

tralia. Owing to the high prices and export restrictions in other producing countries, and to the high freight rates, Asiatic flour has secured a temporary hold of the market. Japan now occupies first place as country of supply, which for forty years had been held by the United States. Nine-tenths of the imports into Hong Kong in 1917 were obtained from Japan, while Chinese flour was supplied direct to the ports of Foochow, Amoy and Swatow. The last year in which American flour came on to the Hong Kong market in large quantities was 1916. The following figures show the sources of the flour shipped to Hong Kong during the last two years:—

	1916. Sacks.	1917. Sacks.
United States.....	1,185,433	51,000
Japan.....	23,000	922,377
Australia.....	6,000	42,632
Shanghai.....	377,800	43,230
Canada.....		11,850
Total.....	1,592,233	1,072,089

A certain quantity of Canadian flour was probably included in the amount credited above to the United States for the year 1916. This table shows clearly the influence of war conditions on the flour trade of the Far East and the changing sources of supply. It is of importance to consider how far these changes may prove permanent and what are the opportunities for the resumption after the war of large shipments of Canadian flour to the Orient.

IMPORTS OF CHINESE FLOUR.

The Chinese mills are taking advantage of present conditions to increase their sales in the various flour-consuming territories of the southern Far East. The decrease in the imports of Shanghai flour into Hong Kong last year is accounted for by the short wheat crop in the Yangtze Valley and the competition of the Japanese mills for available supplies. The first year in which Chinese flour appeared on the Hong Kong market was 1915, when 200,000 sacks were imported. The following year the Chinese mills cut into the trade in the East Indies and the Straits Settlements very successfully and supplied Hong Kong with 377,800 sacks. The Chinese Government recognizing the need of assisting the milling industry reduced the export duty on flour by one-half or from 40 cents to 20 cents Mex. a sack. In view of the shortage of wheat supplies, the Shanghai mills were unable to compete effectively in 1917 against Japan in the Hong Kong market notwithstanding the reduced export duty. The ports of Swatow, Amoy and Foochow, which formerly were supplied with overseas flour from Hong Kong, have for the past three years imported mostly native flour, shipped direct from Shanghai. This has somewhat reduced the flour trade of the British colony.

Provided the wheat crop in the Yangtze Valley is favourable, there would appear to be no reason why the Shanghai mills should not ship flour successfully to the Hong Kong market, and this is a factor which Canadian exporters will have to consider after the war. It is probable that Chinese flour will represent the bulk of the imports during the present year.

THE SHANGHAI MILLING INDUSTRY.

The flour mills in and about Shanghai are capable of producing 33,000 sacks a day, provided that they can secure wheat in sufficient quantities and at prices equal to those at other flour-producing centres. The wheat supply comes principally from the adjacent districts, the surplus crop of the northern provinces being almost entirely bought up by the Japanese mills. With the increase in the price of wheat and the cessation of opium cultivation, the area under wheat should increase. The only