

of this bureau. A laboratory is maintained at Bandoeng, and various types of equipment are tested upon the payment of certain stipulated fees. Approval by the Government does not necessarily mean that it will purchase or recommend the purchase of the material tested, but it does mean that the results of the tests will be accepted by local buyers as definitive evidence of the equipment's technical qualifications for local use. Satisfactory tests are required of Government purchases.

TERMS

Definite consumer preferences are shown certain manufacturers because of the more favorable terms quoted by them as compared with American firms, particularly in the field of heavy equipment. It is said that some of the German firms are prepared to grant almost any terms in order to introduce certain types of equipment where there is a possibility of doing a large volume of business at a later date. In addition, some of the large engineering houses representing German firms will undertake the financing of extensive projects in order to obtain the contract for the entire job.

As a rule, important orders for electrical equipment are accepted from buyers on terms of one-third down, one-third on delivery of goods, and the balance after the installation is complete. If, however, the purchaser is fairly reliable yet unable to meet these terms, the European branch houses or the local agents of European firms usually grant longer terms. It is said that some of the large engineering houses will grant terms extending over a period of several years, if necessary to secure the business. Usually the large engineering or import house that an American manufacturer would have as his agent would accept almost any terms if there was a possibility of doing business. However, few firms in Java would be willing to invest any large sum of money in stocks that were not being rapidly moved. American firms usually demand a letter of credit for heavy electrical equipment, but the lighter lines are sold on terms ranging from 30 to 90 days after acceptance. The usual terms granted by American exporters should not present any great handicap to the development of business in the Netherland East Indies.

To summarize the consumer preferences shown in the purchasing of electrical equipment, it would appear that there are no outstanding reasons why American manufacturers can not secure a larger share of the electrical trade of the territory if they are prepared to concentrate on this market to the same degree that their continental competitors have done.

MARKETING AGENCIES

Electrical equipment is sold in the Netherland East Indies through the following outlets: (1) Branch houses; (2) general engineering firms, (3) general importers, (4) manufacturers' agents, and (5) Chinese importers.

Branch houses usually carry a fairly heavy stock of the goods manufactured by their respective firms, which in some cases represents a complete line of electrical equipment. There are also branch houses of firms specializing in the manufacture of only a few large volume lines of equipment.

The general engineering firms sometimes hold agencies of large electrical manufacturers and usually have one or more factory rep-