

Yee-Tsoong Tobacco Distributors, Ltd.

Part 2: The Firm



By Edward S. Smith

The Stamp

- Republic of China, Dr. Sun Yat-Sen Issue
- Date of Issue: 12 November 1931
- 2 Cents
- Olive Green
- Scott Catalogue Number: CN-IM 297
- Stanley Gibbons Catalogue Number: CN-IM 396

The stamp has western numbers and Traditional Chinese Characters. The Traditional Chinese Characters run from right to left on this stamp.

Top Right:



“Two”

Top Left:



“Cents”

At the bottom of the stamp, the government issuing it identifies itself:



“Republic of China Post”

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I wanted to confirm Wikipedia's translation, so I ran the terms "Republic of China" and "Post" through an English-to-Traditional Chinese translator.

"Republic of China"

中華民國

"Postal"

郵政



"Postal Service"

[郵政]服務

"Post Office"

[郵政]局

The placement of the characters on in the corners at the top of the stamp was the choice of the people who designed the stamp. But why are the characters at the bottom of the stamp in the opposite order that Google's translation engine use? Wikipedia suggests the answer in its article on [Right-to-left script](#). I have edited the quote to emphasis the salient **Bold Text**.

Right-to-left can also refer to  top-to-bottom, right-to-left (TB-RL or vertical) scripts of tradition, such as Chinese, Japanese, and Korean, though in modern times they are also commonly written  left to right (with lines going from top to bottom).

The cancellation of the 1931 Perfined stamp obscures the text box at the bottom. I also have a 1937 re-issue, denominated at \$2. The characters are the same, except for the left top corner.



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Roots: 1931 to 1934

Philatelia attributes the Perfin “Y.T.T.” to Yee-Tsoong Tobacco Distributors Ltd.

Yee-Tsoong Tobacco Distributors Ltd. was the Chinese subsidiary of British American Tobacco Company plc. Its headquarters were at 22 Museum Road in Shanghai, now Huqui Road, the building on the right in this photograph:



<https://www.mofba.org/>

British American Tobacco Company plc was founded in 1902. It was a multi-national company, with headquarters in London. BAT sold cigarettes and tobacco products

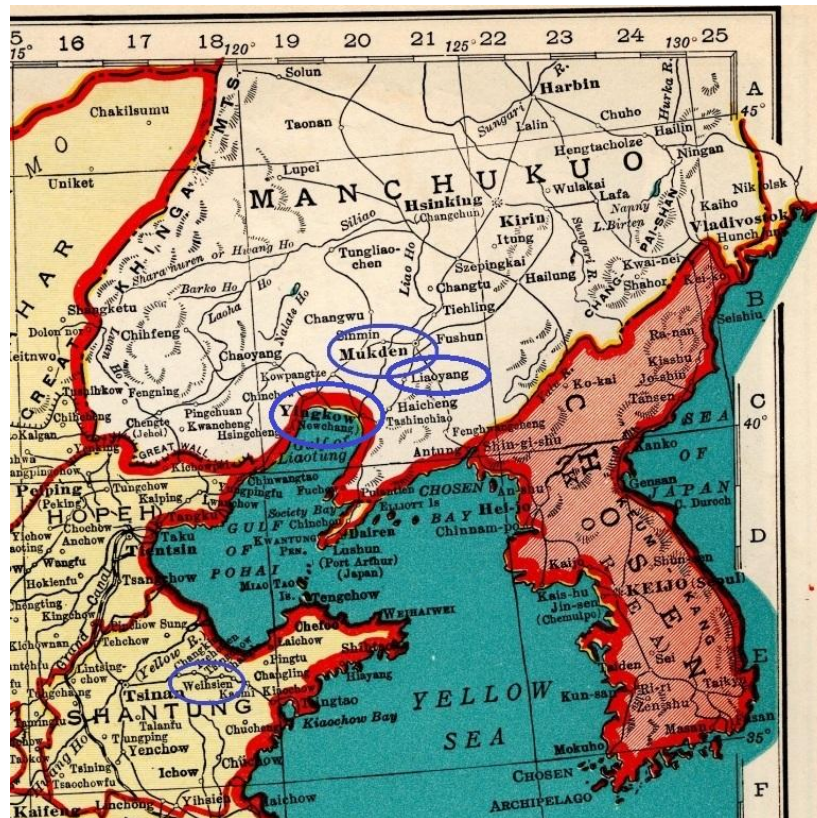
On 18 September 1931, Japan invaded Manchuria, the day after the Mukden Incident. In 1932, the Lytton Report exposed the Mukden Incident as an arranged pretext. Japan was diplomatically isolated. They withdrew from the League of Nations in March 1933. By that time, the last Qing emperor Puyi had been emperor of the puppet state of Manchukuo for a year.

British American Tobacco plc had enjoyed a market share in the Chinese cigarette market of 82.1% in 1924. The firm's market share did not drop below 60% between 1923 and 1931. BAT saw a 25% decline in sales after the invasion, but they were more concerned with the longer term impact of Japan's control over the area.

Sales in southern China had been disrupted by the political instability and banditry accompanying the ongoing civil war in southern China between the Kuomintang Party and the Chinese Communist Party. In 1931, BAT sold a total of 611,629 cartons of cigarettes. They sold 118, 639 cartons in Manchuria, 19.4% of overall sales. Their second highest sales were 84,908 cartons in

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Shantung (Shandong) Province (13.9%). Hupeh (below, Hopeh - or Hubei) Province was third, at 66,735 cartons (10.9%). BAT relied heavily on sales in northern China.



China, Shantung Province & Manchukuo, 1940
Collier's World Atlas and Gazetteer

After that 25% drop in sales, British American Tobacco's revenues in Manchukuo doubled between 1931 and 1937. Before the Japanese invasion of Manchuria, sales in the region accounted for 20% of overall sales in China. Afterwards, they accounted for 30%. Their market share in the Manchukuo was 75%.

Would Japan extend monopoly control over Manchuria, specifically in the cigarette and tobacco industries, to the firms they favored, as they had in Korea after they annexed that country in 1910? In October 1931, British American Tobacco's secretary A.M. Rickards wrote a letter to Sir John Pratt at Great Britain's Foreign Office seeking assurance from Japan that they would not extend their tobacco monopoly into Manchuria, as well as a pledge of no discriminatory legislation targeting their business there.

BAT had created a new corporate entity in 1930. Chi Tung Tobacco Company Ltd was based in Shanghai. They operated as British American Tobacco's distribution arm in Manchuria on a commission basis.

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In 1933, Chi Tung took control of all of British American Tobacco's business in what Japan now called Manchukuo. My 1940 *Collier's World Atlas and Gazetteer* calls it Manchukuo, so I will until, until Manchukuo once more becomes Manchuria.

Chi Tung Tobacco Company, acting for BAT, first felt tax pressures from the Japanese government. British American Tobacco's main Japanese rival, the Tōa Company was first in line to purchase tax stamps from Japan's Fengtian Bureau of Finance. Part of Chi Tung's stock was seized for non-payment of tax. BAT bought the tax stamps.

Then it became a matter of where their factories were located. Cigarettes manufactured at Tōa Company's Newchwang (Yingkow) factory, located within what was called the "Railway Zone", were subject to fewer taxes than cigarettes produced at British American Tobacco's Mukden factory were. Dr. Kanai, described by Howard Cox as "a senior Japanese official" was consulted. His advice was that BAT should build a factory, also within the "Railway Zone".

In September 1933, Archibald Rose travelled to Japan. He met with influential politicians and military officials. Rose met with Tōa Company president, Tsuneo Kanemitsu. Rose proposed a pooling arrangement between BAT and Tōa covering the Manchukoan market.

He returned with permission to lease and operate a small factory in Liaoyang, within the "Railway Zone". It was placed under the supervision of another one of their Chinese subsidiaries.

In May 1934, British American Tobacco shut down the first factory it had opened in Shanghai, Pootung No.1. This provoked a strike at their No. 2 plant that lasted 96 days.

British American Tobacco faced difficulties with the Japanese government in Manchukuo, and as a foreign enterprise in China.

In July 1934, with a letter of introduction written for him by Sir Alexander Cadogan of the Foreign Office in hand, Archibald Rose met with Madame Chiang Kai-Shek. Howard Cox described the meeting:

... Madame Chiang pronounced it unlikely that the Chinese government would feel able to invest in a British company, but suggested he approach the Chinese banking community.

This led to further discussions with a leading Shanghai banker, S.L. Hsü, and then with T.V. Soong, but the conversations do not seem to have resulted in any fresh investment from this source.

In September 1934, British American Tobacco plc transferred all of its production and distribution rights in China, with the exception of Hong Kong, to two newly created, fully-owned subsidiaries, Yee-Tsoong Tobacco Company Ltd and Yee-Tsoong Tobacco Distributors Ltd.

Staying Alive: 1934 to 1941

British American Tobacco, now Yee-Tsoong Tobacco in China, sought investment in Japan as well as China. Also in 1934, Manchu Tobacco was started in Tokyo.

In 1935, the Tōa Company, offered to buy Chi Tung. They suggested that the foundation of Manchu Tobacco was a signal. The Manchukuo government would not permit a pooling of the Manchukuo cigarette market between British American Tobacco and the Tōa.

BAT was at this time was seeking permission to build a new factory in Newchwang. British American Tobacco's management turned to the Foreign Office to protest what they perceived as a threat. The Tōa Company denied making the approach at all.

British American Tobacco got permission to build that factory. Chi Tung was required to re-form itself under Manchukuo law.

In 1936, Japanese forces invaded northern China. The Sino-Japanese War began. In 1937, the Manchukuo government used a tactic the Japanese government had employed at the turn of the century. A government monopoly on leaf tobacco was imposed.

Exchange controls were imposed that reduced imports of leaf tobacco. A quota limited how much leaf tobacco could be purchased outside of the Yen currency bloc.

In November 1938, Manchu Leaf Tobacco Kabushiki Kaisha was started. This new firm was

given control over the purchase and distribution of all domestic and imported tobacco leaf.

The principal objective of the new company was stated to be the improvement of conditions for the cultivation of leaf tobacco in Manchuria.

(Howard Cox, *The Global Cigarette*)

Chi Tung was invited to help capitalize Manchu Leaf Tobacco Kabushiki Kaisha.

Chi Tung was already unable to pay dividends. BAT decided against further investment in Manchukuo. Chi Tung lost control over its supply of leaf tobacco. The effect on market share was a significant drop.

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The Japanese invasion disrupted BAT's operations and reduced sales south of the Great Wall. In northern China, the takeover by Japan was more rapid and efficient. Japanese military authorities there were less aggressive towards foreign-owned businesses.

By 1939, British American Tobacco's production centers were all in territory controlled by Japan, as were all the parts of China where leaf tobacco was produced.

BAT's cash balances were largely in the local currency. The firm was pressured to use foreign exchange to pay for that leaf tobacco.

In 1939, Manchu Tobacco Company took control of the Tōa Company. At the same time, smaller Japanese tobacco firms either established themselves in China or expanded their operations there.

In September 1941, British American Tobacco and a smaller firm, Wing Tai Vo had a total combined market share of 59.8%. Japanese firms had a market share of 40.2%

In August 1941, Japanese assets abroad were frozen.

BAT's management received instructions from the Japanese authorities that its funds in Shanghai were to be frozen until effective control of its operations had been surrendered to the Japanese and armed guards admitted to its factories.

(Howard Cox, *The Global Cigarette*)

Great Britain's War Cabinet discussed the demand. British American Tobacco was advised:

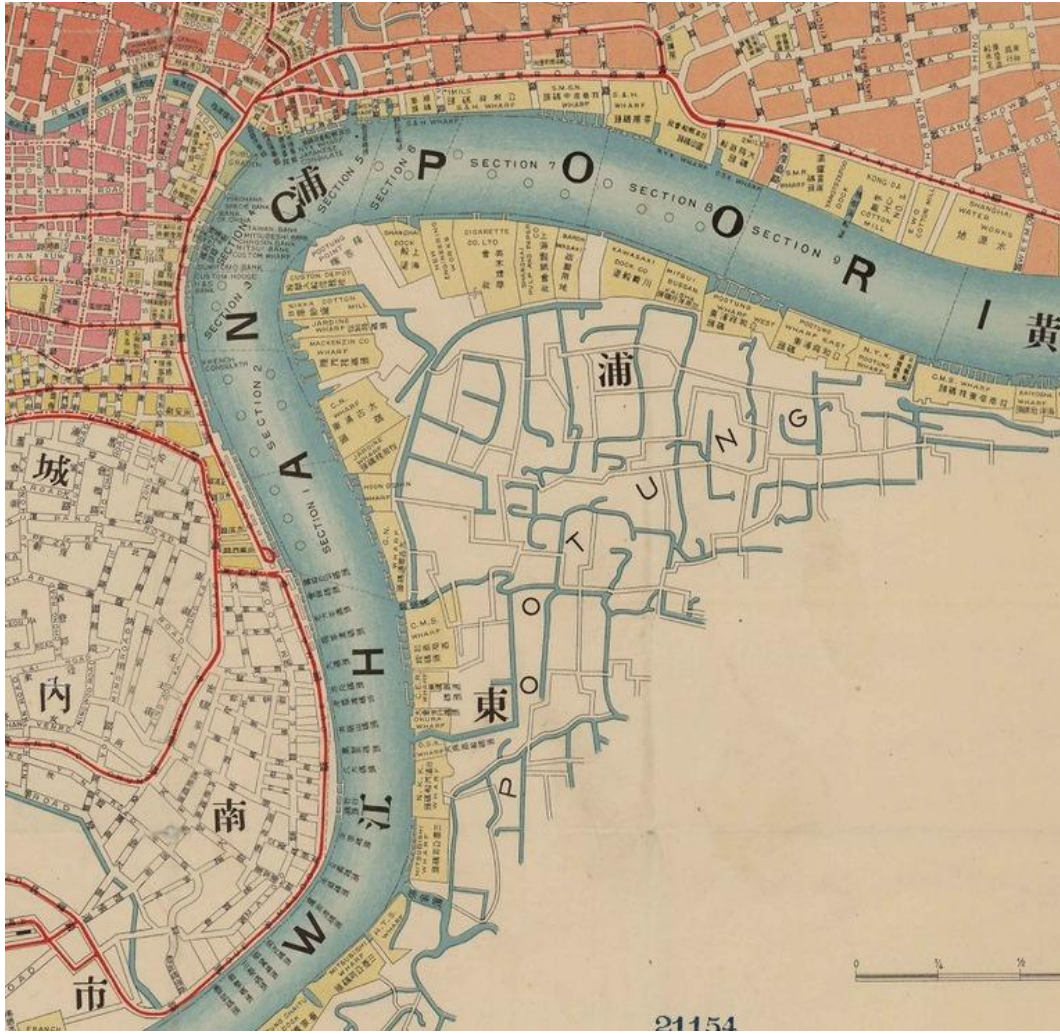
... a yielding by the BAT on this issue would encourage the Japanese to exercise similar pressure on other firms and to carry out more openly and ruthlessly their policy of squeezing out of China all British interests in the area under their control.

(Howard Cox, *The Global Cigarette*)

On 6 December 1941, Japanese forces attacked the British colony of Malaya. The Pacific War began.

The Japanese placed their own officials in command of British American Tobacco's assets. A year later Japanese managers took full operational control.

Over 100 of British American Tobacco's expatriate staff were interned in a factory BAT had built in Pootung, across the Whangpoo River from and visible from the top floors of BAT's headquarters.



<https://www.virtualshanghai.net/>

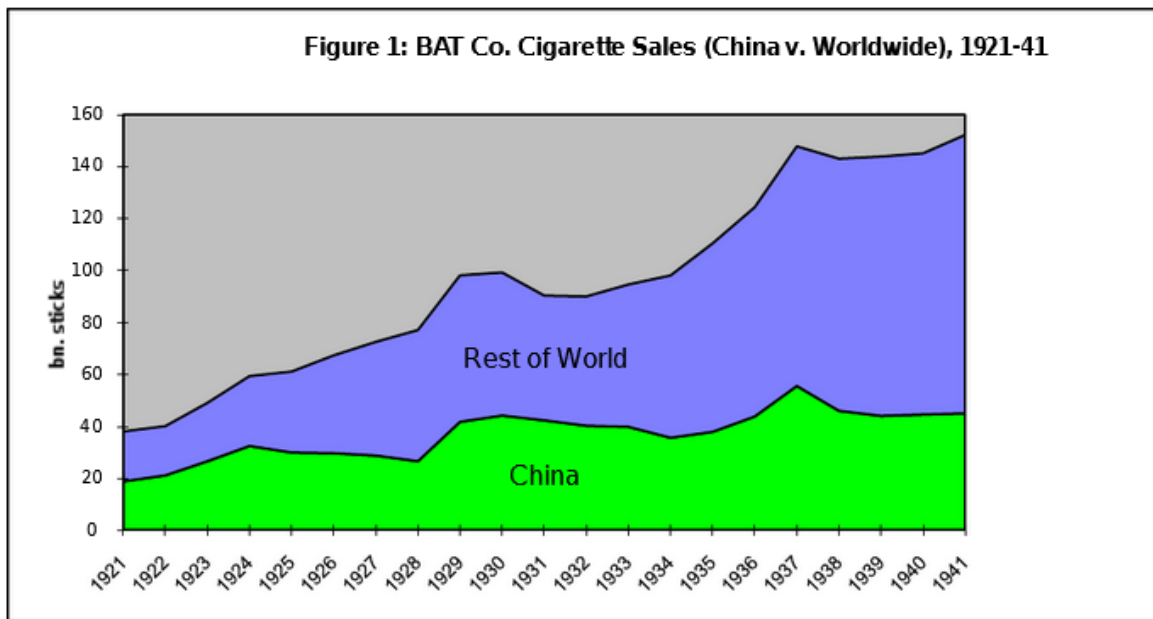
Recovery & A New (Old) Enemy: 1945 to 1953

In 1945, British American Tobacco negotiated with the newly restored Kuomintang government to restore control of its assets in China. Yee-Tsoong Tobacco Ltd was back in business.

1946 through 1949 saw Yee-Tsoong Tobacco and the Chinese market once more become one of BAT's most important markets.

Sales were reduced, however. This may have turned out to be good for British American Tobacco. In 1921 cigarette sales in China amounted to half of BAT's sales in the rest of the world. In the years following, sales outside of China rose, while sales in China were not quite flat, but did not increase at the same rate.

Researchgate has posted *Learning to do Business in China: the Evolution of BAT's Cigarette Distribution Network, 1902-1941*, by Howard Cox (*Business History*, Volume 39, No.5, (1997), pp.30-64). They include this graph:



Philatelia lists Yee-Tsoong Tobacco Distributors' Perfins under the header *Chinese People's Republic Perfins*.

Yee-Tsoong Tobacco Distributors Ltd did operate in the People's Republic of China, from 1949 to 1951.

The Chinese Communist Party imposed wage and price controls on the firm. Those wage and price controls proved to be severe enough for all sales to cease after 1951.

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Back taxes and wages the firm was required to pay to a now redundant work force built up. BAT's foreign employees were not allowed to leave the country until 1953, British American Tobacco surrendered all of its Chinese assets.

Afterlife & Assessment: 1948 to 2012

Yee-Tsoong Tobacco Distributors LTD lived on in Hong Kong for 74 years.

[opencorporates](#) lists the dates as 22 January 1948 to 10 August 2012.

A source for much of the three essays about Yee-Tsoong Tobacco Distributors is Howard Cox, a professor emeritus at the University of Worcester (UK) Business School. His book, *The Global Cigarette: Origins and Evolution of British American Tobacco, 1880-1945* (Oxford University Press, 2000), is available on [Open Library](#).

Cox offers this description of Yee-Tsoong's afterlife:

... [British American Tobacco's] once mighty business empire in China was reduced to a small operation in the British Crown Colony of Hong Kong

British American Tobacco Company, as themselves and as their wholly-owned subsidiary Yee-Tsoong Tobacco, stayed in business and even prospered in China through:

- the last years of the Qing Dynasty
- the Warlord Period
- the rise, then fall of the Republic of China
- the entire Civil War between the Koumintang Party and the Chinese Communist Party
- the first four years of the Sino-Japanese War
- the first seven years after the Chinese Communist Party founded the People's Republic of China
- the first five years after the British handover of Hong Kong to the People's Republic of China

British American Tobacco is still in business today. Its headquarters are still in London. Its primary listing is on the London Stock Exchange, with a secondary listing on the Johannesburg Stock Exchange, and a listing on the New York Stock Exchange.

BAT still sells cigarettes: Dunhill, Kent, Lucky Strike and Pall Mall. They now also sell vaping products now: Vype, Vuses, and Glo.

The firm is still in business in Asia. They have an office in Beijing ...

19th Floor, Tower B,
Pacific Century Place
No. 2A, Gong Ti Bei Lu, Chaoyang District

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... and in Tapei, in the Republic of China, on Taiwan

13F, No. 36, Song Ren Road,
Xin-Yi District, Taipei 110,
Taiwan

[Statista.com](https://www.statista.com) reports that in 2021, British American Tobacco plc revenues were:

<u>Region</u>	<u>Revenue (Millions of US\$)</u>	<u>% of Total</u>
United States	16,086.82	43.9
Europe & North Africa	8257.38	22.5
Asia Pacific & Middle East	6,390.14	17.4
Americas & Sub-Saharan Africa	5,945.70	16.2
Total	36,680.04	

Sales figures for the People's Republic of China and the Republic of China are probably reflected in the Asia Pacific & Middle East figures.

British American Tobacco led the world in sales of cigarettes and other tobacco products in 2021.

1907 Chinese Advertisement Calendar



<https://collection.maas.museum/object/151033>

Famous brands owned or distributed [by British American Tobacco Company in China] included Ruby Queen, Chienmen, Hatamen, Pirate, Capstan, Kingfisher, Three Castles as well as London Straight Cut, Sweet Caporal, Pin Head, De Luxe, Old Mill, Peacock and Atlas.