

OPENINGS FOR CANADA.

The chief openings presented for the extension of Canadian export trade with South China will be considered under separate heads, giving particulars of the trade with Hong Kong in those lines in which Canada is interested. These lines and the order in which they will be dealt with are as follows:—

Flour, timber, metals and machinery, leather, paper, canned provisions, fish products, tinned milk, miscellaneous.

THE FLOUR TRADE.

Hong Kong is the most important market for overseas flour in the Far East. In normal times the import amounts to about 5,000,000 sacks of 49 pounds each a year. In addition to being the distributing centre for the whole of South China, flour is also reshipped from Hong Kong to the territories to the south as far as Singapore. The Shanghai flour market is supplied to an increasingly greater extent by the product of the local mills. Foreign flour entering Shanghai is also subject to duty, whereas at Hong Kong the position is reversed, foreign flour being imported duty free, while Chinese flour has to pay an export duty when shipped to Hong Kong from Shanghai. Manila and Singapore, the other great trade centres of the Far East, are not so conveniently situated and have not the same shipping facilities as Hong Kong. The latter port therefore presents the best opening for the sale of Canadian, United States and Australian flour in competition with the Asiatic product.

The following table of the total imports of flour into Hong Kong in recent years was furnished by a leading importer:—

	Sacks.
1912..	5,694,554
1913..	5,156,623
1914..	3,939,754
1915..	2,675,129
1916..	1,904,033
1917..	1,072,089

FACTORS GOVERNING IMPORTS.

The quantity of foreign flour consumed in South China is subject to much variation. The demand depends upon several factors, included among which are the rate of exchange and the relative price of flour as compared with rice. A low rate of exchange and an abundant crop of rice have usually been reflected in greatly diminished imports of flour. A low rate of exchange affects only the imports of foreign flour by raising the price to the consumer, and may have the effect of stimulating the sale of flour milled in China. Similarly a good crop of wheat in the Yangtze Valley and the north enables the Shanghai and other Chinese millers to compete more effectively against foreign flour. The demand therefore for overseas flour in the Hong Kong market is related to three factors: (1) rate of exchange, (2) the rice crop, (3) the wheat crop in China.

CONSUMPTION OF FLOUR.

The consumption of flour in China is on the increase. For many years the population of the northern provinces have had to depend upon wheat, millet and other cereals as their staple food supply, rice not being cultivated and difficult to obtain. From these districts the habit of consuming wheat has extended to all portions of the