REPORT

ON

INDO-RUSSIAN TRADE

BY

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4, In Russia, Petrograd is the financial, official and shipping centre, and Moscow the commercial one; and the rivalry between them is marked. Petrograd is much more cosmopolitan than Moscow, which latter stands more definitely for old Russia, though here also German influence in trade has been very marked. The atmosphere of the two towns is quite distinct. In Petrograd it was a case of writing for appointments and spending much time in getting from one to the other; in Moscow our rooms were rapidly filled by enquirers in reply to our press notices. Even so it must not be imagined that Moscow rivals London in business promptitude and speed—very far from it. The difference in pace is about that between the one-horsed Victorias (droshkys) on Moscow's cobbled streets and the tube railways of London. We left for Moscow on September 24th, returning to Petrograd on November 7th. We did not go to Odessa. That alone would have taken another three weeks and we were told that business there was largely at a standstill; the entry of Roumania into the war had made that part of the country more congested, and military necessities imposed great restrictions on travel. Moreover, we were told that for a preliminary enquiry we should probably get little extra information unless we extended considerably the scope of our enquiry and spent at least another three months in the country. Although if time had been of less importance we believed that such an extended period would have been of use, yet we conceived our instructions were to obtain as clear an impression of possibilities as quickly as possible and present them in time to allow merchants an opportunity of considering them before peace may come. In this we trust we were right. Other centres, which in the past had taken some Indian produce, such as Lodz and Warsaw, it was, of course, impossible to visit.

5. We received an exceptionally good welcome from nearly all whom we met, though in certain quarters less practical assistance was forthcoming than we had hoped for; this was not from any lack of good will but because they were generally over-burdened with work, and possibly also had not been in the habit of looking upon the British Empire as a producer of raw material. We owe an expression of gratitude to M. Savitsky, the Secretary of the Russo-British Chamber of Commerce, Petrograd, who placed the resources of the Chamber at our disposal and gave us much good advice. The Chamber was, however, only founded in 1909 and was the first in Russia. Branches had been made in 1910 at Warsaw and in 1912 at Odessa. It is of interest that the Petrograd Chamber has on its rolls as a member one business house in India, *viz*., an Indian merchant in Bombay. Although the Petrograd Chamber has 2,000 members, it is clear that it could not have behind it the experience and knowledge of older Chambers in other parts of the world, and hitherto, in its relations between Russia and Great Britain, it has naturally had to deal mostly with manufactured articles and with exports from Russia. M. Savitsky, however, displayed great interest in the object of our visit and suggested that, if events showed the desirability for it, an Indian section in this Chamber might be formed. He also very kindly gave us a list of houses on which we might with advantage call—which we did—and also many introductions to officials and houses in both Petrograd and Moscow. The lack of official organisations for dealing with the problem of tropical trade resulted in our not finding till near the end of our stay, references and houses to which, if we had been introduced in the first week of our visit, our enquiries would have been facilitated very considerably. We found from Mr. Just—Trade Commissioner in Russia for Canada—who had previously had much experience of such class of work in Hamburg, that he had encountered similar difficulties in starting his enquiries in Russia. We were therefore compelled to adopt other means for getting into touch with those interested in tropical produce. After getting lists of possible firms from such official source as we could (including the Ministry of Commerce, to whom M. Nabokoff gave us an introduction), we prepared a *resumé* of the object of our visit for the newspapers, inviting anyone interested to call or arrange an interview. These articles were readily published and we were interviewed by the most important commercial journals. We are greatly indebted to the Press of Russia for their help, especially, amongst others, the Novoe Vremya and Bourse Gazette of Petrograd, and the Russkoe Slavo of Moscow. More answers were obtained in this manner in Moscow than in Petrograd. Though this method of procedure naturally led to many fruitless interviews and produced contradictory information, it certainly resulted in our meeting many important houses of whose existence we might otherwise have remained in ignorance.

6. Our joint stock in-trade in the way of languages consisted of a very slight acquaintance with Russian and a knowledge of colloquial French. The former proved of assistance in the ordinary every-day needs of getting about and in going through Russian customs and trade returns, which we found we had to do ourselves to ensure even approximate accuracy in the abstracts required; the latter was very useful, especially in the Banks of Petrograd. It is, however, a fundamental mistake to think that a knowledge of French can take a man anywhere in the business world of Russia: German might, but French and English cannot. At present all public places in Petrograd carry notices prohibiting the speaking of German. Very many Russians are learning English and interpreters are at present difficult to obtain; but for all trade up-country a knowledge of Russian is absolutely essential and it is also really needed for business in Petrograd and Moscow. Complete proficiency is doubtless difficult to attain but we were told repeatedly that Englishmen had shown they could manage the language and that their success compared very favourably with that of other foreigners. There is no doubt that the Russian likes the foreigner to try to speak his language and is willing to help him. He is naturally a great talker and prefers that others converse direct with him. One Bank Director met us with the following :—" You are Englishmen and come to talk to me—a Russian—in my office in Russia about trade between the British Empire and Russia and you expect me—a Russian—to talk to you in English. That is not right." We did not, as a matter of fact. We had an interpreter with us. But his quotation describes a feeling frequently met with; and in rising towns of Russia, many of which are increasing very rapidly in size and importance, there are many substantial traders who are unapproachable if business is not discussed in Russian and figures stated in roubles and poods. Correspondence with some of the larger houses in the chief towns can be carried on in French or English, but no firm who wishes to establish permanent and extensive relations with Russian houses can afford to ignore the Russian language. No interpreters had been engaged for us. We had to pick them up as we could; and great care had to be taken in selecting them, because not everyone who offered his services would have been acceptable to all Russian business houses. Women are beginning to play a considerable rôle as secretaries and interpreters. In Petrograd we had the utmost difficulty in getting an interpreter; in Moscow we ultimately obtained the services of a very competent man but one who, in some ways, was hardly of the type we wished for.

7. Russian hospitality is proverbial; but four meatless days a week and the total prohibition of alcohol sets obvious limits to the most hospitable intentions. In spite of these difficulties we received in many quarters a most kindly and generous welcome, of which we are very sensible and which we were repeatedly assured would be extended still more cordially to those merchants interested in Indian trade with Russia who would come to Russia and discuss business matters there. In the present relative development of the two countries, it is useless to wait for Russian buyers to come to India and England. They have done so in tea with great advantages to both countries, but in trade in other products the initiative must come from India and England.

8. We have made every effort to verify all the statements we make in this report and to present as correct a picture of conditions and possibilities as we can, but we would crave indulgence in its perusal. It is quite possible that in some instances we are guilty of inaccuracies. Not only was it the first time either of us had been on a general trade enquiry, but we were enquiring into things after two years of war had obliterated many traces and removed many facilities for verification of facts. Many who could normally have helped us by their knowledge and experience were either fighting or engaged in war work, and those who were left behind were very busy. It is very possible that many of those whose relations with Germany had been exceedingly close were the most reluctant to

admit it. Occasionally this was overdone. One house treated us to a long and prepared disquisition on the folly of our mission, endeavouring to prove that all the copra Russia obtained through Germany came from the Caroline Islands, that the rice was from Samoa and the jute solely from London. He however was contradicted by another member of his own firm in another town who spoke with great reservations but in a different strain. It was harder to deal with those who kept a discreet silence. Then again, the time allotted was too short. In the previous year, Canada gave her most experienced Trade Commissioner six months *in Russia* before they asked for a report—not three. Finally, the language was a real difficulty. Interpreters could not be relied upon either to give correctly our shades of meaning, nor to give us the exact meaning of what the Russians said. This in itself induces a disinclination between parties to talk freely and checks the elaboration of ideas and the qualification of statements. We hope that these difficulties may be borne in mind in considering the shortcomings of this report.

9. We gave much thought to the question of collecting samples and prices of Indian goods in Russia. Mere prices without samples are of little use to anyone. Present day prices are entirely abnormal. This is inevitable when it is remembered that Vladivostok is the sole commercial inlet to Russia from the world. This year even the parcel post from England to Russia has been going *viâ* Canada and Siberia. Further, two years have elapsed since supplies were easily obtainable and the old stocks have disappeared, nor could present supplies be taken as necessarily typical of normal requirements. As one man put it " in these days a black cat is as good as a white one to a man who wants a cat." Lastly, we were told officially that we could not send a case of samples *viâ* Archangel; transport by Vladivostok would probably mean a delay of months; but the British Embassy kindly offered to assist such Government work provided the samples were distributed among numerous and small packages. In the face of all these difficulties we finally abandoned the idea.

Chambers of Commerce and Bourse Committees.

10. There were only three Chambers of Commerce in Russia organised on the British plan and all are recent institutions, namely, the Anglo-Russian Chamber of Petrograd with its branches at Warsaw and Odessa. The places of these Chambers in Russia are taken by Bourse Societies organised in connection with the Ministry of Commerce and managed by Committees elected by the members. Of these there are some 93 in all, distributed through the most important industrial and commercial tracts of Russia and Siberia. To each is allotted a definite area and their aims are to facilitate operations in all branches of commerce, industry, transport and rural economy within their areas, as well as to collect and record trade information. Within their own circles they also assist in the development of commercial, industrial and professional instruction, record local commercial customs, arrange for arbitrations and surveys, and fix commissions, quotations, etc. They are also bound to keep in constant touch with Government departments and to supply them with all information regarding the economic life of their circles. They are thus of great assistance to all interested in trade and particularly in the matter of statistical and general information about local trade. A full list of these bourses is given in the Appendix II of this report.

In addition to these bourses there are a few special Committees, which are practically special branches of the local bourse, interested in a particular industry, *e. g.*, the Cotton Committee in Moscow.

Ministry of Commerce.

11. In the Ministry of Commerce a new branch has been organised within the last two months of special interest to all foreign traders; its object is to foster and develop direct trade between Russia and other countries. It also acts as a general Commercial Intelligence Department for Foreign Trade, and is in direct communication with the various Bourse Committees. It is prepared to translate into Russian and circulate, among suitable circles, official trade reports and trade information of other countries. The head of it—Mr. Grinewald, the Secretary of the Department for Foreign Trade, Ministry of Commerce—who speaks English, French, German and Russian, specially asked us that a memorandum on the products of India which are likely to be in demand in Russia should be prepared officially and sent to him. He would cause it to be translated into Russian, printed and circulated. He is already doing that for Canada, and is very keen to develop direct trade relations between Russia and other countries. We gave him the address of the Director-General of Commercial Intelligence, Calcutta, as the officer in India with whom to correspond for any trade information connected with India.

Another large semi-official organisation which has collected much information on trade and commercial matters, is the Congress of Industry and Trade, 46 Liteney, Petrograd. This Congress has published a very useful Trade Directory, a fact which we unfortunately only discovered on the eve of our departure.

12. We have not attempted in our report to go deeply into questions of Russian company law and insolvency. Both are somewhat intricate and have peculiar features of their own. A brief summary is to be found in the Russian Year Book published by Messrs. Eyre and Spottiswoode, London. Any company formed in Russia has to receive its official charter before starting operations. This, we understand, does not necessarily take long to procure unless conditions out of the ordinary are asked for. The relations between official departments and trading concerns are probably closer in Russia than is usual in the more western countries of Europe.

CHAPTER II.

A general summary of the trade position before the war illustrated by official figures.

13. It is natural to refer to the customs returns of different countries to ascertain the nature and extent of the trade existing between them. This has been done for both Russia and India, but it is a matter of considerable difficulty to draw inferences from such figures. In the first place, the Indian returns relate to the financial year whilst those for all European countries to which we have referred deal with calendar years. Figures, moreover, of the value of exports and imports though of interest to the trade, do not indicate accurately the quantity of the trade between the two countries, because those of the exporting country represent the cost of the articles when placed on board, whilst in the importing country the recorded values include freight, insurance, etc. For these reasons, in Appendix I we have throughout given figures of quantities only inserting values in the case of Russia and India. All the figures have, moreover, been reduced to common units and are given in thousands of cwts. and thousands of pounds sterling. Another difficulty in comparing customs returns of two countries arises from the fact that the classifications adopted by the different countries never agree. Thus, in the Indian returns, figures for various tanning substances such as myrabolams, etc., are given separately, but in the Russian returns these articles are included under the heading of " tanning materials not ground to powder, " which also covers acorns, mimosa bark, valonia, etc. Similarly, Indian medicinal plants, such as nuxvomica and ajwain, merely appear in the Russian returns under the general heading of " plants and parts of plants used in medicine." The classification of those important exports from India, hides and skins, differs in all the four countries, India, Russia, United Kingdom and Germany. We have further endeavoured to find how much of this tropical produce is simply re-exported from the United Kingdom and Germany, respectively. In the returns from the United Kingdom exports are credited to the country of final destination, as shown in the exporter's documents, and not to the country in which they may happen to be transhipped. It therefore seems safe to assume that the quantities in the British returns credited to Russia really represent those meant for Russia by British shippers. The same rule applies to the Indian returns and a similar presumption can therefore be made.

14. The Russian figures show, we understand, the country of origin as disclosed by shippers' documents. Thus, if jute were shipped from Calcutta " to Hamburg for orders " and it was thence sent on to Russia, the Indian returns would shew it as exported to Germany, but the Russian ones would credit it to India. Merchants, however, will be more familiar than we are with any such

practices. The examination of the German returns caused some difficulty. The free harbours of Hamburg and Bremen, especially the former, act as great store houses from which produce and goods are distributed throughout the world and Germany divides her returns into two classes, *viz.*, "special" trade and "transit" trade. Articles which enter these free harbours, remain therefore a time and are re-exported without entering further into Germany, appear only in the returns of transit trade. Articles which enter Germany proper, are there treated by any process and then exported, or such as are even re-exported without further treatment, are included in the special trade returns. The transit trade returns shew really the forwarding work done by Germany. They would naturally not include, say, goods consigned from the United Kingdom to Russia in a ship making a continuous voyage between these countries and calling at Hamburg. To find the full part therefore that Germany has played, both these returns have to be examined, and unfortunately the classification of articles adopted in them is not always the same.

15. It will be gathered from the foregoing that an absolute reconciliation of figures is impossible. A careful comparison of the figures does, however, in varying degrees shew for different articles the extent of the present trade and the course it has been following. It further discloses that Russia takes very much more Indian produce than India ever gives her credit for; that instead of her demand for such articles being stationary, as our Indian returns would indicate, it is steadily increasing; and finally, that that demand is not solely for tea. The chief articles have been taken in detail and are dealt with in Appendix I, but the figures for jute for 1912 may be quoted here to serve as a partial illustration of the above. In that year the Indian returns shew that India sent to Russia 175,000 cwts. worth £195,000. Russia actually imported 944,000 cwts. of jute worth £1·16 millions, of which she credited India with 666,000 cwts. (instead of 175,000) worth £825,000 and the United Kingdom and Germany with 77,000 and 132,000 cwts., respectively. The returns of the United Kingdom shew that in that year 83,000 cwts. were sent from Great Britain to Russia; the German "special trade" returns shew 99,000 cwts. both of which figures roughly agree with the quantities credited by Russia to the United Kingdom and Germany, respectively. There is thus a discrepancy of 500,000 cwts. between the Russian and Indian figures unaccounted for. The returns of the United Kingdom shed no light thereon because the figures already quoted cover all consignments of jute by merchants of Britain direct to Russia, nor do the figures of the German special trade help. On reference, however, to the figures of the transit trade of Germany, we find that in 1912 they shew that Germany forwarded 425,000 cwts. of jute and vegetable fibres to Russia. This has presumably been forwarded without regrading or re-sorting, as otherwise it would have appeared in the Russian returns as an export of Germany. It is therefore apparent that Germany has been taking middleman's profits on a trade in jute between Russia and India, which in bulk is about three times as large as the direct trade between the two countries, is worth over half a million sterling a year and *is growing* every year (*vide* the Russian returns). It is not always so easy to trace the course of other commodities, but the figures collected throw some light on them also.

16. After this illustration it is not difficult to understand that the Russian figures for receipts of Indian produce far exceed the figures recorded in the Indian export returns, except in regard to tea where the reverse process takes place and which we comment upon in Appendix I. This is quite apart from any Indian produce which may undergo some process *en route* before being forwarded to Russia. The steady increase in the import of Indian goods into Russia can be illustrated in two ways. The Russian returns of 1903 shew that, deducting the figures for tea, Russia in that year credited to India 938,000 cwts. of goods worth £987,000, and in 1913, 1,426,000 cwts. worth £2,518,800. This is, of course, exclusive of any Indian produce which undergoes some process *en route* before being forwarded to Russia and which is, in consequence, credited to another country, or of Indian goods simply sold as the produce of another country, like the 77,000 cwts. of jute from the United Kingdom or the 132,000 cwts. from Germany mentioned above. These figures are not at present enormous, but relating, as they do, solely to articles other than tea, they hold out distinct

promise for the future. The table taken from the Russian customs returns and reproduced at the beginning of Appendix I, showing the total values of imports into Russia from the various countries in the last fifteen years and the proportionate share of each, illustrates the same point and tends to confirm this premise. In this period the total value of imports into Russia have more than doubled, *viz.*, from £ 65 millions to £ 146 millions a year. Germany of course has had the lion's share of this increased trade, her present share being nearly a half as compared with just over a third fifteen years ago. The only other country which has steadily improved her position relatively as a supplier of Russia's needs during the same period is India. In 1913 she was even running neck and neck with Austria—Hungary. The development is in general trade and not only in tea for in 1898 tea represented practically half the total value of the Indian imports into Russia and in 1913 well under a third, and the true figures would actually be still greater, for the above must exclude much Indian produce credited in the Russian returns to another country, which happens in the case of shellac, beeswax, myrabolams, rice, hides, etc. (*Vide* also diagrams at end of this chapter.)

17. Germany, until the outbreak of war, was steadily penetrating further and further into Russian economic life. The share she had obtained in the trade with Russia in manufactured articles is notorious. We do not think that it has been generally realised how predominant was her position in the trade in tropical produce. The following table, giving the values in thousands of pounds of the total imports into Russia in 1913 of certain tropical articles in which India is interested, and also the values credited in the Russian returns to Germany, the United Kingdom and India, illustrates the variety of Russia's needs and of Germany's intervention. The values of the exports from the United Kingdom and India to Russia according to the returns of those countries are added for comparison.

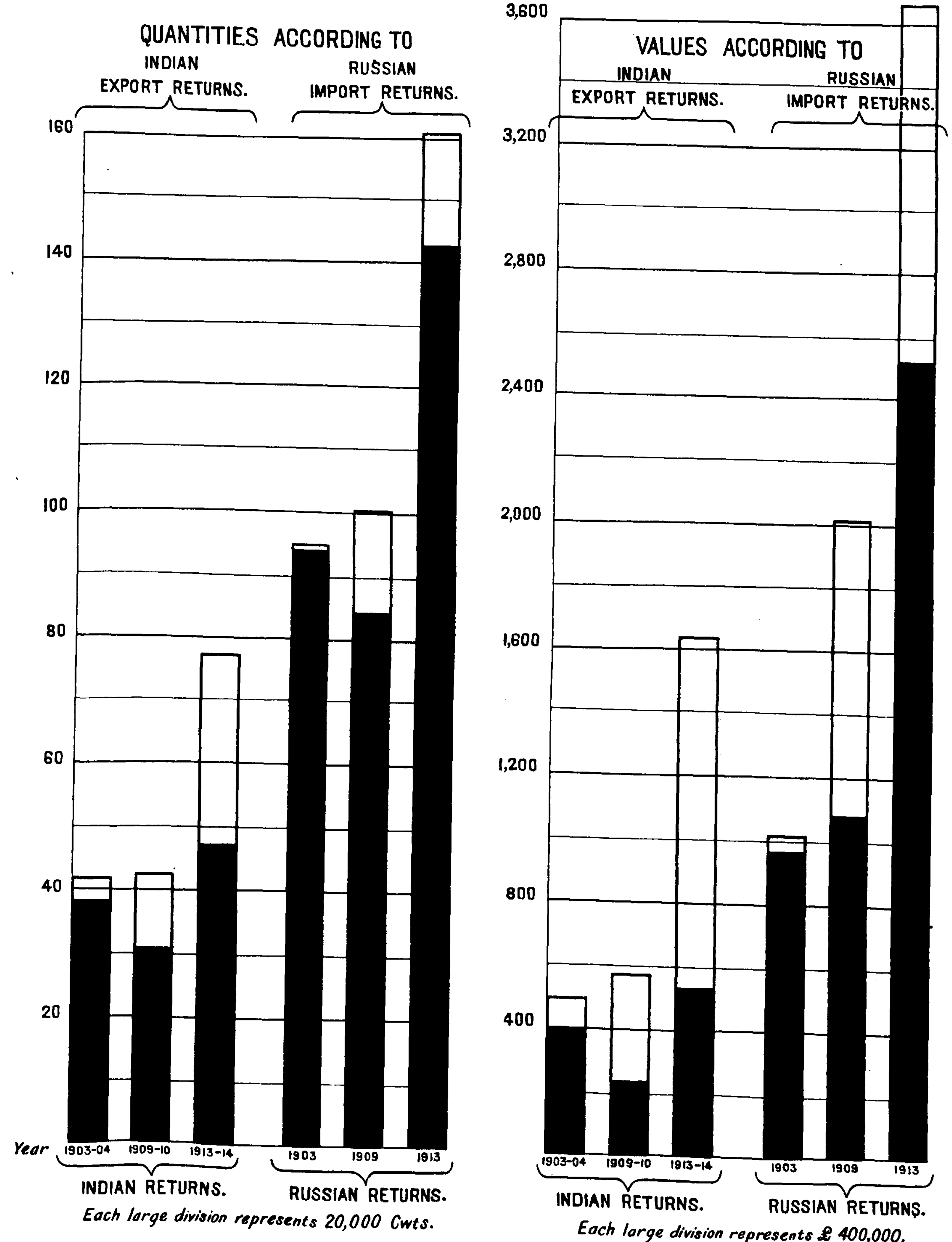
Article.	FROM THE RUSSIAN RETURNS. VALUE OF IMPORTS INTO RUSSIA.				FROM THE UNITED KINGDOM RETURNS.	FROM THE INDIAN RETURNS.
	Total imports.	From Germany.	From the United Kingdom.	From India.	Value of exports to Russia.	Value of exports to Russia.
	(Figures in thousands of pounds sterling.)					
Rice, cleaned ...	764	198	53	77	11	38
Pepper	243	85	37	54	8	...
Other spices ...	142	61	16	13	...	...
Coffee	943	574	65	44	16	...
Tea	4,340	17	105	1,138	63	1,110
Beeswax ...	645	559	22	...	12	...
Raw hides and skins, both wet and dry, salted.	2,157	1,667	34	...	...	...
Tanned skins ...	857	776	20	...	...	...
Sesamum seed ...	68	7	...	...	...	...
Castor seed ...	73	43	24	12	120	3
Copra	2,045	866	224	541	324	9
Other tanning materials not ground to powder.	95	53	10	...	...	5
Natural indigo ...	211	149	...	30	...	...
Jute, raw ...	1,170	75	47	990	111	230
Olibanum, manna, asafœtida.	25	15	2	1	...	...
Total ...	13,778	5,245	659	2,900	665	1,390
Deduct Tea ...	4,340	17	105	1,138	63	1,110
	9,438	5,228	554	1,762	602	280

There are also, of course, many other articles which Russia requires and which India could supply, *e.g.*, medicinal plants, rubber, etc. The above include most of the main articles of Indian trade to Russia, and in them the customs classifications are fairly clear.

18. Although these fifteen articles include tea, the largest of all Russia's tropical imports, and in the trade in which Germany's share happens to be negligible, it is seen that, out of a total value of $13\frac{3}{4}$ millions, Germany is credited with $5\frac{1}{4}$ millions or 38·1 per cent. And even this is not the full extent of her middleman's trade, because the Russian figures for these articles credit India with produce valued at one and a half million sterling more than India ships direct to Russia. The only feasible explanation for this is Germany's transit trade. The table in Appendix I shews that Germany's share in the total import trade of Russia is $47\frac{1}{2}$ per cent. Thus the table given above will appear to shew, however, that Germany had gained for herself as large a proportionate share—possibly a larger one—in the trade of supplying Russia with tropical produce as she ever had in the trade of supplying her with manufactured articles. Yet in most of what has been written recently on German trade with Russia, attention has been entirely directed to the trade in manufactured goods. That in tropical produce surely also deserves attention.

19. The question naturally arises—in what parts of Russia did Germany find markets for such produce? The statements in Appendix I taken from the Russian returns shew the quantities of the several articles which entered European Russia in 1913 over her different frontiers, namely, by Baltic ports, the German land frontier, the Austro-Hungarian one, the Black Sea and the Sea of Azof. From these one point comes out clearly, *viz.*, that the great market in Russia for our Indian produce is not in Southern Russia as our customs returns would seem to show, but is chiefly to be found in the North and West. This is not surprising, because the neighbourhood of Moscow, Petrograd and the country of Poland are among the chief manufacturing tracts in Russia, and there is possibly in these parts a higher proportion of people who have become accustomed to use tropical produce such as tea, spices, etc., than in the more purely agricultural tracts of South and South-West Russia.

INDO RUSSIAN TRADE
AS SHEWN IN INDIAN & RUSSIAN RETURNS (OFFICIAL).



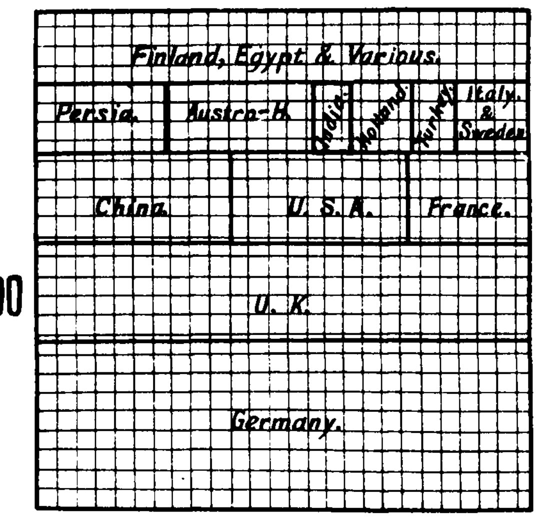
In every case { i. *The full column represents the total trade of the year.*
ii. *The unshaded portion ...*

It is clear tha

THE GROWTH IN VALUE OF RUSSIA'S IMPORT TRADE.

AVERAGE FOR THE YEARS 1898–1902.

TOTAL
£ 65,330,000

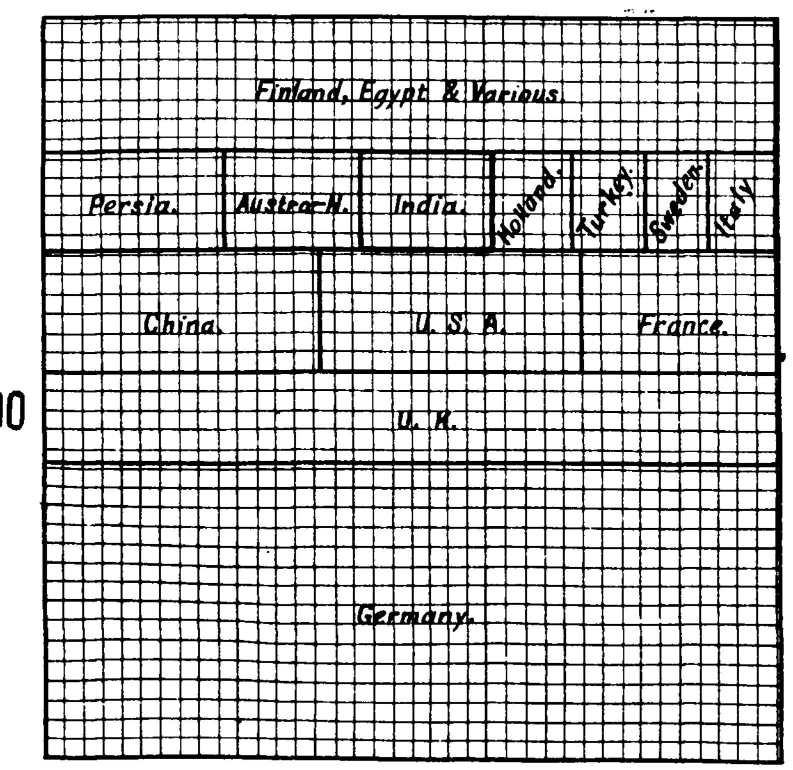


Shares of different countries.

Germany	£	22,630,000	or	34·6%
U. K.	„	12,150,000	„	18·6
China	„	4,850,000	„	7·4
U. S. A.	„	4,500,000	„	6·9
France	„	3,000,000	„	4·6
Austro-H.	„	2,760,000	„	4·2
Persia	„	2,380,000	„	3·7
Egypt	„	1,700,000	„	2·6
Holland	„	1,100,000	„	1·7
Italy	„	1,020,000	„	1·6
India	„	840,000	„	1·3
Turkey	„	800,000	„	1·2

FOR THE YEAR 1913.

TOTAL
£ 145,400,000



Shares of different countries.

Germany	£	69,020,000	or	47·5%
U. K.	„	18,310,000	„	12·6
China	„	8,900,000	„	6·1
U. S. A.	„	8,370,000	„	5·8
France	„	6,020,000	„	4·1
Persia	„	4,920,000	„	3·2
Austro-H.	„	3,780,000	„	2·6
India	„	3,660,000	„	2·5
Holland	„	2,270,000	„	1·6
Turkey	„	1,950,000	„	1·3
Sweden	„	1,790,000	„	1·2
Italy	„	1,680,000	„	1·2
Egypt	„	610,000	„	0·4

CHAPTER III.

German influence and organisation in Russian trade.

20. In the previous chapter we have shown that Russia has been in the custom of using more Indian produce that we in India supposed she did, that her needs are not confined to tea, and that the greater portion of the intermediate trade in tropical and sub-tropical produce has been in the hands of German middlemen.

21. A brief account of the organisations and methods followed by Germans in their trade relationship with Russia as far as we were able to discover them, should therefore be of general interest. We do not put these forward as models to be copied, in fact Russians gave us to understand very clearly, and very naturally, that they would strongly resent anyone endeavouring to follow the methods pursued by Germany in the past. But there are undoubtedly in Russia many who are now interned who will probably return to their old businesses. There are also probably many not interned who are possessed naturally of strong German sympathies and who may be trying for the present to mark time and keep the trade and place warm for Germany after the war. Such, after the war, will very likely endeavour to follow as far as possible the methods to which they are accustomed, so that the account attempted in this chapter does not necessarily possess merely historical interest.

22. It is wrong to look upon the existence of German influence in Russia as a growth of yesterday. Its excessive penetration into the economic life of Russia has been of comparatively recent origin, but for some centuries very close relations have existed between the two countries. Both Peter the Great and Catherine II brought foreigners—largely Germans—into the country and encouraged them to settle. The Baltic Provinces, stretching from Prussia almost to the suburbs of Petrograd, formed another permanent link between the two countries. They are largely inhabited by people more akin in habits and religion to Germany than to " Old Russia ", and for many of these people German is—or was, till recently—the home language. It is not for a moment suggested that the sympathies of these people are rather with Germany than with Russia, but in the days of " peaceful penetration," as keen men of affairs knowing both the German and Russian languages they were a powerful aid in spreading German influence. Colonies of German farmers had also settled as far afield as on the lower reaches of the Volga, whilst in all the large towns the German colonies in the last forty years had increased very considerably. As one Russian put it in terms of picturesque exaggeration : " We crossed our Western frontier and crossed a line, we crossed another Western frontier and entered a new country—France,—we crossed another and found a new world—England." Thus, although British sailors were the first to reach Archangel and British merchants were early established in Moscow, yet when Germany began to develop her aggressive methods of foreign trade, she already had many and varied ties with Russia of which she made full use. The misunderstandings between Russia and the United Kingdom and the fact that some British houses made firms in Hamburg their sole agents for Northern Europe, further assisted her. Until the decade 1884-1894, German was the language of the Lutheran schools in the Baltic Provinces, when their management was taken over by the Central Administration in Petrograd, and Russian became the medium of instruction. Until about the same date there was a German university at Dorpat. These Provinces were thus able to give a steady supply of clerks and commercial agents especially fitted for German employers.

23. During the last forty years Germany has, by consistent efforts, added enormously to the immense natural advantages she therein possessed. From the Baltic Provinces to the larger trading centres of Western Russia was no great step, and wherever they went the Germans settled and formed regular colonies acquiring large properties—in some parts of Petrograd practically whole streets belong to them. They became naturalised Russian citizens and intermarried with the resident population. They founded schools of their own in which German was the chief language for instruction. So important had a knowledge of the German language become in the business world that up till the outbreak

of war it was, we understand, obligatory in most of the commercial schools of the Empire. The assistance which this meant to German trade can easily be imagined.

24. Again, in the larger towns newspapers were printed daily in German. According to the Russian Year Book of 1912 there were in Russia and Finland only some hundred and forty-four papers in circulation. If, from these, those of a particular character such as "Fruit Culture", "The Fire News", "the Naval Miscellany", etc., be excluded, the list comprises ninety papers which may be said to be general newspapers dealing with economic and trade questions. Out of these 90 for all Russia and Finland, ten were published in German, namely one in Lodz, one in Moscow, one in Odessa, two in Petrograd, four in Riga and the Dvina Zeitung. Included in the ninety above referred to there was one small French sheet published daily in Petrograd, but no English paper in all Russia. These newspapers must have been of valuable assistance to any German trader visiting or trading in Russia, and their number gives some general idea of the extent of German influence.

25. But in more direct relationship to trade than the above, one of the greatest aids the German merchant in Russia possessed was the establishment there of some financial institutions admittedly under German control and the fact that, in some of the Russian commerical banks, Germans had acquired, if not controlling interests, at least very considerable influence. To our knowledge one large financial house with a German name has been closed since the beginning of the war, and another has changed both its name and its ownership. It would have been obviously a very delicate matter to enquire into and very difficult, if not impossible at such a late date, to obtain authentic information regarding the extent of German interests in local banks. Nor was it necessary, as the banks in question are still in existence and have doubtless set their houses in order. During the course of our tour, however, we had several indications of how great had been German influence in some financial institutions and we were, at times, left with the feeling that a certain amount of sympathy still lingered in a few quarters. We may mention in passing, as an instance of this, that even up to the end of November 1916, German mark notes were saleable in certain quarters at rates based on current quotations in neutral countries.

26. The financial facilities afforded to the German merchant were not however restricted to institutions in which Germans possessed a controlling or very considerable interest, as, we found, it was no uncommon thing for him to have his trading account with his Russian banker guaranteed by his own banker in Germany should the former require it. With such financial advantages behind him, the granting of credit to Russian buyers of German goods was not a difficult matter and credit has been the chief means used by Germany in her penetration into the Russian market. Russia is an agricultural country and long credit is of the essence of all trade there. The Russian does not, speaking generally, mind paying the interest in the price which is the natural concomitant of long credit—he likes credit and looks for it. Germany quickly grasped this fact and with the means behind her to meet the demand, her merchants gave credit. Terms from six to nine months were common and in some cases even eighteen and twenty-four months were granted. We were at some trouble to ascertain whether these terms referred only to trade in manufactured articles or applied equally to business in tropical products. We gathered that the former was the case, the trade in raw tropical produce being arranged on "Rembourse" bills—that is three months' bills under bankers' credits—and occasionally for cash on receipt of goods. We are however inclined to believe that, though such may have been the general rule with large firms and known individuals of good standing, yet in the case of small firms the custom in respect to credit probably followed the general one of the Russian market.

27. No one plan was followed by German merchants in pushing their trade. Some houses opened branches in Russia either under their own name or that of their local manager who, not infrequently, became a naturalised Russian. They worked very largely with agents and so avoided some of the difficulties

of Russian company law. These were supported by a large staff of commercial travellers who, for the most part, possessed a thorough knowledge of the Russian language, Russian customs and Russian habits, were thoroughly acquainted with their own articles and those of their competitors, and were frequently past masters in the finer arts of their calling. They were continually on tour and got to know their constituents and their business thoroughly. This personal connection between the purchaser and the supplier was one on which Russians laid very great stress in their conversations with us, and we believe it almost certain that British trade has suffered considerably in the past through the neglect of it. Further, it stands to reason that personal knowledge of constituents must simplify greatly that most important question—the granting of credit. Germans also undoubtedly took risks, but our general information was that, with personal knowledge and the due exercise of care, the proportion of bad debts in Russia need not be high.

28. It is notorious that these travellers and the German agents made a most careful study of the Russian market and its needs. They also prepared elaborate catalogues in the Russian language, weights and measures. This is itself of prime importance, especially in spreading trade among the rising towns of Eastern Russia, which have long passed the stage of villages and where, as we have already pointed out, there are very many merchants transacting large businesses who are so unfamiliar with the units of foreign countries that they simply will not stop to consider any proposition which is not made in poods and roubles.

29. Germany also made another most important province of foreign trade practically her own, namely that of clearing and forwarding agencies. It was in fact a German speciality. The rules of the Russian Customs Department are very strict and demand most careful compliance. The country is vast and the need for more railways and roads is insistent. A firm of forwarding agents who have specialised in getting goods through the Customs Department, in freights, and alternative means of transport are almost indispensable for prompt business. These agencies for a commission received, cleared, stored and distributed goods paying all duties and charges thereon, and at times even collected and remitted sale proceeds. Further, as regards competition between German and British merchants in the trade in raw produce, Germany possessed another advantage, for, whilst British capital largely went into oil fields and copper mines, German capital went into tramways, electric light and other activities touching more closely the life of the larger towns. This meant that whilst British capital was developing mines in remote and out of the way corners, the Germans were in the towns where the new needs of an increasing and developing population can first be gauged.

30. Apart from these natural and financial advantages, the German commercial intelligence system was very highly developed. Merchants, as a rule, relied mainly on their own knowledge of their clients and on the information supplied by their own travellers. The general information so acquired, together with reports on markets, was periodically passed on to the parent house in Germany, which in turn placed it at the disposal of the "Verein" or Union to which it belonged, for the general benefit of all members. The idea of competition in no way interfered with this duty. Russia was a large country; there were spheres of influence enough to go round and individual competition amongst German firms therein was not severely pressed. Germans, of course, used largely their organised information bureaux, such as the Schimmelfeng Bureau in Berlin, which, we were told, had collected much detailed information about even the smaller firms in Russia.

31. German trade further succeeded in obtaining great and active help from shipping companies. Two instances in regard to Indian trade may be mentioned. First, German lines issued through bills of lading from Indian ports to Russia, thereby enabling shippers to negotiate their documents straight away. British lines on the other hand seemed to have issued bills of lading to the port of transhipment only and consequently, before being able to draw on buyers a

firm had to wait till the goods had been transhipped at London or Hull and the onward bills of lading were forthcoming. Such arrangements would draw this trade to German shipping companies and to German ports and so, it would appear, would ultimately tend to favour German firms. Again, we have reason to believe that, through agreements among the larger shipping companies of different nationalities, the difference in freight between certain Indian ports and Hamburg and between those ports and London or Hull was negligible. But freights from Hamburg to the Baltic ports of Russia were one-third to one-half of what they were from London or Hull to the same destination. Moreover, there was a much more regular service between Bremen and Hamburg and these ports than between London and Russia. Thus we believe that, before the war, there were three steamers a week from Bremen to Russia in addition to those from Hamburg, as compared with one steamer a week from London, two a week from Hull and about one a month from Liverpool. Steamship companies in Russia further told us that, even when they offered freight from Indian ports direct to the Black Sea, they were in the past frequently unable to get cargo, as merchants hesitated to ship by them lest the members of the shipping combination would refuse them cargo space later. For this reason goods for the Black Sea were often carried in Austrian Lloyd or Hansa bottoms and transhipped at Port Said or Mediterranean ports. We mention this with hesitation as we have been unable to verify it; if such were however the case, it must have increased the potency of arrangements similar to those first described in determining the course of trade. What actually were the shipping facilities or difficulties between the two countries will presumably be best known to merchants in India.

32. The foregoing relates to trade organisations and facilities controlled by the merchants themselves, but in addition German traders received powerful official aid and protection. The whole idea on which the German Consulates were organised differed from the British one. They were equipped definitely for the promotion of German trade; their offices were centrally situated; they received the active support and help of their own merchants; and Russians very frequently spoke to us in admiration of the manner in which information on almost any trade question could be obtained at the German Consulate—a tribute which they did not extend to our British Consulates. The German Consul in Petrograd had three Vice Consuls to help him and seventeen trained men on his staff, one of whom was an agricultural expert, another a technical one; and from one to three of them were kept constantly on tour for trade purposes, etc. We believe his salary rose to £1,900 and that his staff, etc., were well paid. Though German merchants worked more intimately with their Consuls than did Britishers with theirs, they also often complained of the inadequacy of the assistance they received. In spite of such complaints their Consulates were undoubtedly in a position to help the trade of their own country more considerably than were the Consuls of any other country, except perhaps America and Japan.

33. Germany further increased her commercial hold on Russia by the Treaty negotiated in 1904, when Russia was at a disadvantage owing to the war with Japan. This left many Russian industries at the mercy of German trade, and Russian manufacturers and merchants still comment upon it bitterly. An example which can easily be verified, will illustrate how it worked. The duty on quinine is 2·25 roubles a pood, whilst that on cinchona bark is ·85; but, as it takes 15 poods of cinchona bark to make one pood of quinine, the duty which the Russian manufacturer would consequently pay on a pood of quinine is 12·75 roubles, while the foreign manufactured article was only subject to a duty of 2·25 roubles a pood. (1 pood=36 lbs.)

34. Another and much more legitimate form of the extension of German influence in Russian trade was by the establishment of factories in Russia with German capital and really under German control. German banks would also be interested in these. One such was the great Libau oil mills, crushing copra,

NOTE:—Since the above was written we have seen a book which has just been published in English dealing directly with Germany's commercial methods, *viz.*; "Germany's Commercial Grip on the World" by Henri Hauser, Professor of Dijon University, Translated by M. Emanuel, London, Eveleigh Nash and Company, Limited, 1917.

castor, sesame, etc. The raw produce required would naturally be largely bought through Germany.

35. It is true that these organisations and aids were probably developed for the sake of the trade in manufactured articles but it is clear they would also facilitate and react upon the transport trade and trade in raw products suited for industries.

36. Against this story of organisation the "Times" Book on Russia likens "the commercial efforts of England to those of a miscellaneous crowd, though composed of efficient units, competing with a well-organised and well-drilled army." Obviously our geographical position is not so favourable as that of Germany, nor has history left us with any race speaking both Russian and English. We were thus without the initial advantages which Germany possessed. We did not overcome them by organisation, either financially in the banks or in forwarding agencies in Russia, or by the establishment of colonies in Russia or by organisation at home. More than that, for a long time the attitude between the countries was one of general mistrust rather than of mutual understanding. The individual efforts of our merchants, moreover, had serious handicaps, also possibly serious failings. A serious handicap to British trade has been an absence of adequate financial assistance, and backing. This is a point, however, which is not peculiar to trade with Russia alone; it is also one which is receiving attention in England as witness the proposal for a Foreign Trade Bank. We may mention here in passing that during the autumn of 1916 negotiations were in progress for the opening of branches of the National City Bank of New York in Russia. A second serious handicap, as compared with the German organisation, is to be found in the way in which British Consulates in Russia have been organised, (or not organised) for the development of trade. The organisation of the German Consulate at Petrograd has been described and, although the German colony there was naturally much larger than the British one, yet at the time of our visit, when his routine work had been vastly increased on account of the war by way of licences to export goods, passports, separation allowances, etc., the British Consul had only one Vice to help him and such staff as he could collect. We understand that his salary is about £ 900 and his office allowances are paid quarterly in arrears—which means he has to finance his office himself. At Moscow we found that, on account of the very great increase in the cost of living, the Consul General there had to reduce his staff by one to distribute the salary so saved among other members of his staff, and this though the commercial interests of England in Russia have been greatly stimulated and war conditions have vastly increased his administrative work. We believe that this state of affairs was being remedied about the time we left Russia—after two years of war. In such a system we hardly see how the Consuls could tour (we do not know when was the last occasion on which a British Consul from Moscow visited the Fair at Nijni Novgorod) or become an efficient commercial intelligence agency such as we were told the Germans were, the Americans are, and the Japanese are striving to become. Canada also has now its own Trade Commissioners established in Russia.

37. Finally, as far as we could ascertain, there has been little or no combination among British merchants in Russia or in England who are engaged in the Russian trade for the general furtherance of that trade or the general instruction of suppliers from England.

38. In many of the articles written in the course of the last two years on Russian and English trade, considerable stress has been laid on what has been described at times as the shortcomings of the British trader. Many of these have now almost passed into common places generally accepted, but they were referred to so frequently to us by Russian merchants that we cannot but allude to them. Amongst them are (1) the unwillingness to face the market conditions and customs in the matter of granting credit, due possibly in part to insufficient financial backing but also possibly still more due to a lack of personal knowledge and understanding between the two countries, (2) an unwillingness to study and meet the actual requirements of the Russian market, and (3) a curtness in answering letters and a lack of promptitude in the despatch of goods. We were frequently told that British goods were preferred for reliability and quality to German ones, but that often in some small particular they did not meet the actual needs of the customers and were rarely so rapidly obtainable in case of urgency as goods from Germany, the merchants of which country did not hesitate to use the parcel post if anything could be gained by doing so. Complaint was also frequently made

that in the past British agents had adopted both in regard to their goods and their terms a "take-it-or-leave-it" attitude. The complaints against the catalogues of our country are well known; but all these are instances of a tendency which the Russian almost seems to resent personally, namely, an attitude of indifference. Of the same class were complaints of want of courtesy in answering letters or of excessive brevity in the replies. These complaints were repeated in so many places and in so many cases that we were almost driven to conclude that many Russians thought our merchants went to Russia for the sole purpose of selling such goods as they might happen to have and not for the more important one of developing a safe and large market. Whatever justification these complaints may have, methods such as these will obviously be insufficient to oust Germany from the position her natural advantages and her organisation have given her in the Russian market. They are certainly methods which India, if she seriously wishes to develop this branch of her trade, must at all costs strive to avoid.

CHAPTER IV.

The future. How it can be met.

39. Details of the information we have been able to collect regarding the extent of trade between India and Russia, the location of the chief markets and the channels which such trade has hitherto probably followed, are given under each article in Appendix I, together with notes on the likelihood of return trade. As different parts of that information may possibly only interest different sections, we have placed it among the appendices and only refer here to present conditions so far as they aid an appreciation of future openings. Appendix I will however furnish a fuller and clearer idea of these and of the trend of trade.

40. Although the total annual value of the present trade from India to Russia does not at the most exceed £5,000,000—a figure much below that of France or Germany in pre-war days—and although it is difficult to assess the future value of the Russian market, we think reasons exist why Indian merchants should carefully consider its possibilities. Few efforts, outside of tea, have we believe been made to push Indian products in Russia, yet the figures given in Chapter II show that the tendency before the war was for Russia to take more and more Indian produce. This tendency will probably increase after the war. Russia has a population of say 180 millions, increasing at the rate of about 2 millions a year, spread over a compact country of some 8¼ million square miles. There is thus both the scope and the earnest for future development. The acute economic difficulties experienced during these last years of warfare have emphasized the great need of developing her own industries and of improving and extending her means of communication—both railways and roads. These questions are already receiving attention. The first means an increased demand for those tropical raw products now produced within her own frontiers and essential to the development of industry, *e.g.*, jute, oilseeds, tanning materials, rubber, medicinal plants, etc., and the second means a wider market both for the products made from such articles and for imported goods including tropical articles of food and drink, *e.g.*, rice, tea, coffee, spices. Opinions in Russia naturally differ as to what would be the general economic results of the war, but there was general agreement that for the moment there was a large shortage of nearly all articles usually imported, that there had been large accumulations of savings, and that one result of the long mobilisation of the army would probably be to familiarize many of its members who had come from remote villages with the constant use of what hitherto had possibly been deemed luxuries, *e.g.*, meat and soap, leather, boots and tea. Increases in figures of bank deposits do not necessarily mean savings,—under present conditions they probably largely include accumulations of trade funds awaiting employment. Increases in deposits in the State Savings Bank do indicate savings—and therefore potential purchasing power in the hands of a class whose spare funds are usually low. Before the war vodka largely formed the peasants' joy, the labourers' relief, and absorbed most of their cash. The spirit monopoly brought to Government a gross revenue of about £100,000,000 a year. The sale of alcoholic drinks is now prohibited and it is practically certain that at least the prohibition against vodka will be permanent. Mainly owing to this forced abstinence, but also partly assisted by the lack of opportunities for spending, there has been a phenomenal rise in the deposits in the State Savings Banks. In the official memorandum explanatory of the State Budget for 1917 the Finance Minister referred to it in the following terms:—

> "The increased influx of popular savings into the State Savings Banks, observed since the outbreak of the war, continued to develop undeviatingly, assuming dimensions unprecedented in the history of saving institutions. For five and a half years the total amount of deposits in the savings banks increased by £257,787,300 including £199,353,400 for only the last year and a half, (January 1915 to July 1916). The fund of securities belonging to the Savings Banks grew from January 1st, 1915 to July 1st, 1916, by 58·2 per cent and reached by the end of the first half of 1916, £342,095,238 in face value."

The rise is so striking and dates so steadily from the outbreak of war and prohibition of vodka, that the following table taken from "The Times" of December 30th, 1916 shewing the variations in the monthly deposits in the State Savings Banks is worth scrutiny. Roubles have been converted into sterling at the old rate of exchange, *viz.* £1 = 9·45 roubles, as elsewhere in this report. These figures agree fairly closely with those given by the Finance Minister.

OPERATIONS OF THE STATE SAVINGS BANKS.

Table shewing monthly deposits in millions of pounds sterling for the years 1912-1916.

Month.	Deposits in Money.					Deposits in Securities.				
	1916.	1915.	1914.	1913.	1912.	1916.	1915.	1914.	1913.	1912.
January ...	+12·4	+5·9	+·2	+·88	+·26	+5·7	+1·18	+·72	+·43	+·43
February ...	+10·8	+4·6	—·08	—·14	+·27	+2·67	+1·18	+·42	+·32	+·32
March ...	+8·6	+4·8	—·24	—·2	+·49	+8·8	+1·68	+·32	+·32	+·26
April ...	+5·7	+5·1	—·02	+·06	—·26	+9·9	+1·58	+·18	+·21	+·21
May ...	+7·0	+5·4	+·84	×·62	+·27	+10·7	+1·66	+·18	+·16	+·15
June ...	+18·6	+5·8	+1·3	+·89	+1·04	+3·9	+1·9	+·30	+·25	+·15
July ...	+16·6	+6·0	—4·3	+·98	+1·00	+3·1	+1·17	—·06	+·22	+·16
August ...	+14·6	+8·9	+1·07	—·07	+·06	+1·6	+·9	+·085	+·17	—·07
September ...	+12·6	+6·1	+2·7	+·11	+·01	...	+1·17	+325	+·24	+·02
October ...	...	+8·2	+2·3	+·16	+·21	...	+·96	+·43	+·23	—·016
November ...	...	+4·5	+2·6	+·53	+·66	...	+2·9	+1·48	+·21	+7
December ...	...	+·23	+5·8	·07	+·53	...	+11·4	+1·04	+·32	+·19
Total ...	+107·2	+57·9	+10·1	+4·1	+4·5	+46·9	+27·8	+5·5	+3·	+1·97

On September 1st, 1916, total cash deposits £351·2 millions, total deposits in securities £116·4 millions.

41. The purchasing power of these resources may possibly not prove to be so high as these figures would indicate, for after the war the economical position will be peculiar in that heavy payments will have to be made abroad both on State account and to replenish depleted stocks. At the same time there will be a large internal demand for all home manufactured goods leaving no surplus for export. These foreign payments must therefore mostly be met from surplus agricultural produce which may take some time to appear on the market. Exchange may thus remain adverse for a period. There is no doubt however that Russia is now very short of tropical produce and that general opinion was that hereafter such articles will be consumed more widely and generally throughout the country than they have been in the past. The figures given above indicate that a new and large class may come in as purchasers if they have the desire for such goods, and most of the articles India exports appeal to wide classes

and not to the luxurious few. Further, if a far view be taken of the distant future, when the railway systems of Asia are developed and Siberia is more settled—and this last is going ahead, many of the present Austrian prisoners will probably remain there as settlers—India should naturally be the chief supplier of tropical produce to those new regions. Already Russian Central Asia requires jute to bale a cotton crop which in 1915 was $1\frac{1}{2}$ million bales (500 lb.); and already Tomsk, Omsk and Samarkand are towns of from 60,000 to 70,000 inhabitants, whilst further west on the Volga, Samara and Saratoff boast a population of 100,000 and 200,000, respectively. What, then, people are looking for as some of the economic changes which the upheaval of war will cause, are more industries, better communications, a wider distribution of wealth.

42. It is unsafe to dogmatise, but there are good reasons for considering the above as much more than bare possibilities. Thus, bearing these possibilities in mind, it seems worth while to endeavour to summarise the trend of demand for several of India's products. In regard to articles of food and drink, the taste for rice was obviously spreading before the war. In the last fifteen years the total imports had increased two and a half fold and had trebled in value. Persia is a competitor here, but the biggest increase has been in the imports of cleaned rice through German intermediaries—Rangoon rice (*vide* Appendix I). For Indian millets no demand is likely to arise except on the occurrence of a wide spread famine, which Heaven forbid. In spices there has been a very steady increase in total imports especially in pepper, the imports of which alone in 1913 were worth nearly £250,000. The Russian keeps a very good table and is ready to lay the world under tribute for any flavouring or spices he fancies. Indian chutnies are apparently unknown. In the way of drink India has had great evidence of his preference for tea. The opinion very strongly held in Russia was that the prohibition of vodka would stimulate the demand for both coffee and tea. They must drink something. At present there is "kvass" a pleasing beverage of variable flavour, very like home made ginger beer. But one cannot drink ginger beer or Essentuky, a mineral water similar to Perrier, always. Some change is needed and wines were expensive and probably will remain so. Tea and coffee are expected largely to supply the place previously occupied by alcoholic liquors.

43. In regard to textiles, the figures given in Chapter II shew that in recent years the demand for jute was increasing. Just before the war it was approaching a million hundredweights a year. It seems certain that the market will continue to expand. On the other hand, the need for Indian cotton is likely to be small. Some will probably always be needed, especially in Poland, but the general market cannot be looked upon as large or certain. The centre of the textile industry in Russia is Moscow and the mills there use almost entirely American cotton or cotton grown on the irrigated areas of Russian Central Asia, which is of American type having been grown from imported seed and of which there is nearly 1,440,000 bales (500 lb.) available yearly. Any short stapled cotton which may be required is mostly obtained from Persia and the Caucasus, the production of which is about 180,000 bales (500 lbs.) yearly, all short and harsh like the prevailing Indian cottons. Moscow is, we think, only likely occasionally to take some of the better Indian cottons for mixing with American middling when the prices of Americans are high. On the other hand, we were told that the cotton industry round Lodz in Poland used, as a rule, a much shorter stapled cotton, and that such Indian cotton as Russia took mostly went to Poland. This is not unlikely, because on account of the long railway lead, Persian and Caucasian cotton delivered at Lodz would probably cost as much as Indian cotton coming by sea and mayhap also by canal and river.

44. Some of the tropical oil seeds are also in demand, especially those giving oils suited for soap and edible purposes. Russian linseed is the best in the world and the Indian product can hardly compete with it, but the oil therefrom is chiefly used for paints. Russia has on a large scale only two oilseeds, the oil of which is suited for soap, sunflower and, if treated by the hydrogenation process, cotton seed. Sunflower is grown very extensively round Novorissisk and throughout the isthmus north of the Caucasus, in 1912, on some $2\frac{1}{2}$ million acres with a total yield of $13\frac{1}{2}$ million tons, but compared with tropical seeds the percentage of oil is low, being only about 12 per cent as compared with the 36 per cent in groundnut (monkey nut). During the last four years the demand for soap has increased enormously, and most oil manufacturers anticipate further large developments. The quantity of copra imported into Russia has doubled in the last fifteen years and, according to Russian returns, India already supplies one-third of it. Much copra is used for soap, but more and more is being converted into edible butters, for which a high grade copra is required such as the Malabar product. Groundnuts, as a source of oil, are not known as their use for such purpose is killed by the duty. In the tariff they are classed with chestnuts and whole coconuts as semi-luxuries.

45. Another typical Russian requirement is beeswax for candles for use in the churches. During the process of worship most devotees light a small candle before an ikon, and even the large cathedrals are entirely lighted by these and larger candles. The candles to be used for this purpose are bought at the entrance of the church and must be prepared in accordance with the orders of the Holy Synod; in fact we believe the sale of them is a monopoly of the church. They must be pure beeswax, containing neither tallow nor animal nor vegetable fats. This is a trade in which purity of the article is the only thing that matters. The value of beeswax imported into Russia has been steadily rising year by year and is now about three-quarters of a million pounds sterling, practically all from Germany, though that country collected the wax from India, and other tropical countries.

46. Another trade which seems bound to grow in Russia, and which is of direct interest to the East, is that in rubber. It is not that the rubber will be chiefly used for motor cars and tyres of motor waggons, though there are large factories already in existence for these articles, such as the Provodnik, whose tyres are already known in India, and the Treugolnik. There is, in addition, a very large market for scrap and waste rubber, due to the fact that nearly everybody wears goloshes. The Russian has overcome the unpleasantness incident on a variable climate much better than has the Englishman. All the larger houses and many of the smaller ones are warmed by central heating; and although the cold is much more intense than we ever experience in England, the houses are much less draughty. The Russian is therefore able to wear the same class of clothes throughout the year and meets exposure to winter cold by putting on very heavy overcoats and wraps. In spring and autumn there are long spells of wet and disagreeable weather, to cope with which nearly everyone wears goloshes. On entering any large bank or business house you find yourself in a big hall where you are expected to leave your hat and overcoat and also your goloshes, to receive which latter rows of small boxes are arranged round the room at the bottom of the walls.

47. In regard to hides and skins, we found great difficulty in tracing the course of the trade. Russia both exports and imports hides in large quantities. As far as we could ascertain, she chiefly requires heavy hides (most of her own cattle are on the small side) preferably wet-salted. Against this, however, we came across tanners who had used Indian kips (bought of course in Germany) for the uppers of boots and shoes. The local tanning industry is one which Russia will certainly try to develop, because at present she exports hides and imports leather. Much of this leather is undoubtedly heavy, for the tanning of which we believe oak bark and quebracho are most suited; but she has a large internal demand also for leather not so stiffly tanned. Thus, for instance, long top boots are very widely worn in the towns and the peasantry are giving up their bast slippers and leggings in favour of them. The upper parts of these tall boots are not hard and stiff like an English riding boot, but are made of a much softer and more pliable leather. Further, the class of leather which in 1913 Germany sent most largely to Russia was that suited for the "uppers of shoes, boots, slippers and for upholstery, small leather goods, saddlery and book-binding", obviously all of which could be classed among soft tanned leathers. For such kinds of tanning we believe myrabolams are largely used mixed with other materials and, if this tanning industry develops in Russia after the war, it seems exceedingly likely that she will require large quantities of myrabolams or other substances giving similar effects.

48. Another class of goods in which developments may normally be looked for in the Russian market is "plants suited for medicinal purposes". In the previous chapter it was shown how adversely the Russo-German commercial treaty of 1904 affected the pharmaceutical industry. That treaty is now void and in several places we saw large pharmacy works in course of erection.

49. Village industries still persist in many parts of Russia and different organisations attempt to encourage and keep them alive by arranging markets for their produce. In Moscow, for instance, there is a Museum of village industries

on a plan similar to that of the Victoria Institute in Madras, but considerably larger and with a more varied assortment of articles for sale. Prominent amongst these articles are lacquered, highly-coloured boxes and trays. All round Moscow there is a large demand for shellac and lac-gum, in the production of which India has practically a monopoly.

50. Thus it is seen that the articles which Russia takes largely from India are not fancy or rare goods suited for an exclusive market, but articles which soon become of daily use to large classes, and, if the expected economic changes resulting from the war take effect, the demand for such kinds of goods should develop more quickly than has been the case in the past.

51. We also think that the Russian connection is worthy of India's attention for another reason. India has no longer anything approaching a monopoly of the tropical produce of the world. Siam rice competes with that of Rangoon. West African palmnuts are quoted alongside of copra; and it seems inevitable that competition from Africa and South America in other tropical products will steadily increase. It is generally considered to be beneficial to the stability and progress of trade for large consumers and large producers to be in as close relationship as possible, and it is always an advantage in the face of possible future competition to be first in the field and to secure the connection. Russians too are very faithful to an established connection. We were repeatedly told that they stick firmly to a mark or name with which they have become familiar and with which they are satisfied--another reason for being in early.

52. Finally, the possibilities of return trade from Russia to India are more remote but are not so dim as we imagined. Hitherto, except occasionally for kerosine oil, there has practically been nothing. Her own manufacturing industries are so undeveloped and her internal demand is so large that for several years there is likely to be little surplus for export. Ultimately one might expect to obtain paper, matches, and pasteboard. On the other hand, she has large deposits of copper which are being opened, and this is a commodity which India has in the past bought largely in Germany. But we are inclinded to think that it would be worth while to watch Russia's production of sugar. This is dealt with in greater detail in Appendix I, but her possibilities for producing sugar exceed those of Austria-Hungary and, until the outbreak of war, India paid Austria a million pounds a year for sugar.

53. If the views detailed above are at all correct, the position is :—

(*i*) Russia was steadily taking in the course of her ordinary development more and more Indian produce.

(*ii*) She was needing and taking a varied list of products.

(*iii*) Few efforts had been made to foster or develop this trade or to open out new lines.

(*iv*) Germany had done the bulk of this trade—except in tea.

(*v*) Russia will continue to need these products and possibly others and her needs will probably develop more rapidly than in the past.

(*vi*) In view of eventual competition it should be to India's advantage to establish direct relationships with what promises to be a large and developing market.

(*vii*) India is not badly placed geographically in regard to Russia and Siberia in view of future possibilities.

(*viii*) The Russians have the reputation of loyalty to a connection but demand personal intercourse.

(*ix*) The old ties with Germany are at present broken and, as will be shewn later, the expressed desire in Russia is to get into close relationship with producing countries.

(*x*) The prospects of return trade to India, though remote, yet exist.

54. The immediate question would therefore seem to be whether Indian firms consider it worth while to endeavour to cater direct for the opening now existing and for future possibilities or will be content to leave their trade the step-child of some other country. Germany, who has studied Russia and has had trade relations with her in the past, sits at one gate; Japan, who is becoming more and more active in India, is developing a mercantile marine, and who is now sending her commercial emissaries and information agencies in large numbers to Russia, sits at another. We have not suggested that Germany forged her economic organisation in Russia for the sake of the middleman's profits on the sale of tropical produce. Her agents were there in large numbers primarily for the sake of trade in her own manufactured goods, but by being on the spot, and learning the Russian market, they found other openings which they seized, and much of this middleman's trade was added to them; and, unless India and England now definitely attempt to organise this trade direct, we regard it as absolutely inevitable that it will fall again into the hands of Germany or into those of Japan or be divided between them. Neither of these countries will be primarily interested in Indian products as Indian, when competing goods can be obtained elsewhere, nor in guarding against differential railway rates or tariffs injurious to Indian interests. We cannot know what efforts Indian firms have made in the past to get into touch with Russian interests. All that we do know is that for Britishers to come to Russia to talk about trade in tea, coffee, spices, jute, rice and oilseeds, etc., seemed almost a new feature to many Russian commercial men. With the exception of one Englishman in Moscow doing chiefly an agency business in tea, they did not seem hitherto to have met any on such a quest as ours. Even where firms bought tropical goods largely in London, they had very rarely, as far as we could gather, been visited by a representative of the London house, and on the few occasions that an agent of such a house had appeared, he was usually a German. This was so much the case that the chief partner of one firm which had bought regularly in London a commodity of which India has almost a monopoly—claimed, and possibly correctly, that in his own particular line his was the largest house in Europe—said to us: "You had the goods but the Germans knew how to deal in them." No one would accept that as a full description of British trade, but that was how our methods in the past in the trade in tropical produce had struck him. He had never seen a British commercial traveller. We are convinced that it is impossible to build up a large and permanent trade with Russia by correspondence alone. It is also, we think, hopeless to expect the Russians to come to India in search of goods to buy. How they came to do it for tea, we do not know. But a few did and a large trade has resulted. Hereafter their energies will be chiefly absorbed in the internal development of their own country.

55. Further, time is pressing. There is a very strong feeling against Germany in Russia at present, but that sentiment cannot prevent trading with Germany hereafter if Russia can only get these tropical goods promptly and easily through Germany. Russia cannot wait for her goods whilst other nations learn her needs at their leisure. Besides, it appears likely that whatever political arrangement may result from the war, every nation will have to work harder hereafter, Germany especially so. It seems natural that Germany will necessarily pay special attention to those markets which she has most carefully studied in the past, Russia, South America, Italy. And in the previous chapter we have tried to give some idea of the strength of German organisation for foreign trade. But an opportunity exists now. The great desire in Russia is to get into closer touch hereafter with the original markets. The special branch for foreign trade recently organised in the Ministry of Commerce, Petrograd, and referred to in the introductory chapter, is but an evidence of this. This wish for more direct relationships was repeated to us many times in different forms, and any Indian merchants who now went to Russia to discuss business would receive a most warm welcome. We would, however, put in a note of warning. All phrases such as "capturing the Russian market", "replacing Germany", etc., should be carefully avoided. Not only are they most exasperating to Russians, but from the meaning these terms have in Russia they are untrue. Russia does not want any country to attempt to repeat Germany's economic domination. To suggest it, is only to raise a cloud of prejudice against one and to place one's objects on false grounds. The case is much simpler. India has many products Russia needs. In these matters in the main the interests of the two countries do not clash. Russia is anxious to get into touch with original sources as far as possible; also it is generally advantageous for a producing country to get into as close touch as possible with ultimate markets. Is it possible to arrange trade for the mutual benefit of both? On such grounds Indian merchants can be sure of a cordial welcome in Russia.

56. We consulted many business men in Russia as to what they would consider the best way of establishing such direct trade. The problem has three main aspects on all of which they laid stress.

First.—They impressed upon us as essential the need of men in Russia thoroughly interested in fostering Indian trade and knowing the language, knowing and visiting constituents, watching the market and its changes and developments (for Russia probably promises to change quickly).

Second.—That representation of Indian firms in Odessa and Southern Russia is insufficient for this purpose. The facts in Appendix I show the relative greater importance of the Northern and Western markets of Russia over the Southern one. Odessa cannot serve all Russia. Although railway freights in Russia are low, complaints against their management are if anything more frequent and diverse in Russia than are those in India. In fact, different merchants in Petrograd told us that they preferred to send goods from the Black Sea to the Baltic by boat rather than by trains across Russia. Thus this problem of direct trade includes what is really opening up an almost entirely new market.

Third.—Time is of the utmost importance. If effective action is to result, merchants in Russia would like to see the foundations laid for more direct intercourse before the war is over.

These then are the three main aspects of the problem to keep in view.

57. The traditional methods of British trade are strongly individualistic, and consonant with these traditions there are two customary methods of fostering foreign trade, the one by appointing as agents, firms or individuals already in the country, or the second by sending one of their own members as representatives. Agents for foreign firms can be found in Russia, though we were told that in the past the best were usually Germans. All whom we met required "sole agencies" and generally expected to be allowed to attend to other business as well. Whether agents are appointed or representatives sent, it is of course necessary that whoever is on the spot should know the language, the customs of the country, and the markets, if business is to be successful. On the need for personal knowledge and contact with constituents we cannot insist too strongly. It will repay itself in many ways. We were told by more than one British merchant who had for many years conducted personally a large business in Russia, that with due care and personal supervision bad debts need not exceed half per cent. *per* year. The Russian merchant also lays great importance on personal acquaintance with the heads of the foreign firms with whom he deals; he appreciates personal visits and such visits most frequently result in increased business. In the early stages of a connection, moreover, the smaller Russian houses do not care to buy on samples. To them at present India is an entirely unknown country and, whilst there are possibilities for more direct trade, yet many of the merchants before placing orders would want to see the first two or three consignments, to be satisfied that India can give them the goods they actually require and of the quality they wish. This last is very important because the Russian tariff is one of the highest in Europe and it is not based as a rule on *ad valorem* values but on the gross weight. The result is, for instance, that if a consignment of indigo contains 20 per cent. dirt the Russian buyer has to pay duty on this mud at the rate for pure indigo. It can therefore be well understood that questions about quality and purity were almost invariably among the first that Russian merchants put to us and they seemed to be not thoroughly satisfied in their own minds that goods shipped direct from India would be as pure or clean as they were accustomed to.

58. Another important branch to which merchants would necessarily have to pay much attention locally is that of the Russian laws relating to companies, to bills, and to insolvency, which in some ways differ widely from those in the United Kingdom. A useful summary of some of the main points of these is to be found in the Russian Year Book.

59. In regard to financial facilities for trade, the connections which the proposed British Trade Bank would presumably form in Russia, or those of such an institution as a possible Russo-British Corporation, would be very helpful. At the same time we agree with the Times "Book of Russia" that "it would be a mistake to ignore the thousand and one services which could be rendered by the great Russian banks themselves, with their numerous branches throughout the length and breadth of the Empire." These banks, in their general organisation, resemble closely the German type of bank—that is, they are deposit banks, trade banks and financial institutions combined. They are therefore well equipped for rendering assistance to British trade were the bond of sympathy once well established.

At the start merchants in India would probably require much information, but we do not think it possible to rely upon our Consular service for the supply of this, if that service remains organised as it is at present.

60. To sum up, therefore, given a well organised information service, financial facilities, local knowledge, confidence of the merchants and a knowledge of the language, the trade could thrive under the individual efforts of merchants, but it is perfectly clear that practically none of these exist at the moment, and to acquire such knowledge of markets, such confidence of merchants and such familiarity with the language, etc., would be for each firm working alone, a matter of years and would involve it in much expense.

61. There are also other reasons which make it doubtful whether such methods which require time to develop are best suited to the present juncture. The volume of trade at once offering in some particular line may be insufficient to justify certain firms sending their own representatives to Russia to learn the language and buy their experience, so if reliance be placed solely on individual effort some branches which may easily bear promise for the future, would be neglected. For some branches of trade the openings may seem more attractive, but even then such agents or representatives working independently would possibly not possess sufficient influence to take effective action when any might be needed to safeguard the general interests of Indian trade. And it is probably in the earliest years just after the war that most watchfulness and influence will be needed. Lastly, as it is obviously easier to make a new departure when the old connections have been broken than to wait till they have been re-established, the need is to make the most powerful use of the present exceptional opportunity.

62. It was for these reasons chiefly that those Russian merchants who displayed a real interest in the possibilities of Indian trade strongly advised organisation and co-operative effort on the part of India, and deprecated merely individual attempts. This may seem utopian, but the advice was frequently repeated independently by men to whose views we could not but attach weight. The problem is to obtain mutual confidence, mutual knowledge of each others' requirements, and influence in the respective countries, and to obtain it *at once*. Except in a very few places, Indian houses are not even known by name in Russia. They can carry no weight, they inspire no confidence. The suggestion most frequently made was that, for at least the transitional period after the war, such leading houses in India as are inclined to follow up this Russian trade should combine together and appear before the Russian market as a whole. The association could divide orders among its constituent firms in India who could ship under their own marks and thus get their marks known on the Russian market, but the reputation of the association as a whole would be behind each shipment. The association should embrace, if possible, all forms of Indian trade, so as to secure the markets for those smaller products of India which as additions are of importance but can hardly be pushed severally. Even if the present tea interests stood outside—which would not be improbable as that trade is already so large—the trade in the other articles taken together is very considerable. Such an association as this would be able to enlist the active co-operation of influential commercial men in Russia to a degree that unknown individual firms working severally could not obtain. Such organisations would establish mutual confidence promptly and these in Russia would be of great assistance in appointing local agents or travellers, in keeping in touch with constituents, in giving

information of the needs of the various markets in Russia, their opening and changes—for the latter are bound to come, and fresh industrial centres will be established further inland—and in dealing with government departments and railroad companies, whilst both working in unison should be in a strong position to deal with the difficult questions of shipping. The formation of a monopoly was not suggested. The idea was that the associations could be dissolved after the pioneer work so necessary at the present juncture had been accomplished. There would clearly be great difficulties in forming such an association on the Indian side, but much opinion in Russia was so emphatic on the point that to obtain an immediate standing in the market some effective organisation is needed, that we are compelled to record it for consideration. If the scheme seems at all feasible it would be necessary for some of those interested therein to visit Russia as soon as possible ; they would certainly be welcome. But even if firms who are ready to consider Russian possibilities prefer to work independently or in smaller groups, we hope that some of their leaders may find it possible to visit Russia, to gauge for themselves what the possibilities are, to get to know the banks and to arrange for agents. In regard to the latter, the markets of the North and West should be considered as much or more than those of the South. We kept in close touch with the British Consuls both in Petrograd and Moscow and we are convinced that they would readily help any Indian merchants as far as they were able. A trip to Russia is also of interest outside pure business. We believe that the Indo-Russian trade possesses great possibilities, but we could not disguise the fact that it also presents many difficulties.

CHAPTER V.

Shipping, tables, books of reference. Conclusions.

63. The question of transport is most important and one in regard to which it was, for obvious reasons, impossible to obtain any promise for the future. The matter is rendered more difficult because from the foregoing chapters it would appear that the course of most of the trade is likely to be from seaboards of the Bay of Bengal and of the Malabar Coast to Baltic ports. Tea, of course, will continue to go *via* Vladivostok. So far as we could gather, British companies have never hitherto thought of Indian produce going to Baltic ports. The Russian Volunteer Fleet, on whom we called, told us that on the outbreak of war they were considering a service to Bombay and the Persian Gulf, but it seems to us that it is in eastern India that most cargo will be offered. The Far Eastern boats of the Volunteer Fleet cannot well include a trip up the Bay of Bengal in their regular service as it would so lengthen the period of their voyage from Vladivostok home. Both they and the Northern Steamship Company expressed their willingness to try and meet trade.

64. The impressions we have gathered from seeing both Russian and British companies are :—

I. That in the past most of the Indian produce for the Baltic has probably been carried in German ships *via* Hamburg.

II. That freight charges from India to Hamburg differed very little from those from India to United Kingdom ports on most lines.

III. That probably transhipment charges in Hamburg were to those in London as about 5 or 6 to 7.

IV. That the service from Hamburg to the Baltic was both cheaper and more frequent than from the United Kingdom to the Baltic ; and that therefore for these last three reasons the trade would tend to be drawn to Hamburg.

V. That, as far as British ships are concerned, the Black Sea is mostly served by tramp steamers.

VI. That Indian produce for the Black Sea has most probably been taken chiefly by Austrian Lloyd or Hansa boats for transhipment at Port Said or Mediterranean ports.

65. British companies seem prepared to give through bills of lading wherever they can ensure freight for the onward journey. It does not seem impossible that, as a part of the economic changes of the war, efforts will be made to ensure more regular services between the United Kingdom and Russian Baltic ports. If so, it would seem likely that such efforts would be further encouraged if they knew that there was a strong probability of considerable quantities of Indian produce being offered for onward transmission to those Russian ports. The feeling of the British companies seemed to be chiefly one of surprise that the bulk of the trade was already as large as it is, apart from future possibilities.

66. Repeated reference has been made to the advisability of quoting prices in Russian terms and currency wherever possible. We believe India already quotes in French terms for convenience of the French trade. The Russian tables are very simple, and can be got from many books of reference. We give a few of the commonest.

Weights.	40 funts	=	1 pood.
	1 pood	=	36·114 lbs. or roughly 36 lbs., or ·32 of a cwt.
Lineal.	1 vershok	=	$1\frac{3}{4}$ inches.
	16 vershoks	=	1 archine = 28 inches.
Liquid.	1 vedro	=	2·707 Imperial gallons.
Money.	100 kopecks	=	1 rouble.
	1 rouble	=	2 shillings $\frac{1}{4}$ pence, or
	£1	=	9·45 roubles.

This is at pre-war rate of exchange. At present exchange the rouble is nearer one rupee in value. At pre-war rate of exchange one rouble a pood = ·7 pence a lb.

67. Among the very useful books of reference we would mention :—

1. Données, administratives, économiques, statistiques, commerciales et industrielles, sur l'empire de Russie. Commerce Extérieur : published by the Foreign Trade Branch of the Ministry of Commerce, Petrograd, address :—Petrograd, Poste de la ville. Boite postale de l'Office d'Information pour le commerce extérieur.

2. The Russian Year Book. Eyre and Spottiswoode Limited, East Harding Street, London, E.C. ; Price 12 shillings.

3. The "Times" Book on Russia—Price 2 shillings.

4. Russia—New Temporary Customs Tariff, 1915. A British official publication, Price 7*d*. Messrs. Wyman and Sons, Fetter Lane.

68. We have only now to express our deep indebtedness to Mr. L. J. Kershaw, C.I.E., of the India Office, Messrs. H. Cooke, C.M.G., and Bruce Lockhart of His Majesty's Service in Russia, for most constant help, also to many business men in Russia, both Russians and British, merchants and bankers, for an excellent welcome and for much advice ungrudgingly given. We trust we may be excused for hoping that the interest they displayed may call forth a response in India and that the report now submitted may be of some use to other parts of India as well as to Madras whose Government and Chamber of Commerce initiated this inquiry and first rendered it possible.

January 1917.

D. T. CHADWICK.

G. W. BLACK.

APPENDICES.

APPENDIX I.

ANALYSIS OF TRADE.

Review of possible articles of trade.

In this Appendix has been collected, under each article in regard to which trade exists between the two countries, or seems very possible, the information we obtained in Russia, the extent, character and location of the demand in Russia, and the part hitherto played in the trade by the United Kingdom and Germany as far as we were able to ascertain these particulars. The rates of import duty recorded are those in force when we were in Russia in 1916. They are temporary rates and very possibly will be raised. The first—those on tea—have since been raised. The articles have been taken in the order they generally occur in the Russian tariff table, *viz.*:—

Rice.	Cutch and gambier.
Pepper and other spices.	Indigo.
Coffee.	Other natural dyeing substances.
Tea.	Plants, etc., used in medicine.
Tobacco.	Vegetable oils and oilseeds, castor, copra.
Animal fat.	Lac:
Beeswax.	Gums.
Raw hides and skins.	Rubber.
Leather.	Cotton.
Tanning materials.	Jute.

Miscellaneous—*e.g.*, coir matting, pearls, etc.

Brief notes are added on the state of production in Russia of certain articles in which return trade might develop, *e.g.*, sugar, paper, matches, copper.

In all the statements a uniform nomenclature has been adopted. *All quantities are in thousands of hundredweights, all values in thousands of pounds sterling, from whatever country the figures have been taken.*

The rouble has been converted into pounds at the standard pre-war rate, *viz.* £1=9·45 roubles. It is now of course at a discount of about 40 per cent. No figures have been given for the period of war during which the course of trade has been abnormal.

In the first statements are contrasted the figures of total imports of Indian produce into Russia according to Russian returns, with the total exports from India to Russia according to Russian returns.

General.

These figures for total trade for each year from 1903 to 1913 shew how much greater are the amounts credited to India by Russia than are those credited by India to Russia, and the position according to Russian official statistics occupied by India among the countries which supply Russia's needs.

Russian Returns.

Quantities and values of the imports of Indian goods into Russia for the years 1903-1913.

Year.	Total quantities in thousands of cwts.	Of which tea represented.	Value in thousands of £ sterling.	Of which tea represented.
1903	943·7	5	1,017·5	30
1904	733·1	...	960	...
1905	642·2	...	1,064	...
1906	610·9	...	1,132·8	...
1907	721·0	...	1,573	...
1908	965·4	...	2,130·6	...
1909	999·7	162	200·78	928
1910	1,168·9	180	2,321	1,065
1911	1,481·6	189	3,046	1,128
1912	1,530·6	190	3,169	1,130
1913	1,617·0	191	3,656	1,138

Indian Returns.

Quantities and values of the exports of Indian goods from India to Russia for the years 1903-04 to 1913-14.

Year.	Total quantities in thousands of cwts.	Of which tea represented.	Value in thousands of £ sterling.	Of which tea represented.
1903-04	420	41	527·7	117·2
1904-05	350	83	388·6	219·9
1905-06	197	89	357·9	280·8
1906-07	316	114	502	267·7
1907-08	447	137	657	463·7
1908-09	283	166	691·5	560·8
1909-10	423	93	584	327·8
1910-11	541	278	1,237	994
1911-12	654	236	1,158	873·6
1912-13	644	296	1,328·5	991
1913-14	777	298	1,636	1,110

Russian Returns.

Values of the imports into Russia from different countries in hundreds of thousands of pounds sterling 15 years before the war.

Country.	Average of years 1898-1902.	Average of years 1903-07.	Average of years 1908-12.	1912.	1913.
Germany	226·3	285	460·2	563·3	690·2
United Kingdom ...	121·5	113·3	148	150·7	183·1
China	48·5	75·5	85·9	80·7	89
United States of America ...	45	57·1	85	92·5	83·7
France	30	29·3	55	56·4	60·2
Persia	23·8	25·9	27·7	37·3	49·2
Austria-Hungary ...	27·6	24	33	34·6	37·8
India	8·4	11·5	25·3	31·5	36·6
Holland	11·2	12·5	18·3	20·3	22·7
Turkey	8	7·8	11·3	17·1	19·5
Sweden	4·7	6·9	9·7	11·2	17·9
Italy	10·2	10·9	15·1	15·8	16·8
Denmark	4·9	6·1	8·1	6 8	13·7
Norway	5·9	7·8	9	11·3	10·4
Egypt	71·1	12·8	9·5	3·3	6·1
Various	38·7	50·1	66·5	57·7	65·2
Finland	21·6	28·6	38·2	45·1	54
Total ...	653·3	765·4	1,108·4	1,240	1,454

Russian Returns.

Proportion in percentages contributed by each country 15 years before the war.

Country.	Average of years 1898-1902.	Average of years 1903-07.	Average of years 1908-1912.	1912.	1913.
Germany	34·6	37·2	41·6	·4	47·5
United Kingdom ...	18·6	14·8	13·4	12·2	12·6
China	7·4	9·9	7·7	6·5	6·1
United States of America.	6·9	7·5	7·7	7·5	5·8
France	4·6	3·8	5	4·8	4·1
Persia	3·7	3·4	2·5	3	3·2
Austria-Hungary ...	4·2	3·1	3	2·8	2·6
India	1·3	1·5	2·3	2·6	2·5
Holland	1·7	1·6	1·7	1·6	1·6
Turkey	1·2	1	1	1·4	1·3
Sweden	·7	·9	·9	·9	1·2
Italy	1·6	1·5	1·4	1·3	1·2
Denmark	·7	·8	·7	·5	·9
Norway	·9	1	·8	·9	·7
Egypt	2·6	1·7	·9	·3	·4
Various	5·9	6·5	6	4·7	4·5
Finland	3·3	3·7	3·4	3·6	3·7
Total ...	100	100	100	100	100

Rice.

The Russian customs returns classify rice under three heads—whitened or cleaned, half-cleaned and not cleaned. The customs duties in 1916 on the first was nine shillings a cwt and on the other two 4*s*.-3*d*. a cwt. The partially cleaned rice comes solely from Persia, and that not husked from Persia and Japan. Rice cleaning mills have been established at Baku within the Russian frontier.

It is this Persian rice which supplies most of the markets in South-Eastern and Southern Russia. It penetrates as far as Moscow, though in that town there is a demand for the highly polished Indian rices—Persian rice being considered inferior. Patna and Rangoon polished were grades of Indian rice mentioned to us by name by a wholesale merchant in Moscow as being in general demand there. Owing however to the competition of Persian rice, the main market for Indian is in Northern and Western Russia and Poland, and to a smaller extent in the South-West round Odessa. There has been a steady and large increase in the consumption of rice in Russia, and both in Petrograd and Moscow merchants expected increased consumption in future years. In the last fifteen years the total annual imports have increased from one to two and a half million cwts. and in the last decade the largest increase has been in "cleaned or whitened" rice which in 1913 represented nearly half the total imports of rice. Some half of this was undoubtedly Indian rice, *viz.*, about 600,000 cwts. in 1913, of which only about 120,000 cwts. was consigned direct to Russia and most of it passed through Germany. Our reasons for stating this are :—

(1) That according to the Indian returns, Germany was the chief purchaser of Indian rice.

(2) That according to the German returns, India supplied Germany with more than three-quarters o the rice Germany imported.

(3) That of the "polished" rice which Germany exported, Russia was the largest purchaser after Cuba.

(4) That according to the Russian returns, Germany was the biggest supplier of "cleaned" rice to Russia.

(5) That 63 per cent of the "cleaned" rice which entered European Russia in 1913 came by the Baltic Sea and German land frontiers—*i.e.*, to North and Western Russia. (Out of the 575,000 cwts. so received, India consigned only about 90,000 direct.)

(6) That "cleaned" rice was one of the articles on which the duty was reduced by the Russo-German commercial treaty of 1904—a treaty notoriously favourable to German interests.

(7) That a rice merchant in Petrograd informed us that the chief grade of rice which came to Reval—the chief importing port for rice on the Baltic—was "Rangoon cargo No. 2."

Indian rice—though probably highly polished—would thus seem already to be fairly generally used in Northern Russia and Poland, and the prospects of the future development of trade in rice were well spoken of by merchants.

The average local production of rice in the last five years within the Empire is placed by official agricultural statistics at about 5,440,000 cwts. grown on 585,000 acres. Ninety per cent of this area is found in Turkestan and Central Asia and the rest in Trans-Caucasia. The produce is mostly consumed locally.

Russian Returns.

IMPORTS.

Rice—cleaned (polished).

	Total.		From							
			United Kingdom		Germany.		India.		China.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898	1,034	411	17	16	39	41	1·7	1·6	...	...
1903	445	222	44	17	132	52	15	6·3	80	47
1909	776	387	64	32	288	140	34	17	113	61
1910	637	304	50	24	253	120	20	9·5	16	7·9
1911	727	380	61	32	276	148	75	40	14	7·1
1912	1,036	617	42	27	266	171	80	52	32	17
1913	1,155	764	80	53	300	198	116	77	31	21

	Persia.		Turkey.		Holland.		Remarks.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898	984	342	...	..	...	...	
1903	73	42	...	...	...	...	
1909	48	25	10	5	74	36	Japan and Austria-Hungary little. In 1913 about 100 worth 65.
1910	64	33	10	5	105	51	
1911	120	56	17	9	67	37	
1912	350	179	48	31	125	81	
1913	198	127	204	136	83	55	

Rice—half cleaned.

	Total. Quantities.	Total. Value.	Remarks.
1898 ...	...	...	All from Persia.
1903 ...	911	370	
1909 ...	1,184	430	
1910 ...	1,240	455	
1911 ...	1,271	465	
1912 ...	698	272	
1913 ...	784	384	

Rice—not cleaned.

	Total.		From United Kingdom.		From Persia.		From Japan.		Remarks.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898 ...	...	...	...	...	...	...	...	...	
1903 ...	43	17·8	...	...	1·3	·4	27	10	
1909 ...	49	17·4	...	...	1·6	·5	25	8·7	
1910 ...	320	91	...	...	1	·2	150	41	India *nil*, France slightly more than United Kingdom.
1911 ...	410	122	38·7	11·5	24	7	176	53	
1912 ...	802	254	9·9	2·9	445	146	294	90	
1913 ...	610	206	11·5	3·2	326	106	249	83	

Destination of cleaned rice in Russia in 1913.

	Thousands of cwts.
Total quantity which entered Russia	1,155
Total quantity which crossed the European Frontiers of Russia	914
” ” ” entered by the Baltic Sea	333
” ” ” ” over German land frontiers	242
” ” ” ” ” Austria-Hungary ”	14
” ” ” ” by Black Sea	320
” ” ” ” ” Sea of Azof	...

Indian returns.

Exports.

Rice—cleaned (not in the husk).

	Total.		To United Kingdom.		To Germany.		To Northern Russia.		To Southern Russia.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	38,395	12,002	2,848	843	6,670	1,860	...	148	39	...
1910-11 ...	47,303	15,347	3,514	1,022	6,569	1,959	...	...	...	...
1911-12 ...	51,372	19,124	2,740	933	6,619	2,331	191	56	1	·5
1912-13 ...	54,324	21,479	3,920	1,305	8,285	3,133	79	32	...	...
1913-14 ...	48,397	17,600	3,228	1,130	6,318	2,096	92	27	36	11

N.B.—In these five years Germany took more cleaned rice from India than any other country. The only ones that rivalled it were Ceylon and the Straits. Outside Asia, Holland is a bad second.

Rice—in the husk.

	Total.		To United Kingdom.		To Germany.		To Northern Russia.		To Southern Russia.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	810	159	...	...	*Nil*	*Nil*	...	...	...	...
1910-11 ...	694	141	·2	·1	”	”	...	...	...	...
1911-12 ...	1,105	243	...	...	”	”	...	...	10	...
1912-13 ...	939	225	1·5	·3	”	”	22	6	...	...
1913-14 ..	610	138	...	...	”	”	6	1	...	...

United Kingdom returns.

Imports.

Quantities only.

Rice—other than whole and cleaned.

	Total.	From British India.	From Siam.	From Netherlands.
1909	...	...	..	...
1910	2,477	1,171	789	107
1911	1,960	1,147	161	116
1912	1,906	1,180	121	218
1913	1,744	936	435	173

Rice—whole and cleaned.

	Total.	FROM British India.	Siam.	Netherlands.
1909	...	...	...	...
1910	3,488	2,212	342	567
1911	2,885	1,828	126	565
1912	3,110	2,395	71	447
1913	2,543	1,593	225	524

(Exports *i. e.*, forwarding trade.)

Rice—cleaned and milled in the United Kingdom.

	TOTAL. Quantities.	TO RUSSIA. Quantities.	TO RUSSIA. Value.	Remarks.
1909 ...	...	...	...	
1910 ...	780	19	12	Mostly to Cuba, Brazil, Canada, United States of America, and Nigeria.
1911 ...	718	9	6	
1912 ...	671	4	3	
1913 ...	603	7	6	

Rice—whole and cleaned.

	TOTAL. Quantities.	TO RUSSIA. Quantities.	TO RUSSIA. Value.	Remarks.
1909 ...	...	...	...	
1910 ...	1,352	16	11	Mostly to Cuba and the British West Indies.
1911 ...	1,258	3	2	
1912 ...	1,197	1	1	
1913 ...	1,092	7	5	

N. B.—The totals to Russia of cleaned rice are therefore only, 35, 12, 5, 14, much less than the Russian figures credit us with. Question. Is not the balance here also transhipped through Hamburg?

German Figures.

Quantities only.

Total imports into Germany and chief contributing countries.

From	1912. Rice unpolished.	1912. Rice polished.	1912. Total rice.	1913. Rice unpolished.	1913. Rice polished.	1913. Total rice.
British India	2,190	5,310	7,500	...	...	...
Holland	17	609	626	...	...	...
Siam	62	388	450	...	...	...
Dutch East Indies ...	117	209	326	...	...	...
Gross total imported.	2,431	6,643	9,074	...	...	...

"Special" trade into Germany.

	1912. Rice unpolished.	1912. Rice polished.	1912. Total rice.	1913. Rice unpolished.	1913. Rice polished.	1913. Total rice.
Gross Total	1,976	6,262	8,238	...	...	...
From—						
British India	1,716	4,970	6,686	...	...	...
Holland	...	604	...	...	...	...
Siam	70	410	480	...	...	...
Dutch East Indies ...	113	200	313	...	...	...

Exports from Germany. "Special" trade.

	1912. Quantities.	1912. Value.	1913. Quantities	1913. Value.
Gross Total	3,389	2,068	3,625	2,124
To—				
Cuba	692	393	860	495
Russia	261	173	317	196
Dominica	241	...	226	...
Columbia	186	...	237	...
Portugal	167	...	208	...
Great Britain	170	...	192	...

German transit trade.

Quantities only.

1911.				1912.			
Imports		Exports.		Imports.		Exports.	
Total	885	Total ...	885	Total ...	1,111	Total ...	1,111
From India	735	To European Russia.	167	From India	900	To European Russia.	177
		To Finland	43	...		To Finland	3

Austria-Hungary takes most in the purely transit trade.

PEPPER AND OTHER SPICES, *e.g.* GINGER, CARDAMOMS.

In this case also the Russian consumption is steadily increasing. It is only in recent years that pepper has been shewn separately in the Russian returns and the annual imports of that spice reached before the war from 70,000—80,000 cwts. worth over £ 200,000, of which about ⅗th is credited to India although the direct consignments from India form only about ⅓th of what the Russian figures so credit to India. All the consignments direct from India in recent years are to South Russia, whereas in 1913 pepper entered Russia in practically equal quantities by the Baltic Sea ports, the Black Sea ports and the German land frontier. It would appear as if India were entirely out of touch with the Northern and Western markets in Russia for both pepper and other spices. The figures are not so clear as in the case of rice, but once more :—

(1) According to the Indian returns, Germany is the chief purchaser of Indian pepper.

(2) In 1913 the total quantities of pepper from all sources imported into the United Kingdom and Germany were practically the same, but Germany took more than twice as much from India than did the United Kingdom, and the United Kingdom consigns very little direct to Russia, less than 3,000 cwts. out of a total re-exported of 50,000 cwts. a year.

(3) Separate export figures for pepper are not given for Germany, but the German transit trade figures shew that India and British East Africa practically tie for first place in supplying such German trade in spices and that Russia is the chief ultimate destination thereof.

(4) Both in regard to pepper and other spices the Russian returns credit India with considerably larger figures than the Indian returns shew as consigned direct to Russia, and yet in both cases Germany is the chief supplier of Russia's needs.

(5) In Moscow the variety of pepper we heard mentioned chiefly was Black Singapore, though Tellichery was also slightly known. Both black and white are in demand. A general agent from Lodz said that all kinds of peppers sold freely in Poland. Both this gentleman and those whom we saw in Moscow bought in the past from Hamburg.

(6) Other spices mentioned to us were ginger, cardamoms, saffron, and of course nutmegs and cloves, in which India is not so interested. Dealers in these also as a rule dealt in Curcuma Madras and the various tropical gums.

(7) The Russians are highly skilled in the culinary and confectionery arts, and with the general development of the country it is not surprising that the imports of spices are steadily increasing. The duties thereon are high, *viz.*, for saffron 48·75 roubles a pood (or 2/10 a lb.) ; for cardamoms and nutmegs 16·50 roubles a pood (or

11½*d.* a lb.) ; for cloves, cinnamon, pepper, and ginger, 10·50 roubles a pood (or 7½*d* a lb.) If any of these spices are ground to powder before import, the duty is increased by 50%. The chief market for them is thus in the unground state, but it is clear that to retain the market it is necessary to supply them clean and unadulterated.

PEPPER.

Russian Trade Returns.

IMPORTS.

	Total.		From United Kingdom		Germany.		India.		Turkey.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898 ... 1903 ...		Figures included in other spices cloves, cinnamon, etc., *vide* below.								
1909 ...	55·7	110	5·76	11	26·2	52	10·6	23	4·3	90
1910 ...	69·7	160	6·72	16	33	75	14·7	35	8·6	196
1911 ...	66·2	163	8	20	29·4	74	15·3	37	3·8	88
1912 ...	73·2	207	10·3	31	30	92	13·1	40	2·8	86
1913 ...	77	243	11·8	37	28	85	17·5	54	2·6	79

N.B.—In 1913 the chief other countries were China 1·6, Denmark 2·9, Straits Settlements, 8·9.

Destinations of Pepper.

Total imports into Russia in 1913	77
" " " " over European frontiers	74
" " " " " " " *viâ* Baltic Sea ...	24
" " " " " " " *viâ* German land ...	21
" " " " " " " *viâ* Austria-Hungary land.	·6
" " " " " " " *viâ* Black Sea. ...	28·4

British Indian Returns.

EXPORTS.

	Total.		To United Kingdom.		Germany.		Russia.			
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	107	197	8·3	17	24·4	42	·37	·7	...	...
1910-11 ...	113	229	5·8	11	11·7	23	·04	0·7	...	...
							Northern Russia		Southern Russia.	
1911-12 ...	129	297	10·3	24	21·6	50	...	...	·28	·7
1912-13 ...	112	272	9·7	23	12·6	29	...	...	·13	·4
1913-14 ...	124	290	14·1	32	27·6	65	...	...	·26	·6

The other great receiving countries are Italy, United States of America, France, which follow Germany fairly closely.

*United Kingdom Returns.

IMPORTS.

	Total.		From British India.		Siam.		Java.		French Indo-China.		Straits.	
	Quantities.	Value.	Quantities.	Value.	Quantitis.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1910 ...	172	415	16	30	9	29	8	23	30	59	85	222
1911 ...	159	428	13	28	14	47	39	103	10	23	62	178
1912 ...	169	514	19	49	13	50	78	231	3	8	32	131
1913 ...	117	362	12	31	11	45	26	75	8	18	48	165

EXPORTS.

	Total.		To Russia.		Germany.		Remarks.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1910 ...	48	103	·5	1	10·6	23	United States of America and Canada are the other two great receiving countries.
1911 ...	47	108	1·2	3	4·6	10	
1912 ...	56	156	6·4	16	6·3	21	
1913 ...	51	148	2·7	8	8	27	

German Returns.

IMPORTS.

	1912.	Remarks.
Total	118	
From—		
Great Britain	1·4	
British India	30	In these returns exports of pepper are not shown separately, but Hamburg gives separate figures for pepper.
Straits	36	
Ceylon	1·5	
Dutch East Indies	48	

Hamburg Figures.

Sea-borne trade only.

	1912.	1913
Imports.—		
Total	118	131
From—		
British India and Ceylon and Straits Settlements	57	72
Dutch East Indies	37	39
Exports by sea.—		
Total	70	66
Russia by sea	9·6	9·5

Brazil took more. Other countries much smaller.

Cloves, Cinnamon and other Spices not specially enumerated.

Russian Returns.

IMPORTS.

	Total.		From United Kingdom.		Germany.		India.		Remarks.
	Quantities	Value.	Quantities.	Value	Quantities.	Value.	Quantities.	Value.	
1898	61	170	28	73	22	68	3	8	
1903	75	289	16	53	26	118	22	70	Turkey has given a certain amount other years and latterly China, Denmark and "various."
1909	26	98	7	24	13	58	1	4	
1910	36	143	9	32	16	71	2	8	
1911	33	138	6	24	12	60	5	18	
1912	31	123	5	17	12	56	4	15	
1913	34	142	4	16	12	61	3	13	

CARDAMOMS.

Indian Returns.

Exports.

	Total. Quantities.	Total. Value.	TO United Kingdom. Quantities.	United Kingdom. Value.	Germany. Quantities.	Germany. Value.	Russia. Quantities.	Russia. Value.	Northern Russia. Quantities.	Northern Russia. Value.	Southern Russia. Quantities.	Southern Russia. Value.
1909-10	1·5	14·4		1·3	·3		·03	·4				
1910-11	1·4	13·5		1	·2		·03	·4				
1911-12	1·4	15·8		·7	·3				...	...	·006	·06
1912-13	1	15·3		·6	·17				...	...	.02	·3
1913-14	1·1	20		·9	·1				...	...	·001	·03

GINGER.

	Total. Quantities.	Total. Value.	United Kingdom.	Germany.	Russia. Quantities.	Russia. Value.	Northern Russia. Quantities.	Northern Russia. Value.	Southern Russia. Quantities.	Southern Russia. Value.
1909-10	65·6	107	19	3	...	·03				
1910-11	70	140	21	6	...	·2				
1911-12	69	136	23	5			...	...	·1	...
1912-13	90	158	19	7·1			...	...	...	...
1913-14	82	123	23	6·6			...	...	·2	·4

United Kingdom Returns.

Cardamoms are included in the heading "spices unenumerated," so separate figures are not available.

GINGER.

Exports.

	Total. Quantities.	Total. Value.	TO Germany. Quantities.	Russia. Quantities.	Russia. Value.
1910	16	38	4	1	·3
1911	15	34	2	·2	·5
1912	11	24	3	·1	·4
1913	13	24	2	·1	·3

In the German export returns these spices are all clubbed together, but the returns of Hamburg port (which of course record a part, but usually a large part of the German export trade) shew that in 1913 Hamburg sent to the Baltic ports of Russia ·3 of cardamoms and 1·04 of ginger. Germany is one of the larger purchasers of Indian ginger and gets her cardamoms chiefly from Ceylon and India.

German transit trade.

Spices, including ginger, capsicums, cloves, cardamoms, pepper, saffron, cinnamon.

Quantities only.

	1911.	1912.
Imports.—		
Total	93	115
From—		
British East Africa	20·7	43
India	19·7	31
Straits Settlements	8	5·8
Ceylon	2	2
Exports.—		
Total	93	115
To—		
Great Britain	17·7	21
Russia	27·7	25
Finland	·3	·9
United States of America	10·9	24

COFFEE IN THE BEAN.

Again the consumption of coffee in Russia has increased by 50 per cent in the last fifteen years and Russia—exclusive of Finland—imported in 1913 some 250,000 cwts. of coffee in the bean. Until the outbreak of war, the consumption was increasing every year. Once again according to the Russian figures, Germany supplies three-fifths of this quantity. Once more the direct consignments of coffee from India to Russia are absolutely trivial (about 150 cwts.) and are confined to South Russia, whereas it is North Russia which consumes coffee—more than half the total quantity being brought in through Baltic Sea ports. Once again the Russian returns credit India with about 100 times the quantity which India shews as consigned to Russia (*viz.* 11,500 cwts. as against 150 cwts.). In fact this is more than India shews as sent both to Germany and Russia : but the United Kingdom consigns to Germany about 200,000 cwts. of coffee a year. The British and Russian figures for trade between the countries practically agree, so it would not seem improbable that some Indian coffee is sent to the United Kingdom, booked on to Hamburg and sent thence to the Baltic ports of Russia and there enters as from India. Much of the coffee which enters Russia is polished and painted, but much is transhipped direct on—*vide* the returns of the German transit trade—and the trade in Russia seemed to prefer coffee not artificially painted. In this connection we were told rather a good story—it cannot of course be taken as typical of the trade and only should be taken as a story. "It was Germany who sold us coffee adulterated with imitation beans, and then they came and sold us a machine to separate the two," said a man in Russia to us. It is worthy of note that the races of Scandinavian affinities are greater drinkers of coffee than the more purely Russian ones. From the great emporium of Hamburg, Denmark, Sweden, and Finland, each takes more coffee than does Russia, and half the imports into Russia enter by the Baltic ports. The gross revenue from the monopoly of the sale of vodka and spirit reached before the war about 936,000,000 roubles (or over £ 100,000,000) a year. That has now gone. The prohibition at present is not confined to vodka, but extends also to beer and wine. Undoubtedly the general opinion was that the prohibition of vodka was permanent and would almost certainly be permanent for beer also. The people will drink something. It lies between tea and coffee, or more probably affects both. The real Russian takes more naturally to tea, but coffee also is certain to be drunk more largely especially in the north.

The demand for coffee at the moment is very great and prices are high. Hamburg is closed, and Sweden will not permit the transport of coffee to Russia through her country (or would not when we were there). Thus, if it is possible to get Indian coffee in by Vladivostok, a connection could be started with the northern markets.

It would appear generally that :—

(1) Indian coffee is not unknown on the Russian market, though it only forms a small portion of the total imports—probably about 7 per cent or possibly up to 10 per cent—not more.

(2) Indian coffee is not thus unpalatable to the Russians, as we were told in India we might find to be the case.

(3) The chief market for coffee is in Finland and Northern Russia, with which India has hitherto had no direct dealings. It is this northern market which requires watching.

(4) The consumption of coffee in Russia has been steadily increasing in recent years and is likely to develop much more rapidly owing to the prohibition against spirituous liquors.

(5) Germany has hitherto had over 60 per cent of the coffee trade of Russia in her own hands.

(6) The immediate demand for coffee in Russia is very great.

• The duty on coffee in 1916 was 7·85 roubles a pood or $5\frac{1}{2}d.$ a lb.

Russian Figures.

IMPORTS.

	Total		FROM						Remarks.
			UNITED KINGDOM.		GERMANY.		INDIA.		
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898	159	650	33	123	81	347	3	1·6	The only other considerable source is "various," which in 1913 was just twice India. Ceylon is included in "various."
1903	187	522	18	51	113	314	2·5	7	
1909	227	680	20	60	146	436	3·8	11·5	
1910	227	700	18	56	188	480	2·5	7·7	
1911	223	837	21	80	132	499	11·8	45	
1912	230	1,009	12	55	141	613	•11·5	49	
1913	245	943	17	65	149	374	11·2	44	

In 1913 coffee was received in the following quantities over the various frontiers of Russia.

Total quantity which entered Russia	245
" " " " European Russia ...	236
" " " " " " by Baltic Sea ports	125
" " " " " " over German land frontiers	55·7
" " " " " " " Austria Hungary land frontiers ...	·3
" " " " " " by Black Sea ports	51
" " " " " " " Sea of Azof ports	3

Indian returns.

EXPORTS.

	TOTAL.		To							
			United Kingdom.		Germany.		Russia.			
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.		
1909-10 ...	233	731	110	380	3	...	·07	·2		
1910-11 ...	272	888	81	300	7	...	·2	·7		
							Northern Russia.		Southern Russia.	
							Quantities.	Value.	Quantities.	Value.
1911-12 ...	241	897	78	302	14	...	...	...	·07	·3
1912-13 ...	267	1,044	82	345	8	...	·1	·4	·26	1·2
1913-14 ...	260	1,024	92	369	9	...	...	...	·15	·2

Exports are chiefly to France and to Austria-Hungary.

United Kingdom returns.

	IMPORTS.				EXPORTS.						
	Total.		From India.		Total.		To Germany.	Northern Russia.		Southern Russia.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Value.	Quantities.	Value.	Quantities.	Value.
1910...	937	2,303	118	370	753	1,860	259	10	31	3	8
1911...	775	2,448	67	245	710	2,105	161	10	36	2	6
1912...	673	2,516	95	389	439	1,633	136	13	52	3	14
1913...	846	2,921	67	267	515	1,842	199	14	56	2	9

Imports are mostly from Costa Rica.

The figures for German "special trade" show the exports of coffee to any country as trivial. Another set of returns which purport to give the whole trade of Germany in coffee in 1912 are as follows (*quantities only*) :—

IMPORTS.		EXPORTS.	
Total	4,524	Total	624
From—		*To—*	
Brazil ...	3,180	Russia	106
Guatemala ...	558	Finland	160
Venezuela ...	171	Sweden	76
Salvador ...	107	Austria-Hungary ...	56
Dutch East Indies	116	Denmark	55
Mexico ...	86		
India and Ceylon ...	47		

It is not possible to reconcile these figures closely with the other returns. The German transit figures and those for Hamburg port are as follows :—

German Transit Trade.

Coffee, raw and waste, chicory and roots for mixing with coffee.

	1911.	1912.
Imports—		
Total	865	800
From—		
Brazil	468	427
Venezuela	97	154
India	10	9·7
Exports—		
Total	865	800
To—		
Austria-Hungary	70	69
European Russia	54	46
Finland	27	34
Denmark	169	196
Sweden	164	126
Norway	77	60

Import and export figures for 1912 and 1913 of Hamburg port.

Hamburg is the great centre for this trade.

	1912.	1913.
Imports—		
Total	3,716	4,225
From Brazil (also in large quantities from Venezuela and Guatemala).	2,362	2,683
From India	25	8
Exports—	1912.	1913.
Total	1,627	1,708
To Russia: White Sea	·6	·9
To Russia: Baltic ports	69	63
To Russia: Black Sea ports	19	17
To Finland	197	169

Denmark and Sweden took more still.

TEA.

The story here is refreshingly different. Here direct trade connection between India and Russia exists and the value of the imports is worth over £1,000,000 a year. The direct trade between Ceylon—to which very much South Indian tea goes—and Russia is also well worth over £1,000,000 a year.

Both of these trades have been largely created by Russian merchants coming to Calcutta and Colombo and buying. In the Russian customs returns distinctions have been drawn in the last ten years between black tea (bohea), green tea and brick tea. The imports of all kinds of tea into Russia have increased in the last fifteen years from 958,000 cwts. to 1,428,000 cwts., and of this latter figure black tea accounts for more than half, brick tea for somewhat more than one-third and green tea for less than one-sixth. The declared value of these imports has risen from less than £4¾ millions sterling to over £6½ millions sterling. In the last ten years alone the imports of brick tea have increased by about 70,000 cwts., those of green tea by about 80,000 to 90,000 cwts., and those of black tea by 160,000 cwts. According to the Russian figures, the total imports under each class of tea have been extraordinarily steady, with a tendency for takings of Indian black tea, whether direct or by London, to increase at the expense of the exports from China and Ceylon. The Indian export figures shew a larger increase in the direct consignments to Russia and curiously enough run about 100,000 cwts. more than Russia credits to India. This is a reversal of what is ordinarily found in comparing these statistics for other articles. We are at a complete loss to explain this discrepancy, unless some Indian tea is brought in under the guise of China tea. There is still a certain amount of local prejudice against Indian tea, but the attitude of the large Russian dealers is illustrated by the parting shot of one of them to us—"Tell your planters to grow much more tea and grow it cheap." Their general opinion confirmed the Indian statistics rather than the Russian ones, *viz.*, that the consumption of Indian teas was increasing rapidly. The present consumption compared with that of many other countries is small, about 1½ lbs. per head *per annum*, but the Russians are able to make a pound of tea go further than most. In many business houses tea is procurable at most hours, and on entering a bank or business house several of the clerks may frequently be seen with a glass of tea beside them, whilst many a business deal is conducted over a glass of tea and a cigarette. The sale of tea is considered to be one of the most profitable of retail trades. With this strong predilection for tea, and the low consumption per head, it seems clear that, with the possibility of obtaining vodka removed, a larger demand for tea will develop. And in the competition with coffee, tea has the start throughout most of Russia—especially in the South and East. We were told, and it was confirmed by another tea firm, that the trend of taste in Russia was towards broken teas and the demand for China is likely to lessen further in future years. At present Russia seems chiefly to take the higher grown teas and to eschew carefully anything that is over-fired. It is easier, however, to ascertain the Russian needs in regard to tea than in regard to other commodities, as Russian buyers are established in Calcutta and Colombo. Some Russian firms even hold interests in some Indian estates. Rumours were abroad, at the time of our leaving, that the duty on tea would be raised. It is likely that all duties will be raised, as revenue must be obtained. Tea merchants thought that the further increase of duty would mean that brick tea would further recede in public favour. Attempts are being made to grow tea on the slopes of the Caucasus. The area so cultivated has doubled in the last ten years and in 1912 covered 19,900 acres, giving a reported yield of 2,184 cwts. of tea. Moscow undoubtedly is the centre of the Russian tea trade. Tea imported (we think in Russian bottoms) over the Asiatic frontiers pays 6 roubles a pood (or 4*d.* a lb.) less duty than that imported direct into European Russia. This, with favourable freight rates over the Siberian Railway, makes tea brought by that route to Moscow a very little cheaper than tea brought by Odessa or Petrograd as the following table shows :—

Cost of duty and freight on tea in roubles per pood (i.e. *36 lbs.*) ***at Moscow.***

	Duty.		Freight.		Total.
Via Vladivostok and the Siberian Railway ...	33·5	+	5·566	=	39·066
Via Vladivostok and another route in Russia ...	33·5	+	4·7095	=	38·2095
Via Odessa and rail by one route	39·5	+	1·4198	=	40·9198
Via Odessa and canal	39·5	+	1·3084	=	40·8084
Via Petrograd	39·5	+	·8765	=	40·3765

(*N.B.*—These figures were supplied by the Bourse Committee, Moscow.)

These differential rates only apply in the case of tea and were imposed, we were assured, to attract freight to the Siberian Railway—tea chests forming very convenient freight to handle. Whether this will be continued as the trade with Japan and the East develops, it is difficult to say.

In 1916 the customs duty *viâ* European ports was 39·50 roubles a pood (or 2*s.* 3½*d.* a lb.) and by Asiatic ports 33·50 roubles a pood (or 1*s.* 1¼*d.* a lb.). Germany has had very little part in this trade. No suggestions were made in regard to the manner in which Indian tea is usually packed.

Russian Returns.

IMPORTS.

Tea black (bohea).

	Total.		From									
			United Kingdom.		Germany.		India.		China.		Ceylon.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898 ...	958	4,716	124	602	16	107	60	394	745	3,525	13	85
1903 ...	565	3,394	89	527	3·5	20	5	30	397	2,392	68	404
1909 ...	725	4,268	5	32	3·2	19	162	928	302	1,785	252	1,498
1910 ...	730	4,349	10	58	5	28	180	1,065	279	1,657	256	1,524
1911 ...	702	4,178	10	64	4	25	189	1,128	271	1,613	222	1,320
1912 ...	725	4,312	16	93	3·5	21	190	1,130	312	1,850	196	1,178
1913 ...	728	4,340	17	105	2·8	17	191	1,138	279	1,658	228	1,361

NOTE.—The figures for 1908 include tea of all kinds.

Imports of "green" tea and "brick" tea into Russia.

	Tea green.				Tea brick.				
	Total.		From China.		From Ceylon.		Total.		
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898	The figures are included in tea general shewn above as tea, Bohea.								
1903	80	523	80	...	...	...	510	1,146	All from China.
1909	134	623	121	...	13	...	570	1,326	
1910	147	733	131	...	16	...	482	1,171	
1911	161	797	140	...	20	...	485	1,246	
1912	193	779	135	...	24	...	442	1,123	
1913	167	780	134	...	24	...	582	1,423	

Frontiers over which tea black (bohea) was received into Russia in 1913.

Total imported into Russia	728
" " " by European frontiers ...	541
" " " " Baltic Sea	87
" " " " German land frontier ...	2
" " " " Austria-Hungary frontier ...	...
" " " " Black Sea	93
" " " " Sea of Azof	...
" " " "consigned through to European Russia but *via* Asiatic ports (*e.g.* Vladivostok)	359

Indian Returns.

EXPORTS.

	Total.		To							
			United Kingdom.		Germany.		Russia.			
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	2,224	7,796	1,688	5,878	6·2	23	214	...	763	...
1910-11 ...	2,261	8,240	1,626	5,887	3·5	14	276	...	987	...
							Northern Russia.		Southern Russia.	
							Quantities.	Value.	Quantities.	Value.
1911-12 ...	2,309	8,552	1,710	6,309	5·6	23	121	445	113	422
1912-13 ...	2,473	8,806	1,764	6,297	5·7	20	175	586	121	405
1913-14 ...	2,580	9,961	1,866	7,231	6·3	25	160	594	137	515

United Kingdom Returns.

A.—*Exports of black tea of British East India, in quantities.*

	To		
	Germany.	Northern Russia.	Southern Russia.
1910	7	39	9
1911	6	27	10
1912	7	33	14
1913	7	46	17

B.—*Exports of black tea of Ceylon, in quantities.*

	To		
	Germany.	Northern Russia.	Southern Russia.
1910	7	30	1
1911	6	17	2
1912	6	17	2
1913	6	20	3

German transit trade.

Quantities only.

1911.				1912.			
Imports.		Exports.		Imports.		Exports.	
Total	42	Total ...	42	Total ...	18	Total ...	18
From India ...	24	To European Russia ...	27	From India	·7	To European Russia ...	3
United Kingdom ...	5	...		United Kingdom ...	4	Finland ...	·5
China	8	...		China ...	7		

TOBACCO.

Cigarettes, loosely rolled, of fine cut, lightly cured, mild flavoured tobacco, are very largely smoked in Russia. Most of this is from tobacco grown in South Russia—*e.g.*, Caucasus, Crimea and Bessarabia. The total production in 1911 was 2,466,000 cwts., of which 40 per cent., grown in the South, is of fine smoking qualities. Tobacco imported in the leaf or in bundles of leaves paid a duty of 2*s*.-11*d*. a lb. Tobacco, cut for smoking, ground for snuff, or in rolls, coils, or carrots paid a duty of 9*s*.-10½*d*. a lb ; whilst cigars, cut tobacco enveloped in leaves and cigarettes paid as high a duty as £1-4-2 a lb. Thus it is not surprising that both pipe tobacco and cigars are expensive, and that many of the latter are made from Havana or Cuba leaf rolled near Petrograd. As the duty is on weight and not on value, it would tell still further against the Indian cigar, which is naturally a heavy one. We had one or two enquiries about cheap cigars, but in these conditions such trade seems hardly a possibility, and it is unlikely that the person who chooses his cigar regardless of price will be tempted by Indian ones.

ANIMAL FAT.

Russia has in the past used very large quantities of tallow for soap and candles. In fact, she probably began to use vegetable oils after other countries. Since 1910 her imports have gradually been falling off, but even in 1913 they amounted to 804,500 cwts. worth £1¼ millions, of which 650,000 cwts. came by Baltic ports, 38,000 cwts., by German land, and 61,000 cwts. by the Black Sea. The United Kingdom and Germany are the chief supplying countries in this order, though possibly the imports from the former have tended to decrease and from those Germany to increase. India has not much of this commodity for foreign trade, though Cochin usually exports a little.

BEESWAX.

Once more we return to a commodity of which Germany was the main supplier—in 1913 to the extent of 72,000 cwts. worth £ 559,000 out of 83 000 cwts. worth £645,000. And once again we find an article on which the duty was slightly reduced by the Russo-German commercial treaty of 1904. We called upon the Economic Section of the Holy Synod, Petrograd, who manage these matters, and it was impressed upon us that the first thing they wanted was purity and after that quantity. Taught by experience they will not buy on samples, and we were informed that an agent from Messrs. Sassoons, who is acting for the Synod in this matter, has been sent to India to pass the products offered before purchasing. There is in beeswax a valuable and steady market, but purity is the sole consideration.

Russian returns.

IMPORTS.

	From						
	Total.		United Kingdom.		Germany.		Remarks.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898	11·5	32	·6	2	·8	22	India *nil* throughout. Latterly Holland, Persia, Turkey, France, in small quantities, all less than but approaching the quantity from the United Kingdom.
1903	69·4	478	2	16	38	254	
1909	61	457	7	59	34	262	
1910	60·4	456	3	24	43	325	
1911	70	542	8	62·5	44	346	
1912	84	652	3·5	27	69	540	
1913	83	645	3	22	72	559	

Frontiers over which beeswax was imported into Russia in 1913.

Total quantity imported	83
" " " into European Russia	81
" " " " " " by Baltic Sea ...	68
" " " " " " " German land frontiers	3
" " " " " " " Austria-Hungary "	2
" " " " " " " Black Sea ...	7
" " " " " " " Sea of Azof ...	1

Indian returns.

EXPORTS.

Wax of all kinds other than paraffin.

	To						
	Total.		United Kingdom.		Germany.		Russia.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1909-10	7	39	2	11·6	1·8	10	*Nil*
1910-11	8·5	49	2	14·4	2	12	"
1911-12	12·5	66	2	11·7	3·5	19·7	"
1912-13	7·6	46	3	19·6	2·6	16·7	"
1913-14	9	55	2·6	16	3·8	24	"

United Kingdom Returns.

EXPORTS.

Beeswax falls in the heading "wax including ozokerit and earthwax but excluding paraffin wax."

			To			
	Total.		United Kingdom.		Germany.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1910	14	76	1	4	6	38
1911	18	118	3	16	10	65
1912	18	116	1	6	11	10
1913	16	105	2	12	9	60

German " special trade."

Beeswax and other insects' wax in natural state : combs without honey: beeswax and other insects' wax prepared, and residue therefrom.

Imports. 1912.		Exports. 1912.	
Total	78	Total	67
From Abyssinia	8	To Russia	56
„ Portugal	7		
„ Madagascar	7		
„ British India	5		
„ Cuba	5		
„ Portuguese East Africa ...	5		
„ Morocco			
„ Dominica	4		
„ United Kingdom ...	3		

Raw hides and skins of bulls, oxen, cows, calves, camels, buffaloes, horses, asses, pigs, and skins of fish and amphibious animals, (*a*) dry salted, (*b*) wet salted.

There was considerable difficulty in getting an idea of the hide and leather trade. The classifications adopted in the customs returns of the various countries differ ; the European trade has been centred very largely in Germany ; Russia both exports and imports raw hides, and the actual tanneries in Russia are usually rather small and very widely scattered. But some information of a general character was obtained from different independent sources which corroborated each other. The Russian import figures shew that whilst she imported wet salted raw hides in 1913 to the extent of 910,000 cwts. worth £1,860,000, she only imported 125,000 cwts. of dry salted hides worth £297,000, and that Germany supplied five-sixths of the former and more than half of the latter. In both cases 50 per cent of these imports entered by Baltic sea ports or the German land frontier. It would thus once more seem that the chief Russian market for such imported hides is to be found in the North and in Poland. India consigns practically no hides direct to Russia, nor does the United Kingdom, but Germany was before the war the biggest European purchaser of Indian hides. This is reflected in the German import figures, which shew India as the chief supplier of " neat's hides, limed and dried " (*i. e.*, hides of young cattle, calves, grassers, cows, oxen and buffaloes). The chief exports in raw hides from Germany to Russia fall under the classes neat's hides (*vide* above), and horse hides, both wet and dry salted. In addition to this, however, which represents the trade with Russia in 1916 in hides actually handled or treated in Germany, there is a considerable purely transit trade in hides done by Germany—to the tune of about $1\frac{1}{4}$ million cwts. a year. In this all hides and skins, both wet and dry salted, are clubbed together. Russia is easily the largest customer of this transit trade—about half a million cwts. a year, followed by Austria-Hungary, less than a quarter of a million. The chief suppliers of this transit trade are the Argentine, about 300,000 cwts., and India and Brazil, each with about 130,000 cwts.

The trade then in 1912, according to the returns of the countries in thousands of cwts. can be put as follows :—

German returns.—Exports to Russia.		*Russian figures.—Imports from Germany.*	
Articles treated in Germany.			
Calf skins, raw, green wet salted, also limed and dried.	2	Raw hides—oxen, calves, horses, fish and skins of amphibious animals—dry and dry salted. ...	69
Neat's hides, wet salted	215		
Neat's hides, limed and dried ...	19		
Horse hides, wet and dry salted ...	108	Raw hides—wet and wet salted ...	756
Lamb and sheep skins, raw, depilated and also split.	3		
Goat and kid skins, raw, depilated and also split.	...		
German transit trade.			
Raw hides and skins of all kinds, both dry and wet salted.	481		
Total to Russia	828	Total received from Germany ...	825

This wonderful agreement between the figures is probably an accident ; but Russia does not import sheep skins to any extent, and, if the 3 on the left hand side against lamb and sheep skins be deducted, the two totals actually agree. Yet it seems perfectly safe to say that the dry salted hides received by Russia from Germany come practically entirely through the transport trade—*i.e.*, nothing is done to them except probably re-sorting. This last is most probable, and thus they are shewn in the Russian returns as products of Germany. We believe that the Argentine and Brazil, which, with India, are the main suppliers of Germany's transit trade, ship chiefly wet salted hides, whilst India ships chiefly dry salted hides. We are inclined from these facts to think :—

1. That a considerable part, if not the bulk of these 69,000 cwts. of dry salted hides worth £171,000 imported into Russia, originally came from India.
2. That they were resorted or regraded before forwarding.
3. That there is thus a certain demand—perhaps a comparatively small one—in Russia for Indian dry salted hides.
4. That this market exists mainly in Northern Russia and Poland.

The information we obtained from enquiries supplements these figures very largely, but we have probably missed many other points which are of importance in a trade like that of hides and skins. Since the outbreak of war an attempt has been made to organise the tanning industry, largely to assist it to meet the needs of the Army. The Co-operative Union of Tanners, 47, Liteney, Petrograd, has been formed. It now comprises 700 tanneries in Russia and appears to be undoubtedly growing in strength as it gains experience. It has a representative in London in Mr. Rozmonitt, 57, Bishopsgate, E. C. It hopes and expects to continue as an active purchasing body after the war, and although when we met the Directors, the perplexities of the present situation were naturally most prominent in their minds, they are ready and anxious to prepare for after war conditions. It seems probable that in the development of industries in Russia which is expected to take place after the war, early attention will be given to leather. At present Russia both exports and imports hides and also imports much leather. Russian cattle on the whole run small and the general class of hides which they now import are arsenicated ones weighting 8 lbs. to 10 lbs. and over each. A large tanner in Moscow also confirmed this by saying that what Russia really took from abroad was heavy hides. It would appear that there will always be a demand in Russia for heavies. Another point was, however, put before us which is of temporary interest. The need for supplying the Army with meat—many of whose members in private life never ate meat-has caused much slaughter of cattle. (The country has been on four meatless days a week for some months). This is likely to continue for some time. Therefore just after the war mediums and lights will also possibly be in demand, though the permanent market will be for heavies. Indian hides are not, however, unknown. The Union already referred to was enquiring about them, and a tanner from Dorpat—now out of employ as his town is in the zone of warfare—told us that he bought " Indian kips " from Hamburg, adding that " they often were so scored with marks as to make it possible only to use them for the insides of boots "—a remark which bespoke familiarity with the branded hides of India. We know it may be impossible for Indian shippers to make up special packets of heavies for Russia, and we believe that consignments of hides not infrequently go to arbitration. Absolute direct trade may not then be easy to arrange, but there does seem to be a market for hides in Russia which in 1913 was worth over £2,100,000 and which was then to the extent of 80 per cent. in the hands of Germany. The market, however, is in Northern Russia and Poland. In 1916 the duty on drysalted hides was 82½ kopecks a pood (or ·58 pence a lb.) and on wet salted hides 44 kopecks a pood (or ·31 pence a lb.) Goat skins are mostly bought from China.

Leather.

According to the German returns, Russia chiefly bought from Germany leather coming under the following descriptions :—

1. Leather in pieces of more than 3 kilogrammes, which were entire pieces, back pieces (from neck to tail), other than horse and used for uppers of shoes, boots and slippers in 1912 to the extent of 24,000 cwts. worth £793,000.

2. Leather for harness making, upholstery, small leather goods, saddlery, bookbinding, etc., pigskin—regardless of weight, *viz.*, 3,000 cwts. worth £83,000 in 1912.

Russia was also Germany's chief customer for " goat " leather, kid, dressed (excepting glove and patent leather) *viz.*, 7,000 cwts. worth £332,000 in 1912.

In the category of patent leather Russia was about five times more interested in patent leather of neats', sheep, goats than of calf. In 1912 Germany altogether under these heads sent to Russia 15,000 cwts. worth £551,000.

In leather driving belts, Germany sent to Russia in 1912, 7,000 cwts. worth £137,000.

In other categories of leather, Russia's purchases from Germany were less. It may again be noted that the Russo-German commercial treaty of 1904 reduced the import duties on small leather articles of all kinds, *e.g.*, ladies' bags, purses, cigar cases, letter cases, etc., on note and pocket books, etc., on machine belting unsewn, small round transmission belts, etc, and also very largely (50 per cent) on all morocco leather, glace leather, all leather with stamped patterns, and lacquered leather, small, also considerably (nearly 25 per cent) on large hides, on whole or half skins, and largely (nearly 50 per cent) on all large lacquered skins

Raw hides—oxen, calves, horses, fish and skins of amphibious animals, dry and dry salted.

Russian returns.

Imports.

		Total.		From.						Remarks.
				United Kingdom.		Germany.		India.		
		Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898	...	174	431	10	18	60	104	7·4	15	
1903	...	109	215	11	19	34	44	2·6	6·4	
1909	...	119	258	5	20	56	111	...	...	
1910	...	125	256	4	9	73	148	...	...	
1911	...	114	285	6	11	66	153	...	...	
1912	...	92	189	2	1	51	107	...	...	
1913	...	125	297	2	4	69	171	...	...	

A very little in 1898 and 1903 and nothing since.

The only other country of importance is China, which latterly has supplied, about half or slightly more than half of what Germany does. The rest small lots from various countries.

Frontiers over which dry hides were imported in 1913.

Total quantity imported over European frontiers ...			...	125
Do.	do.	*via* Baltic Sea ...	...	·81
Do.	do.	,, German land frontiers	...	46
Do.	do.	,, Austria-Hungary frontiers	...	29
Do.	do.	,, Black Sea ...	...	5·7
Do.	do.	,, Sea of Azof ...	...	2
Raw hides—oxen, calves, horses, etc., wet and wet salted.			...	·6

Russian returns.

Imports.

		From.							
		Total.		United Kingdom.		Germany.		India.	
		Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898	...	269	474	12	13	175	234	·6	2
1903	...	495	567	36	34	288	286	3	4·3
1909	...	658	1885	26	52	403	783	...	...
1910	...	782	1320	57	87	518	830	...	...
1911	...	725	1360	61	94	470	776	...	...
1912	...	652	1320	18	19	492	931	...	...
1913	...	910	1860	20	30	756	1496	...	...

The other supplying countries give small amounts. Belgium, on last five years' average, gives the same as the United Kingdom, and France supplies about half that of Belgium and Austria-Hungary gives a little.

Frontiers over which wet salted hides were imported in 1913.

Total quantity imported into Russia		... ...	910
Do.	do.	over European Frontiers ...	901
Do.	do.	*viâ* Baltic Sea	463
Do.	do.	*viâ* German land frontiers ...	350
Do.	do.	*viâ* Austria Hungary frontiers	11
Do.	do.	*viâ* Black Sea	19
Do.	do.	*viâ* Sea of Azof	56
Do.	do.	*viâ* Roumania	2

Indian returns.

EXPORTS.

Raw hides—buffalo, cow and calf.

	Total.		To United Kingdom.	To Germany.	To Russia.	
	Quantities.	Value.	Quantities.	Quantities.	Quantities.	
1909-10	837	3,418	61	339		
1910-11	852	3,598	42	341	·3	
					Northern Russia.	Southern Russia.
1911-12	945	3,985	60	342	2	·2
1912-13	1,209	5,372	84	389	·3	...
1913-14	1,116	5,531	42	388	...	...

Raw skins—goat.

	Quantities.	Value.	United Kingdom.	Germany.	Russia.
1909-10	579	2,835	37	8	Russia *Nil.* The United States of America take most.
1910-11	509	2,221	41	8	
1911-12	481	2,082	39	8	
1912-13	521	2,279	56	12·5	
1913-14	453	2,085	40	11	

Raw skins—sheep.

	Quantities.	Value.	United Kingdom.	Germany.	Russia.
1909-10	16		·8	1	Russia *Nil.*
1910-11	23		·2	4	
1911-12	28		·6	2·5	
1912-13	32		1	1·1	
1913-14	33		1·6	2	

Tanned skins—tanned, dressed with alum, tawed chamois leather, calf skins, skins of fish and amphibious animals tawed, thongs for sewing together the ends of machine belting.

Russian returns.

Imports.

	Total.		United Kingdom.		From Germany.		REMARKS.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898 ...	6	53	·6	13·	1	17	India nothing. The rest is chiefly from Persia and apparently much less valuable material than that from Germany and the United Kingdom.
1903 ...	12	115	·6	19·	3	57	
1909 ...	26	785	·6	17·6	18	664	
1910 ...	40	1,160	·6	15·	28	962	
1911 ...	37	920	·6	18·	25	765	
1912 ...	35	653	·5	10·6	22	515	
1913 ...	45	857	·6	19·5	35	776	

N. B. The imports of "chippings and parings of undressed hides" is also considerable, *viz.* in 1913 124,000 cwts. worth £144,000 of which over 99 per cent came from Germany.

Total quantity imported into Russia in 1913	44·8
" " " " " " " *via* European frontiers	38
" " " " " " " *via* Baltic Sea ...	4
" " " " " " " *via* German land frontiers ...	32
" " " " " " " *via* Austria-Hungary land frontiers ...	1
" " " " " " " *via* Black Sea ...	·6
" " " " " " " *via* Sea of Azof	...

United Kingdom returns.

Hides, raw, and pieces thereof—dry salted.

Imports.

	Total.		From India.	REMARKS.
	Quantities.	Value.	Quantities.	
1910 ...	517	1,856	118	Exports are chiefly to the United States of America Russia took very little in 1910 and 1911 and nothing in 1912 and 1913.
1911 ...	462	1,655	90	
1912 ...	677	2,511	127	Germany takes a little, *viz.*, from about 27 to 30.
1913 ...	623	2,688	71	The rest from many different places in smaller quantities.

Raw hides and pieces—wet salted.

Imports.

	Total.		From India.	Remarks.
	Quantities.	Value.	Quantities.	
1910 ...	764	2,417	12	In regard to exports, remarks made against hides, dry, apply.
1911 ...	658	2,092	8	Germany takes about 25 to 30.
1912 ...	940	3,142	20	The rest mainly from Argentine, Italy and Australia in order named.
1913 ...	831	3,160	29	

In regard to skins, Russia takes none from the United Kingdom, and Germany takes nearly half of the United Kingdom's, which in 1913 were 115 worth 1,436.

German Figures.

Their classification is as follows : figures for 1912.

Classification.	Imports.		Exports.	
	Total	From India.	To Russia.	To Finland.
	Quantities.	Value.	Quantities.	Quantities.
Calf skins raw, green wet salted also limed and dried	685	4	2	1
Neats' hides, *i.e.*, hides of young cattle, calves, grassers, cows, oxen, bulls, buffaloes, wet salted ...	2,121	14	215	21
Neats', limed and dried	787	270	19	26
Horse hides wet and dry salted	239	...	108	...
Lamb and sheep skins, raw, depilated and also split	381	...	3	1
Goat and kid skins, raw, depilated and also split ...	220	...	...	...

German transit trade.

(*Quantities only.*)

Raw hides and skins of all kinds, both dry and wet salted.

Imports.	1911.	1912.
Total	1,227	1,209
Argentine	369	285
India	137	134
Brazil	136	148
Austria-Hungary	63	87
Russia	44	88
United Kingdom	27	22

Raw hides and skins of all kinds, both dry and wet salted—contd.

Exports.	1911.	1912.
Total	1,227	1,209
European Russia	575	481
Finland	20	26
Austria-Hungary	229	170
United States of America	85	156
Sweden	75	75
United Kingdom	29	50

Leather.

(*Figures are again in thousands of cwts. and thousands of £.*)

The classification adopted in the German returns is the most complete one and is therefore given. According to the figures of 1912, Russia was most interested in the following categories :—

(1) Pieces weighing more than 3 kilogrammes which are entire pieces (from neck to tail), other than horse for uppers, for shoes, boots and slippers. In 1912 Germany sent to Russia 24 worth 793.

(2) Pieces similar leather for harness making, upholstery, small leather goods, book-binding, etc., pigskin regardless of weight. In 1912 3 worth 83.

(3) In goat leather kid, dressed (excepting glove and varnished (patent) leather) out of a total export of 35, Russia took most, *viz.*, 7 worth 332 and Great Britain took 4 worth 179.

(4) In calf leather varnished (patent ?) leather of neats, sheep, goats, etc., varnished (patent ?) out of a total of 55 worth 2,026 Russia took 15 worth 551 and Great Britain 7 worth 291.

Note.—Russia's interest in the latter head "Leather of Neats, etc., varnished" was about five times that in calf.

(5) Leather driving belts. Out of a total of 19 worth 349, Russia took 7 worth 137.

In other forms of leather Russia took smaller amounts.

Tanning Materials.

Closely allied to hides and leather are tanning materials which will increase in importance if the Russian leather industry develops. The Russian returns do not, as a rule, specify the different articles. Quebracho wood in beams and logs and mimosa bark except when ground to powder are admitted free. All natural tanning materials not ground to powder (under which head comes myrabolams) and all sumac pay a small duty of about $\frac{1}{2}d.$ a lb. under the Russo-Italian commercial treaty.

Tanning extracts entered on favourable terms under the Russo-German commercial treaty now abrogated. Quebracho undoubtedly is the agent most widely used, but even under the first heading (natural tanning materials not ground to powder) and excluding sumac, Russia in 1913 required some 400,000 cwts. worth about £95,000. Her imports under this head have been tending to fall. But Germany has latterly always supplied half Russia's needs and in 1913 to the extent of 207,000 cwts. worth £53,000. Of this quantity, there seems good ground to believe that myrabolams represented at least a quarter. The German Empire export figures do not specify different kinds of tanning materials, and therefore it is not clear how much crossed by the land frontiers into Poland, but the returns for Hamburg port shew that in 1912 and 1913 all the myrabolams entering there came from British India and that 41,000 and 47,000 cwts. respectively were *re-shipped by sea* to Russia. Russia was the largest consumer of myrabolams from Hamburg, followed by Sweden with 11,000 and 17,000 cwts. in these two years. The other chief article which would come under this head of Russian imports is divi-divi, of which Russia took from Hamburg 43,000 cwts. in 1913 and 51,000 cwts. in 1912. Thus about half the 207,000 cwts. bought by Russia from Germany consisted of Indian myrabolams and Columbian and Venezuelan divi-divi. All the divi-divi and most of the myrabolams sent from Hamburg were consigned to Baltic ports, and it is round Petrograd, Moscow and in Poland that the larger tanning interests are found. India had only attempted direct trade with South Russia. The United Kingdom sent no myrabolams to Russia, but she did to Germany.

The Tanners' Co-operative Union, Petrograd, informed us that though quebracho was mostly used, myrabolams also were "very necessary" and needed. A large and old established tanning firm in Moscow whom we visited informed us that they used chiefly quebracho, but also until the war myrabolams, which they bought solely in Germany. They had never known any but a German agent coming round trying to sell tanning materials. He had used up all his stock and had no samples left. Prices quoted were always in roubles a pood at Moscow. Before the war he paid for myrabolams delivered at Moscow from 12·6 pence a lb. to 15·4 pence a lb. (the duty is a half penny a lb.). It was very much cheaper to serve Moscow by shipping through Petrograd than through Odessa. The Germans who were largely interested in valonia had got special rates on the railway for valonia from Odessa to Moscow, but he had not heard of such concession having been asked for myrabolams.

We were led to think that possibly myrabolams were more largely used in Poland than elsewhere. This, of course, we could not verify, but a broker who had formerly been in a large general business in Lodz said that myrabolams were very largely used there, (all from Germany); another, now a refugee, who formerly had been an agent for 16 years in Warsaw in this very line of business for Hamburg and Bremen firms, said they were largely used round Warsaw and Radom. (He also volunteered that Indian kips were also used there); another a Pole who had also been in similar business in Poland in the peaceful days corroborated the above and added that they were bought entirely from Germany and often were sent to Warsaw *viâ* Dantzig and the Vistula. Business was usually arranged on three months' credit after receipt of goods.

Generally speaking, imported tanning materials were only used in Poland and along the Baltic coast, and as far inland as Moscow, and to a slighter extent inland from Odessa. The tanning industry is very widely scattered, but further east and in some parts of the centre, the roads are so hopeless (of which we had ocular proof) and railways are so comparatively few (which is clear to any one) that reliance has to be placed on barks, etc., available locally. Extracts of course can penetrate further than more bulky materials. It seems safe to say that if communications improve—as they must—and if the tanning industry becomes more organised and developed as is expected, the demand and opening for foreign tanning materials must increase. The use of long boots with pliable uppers also seems likely to extend largely, and we believe the use of myrabolams in tanning mixtures has a softening effect.

To sum up:—

(1) Russia has been taking more Indian myrabolams than Indian figures shew.

(2) The United Kingdom have not sent them to her; Germany has.

(3) The chief market appears to have been Poland and inland from the Baltic ports—a market with which India has had no direct contact.

(4) The tanning industry in Russia is being organised and is expected to develop. The chief office of this organisation is at Petrograd.

(5) The development of internal communications will provide further openings for the use of imported tanning materials.

(6) For other possible competitors with myrabolams, *e.g.*, valonia and possibly sumac, advantageous terms of transport have been arranged. No one seems to have fathered myrabolams.

(7) There is a market in the *Baltic provinces* for divi-divi.

Russian returns.

Other tanning materials not ground to powder—excluding sumac.

Import.

	Total.		From							
			United Kingdom.		Germany.		India.		Turkey.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898 ...	479	136	18	4	132	43	...	...	146	47
1903 ...	476	113	36	7	129	34	23	4	207	30
1909 ...	479	104	26	5	185	47	17	3	175	29
1910 ...	568	121	36	10	230	62	13	1	145	18
1911 ..	509	125	54	20	204	59	17	3	102	15
1912 ...	337	88	21	5	174	53	6	·5	82	11
1913 ...	431	95	36	10	207	53	2	·4	83	12

Total quantity imported into Russia in 1913	...	... 431
" " " " " "	over European frontiers	... 420
" " " " " "	*viâ* Baltic Sea ...	... 111
" " " " " "	*viâ* German land frontier	... 159
" " " " " "	*viâ* Austria-Hungary land frontier	7
" " " " " "	*viâ* Black Sea ...	... 107
" " " " " "	*viâ* Sea of Azof ...	... 36

Indian returns.

Myrabolams.

Exports.

	Total.		To			
			United Kingdom.	Germany.	Russia.	
	Quantities.	Value.	Quantities.	Quantities.	Quantities.	
1909-10	1,467	400	645	243	26	
1910-11	1,659	465	681	305	32	
					Northern Russia.	Southern Russia.
1911-12	1,234	334	487	233	...	20
1912-13	1,398	414	687	229	...	10
1913-14	1,236	380	504	271	...	21

United Kingdom returns.

No exports to Russia. Germany in 1913 took 16·8 out a total exported of 22, and in 1912 *nil*, in 1911, 3 out of 8.

German returns.

The German Empire figures do not give separate figures for myrabolams.

German transit trade.

Tanning materials—quebracho, divi-divi, acorns, valonia, myrabolams, sumac, cutch, gambier.

Imports.

	1911.	1912.
Total	2,259	2,123
From—		
United Kingdom	337	328
Madagascar	503	498
Argentine	409	208
India	161	141
British South Africa	345	383

Exports.

Total	2,259	2,123
To—		
Austria-Hungary	587	685
European Russia	1,027	789
Asiatic "	·9	...
Finland	11	15
United States of America	350	320

Hamburg port gives, the following for myrabolams :—

Imports.

	1912.	1913.
Total	192	241
From—		
British India	192	241

Exports.

Total	...	81
Russia by sea — Baltic	28	43
Russia by sea — Black	13	4
Russia by sea — Finland	...	3

Russia is the largest taker of myrabolams from Hamburg, followed by Sweden with 11 and 17, respectively, in 1912 and 1913.

Hamburg figures for divi-divi :—

Imports.

	1912.	1913.
Total	194	194
From British India Ceylon and Straits ...	·4	2

mostly from Columbia and Venezuela.

Exports.

	1912.	1913.
Total	102	92
Russia by sea — Baltic	43	51

CUTCH OR CATECHU AND GAMBIER.

India has consigned none to Russia, though the Russian returns from 1903 to 1911 shew a steadily decreasing amount from India and an increasing, if anything, amount from Germany. The United Kingdom consigned no cutch to Russia and little gambier. Indian figures shew little cutch sent to Germany. The Hamburg port returns would seem to suggest that some was obtained from Ceylon and the Straits. Most of that exported from Hamburg went to Russia—solely to Baltic ports—and then next to Sweden. The Russian total imports are about 25,000 cwts. a year worth £33,000, of which over three quarters were supplied by Germany. We had in Russia a few enquiries about this article. In 1916 the duty on it was about ·34 pence a lb. The chief market appears to be in the north and west of Russia.

Russian returns.

Cutch or Catechu.

Imports.

	Total.		From					
	Quantities.	Value.	United Kingdom.		Germany.		India.	
			Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898 ...	40	32	15·3	16	20	14	...	...
1903 ...	34	46	6	8·5	10	13·7	10	14
1909 ...	25	28	1·9	2	8	9·5	5·4	5·6
1910 ...	37	49	9	12	19·6	25·7	4·8	5·7
1911 ...	26	35	7·04	9·7	12	16·4	1·9	2·7
1912 ...	25	33	4·1	5·8	18·5	25	...	...
1913 ...	24	31	3·2	4·2	14	19	...	...

Total quantities imported into Russia in 1913	... ...	24
" " " " "	over European frontiers ...	24
" " " " "	*via* Baltic Sea ...	15
" " " " "	*via* German land frontiers	7·4
" " " " "	*via* Black Sea ...	1·3
" " " " "	*via* Sea of Azof ...	·3

United Kingdom returns.

Cutch—No exports to Russia. In 1913 Germany took from United Kingdom 1·7 out of a total of 14·8; and in 1912 she took ·4 out of 20·7.

Gambier.—In 1912 and 1913 Russia took 3·4 and 3·1 out of 11 and 8·1—Germany *nil.*

German returns.

The German Empire figures do not give details of export of cutch.

Hamburg port figures for cutch.

Imports.

	1912.	1913.
Total	41	43
From British India, Straits and Ceylon	25	34
From Dutch East Indies ...	The rest	The rest.
Exports.		
Total	20	21
To Russia: Baltic	6	3
To Russia: Black Sea ...	·5	·5
Sweden	4	4

Indian returns.

Exports.

	Total.		To		
			United Kingdom.		Germany.
	Quantities.	Value.	Quantities.	Value.	Quantities.
1909-10	41	45	24	30	2·5
1910-11	91	111	54	74	4·5
1911-12	81	87	50	58	4
1912-13	69	71	43·5	48	3
1913-14	59	62	33·6	39	3·8

Russia *nil.*

INDIGO.

Natural and artificial in every form (excluding indigo extract and indigotin.)

Russia takes annually from 12,500 to 15,000 cwts. worth over £200,000. The bulk of course came from Germany though some is credited every year to India—more than India shews to Russia. The quantity from India is steadily decreasing. Russia is one of the countries which has continued to use natural indigo, *vide* United Kingdom figures for re-exports: but by the German treaty of 1904 the duties on artificial and natural indigo were made identical. In 1916 they were just under $4\frac{1}{4}$*d.* a lb. At present there is a great need for indigo and we were asked that Indian merchants should try sending it by parcels post. Parcel post is very largely used to facilitate prompt (or in present conditions moderately prompt) delivery. Indian indigo was in the past sold by Germany and one who had so bought it from Hamburg said that undoubtedly it was forwarded in the original Calcutta chests. High quality indigo is required. One broker who was more familiar with Indian trade than most, finished his conversation with " Mind you, it is Calcutta 70 per cent indigo that we want, not the others." Moscow which is the centre of the textile industry is the best market for indigo and practically all has hitherto entered Russia by Baltic ports or German land. Central American indigo has recently been tried in Russia but has not so far given satisfaction.

Russian Returns.

Imports.

Indigo—excluding extracts and indigotin.

	Total.		From					
			United Kingdom.		Germany.		India.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898	17	446	2·5	57	3·5	80	5·1	125
1903	13·4	268	1	22	6	121	1·3	26·9
1909	13·4	264	·6	12·7	7·6	153	2·8	58
1910	15	263	1·2	24	9·2	164	3·4	58
1911	15·3	253	·6	10	8·6	140	4·5	65
1912	12·8	212	·6	12·6	8·3	136	2·4	40
1913	12·8	211	...	...	9	149	1·9	30

Total quantity imported into Russia in 1913	12·8
" " " " " over European frontiers	12·1
" " " " " *viâ* Baltic Sea ...	4·7
" " " " " *viâ* German land frontier	6·4
" " " " " *viâ* Austria-Hungary land frontier	1

Indian Returns.

Exports.

	Total.		To									
			United Kingdom.		Germany.		Russia.					
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.				
1909-10	18	235	2·8	34	·1	1·8	1·2	8·8				
1910-11	17	224	3	43	·1	2	2·3	17·6				
									Northern Russia.		Southern Russia.	
									Quantities.	Value	Quantities	Value.
1911-12	19	251	6	83	·4	4			·14	1	1·4	10·6
1912-13	12	147	1·5	15	·4	4			...	...	·6	6
1913-14	11	142	3·4	43	·1	1			...	...	·4	4

Austria-Hungary has taken in these five years about half what the United Kingdom has done.

United Kingdom Returns.

Indigo—natural not synthetic.

Imports.

	Total.		From			
			India.		San Salvador.	
	Quantities.	Value.	Quantities.	Value.	Quanities.	Value.
1910	3·35	43	1·97	26·6	1·2	14
1911	4·92	67·4	3·92	56·7	·8	8
1912	7·07	98·7	6·19	87·8	·61	6·5
1913	4·17	54·7	3·65	48·2	·32	3·5

Exports.

	Total.		To					
			Germany.		Russia.		United States of America.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value	Quantities.	Value.
1910	3·77	56·5	·48	7	·94	18	·71	8·3
1911	2·84	46·9	·28	4	·87	17	·75	11·6
1912	2·11	29·4	·38	5	·23	4	·51	6·3
1913	2·27	32·3	·29	3·5	·43	7·5	·65	8·3

Turkey was the next largest customer taking about ·2.

Other natural vegetable dyes.

It is impossible to trace in the Russian returns vegetable dye stuffs, other than indigo and cutch, which have possibly come from India. They would fall under one of two comprehensive headings, either "Dyeing substances, natural—vegetable not specially mentioned, not ground to powder, including quercitron in any form and dyewoods in logs and blocks" or "All sorts of natural plant colours, not milled and not specially mentioned."

Under the first of these headings, Russia imported 418,000 cwts. worth £73,000 of which nearly two-thirds came from South America, and nearly one-third from Germany. India is credited with nothing. The chief ports of entry are those in the Baltic. Under the second heading, Russia has recently imported annually from 24,000 to 47,000 cwts. (the last is the figure for 1913, a record) worth from about £9,000 to £20,000. They have come from most countries in small quantities, *e.g.*, Persia, Turkey, France, Afghanistan, but Germany has been drawing the trade more and more into her own hands, in 1912 supplying 50 per cent. of the total and 80 per cent. in 1913. After her, at a very long distance, come India and Persia, about equal. The value of the Indian imports in 1913 was £2,300. In 1913, out of the 47,000 cwts. imported, 41,000 cwts. entered European Russia as follows: 37,000 cwts. by Baltic ports, 400 cwts. by German land and 3,600 cwts. by the Black Sea. When not ground to powder, the duty on articles falling under all these headings is 7¾*d.* a cwt. but if ground it is much higher, *viz.*, ·34*d.* a lb.

Possibly turmeric, in regard to which some enquiries were made in Moscow, is classified under this last head.

Plants and parts of plants used in medicine.

This is another heading so vague that customs returns are of little assistance in tracing trade. The total imports were about 33,000 cwts. valued at £50,000, of which 30,000 cwts. entered European Russia as follows:—

15,000 by Baltic ports.
11,000 by German land.
4,000 by Black Sea.

Of the total, Germany supplied four-fifths. The amount credited to India in the Russian returns was steadily dwindling and was nothing in 1913. In this case however the returns of previous years afford no indication whatever of the possibilities of future trade. The preparation of pharmaceutical and chemical products form the great example of an industry stifled by the Russo-German commercial treaty of 1904. We have already referred to the case of quinine in Chapter III. The case of opium and morphia seems to have been still more extreme. Raw opium under Article 116 paid a duty of 22·50 roubles a pood or 15¾*d.* a lb., whilst morphia paid 56*d.* a lb. We believe it requires something like 10 lbs. of opium to make one pound of morphia, and so the Russian manufacturer paid in duty 101 pence per lb. more than his foreign (really German) competitor. The extraordinary disadvantages of this arrangement were emphasized when war broke out, producing a large demand for drugs at the very time when the foreign supply was cut off, and there were practically no local agencies which were sufficiently equipped to take its place. The pharmaceutical trade is under close Government control as to the composition of drugs, the licensing of factories, the qualifications of the men who work therein, the location and distribution of what we so wrongly and loosely call "chemists' shops"; and we had ocular evidence of the capital which is being sunk in expanding existing works and creating new ones. It is not expected and is almost unthinkable that the ante-war state of affairs can ever recur. Not as regards opium and morphia but as regards the other plants and their alkaloid derivatives, the inequality of the duty has already largely been rectified, for whilst the duty on the raw product has been hardly changed, that on all the alkaloids has been put up to 60 pence a lb. After the big war demand is over and the Russian works are equipped, it seems probable that duties will be so arranged as to protect the local works. Thus the imports before the war of the raw medicinal plants afford no criterion of needs after the war. It seems best to give lists of medicinal plants and of plants with essential oils which large pharmacies said they would require in considerable quantities after the war (and also now if possible).

Radix Curcumae (Turmeric).
 „ Galanga.
 „ Jalapae.
 „ Zedoarioe (Cochin Turmeric).
 „ Zingiberis—white bleached ginger.

Cinnamon and cinnamon oil.

Cassia Lignea.

Cinchona bark (one large dealer said he would be glad to be free of the Dutch combine).

Tinnevelly senna leaves and pods.

Cannabis Indica.

Saffron.

Cubebs.

Cardamoms.

Croton seeds and oil.

Nux Vomica.

Asafoetida.

Gum Benjamin.

„ Arabicum.

Kino (*Note.*—Pterocarpus Marsupium? N. Malabar).

Sandal wood and sandal wood oil.

Fructus Beloe.

Guajacum.

Ajwani seed and thymol.

Castor seed and medicinal castor oil.

Lemon grass oil.

Tamarind and fenugreek.

Most of these had been purchased in the past from Germany. The centres of these pharmaceutical industries are Moscow and Petrograd and any connection that might be made would have to be worked up there. We regret that we forgot to look into the conditions on which opium can be imported.

VEGETABLE OILS AND OILSEEDS.

Vegetable oils fall under Article 117 of the tariff and pay duties as follows :—

(1) Fatty oils (olive, laurel, cottonseed, etc.), not specially mentioned, boiled oil, siccative oil (" oliga ")	... 2·17 pence a lb.
(2) Castor oil and alizarine oil	... 3·05 „ „
(3) Coconut and palm oils	... 1·27 „ „

Most oilseeds and copra come under Article 62 (3) and pay a duty of ·1925 pence a lb. or 21·56 pence a cwt. But ground nuts and whole coconuts fall under Article 11 and pay a duty of 1·05 pence a lb. or 117·6 pence a cwt. or more than five times that of copra, cottonseed, sesamum, etc.

These duties are sufficient to prevent the imports of vegetable oils and to restrict the use of groundnuts to confectionery, dessert and the small boy.

The use of vegetable oils both for soap and edible fats has increased very greatly of late years. One firm which had for many years been largely interested in soap, said the consumption was now increasing yearly by 20 per. cent to 30 per cent and that the demand was especially for high grade soap. One of their factories was now turning out 80 tons a day for the Government, and it was expected that the long mobilization of this war would result in a permanent increase in the use of soap. Formerly tallow was mostly used on account of low customs duties thereon but latterly vegetable oils have been more and more used—especially since the adoption of the hydrogenation process. This opinion was confirmed at all works we visited. In addition the demand for vegetable fats in edible form has increased, and is sold under various names such as " Kukonal " or " Kuknerol ". In this form provided it is pure and of a good white appearance, and is marked (or the barrel is marked) with the Rabbi's stamp, it is used by the Jews at Passover. This means a very large sale within " The Pole " of South-Western Russia. It is, however, also being used throughout the year as or with butter. Another particular use for vegetable oils is for the oil which is burnt before all ikons. Strictly speaking this should be hemp seed oil, but mixtures with other vegetable oils are now allowed. The chief centres for oil crushing, etc., are at Libau (a very large and well equipped factory was established here under German auspices with a branch at Odessa), Petrograd (notably the Astra works on the Obodny Canal, Petrograd), Odessa, and for the local sunflower crop at Rostof and Ekaterinodar in South Russia. It is this crop which is grown in the tract between the Black and Caspian Seas, which is now for general purposes the most important oil crop in Russia. The annual output is about 4½ million cwts. Much however is eaten by the peasantry and workmen. It only contains 12 per cent. oil and is a somewhat uncertain crop, as it is very susceptible to early frost; and the market is

largely controlled by banks and large interests which advance heavily to the farmers on the security of the crop. In spite of this, the imports of copra into Russia have doubled in the last fifteen years and in 1913 were 11·3 million cwts. worth £2 million.

Sesamum seed.—The consumption in Russia has hitherto been small and the bulk of the imports have come from Afghanistan into Central Asia and Turkestan. Of the small quantity of 10,500 cwts. which entered European Russia in 1913, 7,000 cwts. came by the Baltic Sea ports and came from Germany. Just before the war the oil mills in that part of Russia were beginning to use sesamum seed. We believe that the addition of a certain percentage of sesamum oil to all nut butters is obligatory in Germany.

Castor seed.—For some years the annual imports have run about 180,000 cwts. worth £73,000 in 1913. Germany does not give details for her trade in castor seed and the figures of the United Kingdom and Russia are in this case contradictory. India has sent practically none direct, and it would seem as if most of the castor seed was really bought through London. However that may be, it is again the Baltic Sea ports which receive the bulk of this crop, *viz.*, 172,000 cwts. out of a total 182,000 cwts., and not South Russia with which India has hitherto traded. The big mills of Libau made a speciality of castor seed crushing. In this trade the mills are reported to have given very long credits.

Copra.—The imports in 1913 amounted to 1⅓ million cwts. worth a little over £2,000,000. As usual, most came from Germany—over half a million cwts. worth over £800,000—though the next largest quantity is credited to India, far in excess (ten times) of the quantities shown in the Indian returns. The figure in fact is suspiciously high, as if correct, it would form a very high percentage of the total Indian crop, but there is no doubt that copra was imported into Russia more largely than any other oilnut, and that the demand is steadily turning towards the better grades. The largest mill in Petrograd informed us clearly that originally they worked chiefly on Singapore copra but were now working almost entirely on Ceylon. This tendency of trade is of interest to India as it would contradict the old statement that " Malabar copra is too expensive for Russia." In this article the United Kingdom has sent a fair amount—220,000 cwts. in 1913—to Russia somewhat more than Russia credits her with. Part of this also was possibly Indian copra. Once again the chief market is in the north, more than twice the quantity having entered by Baltic ports than was delivered in Black Sea ports.

Groundnut.—As explained above this oilseed, important both for soap and edible oils, has not a chance owing to its being classed as food stuff along with chestnuts and whole coconuts. The position is further accentuated by the fact that these nuts when imported without the shell pay an additional 25 per cent. duty. We can understand unshelled nuts being eaten, but we cannot conceive of people being tempted to eat some of the shelled nuts we have seen shipped from Madras. So little are the possibilities of groundnuts known in some of the oil centres of Russia that we bought some for a few pence and carried them about in our pockets to chew. One firm, we are glad to say, had some crushed in their mills and was surprised and pleased with the oil that resulted. They thought it was similar to cotton seed oil in quality and utility; we always understood it was superior.

Cotton seed.—Russia imports very little, if any, cotton seed. Central Asia and Turkestan gave in 1915 a record crop of about 1½ million bales (500 lbs.) and Trans-Caucasia added another one-fifth of a million so that these tracts gave probably about 20 million cwts. Most of this would certainly be used locally for cattle food and seed, but the balance suffices to meet most of the demands of the oil crushing industry.

Vegetable oils.—A very little cotton and castor seed oil is imported annually. In fact all imports of these oils are low, the only one worth mentioning being coconut oil, which from 26,100 cwts. worth £54,000 in 1910, had dropped in 1913 to 8,200 cwts. worth £18,900. Germany always supplied about three quarters of the total imports, of which 7,400 cwts. in 1913 entered European Russia as follows : by Baltic ports 4,500, by German and Austrian land frontiers 1,300 each, and 300 by the Black Sea.

Sesamum Seed.

Russian import figures.

The total quantity imported into Russia is not very large, and in the last five years has been very constant in quantity, showing a slight tendency to decrease. In 1913 the import was 68 worth 53 of which 55 worth 43 came from Afghanistan and 7 worth 5 from Germany. This is about the normal distribution, except that in the early part of this century and up to 1911 India sent a little to Russia. In 1912-13 India sent nothing but Germany sent more. The quantities are as follows in thousands of cwts. :—

	1903	1909	1910	1911	1912	1913
Germany ...	·9	·9	...	·9	3·6	7
India ...	·9	·9	5·4	·6	...	...

Total quantity imported into Russia ...	68
" " " " " *via* European Frontiers ...	10·5
" " " " " *via* Baltic Sea...	7
" " " " " *via* German land frontiers...	...
" " " " " *via* Austria-Hungary land frontiers...	
" " " " " *via* Black Sea...	3·5

Indian Returns.

Exports.

	Total.		To			
			United Kingdom.	Germany.	Russia.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	2,984	1,773	14	247	...	...
1910-11 ...	3,247	2,136	1	190	...	...
					Northern Russia.	Southern Russia.
1911-12 ...	1,896	1,351	·7	212	...	1·5
1912-13 ...	1,557	1,216	1	172	·6	3·5
1913-14 ...	2,244	1,797	...	330	...	25

France, Belgium, Italy and Austria-Hungary take the bulk.

United Kingdom.—Sesamum seed is not specified in the United Kingdom figures.

German statistics do not give separate figures; Hamburg port shews 37 sent to Russia in 1912, and 45 in 1913.

Castor Seed.

Russian Returns.

Imports.

	Total.		From					
			United Kingdom.		Germany.		India.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898 ...	356	190	234	115	4	1	23	137
1903 ...	455	235	119	53	216	138	21	52
1909 ...	156	51	88	28	66	22	...	...
1910 ...	183	55	100	34	77	18	...	...
1911 ...	194	56	143	39	43	15	...	...
1912 ...	127	40	82	25	42	13	...	...
1913 ...	183	73	43	24	123	43	11	11·7

Total imported in 1913 into Russia ...	183
" " " " *via* European frontiers ...	182·5
" " " " *via* Baltic Sea ...	172
" " " " *via* German land frontiers	10·5

Indian Returns.

Exports.

	Total.		To			
			United Kingdom.	Germany.	Russia.	
	Quantities.	Value.	Quantities.	Quantities.	Quantities.	Value.
1909-10 ...	1,901	840	1,027	82	8	...
1910-11 ...	2,148	1,100	1,114	150	4	...
					Northern Russia.	Southern Russia.
1911-12 ...	2,404	1,178	1,109	74	...	10·5
1912-13 ...	2,213	1,092	1,022	110	...	3·5
1913-14 ...	2,698	1,337	1,114	195	...	...

United Kingdom Returns.

Separate figures only for 1911, 1912 and 1913.

	Imports.			Exports.		Remarks.
	Total.		From India.	Total.	To Russia.	
	Quantities.	Value.	Quantities.	Quantities.	Quantities.	
1911 ...	1,299	776	1,288	442	317	
1912 ...	1,095	667	1,087	267	224	Balance mainly to America.
1913 ...	1,206	711	1,203	256	224	

The German Empire returns do not give separate details for exports of castor seed. Hamburg shews as exported by sea to Russia, 57 in 1912 and 145 in 1913.

COPRA.

Russian returns.

Imports.

	Total.		From							
			United Kingdom.		Germany.		India.		Various.	(Ceylon Straits.)
	Quantities.	Value.	Quantities.	Value	Quantities.	Value.	Quantities.	Value.	Quantities.	Quantities.
1898 ...	676	444	101	74	89	63	174	101	130	95
1903 ...	1,051	820	109	85	245	188	402	307	99	73
1909 ...	1,188	1,116	213	193	467	452	369	344	29	25
1910 ...	1,307	1,384	220	231	542	573	406	430	40	42
1911 ...	1,430	1,665	192	229	472	555	579	664	78	95
1912 ...	1,248	1,655	138	182	503	665	447	591	100	129
1913 ...	1,323	2,045	146	224	557	866	416	541	101	154

Total quantity imported into Russia in 1913 1,323
" " " " over European frontiers ... 1,323
" " " " *via* Baltic Sea... ... 885
" " " " *via* German land frontiers 34
" " " " *via* Black Sea... ... 404

Indian returns.

Exports.

	Total.		To			
			United Kingdom.	Germany.	Russia.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	534	497	4	376	23	...
1910-11 ...	450	526	6	349	25	...
					Northern Russia.	Southern Russia.
1911-12 ...	638	760	41	473	30	1
1912-13 ...	687	859	44	548	20	23
1913-14 ...	764	1,040	7	480	57	16

The other two large consuming countries are France and Belgium.

United Kingdom returns.

Separate figures only given for 1913.

Imports.—616 worth 897, of which 62 worth 93 were from India, the balance was from Australia, Straits, New Zealand and Philippines in the order named.

Exports.—332 worth 486, of which 220 worth 324 to Russia and 64 worth 90 to Germany.

German returns.

	1912.	1913.
Imports :—		
Total ...	... 3,625	
Dutch East Indies	... 1,510	
British India ...	... 750	
Ceylon ...	... 665	
Exports :—		
Total	... 23	
Austria-Hungary	... 9	
Spain... ...	... 8	
Russia ...	... 4	

It would thus seem that Russia got most of her copra through the German transport trade without rehandling or re-treating: *vide* transit figures.

Hamburg port figures.

	1912.	1913.
Imports :—		
Total		
British India, Ceylon, Straits	... 4,530	4,029
	... 2,209	1,364
Dutch East Indies	... 1,251	146
Philippines	... 40	...
Exports :—		
Total	... 1,443	1,145
Baltic ports ...	... 519	477
Russia Sea.		
Denmark ...	... 447	230

German transit trade.

Oilseeds, including groundnut, cottonseed, copra, mustard, sesame, poppy sunflower, soya, castor, illupei, palm nuts, etc.

	1911.	1912.
Imports :—		
Total... ...	... 3,838	4,124
British India ...	... 719	638
Dutch East Indies	... 930	610
British West Africa	... 736	918

Exports :—

	1911.	1912.
Total...	3,838	4,124
Austria-Hungary... ...	1,905	2,234
European Russia... ...	787	669
Finland	60	20
Denmark	506	454

Coconut Oil.

Russian returns.

Imports.

	Total.		From					
			United Kingdom.		Germany.		India.	
	Quantities.	Value.	Quantities	Value.	Quantities.	Value.	Quantities.	Value.
1898	7	10·7	2·2	3·7	2·4	3·5	·0	...
1903	7·3	11·6	2·9	4·7	1·4	2·6	·06	...
1909	27·8	45·6	1·6	2·9	15	25·6	·2	...
1910	26·1	54	8·6	18·5	13	27·8	·09	...
1911	26·6	35·1	2·1	5	12·2	26·7	·03	...
1912	15·6	22·3	·6	1·17	7·7	16·8	...	...
1913	8·2	18·9	·8	1·8	4·5	10·7	·5	1·1

Total imports in 1913	8
" " into European Russia...	7·4
" " *viâ* Baltic ports	4·5
" " *viâ* German land frontier	1·3
" " *viâ* Austro-Hungarian frontier	1·3
" " *viâ* Black Sea	·3

Indian returns shew that no coconut oil was consigned direct to Russia, and that in 1909-1910 and 1910-11 Germany was far and away India's largest customer and in 1911-12 and 1912-13 followed hard on the United Kingdom.

The United Kingdom returns show that most of the coconut oil exported is classed as unrefined, *viz*: 1,220 in 1913. Of this Germany took 130 and Russia nothing.

In the German transit trade returns, coconut, cotton, castor oil, etc., are all clubbed together. For transit purposes Germany took 782 and 852 in 1911 and 1912, respectively, of which 58 and 43 came from India. Russia and Finland, however, only took 30 and 20 of this transit trade.

Lac and Gums.

It is very difficult to say under which head of the Russian returns this comes. There is one heading with three sub-heads (in alcohol, turpentine, in oil) beginning with the word " Lakey " which word in Russian appears also to cover our word " Varnish." Lac is most probably included under Article 87-1 of the tariff

" Gums, resins, etc." under which heading amounts well in excess of those shown against Russia in the Indian returns are credited in the Russian ones to India. But in every case the general result is the same. Germany is, according to the Russian returns, the chief supplier to well over 50 per cent. According to the returns of German transit trade in gums, etc., Russia is the chief customer. Also the big market for lac is in Northern Russia, really the main centre is Moscow. We had much evidence that German firms and German houses by means of German travellers sold much lac in and around Moscow. One firm which had dealt uniformly with London said that he was often visited by such agents who frequently offered lower terms than the firm in England with which he dealt, but he admitted that the British article was of better quality. The terms on which the Germans worked were 6 months' credit after the purchaser had got the goods. Refusal of goods by smaller men was very rare. Another wholesale house said they had always bought shellac in Hamburg from Germans—T. N. Brand. That it came on in the original cases was clear, because they had found in some packages Indian addresses from up country Bengal. They had tried writing to these to arrange direct trade but had never got a reply.

The duty in 1916 on " gums, resins, etc." was ·756 pence a lb., but on " lakey " (probably varnish) was 12·705 pence a lb. Among other gums about which enquiries in Moscow were made, were gum arabic, gum cordoan, gum benjamin and olibanum. There has been a certain amount of direct trade between India and Russia in this last, although in the general heading in which it comes, *viz.*, olibanum, asafoetida, manna, Germany has done most of the trade. The duty on olibanum was 2·52 pence a lb. in 1916.

Lac.

It is not clear under which heading in the Russian custom returns lac falls. Article 87-1 comprises raw materials described as " Gums, resins, resinous substances and balsams of all kinds not specially mentioned, melted amber not manufactured, gum arabic in any form, acaroid gum resin." Article 121 under the general heading of chemical materials and products, has sub-heads " lac in spirit, in turpentine and soluble in oil." But in Russian the word lac also covers varnish.

The Russian import figures for the first of these, *viz.*, raw gums, resins, acaroid gum resins excluding caoutchouc, gattapercha, incense, manna, asafoetida, ambergris, balsams, storax, benzoin gum, odoriferous resins used in perfumery and camphor are as follows :—

	Total.		From								Remarks.
			United Kingdom.		Germany.		India.		Persia.		
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	
1898 ...	74	444	34	28	23	116	...	...	1	5·1	France, Holland and Turkey in quantities similar to those of Russia.
1903 ...	93	368	22	97	49	217	1·6	5·4	5	27	
1909 ...	100	226	17	49	49	90	2·6	5·2	18	65	
1910 ...	112	226	25	49	58	88	3·2	5·8	17	66	
1911 ...	122	214	25	52	68	107	1·8	5·3	16	41	
1912 ...	120	207	22	49	67	91	2·9	5·9	20	49	
1913 ...	128	282	25	68	75	142	1·6	2·9	18	51	

Total imported in 1913 into Russia	128
" " " over European frontiers ...	110
" " " *viâ* Baltic Sea	85
" " " *viâ* German land	19
" " " *viâ* Black Sea	6

OLIBANUM.

Russian returns.

Imports.

	Total.		Olibanum, Asafoetida, Manna. From United Kingdom		Olibanum, Asafoetida, Manna. From Germany.		From India.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898	13	34	·8	17	2·6	11	...	...
1903	14	33	8·3	18	2·6	10	·3	·5
1909	10	21	2·4	4·8	2·8	8	1	1·7
1910	16	32	3·2	5·9	4·8	12	3·8	6
1911	12	28	·6	1·7	4·2	11	4·5	8·8
1912	8	23	1·2	4·2	3·2	13	1·6	2·2
1913	12·5	25	1	2·2	5·1	15	2·6	2·6

Total imported into Russia in 1913 ... ... 12·5
" " " " " " into European Russia ... 12
" " " " " *viâ* Baltic ports 5
" " " " " *viâ* German land... ... ·5
" " " " " *viâ* Black Sea 7

Indian returns.

Exports.

	Total.		To United Kingdom.		To Germany.		To Russia. Quantities. / Northern Russia.		To Russia. Value. / Southern Russia.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	26	32	1	1	3·8	5	6·6		11	
1910-11 ...	40	54	2·6	4	9	14	9·5		16	
1911-12 ...	29	43	1·6	2·6	6	11	4	7	...	...
1912-13 ...	35	49	4	8·7	4	6	5	10	·2	·5
1913-14 ...	44·6	55	1	1·3	6	10	7	12·5	...	...

German transit trade.

Turpentine, resin, pine resin, gum lac, shellac, incense and other resins, gum tragonath, camphor and manna.

Imports.	1911.	1912.
Total	796	804
France	146	131
India	29	31
Egypt	22	19
United States of America	535	567

Exports.	1911	1912
Total	796	804
European Russia	351	321
Asiatic Russia	1·7	...
Finland	54	32
Sweden	51	58
Austria-Hungary	257	317

RUBBER.

This falls under the heading in the Russian returns "Caoutchouc, and gutta percha crude, also caoutchouc waste unfit for use as a manufacture (sic)."

The total imports under this heading have increased in the last fifteen years from 71,000 cwts., worth £746,000, to 249,000 cwts., in 1913 worth £4,249,000. It is obtained from many countries, but the United Kingdom and Germany have had the largest share of the trade. The rubber trade is mainly in the hands of three large houses, the "Treugolnik" in Petrograd, the "Provodnik" recently transferred from Riga to Moscow, and the "Bogatir" Company of the Myasnitskaya, Moscow. Naturally most of the imports go by Baltic ports, thus 213,000 cwts., out of the 249,000 in 1913 and 30,000 of the balance by German land and the remaining 6,000 by the Black Sea. The firms emphasized the big demand there was in Russia not only for plantation rubber (smoked sheet) but also for rubber waste of all kinds. The extensive use of goloshes has been referred to, but rubber pads for boot soles and rubber trays or mats are also largely used. Most of the manufactured rubber goods fall under Article 88 of the tariff and pay duties from 6·16 pence a lb. to 16·2 pence a lb., whilst raw rubber comes in at ·756 pence a lb. The firms would value direct connections with the East and some are sending or are contemplating sending their own agents to visit the Straits and Ceylon. They seem to follow in regard to credit, etc., the terms usual in international trade.

Russian returns.

Imports.

Caoutchouc and guttapercha, raw, and waste thereof.

	Total.		From United Kingdom.		From Germany.		From India.	
	Quantities.	Value.	Quantities	Value.	Quantities.	Value.	Quantities	Value.
1898	71	746	42·5	426	15·6	149	...	...
1903	137	2,111	80	1,322	25	371	1·3	23·7
1909	140	2,551	42·5	79	39	708	13·4	242
1910	144	4,233	48·6	1,492	42	1,270	5·1	138
1911	132	2,953	30	666	40·6	895	14·7	216
1912	182	3,620	29·5	587	56·6	1,127	8·3	295
1913	249	4,249	80	1,336	59	994	28·8	514

Also from the United States of America, Belgium, Holland, France.

(NOTE.—This Russian heading possibly includes gums other than those which are usually meant by rubber.)

Indian returns.

Exports.

			To			
	Total.		United Kingdom.		Germany.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1909-10 ...	1·6	34	1	19	...	...
1910-11 ...	3·9	106	2·4	56	·08	2·5
1911-12 ...	9	231	5·2	121	·02	·4
1912-13 ...	14·6	394	9·5	244	·05	1·4
1913-14 ...	23·3	525	15·3	336	·01	·1

These figures probably do not include exports from Travancore ports, *e.g.*, Alleppey, if such take place.

COTTON.

The general advance of Russia as a cotton manufacturing country since 1825 when factories were started is well known. In regard to the number of spindles employed (just under nine million) Russia occupies the fourth place among the countries of the world, and according to the figures of the International Union of Cotton Manufacturers, the consumption of cotton per 1,000 spindles in Russia in 1912 was 261·92 bales (500 lbs.) as compared with 77·27 bales for the United Kingdom, 167·61 bales for Germany and 177·09 bales for the United States of America. The Russian mills which are mostly centred round Moscow, though there are some near Petrograd, and several in Lodz in Poland and near Warsaw, clearly do not spin the finest counts as do the Lancashire mills, although for the vast bulk of their products they use cotton of the American type.

In spite of an increasing population the annual consumption of cotton goods per head has increased, *viz.*, 3·15 lbs. per head in 1900, 3·06 in 1905, and 3·69 in 1911. Yet the total imports of cotton into Russia have been practically stationary; in 1898 they were 866,000 bales (500 lbs.); in 1903, 1,007,000, since when they fell to 854,000 bales in 1913. The extra cotton needed for the mill has come from Central Asia and Turkestan where, owing to the erection of large irrigational works especially under the Syr Daria and to a policy of fostering the sowing of cotton, this tract has become an important cotton tract from the point of view of the world's supply. The area under cotton in Central Asia in 1909 was given as 736,238 acres and in 1913 as 1,193,102 acres. This is now cultivated with cotton of American upland type, originally grown from imported seed. In 1915 the yield of American type of cotton was in round figures 1,440,000 bales and of country cotton 108,000. In Ferghana—the best cotton tract—the yield seems to be about 900 lbs. of seed cotton an acre ginning at 28 to 30 per cent. The crop is very susceptible to early frosts which damage both colour and yield. Ardigan is the chief centre. 1916 was a poorer year.

Subsidiary cotton areas are found in Trans-Caucasia, especially in the Governments of Elisavetopol and Erivan—the total area under cotton in 1913 was some 191,000 acres. The yield is much less, being about 530 lbs. of seed cotton an acre. In lint the outturn in 1915 was put at 180,000 bales.

The average staple of Ferghana (Turkestan) cotton is 28 to 30 millimetres, and is considered the equivalent of Fully Good Middling Texas. It spins 33 counts. Any shorter, harsher cotton which is needed is supplied from Trans-Caucasia, Persia and China.

In regard to imports, most were from the United States, 339,400 bales out of 854,000, Germany supplying 212,800 bales. It would appear from the

Bremen port returns that this also was mostly American. Yet Indian cotton is taken in small and variable amounts. This probably has mostly gone to Poland, for we were told that Lodz was the centre for spinning short counts.

Further to encourage the cultivation of cotton within the Empire, for, owing to shortgage of labour in Central Asia and to lack of local roads, expenses of production are high, there is an import duty on raw cotton recently raised to 6 roubles a pood or 4·2 pence a lb.

The duties on imported manufactured cotton goods are high and Russia's policy appears to be to develop her local cotton industries and at the same time to do all that it can to produce within the Empire the cotton they require. There is good railway communication with Turkestan and Central Asia.

RAW COTTON.

(Throughout this statement quantities are in thousands of bales—500 lbs. each. Values are, as usual, in thousands of pounds sterling.)

			From							
	Total.		United Kingdom.		Germany.		India.		United States of America.	
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.
1898 ...	866	7,540	15	114	17	132	4·9	36	506	4,320
1903 ...	908	11,319	172	1,920	174	1,892	27·5	224	441	5,010
1909 ...	804	10,271	82	1,120	168	2,171	1	10	338	4,309
1910 ...	864	13,715	123	2,018	179	2,980	7	94	327	5,435
1911 ...	887	12,360	80	1,213	143	2,118	14	19	448	6,405
1912 ...	786	9,973	71	992	123	1,692	1·5	18	241	4,731
1913 ...	862	12,068	69	1,005	199	2,891	2·2	28	338	5,016

	Egypt.		Persia.		
	Quantities.	Value.	Quantities.	Value.	
1898	246	2,381	50·5	416	
1903	74	1,055	78	846	
1909	56	1,048	120	921	
1910	43	1,064	107·7	1,027	In 1913, Turkey also sent 61 worth 865.
1911	40	824	103	970	
1912	16·8	326	117	1,131	
1913	30·6	604	115·8	1,183	

Ports of entry of Cotton into Russia in 1913.

			All cotton.	Indian cotton.
Total imported		... ...	862	2·21
"	"	over European frontiers	714	2·2
"	"	via Baltic Sea	443	1·77
"	"	via German land	203	·24
"	"	via Austria-Hungary land	3	...
"	"	via Black Sea	65	·2

Indian returns.

Exports.

	Total.		To							
			United Kingdom.		Germany.		Russia.			
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.		Value.	
1909-10 ...	2,009	2,095	116	1,244	300	2,858	1·1		13	
1910-11 ...	1,946	24,037	127	1,622	312	3,544	1·8		17	
							Northern Russia.		Southern Russia.	
							Quantities.	Value.	Quantities.	Value.
1911-12 ...	1,642	19,684	94	1,206	199	2,224	...	...	...	...
1912-13 ...	1,653	18,890	69	717	213	2,209	...	...	·7	8
1913-14 ...	2,380	27,362	86	957	378	4,002	2·2	27	3·8	45

United Kingdom returns.

Imports from India form a very small proportion of the total imports of cotton into the United Kingdom. In 1913 they formed one-fortieth of the total imports. During the years 1910-13 exports of raw cotton to Russia have ranged between one-third and one-half of the total exports, which themselves are only about one-eighth of the total imports. So if Indian cotton is exported at all to Russia, which appears to be most unlikely, the quantity must be small.

German returns

These do not differentiate between the different kinds of cotton.

The figures for the transit trade are as follows :—

	1911.	1912.
Imports.		
Total	975	971
From India	99	59·5
,, United States of America	834	892
,, United Kingdom	7	10·9
Exports.		
Total	975	971
To Austria-Hungary	500·6	547
,, Russia	275	205
,, Finland	2·7	1·8
,, Switzerland	48	58

The figures for Bremen port do, however, differentiate between the different kinds of cotton. If these are any guide, they illustrate clearly the extent to which Russia takes American rather than Indian cotton.

Exports from Bremen to Russia.

	1912.		1913.	
	Sent by land.	Sent by sea.	Sent by land.	Sent by sea.
Total sent to Russia ...	136·8	160	148·9	166·2
American	136·8	158	148·7	165·1
Middle and South American	...	...	·09	1·1
Asiatic	...	...	·11	1·11
Egyptian	...	·2	...	·89

JUTE.

The figures here speak for themselves. Russia is steadily taking more and more raw jute every year, but the direct consignments from India shew little change and form only a small part of what Russia credits India with in her returns. We have in Chapter II explained why we think that the only conclusion is that the most of this has been bought by Germany and forwarded from Hamburg. The United Kingdom has a very small share in this trade, even if it be assumed that all sent from the United Kingdom represents British merchants' trade, and this is unlikely as German houses had branches in Dundee. We were told that most of the jute mills were in Poland and the Baltic provinces, thus we did not visit them. This is probable when the large bulk transported over the German land frontier is noted. These are the tracts most accessible to German influence, and possibly some of these mills had German money behind them, and to some extent were under German influence. There will be a big and widening demand for jute, both for baling cotton, sacks for grain and for household canvas, but the information we obtained was to the effect that, after the war was over, the demand would ultimately become one for raw jute. Mills may be erected to a greater extent in Russia. For a time there will probably be a demand for bags and in this connection we came across a case in which an effort had been made with considerable success to meet Russian peculiarities—*i.e.*, spinning hessians not in one of the "standard sizes" but 42 inches by 28. In Russian measures this is exactly 24 vershocks by 16. We were further told that the patent seam is preferred to the roll seam.

Hitherto much of the grain inland is moved in "mat bags" made locally but leakage from these is considerable. The next stage in development is usually to use linen bags, but it is expected that a few years after the war will be needed to allow the flax industry to recover and, whatever may happen afterwards, there will for that time be a considerable demand for gunny bags.

The duty on raw jute is 1·05 pence a lb. and the chief market hitherto has been in the Baltic provinces and Poland.

Russian returns.

IMPORTS.

Jute—Raw and Jute cleanings.

	Total.		From						
			United Kingdom.		Germany.		India.		Austria-Hungary.
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.
1898 ...	424	308	172	114	68	46	170	139	...
1903 ...	607	433	141	100	161	114	275	196	...
1909 ...	661	612	60	56	203	188	357	331	10·6
1910 ...	782	740	69	65	229	215	445	422	21·8
1911 ...	828	957	67	76	243	277	454	527	3·8
1912 ...	944	1,168	77	97	132	163	666	825	21·8
1913 ...	874	1,170	34	47	57	75	740	990	15·4

Total quantity imported into Russia in 1913 874
,, ,, ,, ,, ,, over European frontiers ... 874
,, ,, ,, ,, ,, *via* Baltic Sea ... 302
,, ,, ,, ,, ,, ,, German land ... 374
,, ,, ,, ,, ,, ,, Black Sea ... 198

Indian returns.

Exports.

	Total.		To United Kingdom.		To Germany.		To Russia.			
	Quantities.	Value.	Quantities.	Value.	Quantities.	Value.	Quantities.		Value.	
							Northern Russia.			
1909-10 ...	14,608	10,058	5,955	4,289	3,273	2,228	137		99	
1910-11 ...	12,732	10,326	4,694	3,885	2,981	2,408	167		137	
							Northern Russia.		Southern Russia.	
1911-12 ...	16,202	15,038	6,915	6,531	3,413	3,391	...	...	139	136
1912-13 ...	17,525	18,034	6,813	7,352	3,603	3,820	...	...	175	195
1913-14 ...	15,369	20,551	5,808	7,826	3,167	4,499	19	25	162	242

United Kingdom returns.

	Imports. Total.	Imports. From British India.	Exports. Total.	Exports. To Germany.	Exports. To Russia. Quantities.	Exports. To Russia. Value.	Remarks.
1910 ...	5,934	5,912	1,905	431	84	74	France and Belgium takealmost equally with Germany.
1911 ...	6,019	5,9 56	2,193	470	96	104	
1912 ...	7,699	7,636	2,808	585	83	107	
1913 ...	7,016	6,951	2,597	544	70	111	

German returns.

Raw jute and jute oakum.

Returns of German special trade, i.e., *actually entered Germany.*

	1912.	1913.
Imports—		
Total	3,127	3,187
From British India	3,105	3,117
Exports—		
Total	154	152
To Russia	99	125

Hamburg port figures.

Jute only.

	1912.	1913.
Imports—		
Total	3,768	3,262
From British India	3,698	3,154
United Kingdom	62	98

		1912.	1913.
Exports—			
Total		1,119	957
To Russia by sea	Baltic	260	169
	Finland	3	1
	Black Sea	5	9
Total Russia		268	179
Sweden		112	108
United Kingdom		69	41

German transit trade.

Raw jute and jute oakum, ramie, manilla, agave and all other vegetable fibres, hackled or not, and sisal, etc.

	1911.	1912.
Imports—		
Total	977	1,181
India	758	821
Dutch East Africa	124	235
Mexico	24	47
Exports—		
Total	977	1,181
European Russia	387	455
Austria-Hungary	203	172
United States of America	80	219
Sweden	109	42

Miscellaneous.

There are many other articles which India produces for which a market exists in Russia. We were even asked about pearls and rubies. Coir matting is used to some extent, but no one seemed to know that it could be got from India.

Articles in which return trade from Russia may develop.

We give brief notes on the output in Russia of sugar, copper, matches, paper and pasteboard.

Sugar.

In 1908 Russia joined the Brussels Sugar Convention, under which her export of sugar to the other countries participating was limited to 1 million tons for the whole succeeding five years. In 1913, the Convention was renewed for a further five years, during which period Russia's limit of export to the countries concerned was increased by 250,000 tons, in view of the world shortage of sugar and the high prices ruling in 1911-12. In this latter year Russia's position amongst the s[illegible]cing countries of Europe is shewn in the following figures (millic[illegible]s and thousands of cwts.).

[illegible]	Number of refineries.	Area under cultivation of beet.	Total production.
Rus[illegible]	289	1,909	35,800
G[illegible]	34	983	26,500
Aust[illegible]ungary	196	1,002	20,100
Other countries	422	1,253	27,800

The next table shews the development, during the decade 1900-01 and 1910-11, of the Russian cultivation and export of sugar. (Figures in millions of acres and thousands of cwts.)

Year.	Number of refineries.	Area under cultivation of beet.	Exports.
1900-01	278	1,312	2,500
1910-11	276	1,630	8,800

The most important sugar-producing districts in Russia are the South-West and South Bessarabia, Volhnyia, Khieff, Podolia and Kherson. These districts produce more than 50 per cent of the whole. The central region, composed of the Governments of Koursk, Poltava, Kharkof and Tchernigof, come second with a production of 25-30 per cent.

In 1913-14 India imported sugar to a total value of £9,971,000, of which sugar worth £922,000 came from Austria-Hungary. With the dissolution of the Brussels Convention, Russia will probably greatly increase her production and should therefore be in a position to replace Austria-Hungary as a supplier of India's needs.

COPPER.

The mining industry of Russia as a whole, may, when possibilities are regarded, be said to be still in its infancy and this applies equally to copper as to other metals. In 1913 the total production was 33,500 tons which, though double that of 1908—five years previous—was insufficient for her own requirements. Her imports had, however, fallen in that year roughly to 6,000 tons. These 6,000 tons, however, consisted solely of chemically pure electrolytic copper, mainly used for telegraph, telephone and tramway purposes. Most of the copper is found in the Urals, Caucasus and Siberia, and to a less extent in Finland and Poland.

MATCHES.

Match making as an industry first made its appearance in Russia towards 1830. In 1902 there were throughout the country 83 factories. These increased to 113 in 1911, the outturn in the same period increasing by 40 per cent. The chief districts in which the industry flourishes are Nijni Novgorod, Tchernigof, Minsk, Penza, Jaroslav and Viatka, which produce practically 60 per cent of the total safety matches alone manufactured. The exports during the decade referred

SUPPLEMENT

TO THE

Report on Indo-Russian trade

BY

Messrs. D. T. Chadwick, I.C.S., and G. W. Black.

CONFIDENTIAL.

APPENDIX III.

Names of a few firms, etc., in Russia.

It was impossible of course for us to attempt to compile anything like a trade directory for Russia. We, however, naturally saw several business houses and we give the names and addresses of certain of those who displayed interest in Indian products and were recommended to us and also seemed to be of some standing. We of course can take no responsibility for their financial stability, etc.

Also naturally we were unable to visit Poland, and our list is mainly confined to the towns of Petrograd and Moscow. An exceedingly well arranged trade directory was published in October 1914 by the Congress of Trades and Industries, 46 Liteney Prospect, Petrograd, price twelve roubles. We only obtained a copy towards the end of our tour. We have translated the table of contents so as to make it more useful to any one who can manage a Russian dictionary. The scheme of arrangement of the directory is a very good one.

We have omitted the names of many men who merely applied to us for agencies and also of others who wrote to us in Russian from distant places about whom we could not make enquiries. We even got two letters from as far afield as Samarkand.

Agencies—General.

1. Union of the Siberian Co-operative Associations, Limited, 4, Borough High Street, London, S. E. and Petrograd. Largely engaged in Siberian export trade, and very closely allied to the large Russian Bank—The Bank of Siberie, which has 60 to 70 branches throughout Russia and Siberia. Their Russian Managing Director said they were extending largely at all ports and important centres in Russia where they would have their own warehouses, etc. They were prepared to take up agencies in any of our Indian articles, except cotton in which the trade is cut very fine, and hides and skins. Trade to be arranged on Rembourse Bills. They must be sole agents for Russia for reliable Indian firms. They could give London references. Before entering on an agreement they would require :—

(*a*) Details of exports from India for 5 years before the war.

(*b*) Prices c. i. f. if possible.

(*c*) Particulars of grades.

(*d*) Details of packing.

(*e*) Months of shipment.

(*f*) Fair samples of goods and reliable firms to deal with.

All these should be arranged at once and time not lost.

2. Mr. D. A. Ruffmann, 63, Kamenoostrovski Prospect, or c/o the British Consul, Petrograd. He has a high business reputation and knows English exceptionally well. He is very busy already, but has enterprise. He might work with an Association of Indian firms, but we doubt if he would take an ordinary agency. He is agent for Messrs. Barclay & Co.

Brokers, etc.

3. Mr. Zoppi, the Bourse Committee, Moscow.

He is Government broker, Moscow, and was more familiar with Indian produce than most whom we met.

4. Mr. Prehn, Bourse Committee, Petrograd. Chiefly cotton.

5. The Secretary to the Moscow Cotton Exchange, Moscow. Can put through enquiries about cotton.

Firms dealing in rice.

6. Arthur V. Iexel, No. 18, 9th Line, Vassili Ostrof, Petrograd.

7. Elisaieff Bros., Nevsky Prospect, Petrograd.

8. B. B. Hoppe & Co., Kitai Gorod, Moscow.

9. Messrs. Ferdinand Falda & Co., No. 14 Melootnesky Perewlok, Moscow.

Pepper and spices. Nos. 7 and 8 above.

10. Messrs. Shtoll & Schmidt, No. 11 Gogolia Oulitza, Petrograd.

11. Paul Borisoff & Sons, 11, Bolshaya Polaynka, Moscow.

12. Anna Teekanova & Co., 6, Sredne-Ovchinnie Perewlok, Moscow.

13. A. Siov & Co., Petrograd Chausée, Moscow.

Coffee. Nos. 6, 7, 8, 11 and 13 above.

Tea. Most of the big tea firms are already known in Calcutta.

Drugs. Nos. 8, 10 and 11 above.

14. The Russian Northern Pharmaceutical Society, Petrograd.

15. B. K. Ferrein & Co., (Chemical Works) 7, Krivokolenni, Moscow.

Tanning materials. 16. The Tanner's Co-operative Association, 47, Liteney, Petrograd.

17. A. Bachrushin, 8, Kojevniki *Ivanovka, Moscow.

* (lit. The Tannery.)

18. M. L. Varshavsky, 22, Tsvetnoi Boulevard, Moscow.

19. Arens Ponfex & Co., Novo Gostinitsa Dvor, Moscow.

Hides and skins. Nos. 16, 17 and 18 above.

Lac. 20. Nos. 8 and 12 above; and Mamoutoff Bros. (A. & E.), 3, Eveneegorodskya, Moscow. (Telegrams: Moscow—Lakovig)

21. Julius Pretorius, 3, Ribnii Perewlok, Varvarka, Moscow.

Other gums. Nos. 8, 12, 14 and 15 above.

Indigo. Nos. 8, 11 and 12 above.

Rubber. 22. The Treulgovnik Company, Obovdny Canal, Petrograd.

23. The Provodnik Company, Headquarters—formerly Riga, now Varvarka, Moscow.

24. The Bogatri Co., 15, Myasnitskaya, Moscow. (Works at Bogorodskoe, Moscow Government.)

Beeswax. 25. The Economic Section of the Holy Synod, Senatsky Prospect, Petrograd. (They are now working with Messrs. Sassoons & Co.)

Copra. Nos. 6 and 10.

26. William Miller & Co., 23 Line No. 2, Vassili Ostrof, Petrograd, and R. A. Bennett, "Roccia" Loubiansky Ploschad, Moscow.

27. The Astra Company, Obovdny Canal, Petrograd.

28. Anonyme Chemical & Oil Products, 59, Bugaevskya, Odessa.

29. Odessa Oil Works, St. Foutan, Odessa. (We did not get to Odessa).

Vegetable oils, oilseeds, groundnut. Nos. 26 to 29 above.

Castor seed and oil. Nos. 14, 15, and 27 above. (There were very large German mills at Libau.)

Cotton. Nos. 4 and 5 above. The best opening for Indian cotton seemed to be in Poland.

Jute. No. 6.

30. A. L. Javatovskago & Co., 21, Nevsky, Petrograd.

31. D. I. Lebedeff, Bolshaya Sampsonievski, Petrograd.

32. Tverskoi Manufactory, 9, Varvaka, Moscow.

Hessians. Nos. 8, 11, 12 and 18 above.

Cutch and gambier. No. 26 above.

Animal fat. A few addresses of exporting houses taken from the list published by the Russian Ministry of Commerce.

Caviar.

E. I. Lbof & Sons
M. & V. Storogef } Astrakhan.
G. S. Chirokof

Sugar. Society of the Sugar Refineries Alexandrovsko Ekaterinenskoe, Kief.

Society of Count Alexis Orlof Davidof, 19, Galernaya, Petrograd.

Society of Refinery of Kief, 7, Prorieznaya, Kief.

APPENDIX IV.

In Chapter IV of our report we have stated that while in Russia suggestions were made to us from various quarters to the effect that co-operative effort on the part of India was the best and surest means of overcoming present difficulties. We were much impressed by the arguments advanced, which were put more fully and forcibly by none than by Mr. Bennett, partner and manager of Messrs. Miller and Company, Moscow, a gentleman who has had 20 odd years of business experience in Russia, knows the Russian and the Russian market thoroughly, and who was both generally, and to some extent personally, interested in the possibilities of direct trade with India. We therefore, with Mr. Bennett's strong approval, decided to reduce these suggestions to writing to ensure that the ideas were conveyed correctly to Indian merchants for their consideration and also to obtain an independent Russian opinion on them. This was done, and the note so prepared was shewn to and approved by Mr. Bennett, who in the meantime had consulted, on the general proposal of co-operative against individual effort, two leading commercial men in Moscow, *viz.*, Mr. Kristovnekoff, late President of the Bourse Committee, and Mr. Zoppi, Government nominee member of the Bourse Committee. These supported the idea. On his suggestion we had it carefully translated into Russian and submitted both Russian and English versions with a covering letter to Mr. M. P. Riabouchinsky, for an independent opinion. He is the Managing Director of the Moscow Bank, one of the most influential and best known business men in Moscow and one who is accustomed to call a spade a spade. A literal translation of his reply sent to us after consideration is appended. Mr. Riabouchinsky further invited us to a private interview at which he not only confirmed his opinion as to the idea and the scheme generally, but also expressed strongly a hope that some Indian merchants would come to Russia when he would be very glad and ready to discuss with them the business details connected with any such proposal.

Beyond Mr. Bennett and Mr. Riabouchinsky, the scheme as detailed by us has been shewn to no one. It is obviously desirable to make this Appendix confidential, as, in justice to these gentlemen, their names should not be generally disclosed unless the idea is taken up strongly by responsible houses.

Dated Moscow, the 17th October 1916.

From—D. T. CHADWICK, Esq., I.C.S.

To—M. P. RIABOUCHINSKY, ESQ., Managing Director of the Moscow Bank.

We take the liberty of sending to you the papers enclosed herewith in the following circumstances. As you know, we have been sent to Russia jointly by the Government of India and the business houses there to see what possibilities may exist for direct trade between Russia and India and between India and Russia after the war; and also to see how such trade could best be promoted. The fact that the mercantile community in India is paying the major portion of the expenses of our mission shews, we think, their desire to endeavour to establish such direct relationships if practicable, and also that our mission is not purely an official one for the collection of statistics and general discussion.

In the course of our enquiries it has been impressed upon us several times that the quickest and most effective means of bringing about practical results would be for the Indian houses to work at first jointly in close connection with a body of influential and active commercial opinion in Russia. It is not a matter of creating a monopoly or trust. It is a question of how to establish *quickly*, confidence and commercial influence on both sides in both countries. We have ventured to sketch the outline of such a scheme with a statement of the reasons therefor, and we would be extremely indebted to you if you would favor us with a candid expression of your opinion thereon.

It is not a subject which we wish to be widely discussed or which is suitable for general discussion. And so far the only gentlemen who have seen it are Mr. R. H. Bennett of Messrs. William Miller and Company, and Mr. Fairley of your bank. This last gentleman is not responsible for the details of the scheme but he knows all about it as we applied to him for assistance in getting the papers translated into Russian. We are most indebted to him for this help. We however wish for, and would value very much, the opinion of a Russian commercial leader on this proposal and so have sent it to you. We have not communicated it to anyone else and unless you advise us to do so we do not propose to consult others. For, if the idea is favourably viewed in India, it will be necessary for some of the Indian merchant leaders to come to Russia themselves to discuss and settle details here. India is a country of large distances, and in trade there, as elsewhere, competition is keen; it will not therefore be altogether easy to bring about joint action on that side, but a scheme would command much more careful consideration in India if it were known that responsible Russian commercial opinion generally approved of it and was prepared to consider more detailed proposals. It is in this spirit and for this object that we request the favour of your opinion and criticism.

We should be glad to call and see you any time you may appoint, but a limit was set to the length of our stay in Russia and we ought to try to leave Moscow not later than Monday next.

We trust you will excuse us thus troubling you and allow us to say how highly we should esteem an expression of your opinion if you felt disposed to give one.

The statement of facts.

The facts seem to be as follows :—

1. India has in large quantities (illustrative figures are given at the end) several natural products which Russia requires. Except in regard to jute and to some extent in regard to lac and castor seed, she has no world monopoly in these articles.

2. Russia is already taking several of such products in considerable quantities and in regard to many of them, *e.g.* jute, copra, tea, pepper, coffee, etc. should probably take more and more in future. But except in regard to tea these have hitherto been almost entirely bought through intermediaries either in Hamburg or London or elsewhere.

3. Russia possesses supplies of several articles required by India in large quantities, but her own demands are large and a considerable return trade in a variety of articles can probably only be built up gradually. In some things as

for instance copper (of which India imports annually over £2,000,000 sterling), sugar (of which India imports annually £10,000,000 sterling), and gold thread, some business might be done in a comparatively short time.

4. Though there is not sufficient ground for a large mutual trade at once, there is a considerable bulk from India to Russia and direct dealing therein should prove profitable both to the Russian importer and to Russian trade. And if direct trade relationships can be established it would facilitate return trade when that offers.

If these facts are correct, as they seem to be, we are brought to consider the obstacles in the way of direct trade. The fundamental one appears to be the almost complete ignorance of and therefore the lack of confidence in each other's houses and methods. Thus the marks and names of Indian shippers are not generally known in Russia. For if goods were to be offered in bulk it is fairly certain that facilities for transport and finance could be arranged. The main consideration therefore seems to be to remove this ignorance and lack of knowledge and confidence and to devise a means by which merchants in either country can get into touch with those of the other. But also this knowledge and confidence has to be established both *quickly* and *firmly* lest, on the conclusion of hostilities, all such trade drift back into its former channels and the opportunity caused by the rupture of previous trade relationships is lost. This applies also to India as to Russia. Before the war, Germany bought 65 per cent. of all the Indian copra, 25 per cent. of the raw jute, and, together with Austria-Hungary, almost half the Indian raw hides and skins. The customs returns of the various countries shew that much of these commodities were passed on by Germany and Austria to other countries. If fresh and more direct outlets for this produce are not opened *now*, the temptation will be very strong in India for the merchants there to sell as they did before; just as in Russia, unless new markets are made accessible to Russia, the tendency will be for trade to develop once more through Germany. It would therefore seem necessary to try to devise means for establishing such knowledge and confidence *quickly*. Practically all whom we have consulted have told us that, if the Indian firms endeavour to act upon the Russian market entirely independently of each other either through such agents as they may be able to procure or by sending their own separate representatives, then much time will be lost in learning the Russian market and in becoming known. This would really mean losing time just when the opportunity for establishing direct trade relations between the two countries was most favourable and promising. Because just during the period that each firm was striving to make its own reputation in Russia, intermediaries would also be getting back into their old positions and many of these intermediaries would have the initial advantage of being already familiar with the Russian market and Russian needs.

If, on the other hand, it were possible to bring all the best Indian merchant houses together, to act together in the first few years in the Russian trade, to form a special corporation for that purpose, with a branch in Russia under a manager fully trained in Indian produce but advised and guided by a comparatively small council of influential and leading Russian commercial men, many of these initial difficulties of knowledge and lack of confidence should be at once removed. It will not naturally be easy to get the Indian houses so to combine but they would be much more likely to do so if they knew that thereby they were obtaining the assistance in Russia of a body of influential and experienced Russian men. Such an arrangement would mean on the one side :—

(*a*) that the Council in Russia had behind them the reputation of the whole Indian commercial community, and that such reputation would be behind each shipment—an arrangement which would be a much greater guarantee than any one firm could give,—and on the other side :—

(*b*) that the Indian merchants would know that their goods are being introduced into Russia under auspices which would give from the first confidence in Russia and that they were in touch with trained opinion thoroughly familiar with the needs and methods of the Russian market.

We venture to think that Russian commercial men might be prepared to consider such a suggestion, since—

1. If direct trade can be established between Russia and India in certain commodities, it would prove cheaper for Russia than working through intermediary countries.

2. It would lessen the influence of Germany in at least one branch of commerce and so help to combat the feeling still prevalent in some quarters that after the war trade must again be done through Germany.

3. It would give much greater chances for Russia to seize any opportunity that might arise for placing Russian products on the Indian market, than if this is to be left to intermediary countries.

The main object of both the Corporation in India and the Council is to seize the present opportunity for introducing direct trade relationships between the two countries in the safest manner for both. It is not a matter of trying to organise a monopoly. It is not necessary for this organisation to last for ever. After 3 to 5 years, for instance, the organisation might have served its initial purpose in introducing and establishing direct trade between the two countries. Then, it should be revised as those interested desired.

The general idea we would venture to put forward would be as follows :—

All the most reputable Indian export houses in India would form themselves into a Corporation with a separate office, etc., in India for trading direct with Russia. This would open a branch — according as Russian law required—in Moscow, with sub-branches subordinate to Moscow, in Petrograd, Odessa, and possibly Warsaw or Riga.

The necessary capital would be subscribed in India. The Head Manager in Russia would be thoroughly familiar with Indian produce and be stationed at Moscow. He would be assisted here by a Council (possibly 5 or 6 with 2 candidates) of influential Russian commercial men whose functions would be to give standing to the business in Russia, to watch and advise the Manager on the means and methods of developing direct trade in both directions between the two countries, and assist him in any dealings with the Government in the mutual interest of the trade and needs of both countries. (It is not a question of asking for concessions or privileges, but some points are sure to arise needing consideration.) The functions of the Russian branch would be :—

(*a*) to arrange for the shewing of fair typical samples of Indian produce in Russia where advisable ;

(*b*) to obtain orders for Indian produce and transmit, to India for compliance, to introduce Indian produce on the Russian market and to sell Indian goods on consignment ;

(*c*) to arrange, where necessary, for arbitrations and to safeguard the interests of the Corporation therein ;

(*d*) to initiate and take such steps in Russia in regard to customs duties, railway rates, transit arrangements, etc., as will be of mutual interest to the trade and needs of both countries ;

(*e*) to enquire into the possibility and to assist in the development of back trade from Russia to India;

(*f*) to do everything necessary to promote the exchange of trade between the two countries.

The firms in India which would form the members of the Corporation there would ship to Russia under their own usual trade marks so as to get those known. But, whilst this organisation lasted, no Indian firm who is a member of the Corporation could deal with anyone in Russia except through the Corporation and its Russian branch. Similarly, the Russian branch could only deal with the Corporation in India. The Corporation in India as a whole would be responsible to the Russian branch for the quality of each shipment, etc. The Corporation in India would be managed by a Secretary under a Board of Directors representative of the different branches of Indian export trade.

Any loss would be borne by the Indian Corporation. But the Council would receive for the assistance, interest and advice they had given such share of the profits as would be mutually decided upon when details were settled.

Such is the general scheme which we wish to lay before you and on which we request your opinion. Many details would require to be filled in, but these could best be done by Indian merchants coming to Russia to discuss them with Russian commercial men. We should however like to take back to India something which would form a basis for their consideration and elaboration; and it is useless for us to place before them a scheme which Russian leaders

would not consider feasible or practical. If, however, we could give them the outline of a scheme which Russian leaders considered could form the basis for negotiations, it would command much greater respect and thought in India than a mere bare routine report.

APPENDIX.

Statement of values of trade before the war in products which India can supply and in articles which Russia can possibly supply to India.

All figures are in thousands of roubles on the calculation that £1=9·45 roubles.

I. Indian customs figures of 1913-14. Value of exports direct to Russia.

Articles.	Value.	Articles.	Value.
Books printed and printed matter	26	Brought forward ...	1,549
Coffee	2	Sesamum seed	195
Drugs and medicinal plants ...	4	Spices	104
Indigo	39	Tea, black (bohea) ...	10,480
Myrabolams (for tanning) ...	65	„ green	13
Turmeric	75	Cotton, raw	685
Rice, cleaned	363	Jute, raw	2,518
„ not cleaned	10	„ sacks	7
Lac	10	„ cloth	7
Copra	927	Olibanum and frankincense...	119
Groundnuts	28	Miscellaneous	6
Total ...	1,549	Total value ...	15,683

If tea in which direct trade is already organised be omitted, the value of the direct trade according to the Indian returns was, in 1913-14, 5,190 thousands of roubles of which raw jute was practically half. The Russian returns give much higher figures for the value of produce received direct from India. I am not able to explain the discrepancy.

II. Extracts from the Russian customs import returns for 1913 showing the articles which are imported by Russia and could be supplied to some extent from India and the value of the imports therein from India, Germany, Great Britain and other large competing countries.

N.B.—All figures in thousands of roubles.

Article.	Total value of imports into Russia.	Value of imports from— India.	Germany.	Great Britain.	Value of imports from other chief countries.	
Rice, cleaned ...	7,204	725	1,873	503	Turkey ...	1,276
					Persia ...	1,214
					Holland ...	523
					Japan ...	456
Rice, half cleaned ...	3,628	...	...	...	All from Persia	
Rice, not cleaned ...	1,905	...	...	...	Persia ...	1,019
					Japan ...	783
					France ...	59

Articles.	Total value of imports into Russia.	Value of imports from— India.	Germany.	Great Britain.	Value of imports from other chief countries.
Vanilla and saffron ...	612	2	451	...	France ... 140
Cardamoms ...	116	5	50	34	
Pepper, not ground ...	2,287	...	834	352	Denmark ... 87
Cloves, cinnamon and spices	1,337	120	573	149	Countries not specified 145
Coffee, in bean ...	8,919	412	5,419	612	Countries not specified 835 Austria-Hungary. 420
Coffee, roasted ...	108	19	77½	...	... ...
Tea, (bohea) black ...	40,942	10,728	160	986	China ... 15,662 Ceylon ... 12,845 Japan ... 366
„ green	7,372	35	...	...	China ... 6,258 Ceylon ... 1,080
„ brick	13,854	3	[illegible]	...	All China ... ...
Animal fats ...	13,171	56	4,787	6,202	Holland ... 154
Sesamum seed ...	504	...	44	...	Afghanistan ... 411 France ... 26
Castor seed ...	694	26	414	234	Sweden ... 9
Beeswax	6,096	...	5,271	207	France ... 216 Holland ... 115
Raw hides, dry-salted ...	2,833	...	1,617	38	China ... 851 Holland ... 161
„ wet salted ...	17,560	...	14,157	285	Belgium ... 1,597 France ... 387
Clippings of raw hides ...	1,355	...	1,326	...	... ...
Plants and parts of plants used in medicine.	509	...	421	25	Holland ... 13
Material for basket making.	98	1	71	3	Japan ... 8 China ... 2
Soft rubber in sheets ...	393	...	315	52	
Things made up from soft rubber.	566	...	500	44	
Cotton seed oil ...	23	...	19	...	
Castor oil	33	...	23	1	France ... 4
Coconut oil	178	11	101	17	Austria-Hungary 34 France ... 3
Lac	200	...	168	7	
Tanning materials not ground to powder excluding sumac.	900	4	503	91	Turkey ... 111 Countries not specified. 85 United States... 40 Austria-Hungary 22

Articles.	Total value of imports into Russia.	Value of imports from— India.	Germany.	Great Britain.	Value of imports from other chief countries.
All sorts of natural dyes not milled and not specially mentioned.	187	22	132	60	Persia ... 6
Cutch or catechu ...	293	2	178	40	Denmark ... 27
Indigo	19,888	284	1,411	23	France ... 41
Cotton, raw	114,041	264	27,382	9,503	United States... 47,375 Persia ... 11,172 Turkey ... 8,179 Egypt ... 5,711 China ... 1,698 Afghanistan ... 1,064 Austria ... 413
Jute, raw and cleanings	11,080	9,356	714	442	Austria-Hungary 205 Uited States ... 226
Jute, sacks and sackings	121	17	89	5	

The figures in the Indian and Russian returns for tea practically agree, but there are very wide discrepancies in other articles, notably in cleaned rice, coffee, raw jute, copra, cotton, and indigo.

The Russian returns give the total value of the imports from India as follows for different years (figures in thousands of roubles) :—

1903	9,615
1908	20,134
1909	18,974
1910	21,937
1911	28,789
1912	29,847
1913	34,500

III. Value in thousands of roubles of articles which India now imports and which might be sent from Russia.

Figures for 1913-14.

Articles.	Total value of imports.	Value imported from— Germany.	Austria-Hungary.	Great Britain.	Other chief countries.
Copper, wrought	23,039	8,184	...	12,464	...
Iron and steel	80,434	8,288	...	64,354	...
Glass and glass ware ...	22,257	1,806	5,509	1,654	...
Paper and pasteboard ...	9,998	1,729	832	5,624	...
Salt	5,517	586	...	1,285	...
Matches	5,651	161	605	...	Japan ... 2,457 Sweden ... 2,154
Sugar	94,325	113	8,723	...	Java ... 67,067 Mauritius ... 15,838
Oil, mineral	25,921	1,880	...	...	United States 14,353 Borneo ... 5,670

Also India already takes gold thread.

IV. According to the Indian customs returns, the value of the direct imports into India from Russia in the four years before the war have been (*figures in thousands of roubles*) :—

Articles.	1910-11.	1911-12.	1912-13.	1913-14.
Gold and silver thread	104	80	91	38
Oil, fuel oil	...	8	...	...
" kerosine	1,507	481	3,024	236
Paper and pasteboard	25	37	30	34
Flax sacks	...	...	34	9
Silk, raw	6	3	32	...
Timber	...	10	4	...
Miscellaneous	13	26	35	40
	1,655	720	3,250	345

Dated Moscow, the 2nd November 1916.

From—M. P. RIABOUCHINSKY, Esq., Managing Director of the Moscow Bank,

To—D. T. CHADWICK, Esq., I.C.S.

It is difficult for me to reply to the questions asked in your letter of the 17th October, especially as I have not to hand such data and references as would corroborate my conclusion.

The following statement gives my personal views only on the questions put forth by you, and I state in advance that there may arise inexactitude or incompleteness as a result of the haste of this reply, and on account of the lack of references.

The beginning of commerce between Russia and Germany (Hansa) dates from very ancient times. With England, however, commercial relations began much later, XVI century, through Archangel and never, in comparison with Germany, attained to such large proportions.

The chief branches in which England appeared interested in Russia were: gold mining, petroleum, and partly metallurgy, flax, etc.

In so far as import and export business is concerned, such was undertaken, for the most part, through the medium of our enemies. To this the following reasons chiefly contributed :—

(1) The antiquity of our mutual commercial relations with Germany.

(2) Knowledge of our markets.

(3) Their wide ramifications throughout Russia.

(4) The knowledge of practically every one of them of our language.

(5) Their adaptability to our habits and tastes.

(6) Their knowledge of, and adaptability to, our trade customs and forms.

(7) The common frontiers of the Empires.

(8) Their nearly exclusive working of our transport business, or, at least, the possession by the majority of export and transport agent firms of German names: Kniep and Werner, Loewe and Seydler, Forostowsky, Gerhard and Hey, etc.

(9) Credit was arranged in co-operation with some banks friendly to Germans.

(10) The enormous German commercial fleet, and a whole host of other reasons.

Without doubt, the present is an exceptional opportunity for the attempt to replace Germans in many branches.

As indifferent to Russia as the interchange of manufactured products of one country with those of another may be—in view of Russia's wish to produce same at home—so, on the other hand, is it agreeable and profitable to us to enter into direct relations with those countries which can export to us such raw products as we require, and which are not produced here.

In the present instance Russia and India avoiding the intermediary of Germany, and inaugurating direct relations between each other, can obviously derive mutual advantage.

I must frankly state that one of the reasons for the insignificance of commercial interchange between England and Russia was a series of special English characteristics which interfered with our mutual relations whenever Englishmen attempted to initiate work in Russia, particularly :—

(1) The Englishman's despotical personal character.

(2) Their desire to impose their own taste and requirements.

(3) Their desire to induce into their trade relationships the form adopted in their own country.

(4) Ignorance of the Russian language.

(5) A special feeling of remaining a foreigner involuntarily manifested by Englishmen to every nation, not of Anglo-Saxon descent.

(6) Reluctance to become assimilated by Russia even in the third or fourth generation, shown by the wives of Englishmen in the third generation going to England to bring their children into the world.

Besides these reasons of personal characteristics must be noted the absence of a number of conditions referred to by me above when enumerating the causes of the developments of Germany's trade in Russia.

I must however point out that whereas a whole series of individual traits of the English character interfere with our mutual understanding, other specially English characteristics—integrity, tenacity, exactitude in work—have made it possible for a considerable number of English business men to settle in Russia; for example, the large metallurgical works formerly Hughes (now apparently sold); Moscow firms known to me of Hopper, Muir and Merrilees (Cazalet), etc.

Manufacturing, one of the best equipped branches of trade in the Moscow district, owes its preliminary development to its nearly exclusively English technical staff.

I consider that the acceptance of the following cardinal points would contribute to the success of our mutual relations.

(1) Acknowledgment of equality in our mutual relations.

(2) Dealings only with irreproachable industrial institutions in Russia, and *vice-versa*, added by application to Englishmen who have already lived a long time in Russia, for careful study of our markets.

(3) Study of the Russian language.

(4) Adaptation to our habits, tastes, forms and methods of trade.

(5) High quality of goods.

I now turn to the scheme sent by you to establish an Indian Import Society in Moscow with English Directors and a Council drawn from interested Russian firms. In this Society will be kept samples of different goods dealt in by the various firms, besides which, in case of dispute, arbitration should be arranged in the place where the goods are purchased.

I consider that the scheme proposed by you is, under existing circumstances, obviously most efficient and practical.

I am of the opinion that its realisation requires its inauguration, if possible, already now in war time, because, if when peace is declared the organisation is not yet working, there will be, in every likelihood, a return to the old methods of commercial interchange.

I do not find it possible in this letter to consider the details of working your proposed scheme, as such, without doubt, can only be worked out after exchange of opinions of the representatives and lawyers of the firms interested.

I consider it however necessary to touch upon the following fundamental points :—

(1) The scheme proposed by you is certainly practical.

(2) Your proposal must concern not only export to Russia from India, but also return trade.

(3) Necessity of the utmost speed in bringing to life the proposed scheme.

(4) It is quite clear that the conditions of trade interchange at the present time will be quite different from those in peace time, if the following only is borne in mind : (*a*) transport difficulties, (*b*) fluctuations in the rate of rouble exchange.

(5) It is necessary to indicate, if possible, even now those banks and firms in India as well as in Russia with the nature of their businesses, which will participate in the trade interchange.

(6) The firms forming the organisation must be chosen only from those of undoubted solidity and respectability, in order to give the organisation itself the character of a first class institution.

(7) The firms indicated should be collected first of all in India, then in Russia, with a view to the creation of a Russo-Indian Export and Import Society and to work out the articles of association and conditions of mutual working.

APPENDIX V.

ODESSA REPORT.

Dated India Office, London, the 15th February 1917.

From—D. T. CHADWICK, Esq., I.C.S., on special duty,

To—The Secretary to the Government of India, Department of Commerce and Industry.

I have the honour to submit the following in continuation of our report on trade with Russia.

2. In our report on trade with Russia we said that we had not visited Odessa. As this was one of the more important ports for the entry of Indian goods in the past into Russia, I wrote to His Majesty's Consul-General there, before we left Russia, asking him if he would kindly give us some information on particular aspects of Indian trade. He has very kindly prepared a general report on the question so far as it affects Odessa. I have only received it to-day well after the despatch of our main report, and so forward a copy.

3. Little comment is called for. It bears out entirely in the main the chief considerations put forward in our report, *viz.*:—

(*i*) the desire already being displayed for closer and more direct trade relationship with countries of origin of goods ;

(*ii*) the exceedingly rapid manner in which the trade in vegetable oils is developing;

(*iii*) the increasing opening there is for vegetable butters for which high class copra is needed ;

(*iv*) the importance of maintaining quality and purity ;

(*v*) the way Germans have endeavoured to cut into much of this class of trade ;

(*vi*) the threat of possible Japanese competition ;

(*vii*) the absolute need of direct personal knowledge between importer and exporter ;

(*viii*) the danger of relying solely on chance agents and correspondence for the development of safe business ;

(*ix*) the reliability of the better Russian houses ; and

(*x*) the trade openings are not confined to tea.

The Consul-General says that most of the East Indian produce was brought in Russian bottoms. The Headquarter Office of one of the Russian shipping companies told us that the Austrian-Lloyd did much of it, which statement was corroborated by the Canadian Trade Commissioner who had made enquiries in Odessa, but of course His Majesty's Consul-General is " the man on the spot."

* * * * * * *

Memorandum on trade with India by His Majesty's Consul-General at Odessa.

(1) Shipping facilities.

Almost the whole of the imports from the East Indies are brought to Odessa by vessels of the following Companies ;

(*a*) Russian Volunter Fleet.	Port of call.	Colombo
(*b*) Northern Steamship Company.	"	"
(*c*) East Asiatic Company.	"	"

all of which fly the Russian flag and thereby obtain for goods which they carry the advantage of reduced railway transport charges within the Russian Empire.

There is at present no British steamship line with a direct service between East Indian ports and Odessa and goods carried by lines other than the above have to be transhipped at Aden, Port Said or other Mediterranean ports. Imports *via* Trieste are infrequent, and Naples and Genoa do not figure as transhipment ports for this trade.

Rates of freight by the Russian direct steamers are naturally considerably lower than rates by Austrian, German, or British indirect boats. A Government subsidy paid to the Russian Volunteer Fleet also operates to reduce the freight rates by that line.

After the war there should be a very fair opening for a further Russian or Russo-British Steamship Company with a service from East Indian ports to Odessa with produce and thence to United Kingdom ports with grain or timber. The import of copra, for instance, was considerably impeded in the pre-war period by the necessity of transhipment with the high charges consequent thereto which this article cannot well carry.

It is probable that in the period after the war a further competitor for East Indian freights will be Japan, as it is understood that a Japanese company is considering the possibility of a service from Kobe to Odessa *viâ* East Indian ports.

(2) Edible Oils, Copra.

The demand for and consumption of edible oils is increasing by leaps and bounds and, being eminently suitable for the Russian population for religious considerations, will undoubtedly continue to increase. Their absence since the outbreak of the war is being severely felt.

There are at present eight oil seed crushing factories in Odessa, of which three crush exclusively copra for the manufacture of vegetable butter. Of the copra imports it is estimated that approximately one-third—chiefly Malabar and Ceylon extra selected qualities—is used for the manufacture of edible butter, and the remainder—chiefly Straits copra and Malabar and Ceylon fair merchantable and sundried qualities—is used for the production of oil to be used in the manufacture of soap. When the price is satisfactory the quality most used for soap production is Straits fair merchantable quality, otherwise crushers use Ceylon sundried fair merchantable quality.

Malabar copra has only been imported in any considerable quantity since 1913 and is all used for the manufacture of vegetable butter.

Up to the year 1912 almost the whole of the copra business was done through local agents of London houses, but during that year two Hamburg houses with Eastern establishments entered the market and succeeded to a great extent in underselling and consequently eliminating the London houses, their prices being from Rs. 10 to Rs. 20 less than the London quotations. All Malabar copra imports are through the above-mentioned Hamburg firms. In 1913 a Russian house established at Colombo and dealing up to then exclusively in tea also entered the market and did considerable business, their quotations being approximately the same as the German firms.

The imports of copra through this port include parcels for interior towns, Kiev and Moscow for example. Imports for the northern districts of the Russian Empire are chiefly landed at Riga, Libau, etc., after transhipment at Bremen, Hamburg or Rotterdam. Imports for those districts are chiefly drawn from Java, and Manila.

The trade in other oil seeds is done mainly through the same channels as the copra trade, but in latter years East Indian merchants have been trying to eliminate European merchants and brokers and to work direct through Odessa agents.

Ready made oils are not imported owing to the very high duties and to the existence of large oilseed crushing works.

After the war there should be a good opening for a large trade in Malabar groundnuts (shelled and unshelled). Prior to the war groundnuts were imported from China in large quantities, the trade being almost exclusively in the hands of Hamburg houses with Eastern branches, and as the quality of the Malabar nut is much superior to the Chinese, there appears to be no reason why the Malabar nut should not come into its own, provided that transport facilities are forthcoming.

(3) Castor Seed and Jute.

There is practically no trade in castor seed, the needs of the market being supplied by seed grown in the Caucasus and in Central Asia.

Some 8,000 tons of jute are annually imported from Calcutta for the Odessa bag factory and for transmission to Central Russian bag factories. Ready made bags are not imported.

In the whole of Russia the jute imports amount to some 200,000 to 250,000 bales, which are distributed among the ten jute bag factories which are established chiefly in Poland and the North. The nothern and Polish factories draw their supplies chiefly through Germany, the Odessa and southern factories through Port Said and Marseilles by French or Austrian steamers.

(4) (a) Copra imports (in tons).

1909.	1910.	1911.	1912.	1913.	1914 (to July 1.)
19,000	27,000	35,000	22,000	24,000	11,000

(*b*) *Castor seed imports.*—Practically none.

(*c*) *Jute imports.*—(through Odessa.) 8,000 tons *per annum*. (For whole of Russia.) 200,000 to 250,000 bales (of 400 lbs.)

(5) Metals.

Tin was the principal article in this line imported from the East before the war. The annual imports amounted to 1,300 to 1,500 tons *per annum*. Shipments were made by direct Russian lines and also by indirect British vessels with transhipment at Port Said or elsewhere.

The tin trade is chiefly done through Odessa agents of London and Amsterdam merchants and brokers, and also through agents representing Singapore and Penang firms.

In 1911-12 Austrian firms in Vienna and Trieste endeavoured to enter the market but met with very little success. In 1913-14 Austrian firms very rarely offered any tin here and what little they disposed of had little effect on the market.

(6) Other Eastern produce.

(*a*) *Singapore and Penang black pepper.*—A considerable trade was being done in this article before the war, the annual imports during the years 1912 and 1913 being approximately 2,000 to 2,500 tons. In the majority of cases the pepper handling firms are identical with those handling copra.

The qualities required by this market are :—

Singapore Black. Fair average and fair.
Penang. B. and C. Fair merchantable.
Telicherry. Fair average heavy.
Alleppy. Fair average.
Lampong. Fair average.
} Average import 200–250 tons.

The imports of the last three qualities were irregular and came chiefly from London and Amsterdam stocks.

(*b*) *Gum olibanum.*—This article was imported almost exclusively direct from Bombay, annual imports in 1912 and 1913 amounting to 2,500 to 3,000 cases. The business is done through Odessa agents of British and Indian firms and although local merchants were somewhat dissatisfied with the commercial ethics of the native Indian merchant, whose deliveries are seldom up to sample, yet there is no doubt that after the war direct imports will again be resumed as the difference in price between direct and indirect imports is very considerable.

The qualities generally required by this market are :—

Extra Fine Drops.
Fine Drops.
Extra 1. Extra 2.
Garblings 1.
} There is no demand for siftings.

(*c*) ***Ginger cut B and C bleached and unbleached.***—Inconsiderable quantities were imported from time to time from Calcutta packed in cases or bags. The competition of Japanese limed and unlimed ginger is severely felt.

The business is done by agents representing Calcutta firms and also through London merchants and brokers drawing from London or Calcutta stocks.

(*d*) ***Shellac.** Bombay and Calcutta grades.*—Small quantities of this article were imported for the local market from London and Hamburg and shipments were also made direct from India to Odessa for account of Moscow firms.

Qualities required by the market are generally :

Lemon and Orange third leaf. T.N.	Annual import 400—500 cases, chiefly for Moscow.

(*e*) ***Indigo.***—The quantity imported for this market was inconsiderable but large shipments were made *via* this port for Moscow, Lodz and other textile centres. The trade was in the hands of Indian, Hamburg and London merchants.

The qualities chiefly required by the Russian market are :—

Madras Kurpah Manila.	Middle to finest. Fine violet and blue colours. Light weight. Quantity imported 850-1,000 cases.

(*f*) ***Madras Turmeric.***—This commodity was brought to Odessa direct from Madras and was of some importance in this region. The quantity obtained from Madras was small in comparison with that obtained from China, which, although of much inferior quality, is considerably cheaper in price.

Madras shipments usually came forward by Austrian-Lloyd vessels and occasionally by British boats. Odessa agents represent some of the Madras merchants who deal in this commodity.

Quality required by the market is :—

Madras, long fingers, no bulbs, fine dark yellowish colour with but a small percentage of halves or broken fingers and sifted from dust.

(*g*) ***Gum Gatty.***—Odessa consumes this commodity in very small quantities and imports through Odessa are destined almost entirely for Russian textile centres. Conditions of shipment, etc., are the same as for indigo and shellac.

(*h*) ***Myrabolams Nuts.***—This is an article of importance for the tanning industry. The trade was formerly in the hands of German and Austrian firms, but of recent years Bombay and Calcutta native and British firms have entered the market with success. Business is done with local agents of Indian firms and also on behalf of London and Hamburg merchants. Shipments come forward by Austrian-Lloyd vessels and also by British vessels with transhipment at Port Said and Trieste.

The qualities required by the market are :—

Fine Jubblepore 1. Jubblepore 1. Rajapore 1. Crushed Myrabolans.	Quantity imported about 1,500 tons *per annum*.

(*j*) ***Solid Myrabolans extract.*** This commodity was introduced into Russia some years ago by Hamburg merchants; before the war business was taken up

by Bombay and English firms, and several trial shipments were effected direct from India. There are very good prospects for an important development in the trade in this produce after the war, Russian tanners finding it more convenient to import the extract than the nuts themselves.

Business in the extract is done by the same merchants as handle the nuts as well as by the Indian manufacturers of the commodity who are generally represented here. A small percentage of the business was done through the intermediary of London and Liverpool merchants and importers.

Shipments are made in the same way as for the nuts and the quantity imported was in the neighbourhood of 700 tons *per annum* of which a considerable portion was reforwarded to other Russian leather manufacturing centres.

(*k*) ***Solid Mangrove extract.***—This article has of late years become of some importance in this country, supplies being obtained both from Singapore and from London, Liverpool and Hamburg. Some of the Singapore manufacturers and exporters are represented by local agents.

Shipment is made direct by steamers of the Russian lines and also by Austrian vessels *via* Port Said or Trieste, and since the outbreak of war considerable shipments have been made from Singapore to Vladivostok.

The quantity imported from Singapore and elsewhere amounted to some 500 to 600 tons, partly for consumption in Odessa and partly for further transport to other Russian leather manufacturing centres.

(*l*) ***Block Gambier.***—In previous years this commodity was imported in considerable quantities from Singapore, but for some years the consumption has almost ceased in this district owing to tanners having accustomed themselves to other ingredients. Shipments were sometimes made before the war from Singapore *via* Odessa for account of Moscow and other central Russian tanners.

(*m*) *Ceylon Cocoa beans.*—This article is of great importance for Russia in view of the great number of chocolate manufacturers established in Central and North Russia. The Ceylon variety does not find much favour with Russian manufacturers, the quality being apparently not quite suited to their requirements. The chief import of beans is from Guayaquil, Trinidad, Accra and Venezuela.

Of the Ceylon beans brought to Odessa, the following are the qualities mostly used :—

Ceylon Estate-black reddish.

Ceylon Estate-red and reddish ordinary.

Native superior.

The trade in Ceylon beans is done by London as well as by Colombo merchants and exporters represented by Odessa agents, and the annual pre-war import was from 100 to 120 tons mostly destined for Moscow and other Central Russian chocolate manufacturing centres.

(*n*) ***Ceylon Plumbago.***—This commodity was imported direct from Colombo, the Ceylon exporters being directly represented in Odessa by local agents. Shipments were usually by Russian direct steamer, but occasional parcels came forward by Austrian-Lloyd steamers with transhipment at Port Said or Trieste.

The qualities taken by this market were :—

Small chips, various grades. Dust of various qualities.	on types.

The annual import amounted to 250 to 300 tons of which the greater part was destined for the South Russian Donetz basin, where there are numerous foundries producing cast iron goods.

(*o*) ***Ceylon Cardamoms.***—This spice was in former years handled exclusively by London and Hamburg merchants who shipped from those ports to Odessa, Latterly Odessa merchants have accustomed themselves to direct importation from Colombo through Odessa agents, shipment being effected in the same way as for plumbago.

The quality generally required are bleached grades—Mysore preferred—of middle and fine qualities, full and heavy. The annual pre-war import was from 300 to 400 cases.

Cardamom seeds have no sale in this market.

(*p*) *Fibres.*—Small quantities of various Ceylon fibres were imported from time to time to be utilised in the upholstery and brush manufacturing trades.

(*r*) *Hemp.*—Raw hemp is an article of importance for the Russian market and was imported from Manila and from the Malabar Coast, both for use in Odessa and for transport to cord and rope manufacturers in Central Russia. Information as to the quantity imported and the qualities used is not obtainable.

(*s*) *Tea. Ceylon and Indian.*—The great importance of this article for the Russian market is well known. Some 25 to 30 years ago, before the Ceylon and Indian grades were introduced and became known in Russia, imports were almost exclusively from China, shipment being made direct from Hankow and Canton as well as from London and Hamburg stocks. Since then some of the large Moscow, Petrograd and other Central Russian tea blending and distributing companies have established branches in Calcutta and Colombo and have made large shipments to Odessa and Batoum as well as to Vladivostok, in transit for Moscow, teas shipped *via* Vladivostok being subject to a lower rate of duty than those imported by Odessa or Batoum. Besides the Russian firms established in Ceylon and Calcutta, many British merchants established in Calcutta, Colombo and London do a considerable trade throughout Russia, and, notwithstanding the Indian and Ceylon competition, merchants in London and Hamburg have done good business from stocks held in those places.

Shipments are usually by Russian direct steamer although at times British vessels bring whole cargoes.

Green tea grades required for the Russian Central Asian market were shipped to Batoum for transport by the Trans-Caspian railway.

The qualities generally required are :—

Ceylon Orange Pekoe. Ceylon Pekoe. Ceylon Souchongs. Assam, all grades. Darjeeling, all grades. Indian Orange Pekoe. Indian Pekoe Souchong. Green Indian, various grades.	Lowest to finest grades preferably with yellow tips of strongest possible liquor in the cup. Teas preferred of strong scent, leaf not of much importance, although whole leaf and clean of dust grades preferred.

The annual import was :—

		1,912	1,913
Ceylon.	(tons)	1,250	2,900
Indian	do.	1,100	550

(*t*) *Rice, cleaned Burma.*—A rather important trade went on during the last few years before the war in cleaned rice for shipment from Rangoon direct

to Odessa by vessels of the Russian Volunteer Fleet and the Northern Steamship Company, as well as by transhipment at Port Said and Alexandria. There being no direct line between Rangoon and Odessa, the Russian lines only called when there was a cargo waiting for shipment to Odessa.

Notwithstanding the competition of the Russian rice mills in Baku and Astrakhan which clean exclusively Persian rice, there are prospects of a further considerable development in this trade after the war. It is understood that efforts are being made to obtain a reduction in the import duty on half cleaned and raw Burma rice (paddy and cargo rice) and should these efforts lead to satisfactory results, large rice mills would in all probability be established in Southern Russia, and in that case the Russian steamship lines would no doubt find it convenient to establish regular communication between Rangoon and Odessa.

The qualities imported for this market are :—

Rangoon Ngatsein No. 3 Rangoon S. Q. Broken A. B. & C. grades	Annual import from 18,000 to 20,000 tons.

(*u*) *Java and Sumatra produce.*—Mace, nutmeg and gum benjamin were imported formerly through London, Amsterdam and Hamburg, but shortly before the outbreak of war local merchants found it more to their advantage to import direct through the Odessa agents of Java and Sumatra houses.

Shipments were effected by Austrian-Lloyd, Dutch or British vessels with transhipment at Port Said, Trieste or Amsterdam.

Annual imports were approximately :—

Mace ...	...	...	250 to 300 cases of 1-2 cwt. each.
Nutmeg ...	...	...	300 to 400 „ „ „
Gum benjamin	...	...	400 to 500 „ of 2 cwt. „

I cannot do better than reproduce some remarks on credit and local representation which have already appeared in the "Board of Trade Journal" under date August 10th, 1916.

Credit.

It cannot be urged too strongly that the giving of credit is necessary to success in the Russian market, but no credit should be given without enquiry. Such enquiries, to be satisfactory, can only be made personally and on the spot. There are very many honest traders in Russia, but they expect to be dealt with according to the customs of the country in the matter of credit. The dishonest traders are ready to accept any condition imposed by the exporter, in order to obtain, not so much the trade, as the goods. In many cases it would save the exporter much trouble, time and worry to write out a cheque at once and send it in the place of the goods ordered; the result would be identical. But the evil does not stop there; such mishaps dishearten the British exporter and he retires in disgust from attempting to do business with Russia. Ordinary care at the outset on the lines indicated would avoid this.

The usual British condition of cash against documents is an effective bar to business with Russia in normal times. The general custom is to give from four to six months credit, and unless the British merchant complies with this custom, he will have great difficulty in selling his goods. This credit is not demanded out of caprice, but because the financial condition of the country does not allow of purchases on a large scale being made for cash. Care must of course be taken in selecting clients, but this is not so difficult as may be imagined. The Russian merchants of good standing, and they are by no means few in number, are very honest. In order to get at these, however, a knowledge of the Russian language is generally necessary.

Too much stress cannot be laid on the necessity of adopting a sound system of reliable information as to the standing of probable clients or agents. The system of applying to the local banks is not a good one, and the information supplied is often of but little practical value. As regards agents, many of the so-called agents who write extremely plausible letters to firms offering to represent them are not desirable representatives.

Local representation.

Firms wishing to do business in this market must be locally represented either by resident agents or by travellers. These representatives must be conversant with the Russian language. They should be men chosen not only for their business capacity, but also for their tact and ability to adapt themselves to their clients' requirements. In Russia the personal factor plays a part not conceivable to the average British business man who expects to go into an office, transact his business at once and go away. This is not the Russian system. The agent should make himself agreeable to his prospective client and try to make a personal friend of him. A pleasant chat about things in general, an invitation to lunch or dinner, or even a simple glass of tea together in a café will go far to create a favourable impression. As a rule the Russian merchant has plenty of time, and being of an hospitable, generous nature himself, likes to meet men of a similar character. Establish good personal relations and good business will follow. Patience and good nature are required.

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