purchases only amounted to 368,000 tons. Their takings in 1938-39 were therefore more than 50 per cent greater than their average for the previous four years and in making an estimate of the market lost a corresponding reduction should really be made in the value figure of Rs. 8 crores given above.

In the earlier months of the war, groundnut quotas were fixed for each of the adjacent neutrals, these quotas being based, in the main, on the average domestic requirements over a past period. Later, it became obvious that the requirements of the U. K. and her allies would involve the purchase of the complete output of groundnuts within the Empire. This was the intention just before the collapse of France, and the accumulation of stocks at the ports in India was the outcome of the difficult shipping position rather than the absence of a market for the complete production. The collapse of France brought with it not merely the cessation of buying on French account in India, but also the problem of disposing of the exportable surplus of the French African possessions, which has greatly aggravated the world situation.

Moreover, so far as groundnuts are concerned the U. S. A. is also a large producer, and in recent years the government diversion payment programme has tended to increase the domestic production of both groundnuts and groundnut oil. If the import of groundnuts became large the whole question would probably come up for examination with possible unfortunate repercussions on India's large trade in Cashew kernels. The U. S. A. is still capable of a larger domestic production of groundnuts. There does not appear therefore to be any large alternative market for this commodity in the U. S. A.

37. *Linseed*.—The value of the lost European markets for linseed may be put at some Rs. 28 lakhs, on the 1938-39 figures, the countries mainly concerned being Germany and France, and in this case the imports in that year were about equal in volume to the average of the four preceding years. The markets lost are not really large, mainly as a result of the change in the direction of India's linseed export trade in recent years.

In the case of linseed also the Ministry of Food in the U. K. was at one time interested in obtaining India's total output and the difficulty was again one of transport. But in June the Government of India announced that in consequence of changes in the European situation, the limitation of exports to the United Kingdom and France had ceased and that licenses for exports to neutral countries would be granted within certain limits.

So far as the U. S. A. as a possible market for linseed is concerned the position is as follows. There is a large domestic production which varies widely mainly as a result of weather conditions, although the acreage sown also depends largely on the price of linseed in relation to prices of other crops, such as wheat. In spite of the large domestic production, there is also a large import trade. In fact during the period 1931-38 the imports supplied about 64 per cent. of the domestic requirements. The main supplying country was the Argentine, although India has, on occasion, sent fairly large quantities—*e.g.*, in 1934-35 linseed exports from India to U. S. A. were valued at Rs. 85 lakhs—and as the European markets for Argentine linseed are also practically closed, there will be ample competition for the U. S. A. orders. The closer

co-operation between U. S. A. and South America, which is being actively developed, will also favour the Argentine in the competition for the U. S. A. market.

38. *Castorseed and Rapeseed*.—The European markets lost for those two oilseeds were valued at Rs. 6 lakhs and Rs. 11 lakhs respectively in 1938-39. The same economic and administrative considerations which have been set out above for groundnuts and linseed apply to castorseed and rapeseed also and the conclusion regarding the prospects for them in the U. S. A. is similar.

39. *Oilcakes*.—The lost European markets for oilcakes may be put at Rs. 123 lakhs on the 1938-39 figures; but this estimate is somewhat abnormal as the total imports from India by Germany, Netherlands, Belgium, Denmark, Norway and Sweden in that year were 185,000 tons as compared with an average of 78,000 tons for the previous four years. The loss is really less than half the figure given by the pre-war year 1938-39.

So far as the U. S. A. is concerned as a possible market for Indian oilcakes it may be noted that she is, on balance, as exporter of oilcakes. Although she imports large quantities, mainly from the Philippine Islands, Kwantung, Mexico and Japan, her domestic exports are twice as large and in the past have gone, to the extent of 75 per cent., to the two countries Belgium and Netherlands. The exports to both these destinations are now naturally heavily reduced under war conditions. The conclusion is therefore that the U. S. A. holds out little prospect of becoming a market for any surplus Indian oilcakes even if conditions in the Far East were to develop in such a manner as somewhat to reduce the U. S. A. imports from those parts.

The conclusions which have been reached on the prospects in the U. S. A. for Indian oilseeds and oilcakes relate to the present conditions. If conditions should fundamentally alter in the Far East the position might be changed radically. A large part of the U. S. A. imports are obtained from China and the Netherlands East Indies.

It may be mentioned here that linseed was at first regarded by the Army and Navy Munitions Board as a "critical material", *i.e.*, one "essential to national defence, the procurement problems of which in war would be less difficult

than those of strategic materials either because they have a lesser degree of essentiality or, because they are obtainable in more adequate quantities from domestic sources; and for which some degree of conservation and distribution control will be necessary'. Linseed has since been removed from the list of "critical materials". In fact none of the vegetable oilseeds or oils are now included in either of the two lists for (a) strategic materials and (b) critical materials.

40. *Vegetable Fibres.*—The trade in vegetable fibres with Europe which has been cut-off is important, being represented by Rs. 746 lakhs for raw jute, Rs. 599 lakhs for raw cotton and Rs. 41 lakhs for raw hemp on the figures of 1938-39. With some minor exceptions there does not appear to have been forestalling of the war in these fibres, so that the figures given above represent fairly the values of the lost markets at a total of some Rs. 14 crores without taking account of another Rs. 1/2 crore for jute manufactures and Rs. 38 lakhs for cotton waste.

41. *Raw jute and jute manufactures.*—The case of raw and manufactured jute would appear to be definite. There is only one producing country supplying all parts of the globe either with raw jute or jute manufactures or both. For purpose of consumption, a portion of that globe may be taken as non-existent under the present circumstances. A portion of this lost market has been replaced by certain additional war requirements of jute manufactures, but against this must be off-set a smaller demand resulting from reduced international trade. On the whole there is a reduced demand which will probably continue. Further, although India has a monopoly of production she has no power to compel continued use of jute manufactures for all the purposes for which they have been employed in the past. There are the substitutes and many forces pulling in favour of substitutes, not the least important being the prices to which jute and jute manufactures sometimes rise or are driven up. The lost markets in Europe have had the same effect, suddenly, as the introduction of an effective substitute in a considerable portion of the globe would have had. The only remedy in the case of jute is to find new uses for the commodity together with such increased efficiency in the production of the standard goods that the competing wrappers will be displaced. The wide range of prices at which jute goods have been profitably pro-

duced and sold in the past would appear to afford sufficient proof that a certain amount of latitude exists within which an effort could be made while still showing a reasonable profit.

So far as the U. S. A. is concerned it is not only a question of trying to find a market to replace the markets for jute which have been lost in Europe; it is also a case of endeavouring to retain the same relative position in the existing markets. In an expanding economy the process of displacement may be masked although it is proceeding all the same. The two main competitors are well-known—what is not appreciated so fully is the strength behind these competitors. The first is cotton and feelings regarding cotton in the U. S. A. are strong. Not only are the feelings strong but the promotion efforts for the greater use of cotton domestically are intense and at any time the movement for the extended use of cotton, to the detriment of jute, may receive the most active political support. This is bound to be the case in a country where the Government is holding off the market over 9 million bales of cotton, and knows that this 9 million will become at least 11 million during the course of the present cotton year. The second competitor is paper and the paper manufacturing interests in the U. S. A. are very closely organized and are extremely active in the field of “promotion” of the use of paper for all possible purposes, including wrappers which are in direct competition with jute manufactures.

Jute and jute manufactures are not included in the lists of Strategic and Critical Materials drawn up by the Army & Navy Munitions Board and enquiries at the office of the Board indicates that there was no present intention of building up any “stock-pile” of these two commodities. The purchases will therefore be confined to ordinary trade requirements.

We had a meeting with the members of the Burlap and Jute Associations at which we had an opportunity of informal discussion of points of interest to India and to the members of the Association. The discussions ranged over a wide field, but the main points brought out by the members were:—

- (a) matters relating to communications,
- (b) the production by Calcutta mills of jute products formerly supplied by Dundee and some continental countries,

- (c) the possibility of the introduction of new jute fabrics in the Calcutta manufacture,
- (d) the proposal that the Calcutta jute mills should adopt a definite programme of "promotional" effort on behalf of their products in the U. S. A.
- (e) the necessity for closer contact on the part of the manufacturers in India with the U. S. A. market.

As regards (a) the complaint was that the cables from Calcutta were delayed to such an extent that it was very difficult to do business on the price quotations when they were received in America. The difficulty had been greatly aggravated since the beginning of the war and the complaint was made by all the members present at the meeting. The Trade Commissioner, New York, has already taken up the point actively with the authorities in India and it is hoped that some solution of the difficulty will be found possible. Under (b) the proposal was that Calcutta should take up the question of the supply of those classes of goods formerly sent to the U. S. A. from Dundee and the Continent, the suggestion being that Dundee is now fully occupied with home requirements and, of course, continental supplies have been cut off. This is a matter which would naturally be examined by the experts if proposal (e) is followed up by the Calcutta interest; but it may be noted that it would probably involve the setting up of new machinery in Calcutta at a time when it may be impossible to obtain such new machinery. In connection with (b) it may be mentioned in passing that the Burlap import trade from Europe, of which the U. K. had about half, was worth 7 million dollars in 1937, and that Jute carpets and rugs were imported in the same year to the value of 600,000 dollars, the supplies coming almost entirely from Italy, Belgium and France. As regards (c) some of the members of the Association were not inclined to be very enthusiastic as to the possibilities. One member informed us that a certain continental country, for which he had been the agent, had endeavoured to introduce new fabrics mainly for household furnishings but had met with little success. The remaining points (d) and (e) were two which the members stressed very strongly. They were of the opinion that "promotion" for jute manufactures was urgent and essential. They dwelt on the strength of the competition from cotton and paper and emphasised the importance of "promotion" in the sale of all goods in America. Such "promotion" in their view, should be financed by the

jute mills in India. The members also expressed themselves very strongly on point (e). They felt that Calcutta should maintain much closer contact with such an important market as U. S. A. and their specific suggestions were that (1) the manufacturers in India should visit America frequently to study the requirements of and changes in the market for their products and (2) the American market was sufficiently large to justify the employment by the manufacturers of a special technical officer in America who would form a liaison between them and their consumers.

We have also seen representatives of bag manufacturing concerns which use cotton and paper as well as jute and they have given various reasons for the growing use of the substitutes. Price is generally the main factor but not always the only one. For example, in the case of bags for onions the use of jute bags is rapidly disappearing in favour of open mesh paper bags, because the latter can be made in bright colours which show up the onions to advantage. This is only given as a small example. We are of the opinion that continuous contact with the bag making industry by a Calcutta expert would probably justify the necessary expenditure. It is an experiment that is worthy of serious consideration.

42. Raw Cotton and Cotton Waste.—The lost markets in Europe for Indian cotton may be put at Rs. 6 crores and for cotton waste at Rs. 38 lakhs on the 1938-39 figures. Of these Germany, France, Belgium and Italy were the most important for raw cotton and by these principal purchasers there was no evidence of any forestalling; so that the Rs. 6 crore figure is a real loss.

The question is whether we can find an increased market for Indian cotton in the U. S. A. We have already referred to the cotton position in Section A. The U. S. A. Government is holding 9 million bales already, and on the present estimates an increase of 2 million bales is anticipated during the present cotton season. Offhand it would appear that the prospects are very slight. The U. S. A. of course imports some cotton from India and in the opposite direction there are the imports into India of cotton from America, the types of cotton in the two trades being different. The three main suppliers of short staple cotton to U. S. A. are India, China and Mexico with a trade of 3.4, 2.7 and .13 million dollars respectively in 1937. In spite of the cotton position in U. S. A. the import of this short staple cotton is likely to continue and

changes in the position in the Far East might possibly open up some small opportunities for India although this seems very doubtful. So far as cotton waste is concerned Japan and China supply two-thirds of the U. S. A. imports, which in 1937 were valued at 3 million dollars, while India and the U. K. had had about 10 per cent each of the trade. Difficulties in the Far East, which did not involve India too, might open up some prospects. At the same time it may be noted that the European continent had over a 6 per cent interest in the trade. Generally it would appear that the conclusion which emerges is that the U. S. A. offers only the slightest of prospects of finding a market to replace the markets lost in Europe for raw cotton and cotton waste.

43. *Raw Hemp*.—The European continental markets which have been lost for raw hemp amount together a sum of Rs. 41 lakhs on the 1938-39 figures. The main purchaser was Belgium which took over half the amount going to the Continent, with France and Germany next. Germany did not do any forestalling in 1938-39 although she took about twice the normal quantity in 1937-38. Belgium had been increasing her trade rapidly in the previous four years and France had taken at least a 50 per cent increase in 1938-39. The figure of Rs. 41 lakhs, as a measure of the normal market lost, is therefore very definitely on the high side.

The position of hemp in India will depend largely on the state of shipping from India to the U. K. because it is understood that the U. K. has indicated that her requirements would cover the whole of the surplus available for export from India. It is probable therefore that no surplus problem has arisen. But if shipping to the U. K. has proved difficult we have to find out whether the U. S. A. is likely to offer an alternative market. Manila fibre is included in the U. S. A. list of strategic materials, but at present there is no intention of building up a "stock-pile". Almost the entire supply of Manila hemp is obtained from the Philippine Islands and apparently the U. S. A. can obtain as much as they require from that source. It was found impossible to raise any interest in the Indian product as the experts at the Army and Navy Munitions Board were firmly convinced that there was no fibre which could compete with their Philippine product. There is no European supplier to replace and the prospects of an alternative market—if such should be found necessary for Indian hemp—in the U. S. A.

are simply *nil*. This conclusion was confirmed in the interview which we had with importing firms interested in vegetable fibres in general.

44. *Raw Wool*.—The European markets for raw wool which have been lost are relatively small and the replacement of such markets does not raise any great problems as the war demand by the U. K. has been sufficiently large to absorb any supplies which would normally have been taken by Europe. The U. S. A. is a fairly large buyer of Indian wool and at the beginning of the war the introduction of the wool control and the consequent restrictions brought many complaints from the carpet manufacturers in America. The position seems to have improved somewhat but the carpet mills are still short of supplies of Indian wool and are anxious to purchase from India to the maximum possible extent. In this connexion we understand that it has been possible to mitigate the severity of export control.

45. *Raw Hides, Raw Skins and Tanned Goatskins*.—On the 1938-39 figures the lost markets amounted to Rs. 60 lakhs for raw hides, many European countries having been interested in the past, but with Germany and Italy as the largest purchasers. The 1938-39 exports to Europe as a whole were not larger than usual so that figure of Rs. 60 lakhs may be accepted as a measure of the loss.

In the U. S. A. there is a large domestic production, as a bye-product of the meat packing industry, and this production meets more than 86 per cent of the domestic demand. It is only rarely however that the U. S. A. exports more hides than she imports, and such occasions have arisen only when the domestic demand for leather has been low and the internal hides prices have been below world levels. The general tendency in America is in the direction of the displacement of leather by synthetic products in upholstery and a smaller consumption of leather for harness and shoe manufacture, although the increased consumption of boots and shoes has reduced the impact of the latter factor.

India has a small share in the import trade of raw hides. The principal supplying countries are Argentine, Brazil and Canada and the competition for any increased share in the relatively small U. S. import market will be very keen in view of the closer trade relationship among American countries which is now being actively developed as a result of the

Havana conference and the fact that the large hide producing countries of South America have also lost most of their European markets as a result of the blockade. While hides have been placed on the "critical list" by the U. S. Army and Navy Munitions Board there is no intention of building up any "stock-pile" even though the passing of the Conscription Bill will involve an increase in the manufacture of army boots. On the whole it does not appear that the U. S. A. will offer much opportunity for an increased off-take of Indian hides. Further India will experience keen competition in retaining her present share of the import trade. This was also the view expressed by such of the importers as were interviewed.

46. *Raw Skins*.—The 1938-39 returns would place the value of the markets in Europe for 'raw skins' at about Rs. 58 lakhs the countries most concerned being France, Germany and Czechoslovakia. The group Raw Skins is comprised of goatskins and others but the goatskins are, by far and away the most important. In that year there had been no forestalling on the part of Germany, but France and Czechoslovakia took very much increased quantities, so that the measure of the lost markets, as given by the 1938-39 figures, is somewhat on the high side. The two big markets for Indian raw goatskins are the U. S. A. and the U. K. in the ratio of four to one in the pre-war year and together absorbing about 74 per cent. of India's total exports of this commodity. On an average of the past four or five years Continental Europe has taken about 2,000 tons of raw goatskins each year, whereas the exports to the U. S. A. have varied from 9,500 to about 13,500 tons being 12,000 tons in 1938-39. Her total imports run to about 45,000 tons of which India supplies about one third and China one sixth. Other important suppliers are countries in South America but there are some countries such as Syria, Iran, Algeria and Morocco, from which trade may be difficult, which supplied quantities in excess of India's lost markets. It would appear therefore that some hope might be entertained of India finding a market in the U. S. A. for some of her surplus.

In our interviews the important bearing which fashion, and the rapid changes therein, has on the demand in America for various imported commodities was repeatedly stressed. Goatskins was one such commodity. It was pointed out that at present the fashion for ladies footwear was largely in the

direction of "open-work" shoes and a type of sandal shoe which uses less leather and that further there was a definite tendency towards the use of materials other than leather in the manufacture of footwear, *e.g.*, canvas was being used to an increasing extent not only for uppers but also for linings. These tendencies however were not regarded by the trade as permanent. Their view was that America is always on the lookout for something different from season to season and the "different" at any time might simply be a return to something which had been popular a few seasons previously.

We had some enquiries for the larger types of cured goat-skins, such as could be used as rugs, more especially in the country cottages, which are so numerous and popular in the areas within easy travelling distances of the large cities. These enquiries took the form of normal trade enquiries for connections between exporters in India and importers in America and have been transferred to the Indian Government Trade Commissioner at New York to be pursued in the ordinary course of his work.

47. *Tanned Skins*.—Under tanned skins, the European market which has been lost is relatively small. It relates mainly to the export of tanned goatskins to France and amounted to Rs. 6 lakhs on the 1938-39 figures. It is a trade which had developed during the past four years and as the imports of tanned skins into the U. S. A. is practically *nil* it would probably be difficult to find an alternative market in that country. In any case, practically the whole output is taken by the U. K. and in the present circumstances that market will probably absorb the small quantity which formerly went to France.

48. *Wheat*.—As is well known, the export of wheat from India is very variable and only takes place when the world price is attractive. In the last five years these exports amounted to 11, 10, 232, 460 and 279 thousand tons respectively. During 1938-39 Germany took 48,000 tons and Belgium and Italy seven and eight thousand tons each, giving markets which on these figures were worth Rs. 56 lakhs. The present wheat position in Canada, Argentina and U. S. A. is not such as to lead to any expectation of finding a market for wheat in the American continent. Canada had a large carry-over; the prospects for the 1940 crop are excellent and at the end of this year the carryover will probably be in the neighbourhood of 600 millions bushel, a record figure for all time.

The position in Canada will be extremely difficult as there is not storage accommodation for this large quantity. The position in the Argentine will be equally serious and the supplies in the U. S. A. will also be very heavy.

49. *Manganese Ore*.—On the 1938-39 returns, the value of the lost markets in Europe may be put at Rs. 38 lakhs, the chief continental importers in that year being France and Italy which took 87 and 48 thousand tons respectively. In previous years the continent of Europe had imported to a greater extent from India and therefore the 1938-39 figures hardly give a full measure of the lost markets. The three main suppliers to the U. S. A. in 1937, were the U. S. S. R., the Gold Coast and India in the proportion of 50 per cent, 35 per cent, and 9 per cent.

Manganese ore has been classified by the U. S. A. Army and Navy Munitions Board as a strategic material and the Defence Advisory Council is extremely anxious to build up a "stock-pile" to be held by government, in addition to the normal stocks in possession of the trade. The stock-pile would represent one year's requirements at the present rate of consumption and when the armament programme is in full swing, the consumption will naturally be higher. The Defence Council are extremely anxious to acquire this reserve as quickly as possible and in our discussions they expressed the hope that India would be able to accelerate her output. Orders have been placed already in various countries but delivery has only been promised over a period of four years, whereas the U. S. A. Government wish to build up the stock pile as quickly as possible, the period which was mentioned being 6 to 9 months. Manganese ore is therefore a commodity for which there is a greatly increased market for India, a market much greater than that lost in Europe and this is a question which should be taken up most actively with the producers in India.

50. *Mica*.—The value of the lost markets for mica has been given in the summary table as Rs. 25 lakhs, mainly to Germany and Italy. In the same year, 1938-39, Japan also took Rs. 30 lakhs worth. There has been definite forestalling by Germany, Italy and particularly by Japan, the latter country having bought heavily in the high grades.

Mica has been placed on the U. S. A. list of Strategic materials and in this case also the Defence Advisory Council

is most anxious to increase the supplies to the U. S. A. and to build up a "stock-pile". There is a large market in the U. S. A. for Indian mica if supplies can be made available.

51. *Rubber, Raw*—The market in Europe which has been lost by India amounts to Rs. 30 lakhs on the returns of 1938-39 and this estimate may be taken as about correct because although Czechoslovakia took less in that year, the other important purchaser *viz.*, Germany took much more than usual. The question of lost markets for rubber is somewhat unique. Under the International Rubber Regulation Agreement the quantity exported by each country, which is a party to the agreement, is regulated by the International Rubber Committee which maintains that its function is to adjust supply to estimated consumption. It does this however with an eye on the price factor and also on the financial working of the rubber plantations. The regulation scheme has worked fairly efficiently and if it can be continued under war conditions the loss of the European markets, not only to India but to all the producing countries, is not likely to affect the industry seriously. The main producers are Malaya and the Netherlands East Indies and obviously the future developments in the Far East may affect continued regulation.

Rubber is included in the U. S. A. Army and Navy Munitions Board list of "strategic" materials. The U. S. A. is also the largest consumer of rubber, being responsible, even in peace times, for about 50 per cent of world absorption. It has been decided to build up a "stock-pile" within the country and an agreement has already been reached whereby this emergency stock will be accumulated. As the "Stock-pile" will be large there is every reason to believe that its formation will involve an off-take from world markets in the next year or two which will make full compensation for the European markets which have, for the time being, disappeared. The position of rubber does not, therefore, present a serious problem particularly as the main consumer is also in a position to provide a considerable portion of the necessary means of transport and the voyages have not been lengthened by the war.

52. *Pig Iron*.—The lost markets in Europe for Indian pig iron amounted to Rs. 30 lakhs on the 1938-39 figures, the main purchasers being Netherlands and Germany. The imports by these two countries were exceptional in that year

as normally there is very little export of pig iron to the continent of Europe. The loss would appear to be unimportant from other points of view owing to the increased war demands in India and other points of the Empire.

53. *Chromite*.—Germany was the only continental country with a trade of over Rs. 1 lakh in 1938-39 and the lost market in that country was about Rs. 3 lakhs. The others together totalled another Rs. 3 lakhs. The demand for chromite for armaments is high and India should have no difficulty in disposing of her output.

54. *Bones (for manufactures)*.—The trade lost by India as a result of the disappearance of the continental markets amounts to Rs. 33 lakhs on the 1938-39 figures but would be really about twice this sum if measured by the returns of the previous two years. Belgium has always been the principal buyer. As might be expected there is practically no import into the U. S. A. and as far as could be ascertained there are no prospects of finding an alternative market in America.

55. *Bone Manure and Bone Meal*.—The position regarding bones for manure and bone meal is very similar. Lost markets on the 1938-39 figures amounted to Rs. 15 lakhs and Rs. 4 lakhs respectively, but this measure of the lost market in the case of bones for manure was very much lower than the figures in the returns for the two previous years. Belgium and France were the principal purchasers on the Continent. The U. S. A. has on occasion imported some small quantities of bones for manurial purposes, and of bone meal. These have only been marginal imports and from enquiries there is little prospect of finding an alternative market in America for those lost in Europe.

56. *Coffee*.—The figures for the year 1938-39, would place the lost continental markets in Europe at some Rs. 27 lakhs, a figure which is not very far from normal. The chief consumers were France, Norway and Belgium. Now and then the U. S. A. has taken a small interest in Indian coffee to the extent of a few hundred cwts. in particular years, but there has been no regular trade with the country. For the past twenty years the U. S. A. has been responsible for nearly half the world consumption. The standard of preparation of coffee in the cup in this country is very high and this must be

rated as an important factor in the large consumption. The *per capita* consumption is about 14½ lbs. per annum and is only exceeded by the corresponding figure for Sweden which is over 16½ lbs. As there is no domestic production, imports into the U. S. A. are therefore enormous, being 15 million cwts. in 1937, valued at 150 million dollars. Eighty per cent, of these come from Brazil and Colombia, but there are also some relatively small imports of fine coffees from Kenya and Arabia. In 1937, Kenya sent 185,000 cwts. valued at 1.6 million dollars and in 1938, the quantity from this source was increased by about 25 per cent. Most of the coffee from Brazil and Colombia is what may be classed as medium or lower grade and as in a country such as the U. S. A. where there is a large population within the higher income groups there must obviously be a demand for finer coffees, it would appear that India has not exploited this market to the fullest extent. It is not that Indian coffee has been re-exported from London and accredited to that country, for the imports with the U. S. A. from the U. K. are small. The question of price is important and it may be noted that the average declared import value in 1937, was only about 9 cents per lb. which at the rate of exchange then ruling would have been 45 sh. per cwt. It may also be mentioned recently it was decided in Brazil that the present policy in regard to coffee would be continued for the ensuing year and this means that there will be no control of production in that country. In spite of all these difficulties however, the U. S. A. market would appear to be one which is worthy of greater attention by India than it appears to have received in the past.

57. *Tea*.—The total value of the market lost by India on the Continent of Europe amounts to about Rs. 11 lakhs of which Germany accounts for Rs. 10 lakhs. The 1938-39 figures for Germany are unusually high and the above estimate of the loss is certainly on the high side. Actually from the point of view of lost market, tea does not raise any serious problem, as the U. K. has contracted to take a quantity of tea from India which makes good any loss which arises from the disappearance of European markets.

The U. S. A. is a fairly large consumer of tea, only being surpassed in this respect by the U. K. and Canada. For the past 4½ years, the tea producing countries, India, Ceylon and

the Netherlands East Indies have been financing propaganda or "promotion" for the increased consumption of tea in the U. S. A. The problem involved is to change the nation's habit from one beverage to another, *viz.*, from coffee to tea and this problem is so great that the "promotion" agents were inclined at first to be very sceptical as to the results. For the first three years of the propaganda, even the people in charge were doubtful of achieving success, but they are now convinced that within the last 18 months results have begun to appear and they expect, now that the movement has started, that the process will gather momentum. They would regard any slackening of the propaganda programme at this stage as a great mistake and in their opinion much of the pioneer work which has already been carried out would be lost and would have to be done all over again if publicity in favour of tea were restarted later. In a normal year, the Tea Bureau in America receives \$1,000,000 for publicity from the International Tea Market Expansion Board. This year, owing to exchange and other difficulties, they have received promises of \$400,000 only. It is only natural that the Tea Bureau in the U. S. A. should view with anxiety any possibility of closing down tea propaganda. We may add that our work in the U. S. A. has brought us into contact with many people not directly interested in tea promotion, and we are inclined to the view that the public interest in tea drinking is greater now than on previous occasions when we have visited America.

Our attention was also drawn to a probable increase in the competition from Japan for the U. S. A. market for tea in the coming year. According to the tea interests in America, Japan has acquired fairly large quantities of old China tea of low grade and is exporting this tea at very low prices. Although much of this tea is of such low grade that import may be prohibited under the pure food regulations, nevertheless some has been imported and these imports are having a depressing effect on the prices of Indian and Ceylon teas in the U. S. A.

58. *Lac.*—On the 1938-39, figures, the value of the Continental markets which have been lost may be put at Rs. 23 lakhs and an examination of the quantity figures does not indicate that the imports in that particular year were excessive. The countries mainly concerned were Germany, Netherlands, and France, representing losses of 12, 4 and 3

lakhs of rupees respectively. So far as concerns the trade to Germany, this was in the ratio of 2 to 1 for shellac and seedlac.

The U. S. A. is a large importer of lac, all of which comes directly from India, with the exception of a relatively small quantity of unbleached and bleached shellac arriving from Germany. In 1937, these latter imports amounted to about 8,000 cwts. valued at \$137,000, in about equal proportion for unbleached and bleached. Since the supply of the raw material from India to Germany has been cut off and there is no alternative source, there should be a small additional demand in the U. S. A. which, at least so far as unbleached shellac is concerned, could be met directly from India. But this market only amounts to 2 per cent of the total imports by U. S. A. and an increase in the American demand is necessary to offset the lost continental demand. In 1938-39, the continent took 145,000 cwts. and U. S. A. 283,000 cwts. The complete absorption by the U. S. A. of the loss on the continent would involve a 50 per cent increase in the demand and to effect such an increase, or even a portion of it, will require intensive interest in stimulating greater consumption of lac in the U. S. The imports from India into the U. S. A. of lac have been as high as 365,000 cwt. in the past, although it must be noted that these heavy imports occurred during the year 1936-37, when speculation was at its height.

The shellac importers in the U. S. A. hold the view that the imports can be increased greatly by developing new uses for shellac, by publicizing the article in industries in which it is at present used and by maintaining the highest quality standards which the available raw material in the primary markets permits. The gramophone record and the bleaching industries provide the largest outlets for the consumption of shellac. For many years, the Gramophone Industry has set up its own rigid specifications for shellac. Shippers in India are familiar with these specifications and understand that their sales are subject to the buyers' final approval.

It was pointed out to us that the imports of seedlac from India have increased from 687 cwts. in 1920-21 to 187,000 cwts. in 1937-38. Most of this seedlac has been used in the manufacture of bleached lac. Every effort should therefore be made both by shippers in India and importers in the U. S. A. to safeguard this trade against the inroads of

synthetic gums by establishing satisfactory quality specifications for seedlac. The view is held in America that the future interests of the shippers in India will be materially affected by any lack of co-operation.

Another point which was stressed by the importers related to the ever-increasing admixture of Burma and Indo-China lac with Indian lac. This development is making the maintenance of bleached shellac standards in U. S. A. very difficult and if continued is bound to react on the future demand for the article. Imports of lac into India from Burma and Indo-China were 67,000 cwts. in 1937-38 but are estimated at over 200,000 cwts. in 1939-40.

On the question of "promotion" the U. S. A. importers suggested that action should be taken in India which would provide funds for propaganda on behalf of lac consumption in America. They instanced the case of promotion on behalf of tea and made the further point that whereas tea is produced in countries other than those which provide the funds for publicity, shellac is a monopoly of India and any increased consumption resulting from propaganda would be reflected entirely in the increased export trade from India.

Shellac has not been included in either the list of strategic materials or of critical materials but we know that there is bound to be increased consumption of this article consequent on the armaments expansion.

In conclusion, we are of the opinion that the market in the U. S. A. can be increased and make good some of the loss in Europe, provided the question is pursued actively.

59. *Coir manufactures*.—The loss to India of the markets on the continent of Europe for coir manufactures has been severe, amounting to Rs. 36 lakhs out of a total export to all countries of Rs. 96 lakhs. This estimate is based on the returns for 1938-39, a year which was more or less normal.

So far as a possible alternative market in the U. S. A. is concerned, it may be noted that India already possesses 99 per cent. of the import trade of coir yarn in that country. In coir mats, India holds 96 per cent. of the import trade, Belgium supplying the balance. Similarly, for coir matting, India has 97 per cent., the Netherlands and Japan making the remaining 3 per cent. There is therefore practically no

market to be captured from other countries and the question reduces itself to increasing the demand and removing the difficulties in the way of India's existing trade.

The main obstacle to the increased sale of coir mats and matting in the U. S. A. is the high import tariff. We have reported separately on this question. The specific duty which is in force works out at a very high equivalent *ad valorem* rate on the low grade mats. The figure is something like 290 per cent. on the cheapest types.

Since the war began, there have also been great shipping difficulties. The importing firms have not been able to replenish their stocks and almost all the importers whom we visited had large store rooms which were lying empty. Recently, the transport position has improved with the establishment of a regular American shipping line to India.

In this particular import trade of coir mats, it was impressed upon us by all the buyers of the large departmental stores that the American public must be given what it wants, especially in the matter of designs, colours, and sizes. The designs are produced by experts in the U. S. A. who keep in close touch with the fashion developments in the furnishing trades. These fashions change frequently and to effect sales in this country, it is essential to follow the forecasted changes as closely and as quickly as possible. We have drawn the attention of the purchasing authorities attached to the National Defence Advisory Council to the possible use of coir as a camouflage material but we are unable to say that their prejudice in favour of cotton was overcome by our representations.

60. *Myrobalans*.—The European markets which have disappeared were valued in 1938-39 at about Rs. 9 lakhs, the principal importers being Germany, Netherlands and France. Imports by the Continent in that year were almost normal, although Germany and some other European countries appear to have laid up some fairly big stocks in 1937-38.

The "critical" list of the U. S. A. Munitions Board includes tanning materials and a wide range of such materials is imported by America, *e.g.*, she takes Quebracho wood, wattle bark, gall-nuts, etc., in addition to myrobalans. The myrobalans are obtained entirely from India. In addition she also imports tanning extracts to a larger extent than she does the raw materials, nearly 90 per cent. of the total

extract trade being in Quebracho extract from Argentina and Paraguay. Each tanning material comes from a fairly definite area, *e.g.*, wattle bark is supplied by South and East Africa, myrobalans by India, gall-nuts by China and the others by the South American countries and the West Indian Islands. Developments in the Far East may render the supply of gall-nuts difficult and this together with the armaments expansion would suggest that the demand for myrobalans from India is likely to improve giving some compensation for the markets lost in Europe. The imports of gall-nuts from China were valued at \$190,000 in the year 1937.

61. *Cashew Nuts*.—The lost trade on the 1938-39 figures, amounts to Rs. 7 lakhs divided about equally among Netherlands, Belgium and France. This loss represents only about 6 per cent. of the total trade in the commodity whereas the share of the U. S. A. was 88 per cent., valued at Rs. 101 lakhs in 1938-39. Not only is the trade to U. S. A. very valuable but India is almost the sole supplier of cashew nuts to that country. A negligible quantity is imported from Haiti. Apart from groundnuts, of which there is a large production in the U. S. A. cashew nuts are the predominant and lowest priced item in the important nut-salting industry of the country. There is an upward tendency in the domestic production of other nuts such as walnuts and pecans; but this is a slow development and it appears to us that it should not be impossible to increase the off-take by the U. S. A. to an extent which would make good the relatively small loss in Europe, though at the same time such an increase might intensify the existing pressure on Congress to raise the import duty on cashew nuts.

62. *Kapok*.—The European markets were valued at Rs. 2 lakhs in the 1938-39 returns. Kapok has been included in the list of "critical" materials on account of its suitability for use in the manufacture of life belts, because of its low specific gravity and other marked advantages over other commercial fillers. There is no domestic production in the U. S. A. Imports have been large being valued at \$3.4 million in 1937, and 97 per cent. of the supplies originate in the Netherlands East Indies, the remainder being imported from the Philippine Islands and Ecuador. In that same year only 28 tons valued at \$6,900 were imported from India. The Netherlands East Indies has an advantage over India in being

closer to America and under normal conditions it would probably be very difficult to enter the trade to an extent which would make good the lost European markets. With the recent developments in the Far East the position of India as a possible supplier may change rapidly.

63. *Lemon-Grass Oil*.—The loss in this case has been small. There was an import of 350,000 lbs. of lemon grass oil valued at \$125,000 by U. S. A. in 1937, and India had 70 per cent. of the trade. The other principal supplier was Guatemala with a 20 per cent. share. In view of the general policy in the U. S. A. of helping the countries of Central and South America it is improbable that India will be able, to any appreciable extent, to displace a Central American country such as Guatemala in the U. S. A. market.

64. *Cardamoms*.—The European markets for this commodity which have been lost may be valued at about Rs. 12 lakhs. In 1937, the U. S. imports were valued at \$240,000 and India had 62 per cent. of the trade with Ceylon next at 17 per cent. The balance was supplied by Guatemala and the United Kingdom. The supplies from the latter country may be taken as re-exports of supplies from India and Ceylon. It will probably not be possible to displace Guatemala for the reason given above under lemon grass oil. In any case Guatemala's share of the trade is small and relief for India in this case could only come from an extension of consumption in the U. S.

65. *Pepper*.—On the 1938-39 returns India has also lost a small market of about Rs. 1 lakh in Europe for pepper. The U. S. A. imports about \$2½ million worth of black pepper each year, her purchases being made almost entirely from the Netherlands East Indies. Formerly British India was a large supplier. For example from 1928 to 1931, as much as 51 per cent. of the total trade was from India. It is difficult to explain this large change in the origin of imports by the U. S. A. and it seems to us that a return toward the previous position should not be beyond the realm of possibilities.

66. *Ginger*.—Again in this case the value of the markets lost in Europe is about Rs. 1 lakh. The U. S. A. is a large importer mainly from Jamaica, China and Hong Kong. With political developments in the Far East there might be some opportunity for India to increase her present small participation in this trade.

Section C.—Conclusions.

67. We now wish to summarize the main conclusions at which we have arrived.

(1) The economy of the U. S. A. is at present in the phase of recovery from the depression of 1938. This recovery has been brought about in part by the generally favourable business situation created by the earlier phases of the war, in part by Allied orders and in part by the anticipation that the vast expenditure contemplated under the armament scheme will react favourably on business. It is not unreasonable to assume that, unless some unforeseen set-back takes place, the national income of the U. S. A. at present running at some 75,000 million dollars per annum, might under the circumstances of full armament activity, run at the level of some 80,000 million dollars.

(2) Under these circumstances, the normal movement of imports in the U. S. A. should be maintained and there should be some expansion as the aggregate income of the country expands. In addition, under the direct impulsion of the armament drive, there should be an expansion of the demand for products for stock-pile purposes and for armaments manufacture. In this connection manganese ore and mica are of particular significance, but other commodities referred to in detail in our report, may also be affected.

(3) In considering the export situation from India to the U. S. A. account must be taken of shipping difficulties. In this connection the inauguration of a new line between the two countries has improved matters appreciably, to judge by the opinions expressed here.

(4) There is a growing interest in Indian consumers goods, such as cotton prints, druggets, etc. "Made-in-India" is itself a selling point and the anti-Japanese prejudice on the part of certain consuming sections should assist the sale of Indian products. On the other hand, since a considerable proportion of the total sale of consumers goods takes place through large-scale organisations it is imperative that Indian producers and merchants should pay regard to the special character of the American market. Variety, novelty, strict adherence to the specifications laid down, promptness of delivery, are essential.

(5) There is considerable reason to suppose that trade could be promoted if Indian business men were to visit this country more frequently and were to make personal contacts with actual or potential buyers. Moreover, in view of the aggressive attitude of the producers of competing goods, such as paper-bag-makers, it is necessary to promote interest in Indian products by the preparation of pamphlets and other propaganda material setting out the merits of the products it is intended to sell, the terms on which they can be obtained, etc. We are satisfied that this is work which must be undertaken by business men themselves and cannot be undertaken by Governmental agencies.

(6) Whilst the analysis of the position of individual commodities contained in the previous section of the report shows that in a certain number of cases expansion of importation is possible, thus providing new markets for products excluded from European markets, and, whilst further armament expenditure is certain to increase the demand for certain special commodities, it is not possible for India to look to the U. S. A. as an effective substitute market for the entirety of lost European markets.

T. E. GREGORY.

D. B. MEEK.

Dated 28th September, 1940.

APPENDIX.

LIST OF FIRMS, ASSOCIATIONS AND INDIVIDUALS INTERVIEWED.

- Messrs. Hearn's Dept. Store (Mr. Weinstein and principal buyers).
 Messrs. Macy & Co. (Mr. Leo Mortinuzzi and principal buyers).
 Messrs. Stern Bros. Dept. Store.
 United States Shellac Importers Association (Lac).
 American Bleached Shellac Manufacturers Association (Lac).
 Tea Bureau (Tea).
 Burlap Importers Association (Jute and Jute manufactures).
 National Council of American Importers.
 Indian Chamber of Commerce.
 American Asiatic Association.
 Messrs. Mysindia (Mr. Raja Sundaram) Coir mats, druggets, carpets.
 Messrs. William Goodacre & Co. (coir mats, druggets, etc.).
 Messrs. Ireland & Co. (goatskins).
 Messrs. Singh & Co. (prints and Indian Arts and Crafts).
 Messrs. Delmaghani (Carpets).
 Messrs. Block International Corporation (goatskins, rugs, willow baskets).
 Messrs. Manhattan Bag Co. (rugs, jute bags and competing paper and cotton bags).
 Messrs. Hayes G. Shimp Inc. (burlap, jute webbing, sacking, bags chromite).
 National City Bank (Vice-Chairman and Vice-Presidents).
 Chase National Bank (Chairman and Vice-Presidents).
 Messrs. J. M. MacDonald Import Co. Inc.
 Messrs. Best & Co. (Importers).
 Messrs. Stein, Holt & Co. (Importers).

Individuals—

- Mr. Sundaram (druggets, coir mats, etc.).
 Mr. William Goodacre (druggets, coir mats, goatskins, etc.).
 Mr. R. S. Carraway (Jute manufactures).
 Mr. William G. Dwyer (Jute manufactures).
 Mr. Morris S. Rosenthal (Jute manufactures).
 Mr. Frank W. Bird (Jute manufactures).
 Mr. Howard O. Cowing (Jute manufactures).
 Mr. Hugh C. Duffy (Jute manufactures).
 Mr. Joseph A. Manasseh (Jute manufactures).
 Mr. Fred Halsted (Jute manufactures).
 Mr. J. P. Anastasiadi (Jute manufactures, raw jute, cotton, etc.)
 Mr. Swan (Manhattan Bag Co., Jute, paper and cotton bags).

APPENDIX—*contd.*

- Mr. Prang (Block International Corp., druggets, goatskins, etc.).
 Mr. William H. Zinsser (shellac).
 Mr. Rudolph Zinsser (shellac).
 Mr. Rosen (shellac).
 Mr. L. Gillespie (shellac).
 Dr. Gardiner (shellac).
 Mr. Ashley (shellac).
 Mr. Howe (shellac).
 Mr. Anderson (shellac).
 Mr. Burns (shellac).
 Mr. Benjamin Wood. (Tea).
 Mr. Este (Tea).
 Mr. Newsome (Tea).
 Mr. MacGregor (Australian Trade Commissioner).
 Mr. Douglas Cole (Canadian Trade Commissioner).
 Mr. George E. Roberts (Economist to National City Bank).
 Mr. Holman (Assistant Vice-President, National City Bank).
 Mr. Randolph Burgess (Vice-Chairman, National City Bank).
 Mr. Alexander Sachs (Lehman Corporation).
 Mr. Vanderlip (Banker).
 Sir Vivian Gabriel (British Library of Information).
 Mr. Winthrop Aldrich (Chairman, Chase National Bank).
 Mr. J. J. Larkin (Vice-President, Chase National Bank).
 Mr. Mansfield (Vice-President, Chase National Bank).
 Mr. Martinuzzi (druggets, prints, arts and crafts).
 Mr. Weinstein (drugget, prints, arts and crafts).
 Mr. Neagle (druggets, prints, coir mats, arts and crafts, and China ware).
 Mr. Ireland (goat skins, sheep skins, "half-tans").
 Mr. Fletcher (British Library of Information).
 Major Argus Fielding Elliot (Defence Expert).
 Dr. H. F. Grady (State Dept.).
 Dr. Herbert Feiss (State Dept.).
 Mr. R. Veitch (State Dept.)
 Dr. E. A. Goldenweiser (Federal Reserve Board).
 Prof. A. Hansen (Federal Reserve Board).
 Mr. O. V. Wells (Agricultural Dept.).
 Dr. John Williams (Federal Reserve Bank, New York).
 Mr. Lewis Douglas (Mutual Life Insurance Company of New York).
 Prof. Jacob Viner (Economic Adviser, U. S. Treasury).

APPENDIX—*concl'd.*

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|---------------------|---|----------------------------|
| H. E. Lord Lothian. | } | H. M. Embassy, Washington. |
| Sir Owen Chalkley. | | |
| Mr. Marris. | | |
| Mr. Summerscales. | | |
| Mr. Opie. | | |
- Mr. Pickthall (British Commissioner, N. Y. World's Fair).
 Mr. Prang (burlaps, cotton and paper bags).
 Mr. Batt (National Defence Advisory Council, Strategic Materials).
 Dr. Leitch (National Defence Advisory Council, Minerals).
 Mr. Allan (National Defence Advisory Council, Minerals).
 Mr. Robertson (National Defence Advisory Council, textiles).
 Mr. Chapman (National Defence Advisory Council, mica).
 Mr. Sykes (National Defence Advisory Council, mica).
 Mr. Robert Stevens (National Defence Advisory Council, textiles).
 Dr. Alexander Dye (Commerce Dept.).
 Mr. Deinmel (State Dept. Trade Section).
 Mr. James W. Young (Commerce Dept. Bureau of Foreign & Domestic Commerce).
- Dr. George S. Mitchell (Farm Security Administration).
 Mr. H. M. Coverley (Farm Security Administration).
 Mr. John S. Fischer (Farm Security Administration).
 Dr. A. G. Black (Governor, Farm Credit Administration).
 Mr. Mehl (Commodities Exchange Administration).
 Mr. Leroy Smith (Federal Crop Insurance Corporation).
 Mr. R. M. Evans (Agricultural Adjustment Administration).
 Mr. Joseph L. Orr (Agricultural Adjustment Administration).
 Dr. Norman L. Gold (Surplus Marketing Administration).
 Mr. A. Manuel Fox (Commissioner, Tariff Commission).
 Mr. Claude Wilkard (Secretary for Agriculture).
 Mr. Jesse H. Jones (Secretary for Commerce, and President, Reconstruction Finance Corporation).
 Mr. Radcliffe, (Secretary, National Council of American Importers).