

# REPORT

ON THE

## COMMERCIAL SITUATION IN

### S I A M

At the close of the Year 1919.

BY

Mr. J. CROSBY, H.M. Acting Consul-General, Bangkok.

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Presented to Parliament by Command of His Majesty.

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NOTE : The Trade figures in this Report have reference to the Port of Bangkok, upon which the bulk of the foreign commerce of the Kingdom of Siam is focussed

## I.—FINANCE.

Immediately after the conclusion of the Armistice, the import market temporarily collapsed, merchants holding off in the hope of a fall in prices. On the other hand the demand for exports of rice at high prices was unprecedented.

Bearing in mind the fact that imports to a considerable extent pay for exports, the balance of trade being financed by the local Exchange Banks selling by means of telegraphic transfers to the Siamese Government, it will be realised that the past year has been full of difficulties from the financial point of view. The extraordinary demands made upon the Treasury for money are shown by the following table of the Banks' drawings for the last four years :—

			Ticals.
April 1st, 1915, to March 31st, 1916	...		20,020,000
.. .. 1916, .. 1917	...		27,105,000
.. .. 1917, .. 1918	...		31,460,000
.. .. 1918, .. 1919	...		80,145,000

Of the drawings in 1918-19, only Tcs 15,925,000 were obtained during the first eight months of the year, whereas during the last four months no less a sum than Tcs. 64,220,000 was paid over.

The situation was further complicated by the fact that the note reserves of the Siamese Treasury had fallen to a dangerously low level, orders for notes placed in Europe remaining long unfulfilled owing to prevailing war conditions. When the big demand for money began in December, 1918, the position became serious and it was necessary, as a temporary measure, to issue notes of the denomination of one Tical surcharged to the value of fifty Ticals. Adequate supplies of notes are now once more forthcoming.

The total value of notes in circulation in October, 1918, stood at Tcs. 64,124,864; at the end of September, 1919, the figure had increased to Tcs. 143,444,425. Silver reserve, which at the end of October, 1918, stood at Tcs 15,494,274, had been reduced by September 30th, 1919, to Tcs. 8,607,775. The balance of the reserve against note issue is practically all held in London, either invested or on deposit in Banks.

The large increase in the note circulation is due in part to the opening up of the country by means of railways, but more especially to the wave of prosperity which was experienced prior to the prohibition of the export of rice. The withholding of money by importers in the expectation of lowered prices has also been a contributing factor.

The rise in the market price of silver has proved a fruitful source of embarrassment. The Tical having ceased to be protected by its intrinsic value, the Government not only had recourse to notes of the denomination of one Tical, but also sought to check the drain of silver currency by issuing in January,

1919, an amendment to the Paper Currency Act, whereby notes were temporarily declared to be inconvertible for a period of six months; this period has since been renewed. Further, it has been found necessary to issue a new subsidiary silver coinage, consisting of pieces of fifty cents with a reduced fineness of 650, the Tical of 900 fine being melted down for the purpose. Notwithstanding this reduction, the continual and phenomenal rise in the price of bar silver has compelled the Government to raise the theoretical value of the Tical on three occasions.

In the Gold Standard Act of the year 1908 the theoretical unit of the Siamese monetary system was fixed at 55.8 centigrammes of pure gold, the silver Tical containing 13.5 grammes of pure silver having a value equal to the aforesaid 55.8 centigrammes of pure gold. At the same time, the Siamese Treasury undertook to supply the Banks with Ticals at the rate of thirteen for every pound sterling paid to its Bankers in London by telegraphic transfer. By the Gold Standard Act No. II, promulgated on September 4th, 1919, the theoretical unit of the monetary system was changed to 61 centigrammes of pure gold, the silver Tical having an equal value. Further, the Treasury rate for Ticals supplied in Bangkok against payment of sterling in London was altered to Tcs. 11.88 per £1. By the Gold Standard Amendment Act No. III, issued on October 6th, 1919, the operation of Sections 3, 11 and 12 of the Gold Standard Act of 1908, as amended by Act No. II, was suspended. By Section 2 of this third Act, the Minister of Finance was authorised to continue to receive gold abroad and to fix the rate for the issue in Bangkok of legal currency in exchange at such amount not exceeding Tcs. 11.88 per £1 as might be necessary in order to protect the silver currency. Under the authority thus conferred upon him, the Minister of Finance further reduced, through an official notification, the sterling equivalent of the Tical to that of 10.89 per £1. By the subsequent notification dated November 11th, 1919, a still further reduction to the rate of Tcs. 9.90 = £1 was effected. On November 26th, this was again changed to a rate of Tcs. 9 = £1.

The Siamese Government funds in London stand in their books at Tcs. 12 per £1; hence the rate of Tcs. 11.88 may be taken as the probable one at which the Government will supply the Banks with currency in the future, should the price of silver decline sufficiently to make this possible. In the meantime, the Minister of Finance is empowered to raise the value of the Tical from time to time, with a view to protecting the silver coinage, by merely inserting a notice to the desired effect in the Official Gazette.

Owing to the uncertainty as to the future value of the Tical, the Banks are at present somewhat chary of making forward contracts unless they are able to secure cover. Fortunately, the bulk of last season's rice crop was moved before these changes in the sterling equivalent of the Tical came in force.

## II.—THE IMPORT TRADE.

During the Siamese Official year ending March 31st, 1914 (the last complete year before the war), the principal imports into Bangkok arriving direct from the United Kingdom were as follows :—

	£
Cotton goods ... ..	666,752
Iron, Steel and Machinery ... ..	255,113
Cotton Yarns .. ...	65,235
Carriages, Cars, Cycles and parts thereof (including Rubber Tyres) ... ..	45,217
Paper (chiefly unprinted) ... ..	31,468
Provisions ... ..	30,871
Electrical goods and apparatus ... ..	22,768

The latest figures available and suitable for the present purpose are those for the Siamese half-year April 1st to September 30th, 1919, inclusive. The great rise in nominal value must be borne in mind in making any comparison with the former period.

They indicate the following as being the chief direct importations from the United Kingdom :—

	£		£
Cotton goods ... ..	289,154	for a whole year say	578,000
Cotton yarns ... ..	70,923	„ „ „	142,000
Printed matter (other than books and music) ... ..	31,385	„ „ „	63,000
Cigarettes ... ..	17,846	„ „ „	36,000
Soap, common ... ..	13,615	„ „ „	27,000
Machine belting ... ..	6,769	„ „ „	14,000

Total importations into Bangkok from the United Kingdom during the two periods above indicated were :—

Year April 1st, 1913, to March 31st, 1914.	Half year April 1st, 1919, to September 30th, 1919.
£ 1,500,209	£ 711,957 for a whole year say £1,423,914

The statistics given above are unsatisfactory, inasmuch as a large proportion of British manufactures are entered in the Customs returns as arriving from Singapore, which is a port of transshipment for goods sent out from Europe. (In the same way, Hong Kong serves as an entrepôt for the transshipment of goods despatched to Siam from China, Japan and America.) The local Customs returns are so arranged as to reveal commercial exchanges, and not actual spheres of production.

In 1913-14, imports from all sources entered Bangkok to a total value of £6,962,334; during the half year April to September, 1919, the combined value of all imports amounted to £5,617,440 (for a whole year say £12,000,000).†

† For the eleven months ended February, 1920, the total value of all imports amounted to £11,043,783.

The following table is of interest, as shewing the respective shares taken by the principal exporting countries :—

Year 1913-14.			Half-year, April to September, 1919.	
Name of Country.	Total Exports to Siam.	Percentage of grand total of all imports into Siam.	Total Exports to Siam.	Percentage of grand total of all imports into Siam.
	£	%	£	%
United Kingdom ...	1,500,209	21·5	711,957	12·7
Singapore ...	1 190,030	17·1	1,271,231	22·6
Hong Kong ...	1,114,112	16·0	1,445,703	25·7
United States of America.	220,977	3·2	440,865	7·8
Japan ...	161,114	2·0	211,418	3·8
Germany ...	509,635	7·3	—	—

These figures, if taken as they stand, are misleading and should be studied in the light of the statistics for the most recent Siamese Official year, April 1st, 1918, to March 31st, 1919, given in Appendix I, during which importations from all sources reached a combined total of £7,930,147. The various percentages for that year were :—

United Kingdom	...	...	...	20·5
Singapore	...	...	...	14·6
Hong Kong	...	...	...	18·7
United States of America	...	...	...	6·5
Japan	...	...	...	11·6

It will be seen that the half-year April to September, 1919, has witnessed a transference of about 7½ per cent. of the whole Import Trade from the United Kingdom to Singapore, and a very similar transference from Japan to Hong Kong. These transferences are probably not as real as they are apparent; the increase in the Singapore figures is to be ascribed to the export from that port to Siam of large stocks of cotton goods (mostly of British origin) previously held there. Exports from America may serve in some measure to explain the rise in the Hong Kong figures, but the main factor is undoubtedly to be sought in the greater volume of Japanese merchandise transhipped at the port in question. The statistics for 1918-19 thus afford a better guide than those for the half-year just closed as to the relative shares taken of late by the various countries participating in the export of merchandise to Siam.

The figures which have been quoted show a relatively great increase in imports as regards values during the past half-year when comparison is made with pre-war years. In view of the vastly enhanced prices of practically all commodities, however,

this increase by no means implies an actually greater volume of trade. Mention has already been made of the falling off of import business immediately after the conclusion of the Armistice, owing to the hope of a fall in prices. The lack of available statistics for that period is thus not very material.

Enhanced prices will account for the fact that, in terms of money, imports into Bangkok maintained their annual pre-war level even throughout the years of the war. The United Kingdom during the same period succeeded more or less in keeping its average share in the total import trade of the port. This circumstance is to be ascribed to practically continuous supplies of British-made cotton goods and yarns, which were generally procurable by those who were prepared to pay sufficiently for them.

Japan and the United States of America have, very naturally, benefited by the war and have increased their respective shares in the supply of manufactured goods to Siam. To a certain extent Japan has inevitably taken the place of the United Kingdom even in the matter of piece-goods, whilst America—at least before her own entry into the war—in some measure replaced ourselves and Germany as regards iron, steel and machinery. Germany's rôle of supplying the native bazaars with various manufactured goods of the cheapest kind has been assumed by the Japanese, who have proved themselves to be apt imitators in this respect.

Cotton goods and yarns, and, after them, iron, steel and machinery constitute by far the most important items in the export trade from the United Kingdom to Siam.

#### **Cotton Goods and Yarns.**

In the opinion of a local expert in this line of business, the above-mentioned drop in business will not be permanent. He foresees a return to normal conditions after March, 1920. The falling-off of orders during the period mentioned has not been without its compensation inasmuch as it has been the means of unloading heavy stocks both here and in Singapore. The import figures from Singapore during the period April to September, 1919, have gone up out of all proportion, but this merely means that Singapore disposed of large quantities of accumulated stocks in Bangkok. When it is remembered that a large portion of piece goods and yarn stocks which come from Singapore are produced in the United Kingdom, the position has been quite a healthy one.

As regards the future in the piece-goods trade, it is considered that prospects for the United Kingdom are good. She will have little to fear from the Japanese, whose failure in realising their opportunities is attributed to the poor quality of their piece-goods lines mostly used in Bangkok, to their ignorance of *post-bellum* requirements, and to the momentary demand for whatever they turned out.

### **Iron, Steel and Machinery.**

Importations in this line from the United Kingdom ceased entirely during the war. America, as long as she remained neutral, thereupon became the chief source of supply, providing in particular steel plates and sections. As regards machinery, the chief importations from America have been four drag-line excavators and two suction dredges for the Royal Irrigation Department. From the time that America began to participate in the war, however, imports of iron, steel and machinery from that quarter all but ceased.

After the termination of hostilities in November, 1918, practically no business was done, in the vain expectation that prices would drop. At about the end of June, 1919, orders began to be placed again through sheer necessity. None of these have yet had time to come forward; it is probable that the bulk of them have gone to the United Kingdom.

There is every prospect that, provided labour troubles do not stand in the way, the United Kingdom will recover and even improve her old position in this market. But it is most desirable that home manufacturers should be able to quote firm prices for forward contracts for reasonably prompt acceptance, and that they should adhere to terms of reasonably quick delivery.

### **Other Imports from the United Kingdom.**

Of the lesser items previously noted, it may be remarked that the war has led to a cessation of supplies from the United Kingdom of carriages, cars, cycles and parts thereof, paper (chiefly unprinted), provisions, and electrical goods and apparatus. On the other hand, the last half-year has witnessed not inconsiderable importations from the United Kingdom of printed matter (other than books and music), cigarettes and common soap. The greater portion of the printed matter consists of currency notes ordered by the Siamese Treasury.

## **III.—THE EXPORT TRADE.**

During the Siamese year 1918-19, exports from Bangkok to all destinations reached a total value of £12,463,956, of which no less than £10,161,260 (845,323 tons) consisted of rice. For the five months April to August, 1919, inclusive, the total exports amounted to £9,813,546,\* rice (354,866 tons†) accounting for £8,158,320. The enormous relative increase in value is due to the unprecedented rise in the price of rice, owing to the exceptional demand coming from neighbouring countries. The recent famine in India led to the greater portion of the output from Burma being devoted to the necessities of the Indian population, with the result that the Straits Settlements, Ceylon and the Netherlands Indies were forced to look elsewhere for the

\* For the eleven months ended February, 1920, the total exports amounted to £14,219,371.

† Rice exported during the eleven months ended February, 1920=441,486 tons.



proportion of their food supplies which they had hitherto procured from Burma. At the same time, the French Government commandeered for consumption in Europe the greater part of the output of Cochin-China, with the consequence that Siam became the only open market in which rice could be purchased in this part of the world. Bangkok exporters were not slow to avail themselves of the exceptional opportunity thus afforded, and prices soared to unheard-of figures. The market was affected by a further stimulation from the entry on the scene, after the conclusion of the Armistice, of powerful Japanese firms, whose participation in the rice trade in Siam and elsewhere in the Far East has undoubtedly exercised a considerable influence. Speculative business done by these firms on a very large scale has greatly tended to inflate prices, and has brought them under the suspicion of endeavouring to corner food supplies at a moment of acute crisis. The continual drain on Siam's resources led to such a scarcity that the export of rice was placed under Government control as from July, 1919, since which date exportation, save under pre-existing contracts, has been forbidden. The next crop shews every sign of being a disastrous failure, and it is possible that exports may continue to be prohibited throughout the whole of the coming season.

During the last two or three years of the war, exports from Siam to Europe and the United Kingdom were governed by the very limited amount of tonnage available. Since the Armistice, the position as regards tonnage has eased, and as soon as ships were again procurable, exports of rice (up to the date of prohibition) and teak, etc., started once more. It is still almost impossible to get space homewards for bulky articles such as teak squares, and very difficult to obtain space for planks and scantlings, hides, horns and other produce. Prior to the date of prohibition, a brisk trade in rice was done with Europe and the United Kingdom, and there can be no doubt that business will be resumed as soon as the exportation of white rice and of large broken rice is permitted once more. There is at present a good demand for broken rice\* (especially from the Continent). Hope is expressed that rice merchants in the United Kingdom will have sufficient enterprise to start rice-polishing mills, and endeavour to capture the trade in polished Siam rice which was almost a monopoly of Dutch, German and Austrian firms before the war. Unless they do so it seems that an increase in the rice trade between Siam and the United Kingdom direct cannot be expected, though that, of course, need not prevent British firms continuing to do the bulk of the business in Siam rice exported to the Continent and the United Kingdom. It would be much more satisfactory if in future there were more export to the United Kingdom and less to the Continent than there was before the war. The war and the Panama Canal between them have undoubtedly tended to transfer the considerable business that was previously done in Siam rice with the West Indies and Cuba through London to San Francisco, and it is feared that this is a

trade which it will be very difficult to get back again; and, of course, the probabilities are that with the Panama Canal route available, it would only have been a question of time before San Francisco got a share, at any rate, of the West Indies and Cuba trade in Siam rice.

As regards teak which, *longo intervallo*, forms the second item of importance of Siam's articles of export, it may be said that there is still an excellent demand at very high prices in the United Kingdom and on the Continent, but shipments are curtailed at present owing to the difficulty of obtaining tonnage. The same difficulty stands in the way of shipments of hides, horns, etc.

During the Siamese year 1918-19 practically the entire export of sapphires (over £40,000, an exaggerated figure), went to the United Kingdom. During the last few months American interests have been making a bold bid to capture the trade in rough sapphires and rubies from Siam.

A brief account of the principal Industries of Siam is given in Appendix II.

#### IV.—GENERAL PROSPECTS FOR TRADE WITH THE UNITED KINGDOM.

Exports of rice from Siam are at present forbidden on the ground of scarcity; this restriction is likely to continue for some time, as the new crop is reported to be a failure. When it is considered that rice forms Siam's staple article of export, the reaction of this state of affairs on the import market of the country will be seen to be both inevitable and serious by reason of the diminished purchasing power which must ensue.

The rise in the exchange value of the Tical, which in itself might be expected to stimulate the import trade, is likely to be more than counterbalanced by the factor which has just been considered.

The nature of Japanese competition has already been dealt with above under the heading of "Cotton goods and yarns." It is thought by some that the Japanese will retain their hold principally upon the cheap lines of which Germany had a virtual monopoly in the past. American competition is more to be expected, although the American manufacturer labours under certain great disadvantages; exchange is at present against him, whilst freight charges from the United States of America to Siam are higher than those from the United Kingdom. Recent tenders for the supply of sluice-gates to the Siamese Department of Irrigation shewed that the f.o.b. prices quoted by American firms were so much in excess of those offered by British manufacturers as to render the award of the contract to the United Kingdom a foregone conclusion. American terms of doing business, too, have caused some misunderstanding during the war on the part of importers. Against this latter drawback, however, must be set the fact that the American exporter shows signs of

adapting his methods to those of the native firms and that he is learning to understand Eastern markets better every day. A Bangkok importer of iron, steel and machinery is more apprehensive of future competition from German than from American sources: he notices that the Germans are already endeavouring to come into the Siam market again, and he points out that the present low exchange value of the Mark is all in their favour.

To sum up; although market prospects are at the present moment far from good, careful enquiry reveals a general consensus of opinion that United Kingdom manufacturers need not fear foreign competition in the future; general prospects for trade with Siam are altogether encouraging, subject always to the stipulation that labour and economic conditions at home will render possible the output of goods of pre-war quality, or better, at prices that will compete with other nations' goods, and enable manufacturers to accept on reasonable terms, and execute the orders which may be placed in their way. At even prices, the impression prevails that most Asiatic traders prefer British manufactured goods to those of any other nationality. It is, however, by no means suggested that the British manufacturer is absolved from the necessity of putting forth every effort to meet competition on the part of foreign rivals in Siam. Such competition will in the future be keener than ever, and to underestimate the danger arising from it would be folly. We have an added advantage in our favour by reason of the preponderance of British importing interests in Bangkok, which naturally turn to the United Kingdom as their principal source of supply.

## V.—TRANSPORT.

### Shipping.

Information received from an authoritative source would seem to show that there is going to be great competition for the local carrying trade with the Japanese. The China Navigation Company (British) have a firm hold on the Hong-kong—Swatow—Hoihow run, and the Straits Steamship Company (British) and the British India Steam Navigation Company (British) on the Singapore run; but they will have strong competition to meet from Japanese lines in the future. At the beginning of 1919 the Japanese were strongly represented in Bangkok, but there was then such a rush of rice-shipping that there was more than enough cargo for all the lines, and rates suffered little from the Japanese competition. Just at present (November, 1919), the Japanese are under a cloud owing to the Chinese boycott, the effects of which are still making themselves felt both in Bangkok and in Singapore, while the fact that the bulk of the cargo to Singapore has of late consisted of rice shipped on account of the Government of the Straits Settlements in British bottoms is another factor which has worked against the Japanese. When, however, export of rice is again possible on a large scale, the competition from Japanese lines will really make itself felt.

The following are the Japanese lines actively operating in Bangkok :—

- (1) Osaka Shosen Kaisha—2 steamers, Java—Singapore—Bangkok  
ditto 2 steamers, Formosa—Hongkong — Bangkok —Singapore run.

It is more than probable that, when trade revives, the Osaka Shosen Kaisha will put more steamers in the Bangkok trade. They have vessels suitable for it now in course of construction.

(2) Yamashita Kisen Kaisha. This line had about ten steamers on the Hongkong and Singapore runs up to the middle of the year. They have an arrangement whereby the important Chinese firms of Khoon Seng and Kwang Hap Seng represent them in Bangkok; they have at the same time a representative of their own who sits in the former's office and exercises a general oversight. Their probable intention is to compete strongly for the Bangkok trade once the export of rice is open again, and with Khoon Seng's many mills behind them they will be in a strong position.

(3) Mitsu Bishi Kaisha. This Company had two steamers running either to Singapore or to Hongkong before the prohibition of export came into force. They also are reported to intend to compete strongly for the Bangkok trade once export is open again.

It is rumoured that there will probably be a great amalgamation of the Japanese lines, either in the shape of the formation of a single Company, or of pooling interests so far as management outside Japan is concerned. If this happens, then Japanese competition will be more formidable; it is probable that the combined lines would have their own offices and godowns in Bangkok.

During the war a great many Norwegian ships were employed in the Bangkok trade under charter to Chinese merchants. Owing largely to the number of steamers on the berth, the chartering business has fallen off and there are now very few Norwegian vessels running. It is reported that the Norwegians do not intend to lose the trade, and that, if they cannot get back with chartered tonnage, they will start a line of their own. In this connection, it is significant that a firm of Norwegian shipping agents in Hongkong are said to contemplate opening a branch office in Bangkok.

The Chino-Siam Steam Navigation Company (Siamese) continue to keep one or two chartered steamers on the Hongkong—Swatow—Hoihow—Bangkok run, but it is thought that their service may not be continued much longer.

The Siamese Steamship Company (Siamese—also known as the Banij Navi Siam Company) have at present on the Singapore and Hongkong runs four of the German steamers seized by Siam when she entered the war; it is stated that the firm will get the remaining four of these ships as time goes on. If so, they will have eight vessels—all built for the Bangkok trade—at their disposal, while they also have two steam lighters and three or four barges. The terms on which they hold these boats practically make them a Siamese Government line, and there is no doubt that, if well managed, the line would be a very formidable competitor; at present, however, as far as it is possible to judge competent opinion is doubtful as to the future of the Company. Co-operation with some suitable British shipping interest, it is suggested, would be of mutual benefit, both in the matter of skilled control and profits realised.

The East Asiatic Company (Danish) have not yet restarted their direct Europe—United Kingdom—Bangkok run, but it is rumoured that they intend to do so next year. If so, it will be a great convenience to Bangkok shippers, as not only will ample space probably be available for them, but also the perils of transshipment at Singapore will be avoided.

The Siam Steam Navigation Company (Siamese—managed by the East Asiatic Company) continue to run very successfully to coast ports down both sides of the Gulf of Siam, with occasional direct steamers to Singapore. They have made enormous profits since the beginning of the war, and are now in a very strong position financially; they will probably build more steamers at an early date for the Bangkok coasting trade.

The East Asiatic Company have recently put two boats on the timber-carrying run to India. Hitherto this trade has been in the hands of a local British firm which charter Norwegian steamers for the purpose. It is not unlikely that there may be Japanese competition as well, the Osaka Shosen Kaisha and the Yamashita Kisen Kaisha having made enquiries in this same connection.

### **Railways.**

Up to the beginning of the present century practically all communication in this country was by water, either by the great river system formed by the Menam and its tributaries, the Me Ping, Me Yome, Me Wang, and Me Nam Nan (traversing the country north and south), or by the innumerable "Klaungs" or canals, which now intersect the land, and which have been dug, either to irrigate districts not watered by the rivers, or to link up the various villages and towns. In the north, which is a country of forest, mountain and stream, and where there are consequently no canals, attempts at roads are to be found leading for about 20 miles in various directions from the more important towns (i.e. Chiangmai, Lampang, Phrao, Chiang Rai, and Nan), but these "roads" then soon dwindle into the jungle paths which connect the different districts together. During the past twenty-

five years, however, railway construction has been in progress, and now, wherever possible, all merchandise destined for the interior is conveyed by rail:

*The Northern Railway* has already reached Lampang, a distance of 400 miles due north of Bangkok; and as soon as the necessary material can be obtained, the line will be carried a further 60 miles, as far as Chiengmai, the Northern capital and present projected terminus of the railway. A large proportion of the goods destined for Lampang and the surrounding district is now conveyed by rail, but the greatest advantage derived from the Northern Railway is that it serves the great central rice-plain of Siam between Bangkok and Pitsanulok, 230 miles away. Chiengmai is still to a considerable extent served by the rivers Menam and Me Ping, on which latter river it lies. This river traffic, which is a very expensive means of conveyance, will, however, tend to diminish annually, as soon as the railway to Chiengmai is completed (probably by the end of 1920) and thus afford a far cheaper means of carriage.

The districts in the far north, such as Chiengmai, Nan, Prayao, etc., are fed by rail as far as Phraa, 330 miles from Bangkok, and thence by road and bullock caravan.

From Ban Phaji, 56 miles from Bangkok on the northern line, a branch goes to Korat in the east, a distance of 165 miles north-east of Bangkok.

Korat lies on the edge of an extensive plateau, and the railway terminating there helps to feed a very large, if somewhat arid and unproductive region.

From Bangkok a short line, 40 miles long, runs due east as far as Patriew, and a survey has now been ordered for a continuation of this line as far as the border of French Indo-China (Cambodia).

*The Southern Railway*, which was opened as far as Petchaburi in 1903 (a distance of 94 miles from Bangkok), but then discontinued—was again taken in hand in 1909, funds for the purpose being loaned by the Government of the Federated Malay States, and in July, 1918, was linked up with the Federated Malay States railway system. It is now, therefore, possible to travel by rail from Bangkok to Singapore, by way of Penang. Connection with Singapore from the Siamese frontier *via* Kelantan and Pahang will also be established in due course.

There are branch lines to Nakawn Sritamarat, Singora and Trang, so that it is possible to feed a considerable portion of the Peninsula; but roads are still practically non-existent in the Siamese portion of the Malay Peninsula, and the Royal Railway Department has now formed a road-making section, with a British engineer at its head, for the purpose of providing a system of good roads in the South to link up the villages and act as feeders to the railway.

This policy is directly due to a tour made a year ago by the Siamese Commissioner-General of Railways through the

Federated Malay States, when the necessity of making roads as feeders to a railway system was made clear for the first time. It is confidently expected that the linking up of the Federated Malay States with Siam by rail will give a great impetus to trade between the two countries, and be a means of bringing Siam more into contact with the outside world. It has already produced one effect, namely, that the mails from Europe, instead of being sent as formerly by sea via Singapore, are now landed at Penang and sent up to Bangkok by rail, a considerable saving in time being thus effected. Up to now no through trains have been run, but trains leave Bangkok for the border, where it is necessary to change, three times a week, on alternate days (Mondays, Wednesdays and Fridays), and return to Bangkok on Tuesdays, Thursdays and Saturdays. The journey to Penang from Bangkok at present occupies three days and the return journey four days.

#### **Other Routes.**

Connection in the West with Burma has not yet developed along modern lines. In the Salwin district, in the North-West, which is very mountainous and sparsely populated, communication is solely by mountain paths. In the West there is a well-beaten track between Moulmein and Raheng on the river Me Ping by way of Kawkaik and Myawadi. This is known as the overland route from Moulmein to Chiengmai, along which passes a considerable traffic in merchandise.

West of Bangkok, communication is by the Southern Railway to Ratburi and thence for a distance along the river Meklong; but the district West of Ratburi is still a wild one, with but few inhabitants, and does not afford extensive facilities for trade.

Connection in the East with French Indo-China is also as yet undeveloped. Starting from Korat, the terminus of the railway, there are several caravan routes, north to Nawng Kui on the Mekong and due East to Ubon on the Nam Moon; but the district is very thinly populated, and so arid as to be almost unproductive, from an agricultural point of view. The French have instituted motor and steam-boat services on the Mekong river, but there are a number of rapids to contend with, and in many places the river is not navigable, so that the service in the more Northern reaches is a restricted one. As far as the South-eastern portion of Siam proper is concerned, a project is now on foot to extend the railway which runs from Bangkok to Patriew, as far as the French border at Aranya Pradesa via Prachinburi, Chantakarn and Krabin, and a Royal decree was issued on the 10th of May, 1919, ordering a complete survey of the proposed line to be effected within two years.

This extension would open up connection by road with Battambang and Pnom-Penh. The projected line is reported as presenting no particular difficulties of construction, and its length to Aranya Pradesa from Patriew would be only about 110 miles.

## VI.—LABOUR.

There is little to remark under this heading. Labour problems, as understood in Europe, are still unknown in Siam. The "coolie" class in Bangkok is composed almost exclusively of Chinese, and men of this type earned phenomenally high wages during the recent boom in rice when ships were being loaded at express speed. The existing restrictions on the export of rice have naturally resulted in a lack of work for most of the labourers hitherto employed in the mills. This circumstance, combined with the general rise in the cost of necessities of life to which Siam forms no exception, may possibly contain the germ of trouble in the near future. Wages have increased all round—it is to be expected, permanently—and the rise in value of Tical makes this disability a double one from the point of view of the exporter. In general it may be said that, if any great development is to be effected in the natural resources of Siam, an essential requisite will be an ample supply of labour at reasonable rates. In normal times, the labour supply has always been inadequate.

## APPENDIX I.

Exchange value throughout, £1 = Tcs. 13.00.

By 1918-19 is meant the Siamese Official year from April 1st, 1918, to March 31st, 1919.

## TRADE OF BANGKOK DURING 1918-19.

## I.—WEIGHT AND VALUE OF IMPORTS INTO BANGKOK, 1918-19.

	Tons.	£
Total ... ..	135,079*	7,930,147†

## II.—WEIGHT AND VALUE OF EXPORTS FROM BANGKOK, 1918-19.

	Tons.	£
Total (including Re-exports) ...	967,891*	12,463,956†

\* See also under Section IV.

† The particulars include imports and exports of Bullion and Specie.

## III.—TRADE WITH EACH COUNTRY.

				1918-19.	
				Imports from	Exports to
				£	£
Australia	...	...	...	35,442	3,257
Belgium	...	...	...	152	—
British Malay States	...	...	...	2,847	75,802
British New Guinea	...	...	...	—	623
Burmah	...	...	...	18,550	1,855
Canada	...	...	...	4,012	—
Ceylon	...	...	...	422	8,461
China	...	...	...	713,123	117,516
Cuba	...	...	...	141	22,651
Denmark	...	...	...	10,513	15,680
Egypt	...	...	...	2,991	46
Formosa	...	...	...	1	54
Franco	...	...	...	48,174	229,792
Holland	...	...	...	43,878	201,870



				1918-19.	
				Imports from	Exports to
				£	£
Hong Kong	...	...	...	1,483,945	3,450,670
India	...	...	...	820,521	201,535
Indo China	...	...	...	84,544	48,931
Italy	...	...	...	4,938	23
Japan	...	...	...	932,829	1,054,185
Koh Kong	...	...	...	19,215	11,250
Korea	...	...	...	557	—
Mauritius	...	...	...	—	131
Netherland India	...	...	...	351,343	1,877,509
Norway	...	...	...	107	—
Penang	...	...	...	2,759	32,757
Philippine Islands	...	...	...	18,414	23,677
Port Said	...	...	...	—	34,815
Singapore	...	...	...	1,163,942	4,909,124
Spain	...	...	...	352	—
Sweden	...	...	...	7,936	—
Switzerland	...	...	...	19,683	—
Union of South Africa	...	...	...	—	1,202
United Kingdom	...	...	...	1,624,213	106,543
United States of America	...	...	...	514,574	32,604
Rice free on board	...	...	...	—	1,392
				£7,930,147	£12,463,956

IV.—IMPORTS INTO BANGKOK BY PRINCIPAL CLASSES—1918-19.

				Weight.*	Value.
				Tons	£
1. Food Stuffs	...	...	...	42,879 a	955,252
2. Raw Materials	...	...	...	57,301 b	714,480
3. Manufactured Articles	...	...	...	34,899 c	6,258,529
4. Live Animals	...	...	...	— d	1,886
					£7,930,147

\* The weights given exclude the weight of the following articles recorded in the Siamese Trade Returns by Number, Measure, &c.

(a) *Foodstuffs* include

33,044 Coconuts.

44,374 bottles of mineral waters.

(b) *Raw Materials* include

6,112,773 gallons of Mineral oils (Kerosene, Benzine and Liquid fuel).

(c) *Manufactured Articles* include

18,839 bales of gunny bags.

552,098 gallons of lubricating, castor and coconut oils

9,589 gallons of Methylated spirit.

304,424 corgies of certain cotton piece-goods (papoons, palais, sarongs, pakamas and patas).

772,735 Umbrellas.

1,508,564 Litres of beer, wine and spirits.

1,150 Chests of opium (Government monopoly).

48,650 Taels of Gold Leaf.

(d) *Live Animals* include

6 Horses, 2 goats, 187 sheep, 19 swine and a small quantity of poultry and other live animals.

N.B.—No weights can be given for any of the articles included under a, b, c or d.

## V.—PRINCIPAL IMPORTS IN 1918-19.

Classed in order of importance, the chief articles of import into Siam in 1918-19 were as follows:—

Article.	Quantity	Value. £
Cotton Manufacturers ... ..	3,925 Metric Tons (+ 304,424 corges*)	1,924,014
Other Textiles (Linen, Silk and Wool)	147 Metric Tons	343,250
Metal Manufacturers ... ..	6,335 "	405,131
Yarn ... ..	1,218 "	336,615
Sugar ... ..	23,110 "	316,409
Tobacco (Raw and Manufactures) ...	1,029 "	249,847
Matches ... ..	2,594 "	194,829
Paper (and Paper Manufactures) ...	1,956 "	168,866
Coal and Coke ... ..	28,232 "	158,615
Vegetables ... ..	7,345 "	155,104
Medicines ... ..	980 "	142,613
Machinery ... ..	907 "	101,719
Electrical Goods ... ..	414 "	86,562
Tea ... ..	786 "	84,574
Also		
Gunny Bags ... ..	18,839 bales	397,444
Gold Leaf ... ..	48,650 taels	339,192
Kerosene Oil ... ..	4,174,120 gallons	252,968
Opium ... ..	1,150 chests	230,469
Beer, Wine and Spirits... ..	1,508,564 litres	123,256
Motor-cars ... ..	170 number	39,046

## VI.—PRINCIPAL EXPORTS IN 1918-19.

The principal articles of Export from Siam in 1918-19 were as follows:—

Article	Quantity	Value £
Rice ... ..	845,323 Tons	10,161,260
Teak ... ..	36,930 "	430,570
Hides (buffalo and cow hides) ... ..	2,346 "	130,265
Silk piece goods ... ..	69,894 (rolls)	123,547
Pepper ... ..	1,406 Tons	108,983
Salt Fish ... ..	10,451 "	96,299
Coal ... ..	14,313 "	94,848
Ducks' Eggs ... ..	39,284,666 (No.)	77,496
Sapphires ... ..	—	43,828

## APPENDIX II.

## LIST OF INDUSTRIES IN SIAM.

(a) *Rice-milling*, mainly for export.

The milling of rice is confined almost entirely to Bangkok, but there are a few small mills at Senggora, Ratburi, Patriew and other towns of the interior of Siam.

Nearly all the mills are Chinese-owned, though a few are the property of Siamese. European firms such as the Borneo Company, Limited (British), and the Arracan Company, Limited (British), have formerly attempted the milling of rice in competition with the Chinese, but unsuccessfully, owing to the difficulty of handling large numbers of Chinese coolies, and of dealing with the middleman, and their mills are now closed down or sold to Chinese firms.

\* Corgo = score (of made-up articles).

A Swiss firm is, however, about to make another attempt to compete.

The export of rice to Europe, South Africa, &c., which amounts to about 30 per cent. of the total exports of rice and consists chiefly of white polished rice, is mainly in the hands of European, chiefly British, firms; the remaining 70 per cent. is exported by the Chinese mills themselves to Hong Kong, for China, and to Singapore for Federated Malay States consumption, and for transshipment to the Dutch East Indies.

(b) *Timber-milling for export.*

The milling of timber is confined to Bangkok, and with one British-Chinese exception, is in the hands of five European firms, four of which are British and one Danish.

The timber milled is principally Teak, which is floated down the great river-system of this country from the northern forests of Siam, but other hard woods are also worked to a certain extent. One Siamese company, of which one of the above four British firms acts as the Managing Agents, was formed some years ago for the purpose of extracting and milling a number of hard woods, of which the chief is "Mai Yang." In this case the milling takes place at Sriracha, a small town on the East coast of the Gulf of Siam, about 80 miles from Bangkok. The Danish company, mentioned above, is also working hard woods in the Bandon district of the Peninsula. Each of these five firms has its branches scattered throughout the North of Siam for the extraction of timber, and the men employed in the industry are principally Burmese and Shan British subjects, as regards sub-contractors, and Kamouks (French protégés from the East Bank of the Mekhong) and Laos, as regards forest workers and elephant drivers.

(c) *Mining.*

*Tin-mining* has been confined hitherto to the central portion of the Siamese Malay Peninsula, viz., the districts of Langsuan, Renong and Puket, but is gradually extending over the major part of the Siamese portion of the Peninsula, and is likely to develop to a considerable extent. The companies interested at present are chiefly of Australian origin.

*Wolfram-mining* is carried on, on both sides of the Peninsula, in the provinces of Nakawn Sritamarat, Singora and Puket, but mainly on the East coast, and the whole output was recently being utilised for Allied war purposes. This output has not yet reached, however, a very large figure.

*Ruby and Sapphire* mining are carried on to a certain extent in the Chantaboon district of Siam, chiefly by Burmans, though the major portion of the stones found comes actually from Pailin, which is now in French territory outside Siam. The export trade in these stones is still mostly carried on through Bangkok.

(d) *Miscellaneous.*

Factories have been set up in Bangkok within the past few years for the manufacture of:—

1. Cement.
2. Ice and Aerated Waters.
3. Soap.
4. Cigarette-making.
5. Tanning of Hides for leather.

There are seven factories in all.

There is one cement factory, with the large capital of ticals 1,500,000 (£115,000); three aerated water factories; one soap, one cigarette, and one leather factory (only just established), all of which are more moderate in the scope of their ventures.

The cement, leather, and one of the aerated water companies, are registered as Siamese limited liability companies, though the management and a large part of the capital are in all three cases foreign. The Privy Purse owns, however, half the shares in the cement company. One of the aerated water factories is a branch of a British Singapore firm. (Capital £42,000.)

The third aerated water factory and the soap factory were both Siamese-owned, but the soap factory has very recently changed hands and is now an Anglo-Danish company. The cigarette factory is the property of a Greek. There are also two or three Chinese tanneries in Bangkok.

(e) *Chief Native Industries*, apart from rice-milling.

*Wooden boat-building*, such as "sampans" (of "mai teng rang"), padi-boats and house-boats (for up-country travelling) of teakwood, is in Chinese hands, and supplies local requirements only.

The Siamese proprietor of one of the aerated water factories has lately, in view of the greatly enhanced value of tonnage, built in Bangkok an ocean-going wooden vessel fitted with a motor, of about 200 tons.

*Furniture-making*, of wood (teak chiefly) and cane (rattan), a very considerable industry, is in the hands of the Chinese.

*Rikishas, gharries, &c.*, also in Chinese hands. A great number of rikishas are manufactured annually, but the tyres and hubs are imported.

*Silk and cotton-weaving.*

Native skirts ("sins"), of silk and cotton, are woven throughout the North of Siam by the Laos for local use. Native nether garments ("panungs"), of cotton, as worn by the Siamese are woven in the Chantaboon district of Siam. The *yarn*, both silk and cotton, is all imported: in the North chiefly through Burma, in the South through Bangkok.

There is also a small amount of silk and cotton-weaving carried on in Bangkok by Burmese, Siamese and Mons.

*Silk-dyeing* is carried on in Bangkok by the Chinese. Black and blue are the colours in use, and only vegetable dyes are used. The silk is sent in large quantities from China for the purpose of being dyed, and is then re-exported to China, Singapore and elsewhere, the reason being that the dye is obtained from perishable fresh fruit, which cannot, therefore, be exported for the required purpose.

*Tobacco* is grown chiefly in the Chantaboon district for general consumption, but also in the North and other districts of Siam for local consumption. The Chantaboon tobacco is cured in the district and then sent to Bangkok, where many small native factories exist, for the rolling of cigarettes in banana, areca-palm and lotus leaves. There is also now an increasing export of Chantaboon tobacco in Singapore.

Cigars and pipe tobacco are not smoked by the natives, nor are they manufactured in Siam.

*Biscuits.*—There have recently been established two Chinese biscuit factories in Bangkok, where the sale of biscuits is large.

*Gem-polishing.*—There is a small industry, carried on in Bangkok by Dutch Malays, of cutting and polishing Chantaboon rubies and sapphires.

In the main, Siam may be said to produce her own raw materials for such few industries as she possesses. She is, however, essentially a producer of food and raw materials, and procures from elsewhere almost exclusively such manufactured articles as she requires.