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Number 72 15 May 1947

Prepared By

Documents Branch

CENTRAL INTELLIGENCE GROUP

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D O C U M E N T S B R A N C H

T R A N S L A T I O N

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DATA ON MANCHURIA

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Data on Manchuria
(Doc No 240336)

This is an extract translation of a statistical survey of Manchuria prepared by the Manchurian Affairs Bureau late in 1944 for the 86th Session of the Japanese Diet.

The original document is divided into two sections. The first part, 70 pages long, provides data on public order, labor, opium, shrines, culture, colonization and education in Manchuria. This section has not been translated. The second part of the document has been translated in full in this publication. It includes 154 sections giving economic data. Sections 20, 47 and 73 are missing.

The 154 sections included in this publication cover a variety of topics of interest to Japanese leaders confronted with the problem of solidifying the Greater East Asia Co-Prosperity Sphere economically and militarily. The document covers air raid damage, the repairing of air raid damage, Manchurian production of war essentials such as food, armaments, petroleum, iron, coal, etc., the intricacies of Manchurian economy under Japanese control, plans for the future in regard to price stabilization, exports and imports, the improvement of transportation and communications, Japanese investments in Manchuria, the South Manchurian Railway Co Ltd and its vast industrial empire, and the shipping of colonists from Japan to Manchuria

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EXTRACT TRANSLATION Doc No 240336

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Manchurian Affairs Bureau
Archives Section
Ministerial Secretariat
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1. Fundamental Policies in the Economic Development of Manchuria During the War

The fundamental policies laid down for economic development in Manchuria have, since the sudden outbreak of the Greater East Asia War, taken into account the fact that Manchuria holds a special position as the nucleus of the Greater East Asia Co-Prosperity Sphere. The objective has been, therefore, to build it up as a mainstay of the Greater East Asia economic structure. By combining this objective with the execution of the war and by guaranteeing a supply of wartime emergency needs to Japan, we planned to establish a mutually interdependent national defense and economic force for the defense of the North, which would reveal a co-operative strength in carrying the Greater East Asia War to its successful conclusion.

To this end expansion of basic industries became the fundamental policy. We will set up metal industries with the experience gained in the past 10 years; we will emphasize increased production of iron and steel, light metals, non-ferrous metals, coal and electric power at this time when the raw materials of the country should be turned into war strength. Above all, the emergency increase in the production of iron, steel and light metals should be maintained in keeping with the current war situation.

In agriculture, to achieve self-sufficiency in foodstuffs throughout Japan and Manchuria and to increase wartime emergency agricultural production, we are carrying out plans to prepare emergency farming land to meet the Cabinet's recent decision. By these and other general measures we are planning a great increase in the supply of foodstuffs.

Since the results of these economic developments in Manchuria will contribute greatly to the war potential of our country, the policies which made them possible will give positive assistance to our country's endeavors as well.

2. Economic Harmony Between Kwantung Leased Territory and Manchuria

Kwantung Leased Territory and Manchuria are inseparable in the sphere of industrial economy. Especially in the control of production, finance, raw materials, etc., the two must be one unit. If this were not true, the expected results could not be attained. In all general administrative matters related to production and economy a close relationship is maintained, and everything is done in co-operation. For example, although Kwantung Leased Territory and Manchuria differ basically in administrative agencies and regulations:

1. In the movements of materials they plan and execute policies as one agency.

2. Since 1938 in the handling of foreign exchange, they have been operating together under an agency which is actually a Provisional Exchange Bureau.

3. Since 1940 they have used this Provisional Exchange Bureau as a Provisional Trade and Exchange Bureau, acting substantially as one body in handling trade with Japan and China.

4. With regard to other matters of production control they generally issue like regulations and act under similar policies.

3. The First Five-Year Plan and Its Results

Although in the beginning there were numerous unexpected difficulties, the First Five-Year Plan overcame them, and the Plan terminated in 1941.

The Plan was put into effect in 1937 to exploit the existing resources which might be needed in time of emergency, to facilitate self-sufficiency in Manchuria, and to supply the resources which were lacking in Japan. However, soon after the Plan was put into effect, the Sino-Japanese War broke out, and the need for forming a self-sufficient economic bloc, comprising Japan, Manchuria and China, became increasingly urgent. Thus, Manchuria's importance was multiplied. Accordingly the First Five-Year Plan was revised and expanded, and every effort was made to carry it out.

Originally the budget for the First Five-Year Plan was ¥2,300,000,000, but this was revised to six billion yen. Unfortunately, the Sino-Japanese War was unduly prolonged, hostilities began in the northern area, and then war broke out in Europe. Under these circumstances the First Five-Year Plan met a great many difficulties. The outbreak of hostilities between Soviet Russia and Germany, the freezing of funds by America, the difficulty in obtaining construction materials, and the shortage of labor affected the successful completion of this plan.

However, generally speaking, the results have been fairly satisfactory. For example, results of the final year of the Plan as compared to results of the first year show that coal and shale oil production was doubled (mines operated by the South Manchuria Railway Company Limited(*1) produced five times more), iron manufacturing capacity was two-and-one-half times more, and lead and zinc outputs were about four times and twelve times more, respectively. Lowland rice tripled in yield. Aluminum, magnesium, copper, ammonium sulphate, hydro-electric power and liquid fuel industries evolved.

The results of the First Five-Year Plan were as follows:

/See following table/

(*1) Hereafter South Manchurian Railway Company Limited will be abbreviated to SMR.

Product	Unit	Original Plan	Revised Plan	1936 (A) Capacity	1936 (A) Production	1941 (B) Capacity	1941 (B) Production	Ratio Between A & B Capacity	Ratio Between A & B Production	Remarks
Iron and Steel:	1,000 MT	2,530	4,850	850	648	2,130	1,417	251	219	Includes granulation
Pig Iron	"	2,000	3,550	580	364	1,080	561	186	154	
Steel Ingots	"	1,500	1,700	399	174	595	459	149	264	
Steel Products										
Coal:	"	27,160	34,900	---	13,549	---	24,147	---	178	Operated by SMR-81% Operated by Manchuria Coal Mining Co Ltd-501% [sic]
Artificial (Crude Oil)	"									
Shale Oil	"	800	650	140	76	300	131	214	Heavy Oil 171	
Coal Liquefaction	1,000 Kilol	Gasoline 650	1,670	---	---	10	---	---	---	
		Heavy Oil 100	250	---	---	---	---	---	---	
Lead	1,000 MT	12,000	29,000	---	780	---	9,540	---	1,223	
Zinc	"	6,000	50,000	---	954	---	3,800	---	398	
Copper	"	---	3,000	---	---	---	538	---	---	
Asbestos	"	---	---	---	---	---	4,828	---	---	
Electric Power	1,000 Kw	1,406	2,570	443	---	1,069	---	241	---	
Generated	"	---	---	---	---	---	---	---	---	
Transformed	1,000 Kvamp	---	---	205	---	1,064	---	---	---	
Transmitted	1,000 Kw	---	---	286	---	2,584	---	---	---	
Ammonium Sulphate	1,000 MT	---	453	---	183	---	190	---	104	
Salt	"	973	1,402	---	357	---	536	---	150	
Caustic Soda	"	---	---	---	---	11	7	---	---	
Soda Ash	"	72	72	---	---	72	60	---	---	
Aluminum Bronze	"	20	30	---	---	---	---	---	---	
Alumina	"	---	---	---	---	20	16	---	---	
Aluminum	"	---	---	---	---	10	8	---	---	
Pulp	"	---	---	10	10	128	79	1,280	790	

Product	Original Plan in 1,000 MT	Revised Plan in 1,000 MT	1936 (A) Area in 1,000 Ha	1936 (A) Production in 1,000 Mt	1936 (A) Production per Ha in MT	1941 (B) Area in 1,000 Ha	1941 (B) Production in 1,000 Mt	1941 (B) Production per Ha in MT	Ratio Between A & B Area %	Ratio Between A & B Production %	Ratio Between A & B Production per Ha %
Sorghum	4,600	4,600	3,120	4,220	1,352	4,149	4,891	1,180	133	116	92
Millet	3,590	3,590	2,858	3,156	1,105	3,881	3,619	951	136	115	85
Maize	2,200	2,200	1,290	2,120	1,643	2,434	3,132	3,287	189	148	77
Lowland Rice	417	417	173	219	1,260	363	723	1,990	209	330	113
Upland Rice	---	---	114	95	840	76	84	1,096	67	88	131
Wheat	2,024	2,024	1,101	848	770	1,033	844	818	94	100	106
Soy Bean	4,730	4,730	3,480	4,100	1,178	3,498	3,381	966	101	82	82
Cotton	---	---	81	15	185	117	23	201	144	154	109
Tobacco	---	---	1	2	1,320	19	25	1,354	1,056	1,083	105
Cabbage	---	---	6	51	8,095	25	232	9,068	407	456	112

4. Policy for the Second Five-Year Plan

The Second Five-Year Plan had first of all, as its main objective, a co-operative relationship between Japan and Manchuria. This was one part of the over-all plan for the whole of East Asia, the objective of which is to establish self-sufficiency quickly within the Greater East Asia Co-Prosperity Sphere. Therefore, we look forward to the development of industry in Manchuria. Emphasis was placed on coal and farm products, followed by such important industries as the iron and steel, the hydro-electric power, the liquid fuel, the non-ferrous metals, the light metals, the salt, and the electro-chemical industries.

We expected also the expansion of munitions industries, which are definitely required in this region (TN: Manchuria), inasmuch as it is a front-line base.

In addition to the above, we planned to foster and maintain industries which would substantially reinforce the national economy (industries supplying essential commodities and other light industries). It was planned to use existing installations and to mobilize available reserve materials.

In the execution of this plan we took into consideration the actual results of the First Five-Year Plan. We were determined not only to carry out the various administrative and technical measures which would be conducive to the attainment of our objectives, but also to make any changes necessary in the organization and management of the enterprises under the plan and in the services of supply.

/See following table/

Comparison Between Revised Plan and Capacity After Completion

Product	Unit	Revised Plan Capacity	Revised Plan Production	Capacity after Completion Capacity	Capacity after Completion Production
Iron Ore	1,000 MT	8,060	8,739	16,250	13,550
Pig Iron	"	1,640	1,840	3,690 (650 not completed)	3,320
Ordinary Steel Products	"	1,849	2,020	2,986 (342 not completed)	2,614
Ordinary Steel Products	"	1,508	1,280	2,183 (300 not completed)	1,700
Coal	"	21,730	19,850	50,030	44,930
Aluminum	MT	20,000	22,000	30,000 (15,000 not completed)	30,000 (15,000 not completed)
Copper	"	---	3,700	7,920	5,200
Lead	"	---	4,300	12,700	12,000
Zinc	"	11,856	8,920	23,712	8,920
Molybdenum	"	13,000	1,545	33,800	1,820
Fluorspar	"	---	23,000	1,300	38,500
Shale Oil	Kg	595.000	---	877,000	---
	Kl	---	1,415,780	---	1,582,500
Ammonium Sulphate	1,000 MT	83	110,100	436	310
Soda Ash	"	77	64	144	64
Caustic Ash	"	17	19.5	27.5	27.5
Salt	Ha	22,537	---	58,516	---
	1,000 MT	---	1,282	---	2,332
Rayon Pulp	1,000 MT	10	11	40	40
Paper Pulp	"	37	65	139	139
Cement	"	1,175	1,797	3,955	2,890
Electricity	1,000 Kw	1,594	---	2,708	---
	1,000,000 Kw	---	4,525	---	7,900
Hydro-Electric Power	1,000 Kw	1,196	---	1,296	---
	1,000,000 Kw	---	4,770	---	5,000
Thermal Power	1,000 Kw	398	---	1,412	---
	1,000,000 Kw	---	249	---	2,900
Soy Beans	1,000 Ha	570	---	4,159	---
	1,000 MT	---	807	---	4,689
Sorghum	1,000 Ha	584	---	4,742	---
	1,000 MT	---	934	---	6,109
Millet	1,000 Ha	346	---	4,234	---
	1,000 MT	---	529	---	4,596
Maize	1,000 Ha	164	---	2,535	---
	1,000 MT	---	307	---	3,531
Wheat	1,000 Ha	619	---	1,657	---
	1,000 MT	---	542	---	1,430
Lowland Rice	1,000 Ha	292	---	653	---
	1,000 MT	---	892	---	1,756
Upland Rice	1,000 Ha	8	---	91	---
	1,000 MT	---	9	---	106

5. Results of the Second Five-Year Plan

The Second Five-Year Plan was hindered by the outbreak of the Greater East Asia War. To assist the expansion and strengthening of war capacities under critical wartime conditions, it was necessary to modify the original yearly plans for the flow of materials, etc., and to emphasize the production of iron and steel, light metals and agricultural products. Production figures from 1942 to the present follow:

/See following table/

Product	Unit	1942 Plan	Production	%	Plan
Iron Ore	MT	5,150,693	4,481,977	87	3,614,000
Steel Ingots	"	850,000	716,128	84	1,050,000
Steel Products	"	524,000	457,954	87	443,000
Ordinary Pig Iron	"	1,490,000	1,448,534	97	1,660,000
Low Phosphorus Iron	"	210,000	168,773	80	270,000
Molybdenum Ore	"	910	666	73	988
Copper	"	2,700	2,611	96	1,603
Lead	"	7,030	4,654	66	7,200
Lead (Refined)	"	21,781	11,867	54	17,876
Zinc (Refined)	"	16,726	9,982	59	13,345
Aluminum	"	10,000	7,457	74	11,000
Fluorspar Over 9.3%	"	10,650	4,542	42	11,000
Same Below 9.3%	"	25,935	20,193	77	26,400
Total (of 2 above)	"	36,585	24,795	67	37,400
Coal	"	26,566	24,166	90	27,849,190
Gasoline	Kl	15,000	13,752	91	12,900
Heavy Oil	"	146,067	143,278	98	140,306
Soda Ash	MT	69,000	59,087	85	70,000
Caustic Soda	"	9,600	5,871	61	8,640
Pure Benzol	"	- Now under investigation -			14,800
Pulp	"	102,173	87,233	85	84,186

1943 Production	%	1944 Plan	First 6 Months of 1944 Plan	Production	%
3,301,000	91	3,516,000	2,940,000	2,387,000	81
843,035	80	1,050,000	465,000	278,958	60
375,888	85	460,000	214,000	131,783	62
1,412,633	85	1,710,000	734,000	551,850	75
195,040	72	320,000	161,000	142,408	89
720	73	1,122	- Now under investigation -		
1,736	108	3,504	1,752	996	47
4,607	64	5,400	2,700	2,208	82
10,726	60	27,068	---	Crude Lead 174	--
10,667	80	28,188	14,094	under investigation	
8,577	77	12,800	5,213	3,601	69
14,539	132	18,200	8,190	10,625	77
57,451	218	53,600	26,800	47,465	177
71,990	192	71,800	34,990	58,090	166
25,320,425	94	28,000,000 *1,600,000	13,197,564	12,547,228	95
9,320	75	23,540	- Now under investigation -		
132,468	94	87,000	" "	"	
57,440	82	68,400	35,002	24,178	69
7,279	84	10,585	5,290	1,792	34
14,564	98	15,840	7,920	4,318	55
69,967	84	89,800	45,490	27,467	58

6. Emergency Mining and Industrial Policies

We are making every effort to complete the execution of the following general plans in view of the pressing change in the war situation and the anticipated steady increase in output of war materials on the continent. At present it is felt that it is particularly important to finish raw materials on the continent in order to alleviate the shipping shortage. To this end we are, in addition to the said proposals, planning the emergency transfer from Japan to Manchuria of certain installations which are not in use at present, such as those for iron manufacture, etc.

A. Iron Industry

1. Ta-ku-shan -- Ore-dressing (and sintering) equipment with 400,000-metric-ton capacity planned for first phase.

2. Coal-washing facilities: 600,000-metric-ton capacity planned.

B. Light Metals

1. Fu-shun -- Aluminum plant: expansion of capacity by 5,000 metric tons planned (test operation expected to begin next January).

2. An-tung -- Aluminum plant: 40,000-metric-ton capacity planned.

3. Ying-k'ou -- Magnesium plant: expansion of capacity by 1,000 metric tons planned.

4. Kwantung Leased Territory -- Magnesium plants: 2,500-metric-ton-capacity planned. (Plant with 1,000-metric-ton capacity expected to begin operations next January.)

5. Fu-shun -- Direct-method magnesium plant: 300-metric-ton capacity planned.

C. Liquid Fuel

1. Fu-shun -- Eastern Oil Refinery: 19,000-metric-ton capacity planned.

2. Fu-shun East and Fu-shun West -- Batch plants planned east and west of city.

3. SMR super-heated cylinder-oil plant for second phase planned.

4. Installations for emergency increase in production of alcohol planned.

7. Amounts of Strategic Materials Supplied Japan by Manchuria

Product	Unit	1942 Plan	1942 Production	%	1943 Plan	1943 Production	%	1944 (1st half) Plan	1944 (1st half) Production	%
Steel Ingots	MT	119,000	97,084	81	157	154	99	-	5.6	-
Steel Materials	"	-	-	-	19	18	96	63	75	119
Pig Iron	1,000 MT	450	593	131	457	462	101	270	224	83
Low-phosphorous Steel	"	180	255	141	250	184	74	131	126	96
Iron Ore	"	250	77	31	-	-	-	10	9.4	94
Lead	MT	7,850	5,410	68	2,100	1,737	83	312	70	22
Zinc (Refined)	"	6,900	4,735	68	13,900	10,666	77	- under investigation -		
Molybdenum Ore	"	520	472	90	- under investigation -			- under investigation -		
Aluminum	"	2,000	1,845	92	3,000	2,540	85	2,400	2,450	102
Magnesium	"	19,274	17,826	92	29,342	-	-	16,970	17,032	100
Fluorspar	"	-	-	-	400	100	25	138	138	100
Coal	1,000 MT	1,700	1,584	93	2,120	1,958	92	365	318	87
Industrial Salt	"	316	227	71	508	247	49	228	140	61
Table Salt	"	225	214	84	203	209	103	113	87	77
Fishery Salt	"	25	20	82	50	24	48	20	8	40
Soda Ash	MT	12,692	11,242	88	7,800	6,190	79	5,930	3,171	53
Pure Benzol	"	7,485	7,916	105	5,650	5,954	105	3,260	2,093	64
Rayon Pulp	Eng T	-	-	-	-	-	-	-	-	-
Paper Pulp	"	-	-	-	-	-	-	-	-	-
Ammonium Sulphate	1,000 MT	105	76	72	62	34	55	9	12	133
Flax	MT	10,000	-	-	-	-	-	-	-	-
Hemp	"	8,000	941	11	-	-	-	-	-	-
Jute	"	4,700	1,331	28	-	-	-	-	-	-
Cereals	1,000 T	247	247	100	476	489	103	-	-	-
Soybean	"	750	730	97	771	697	90	-	-	-
Soybean Cake	"	532	500	93	545	444	81	-	-	-

8. Amounts of Strategic Materials Supplied Manchuria by Japan

Product	Unit	Whole Year	1st Quarter	2d Quarter	3d Quarter	4th Quarter	Total
Ordinary Pig Iron	MT	18,000	5,000	2,710	2,075	1,850	11,635
Ordinary Steel	"	33,000	5,000	1,750	2,100	2,000	10,850
Special Steel	"	1,970	581	340	394	394	1,709
Electrical Copper	"	2,600	700	700	690	650	2,740
Lead	"	600	153	145	115	90	513
Zinc	"	1,000	150	150	200	180	680
Tin	"	400	100	90	80	55	325
High-grade Asbestos	"	20	5	5	5	4.7	19.7
Ordinary Asbestos	"	40	10	10	10	10	40
Aluminum	"	178	15	30	Undetermined	-	-
Crude Rubber	"	1,700	486	486	155	155	1,282
Cow Hide	"	130	32	30	21	Undetermined	-
Cotton	1000 piculs*	-	-	57	Undetermined	27	-
Wool	Bales	-	-	322	289	354	-
Rayon	1000 Lbs	-	-	596	494	370	-

*NOTE: 1 picul equals 132 pounds.

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9. Manchurian Reaction to Control Associations

The Iron and Steel Control Association, which was established in Jun 1941, looked toward the establishment of an independent iron and steel industry in Manchuria as a part of the Greater East Asia Co-Prosperity Sphere. The integrated management of the iron and steel industry was planned, and Manchurian industrial leaders, displaying an attitude of complete co-operation, concurred in the intent of the Control Association.

Thereupon, in conformity with the Productive Industries Organization Order, the Iron and Steel Control Association was established upon a legal foundation. From the beginning, even without the application of Japanese laws and regulations, a co-operative attitude was evident, and both the Japanese and the Manchurians undertook to carry out their duties.

Control associations for each type of productive industry such as the non-ferrous metals, the coal, the machine, the fiber and the chemical industries, etc., and industrial control associations which had been established successfully under the Production Industries Organization Order were necessary to obtain proper results. It was debated whether or not co-operation would be best secured by having integrated management throughout Manchuria and Japan, eg, whether Manchurian industrialists should be given direct participation in the control associations in Japan, as was the case with the Iron and Steel Control Association mentioned above, or whether there should be new control associations established in Manchuria corresponding to those in Japan with co-operative liaison.

In the spring of the year before last, the Manchuria Automobile Co Ltd, became an associate member of the Automobile Control Association. In the fall of last year the Manchuria Light Metals Co Ltd, joined the Light Metals Control Association.

10. The Transfer of Japanese Industrial Plants to Manchuria for the Integration of Productive Industry

In conformity with the coordination of industry in Japan proper, it was planned that idle plants and discarded equipment would be transferred to Manchuria to contribute to the expansion and strengthening of the integrated industrial capacity of that economically fortunate region. It was also planned that there should be a swift exploitation of the natural resources of the country which would assure supply for Japan. It was expected that this undertaking would require an expansion of transportation, and therefore it was felt necessary to restrict trade with Japan in civilian necessities as much as possible, and to use all available facilities for the rapid transfer of the above-mentioned equipment to Manchuria. This accelerated transfer is now in progress.

Plants to be Relocated in Manchuria

1. Textiles

Consignee Company	Location	Consignor and Plants to be Relocated	Agent
Mukden (Sheng-yang) Spinning Mill, Ltd	Shen-yang (Mukden)	Kanegafuchi Spinning Co Ltd. Plants at Miike, Takasago, Shizuoka, Bizen and Okayama	Kanegafuchi Kogyo (Industrial) Co Ltd
Kotoku Keori (Woolen Textiles) Co Ltd	Pin-chiang (Harbin)	Kanegafuchi Spinning Co Ltd. Plants at Bizen, Osaka, Kurume and Wakimada	" "
Manchuria Temma Cotton Mills Co Ltd	An-tung	Toyo Cotton Mills Co Ltd. Plants at Owari, Temma and Tsu	Toyo Cotton Mills Co Ltd
Manchuria Sen-i Kogyo (Textile Industry) Co Ltd	Su-chia-t'un	Kureha Cotton Spinning Co Ltd. Plants at Yamatogawa, Nyuzen and Fuknya	Kureha Cotton Spinning Co Ltd
Tomen Boseki (Toyo Cotton Mills) Co Ltd	Chin-chou	Chuo Spinning and Weaving Co Ltd. Daitobo (Daito Spinning and Weaving) Co Ltd. Nikkabo (Sino-Japanese Cotton Spinning and Weaving) Co Ltd. Enkin Industrial Co Ltd. Toyo Orimono (Textiles) Co Ltd	Toyo Cotton Co Ltd
South Manchuria Boseki (Spinning) Co Ltd	Su-chia-t'un	Ino Shokufu (Weaving) Co Ltd. Plant at Shizuoka	Keijo Boseki (Spinning) Co Ltd
Tokuwa Boseki (Spinning) Co Ltd	Wa-fong-tien	Senshu Orimono (Weaving) Co Ltd. Kwansai SHIN-IFEN*. Boseki (Spinning) Co Ltd. Osaka Boseki (Spinning) Co Ltd	Tokuwa Spinning Co Ltd
Manchuria Tussah Silk Industry Co Ltd	An-tung	No application. /Katakura Seishi (Silk-Reeling) Co Ltd/ No application. /Kungaya Sen-i (Textile) Co Ltd/	Katakura Silk-Reeling Co Ltd
An-tung Tussah Silk Industry Co Ltd	"	No application. /Fukui Kinu Jinken (Silk and Rayon) Co Ltd/	Japan Sakusen Seihin (Tussah Silk Products) Guild

*Transliteration of unidentified terms, probably a type of material.

Consignee Company	Location	Consignor and Plants to be Relocated	Agent
Manchu-Mongol Woolen Mfg Co Ltd	Shen-yang (Mukden)	Toa Boseki (Spinning) Co Ltd. Plants from each district in addition to those from Osaka and Yokkaichi	Agency of Manchu-Mongol Woolen Mfg Co Ltd
Manchuria Seijusho (Woolen Mill) Co Ltd	Su-chia-t'un	Yamato Keori (Woolen Textiles) Co Ltd. Enkin Kogyo (Industrial) Co Ltd. Nissen Kogyo (Japan Dyeing Industry) Co Ltd. Kyowa Boseki (Spinning) Co Ltd	Sanko Co Ltd
Manchuria Seimen (Cotton Goods) Distributors Co Ltd	Shen-yang (Mukden)	Chuo Spinning and Weaving Co Ltd. Mitsui Bussan Taikahin (Trading Storage) Co Ltd	Manchuria Cotton Goods Distributors Co Ltd
Toyo Tire Industry Co Ltd	"	Toyo Cotton Mills Co Ltd. Plants from all districts	Toyo Cotton Mills Co Ltd
Manchuria Toyo Hampu (Sailcloth) Co Ltd	"	Naniwa Boseki (Spinning) Co Ltd	Toyo Sailcloth Co Ltd
Japan-Manchuria Boma (Hemp Spinning) Co Ltd	"	No application. Japan-Manchuria Boshoku (Spinning and Weaving) Co Ltd	Toa Mako (Hemp Industry) Co Ltd
Manchuria Mako (Hemp Industry) Co Ltd	K'ai-yuan	Tokyo Ramie Spinning Co Ltd. Plant at Numazu. Chuo Spinning and Weaving Co Ltd. Plant at Nagoya	Tokyo Ramie Spinning Co Ltd
Toyo Seima Kako (Refined Hemp Dressing) Co Ltd	Yung-chi (Kirin)	Toyo Cotton Mills Co Ltd. Plants at Yokkaichi, Kanzaki, Himeji, etc.	Toyo Cotton Mills Co Ltd
Manchuria-Japan Flax Spinning and Weaving Co Ltd	Hai-ch'eng	Toa Hemp Industry Co Ltd. Toa Spinning Co Ltd, Teikoku Sen-i (Fibre) Co Ltd and others	Toa Hemp Industry Co Ltd
Chin-chou Boma (Hemp Spinning) Co Ltd	Chin-chou		Chin-chou Hemp Spinning Co Ltd
Manchuria Kurita Hosiery Co Ltd	Hai-ch'eng	Kurita Hosiery Co Ltd. Plants at Yokohama and Nagoya	Kurita Hosiery Co Ltd

Consignee Company	Location	Consignor and Plants to be Relocated	Agent
Manchuria Suminoe Orimono (Textiles) Co Ltd	Shen-yang (Mukden)	Suminoe Textile Mill, Osaka	Suminoe Textiles Co Ltd
Manchuria Shirokita Kigyo (Textiles) Co Ltd	Hai-ch'eng	Shirokita Textiles Co Ltd. Plant at Hamamatsu	Shirokita Textiles Co Ltd
Manchuria Fukushima Cotton Spinning Co Ltd	Kwantung Leased Territory	Fukushima Cotton Spinning Co Ltd at Himeji	Fukushima Boseki (Cotton Spinning) Co Ltd
Liaotung Hampu (Sailcloth) Co Ltd	"	Toyo Sailcloth Co Ltd. Plant at Osaka	Toyo Sailcloth Co Ltd
Yamato Boseki (Spinning) Co Ltd	"	Yamato Spinning Co Ltd. Plants at Yamato, Wakayama, Shimane, Yamaguchi, Okayama and Gifu	Yamato Spinning Co Ltd
South Manchuria Meriyasu (Hosiery) Co Ltd	Kwantung Leased Territory	Ioda Company, Plant at Wakayama	Ioda Company
Kwantung Leased Territory Tabi Industry Co Ltd	"	Tokushima Muya	Kintoki Tabi Co Ltd
Kwantung Leased Territory Glove Mfg Co Ltd	"	Kanagawa Prefecture Meriyasu (Hosiery) Industrial Guild	Kosei Bank
2. Paper Pulp			
Manchuria Zoshi (Paper Mfg) Co Ltd	Chia-mussu	Oji Paper Mfg Co Ltd. Plant at Ebetsu	Manchuria Paper Mfg Co Ltd's Agency
Kotoku Ashi (Reed) Pulp Co Ltd	Lung-chiang (Tsitsihar)	Dai Showa Seishi (Paper Mfg) Co Ltd. Plant at Fuji	Kotoku Reed Pulp Co Ltd
Manchuria Tokan (Bean-straw) Pulp Co Ltd	K'ai-yuan	Takahashi Cardboard Co Ltd. Plant at Tokyo	
Manchuria Soybean Chemical Co Ltd	An-tung	Japan Kasei (Chemical) Co Ltd. Plant at Oi	Manchuria Soybean Chemical Co Ltd's Agency

Consignee Company	Location	Consignor and Plants to be Relocated	Agents
3. Machinery in General			
Manchuria Boring Co Ltd	Chang-ch'un (Hsinking)	Tone Boring Co Ltd's Plant. Test Drill Mfg Plant	Manchuria Minin. Development Co Ltd's Agency
Manchuria Soda Co Ltd	Ta-lien (Dairen)	Soda-ash-manufacturing plant	Manchuria Soda Co Ltd's Agency
Kwantung Leased Territory Kogyo (Industrial) Co Ltd	Yung-chi (Kirin)	Hydrous alcohol manufacturing	Hokkaido Godo Shusei (Alcohol Combine)
Manchuria Electric Wire Co Ltd	Shen-yang (Mukden)	Electric wire mfg plants	The several electric wire plants in Japan proper
Endo Komusho (Engineering Works)	Pin-chiang (Harbin)	Starch-manufacturing machinery	Manchuria Seishin Co Ltd's Agency
Manchuria Pyrethrum Co Ltd	Chang-ch'un (Hsinking)	Pyrethrum-manufacturing machinery	Tokyo Konishi Company
Harbin (Pin-chiang) Brewery Co Ltd	Mu-tan-chiang	Bottling machinery and equipment	Harbin (Pin-chiang) Brewery Co Ltd's Agency
Manchuria Shimada Glass Co Ltd	Liao-yang	Glassware-manufacturing plant	Osaka Shimada Glass Co Ltd
Hamada Seiki Tekkosho (Precision Machinery Foundry) Co Ltd	Shen-yang (Mukden)	Cog-wheel manufacturing and repair plant	Hamada Precisic Machinery Foundry Co Ltd
Japan-Manchuria Chemical Industry Co Ltd	Shen-yang (Mukden)	Cosmetics-manufacturing plant	Konishi REEKI* Cosmetics Co Lt
Saito Automobile Co Ltd	Chi-ning	Automobile-maintainance-and-repair plant	Manchuria Automobile Co Ltd
Manchuria Mining Development Co Ltd	An-tung	Sulphuric-acid-manufacturing plant	Manchuria Minin. Development Co Ltd
Manchuria Electro-Chemical Co Ltd	Yung-chi (Kirin)	Carbide-and-lime-nitrogen-manufacturing plant	Manchuria Electro-Chemical Co Ltd

*Transliteration of unidentified term.

11. Manchurian Co-operation with Japan in the Prosecution of the War

Since the outbreak of the Greater East Asia War all economic plans have emphasized the importance of industrial development in Manchuria as an aid in the prosecution of the war. Because of Japan's loss of shipping, Manchuria supplied such basic materials as steel, coal and food, to Japan. Consequently, we are planning the independent development of basic industries in Manchuria in order to insure a great increase in supplies for Japan, and at the same time we are striving to decrease Japanese exports to Manchuria. We are attempting to develop defense plants in Manchuria which will be both advantageous to Manchuria and indirectly advantageous to Japan against the threat from the north.

In March of this year three steel-manufacturing companies were merged to form the Manchurian Iron & Steel Mfg Co Ltd. Utilizing the combined facilities of the already-equipped Showa, Pen-ch'i-hu and other plants, we are exerting ourselves to the utmost in an attempt to increase production. The damage done by the recent air attack has been repaired for the most part, and production is gradually being resumed. However, since the coal, raw materials, etc., which were expected from North China have not been made available in sufficient quantities, we have not been able to meet the requirements of the First Plan. Nevertheless, if we curb consumption in the home islands and increase the amount of scrap iron which we send to Manchuria, we anticipate that an all-out effort will allow us to maintain our supplies at their present level. For the next fiscal year, in addition to the dispersal of equipment as a defense against air attack, we will complete the plan for the utilization of the one million metric tons of ore-dressing equipment which is already on hand (Ta-ku-shan). Progress is also being made with the plan for the exploitation of the excellent local sources of raw materials, including the coal fields, and strenuous efforts are being made to keep available machinery busy without shipping in additional raw materials from elsewhere. Furthermore, with the aim of conserving shipping space by processing raw materials on the spot, idle cupola furnaces have been shipped from Japan, and still greater increases in production are planned.

With the advent of better relations between capital and labor, coal mines are operating at full capacity. The coal quota for the present fiscal year was 29 million metric tons, and during the first period 94 percent of this was realized. As a result of the disparity between the amount of coal received from North China and that used in manufacturing, coal mines inside the country /Manchuria/ have been hard pressed. The supply level in the home islands and in Korea has been maintained. In regard to the shortage of coal for iron manufacture, 180,000 metric tons of Mi-shan coal were mined and shipped to meet the emergency during the first half of this fiscal year.

The production of aluminum is being earnestly carried forward at the Manchurian Light Metals Plant in Fu-shun. As the war progresses, the co-existance within the country of electric power and the rich aluminous shale is being utilized in plans for the unprecedented and vital expansion of /aluminum/ production. Already a part of this plan is being executed in the development of the

Fu-shun Plant (5,000 metric tons) and the construction of the An-tung Plant (40,000 metric tons of alumina). It is expected that the Fu-shun Plant will begin experimental operation by Jan 1945.

Even in the field of such non-ferrous metals as lead, fluorspar, magnesia clinkers, etc., as well as in the non-metallic field, production is on the increase and plans are being devised for increasing exports to Japan.

Since, with the progress of the war Manchuria has become more and more vital as a source of food supply, the Manchurian Government is strenuously attempting to meet the demands made upon it for agricultural products. Great strides are being made in increasing production and assembling stores. To satisfy emergency demands, Manchuria is enlarging the area under cultivation, improving agricultural facilities, and promoting quick planting, fertilizing and thorough weeding. Moreover, if one excepts the drought area in Hsing-an-tsing-sheng, this year's crop is expected to be about the same as last year's due to the unflagging efforts of officials and people, backed by the full power of the government, and the blessing of favorable weather.

The stock pile of commodities appears to be extremely satisfactory. This is due to the encouragement given by military and civilian officials to the shipment /to Japan/ of essential commodities and other materials. Shipments up to 6 Dec had totalled 5,450,000 metric tons, or about 62 percent of the total scheduled amount, and it is anticipated that this year's goal of 8,790,000 metric tons will be almost realized.

With the increasing intensity of the war, Japan and Manchuria sought to establish self-sufficiency in food supplies. Plans were laid for the emergency development of agricultural lands in Manchuria, and the two countries co-operated closely. In the two years 1943 and 1944, 180,000 hectares of rice were produced, and, with the exception of the farmers' personal consumption, the entire crop was exported to Japan.

As stated above, plans were laid down for Manchuria, and the government exerted every effort to increase the export potential by setting restrictions on home consumption. This year, in view of the food situation in North China and in Japan, it is planning to allocate all shipping to an effort of further increasing the volume of export.

12. Iron and Steel Production in Manchuria

Iron and steel production in Manchuria did not reach the planned production goal of 3,070,000 metric tons of pig-iron scheduled for the First Five-Year Plan because of unforseen hindrances arising from the outbreak of the China Incident. In 1941, the last year of the period, due to Japanese co-operation actual production of pig-iron was 1,400,000 metric tons in contrast with a planned production of 1,490,000 metric tons. Shipments to Japan reached a higher level than was expected.

The year 1942 marked the beginning of the Second Five Year Plan, which followed as an extension of the First Five Year Plan. The war necessitated a speedy increase in production; the building up of war potential was emphasized. It was planned to work existing installations to full capacity and to expand all possible installations. Faulty production procedures, particularly in coal and in ore mining, were remedied; labor difficulties were ironed out; and bottlenecks were broken. The An-shan Plant, despite repeated air attacks, has continued to increase production. The yearly quotas of pig iron for shipment to Japan are being met; difficulties in obtaining materials are being overcome. The An-shan Plant lighted its ninth blast furnace in December of last year, 12 months after the start of construction. The efforts of the former Showa Steel Works deserve special recognition.

The Showa Steel Works, the Pen-ch'i-hu Iron and Colliery Company, and the Tung-pien-tao Development Co Ltd, are the three chief producers of iron and steel in Manchuria. In view of the immediate need for increasing production, these three were amalgamated. They are now called the An-shan Main Company, the Pen-ch'i-hu Branch Company and the Tung-pien-tao Branch Company. Production increases are under way at all three plants.

A. The An-shan Main Company

The plant began operations in Jun 1942 with eight furnaces, and efforts were concentrated on increasing pig-iron production. It succeeded in supplying 500,000 metric tons of pig iron to Japan in that fiscal year; since that time it has filled its quota for each fiscal year.

In Dec 1942, a ninth blast furnace was begun because of the war emergency. It was completed within a year and was lighted in Dec 1943. With the addition of this furnace, pig-iron capacity reached 1,950,000 metric tons. Adverse factors such as low grade ore and transportation difficulties reduced the actual capacity to 1,550,000 metric tons. With the first air raid on 29 Jul of this year, and with the second on 8 Aug of this year, production for the year was reduced to approximately 900,000 metric tons.

Efforts to repair air raid damages are being made. Repair of the coke ovens was completed 20 Nov, and emergency restoration of other equipment is expected during the course of the present fiscal year.

Actual production of pig iron was as follows:

(Unit: metric tons)

Year	Produced	Planned
1942	1,310,000	1,350,000
1943	1,306,000	1,390,000
1944 Original plan		1,550,000
Revised plan due to air raids		950,000
1st half of 1944	478,000	653,000

The steel mill has a yearly capacity of 1,330,000 metric tons of steel ingots. For the last fiscal year, 1943, the quota was 1,050,000 metric tons, but due to a shortage of skilled labor and other adverse circumstances, actual production was 843,000 tons. For this fiscal year, 1944, the quota was first set at 1,050,000 metric tons, but as a result of the first air raid production of only 690,000 was expected. The second air raid caused a reduction of the estimate to 550,000 metric tons. Actual production for the first half of this fiscal year was 280,000 metric tons.

The quota for rolled steel was 620,000 metric tons, but as a result of the air raids it was reduced to 460,000 metric tons. In the first half of 1944 actual production was 130,000 metric tons, in contrast with a planned production of 210,000 metric tons. In the previous fiscal year, 1943, actual production was 380,000 metric tons in contrast with a planned production of 440,000 metric tons. A 40,000-metric ton rolling mill was completed in Dec 1943; a 20,000-metric-ton sheet mill was scheduled for completion at the end of last year. Priority was given, however, to the construction of the ninth blast furnace, and plans for the mill's completion were advanced a year. Because of difficulties with machinery ordered from Japan, the sheet mill is scheduled for completion in Jun 1945. Another 200,000 metric tons of rolling equipment was ordered from Germany, but unfortunately some of this new equipment will be held up temporarily until there is a favorable turn in the war situation.

At the Ta-ku-shan ore-dressing plant, which aims at self-sufficiency of iron ore for Manchuria, a 400,000-metric-ton unit was planned. Now with the completion of the ninth blast furnace, great emphasis is being placed upon this unit. The basic construction has been completed, and now the machinery ordered from Japan is being anxiously awaited. Some of the motors are expected to be completed by Mar 1945; the plant should be operating 3 months after their arrival. A second unit of 600,000-metric-tons capacity was scheduled for completion by Sep 1945, but it has been somewhat delayed.

A third coal-concentration unit with a daily capacity of 3,000 metric tons was scheduled for Aug 1945. However, the sixth battery of coke ovens has been left incomplete, and it is to be moved elsewhere because of the fear of air raids. It was planned to set up two new REN(*1) furnaces this year, but for various reasons they have been transferred to the Nippon Metallurgical Co Ltd, and the Kawasaki Heavy Industries.

B. Pen-ch'i-hu Branch Company

The plant was two furnaces -- a 200-metric-ton furnace and a 600-metric-ton furnace -- at Miyanohara with a yearly capacity of 550,000 metric tons of pig iron. In 1943 its goal was 520,000 metric tons (250,000 metric tons of ordinary pig and 270,000 metric tons of low phosphorous pig); however, due to difficulties with the coke ovens, failure in the transportation of the ore, and insufficient technicians, only 402,000 metric tons were produced.

(*1) Transliteration from Japanese of unidentified term.

For the present fiscal year, production of 480,000 metric tons (160,000 metric tons of ordinary pig and 320,000 metric tons of low-phosphorous pig) is planned. Actual production for the first half of this fiscal year was 74,000 metric tons of ordinary pig and 142,000 metric tons of low-phosphorous pig, a total of 216,500 /sic/ metric tons.

The Pen-ch'i-hu plant has received no direct damage from air raids.

At Miyanohara the second briquetting installation (280,000 metric tons) was completed in the spring of last year (1943). The first briquetting installation (280,000 metric tons) together with the Pen-ch'i-hu briquetting installation brings the total capacity to 760,000 metric tons.

The Miyanohara sintering plant (200,000 metric tons, completed late in 1943) and the Pen-ch'i-hu sintering plant have a combined capacity of 280,000 metric tons.

In view of the iron and steel situation throughout Japan and Manchuria, it was planned to transfer two more 500-metric-ton furnaces to Manchuria if conditions in Japan would permit. However, these are being held in reserve in conformity with the policy of full operation of blast furnaces in Japan proper.

C. Tung-pien-tao Branch Company.

The iron-manufacturing capacity here is still low, but partial operation has been commenced, and progress is being made toward a goal of 100,000 metric tons of pure iron.

In connection with plans for emergency increase of iron and steel, the construction of small-size smelting furnaces was undertaken. In Oct of last year (1943) one 20-metric-ton, charcoal, pig iron furnace was lighted, and in Dec one 20-metric-ton, coke, pig iron furnace was lighted. In addition there is one small-size electric furnace of 10 metric tons, one of 8 metric tons, one of 4 metric tons, and one of 3 metric tons.

One 15-metric-ton electric furnace, which was to have been furnished by Japan Iron and Steel Mfg Co Ltd, is being constructed by Japan Steel Tube Co Ltd, instead, and is scheduled for delivery in Feb 1945.

High-grade iron ore is being supplied to An-shan, Pen-ch'i-hu, and Japan from Ta-li-tzu, Ch'i-tao-kou, and T'ieh-ch'ang-tzu, and a great contribution is thus being made to the increase of iron and steel production in the Greater East Asia Co-Prosperity Sphere.

In addition to the Manchuria Iron and Steel Mfg Co Ltd, the following producers of steel are located in Manchuria:

Producer	Yearly Capacity (in metric tons)	1943 Production (in metric tons)
An-shan Steel Products Co Ltd	150,000	101,000
Manchuria Rolled Steel Mfg Co Ltd	70,000	42,000
Japan-Manchuria Steel Tube Co Ltd	30,000	17,000
Sumitomo Metal Industry Co Ltd	25,000	24,000
Total	275,000	184,000

NOTE: Materials for manufacturing steel all come from the An-shan iron foundry.

Production of pig iron and steel for the second quarter of 1944 was temporarily stopped by the first air raid on An-shan (29 Jul) and again by the second air raid. Since then capacity has not been restored, and production has declined.

Production of Iron and Steel in Manchuria (Unit: 1,000 Metric Tons)

Product	1943 Fiscal Year			1944 Fiscal Year 1st Quarter			1944 Fiscal Year 2d Quarter			1st Half		
	1st Half	2d Half	Total	Planned	Produced	%	Planned	Produced	%	Planned	Produced	%
An-Shan Ordinary Pig Iron	657	649	1,306	335	314	93.7	316	163	51.6	653	468	73.2
Pen-Chi-hu Ordinary Pig Iron	121	86	207	39	33	85.7	42	40	96.3	81	74	91.3
Total Ordinary Pig Iron	778	735	1,513	375	347	92.7	360	205	56.9	734	552	75.2
Low-Phosphorus Pig Iron	99	96	195	82	74	90.1	79	69	86.8	161	142	88.5
Steel Ingots	420	423	843	265	207	77.9	200	72	36.1	465	279	60.0
Steel Billets	350	369	719	224	176	78.6		68			244	
Steel Materials	190	186	376	104	101	96.8	110	31	33.8	214	132	61.5
Granular Iron	9	9	18	4.5	4.2	94.5	4.3	4.3	100	8.8	8.6	97.2

13. Plans for the Emergency Increase of Iron and Steel Production in Manchuria After the Fiscal Year 1944

In view of the importance of the time element in securing increased iron and steel production, the restoration of damaged facilities and the fullest utilization of existing facilities are planned. Certain existing facilities must be expanded, and new ones must be opened. Emphasis will be shifted from a negative attitude of planning for a wartime surplus to a positive attitude of accelerated production. Difficulties with materials, transportation, labor and time must be surmounted.

A. Measures for Achieving Production

1. Restoration and Defense

a. The restoration of damaged installations is progressing through manifold difficulties. Replacements for damaged machinery have been ordered from Japan and are expected by Mar 1945. Numerous spare parts for machinery are being prepared and installed. Repairs to the coke ovens, which suffered the heaviest damage, have already been completed (20 Nov) by furnace-construction workers sent from Japan.

b. Protective installations for the most vital installations at An-shan and Pen-ch'i-hu, which must be rapidly completed, are already under way, and the Kwantung Army is devising plans for defense.

2. Use and Diversion of Existing Installations

a. Increased steel production is planned through the use of open-hearth furnaces and electric furnaces for machine and special steels.

b. It is planned to increase the rolling capacity of the various companies and to re-convert the small steel ingots and scrap iron.

c. In addition to the full operation of the small smelters in Tung-pien-tao, we are considering the transfer of two 350-metric-ton smelters from idle installations in Japan proper or Rusan in Korea.

3. Rushing Completion of Installations and New Expansion

a. The plan is to rush the completion of coal-washing installations at Pen-ch'i-hu, Ling-shan, Hao-kang, Sung-wan and Mi-shan and to construct railroad sidings at Shan-sung-kang, Fu-chin, Sung-wan and Mi-shan despite innumerable difficulties.

b. In view of the current state of development in small and medium mines, it is planned to produce pig iron by native methods in suitable areas after due consideration of the necessary supply of coal.

c. During the first stage of operations at the Ta-ku-shan ore-dressing plant of the An-shan Main Company we plan to produce 400,000 metric tons. This, combined with the 600,000 metric tons anticipated in the second stage of operation, will make us self-sufficient in iron ore, a goal towards the achievement of which we plan to bend every effort. Motors ordered from Japan are scheduled for completion in Mar 1945, and it is hoped that operation can begin 3 months or so after receipt of them. Equipment necessary for the second-stage operations will not be completed in 1945. The third coal-dressing installation is scheduled to commence operation in Aug 1945 (daily capacity 3,000 metric tons).

d. Transfer of Gas-generating Furnaces

Damage to coke furnaces in the An-shan air raids reduced coke production. The gas shortage affected rolling operations and the output of pig iron and steel. Therefore, plans are being laid to transfer 24 gas-generating furnaces from Japan. It has already been decided to move 19 such furnaces.

B. Measures for the Dispersal of Installations

In anticipation of air raid damage, it was decided to move the following:

1. One or two An-shan smelter furnaces to Tung-pien-tao

2. Some of the An-shan coke furnaces to Yung-chi (Kirin), Shen-yang (Mukden) and Tung-pien-tao

3. The rolling mill under construction at Otani Heavy Industries Co Ltd, to Feng-huang-ch'eng in An-tung Sheng

4. The small rolling mill under construction at Mukden (Sheng-yang) Iron and Steel Industries Co Ltd, to T'ieh-ling

5. Manchuria Electric Industries' transformer substation at An-shan to Shou-shan.

C. Labor

1. Measures for the Supply of Skilled and Unskilled Labor

The shortage of skilled workers is one cause of the decline in production. To eliminate this, the governments of Japan and Manchuria formally decided to send 300 employees from the Anagasaki Steel Works to Manchuria in Oct. In general, immediate and desirable results were achieved.

Utilization of laborers of Japanese descent has proved very practicable during air raids. We, therefore, intend to make every effort to employ laborers of Japanese descent, including even unskilled laborers.

2. Measures for Improved Treatment of Labor

a. Awarding national prizes

b. Maintenance of air raid defenses in factory and residential districts

c. Evacuation of dwellings and families

d. Improvement in general treatment and material supplies

14. Reasons for Creating the Manchurian Iron and Steel Council

Policies of the iron and steel branch, which is the most important branch of Manchuria's economic structure:

A. Co-operation in carrying out government plans for development of enterprises related to iron and steel in Manchuria

B. Liaison between the various iron and steel enterprises in Manchuria

C. Co-operation and liaison with the Iron and Steel Control Association.

By adopting these policies of co-operation with Japan, increased production of iron and steel was achieved.

Legal Status: A Corporate Juridical Person

Organization:

1. There shall be one Chairman of the Board of Directors and several directors and superintendents. The Chairman of the Board of Directors shall be the Liaison Director of the Iron and Steel Control Association.

2. Officials of government agencies concerned shall be requested to participate in the meetings of the Council.

3. The business office shall be located in Hsinking.

Finances:

The expenses of this Council shall be met by collecting fees and donations from the members.

Members:

At present, members include the following:

Manchuria Iron and Steel Co Ltd
Manchuria Sumitomo Metals Industry Co Ltd
Manchuria Otani Heavy Industries Co Ltd
Japan-Manchuria Steel Tube Mfg Co Ltd
Kyowa Tessan (Mining) Co Ltd

Manchuria Steel Mfg Co Ltd
Manchuria Special Iron and Steel Co Ltd
Manchuria Heavy Machinery Co Ltd
Tung-pien-tao Development Co Ltd
An-shan Steel Products Co Ltd
Manchuria Shinko Drawn Steel Metals Co Ltd
Manchuria Kubota Cast-Iron Pipe Co Ltd
Manchuria Iron and Steel Industry Co Ltd
Ta-hua Mining Company Ltd
Pen-ch'i-hu Special Steel Company Ltd
Nichiman (Japan-Manchuria) Trading Co Ltd

Others will be admitted later in accordance with need.

Founded: 2 Aug 1942.

15. Production, Supply and Demand for Iron Ore and Manganese Iron in Manchuria

A. Iron Ore

1. An-shan Main Company

The amounts of excellent ore received from Liu-chia-p'u and Ta-li-tzu were only 35 percent and 71 percent, respectively, of the anticipated amounts. Furthermore, due to the lack of coal charge for coke ovens due to air attacks during the latter part of July, a considerable reduction in the production of processed high-grade metals resulted. Therefore the following emergency measures were undertaken.

a. In order to increase production of processed high-grade metals, that is to say, to increase the gas source, we increased the coal charge for the coke furnaces by increasing the coal storage capacity in the plant.

b. We strengthened and increased the number of compressors for the purpose of increasing production of Ta-li-tzu metals.

c. Ore-producing, medium-grade metal was widely used.

2. Pen-ch'i-hu Branch Company

This branch depended principally on its own iron ore. It was dependent on other sources for barely 10 percent. Goods received were 100 percent.

Supply and Demand for Iron Ore in Manchuria for 1944 Unit: 1,000 metric tons

Name of Mine	Demand				Supply			1943	
	An-shan	Pen-ch'i-hu	Others	Reserve Ore	Total		Plan	Production	%
Synthetic rich ore*	800	511	---	100	1,411	1,411	1,406	1,076	86
Kung-ch'ang-ling	570	---	330	---	900	900	1,000	924	92
Ying-tao-yuan	50	---	---	---	50	50	230	274	119
Hsiao-fang-shen	---	---	---	15	15	15	---	---	---
Pa-p'an-ling	---	100	---	---	100	100	78	78	100
Ch'i-tao-kou	346	---	4	---	350	350	300	324	108
Ta-li-tzu	370	130	100	---	600	600	500	523	104
Hsu-chia-t'un	30	---	---	40	70	70	---	---	---
Others	---	---	20	---	20	20	100	102	35
Domestic Total	2,166	741	454	155	3,516	3,516	3,614	3,301	91 [sic]
Musan	100	100	---	---	200	200	197	191	97
Whanghae Da	100	---	---	50	150	150	178	92	52
Korea Total	200	100	---	50	350	350	375	283	75
P'ang-chia-pu	650	50	---	---	700	700	450	203	45
Yan-t'ung-shan							200	378	189
Chin-ling-chen	---	---	---	100	100	100	100	86	86
North China Total	650	50	---	100	800	800	750	666	89
Foreign Total	850	150	---	150	1,150	1,150	1,125	955	84
Grand Total	3,016	891	454	305	4,666	4,666	4,739	4,256 [sic]	90 [sic]

*Transliteration of Japanese term.

B. Manganese Iron

Manganese iron is being produced at the An-shan Plant for use in improving the quality in steel production. In addition, production plans are underway for the Tung-pien-tao Plant.

Classification	Unit	1942	1943 1st Period	1943 2d Period	1943 Total
Production Planned	MT	18,680			160,300
Production	MT	1,868	5,996	6,610	12,606
Percentage	%	1.0 [sic]	---	---	7.9

C. Manganese Ore

Since imports of high-grade ore from the South Seas Area is not expected, research in the use of low-grade ore is now in progress.

Classification	1944 Plan Unit: Metric Tons	1st Period (Planned)	Receipts Produced	Percentage
Foreign Expectation	43,500	21,750	5,635	21
Production in South Seas Area	28,000	14,000	2,106	15
Production in Korea	10,000	5,000	402	8
Production in North China and Meng-chiang	5,500	2,750	3,127	113
Domestic Expectation	48,000	24,000	12,046	50
Total	91,500	45,750	17,681	39

16. Coal Supply and Demand for Iron Manufacturers

The supply and demand situation for 1944, from the standpoint of plans for allotment of goods during the year, stands at 2,258,000 metric tons (49 percent) for Manchurian coal and 2,350,000 metric tons (51 percent) for North China coal, a total of 4,608,000 metric tons. Receipts and shipments, as in the following table, were large considering the problems of labor and transportation. On the less optimistic side, due to the low efficiency of coal washing at the mines, the percentages received in the first period were: washed coal 55 percent, unwashed 45 percent.

As countermeasures for this situation we look forward to developing important, good coal fields at Fu-chin, Sung-wan, Hsing-lung, and other places within the country, and to increasing shipments of good coal from North China. Also, we plan to increase the efficiency of washing equipment. Other possible measures are being investigated.

(Although the coal-washing capacity of the An-shan Plant before the air raids was 4,000 metric tons per day, at present it is only 2,000 metric tons per day.)

1944 Fiscal Year Coal Production Plans and Results Unit: 1,000 Metric Tons

Type	Plans	Tonnage Received					Used and Stored				
		1st Period			2d Period		1st Period			2d Period	
		Expected	Received	%	Expected	Received Oct-Nov	Estimated Receipts	Actually Used	Stored	Expect to Use	Stored
Fu-shun Washed Dust	650	331	142	43	185	65	185	142	1	175	11
Pen-ch'i-hu Washed Dust	600	403	455	113	392	13	400	419	27	374	49
Tien-shih-fu Washed Dust	60	65	31	47	39	18	30	30	-	39	-
Pei-piao Washed Dust	848	434	378	87	400	69	300	326	66	399	75
*Mi-shan Washed Dust	100	50	45	90	-	-	-	43	2	-	2
Others	-		256		100	1	100	56	129	**81	48
Domestic Coal Total	2,258	1,283	1,307	101	1,116	165 [sic]	1,015	1,016	225	1,068	185
K'ai-p'ing Washed Dust	500	290	128	44	250	33	100	126	3	180	73
K'ai-p'ing No 1 Lump	270	135	104	77	120	27	75	93	20	120	20
K'ai-p'ing Others	80	8	112	140	-	2	-	66	67	**16	51
Chung-hsing	800	400	246	62	300	67	220	202	53	300	53
Ching-ching-cheng-li	200	100	111	12	120	31	100	88	35	100	55
Hsin-t'ai	200	100	56	56	30	7	20	42	13	30	13
Ta-t'ung	300	132	42	32	-	-	-	16	41	**20	21
Others	-	-	1	-	-	-	-	-	-	-	-
North China Coal Total	2,350	1,165	800	69	820	167	515	633	232	766	286
Grand Total	4,608	2,448	2,107	86	1,936	332 [sic]	1,530	1,649	457	1,834	471

* In order to achieve a one-million-metric-ton increase in the amount of Mi-shan coal planned for shipment to Korea, there was no allotment during the 2d period.

** To consumers other then this company.

17. Japanese Imports of Iron and Steel from Manchuria

Product	1943 Unit: 1,000 Metric Tons			1944 Unit: 1,000 metric tons				
	Planned Imports	Actual Imports	%	Original Plan for Year	Planned for 1st Period	Actual Imports	%	NOTES
Ordinary Pig Iron	581	593	102	593	326	281	86	
Low-phosphorus Pig Iron	250	214	86	320	194	189	97	
Partially Finished Steel Goods	)179	180	101	103(	89	116	130	
Ordinary Steel Materials	) 78	78	100	64(				
Crude Pig Iron	37	25	68	25	12	12	100	
Scrap Iron	16	9	58	15	8	23	288	
Total Conversion of Pig Iron	1,218	1,176	97	1,170	656	656	100	Rate of conversion 1.3

This table includes acquisitions from Military Areas.

18. Capacity, Plan and Production of Iron and Steel in Manchuria

A. An-shan Main Company (Unit: 1000 metric tons)

Product	Production					Capacity before Air Raids	1944 Plans		Production 1944 First Period		
	1940	1941	1942	1943 Planned	1943 Produced		Original Plan	Revised after Air Raids	Planned	Produced	%
Pig Iron	939	1192	1310	1390	1306	1950	1550	1150	653	478	73
Granular Iron	13	17	19	24	18	80	18	13	9	9	100
Steel Ingots	533	561	732	1050	843	1330	1050	688	465	279	60
Steel Billets	470	480	509	848	719	1000	880	-	-	244	-
Steel Materials	323	335	339	443	376	620	620	461	214	132	62

B. Pen-ch'i-hu Branch Company (Unit: 1000 metric tons)

Product	Production					Present Capacity	Plan and Production for 1944			
	1940	1941	1942	1943 Plan	1943 Produced		Plan for Year	First period Planned	First period Produced	%
Low-phosphorus Pig Iron	117	173	169	270	195	400	320	161	142	89
Ordinary Pig Iron	8	34	138	250	207	150	160	81	74	91
Total	125	207	307	520	402	550	480	242	216	90

C. Tung-pien-tao Branch Company (Unit: 1000 metric tons)

Name of Plant	Facilities	Operational	Production	
Iron-manufacturing Plant	One 20-metric-ton charcoal furnace; one 20-metric-ton coke furnace	Dec 43 Oct 43	1075 235	
Iron-processing Plant	One 4-metric-ton pig-iron furnace; one 8-metric-ton pig-iron furnace	Sep 42 Nov 43	First Period, 1944 Apr-Jul 998	Jul-Sep 312

19. The SMR Iron Refinery in Fushun

A. Because the so-called SMR low-temperature, direct-reduction method of manufacturing iron gradually began to produce the desired reults after research begun in 1932 at the SMR Central Laboratory, industrialization was planned in Sep 1937. In the fall of 1939 the first group of installations was completed. This was followed by the beginning of work on the second group, and in 1941 the completed plant was named the Fu-shun Coal Mining and Iron and Steel Manufacturing Plant.

B. Present Equipment:

One rotary furnace (annual capacity 12,000 metric tons)
Two voltaic arc-type electric furnaces (15-metric-ton furnace)
One voltaic arc-type electric furnace (6-metric-ton furnace)
Two voltaic arc-type electric furnaces (3-metric-ton furnaces)
One voltaic arc-type electric furnace (1-metric-ton furnace)
One high-frequency induction electric furnace (300-metric-ton furnace)
One high-frequency induction electric furnace (150 metric-ton furnace)

The above equipment has a yearly production capacity of 12,000 metric tons of sponge iron.

C. Production: (unit: metric ton)

	1942 (Planned)		1943 (Planned)		1944 (Planned)	Production for 1st Period (TN: 1944)
Sponge Iron	6604	(9000)	8046	(8000)	(2000)	1276
Steel Ingots	7876	(----)	9671	(9730)	(11,200)	6115
Finished Products	5743	(----)	6027	(5255)	(6500)	3457

D. Plan for Increased Production

We plan to install one more rotary furnace (daily production 60 metric tons; annual capacity 15,000 metric tons) which should be operative in Mar 1945. In addition, a hollow hexagonal steel-rolling mill will be built on the spot utilizing parts ordered from Japan, and it will be partially operating in Jun 1945. It is also planned to divert a 1000- or 2000-metric-ton hydraulic press from Japan. After expanding the plant as described above, the following production capacity should be possible:

Sponge Iron	Annually	24,000 Metric Tons
Ferro-tungsten	"	20 "
Ferro-molybdenum	"	8 "
Ferro-chrome	"	120 "
Ferro-manganese	"	50 "
Vanadium	"	10 "
Steel Ingots	"	22,760 "
Finished Products	"	11,850 "

We plan to get the necessary ore entirely from Manchuria (Ta-li-tzu red iron ore).

20. (Missing in the original)

21. Air Raid Damage and Repair Work at An-shan

1st air raid, 1300 - 1400 hrs, 29 Jul, 43xB-29's
2d air raid, 1330 - 1440 hrs, 8 Sep, 98xB-29's
3d air raid, 1500 - 1600 hrs, 26 Sep, 40xB-29's

Only a few bombs dropped within the premises during the first air raid and no direct hits were sustained by any of the nine smelter furnaces. Some damage was sustained by auxiliary facilities. Two of the 17 coke ovens sustained direct hits, and some bomb damage was sustained by the chemical plant. Iron output was suspended for 6 days, steel output for 23 days. Part of the chemical plant was destroyed by fire.

During the second raid a concentration of bombs fell on the coke ovens and four of the 17 ovens received direct hits. Two coal-conveyor belts were hit and a total of six belts damaged. The operation of all coke ovens was temporarily suspended. Although no direct hits were sustained by the smelter furnaces, the shortage of gas from the coke ovens resulted in a 6-day suspension of iron production and a 24-day suspension of steel production. The chemical plant was also hit by a concentration of bombs and once again part of the plant was destroyed by fire.

In both the first and the second raids some bomb damage was sustained by the power, gas, water and communications facilities. In the second air raid the main water-supply line was severed, but no suspension of operations was necessary thanks to emergency repairs.

Few bombs burst in the plant during the third air raid and no damage was inflicted on installations there.

A. Damage Sustained

1. Cupola Furnace

Cupola Furnace	First Air Raid, 33 bombs exploded (in vicinity)			Second Air Raid, 6 bombs exploded (in vicinity)		
	Part Damaged	Operation Resumed	Days Required for Repairs	Part Damaged	Operation Resumed	Days Required for Repairs
No 1. 400 metric tons	Air Blast Main	7 Aug	9	No direct hits; damage	18 Sep	10
No 2. 400 " "	Air Blast Main	9 Aug	11	to coke ovens and	14 Sep	6
No 3. 500 " "	-	3 Aug	5	water main	14 Sep	6
No 4. 600 " "	Air Blast Main	19 Aug	21	necessitated suspension	18 Sep	10
No 5. 700 " "	-	3 Aug	5	of operations	1 Oct	23
No 6 700 " "	-	3 Aug	5	for a short	3 Oct	25
No 7. 700 " "	-	6 Aug	8	period.		
No 8. 700 " "	Cleaned out 1 May, dried out and ready for operation (TN: date omitted)					
No 9. 700 " "	Hoist and waterfeed tube	19 Aug	21		26 Sep	16

NOTE: Cupola furnace No 7 was cleaned out 10 Sep. Four cupola furnaces damaged in first raid, none in second raid.

2. Coke Ovens

	Coke Ovens	1st Air Raid	Total	2d Air Raid	Total	At Present (Dec 20)	Total
Conditions Immediately before Air Raids	Number of ovens		17		17		17
	Ovens not in operation	No 1, 2	2	No 1, 2	2	No 1, 2	2
	Ovens undergoing modifications	No 3, 7, 8	3	No 3, 7, 8,	3	No 3, 7, 8	3
	Ovens in operation	No 4, 5, 9-18	12	No 4, 5, 9-18	12	No 4, 5, 9-18	12
	Ovens which sustained direct hits	No 7, 12	2	No 4, 9, 10, 13, 14, 16	6		
Damage Sustained	Ovens rendered inoperative as the result of damage to auxiliary facilities			No 5, 12	2		
	Total ovens rendered inoperative		2		8		
	Ovens undamaged		10		4		

NOTE: See Section 23 for restoration and charging capacity of coke ovens.

3. Open-hearth Furnaces

Although no direct damage was sustained by steel-production facilities, the output of steel was suspended, as shown below, owing to the shortage of gas.

First Air Raid				Second Air Raid			
Steel-works	Furnaces	Date of Resumption of Steel Output	Elapsed Time in Days	Steel-works	Furnaces	Date of Resumption of Steel Output	Elapsed Time in Days
No 1	No 1	22 Aug	24	No 1	No 5	2 Oct	24
	No 6	23 Aug	25		No 3	2 Oct	24
	No 5	25 Aug	27		No 4	11 Oct	33
	No 2	31 Aug	33		No 6	16 Oct	38
No 2	No 5	24 Aug	26	No 2	No 3	5 Oct	37 [sic]
	No 3	26 Aug	28		No 2	14 Oct	36
	No 1	29 Aug	31		No 6	16 Oct	38
	No 6	29 Aug	31		No 1	17 Oct	39
	No 4	31 Aug	33				

4. Employees Killed (including those outside the premises)

Nationality	First Air Raid	Second Air Raid	Third Air Raid	Total
Japanese	44	21	4	69
Korean	-	3	3	6
Total	44	24	7	75
Manchurians	89	20	4	113
Grand Total	133	44	11	188

Though no additional damage was sustained by the ore-dressing, steel-producing or rolling installations, the sharp reduction of gas output resulting from the decreased efficiency of coke ovens necessitated limitations on the operation of all equipment which relied on gas for heating purposes.

B. Current Status of Restoration

After damage was sustained, energency restoration was begun by the Kwantung Army, the Manchurian National Army and other agencies. In addition, requests were issued for the despatch of competent officials from Japan and for all possible aid in the acquisition of required materials through orders placed in Japan. Plans were also laid for the immediate despatch of 60 technicians to rebuild the furnaces.

Projects for the restoration of the chemical, coal-washing and coking plants and damaged equipment were begun, as stated above, with the expectation of completion by Mar 1945. The Army concurred in placing orders for equipment in Japan. Preliminary meetings were held with the Greater East Asia Ministry, the Munitions Ministry, the Army and Navy and the Control Associations concerned. In this manner energetic steps were taken to stimulate production and to procure equipment by reassigning materials in storage and by manufacturing new materials.

1. Smelter Furnaces

During the three air raids no direct damage was sustained by the smelter furnaces themselves and only slight damage was sustained by auxiliary installations. However, owing to the damage sustained by transportation facilities and water mains and because of the lack of heat sources resulting from the damage to the coke ovens, iron production was suspended as shown below. (See Section 22 for pig-iron output capacity.)

First Air Raid (29 Jul) -- Pig-iron production suspended 5 days, resumed 4 Aug.

Second Air Raid (8 Sep) -- Pig-iron production suspended 6 days, resumed 15 Sep.

2. Coke Ovens

Ovens (No of Furnaces)	Condition Prior to Air Raid	1st Air Raid (18 Bomb Hits, 1 Dud) Damage	Operation Resumed	Days Elapsed	Condition Prior to Air Raid	2d Air Raid Damage	Operation Resumed	Days Elapsed	Current Condition (10 Dec)
Koppers Otto Ovens No 1 (40)	Not in operation				Not in operation				Not in operation
No 2 (40)	"				"				"
No 3 (40)	Undergoing modification				Modification completed				Being dried
No 4 (50)			26 Aug	28		5 furnaces out of commission by direct hit.	18 Oct	40	
No 5 (46)			26 Aug	28		Coal conveyor belt burnt up	16 Nov	69	
No 6	Preparations being made for removal to the Tung-pien-tao Branch Company								
No 7 (36)	Being dried after undergoing modification	4 furnaces out of commission by direct hit			Undergoing modification				Estimate will be in operation early Jan 45
No 8 (36)	Undergoing modification				Undergoing modification				Estimate will be in operation Feb 45
No 9 (36)			24 Aug	26		8 furnaces out of commission by direct hit	24 Sep	16	

Coke Ovens (Contd)

Ovens (No of Furnaces)	Condition Prior to Air Raid	1st Air Raid (18 Bomb Hits, 1 Dud) Damage	Operation Resumed	Days Elapsed	Condition Prior to Air Raid	2d Air Raid Damage	Operation Resumed	Days Elapsed	Current Condition (10 Dec)
Coke Ovens Cont'd									
No 10 (36)			24 Aug	26		7 Furnaces out of commission by direct hit	24 Sep	16	
No 11 (36)			25 Aug	27			23 Sep	15	
No 12 (36)		16 Furnaces out of commission by direct hit	20 Aug	22		Coal conveyor belt destroyed by fire	23 Sep	15	
No 13 (36)			3 Aug	5		6 furnaces destroyed by direct hit	5 Oct	27	
No 14 (36)			3 Aug	5		16 furnaces destroyed by direct hit	5 Oct	27	
No 15 (36)			16 Aug	8			28 Sep	20	
No 16 (36)			16 Aug	8		20 furnaces destroyed by direct hit	29 Sep	21	
No 17 (36)			16 Aug	8			14 Sep	6	
No 18 (36)			16 Aug	8			14 Sep	6	

3. By-products Plants (No of bombs: 1st Air Raid -35; 2d Air Raid -57)

Plant	Publicized Annual Capacity before Air Raid (in metric tons)	Planned Production Prior to Air Raid: Product	Planned Production (in metric tons)	Damage Sustained: 1st Air Raid	Damage Sustained: 2d Air Raid	Restoration	Planned Production (Unit: 1000 metric tons): Originally Planned	Revised Production Estimate after Raid	Production Loss
Sulphuric Acid Plant	62,000	Sulphuric acid	38,000	Reserve ore depot half destroyed	Part of plant completely destroyed	Immediately restored	38	30	8
Ammonium Sulfate Plant	41,000	Ammonium sulfate	26,150	No 2 ammonium sulfate plant half destroyed	Part of plant completely destroyed	Restored during last ten days of Oct	26	18	8
Benzol Plant	29,000	Pure benzol	13,900	Tanks partially destroyed by fire	Tanks and equipment partially destroyed	Damage from 1st raid restored last ten days of Aug; damage from 2d raid restored first ten days of Oct	14	11	3
Napthalene Plant	5,520	Refined napthalene	4,620	Destroyed by direct hit and burnt out	Remaining portions destroyed	Requires rebuilding	5	0	5
Tar Plant	135,000	Cresote	27,090				27	23	4
		Pitch	52,840				53	44	9
		Crude napthalene	6,790	All destroyed by fire except for distillation facilities	Principal machinery destroyed	Restored Apr 45	7	0	7

Overall reduction in production resulting from air raids is as follows: crude tar, about 50%; benzol, about 20%; tar distillates, about 40%; refined napthalene, 100%; anthracene, 100%.

22. Post-Air-Raid Iron and Steel Production at An-shan and the Effect of Raids on Deliveries to Japan

A. Effect of Air Raids on Production

1. Average Daily Pig-Iron and Steel Production (Unit: metric tons)

Time	Pig-Iron Production	Steel Production
Before air raids	3,300	1,900
After 1st raid (29 Jul)	No production for 6 days until 4 Aug	No production for 21 days until 21 Aug
1 month after 1st raid	1,798	1,376
Day prior to 2d raid (8 Sep)	2,956	1,443
2d raid	No production for 6 days from 9 to 15 Sep	No production for 25 days from 8 Sep to 1 Oct
Day prior to 3d raid (26 Sep)	1,326	See above
Jul average	3,260	1,930
Aug "	1,280	230
Sep "	1,100	360
Oct "	1,830	1,088
Nov "	2,320	1,506
First 13 days of Dec	1,401	324

Poor results in December resulted from decreased capacity due to a cold wave, effects of which were increased by destruction of buildings during raids.

2. Effect of Raids on Annual Pig Iron Production

Initially planned production for 1944:	1,550,000 metric tons
Estimated actual production for 1944:	1,350,000 " "
Estimated annual production after 1st raid:	1,150,000 " "
Estimated annual production after 2d raid:	950,000 " "
NOTE: Production up the 1st raid:	480,000 " "
Actual production for October:	57,000 " "
Actual production for November:	69,000 " "

3. Effect of Raids on Annual Steel Production

Initially planned production for 1944:	1,050,000 metric tons
Estimated actual production for 1944:	1,050,000 " "
Estimated annual production after 1st raid:	688,000 " "
Estimated annual production after 2d raid:	550,000 " "
NOTE: Production up to 1st raid:	279,000 " "
Actual production for October:	34,000 " "
Actual production for November:	45,000 " "

4. Effect of Raids on Production of Processed Steel

Initially planned production for 1944:	620,000 metric tons
Estimated actual production for 1944:	620,000 " "
Estimated actual production after 1st raid:	460,000 " "
Estimated actual production after 2d raid:	460,000 " "

NOTE: Actual production for last half of year: 132,000 metric tons
Actual production for October: 7,000 " "
Actual production for November: (TN: omitted in original document)

B. Effect of Raids on Deliveries to Japan

Commitments for deliveries to Japan during the first quarter were generally met. After the three air raids, however, iron and steel output decreased as shown above. In an effort to maintain deliveries to Japan at the required level, extreme measures were adopted calling for a curtailment of iron and steel requirements in Manchuria. A further compensation for reduced output took the form of extensive scrap-iron-collection drives resulting in an increase of scrap shipments to Japan amounting to 80,000 metric tons.

Effect of Raids on Supplies to Japan in 1944 (Unit: 1000 metric tons)

Product	Initially Planned	Revised Plan Resulting from Raids	Increase or Decrease	Production for 1st Period 1st Quarter	2d Quarter	Total	Production for 2d Period 3d Quarter	4th Quarter	Total	Total Production
Ordinary Pig Iron	548	450	-98	147	77	224	84	85	169	393
Semi-processed Steel Products	103	125	+22	47	28	75	28	20	48	123
Scrap Iron	15	80	+65	2	21	23	51	35	86	109
Low-phosphorous Pig Iron	270	250	-20	69	58	127	62.5	62.5	125	252
Crude Pig Iron	25	20	- 5	7	5	12	4	4	8	20
Special Steel Tube	4	48	+ 0.8	1.2	0.8	2	1	1	2	4
Special Steel	1	1		0.102	0.093	0.195	0.25	0.25	0.5	0.7
Total	966	930.8	-35.2	273	190	463	231	208	439	902

NOTE: The table does not show local requisitions by the Army. The actual production listed for the first half year is based partially on estimates.

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23. Restoration of the Coke Ovens at the An-shan Plant of the Manchurian Iron and Steel Mfg Co Ltd

The gas from coke ovens at the An-shan Plant constitutes the heat source for the smelter furnaces, steelworks and rolling mills. The suspension of gas output resulting from bomb damage, therefore, immediately affected the operations of the entire plant. As a result, restoration of the coke ovens was begun on a priority basis. Technical skill and materials were mobilized. Ten coke-oven specialists assisted, having been despatched without delay from Japan in response to requests from Manchuria. Fifty more well-qualified oven specialists were dispatched on 24 Sep by the Japan Industrial Ovens and Furnaces Control Association. All restoration work was completed by 20 Nov as planned, thanks to a determined effort on the part of all personnel concerned.

Future policy includes the installation of new gas ovens. Plans are now under way for the dispersal of the ovens at Chi-lin and Tung-pien-tao.

Coal charging capacity dropped from 7,300 metric tons per day prior to the first air raid to 6,800 metric tons after the raid (a reduction of 7%). After the second air raid, the figure dropped to 5,820 metric tons (a reduction of 20%). For effects of this reduction, see Section 24.

Restoration of Coke Ovens

Kopper's Ovens

Ovens (No of furnaces)	Condition Prior to Raid	1st Air Raid (18 Bomb Hits, 1 Dud) Damage Sustained	Operation Resumed	Days Required for Repair	Condition Prior to Raid	2d Air Raid (79 Bomb Hits, 8 Duds) Damage Sustained	Operation Resumed	Days Required for Repair	Current Condition 10 Dec
No 1 (40)	Not operating				Not operating				Not operating
No 2 (40)	" "				" "				" "
No 3 (40)	Undergoing modification				Modifications completed				Being dried out
No 4 (50)	In operation		26 Aug	28	In operation	5 furnaces inoperative due to direct hit	18 Oct	40	In operation
No 5 (46)	" "		26 Aug	28	" "	Coal conveyor belt destroyed by fire	16 Nov	69	" "
No 6	Preparations in progress for removal to the Tung-pien-tao Branch Plant								
No 7 (36)	Modifications completed, now drying	14 furnaces inoperative as result of direct hit			Undergoing modification				Expected to resume operation early Jan 45
No 8 (36)	Undergoing modification				Undergoing modification				Expected to resume operation Feb 45
No 9 (36)	In operation		24 Aug	26	In operation	8 furnaces inoperative as result of direct hit	24 Sep	16	In operation

No 10 (36)	In operation		24 Aug	26	In operation	7 furnaces inoperative as result of direct hit	24 Sep	16	In operation	
No 11 (36)	"	"	25 Aug	27	"	"	23 Sep	15	"	"
No 12 (36)	"	" 16 furnaces inoperative as a result of direct hit	20 Aug	22	"	"	Coal conveyor belt destroyed by fire 23 Sep	15	"	"
No 13 (36)	"	"	3 Aug	5	"	"	6 furnaces destroyed by direct hit 5 Oct	27	"	"
No 14 (36)	"	"	3 Aug	5	"	"	16 furnaces destroyed by direct hit 5 Oct	27	"	"
No 15 (36)	"	"	16 Aug	8	"	"	28 Sep	20	"	"
No 16 (36)	"	"	16 Aug	8	"	"	20 furnaces destroyed by direct hit 29 Sep	21	"	"
No 17 (36)			16 Aug	8	"	"	14 Sep	6	"	"
No 18 (36)	"	"	16 Aug	8	"	"	14 Sep	6	"	"

Coal-charging capacity dropped from 7,300 metric tons per day prior to the first air raid to 6,800 metric tons after the raid (a reauction of 7%). After the second air raid, the figure dropped to 5,820 metric tons (a reduction of 20%). For effects of this reductions, see section 24.

24. Demand and Supply of Gas and Coke at the An-shan Plant of the Manchurian Iron and Steel Mfg Co Ltd

Since the supply of coke and gas available at the An-shan Plant emanates solely from the coke ovens within the premises, an immediate reduction of gas and coke supply resulted from the damage sustained during the air raids. At the same time the damage affected the heat source for the production of iron and steel and for other processes.

Coke Supply (Daily Average). (Unit: metric tons)

	Annual Estimated Pig Iron Production	Coke Needed	Plant Capacity	Actual Output
Pre-Air Raid	1,350,000	4,350	7,300	4,600
After 1st Air Raid	1,150,000	3,700	6,800	3,500
After 2d Air Raid	1,000,000	2,500	5,820	2,000

NOTE: For operation condition of coke ovens after air raids, see Section 23. For supply of coal, see Section 16.

Gas Supply

An inspection of the actual output during November as shown in the following table indicates that the amount of gas used in steel manufacturing was but two-thirds, and in rolling one-third of that used prior to the air raids. In the production of synthetic high-grade metals it was possible to use only one-fifth of the amount used previously in the briquet processes. Owing to the disruption of the gas supply, the output of low-grade steels was affected as well as the output of pig iron. Consequently negotiations are being made for the emergency transfer of gas ovens from Japan and from other areas concerned.

/See following table/

Gas Supply and Demand at the An-shan Plant (Daily Average) (Unit: 1,000,000 kilocalories)

Plant	Prior to 2d Air Raid (May-Jun Production)				Current Production (Nov)				Planned for Dec			
	Cupola-Furnace Gas	Coke-Oven Gas	Coal	Total	Cupola-Furnace Gas	Coke-Oven Gas	Coal	Total	Cupola-Furnace Gas	Coke-Oven Gas	Coal	Total
Blast Furnaces	2867			2867	2208			2208	2400			2400
Coke Ovens	3394	1677		5071	1674	1536		3210	3216	1260		4476
Steel Manufacture	1531	3754		5285	1157	2909		4066	1512	2940		4452
Cooling	446	1557		2003	341	513		854	432	1050		1482
Ore Dressing		988		988		200		200		882		882
Chemical		167		167		50		50		84		84
Miscellaneous		364		364		110		110		462		462
Central Steam Boilers	3922		1463	5385	3037		728	3765	3120		1368	4488
Chemical Steam Boilers		900	1033	1933		77	1187	1264			1430	1430
Total	12160	9407	2496	24063	8417	5395	1915	15727	10680	6678	2798	20156
Pig Iron Production	3335 MT				2306 MT				3000 MT			
Coke Charge for Cupola Furnaces	4198 "				3359 "				3750 "			
Coal Charge for Coke Ovens	7116 "				4552 "				5700 "			

25. Coal Supply and Demand in Manchuria

The following table shows the actual amounts of coal production in 1943 and coal production planned for 1944.

		1943	1944
Production	Coal Output	25,320,425	28,000,000
	Briquette Production	417,682	4,650,000
	Amount Consumed at the Mines	4,205,752	4,650,000
	Total Amount Supplied to Manchurian Coal Markets	20,816,916 /sic/	23,350,000
Imports	North China	2,802,280	3,500,000
	Korea	175,076	100,000
	French Indo-China	1,860	
	Total Coal Imports	2,979,216	3,600,000
Total Supply		23,796,132	26,950,000
Fluctuation of Coal Reserves		0	-91,000
Net Coal Supplies		23,796,132	27,041,000
Domestic Requirements	Special Demands	2,726,439	3,060,000
	General Heating	4,605,493	4,700,000
	Railroads	6,245,586	7,032,000
	Showa Steel Works	3,381,538	3,950,000
	Carbon Black	553,585	430,000
	Electricity	792,543	874,000
	Gas	234,634	270,000
	Smelting		130,000
	Light Metals		209,000
	Steel, Iron and Machinery		589,000
	Pottery		1,436,000
	Chemical Industries	3,078,171	1,167,400
	Livestock Industry		358,000
	Food Products Industry		66,000
	Dyestuffs Industry		92,700
	Miscellaneous Industries		93,900
	Total Domestic Requirements		24,503,000 /sic/
	Japan Proper	576,776	720,000
	Korea	1,363,612	1,568,000
	South China	4,493	
	Bunker Coal	233,262	250,000
	Total Coal Exports	2,178,143	2,528,000 /sic/
Total Requirements		23,796,132 /sic/	27,041,000

The output of Manchurian coal was maintained at a satisfactory level during the current year. The domestic distribution of coal was inadequate owing to increased exports to Japan proper and Korea, while deliveries of coal from North China for iron production declined sharply below expectations.

26. Production and Plans for Increased Production of Coal Mines Operated by the SMR

With some exceptions, the output of coal mines in the SMR system has shown a gradual reduction. This reduction has been, generally speaking, the result of the sharp decrease in the output from the Fu-shun Open-cut Mine caused by delays in stripping surface soil and cap rock. At other mines, such as the Chiao-ho and the Lao-t'ao-kou Mines, a tendency toward increase has been shown each year (see attached table). Owing, however, to the suitability of the coal produced at Fu-shun for the production of steel, the loss of this coal has affected the over-all Manchurian production adversely and everything possible is being done to raise the output to a satisfactory level. Although energetic attempts and planning have been devoted to measures designed to increase the output of Fu-shun coal, still further steps are required, such as the appropriation of considerable sums for the continuing expenses of the SMR. Plans have been made for facilities capable of disposing of rubble in the open-cut mines, the establishment of a large incline mine at Lao-wan, the further excavation of the Oyama incline shaft, the development and conveyance of lower-seam coal at Oyama, and for the increased output of No 1 hard coal at Lung-feng. Through these plans every effort is being made to bring the output of the SMR up to that specified for the final year of the Second Five-Year Plan.

A. Coal Output (Unit: 1,000 metric tons)

Mine		1941	1942	1943	1944	1945 (first period)
Fu-shun	Planned	7,100	6,536	6,190	5,230	2,384
	Produced	6,706	6,358	5,374		1,974
Yen-t'ai	Planned	400	385	400	400	175
	Produced	368	404	396		147
Chiao-ho	Planned	800	1,050	1,470	1,460	710
	Produced	936	1,315	1,476		602
Lao-t'ou-kou	Planned	200	220	230	250	113
	Produced	183	190	201		81
Wa-fang-tien	Planned	70	75	30	40	18
	Produced	74	60	52		7
Fu-chin	Planned				100	30
	Produced		[sic]			43
Total	Planned	8,570	8,327	8,320	7,480	3,430
	Produced	8,267	8,327	7,500 [sic]		2,855 [sic]

B. Second Five-Year Plan (Unit: 1,000 metric tons)

Year	Plant Capacity	Planned Coal Output	Remarks
1942	9,920	8,870	Existing capacity 9,570
1943	10,140	9,350	
1944	10,250	9,900	
1945	10,800	10,150	
1946	11,050	10,800	

27. Production and Plans for Increased Production of Coal Mines Operated by the Manchuria Coal Mining Co Ltd

Up till now the Fu-shun mines have represented the major course of Manchurian coal supply. Not long ago, however, technological difficulties caused a reduction in output. The Manchuria Coal Mining Co Ltd has offset this reduction and by developing coal mines to a large extent has made a contribution to ensure the over-all Manchurian coal output.

However, the increased war effort of Manchuria after the outbreak of the Greater East Asia War resulted in a yearly increase in the demand for coal and led to the establishment of the Second Five-Year Plan. The Manchurian Coal Mining Co Ltd participating in this plan, has improved managerial techniques and in Apr 1943 the following four mines independent: Fu-hsin, Hao-kang, Hsi-an and Pei-p'iao. Production increases are being achieved through such improvements in management.

The following table shows the planned and actual output of mines located in Manchuria and of the four mines which were made independent as mentioned above.

A. Coal Output (Unit: 1,000 metric tons)

Mine		1941	1942	1943	1944 (first period)
Fu-hsin	Planned	4,700	4,700	4,200	2,045
	Actual	4,252	3,737	4,039	2,071
Hao-kang	Planned	1,500	1,750	2,350	1,212
	Actual	1,715	2,071	2,548	1,254
Hsi-an	Planned	1,800	1,550	1,550	841
	Actual	1,678	1,369	1,810	1,061
Pei-p'iao	Planned	1,300	1,300	1,150	615
	Actual	1,110	1,091	1,251	639
T'ien-shih-fu	Planned	400			
	Actual	495			
San-hsing	Planned	70	100	150	77
	Actual	81	55	121	91
Pa-tao-hao	Planned		200	260	137
	Actual		165	258	140
Fu-chou	Planned	150	150	150	74
	Actual	143	124	160	66

A. Coal Output (Unit: 1,000 metric tons) (Contd)

Mine		1941	1942	1943	1944 (first period)
Ho-lung	Planned	200	180	160	82
	Actual	207	169	163	87
Tung-ning	Planned	120	150	150	94
	Actual	134	162	178	93
Ai-hun	Planned	60	70	100	48
	Actual	48	56	88	42
Total	Planned	10,300	10,150	10,220	5,225
	Actual	9,863	9,013 /sic/	10,616	5,544

NOTE: (i) 1942 output of Cha-lai-no-erh mine excluded.
(ii) Output of Ch'i-ch'eng mine included in figures for T'ien-shih-fu mine.

B. Second Five-Year Plan (Unit: 1,000 metric tons)

Year	Plant Capacity	Planned Output	Remarks
1942	12,700	11,100	Existing capacity 111,030 /sic/
1943	14,330	12,600	
1944	15,930	14,330	
1945	17,630	16,130	
1946	18,930	17,830	

28. Development of Coal Resources in Tung-pien-tao

The establishment of the Tung-pien-tao Development Co Ltd, the opening of the Mei-ho-k'ou - Chi-an Railway Line, and the opening up of communication facilities have led to a yearly increase in the exploitation of coal resources spread throughout the Tung-ping-tao area. The output in 1943 amounted to 1,124,000 metric tons, which represented a 32-percent increase over 1942. This area has coalfields producing high-density coking coal which is scarce in Manchuria. In addition to the T'ieh-ch'ang-tzu coal field which is now being worked, the Sung-wan and the Sha-sung-kang coal fields are being worked and appear to be especially promising. All efforts are being made for their further development. On 1 April this year the Pen-ch'i-hu and the Showa Companies were amalgamated to form the Manchurian Iron and Steel Mfg Co Ltd, which is believed to represent a forward step. It is thought that the value of the ore and coal in the Tung-pien-tao area will be increased by the dispersal of iron production facilities to minimize air raid damage.

A. Development Planned for the Second Five-Year Plan
(Unit: 1,000 metric tons)

Year	Plant Capacity	Planned Output
1942	1,700	1,300
1943	2,100	1,700
1944	2,500	2,030
1945	2,600	2,400
1946	2,600	2,520

B. Output Since 1941 (Unit: 1,000 metric tons)

Year	Planned	Output
1941	1,020	848
1942	1,300	845
1943	1,230	1,124
1944 (1st Period)	740	577

29. Oil Resources in Manchuria

Geological surveys in the Fu-hsin and Cha-lai-no-erh area confirmed the existence of promising oil resources. With the aid of technicians and equipment sent from Japan, trial drilling was begun at Fu-hsin in early 1934 and at Cha-lai-no-erh in early 1939. As oil was never obtained in substantial quantities, requests came from Japan in August of this year demanding the return of some of the technicians and equipment. Owing to occasional discoveries of promising oil fields in the Fu-hsin area, the transfer was postponed and operations continued. Oil output, however, is no more than about 1 metric ton per day.

30. Demand and Supply of Oil in Manchuria

With the increased production of war materials, the oil situation is becoming increasingly critical in Manchuria. Japan's oil refineries, which are expected to furnish over half of the /Manchurian/ demand for oil, continued to drop their output because of the difficulties of procuring crude petroleum from the South /Dutch East Indies/. In addition to this, the shipment to Manchuria of her share of refined /oil/ products has been hampered by the shipping shortage. Deliveries from Japan this year are expected to be even less than those made in 1943. Figures for 1943 are shown below: (Quantities expressed in kiloliters.)

Aviation gasoline	0	(0%)
Ordinary gasoline	2,634	(27%)
Kerosene	15,973	(62%)
Light oil	451	(27%)
Heavy oil	6,060	(99%)
Machine oil	10,789,256	(68%)

(TN: Percentages indicate portion of quota delivered.)

Efforts begun in 1943 are being made to obtain 120,000 metric tons of crude oil from the Southern Area by resorting to such measures as the trial operation of Type E converted tankers.

This being the situation, the estimated requirements for 1944 shown in the following table will be further reduced and domestic Manchurian oil production will be stimulated. In addition, the use of substitute fuels is being increased and regulation of critical domestic civilian requirements is being planned.

Demand and Supply of Oil in Manchuria during 1944 (figures indicate kiloliters except in the column headed "Semi-solid Oil" in which figures denote metric tons)

	Estimated Require-ments	Manchurian Supply			Quantity Expected from Japan		
		Production	Substitutes	Total	Deficit	Reserve	Total
Aviation Gasoline	8,799	0	0	0	8,799	1,399	10,198
Ordinary Gasoline	54,252	23,540	0	23,540	30,712	4,678	35,390
Kerosene	48,949	0	0	0	48,949	11,272	60,221
Light oil	9,852	4,500	0	4,500	5,352	1,038	6,390
Heavy oil	50,842	7,000	9,200	16,200	34,642	7,015	41,657
Ordinary machine oil	41,454	3,600	7,000	10,600	30,854	6,214	37,068
Semi-solid oil	5,515	750	0	755 [sic]	4,767	941	5,708
Aircraft engine oil	435	0	344	344	91	16	107
Ethyl	13	0	0	0	13	0	13

31. Liquid Fuel Manufacturing Enterprises in Manchuria

The demand for petroleum from Manchuria during 1944 was 220,000 metric tons, of which 170,000 metric tons were earmarked for export to Japan. The output of Japanese refineries has been reduced, however making it difficult to guarantee future deliveries of refined products The refining facilities of the Manchuria Petroleum Co Ltd, established in Manchuria last year, are now refining crude petroleum imported from the Dutch East Indies. Owing to war exigencies, a great increase in output was demanded of the Manchurian oil industry, and the emergency completion of the following projects was relied upon. Completion by the scheduled date has not been possible, however, because of delays in the procurement of equipment ordered from Japan. Steps are being taken to expedite the work on equipment, and endeavors are being made to obtain the intercession of the army.

[See following table]

Enterprise	Product	Productive Capacity after Completion (Metric Tons)	Scheduled Date of Completion	Remarks
SMR Fu-shun Eastern Oil Refinery	Crude Petroleum	192,000 64,000 currently on hand	Dec 44	Machinery has been installed as follows: 80% in the crusher plant and not more than 10% in the other plants. For this reason completion of the crude oil plant is expected by the end of Feb 45, and of the distillation plant by the end of May 45. Plans are now under consideration for further expansion permitting production of an additional 190,000 metric tons.
SMR Fu-shun Western Oil Refinery	Crude Petroleum	Expect to maintain output at current level of 280,000	Now in operation	The current annual productive capacity of this plant is 280,000 metric tons. 255,493 metric tons were produced in 1943 and 105,729 metric tons have been produced in the first half of 1944, as compared to an estimated total production of 260,000 metric tons for 1944.
SMR Fu-shun Western Batch Plant	Crude Petroleum	52,400	May 45	Owing to difficulties in procuring equipment, this plant cannot be completed as scheduled. Completion is expected by the end of Jun 45.
SMR Fu-shun Eastern Batch Plant	Crude Petroleum	61,200	Aug 45	Construction will be begun on a high-priority basis in accordance with a Cabinet decision designed to assure an increased production of liquid fuels.
SMR 1st-Stage Superheated Steam-Cylinder Oil Plant	Steam-cylinder Oil	2,000	Now in operation	Products of this plant are used for the SMR. The plant was operated experimentally during Nov and Dec 43. From Jan thru Sep 44 a total production of 246.8 kiloliters was obtained.

SMR 2d-Stage Super-Heated Steam-Cylinder Oil Plant	Steam-Cylinder Oil	2,000	Mar 45	Products from this plant are intended for the use of railroads in North China and Korea. The scheduled completion date will not be met owing to delays in the manufacture of equipment in Japan. Completion is expected in Apr 45.
Manchuria Synthetic Petroleum Co Ltd, Tung-chi (Kirin) Plant	Methanol	50,000	Dec 44	Owing to the difficulty of procuring equipment, the scheduled completion date has been postponed and completion is now expected in Jul 45.
Manchuria Synthetic Petroleun Co Ltd, Fu-shun Plant	Low-temperature Tar	10,000	Dec 44	The Fu-shun plant is now engaged in the hydrogenation of crude petroleum from the Dutch East Indies for the army and has suspended liquefaction operations. This has resulted from the amalgamation of the Manchurian Synthetic Petroleum Co Ltd liquefaction plant and the former SMR Fu-shun liquefaction plant.
Manchuria Synthetic Fuel Co Ltd, Chin-chou Plant	Crude Petroleum	30,000	Being operated experimentally at present	The plant was completed Apr 44 but will not begin full-scale operations until about Dec 44 owing to repairs being undertaken in some of the gas-generating furnaces.

31. Plans for an Emergency Increase in the Production of Alcohol in Manchuria

A cabinet decision was reached on 20 Oct relative to plans for the assured procurement of liquid fuel. According to this decision, Manchuria was requested to effect an emergency increase in production of alcohol amounting to 80,000 kiloliters. However, when the pressing character of current domestic demands was taken into account, plans were made providing for an emergency increase to 133,000 kiloliters annually, and for the completion of factories and plants by the end of Oct 45. Production facilities will have an estimated combined total capacity of hydrous and anhydrous alcohol of 186,000 kiloliters during the coming year after the completion of plants committed to the emergency production-increase program. This estimate includes existing facilities (having a total annual capacity of 33,000 kiloliters of hydrous alcohol) and facilities now being expanded (to have a total annual capacity of 21,000 kiloliters of hydrous alcohol).

The emergency production increase will be effected as follows:

1. The repair and expansion of existing plants will result in an annual production of 15,000 kiloliters of hydrous alcohol.

2. The conversion of breweries will result in an annual production of 18,000 kiloliters of hydrous and anhydrous alcohol.

3. The construction of new plants will result in an annual production of 100,000 kiloliters of anhydrous alcohol. (The figure 100,000 includes 10,000 kiloliters produced by army plants.)

By means of the above emergency production-increase plan, 70,000 kiloliters of hydrous and anhydrous alcohol will be available in 1945 and will be released for fuel throughout Manchuria and Japan.

32. Coal Liquefaction at Fu-shun and Plans for Increased Production

Plans were made in 1943 to co-ordinate and strengthen the combined technical skill available to the synthetic oil industry by making the SMR the over-all supervising agency for the industry. This step was partially motivated by the inability of the Kirin Synthetic Petroleum Co Ltd to make any substantial progress. In Jun 43 the Manchurian Synthetic Petroleum Co Ltd was established and the Fu-shun Coal Liquefaction Plant (with an annual capacity of 10,000 kiloliters of synthetic oil) was amalgamated with it. This plant is now operated under army auspices and is engaged in the hydrogenation of crude petroleum brought from the Dutch East Indies. Liquefaction operations have been suspended (see Section 31 a and Section 35).

33. Oil Production Enterprises of the SMR and Plans for the Future

The SMR has four oil-production enterprises. They are the Western Oil Refinery (now completed and in operation), the Eastern Oil Refinery, the Eastern Batch Plant and the Western Batch Plant. The last two are now under construction.

A. Western Oil Refinery

Work on this plant was commenced in 1928 and completed in Jun 1930. In view of the importance of this plant, an increase in production was achieved in 1935 by modification of the furnaces. In Oct 1939 a second expansion plan materialized. The current production capacity of crude oil is 280,000 metric tons. In 1943 actual production was 255,493 metric tons and the planned production for 1944 was 260,000 metric tons. (105,729 metric tons were produced in the first half of the year.)

B. Eastern Oil Refinery

A group of officials from the Manchurian Affairs Bureau held consultations in Jun 1939 and decided to begin a program which would permit an annual production of 500,000 metric tons of crude oil by the end of 1943. Owing to the subsequent radical changes in the situation, production was unavoidably reduced to 192,000 metric tons. (The SMR was authorized to complete the plant by a Cabinet decision made in Jun 1941.) Owing to the acute shortage of materials toward the end of 1942, plant facilities completed by the end of 1943 were capable of producing only 64,000 metric tons. The remaining plant facilities which were to be completed in Dec 1944 are now under construction. The crude-oil plant will be completed by the end of Feb 1945 and the distillation plant by the end of May 1945. Owing to current war exigencies, a second-phase plan is now being considered for the annual production of an additional 190,000 metric tons.

C. The Western Batch Plant

Efforts are being made to construct a plant having a production capacity of 52,400 metric tons of crude oil. Completion is expected by Mar 1945.

D. The Eastern Batch Plant

In accordance with the Cabinet decision concerning the emergency increase in the production of liquid fuels, the completion of this plant is being rushed on a priority basis. Work was begun with the hope of completion by the end of Aug 1945. (See Section 31a.

34. Coal Liquefaction Enterprises in Chin-hsien (Chin-Chou)

The abundant coal resources at Fu-hsin have been processed by the Fischer coal-liquefaction method since 1937 under the management of the Manchurian Synthetic Fuel Co Ltd. Facilities were erected having an initially planned capacity of 30,000 to 50,000 metric tons of crude oil. Subsequent expansion was expected to permit an annual production of 100,000 metric tons. However, in view of the difficulties encountered in the procurement of equipment from Germany following the outbreak of the European War, only the 30,000 metric-ton-plan materialized by 1939 and the 100,000-metric-ton plan was temporarily abandoned.

The China Incident, followed by the war in Europe and the outbreak of the Greater East Asia War, resulted in further construction delays. Completion was expected at last by April of this year, but owing to mechanical difficulties with part of an experimentally-operated gas-generating furnace, completion of construction and repairs is not expected until Dec of this year. (See Section 31.)

35. The Manchurian Synthetic Petroleum Co Ltd

In the Greater East Asia War the necessity of planning the establishment of a synthetic petroleum industry has been urgent. Therefore the progress of the Kirin Synthetic Petroleum Co Ltd was taken into account by us and on 31 Mar 1943, in a preliminary meeting with the departments concerned, we decided upon the essentials of an arrangement with this company. The plan was to utilize their available equipment and technique to the utmost, produce aviation fuel and the necessary methanol quickly, and develop a standard operational procedure by combining the SMR's coal-liquefaction plant at Fu-shun with the company. To establish a foundation for the future advancement of this enterprise, the parent company was formed in Jun 1943, and it was hoped that the plan could be carried out by the end of Sep 1944. The utmost efforts have been exerted in making arrangements, but the project will not be completed until Jul 1945 due to the difficulty of obtaining machinery.

Capital	- 50 million yen
Investment Ratio [figures sic]	
Manchurian Government	- 35%
Imperial Fuel	- 35%
SMR	- 35%
Plants	- (Yung-chi) Kirin and Fu-shun
Administrator	- SMR
Production Goal (Yearly):	
Synthetic Petroleum	- 10,000 kiloliters
Crude Methanol	- 50,000 kiloliters (approx)

36. Plan for Increased Production of Light Metals in Manchuria

A. Aluminum

In view of the changes in the war situation and the impossibility of relying upon imported bauxite, great importance is being attached to an immediate expansion of the aluminum industry untilizing the aluminous shale found on the continent. Aluminous shale, of which aluminum is the chief constituent, is to be utilized as the basis for supplying Manchuria with a secondary raw material. Sweeping increases in production will be planned by making use of the already developed and abundant electric power. In other words, besides planning to utilize the full capacity of the Manchuria Light Metals Co Ltd Fu-shun plant (10,000 metric tons of aluminum) new

and concrete plans will be made. Already as a part of the program a factory with a 5,000-metric-ton aluminum capacity is under construction and it is expected that it will be completed by the end of January next year and be in full production throughout 1944. Also the vast Sumitomo enterprises of Japan are expanding and have established the An-tung Light Metals Co Ltd, in An-tung. At present there is under construction in the first phase of the plan a factory with a 40,000-metric-ton alumina capacity. Although construction may be slow, it is expected that trial operations will commence about May of next year. Because of the urgent need for alumina, the construction of the above An-tung plant will be conducted so that 20,000 metric tons of aluminum will be produced in the first phase of the plan. It is expected that during the following year more related materials will be available and the construction of a plant with a 40,000-metric-ton alumina capacity will be given high priority. Although it is possible to supply the basic aluminous shale material from Manchuria alone, as stated above, we plan to increase production still more by using high-grade and superior-quality aluminous shale from North China.

B. Magnesium

Plans are under way to increase greatly the production of magnesium by using magnesite and saltern bittern which are abundant in Manchuria. At present the Ying-k'ou Plant of the Manchuria Magnesium Co Ltd, is in operation. Full production in the 1,000-metric-ton-capacity plant using the bittern process is planned. Also, under the technical direction of the Asahi Electro-Chemical Industry Co Ltd, a plant with a 1,000-metric-ton capacity using the dry process (ore process) is being enlarged, and should be finished by March of next year.

The Mitsubishi chemical interests have expanded into the Shih-ho region in the Kwantung Leased Territory and are setting up the Mitsubishi Kwantung Territory Magnesium Co Ltd. A 1,000-metric-ton-capacity plant using a combination of the bittern and ore processes is expected to be completed this year in the first phase of their plans. By January of next year it should begin trial operation and during 1945 should be at full production. The second phase of the plan calls for the construction of a 1,500-metric-ton-capacity plant using the large-model chloride furnace process (ore process) which has lately drawn a great deal of attention. Under present conditions it should be completed by August of next year.

Plans are at present under way at the Fu-shun Plant of the Manchuria Light Metals Co Ltd to industrialize the company's direct-method process of manufacture, which was so successful in tests. Besides the construction of a 300-metric-ton-capacity plant, the company is expected to make plans for further large-scale plant construction.

37. Production and Plan for Increased Production of the Manchuria Light Metal Co Ltd

The planned production of the Manchuria Light Metal Co Ltd for 1944 is 12,800 metric tons, but due to the lack of seasoned and

trained personnel and trouble with the electrolytic vats, there has been a great decrease in production during the first period, and therefore, the total production now, at the end of November, is only 4,854 metric tons. However, from now on production will recover and the utmost endeavors are being made to increase it.

Furthermore, as regard plans for increased production, the 50-metric-ton-capacity aluminum plants (and 10,000-metric-ton-capacity alumina plants) scheduled to be completed by June of this year will not be completed until later due to the delay in production of necessary machinery, but we expect completion by the end of next January.

In the same company, magnesite is utilized and magnesium produced by direct reduction (Manchuria Light Metal Co's direct process). We are constructing a plant with a planned production of 300 metric tons of magnesium yearly and expect to have one part completed in the middle of December and the entire plant completed by June 1945.

NOTE: Yearly Production of Aluminum
1943 - 8,557 metric tons
1944 - 4,854 metric tons (up to end of November)

38. Production and Plan for Increased Production of the Manchurian Magnesium Co Ltd

The present capacity of the Manchuria Magnesium Co Ltd, for the production of magnesium using the bittern process, is 1,000 metric tons. The quota for 1944 is 600 metric tons, but due to shortage of bittern and to difficulty in repairs, we expect that production will be decreased about 100 metric tons.

The company has also started the construction of a plant under the direction of the Asahi Electro-Chemical Industry Co Ltd with a capacity of 1,000 metric tons utilizing table salt, which is a special product of Manchuria, and magnesite in the dry process. It was scheduled to be completed by the end of December this year; however, due to delay in obtaining necessary machinery, it is expected the plant will not be completed until March 1945.

39. New Light Metal Companies in Manchuria

Work on a number of light metal plants under construction or expansion has progressed more satisfactorily than was expected and it appears that completion is not far away. But due to shortage of materials from Japan and also due to the difficulties of transportation, the completion has been delayed, though every effort is being made to acquire the necessary materials from Japan so that construction will be finished as scheduled.

Planned Expansion (Unit: metric tons)

Company	Facilities and Capacity	Planned Expansion	Completion Expected
Manchurian Light Metals Co Ltd, Fu-shun Plant	Alumina 20,000 Aluminum 10,000	Alumina 10,000 Aluminum 5,000 Magnesium 300	Jan 45 Partial completion Dec 44 Total completion Jun 45
An-tung Light Metals Co Ltd, An-tung Plant	None	First period: Alumina 40,000 Aluminum 20,000 Second period: Alumina 40,000 Aluminum 20,000	Alumina - 40,000 May 45 First period plan for aluminum postponed. Second period for alumi plan not to be put into effect until 1945 due to shortage of materials.
Manchuria Magnesium Co Ltd, Ying-k'ou Plant	Magnesium 1,000	Magnesium 1,000	Apr 45
Mitsubishi Kwangtung Leased Territory Magnesium Co Ltd, Ku-ho Plant	None	Magnesium 2,500	First period quota - 1,000 Dec 44 Second period quota - 1,500 Aug 45

40. Production and Plan for Increased Production of Non-Ferrous Metals in Manchuria

The production of non-ferrous metal in Manchuria has been increasing yearly with the establishment of emergency policies by the Manchurian government and the enthusiasm of the civilian industries. Especially has copper production, one of the most important, passed its quota. For production and planned production of copper, lead and zinc, see tables A to J below.

A. Non-Ferrous Metal Production in Manchuria (Unit: metric tons)

Metal	Productions 1942	Comparison with Plan	Comparison with Previous Year	Remarks
Copper				
Copper Ore	1,004	124%	155%	Copper content
Electric Copper	2,601	96%	123%	Mukden Refining, Manchuria Mining Development Co Ltd
Lead				
Lead Ore	11,864	54%	105%	Metallic lead content
Lead Ingots	4,654	66%	88%	Metallic copper content
Zinc				
Zinc Ore	9,982	59%	135%	Metallic zinc content Metallic copper content

B. Construction of Copper Mines in Manchuria

Company	Mine	Mining Facilities	Ore-dressing Facilities (in metric tons per month)		Remarks
Manchuria Mines Co Ltd	Chia-p'i-kou	Completed	5,000	Completed	Completed
	Fen-shui	"	10,000	"	"
	Jehol	"	3,000	"	"
	Lao-chih-ch'ang	"	5,000	"	"
	Fu-jung	20% complete	7,000	Hand-dressing plant 10% complete	See Note
	Hua-tung	20% complete	6,000	Hand-dressing plant 10% complete	" "
T'ien-pao-shan Mining Co Ltd	T'ien-pao-shan	Completed	7,800	Completed	Completed
Chao-te Mining Co Ltd	Shih-chu-tzu	Partially completed	7,800	Complete in Feb	
Japan-Manchuria Mining Co Ltd	Chia-shan	Completed	5,000	Complete in Feb	Completed
Manchuria Mining Co Ltd	Ch'ing-yuan	"	5,000	Completed	"
Greater Manchuria Mining Co Ltd	Chieh-li-shu	"	1,300	"	"

NOTE: Construction under way at Fu-jung and Hua-tung mines to meet the urgent need for increased production.

C. 1944 Plan for Increased Production of Copper Ore in Manchuria

Ore	Company	Mines	Basic Ore (metric tons)	Ore Concentrate Extracted (percent)	Refined Ore Amount (tons)	Refined Ore Grade	Refined Ore Contents (tons)
Gold, Silver and Copper Ores	Manchuria Mines Co Ltd	Chia-p'i-kou	42,000	90	1,890	6.0%	113
	" " " "	Lao-chin-ch'ang	54,000	90	2,733	8.0%	218
	Japan-Manchuria Mining Co Ltd	Chia-shan	53,000	77	3,323	7.0%	232
	Manchuria Mining Co Ltd	Ch'ing-yuan	24,000	75	1,650	6.0%	99
	" " " "	Pei-san-chia	8,000	75	1,600	3.0%	48
	" " " "	Yu-erh-yai	48,000	60	2,880	2.0%	57
	Total		229,000		14,076	5.44%	767
Copper Ore	Manchuria Mines Co Ltd	Hua-t'ung	84,000	90	9,070	10.0%	907
	" " " "	Fu-jung	48,000	83	4,800	8.0%	398
	Chao-te Mining Co Ltd	Shih-chu-tzu	72,000	85	5,304	15.0%	795
	Tien-pao-shan Mining Co Ltd	Tien-pao-shan	60,000	66	2,904	9.0%	261
	Manchuria Copper and Lead Mining Co Ltd	Ma-lu-kou	40,000	90	1,260	20.0%	252
	Greater Manchuria Mining Co Ltd	Chieh-li-shu	12,000	80	768	15.0%	115
	Manchuria Mining Co Ltd	Huan-jen	36,000	90	3,240	10.0%	324
		Others			2,400	5.0%	120
	Total		352,000		29,746	10.66%	3,172
	Grand Total				43,822	8.99	3,939

D. Copper-Production Plan in Manchuria for 1944 (Unit: metric tons)

Refinery	Ore Processed		Ore Concentrate Extracted	Gold, Silver, Copper
	Amount	Grade		
Mukden (Sheng-yang) Gold Ore Refinery	24,750	8.9%	88%	1,937
Commissioned Refineries	19,072	8.5%	88%	1,426
Total	43,000 [sic]	8.72%		3,363

E. Construction of Lead Mines in Manchuria

Company	Mine	Mining Facilities	Ore-dressing Facilities (tons per month)	Other Facilities
Manchuria Mines Co Ltd	Ch'ing-ch'eng-tzu	Completed	10,000 completed in May	Completed
	Hsiu-yen	Completed	5,000 completed in Feb	Smelting plant 90% complete
	Huan-jen	Completed	15,000 completed in Feb	Completed
Manchuria Lead Mining Co Ltd	Yang-chia-chang-tzy	Completed	9,000 completed	Completed
T'ien-pao-shan Mining Co Ltd	T'ien-pao-shan	Completed	7,800 completed	Completed

F. 1944 Plan for Increased Production of Lead Ore (Unit: metric tons)

Company	Mine	Basic Ore	Ore Concentrates Extracted	Refined Ore Amount	Refined Ore Grade	Refined Ore Gold, Silver, Lead
Manchuria Mines Co Ltd	Ch'ing-ch'eng-tzu	120,000	90%	12,600	60.0%	
	Hsiu-yen	78,000	90%	7,560	65.0%	
	Huan-jen	36,000	85%	2,352	65.0%	
Manchuria Lead Mining Co Ltd	Yang-chia-chang-tzu	90,000	75%	3,375	60.0%	
T'ien-pao-shan Mining Co	T'ien-pao-shan	60,000	65%	1,137	64.0%	
Total		384,000		27,024	61.5%	

G. 1944 Plan for Production of Lead in Manchuria (Unit: metric tons)

Company	Refinery	Basic Ore Supply Amount	Basic Ore Supply Grade	Ore Processed Amount	Ore Processed Grade	Ore Concentrate Extracted	Metallic Lead	Surplus Ore Amount	Surplus Ore Grade
Manchuria Mining Development Co Ltd	Mukden (Sheng-yang) Metal Refinery	17,112	59.5%	15,300	59.5%	82%	7,462	1,812	59.5%
Manchuria Mines Co Ltd	Hsiu-yen Mine	7,560	65.0%	7.560	65.0%	87%	(4,362 crude lead)		
	Huan-jen Mine	2,352	65.0%					2,352	65.0%
Total		27,024	61.4%	22,860			7,462	4,164	62.58

H. Construction of Zinc Mining Facilities in Manchuria in 1944

Company	Mine	Mining Facilities	Ore-dressing facilities (tons per month)	Other Facilities
Manchuria Mines Co Ltd	Ch'ing-ch'eng-tzu	Completed	10,000 Completed in May	Completed
	Hsiu-yen	Completed	5,000 Completed in Feb	Smelting Plant 90% complete
	Huan-jen	Completed	1,500 Completed in Feb	Completed
Manchuria Lead Mining Co Ltd	Yang-chia-chang-tzu	Completed	9,000 Completed	Completed
T'ien-pao-shan Mining Co Ltd	T'ien-pao-shan	Completed	7,800 Completed	Completed

Hu-lu-tao Refinery of Manchuria Lead Mining Co Ltd

(1)	Zinc Distillation Plant	Completed
(2)	Zinc Oxide Plant	Completed
(3)	Sulfuric Acid Plant	90% completed
(4)	Cadmium Plant	Completed except for Cottrel Room and electrolysis plant
(5)	Molybdenum Plant	Completed except electric furnace.

I. 1944 Production Plan for Zinc Ore in Manchuria (Unit: metric tons)

Company	Mine	Basic Ore Amount	Basic Ore Grade	Ore Concentrates Extracted	Refined Ore Amount	Refined Ore Grade	Refined Ore Content
Manchuria Mines Co Ltd	Ch'ing-ch'eng-tzu	18,000	3.5%	75%	1,050	45.0%	472
	Hsiu-yen	78,000	6.0%	80%	7,488	50.0%	3,744
	Huan-jen	36,000	6.0%	90%	3,534	55.0%	1,944
Manchuria Lead Mining Co Ltd	Yang-chia-chang-tzu	90,000	4.0%	75%	6,000	45.0%	2,700
T'ien-pao-shan Mining Co Ltd	T'ien-pao-shan	60,000	2.3%	49%	1,572	43.0%	676
Total		282,000			19,644	48.44%	9,536

J. 1944 Plan for Production of Zinc in Manchuria (Unit: metric tons)

Company	Refinery	Basic Ore Amount	Basic Ore Grade	Ore Processed Amount	Ore Processed Grade	Ore Concentrate Extracted	Production Kind	Production Amount	Surplus Ore Amount	Surplus Ore Grade
Manchuria Lead Mining Co Ltd	Hu-lu-tao Refinery	17,644	48.3%	11,646	48.3%	80%	Zinc Distillate	4,500	5,998	48.3%
Shen-tung Paint Co Ltd	Shen-tung	2,000	48.3%	2,000	48.3%	80%	Zinc Oxide	772		
Total		19,644	48.3%	13,646	48.3%	80%				

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41. Production and Plan for Increased Production of Non-Metallic Minerals

A. Fluor Spar

Manchurian-produced fluor spar has met the needs of the past and through zealous endeavors being made to increase production, the immediate pressure of the war situation is being met. Certain measures for the immediate increase in the production of fluor spar have been instituted recently by the Manchurian government and plans are being made to maintain this rapid increase in production. (See tables 1 and 2.)

B. Graphite

Japan's need for an emergency increase in scaly graphite due to the development of the war was met by production of Manchurian scaly graphite. The Manchurian government made plans for its increased production as shown below and they are achieving good results in maintaining that standard. (See tables 3 and 4.)

1. Production of Manchurian Fluor Spar (Unit: metric tons)

	1942			1943		
Grade	Planned	Produced	Percent	Planned	Produced	Percent
93% and over	10,650	4,542	42	5,450	5,366	98
Less than 93%	25,935	20,193	77	15,150	12,354	81
Total	36,585	24,735	67	20,600	17,720	86

2. 1944 Plan for Increased Production of Manchuria Fluor Spar

	1944 (A)			1943 (B)			
	93% and over	Less than 93%	Total	93% and over	Less than 93%	Total	Difference between A & B
Production	25,430	39,480	64,910	11,000	26,400	37,400	27,510
Demand in Manchuria	7,500	10,000	17,500	4,000	7,000	11,000	6,500
Supply to Japan	17,500	27,000	44,500	7,000	19,400	26,400	18,100
Total	25,000	37,000	62,000	11,000	26,400	37,400	24,600
Balance carried over to next year	430	2,480	2,910				

3. Plans for the Supply, Demand and Production of Manchurian Scaly Graphite (Basic Ore) in 1944

a. Production Plans (Unit: metric tons)

Company	Mine	Previous Year's Reserves	Production Planned	Total Supply	Remarks Grade	Remarks Days Worked
Manchuria Graphite Co Ltd	Liu-mao	2,000	98,000	100,000	20%	306
Chin-ch'eng Mining Co Ltd	Tung-hua	500	7,650	8,150	30%	306
Total		2,500	105,650	108,150		

b. Plans for Supply and Demand

Company	Mine	Total Supply	For Co Use in Ore Dressing	Demand Manchuria Carbon Industry Co Ltd	Supply for Japan	Total	Balance Carried down to Next Year
Manchuria Graphite Co Ltd	Liu-mao	100,000	30,600		46,000	76,600	23,400
Chin-ch'ang Mining Co Ltd	Tung-hua	8,150		7,344		7,344	806
Total		108,150	30,600	7,344	46,000	83,944	24,206

4. Plans for the Supply, Demand and Production of Manchurian Scaly Graphite (Refined Ore) in 1944

a. Production Plans (Unit: metric tons)

Company	Plant	Plant Capacity	Amount Processed	Planned Production For Crucibles	Planned Production For Electrodes	Planned Production Total	Remarks
Manchurian Graphite Co Ltd	Liu-mao	Existing installations 120 New - 400	30,600	1,490	3,485	4,975	Equipment from N China will be completed end of 1945
Manchuria Carbon Industry Co Ltd Chin-ch'ang Industrial Co Ltd	An-tung Shuang-ho-chen	Existing installations 25 New installations 200	6,120		1,606	1,606	Equipment from Korea will be completed end of 1945
	Li-shu-chen	New installations 100					Same as above
Total			36,720	1,490	5,091	6,581	

b. Plans for Supply and Demand (Unit: metric tons)

Company	Plant	Total Supply	Domestic Demand		Supply to Japan		Total Demand		Balance for Next Year
			Crucibles	Electrodes	Crucibles	Electrodes	Crucibles	Electrodes	
Manchurian Graphite Co Ltd	Liu-mao	4,975	600		600	2,400	1,200	2,400	1,375
Chin-ch'ang Industrial Co Ltd	an-tung	1,606		1,420				1,420	186
Total		6,581	600	1,420	600	2,400	1,200	3,820	1,561

42. Production of Soda Ash in Manchuria

The company producing soda ash in Manchuria is the Manchuria Soda Co Ltd. At present it has a yearly potential capacity of 72,000 metric tons (200 metric tons a day) and ought to be able to produce at least 180 metric tons per day. Difficulties in repair facilities, lack of labor, and the uncertainty of the supply of steam from the Manchuria Electric Co Ltd, have caused the daily production rate to drop as low as 135 metric tons at present. Under such conditions there will be a 30-percent drop from potential production this year.

The same company, in response to the rapid increases in the production of aluminum and in order to ensure the supply of basic soda ash, will install additional equipment capable of producing 18,000 metric tons a year (daily rate, 50 metric tons). Also, by re-locating certain equipment from Japan (principally from the Mitsubishi chemical interests), a further increase to 35,000 metric tons (100 metric tons a day) will be made. When all of these additions have been made and the installation of equipment is completed, the yearly capacity should be about 125,000 metric tons. This will mean a tremendous jump in production for 1945.

The actual results of the last 3 years of production are as follows: (Unit: metric tons)

Year	Planned	Produced
1942	69,000	57,926
1943	70,000	57,524
1944	72,000	42,794 (up to end of Nov)

43. Production of Salt in Manchuria

The production of salt in Manchuria dropped about 25 percent in 1944 due to bad weather and labor difficulties. Planned production was 880,000 metric tons but the actual production is expected to be about 650,000 metric tons. Domestic demands in Manchuria present a problem and negotiations are under way at present to revise the supply for Japan from 140,000 metric tons to 100,000 metric tons a year.

NOTE: The production of salt for the last 3 years and the amounts supplied to Japan are as follows: (Unit: metric tons)

Year	Produced	Supplied to Japan
1942	608,600	101,400
1943	878,200	111,900
1944	650,000 (to end of Nov)	71,000 (to end of Nov)

44. Production of Salt in the Kwantung Leased Territory

The planned production of salt in the Kwantung Leased Territory for 1944 was 8,750,000 metric tons but in the peak season of June and July there were heavy rains and it became difficult to secure workers for the salt fields. Consequently production dropped about 25 percent. However, there was a surplus of about 250,000 metric tons in 1943 so it will not be difficult to supply Japan.

Further, because of the same weather conditions which plagued the salt manufacturers, and because needed materials for equipment are not forthcoming, the assured amount of magnesium chloride for Japan will be limited to 15,000 metric tons in contrast to the planned 40,000 metric tons.

Production of salt for the last 3 years and the amount supplied to Japan are as follows: (Unit; metric tons)

	Produced	Supplied to Japan
1942	496,000	390,000
1943	700,000	452,000
1944	600,000	231,142 to end of Nov, but

final deliveries are expected to be 494,060.

45. Supply of Salt from Manchuria to Japan

A. Kwantung Leased Territory Salt

Although the quota of salt to be sent to Japan during 1944 was 188,000 metric tons by land transportation(*1) and 306,060 metric tons by water transportation, making a total of 494,060 metric tons, the situation at present, at the end of November, is as follows:

By land transportation	98,000 metric tons	(52%)
By water transportation	133,142 metric tons	(43%)
Total	231,142 metric tons	(47%)

Despite the difficulties involved in land transportation, we expect that it will be possible to fill the quota. However, in the case of water transportation, lack of vessels and shipping space may prevent the exportation of about 50,000 metric tons.

1942-44 Production and Export to Japan (Unit: metric tons)

	Produced	Supplied to Japan
1942	496,000	390,000
1943	700,000	452,000
1944	600,000	231,142 to end of Nov,

but final deliveries are expected to be 494,060.

(*1) Sic. It is presumed that land transportation means the overland route through Korea and thence across Tsushima Strait by sea.

B. Manchurian Salt

It was originally planned to supply Japan with 20,000 metric tons of Manchurian salt by the overland route and 120,000 metric tons by sea during 1944, making a total of 140,000 metric tons. However, because production decreased by about 25 percent due to weather and labor problems, shipments were cut down to 20,000 metric tons overland, and 20,000 metric tons by water. Although negotiations with related areas are under way to supply salt amounting to 100,000 metric tons only by water transportation, as of the end of November only 70,660 metric tons were sent and it is possible now to export finally only 58 percent of the original quota. Because of lack of exporting facilities, freight space, etc., it will be difficult in future to supply an approximate 50,000 metric tons by water transportation.

Production and Export to Japan during the last 3 years
(Unit: metric tons)

	Produced	Supplied to Japan
1942	606,600	101,400
1943	878,200	111,900
1944	650,000 (to end of Nov)	71,000 (to end of Nov)

46. Explosives Supply and Demand in Manchuria

The demand for various kinds of explosives in Manchuria is increasing with the progress of the war. The production of explosives within the country is based chiefly on the ammonium nitrate group. Production more than fills the country's demands and explosives are being supplied to North China and Meng-chiang. The demands of Japan, including Korea, for gelatine dynamite and other explosives also must be fulfilled.

Because of the decrease in production of glycerine in Korea and Japan, we have been unable to fill the total demand, but adjustment in supply and demand according to consumption regulations has been planned without hindrance to the industry.

The industries making the principal demands are the coal, iron-and-steel, non-ferrous-metals, civil-engineering and quarrying industries. The control agency for explosives is the Manchurian Explosive Co Ltd, which has been incorporated as a special juridical body by the Manchurian Government, and under the supervision of the government, it has sole management of production and distribution.

47. (Missing from the Original Document)

48. Medical Goods Supply and Demand in Manchuria

Medical facilities in Manchuria have been improved since the outbreak of the Greater East Asia War. Two hundred or more public hospitals have been established in various important places throughout the country and steps are being taken to increase the number of doctors available. Despite this, it will be necessary in the future to expand medical facilities locally. However, the necessary medical goods were all expected from Japan, but due to the decrease of raw materials year by year in Japan and to reduction in demand, decline in the supply of such goods became very noticeable. Following the closing of a number of dispensaries, medicines, (domestic patent medicines), were distributed gratuitously in the public hospitals and hospitals attached to important industries. As a countermeasure to this state of affairs, facilities for producing medical goods in Manchuria are being expanded. The transfer of important drug-manufacturing plants from Japan is being planned, present plans are being perfected, and production is being stepped up in compliance with directives from the government. Accordingly, some improvement in the situation can be expected during next year.

49. Demand and Supply of Chemical Industry Products in Manchuria

Domestic demand for the products of chemical industries in Manchuria greatly increased with changes in the war situation and clamor arose for expansion of existing industries and building of new ones. However, because other vitally important industries were given priority, things have remained about the same with the exception of the Manchuria Soda Co Ltd, and the Manchuria Electro-Chemical Co Ltd.

However, benzol, soda ash, bittern and special coke produced in Manchuria were supplied to Japan and about 1700 varieties of chemical products of medium classification are expected to be sent to Japan, but due to the lack of raw materials in Japan and the effect of the increase in demand for special items, production for this year will be considerably smaller than it was for last year and we estimate that it will remain at about 25 percent of the demand.

The Japan-Manchuria Trading Co Ltd, controls the production and distribution of these products in Manchuria and Kwantung.

50. Demand and Supply of Electric Power in Manchuria

Since the Second Five-Year Industrialization Plan went into effect in Manchuria, the war has caused a sharp increase in the consumption of electric power. To meet the sharply increasing demands of the iron-and-steel, light-metals and coal industries and such heavy chemical industries as the fertilizer industry, etc., construction of large hydro-electric plants has begun and all thermal power plants have been enlarged. A surplus of supply over demand of 26 million kilowatts is expected in 1944. An even greater production is anticipated in the future. However, a general balance between supply and demand will probably prevail then, for con-

sumption will increase in all types of chemical industries, light-metals industries, etc. The natural increase in consumption for lighting and power will continue, and to these increases in consumption must be added the growing difficulty of obtaining coal supplies for thermal generation of electricity.

/See following 2 tables/

A. Demand and Supply of Electric Power in Manchuria
(Unit: one million kilowatts)

Demand

		1944	1945
Central Manchuria Area			
Manchuria Electro-chemical Co Ltd	(Carbide)	35	84
" " " "	(Artificial Rubber)	1	10
Manchuria Synthetic Petroleum Co Ltd	(Liquid Fuel)	-	17
No 231 Force	(Liquid Fuel)	13	15
K'ai-p'ing Pulp Co Ltd	(Bean Straw Pulp)	7.9	8.5
" "	(Paper)	3.2	3.7
Manchuria Soda Co Ltd	(Soda)	9.7	14
Miscellaneous Electric Light and Power and Losses in Transmission and Distribution		526.2	523.8
	Total	596	176 [sic]
South Manchuria Area			
Manchuria Light Metals Co Ltd	(Aluminum)	550	550
Manchuria Sumitomo Metals Industry Co Ltd	(Alumina)	-	15
Manchuria Light Metals Co Ltd	(Magnesium)	47	55
Mitsubishi Kwantung Magnesium Co Ltd	(Magnesium)	-	14
Manchuria Carbon Industry Co Ltd	(Carbon)	-	40
Manchuria Chemical Industry Co Ltd	(Ammonium Sulphate)	110	123
Manchuria Iron and Steel Mfg Co Ltd	(Iron and Steel)	305	350
SMR	(Synthetic Fuel)	30	30
Manchuria Synthetic Fuel Co Ltd (Chin-chou) Chin-hsien	(Synthetic Fuel)	8	30
SMR	(Shale oil)	83	123
Manchuria Soda Co Ltd	(Soda)	1.2	13
SMR	(Coal Mine)	363	360
Manchuria Coal Mining Co Ltd			
Fu-hsin Mine	(Coal Mine)	83	95
Pei-p'iao Mine	(Coal Mine)	46	48
Miscellaneous Electric Light and Power and Losses in Transmission and Distribution		1714.8	1899
	Total	3341	3745
Eastern Manchuria			
General Demand		151	193
Grand Total for the Whole of Manchuria			
Total Demand		4088	4714

Supply

		1944	1945
Central Manchuria Area			
Hsinking Power Plant (Ch'ang-ch'un)		61	44
Harbin Power Plant (Pin-chiang)		28	20
Hsi-an Power Plant		85	80
K'ai-p'ing Power Power Plant		-	16
Feng-man Power Plant		449	1609
	Total	622 [sic]	1768
Transmitted to South Manchuria		-	778
Balance Surplus Power		26	21 [sic]
South Manchuria Area			
Suiho (Soo-pung) Power Plant		1900	1800
Pei-p'iao Power Plant		44	44
Kan-ching-tsu Power Plant		89	200
AMANOGAWA Power Plant		17	50
Fu -hsin Power Plant		479	858
Fu-shun Power Plant		812	800
T'ien-shih-fu Power Plant		-	15
	Total	3341	3767
Received from Sungari River		-	778
Balance Surplus Power		-	800
Eastern Manchuria			
Mu-tan-chiang Power Plant		1.4	5
Lung-ching Power Power Plant		1.7	7
Hun-ch'un Power Plant		0.6	1
Tu-hsi and Huan-fen-ho Power Plants		-	9
Ching-po-hu Power Plant		147	171
Grand Total for the Whole of Manchuria			
Power Generated		4114	5728
Hydro-Power		2349	3408
Thermal Power		1765	2320
Balance Surplus Power		26	1014

B. Distribution and Consumption of Electricity in Manchuria by Industries (Unit: one hundred million kilowatt hours)

1943	Amount Consumed	Percentage
Iron and Steel Industries	7,929	17.8
Light Metals Industries	5,350	12.0
Coal Industries	7,541	17.0
Chemical Industries	3,291	7.4
Miscellaneous Industries	12,900	29.0
Losses	7,465	16.8
Total	44,476	100.0

NOTE: Amount of sales in above:

Electric Light	3,676	12
Electric Power	26,696	88

51. Electric Power in Manchuria

Formerly, 65 percent of Manchurian electric power was supplied by thermal power. However, with the installation of the huge hydroelectric generators on the Yalu and Sungari Rivers there was a corresponding increase in the demand for electricity. As hydroelectric plants were completed, they became the main source of electric power. In 1945 the percentage of hydroelectric power is expected to reach 73 percent of the total. (See A and B below.)

A. Ratio of Hydroelectric Power to Thermal Power in Manchuria (Unit: one million kilowatts)

Year	Hydroelectric Power		Thermal Power	
1942	984	35%	1810	65%
1943	1764	52%	1611	48%
1944	2590	52%	2432	48%
1945	4454	73%	1625	27%

NOTE: Electricity generated by private interests is included in the column headed Thermal Power.

B. Electric Power Plants in Manchuria as of 1 Dec 44

Area	Power Plant Name	Capacity in Kilovolt Amperes	
Central Manchuria	Hsinking (Ch'ang-ch'un)	49,000	
	Harbin (Pin-chiang)	38,000	
	Hsi-an	30,000	
	K'ai-p'ing	3,000	
	Feng-man	210,000	(Hydro-electric)

B. Electric Power Plants in Manchuria as of 1 Dec 44 (Contd)

Area	Power Plant Name	Capacity in Kilovolt Amperes	
Southern Manchuria	Pei-p'iao	15,000	
	Kan-ching-tzu	83,000	
	Amanogawa	31,000	
	Fu-hsin	160,000	
	Fu-shun	210,000	
	T'ien-shih-fu	3,000	
	Suiho (Soo-pung)	600,000	(Hydroelectric)
		600,000	Supply for Korea
Eastern Manchuria	Mu-tan-chiang	13,000	
	Lung-ching	9,000	
	Hun-ch'un	5,600	
	Ching-po-hu	36,000	(Hydroelectric)

52. Hydroelectric Power Plant Equipment in Manchuria

A. Sungari River (Ta-feng-man)

Power plant is to be equipped with eight 70,000-kilowatt generators. The construction of the essential installations is nearly completed. In Mar 43 the first generator was completed and transmission of power to the Hsinking (Chang-ch'un) area was begun. The second generator was finished in Sep 1943 and transmission to the Harbin (Pin-chiang) area commenced. Of the remaining six, three are expected to be finished in 1944 and three in 1945.

B. Yalu River (Shui-feng)

Power plant is to be equipped with seven 100,000-kilowatt generators. The construction of the essential installations is nearly finished. Transmission of power began in Aug 1941. Five of the seven generators are in operation today, and the remaining two are expected to be finished by the beginning of 1945.

C. Yalu River (I-chou)

Work was begun on the essential installations in Oct 1942 and it was estimated that a portion of the generator (100,000 kilowatts) would be completed in 1945 and the remainder would be completed in 1946; but because of the conditions with regard to materials and the supply and demand for power, construction has been suspended.

D. Ching-po-hu

Power plant is equipped with two 20,000-kilowatt generators. The construction of the essential installations is completed. Both generators were completed in Jun 42 and transmission power to the Hun-ch'un and Mu-tan-chiang areas was begun.

53. Agricultural Products - Importance of Manchuria as a Food Supply Base

Manchuria is important in the establishment of a food-supply policy in the Greater East Asia Area, especially Japan, Manchuria and China, particularly in the matter of the flow of foodstuffs between these three countries.

Not only is Manchuria inseparably connected with Japan from the point of view of national defense and economy, but it is also closely knit with the empire in the various ramifications of direct food supply. It forms an important sphere of continental food supply, since it is contiguous with the boundaries of Korea and North China. The main food measures for the Greater East Asia Co-prosperity Sphere taken at the Greater East Asia Establishment Conference held recently could be described as, "having as their foundation the plans for complete guarantee of a self-sufficient supply of staple foods between Japan and Manchuria, in accordance with demands from the standpoint of national defense and the position of the Japanese people." It may be said that this is a natural consequence of the reasons stated above. That is to say, Manchurian agricultural products and agricultural productive capacity, in so far as export strength goes, have a tremendous and direct effect on the state of the food supply in Japan, Manchuria and China. Moreover, due to the pertinent fact that Manchuria is endowed with fertile, arable land and has a labor potential of suitable proportions, increased food production in that country at the moment is most urgent. Food measures, furthermore, may be said to have bright prospects, and the Manchurian government, in view of the important mission of Manchuria as the food supply base of East Asia, has recognized the combined endeavors of military and civilian officials in the increase and concentration of production as the type of management which fits the actual circumstances.

Next, to cite the important duties which Manchuria is currently discharging in connection with the flow of foodstuffs in Japan, Manchuria and China:

1. Manchuria is the world's greatest producer of soybeans, an important base for vegetable oils and fats and protein foods in East Asia. The greater part of her production is shipped to Japan and some to China. Since the acquisition of raw materials for oils and fats from the southern areas is not easy, it goes without saying that soybeans are indispensable as substitute supplies for animal protein food in Japan.

2. Manchuria produces grains of various types. She has exported fodder to Japan, and cereals to Korea and North China. Manchuria must contribute to the solution of the food problem

in North China, which has become Japan's responsibility. The storing of rice and grain in Korea and the quantity shipped to Japan are contingent on the quantity of Manchurian grains exported to Korea. Therefore, there is a close relationship with the supply and demand for rice in Japan.

3. The food supplies of forces stationed in Manchuria are, by and large, acquired in Manchuria.

4. Contrary to the above, Manchuria imports some wheat flour from Japan and Central China. (Formerly she was dependent on foreign grain.)

5. To summarize, because Manchuria exports great quantities of foodstuffs, she makes a big contribution to the solution of the food problems of Japan and China. In particular, this results in the alleviation of shipping requirements for Japan as it decreases imports from countries which depends largely on water transportation.

54. Fundamental Government Food Polices in Manchuria

One aspect of the five-year plan to establish industries in Manchuria has been a zealous effort to develop agricultural resources. Also, with Japanese-Manchurian relations as a focal point, a second five-year plan was set up which had as its purpose the immediate construction of a self-sufficient economy in the East Asia Co-prosperity sphere. This was one facet of plans for the establishment of collective production. It was decided to set up plans to increase agricultural production, to increase the production of coal which makes Manchuria, with its rich basic industrial resources, so suitable an area, and to put various programs into actual operation. Soybeans, which head the list of agricultural products, are important export items, and are prominent in Manchuria's international returns. The government formerly endeavored to increase export strength by controlled purchasing through the special soybean and cereal food agencies. However, with the increasing seriousness of conditions, an effective policy commensurate with the great demands of Japan and North China was effected by strengthening the collection and distribution of agricultural food products through sole control agencies, by controlling domestic consumption in accordance with government plans for the careful mobilization of commodities, and by controlling the main factors of distribution.

Next, the general principles of the basic government policy were decided in December of the year before last in view of the fact that Manchuria, having passed its 10th anniversary as a new nation that year, was steadily adding stability to its foundations, while on the other hand the Greater East Asia War had finally entered a decisive stage, and in view of the increased responsibility of Manchuria to co-operate with the mother country. That basic policy was established so that "together with establishing a system of national defense modeled on the basic principle of co-operative defense between Japan and Manchuria, concentration on the successful conclusion of the Greater East Asia War and contributions to the Greater East Asia Co-prosperity Sphere could be expected." In the agricultural class it was decided "to establish self-sufficiency and to complete successfully

the mission of becoming a supply base for oil-bearing agricultural products and foodstuffs for both China and Japan by carrying production increases to the maximum while directing the important points of the policy of agrarian expansion."

Based on these factors, establishments of various kinds have been set up. In order to meet foreign and domestic demands, and at the same time plan the improvement and rationalization of the concentration of stock and the distribution of principal foodstuffs, military and civilian officials, in matters of purchasing, have worked harmoniously and in accord. Consumption regulations which had previously been enforced were further strengthened. Plans for the mobilization of commodities have been made and these are contributing toward the successful conclusion of the Greater East Asia War.

55. Plan for Increased Food Production in Manchuria

In view of the results of the First Five-Year Production Plan in Manchuria and present domestic and foreign conditions and the condition of domestic resources, full emphasis was placed on the increased production and efficient management of iron and steel, coal and agricultural products when the Second Five-Year Plan was drawn up.

The results of the First Five-Year Plan (1937-41) as compared with the goals of the Second Five-Year Plan (1942-46) for the principal foodstuffs and agricultural products are as follows:

(Unit: 1000 metric tons)

Product	Results in 1941	Goal for 1946
Sorghum	4,891	6,109
Millet	3,619	4,596
Maize	3,132	3,531
Lowland rice	723	1,756
Upland rice	84	106
Wheat	844	1,430
Soybeans	3,381	4,689

However, in view of the necessity for strict control of the food policies of Japan, Manchuria and China, the Manchurian Government again resorted to emergency measures in accordance with the fundamental national policies laid down at the end of last year. The measures to be taken were planned thoroughly. The whole nation made a concerted effort to carry into effect the main points of the emergency wartime program for increased agricultural production.

Points in the emergency wartime program for increased agricultural production are:

1. To increase the area under cultivation.

a. Allot quotas for minimum area to be cultivated according to districts.

b. Allot quotas for areas with emphasis on quantity rather than on quality

c. Plan to make suitable adjustments for crops having special uses.

2. To improve and develop farmlands.

a. Plan according to local conditions for prefectural, divisional and special organizations, companies and influential individuals to take over the development and management of paddy fields and dry fields made by the development and improvement of unused, swampy and arid lands

b. Establish water-utilization associations on each unit of the water system to establish, improve, maintain and manage flood control, drainage and irrigation facilities

c. Encourage the establishment of self-supporting farms through the special companies, organizations, etc.

3. To find means for improving tenancy terms and ways for tenancy arbitration in order to prevent neglect of farms, and, at the same time, to bring about the emergency management of neglected farms by prefectures, divisions, etc.

4. To regulate supply and demand of farm labor and prevent farmers from leaving their communities.

5. To make special distributions of the necessities of life to the agricultural districts and to revise farm credit.

6. To make regulations for the proper distribution and use of chemical fertilizers, insecticides and sprays, in order to obtain increased efficiency in their use.

7. To carry out the emergency increase in agricultural production with a sound and effective program, including plans for early planting, doubling the amount of manure, complete weeding, etc. This plan has been decided upon. Leadership is to be improved so as to insure the success of the plan which calls for an increase of 10 percent in the production of each farmer.

The above-mentioned emergency program for increased production will go into effect immediately and the government, with the plan of mobilizing resources this year as its basic policy, has guaranteed the supply of chemical fertilizers, insectides and sprays, and machinery. It plans to control essential consumer goods, such as cotton textiles and cloth, etc., and these will be distributed in agricultural communities especially.

/See following table/

1944 Crop Estimates as Compared with the 1943 Crop

Product	1943 Crop	Second Crop Estimate as of 15 Aug 44	Increase or Decrease	
Three Cereals (sorghum, maize, and millet)	13,234,869	12,982,549	minus	252,320
Lowland Rice	651,632	736,003	plus	84,371
Upland Rice	40,934	39,746	minus	1,188
Wheat	392,535	374,660	minus	17,875
Soybeans	3,259,068	3,549,618	plus	290,550
Total	17,579,938 /sic/	17,682,576	plus	102,638

56. Production of Manchurian Agricultural Foodstuffs and Their Supply to Japan

A. Production of Agricultural Foodstuffs in Manchuria

The Manchurian Government controls the nation's production and it has placed great emphasis on the expansion of the production of agricultural commodities which are the most important resources of East Asia. It is endeavoring to develop its agricultural resources as part of its five-year industrial plan. In spite of various obstacles during the China Incident, it has achieved excellent results due to its encouragement of co-operation between military and government officials and the people.

If we examine the actual results of 1941 (the last fiscal year of the First Five-Year Plan) and compare them with those of 1936 (which was the year before the beginning of the plan) we find them to be as follows:

(Area Unit: 1,000 hectares; Production Unit: 1,000 metric tons)

Product	(A) 1936		(B) 1941		Ratio of B to A	
	Area	Production	Area	Production	Area	Production
Sorghum	3,120	4,220	4,149	4,891	133	116
Millet	2,858	3,156	3,861	3,619	136	115
Maize	1,290	2,120	2,434	3,132	189	148
Lowland Rice	173	219	363	723	209	330
Upland Rice	114	95	76	84	67	88
Wheat	1,101	848	1,033	844	94	100
Soybeans	3,480	4,100	3,498	3,381	101	82

1944 Crop According to the Second Survey of 1 Oct 44 (Unit: 1,000 metric tons)

Product	Production	Comparison with Previous Year
Sorghum	5,459	Increased yield of 26
Millet	3,711	Decreased yield of 101
Maize	3,811	Decreased yield of 127
Lowland Rice	756	Increased yield of 84
Wheat	374	Decreased yield of 17
Soybeans	3,549	Increased yield of 290

According to the second survey, the harvest of the principal agricultural products this year was approximately 19,230,000 metric tons. Compared with the previous year, this was a net decrease in yield of about 1 percent, or 130,000 metric tons. Soybeans increased 9 percent or 290,000 tons; sorghum, 0.5 percent, or about 30,000 metric tons; lowland rice 13 percent, or about 800,000 metric tons. Millet decreased about 3 percent, or about 100,000 metric tons; maize 3 percent, or 130,000 metric tons; and wheat five percent, or about 20,000 metric tons. Drought damage in the western areas was the reason for the poor showing as compared with last year.

B. Manchuria's Foodstuffs Contribution to Japan

Manchuria is co-operating in the prosecution of the Empire's war by mustering the total strength of the nation to meet the present war situation. She is contributing greatly to Japan's war potential by increasing her supply to Japan. It is anticipated that Manchuria will accomplish her mission as a supply base because military and civilian personnel without exception are concentrating all efforts on the production of foodstuffs and are planning to send the increased production to Japan.

Though there have been good results in increased production and in collection of crops in Manchuria, there should be no undue optimism regarding supply to Japan and North China for there have been increases in population reaching 200,000 per year, as well as other factors affecting demand.

At this time the Manchurian Government is endeavoring to meet the food shortage in Japan and North China by enforcing collective rationing of all agricultural products which can be used as food and by exercising strict control of consumption by the general public in Manchuria.

This year's crop estimate is 19,230,000 metric tons, and if we compare this with the actual results of last year, it shows a decrease in yield of 130,000 metric tons. There has been a sudden increase in domestic requirements due to various new factors such as special distributions of food to encourage production and the collection of such special crops as raw cotton, and the like, to maintain supplies of food for essential workers, and to relieve the shortage of fodder for work cattle and draught horses used for light transportation. Therefore it will be difficult to ship to Japan more this year than was sent last year, However, though conditions in general are bad, a plan is being worked out which should result in contributions

to Japan greater than those of last year. Export figures for agricultural products for 1942-43 are as follows:

Product	Destination	1942	1943	Increase or Decrease
Soybeans	Japan	582,864 [sic]	652,622	+69,768 [sic]
	Formosa	30,327	14,409	-15,918
	Korea	43,060	29,997	-13,063
	Japanese Empire	641,184 [sic]	697,028	+55,844 [sic]
	China		9,075	+ 9,075
	Total	641,184	706,103	+64,919
Soybean Cake	Japan	430,635	375,612	-54,753
	Formosa	76,012	16,163	-59,849
	Korea	19,610	52,543	+32,933
	Japanese Empire	525,987	444,318	-81,669
	China	1,987	31,776	+29,789
	Total	527,974	476,094	-51,880
Cereals (sorghum, maize and millet)	Japan	73,950	206,372	+132,422
	Korea	97,804	293,015	+195,211
	Japanese Empire	171,754	499,387	+327,633
	China	170,691	274,071	+103,380
	Total	342,445	773,458	+431,013
	Grand Total	1,511,605 [sic]	1,955,655	+444,050
Combined	Japan	1,072,114	1,234,606	+162,492
	Formosa	106,339	30,572	- 75,767
	Korea	160,474	375,555	+215,081
	Japanese Empire	1,338,927	1,640,733	+301,806
	China	172,678	314,922	+142,244
	Grand Total	1,511,605	1,955,655	+444,050

As related above, Manchuria is concentrating all her efforts on endeavoring to increase the prodution and collection of foodstuffs and is planning an increase in contributions to Japan. The tremendous amount she is contributing to strengthen Japan's war potential speaks for itself. In order to reinforce the self-sufficient food system throughout Japan and Manchuria, we must count more on Manchuria, and less on the South Seas, and we must say at this time that a great increase in production in Manchuria is an urgent necessity. While the Manchurian Government is expecting to perfect various types of countermeasures to meet the present demands, it is recognized that other necessary steps should be taken. The plan should include an increase in cultivation of farmland and in the production of chemical fertilizer. In regard to these measures the Empire must give suitable aid with capital, materials and technological processes.

57. Manchurian Emergency Plan for Development of Agricultural Area and the Cooperative Policy for Its Implementation

In view of the scant food supplies to meet current demand, an emergency plan to develop agricultural areas in Manchuria has been set up with the aim of maintaining and strengthening self-sufficiency in food supply for Japan and Manchuria. Success is anticipated through co-operation between the two countries. In less than 2 years, from 1944 to 1945, about 180,000 hectares will have been developed, making it possible to conclude sooner than expected the Second Sungari River, Tung-liao River Area Plan and other plans already started. With the exception of those products consumed in the producers' own homes, products will be supplied to Japan.

When this Manchurian plan was proposed to the Imperial Japanese Government, it was gladly received and at an ordinary cabinet meeting on 22 November of last year the "matter concerning co-operation and assistance in the plan for emergency agricultural development in Manchuria" was agreed upon. Japan will co-operate by furnishing capital, materials and technical assistance in all fields. Since an emergency increase of agricultural production will be carried out by joint action, Japan is planning to go ahead with the enterprise this year paying a subsidy of 50 million yen to the Manchuria Farm Development Co Ltd, which is the organization sponsoring the program.

58. Demand and Supply of Principal Foodstuffs in Manchuria, Including Kwantung Leased Territory

The principal foodstuffs of Manchuria are rice, sorghum, maize, millet, soybeans, proso millet, barnyard millet, buckwheat, small red beans and other varieties of beans. Rice is the staple food for Japanese residents, while sorghum, maize and millet are the staple foods for Manchurians. Although for several years the government has devoted its full attention to increased production of these and other foodstuffs in accordance with the already-formulated Five-Year-Plan, no optimism about the supply and demand is possible due to the tremendous increase of domestic consumption caused by population increases and, in particular, by the marked increase in the non-producing consumer class. During the Greater East Asia War, with the exportation of foodstuffs to Japan and North China becoming increasingly urgent, it has been necessary to authorize all collection and distribution by the Agricultural Products Company, to set strict consumption regulations based on a thorough plan for mobilization of resources, and to emphasize distribution. In particular, because of adjustments in supply and demand, consideration should be given to the following special steps in the improvement of the important factor - purchasing rate.

1. Authorize suitable market prices
2. Extend limits on agricultural loans
3. Assign shipment quotas with thoroughness
4. Distribute cotton textiles and cloth, bean oil and other important supplies in relation to shipments.

In addition to taking care of these points, shipments by military and civilians alike are being encouraged.

Due to various measures such as the above, excellent results in the purchasing of foodstuffs and agricultural products have been seen since last year. This year, due to the extraordinary efforts of the military and civilian personnel concerned, even greater results are being attained.

Unit: metric tons

Product	(A) Last Year's Results	(B) Results as of 6 Dec of this year	Ratio between A and B
Soybeans	2,865,338	1,787,991	62.41%
Sorghum, Maize and Millet	3,507,180	3,102,980	84.48%
Misc Cereals	68,091	43,907	64.48%
Wheat, Barley and the like	261,399	243,209	93.04%
Unhulled Rice	386,246	235,959	61.09%
Total	7,088,254	5,414,046	76.38%

The mobilization plan of principal foodstuffs in Manchuria--with rice, cereal and soybeans as its nucleus--has been decided upon. This year's plan is to apply directly to present steps in the Greater East Asia War and is modeled on the basic policy of endeavoring to increase the amounts supplied to Japan at present (including amounts acquired locally by the Army) and to decrease the amounts to be expected in the future, thus contributing to the consolidation of the Empire's economic war strength.

A thorough program having the following as a basis will be carried out:

1. Restrict general domestic civilian demands by enforcing strict consumption regulations.

2. Since all agricultural products can be used as food, plan a general regulation of supply and demand and consider using soybeans, soybean cakes, miscellaneous types of cereals, wheat flour, potatoes, etc., as substitutes for rice and cereals.

3. Clear away all obstacles and guarantee the amounts acquired locally by the Army.

59. Provisions and Other Essential Civilian Goods in Manchuria and the Kwantung Leased Territory

Minimum requirements were ensured by imposing rationing and price control and by regulating consumption, as in Japan, covering the whole range of essential civilian goods such as food, clothing and fuel. It was expected that these controls would operate efficiently, with priority allotments being made when necessary to meet the essential demands of colonists, of essential factory areas, and for encouraging shipments of agricultural products, etc.

As Manchuria is dependent upon Japan for a considerable portion of these goods and prices of imports were higher than prices in Japan proper, consideration was given to their effect upon general commodity prices. Therefore, price control and rationing were rigidly enforced.

A. Food

The cereals (sorghum, maize and millet) which constitute the food for the general population in Kwantung Leased Territory and Manchuria can be supplied in sufficient quantities from production in those areas, and since collection and distribution has been controlled and is being smoothed out gradually, there is no difficult problem. Since the relationship between supply and demand of wheat flour previously depended to a marked degree upon foreign wheat, the situation became critical when imports were discontinued. However, the output of wheat steadily increased in Manchuria. Imports of wheat flour earmarked for Japan (mainly for consumption in the Kwantung Leased Territory) were comparatively satisfactory and in general reached required quantities. Japanese residents in Manchuria and Kwantung Leased Territory are capable of supplying themselves for the most part with the grain which constitutes their main food from Manchuria. Also, minimum requirements of seasonings such as sugar, bean paste and soy sauce, as well as drinks such as sake and beer have been supplied. Although there were some shortages of fresh foods such as vegetables, fruits and fresh fish, progress has been made in increasing the output on the spot and in importing from other regions, so that the situation is comparatively stable.

B. Clothing

The coupon system of rationing has not yet been instituted in the Kwantung Leased Territory and Manchuria, but the regulation of consumption is fairly severe. Cotton goods in particular are distributed on a priority basis in order to supply the demands of essential industrial areas and of colonists, and pains are being taken to acquire raw cotton from China and manufactured cotton goods from Japan.

C. Fuel

The supply of fuel for use in private homes is not, at present, a very great problem.

In addition to what has been stated above, the Manchurian government made production of essential civilian materials a part of the Industrial Five-Year Plan, and it is planned to increase production by expanding plants and also by relocating medium and small plants from Japan proper.

60. Production, Demand and Supply of Rice in Manchuria

A. Production

The production of rice in Manchuria tends to increase yearly, and in the First Industrial Five-Year Plan actually surpassed expectations. Although the Kwantung Leased Territory-Manchuria area nearly reached its maximum capacity for self-sufficiency in meeting its own consumption requirements, the government is again expanding production with the intention of guaranteeing military requirements and export for Japan. Total rice production for the years 1942-44 (estimated net yield of both lowland rice and upland rice) was as follows:

1942	581,410 metric tons	
1943	672,561 metric tons	
1944	775,749 metric tons	(2d crop estimate as of 15 Aug 44)

B. Supply and Demand

Although the policy for supply and demand of rice and other cereals in 1944 was at first planned as shown in the tables below, consumption of rice and other grains was revised and it was planned to regulate the supply and demand of rice and cereals by enforcing the food-coupon system for meals eaten outside the home everywhere and by increasing the percentage of mixed foods (TN: rice mixed with barley, etc.).

[See following table]

1. Demand for Rice and Cereals, 1944 (Unit: metric tons)

	Commodity	Military Requirements	Distribution: Domestic Demand: For General Use as Food	For Use as Ricecake	For Use In Manufacture of Sake	For Industrial Use	National Army (Kokugun)	Seed Rice	Carried Forward to Next Year	Total	Decrement	Total
Pro-	Unhulled Rice	29,555	272,556	2,999	8,000	952	2,221	4,599	42,350	333,677	3,659	366,891
duc-	Cleaned Rice	19,802	182,612	2,009	5,360	638	1,488	3,080	28,375	223,562	2,453	245,817
tion	Soy Beans	-	41,000	-	-	-	-	-	4,247	45,247	-	45,247
in	Wheat Flour	-	29,808	-	-	-	-	-	3,726	33,534	-	33,534
1943	Cereals	-	9,227	-	-	-	-	-	1,862	11,089	-	11,089
	Total	19,802	262,647	2,009	5,360	638	1,488	-	38,210	313,432	2,453	335,687
Plan-	Unhulled Rice	30,000	286,012	3,250	8,000	4,321	5,000	10,100	36,781	353,469 [sic]	7,081	390,550
ned	Cleaned Rice	20,400	194,448	2,210	5,440	2,942	3,400	6,868	25,011	240,319	4,432	265,151
for	Soy Beans	-	45,108	-	-	-	-		4,934	50,042	-	50,042
1944	Wheat Flour	-	35,650	-	-	-	-		3,726	39,376	-	39,376
	Cereals	-	18,852	-	-	-	-		2,394	21,246	-	21,246
	Total	20,400	294,058	2,210	5,440	2,942	3,400	6,868	36,065	350,983	4,432	375,815 [sic]

2. Supply of Rice and Cereals, 1944 (Unit: metric tons)

	Product	Distribution: Reserves	Carried Forward Last Year	Imports	Substitutes for Rice & Cereals, etc.	Total
Production in 1943	Unhulled Rice	301,564	26,321	34,676	4,327	366,891 /sic/
	Cleaned Rice	202,048	17,635	23,235	2,399	245,817
	Soy Beans	-	7,246	-	38,001	45,247
	Wheat Flour	-	4,042	-	29,510	33,534
	Cereals	-	-	-	11,089	11,089
	Total	202,048	28,905 /sic/	23,235	81,499 /sic/	335,687
Planned for 1944	Unhulled Rice	335,700	42,350	12,500	-	390,550
	Cleaned Rice	228,276	28,375	8,500	-	265,151
	Soy Beans	-	4,247	-	45,795	50,042
	Wheat Flour	-	3,726	-	35,650	39,376
	Cereals	-	1,862	-	19,384	21,246
	Total	228,276	38,210	8,500	100,829	375,815

61. Production, Demand and Supply of Cereals in Manchuria

A. Production of Cereals (figures for 1944 are based on second crop estimate) (Unit: metric tons)

Year	Sorghum	Maize	Millet	Total
1942	4,754,854	3,189,189	3,331,890	11,275,933
1943	5,432,951	3,939,417	3,812,501	13,184,869
1944	5,459,546	3,811,705	3,711,298	12,982,549

Except for an increased harvest of sorghum in 1944 of about 0.5 percent (30,000 metric tons) over the previous year, there was a decrease in the harvesting of maize of 3 percent (about 130,000 metric tons), and of millet of 3 percent (about 100,000 metric tons). The chief reason for the decreased production was the great drought in the Western Hsing-an Belt.

B. Demand and Supply of Cereals

It was not possible to stabilize purchases because of the uncertainty of food supply for civilians due to the decreased yield in 1942 compared to the previous year and because of increase in demand, etc. However, various measures adopted for increasing the size of the harvest in the crop year of 1943 and for speeding up crop movements were highly successful, and purchases of cereals continued in a normal way. Although in the present crop year decreased yield can be expected because of partial drought, coordination of military and civilian purchases has increased and as of 6 Dec the amount of purchases has reached 3,100,000 metric tons, about 67 percent of what was planned.

C. Plan for Supply and Demand for Cereals in 1943 (Unit: metric tons)

Supply		Demand	
Purchases	4,494,550	Domestic demand	3,237,630
Balance from previous account	140,000	Military demand	793,970
Imports	45,700	Exports	648,650
Total	4,680,250	Total	4,680,250

62. Estimate of Soybeans Turnover in Manchuria for 1944 and the Guarantee of Supply to Japan

As of 1 Oct the crop estimate for Manchurian soybeans during 1944 is about 3,550,000 metric tons, an increase of about 290,000 metric tons or 9 percent over the previous year. If there is good weather during the harvesting and shipment season, the purchase of soybeans ought to change for the better because of improvement in methods of collection over last year and because of various facilities for speeding up shipments; in particular, attempts to speed up movements by special distribution of cotton manufactured goods since last year were very effective.

There ought to be some increase in production and collection of soybeans during the current year with a corresponding increase in supply to Japan.

63. Materials for Agricultural Use in Manchuria

It is a well-known fact that Manchurian agriculture is characterized by primitive production methods and inferior techniques. Chemical fertilizers and agricultural insecticides and sprays are not used extensively. Farmers depend on intensive labor performed with crude implements. The number of Japanese colonists is gradually increasing, but the demands for increased agricultural production are urgent. Therefore, the government is taking various steps for the acquisition for agricultural use.

A. In the plan for mobilization of resources preferential treatment is being considered.

B. In addition to the construction of plants for the production of new farm implements and agricultural insecticide and sprays, re-location of some plants from Japan must be realized.

C. Steps are being taken to obtain Japan's co-operation in guaranteeing materials expected from Japan. At the same time, steps are also being taken to expand existing facilities for experimental research and technical guidance.

64. Price Policy for Agricultural Products in Manchuria

A. Since many farmers operate on small capital outlay, in order to develop agriculture and to stablize the rural economy, prices of agricultural products must be high enough to encourage production.

B. Since the farmers, unlike those in Japan, are stupid and uninformed and depend on primitive production methods, the most effective way to stimulate marketing of farm products, which is the essence of the resources-mobilization plan, is to fix a just market price.

C. In keeping with the policy of holding prices low and to lighten the burdens of the consumer, any sudden rise in consumer prices will be avoided.

D. The most essential points in the Manchurian agricultural-land conservation program is the maintenance of the parity price between food products and other special products and the continuance of crop rotation between soybeans and other products. The most important factor is to maintain price parity between soybeans, cereals and other agricultural products.

E. Because great quantities of soybeans, cereals, etc., are exported to Japan, prices in Japan will have no small effect on Manchurian price policy; therefore, suitable prices will be fixed.

The price policy for agricultural products in Manchuria will be carried out with the above points as objective. But in its execution, the following and other factors cannot be overlooked.

1. Subsidies are not at all suitable since the administrative organizations concerned with technical leadership and encouragement of production are not fully perfected as in Japan. Rather, it is essential to give indirect aid by such means as revision of agricultural credit or by giving advance payment to encourage shipments.

2. The adoption of a dual price system, or one resembling it, would be difficult for financial and other reasons.

The government will take into consideration the present conditions and maintain a suitable price level with extraordinary endeavor. Furthermore, it will constantly maintain close liaison in the matter of prices of supplies for Japan, and see that there is harmonious cooperation and hitch in this supply.

Further matters having a definite bearing on price policy are:

1. The rationing system, which has a definite bearing on price control, will be well-organized; the line will be held in administering suitable prices, and at the same time the establishment of black markets will be thwarted.

2. We are devising an over-all policy for maintaining market prices and facilitating the flow of agricultural products

by making special distribution of capital goods, salt, bean oil and cotton textiles and cloth to shippers. (Special distribution of capital goods and the necessities of life has the effect of controlling inflation in agricultural communities and of preventing cut-throat pricing in what the farmer has to buy and sell.)

65. Production, Supply and Demand of Soybeans in Manchuria

A. Production

Production for 1942-44

1942	Crop	3,025,751	Metric	tons
1943	"	3,259,068	"	"
1944	"	3,549,618	"	"

In 1942 production decreased due to bad weather and because a smaller area was sown, but since the weather has been seasonable from 1943 onward, and since conditions for fertilizer control have been favorable, increased production has gradually been achieved.

B. Supply and Demand

Production for 1942 showed a decrease in yield of more than 200,000 metric tons compared with the previous year; however, the amount purchased by the end of April was about 2,030,000 metric tons so the actual results were the same as for the previous fiscal year.

Production for 1943 was about 3,070,000 metric tons which was an increase over 1942 of 2 percent, or about 50,000 metric tons. This year, as against the quota of 2,650,000 metric tons for deliveries, the amount purchased by 6 Dec was 1,790,000 metric tons.

The reason for these good results in the collection of farm products is that market prices and controlled collections gradually became standardized. This was based on provisions for an advance-payment system, special distribution of essential civilian goods, etc. Also it was the result of intense encouragement by military and civil officials.

Despite the upward trend in the amounts collected, increased demands in all areas caused an extremely uncomfortable situation in supply and demand.

[See following table]

1942-43 Plan for Distribution of Soybeans (Unit: metric tons)

	(A) Results for 1942	(B) Plans for 1943	Comparison between A and B	
Domestic Demands				
Demand by General Public				
Manchuria				
Oil-extraction plants other than those directly controlled.		250,000		
Urban food supplies		60,000		
Principal industrial groups		10,000		
Decrement		21,000		
Sub-total	334,639	341,000	plus	6,361
Kwantung Leased Territory	8,995	8,000	minus	995
Sub-total	343,634	349,000	plus	5,336
Demand				
Directly Controlled Oil Extraction Plants	742,423	746,900	plus	4,477
Special Oil-Extraction Plants	174,440	170,000	minus	4,440
Raw Material for Casein	1,000	1,000	"	
Cereals Substitute	33,915	-	"	33,915
Rice Substitute	38,001	45,800	plus	7,779
Bean-paste and Soy Sauce	10,837	20,900	"	10,063
Labor Service Units	-	3,900	"	3,900
National Treasury	2,442	5,000	"	2,558
Central Reserve	-	3,000	"	3,000
Seed	9,992	10,000	"	8
Continental Scientific Institute, etc.	947	2,900	"	1,953
Sub-total	1,013,997	1,009,400	"	4,597
Total	1,357,631	1,358,400	"	769 [sic]

	"A" Demand (TN: Presumably Army)			
	"A" Demand	88,308	110,000	plus 21,692
	Quota for Replacements	-	10,000	" 10,000
	Total	88,308	120,000	" 31,692
	Exports			
	Japan Proper	592,412		
	Formosa	35,000		
	Korea	64,020		
	North China	5,000	621,600	
	Central China	4,125	/sic/	
	Meng-chiang	990		
	Philippines	7		
	Total	701,554	621,600	minus 79,954
	Grand Total	2,147,493	2,100,000	" 47,493
	Turnover at Exchanges	2,059,206	2,100,000	plus 40,794
Supply	Balance from Last Year	88,287	-	" 88,827
	Supplement from "A"	-	-	-
	Grand Total	2,147,493	2,100,000	minus 47,493

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66. Market Price of Soybeans in Manchuria and Export Prices to Japan

Market and export prices to Japan of soybeans during 1944 were as follows:

A. Market Price

Until last year market prices were fixed in all sectors, but, beginning this year with Northern Manchuria, the principal producing area, as a model, domestic prices were standardized at 20 yen (for No 1 grade) per 100 kilograms.

B. Export Prices to Japan

Until last year prices were established in different export area such as Ta-lien (Dairen), Na-jin (Rashin) and An-tung, but this year they were standardized at 28 yen 42 sen per 100 kilograms.

67. Production, Supply, and Demand of Soybean Cakes in Manchuria

Soybean cake, like soybeans, is an important export to Japan. Various facilities were set up, and by means of strict supervision of factories, waste and loss of soybean raw material and of the manufactured soybean cake were prevented. While efforts are being made to restrict domestic consumption and to increase the export reserve in view of the importance of soybean cakes as a fertilizer, exports to Japan are being maintained according to schedule.

Supply and demand for soybean cakes in 1943 (Unit: metric tons):

Supply:

Output:	1,174,309
Accumulated amounts in addition to stores:	2,040
Total:	1,176,349

Demand:

Domestic:

Fertilizer, fodder and food	367,350
Bean paste, soy sauce	12,200
National army	8,500
Central Reserve	7,299
Miscellaneous	10,000
Destined for "A"	191,000

Exports:

Japan Proper	447,000
Formosa	50,000
Korea	48,000
North China	34,900
Total	1,176,249

68. Soybean Cake Turnover and Export of Soybean Cakes to Japan

A Local Turnover:

Area	: Ta-lien (Dairen)	Na-jin (Rashin)
1 Oct 42-30 Sep 43:	384,179 metric tons	73,731 metric tons
1 Oct 43-30 Sep 44:		63,326 metric tons or 2,294,420 cakes

The above table is computed principally from shipments to depots from soybean oil-extraction plants.

B Export to Japan (Unit; tons)

Period	Japan	Formosa	Korea	Total
Oct 40-Sep 41	392,899	83,845	20,738	497,482
Oct 41-Sep 42	*2,422	*704		*3,126
	403,784	75,308	19,610	498,702
Oct 42-Sep 43	*2,726	*28,572		*31,298
	309,445	51,641	95,131	456,217
Oct 43-Sep 44	327,346	18,576	52,543	398,465

* Indicates shipments under previous quota.

69. Market Prices of Soybean Cake and Export Prices to Japan

A Market Prices

Year	Ta-lien (Dairen) Wharves	Shen-yang (Mukden)	Ch'ang-ch'un (Hsinking)	Pin-chiang (Harbin)
1942	538.0 sen	504.9 sen	491.5 sen	478.7 sen
1943	546.7 sen	504.9 sen	491.5 sen	478.7 sen

The prices cited above are computed from the most important of the market prices for one 46-kin (TN: 60.72 lbs) compressed soybean cake during the respective years at pick-up stations, designated pick-up stations, or wharves.

B Export Prices to Japan

Ta-lien (Dairen) Wharves

1941	364.0 sen
1942	538.0 sen
1943	546.7 sen

These prices are export prices to Japan for one 46-kin compressed soybean cake delivered at warehouses on the Ta-lien (Dairen) wharf. With respect to goods exported from seaports other than Ta-lien (Dairen), adjustments will be made by Manchuria so that prices upon arrival in Japan proper will be identical with prices of goods exported from Ta-lien (Dairen).

70. Production, Supply and Demand for Oil-Bearing Seeds for 1940-1944

A. Production (Unit: metric tons)

Year	Hemp Seeds	Perilla Seeds	Peanuts	Sesame Seeds	Castor Beans	
1940	76,954	39,826	85,000	35,000	20,000	
1941	75,069	38,827	25,634	Unknown	26,139	
1942	79,000	48,000	Unknown	Unknown	34,000	
1943	Total of all oil-bearing seeds					168,950
1944	Total of all oil-bearing seeds including sunflower seeds					202,340

B. Supplied to Japan Proper in 1943 (Unit: metric tons)

	Perilla Seeds	Hemp Seeds	Sunflower Seeds	Flax-seed	Pea-nuts	Castor Beans	Sesame Seeds	Total
Quota	25,300	23,200	3,500	2,240	7,400	2,000	No quota	63,640
Oct 42 to Sep 43	*361 26,193	*673 26,019	*116 5,717	*25 3,200	*411 2,799	2,047	*146 632	*1,732 66,607
Balance	Plus 893	Plus 2,819	Plus 2,217	Plus 960	Minus 4,601	Plus 47	-	Minus *4,601 Plus 6,936

* Indicates supplied under previous quota.

71. Production of Ammonium Sulphate in Manchuria and Relationship between Supply and Demand

A. Actual Production: (Unit: metric tons)

Year	Manchuria Chemical Industry Co Ltd	Fu-shun Se-ru (Cerium)	Fu-shun Mond Gas Plant	An-shan	Pen-ch'i-hu	Miyanohara	Total
1942	91,322	29,862	471	23,614	1,957	1,380	148,606
1943	47,122	20,795		20,067	3,740		91,724

B. Itemized Table of Production of Ammonium Sulphate in Manchuria for 1943 (Unit: metric tons)

Factory	Production Capacity	Original Production Plans	Revised Production Plans	Actual Production Results
Manchurian Chemical Industry Co Ltd	240,000	62,670	76,240	47,122
Fu-shun Seru (Cerium)	40,000	40,000	30,000	20,795
Fu-shun Mond Gas Plant	5,000	3,820	3,000	
An-shan	30,000	23,450	23,000	20,067
Pen-ch'i-hu	3,000	3,000	3,000	3,740
Miyanohara	9,000	4,300	2,000	
South Manchuria Gas Co Ltd				
Total	327,000	138,240	137,240	91,724

C. Ammonium Sulphate Production in Manchuria for 1944 (Unit: metric tons)

Revised Production Plan Proposed by Manchuria

Factory	Production Capacity	Original Production Plans	Revised Production Plans
Manchuria Chemical Industry Co Ltd	240,000	60,000	34,000
Fu-shun Seru (Cerium)	40,000	25,000	12,000
Fu-shun Mond Gas Plant	5,000		
An-shan	20,000	25,150	5,000
Pen-ch'i-hu	3,000	4,200	4,000
Miyanohara	9,000		
South Manchruia Gas Co Ltd			
Total	317,000	114,350	55,000

D. 1939-1943 Production and Export of Ammonium Sulphate in Manchuria (Unit: metric tons)

Year	Production			Exported to Japan	Exported to China	Others	Local Sales Manchuria	Kwantung Territory Leased	Mis Items	Total
	Manchurian Chemical Ind Co Ltd	Subsidiaries	Total							
1939	126,836	36,831	163,667	123,492	443	-	29,344	4,574	9	157,862
1940	140,422	41,194	181,616	131,839	2,150	1,700	33,578	4,852	704	174,823
1941	119,465	59,625	179,090	108,555	12,146	2,225	45,887	6,059	638	175,510
1942	91,322	57,284	148,606	76,365	14,391	-	57,954	5,635	829	155,174
1943	47,122	44,603	91,725	24,050	7,779	150	53,442	5,108	578	91,107

NOTE: This survey is based on the fiscal year for fertilizers. (July-June)

72. Demand and Supply of Lumber in Manchuria

A. Supply and Demand for 1943

(Unit: 1,000 cubic meters. Figures in parentheses: 1,000 pieces)

Material	Year	Demand: Domestic	Demand: Export	Demand: Total	Supply: 1942 Surplus	Supply: 1943 Production	Supply: Import	Supply: Total	Increase or Decrease	Notes
General Material	1942	3,326	280	3,606	1,505	2,682	19	4,206	Plus 600	
	1943	3,555	68	3,623	600	3,400	26	4,026	" 403	
Railroad Ties	1942	604 (6,946)	136 (1,576)	740 (8,522)	135 (1,556)	629 (7,316)		764 (8,872)	" 24 (350)	Converted at 0.087 cu m per tie
	1943	685 (7,962)	129 (1,500)	814 (9,462)	147 (1,715)	721 (8,379)		868 (10,094)	" 54 (632)	
Pit Props	1942	715		715	106	640		746	" 31	
	1943	800		800	31	800		831	" 31	

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72. Demand and Supply of Lumber in Manchuria (Contd)

A. Supply and Demand for 1943

(Unit: 1,000 cubic meters. Figures in parentheses: 1,000 pieces)

Material	Year	Demand			Supply				Increase or Decrease	Notes
		Domestic	Export	Total	1942 Surplus	1943 Production	Import	Total		
Telegraph Poles	1942	123 (335)		123 (335)	30 (83)	94 (257)	23 (59)	147 (399)	Plus 24 (64)	Converted at 0.367 cu m per pole
	1943	122 (333)		122 (333)	12 (32)	103 (280)	17 (51)	132 (363)	" 10 (30)	
Match-wood	1942	25	53	78	25	75		100	" 22	
	1943	25	47	72	22	75		97	" 25	
Goma(Lit Sesame Material	1942	27		27	10	22		32	5	
	1943	20		20	5	20		25	5	
Total	1942	4,820	469	5,289	1,811	4,142	42	5,995	706	
	1943	5,207	244	5,451	817	5,119	43	5,979	528	

B. Lumber Supply and Demand for 1944

1. Table of Supply and Demand

Material	Unit	Demand A	Demand General	Demand Total	Supply 1944 Production	Supply Drawn from 1943 Surplus	Supply Total	Increase or Drease	
General Use	1000 cu m	1615	2508	4123	4368	190	4178	plus	55
Railroad Ties	1000 ties	450	6520	6970	9930	-	9930	"	2960
Pit Props	1000 cu m	-	879	879	936	-	936	"	57
Tele-graph Poles	1000 poles	35	314	349	335	-	335	minus	14
Cross Pieces	1000 pcs	-	360	360	189	-	189	"	171
Base Suports	1000 pcs	-	230	230	230	-	230	-	
KURUMI*	1000 cu m	34	-	34	34	-	34	-	
Pulp-wood	1000 cu m	-	300	300	300	-	300	-	
Match-wood	1000 cu m	-	25	25	4605	-	4605	plus	2105
Match-sticks	1000 bales	-	-	-	6205	-	6205	"	6205

* Transliteration from Japanese.

2. Plan for Regulating Supply and Demand

Exports indicated by (-), imports by (+)

Material	Unit	Japan	Korea	Total	North China	Outer Mongolia	Central China	Other	Notes
General Use	1000 Cu m	(-) 15 (+)135	(-)35	(-) 50	(-).100	(-)20	(-)20	-	Among imports from Japan-packing material 100 bales; Agri-cultural im-plements 20,000 cu m barrel staves, etc., 10,000 cu m.
Railroad Ties	1000 ties	-	-	-	(-)2920	(-)30	(-)10	-	
Pit Props	1000 cu m	-	-	-	(-) 57	-	-	-	
Tele-graph Poles	1000 poles	(+) 14	-	(+) 14	-	-	-	-	
Cross Pieces	1000 pcs	(+)171	-	(+)171	-	-	-	-	
Base Supports	1000 pcs	-	-	-	-	-	-	-	
KURUMI*	1000 cu m	-	-	-	-	-	-	-	
Pulpwood	1000 cu m	-	-	-	-	-	-	-	
Match-wood	1000 cu m	(-) 10	-	(-) 10	(-) 10	(-)0.5	(-) 1	-	Raw-material 25,000 cu m
Match-sticks	1000 bales	-	-	-	(-)4705	(-)10	(-) 5	-	

* Transliteration from Japanese

74. Production of Charcoal in Manchuria and Supply to Japan

A. Production (Unit: metric tons)

	Planned	Produced
1941 (estimated)	100,000	100,000
1942	100,000	100,000
1943	188,000	95,000
1944	186,000	-
1945	150,000	-

B. Supply to Japan

	Planned	Supplied
1941	10,000	5,000
1942	10,000	-
1943	10,000	3,982
1944	20,000	-

NOTE: Deliveries to Army are additional to quantity planned for 1944.

75. Production, Supply, and Demand for Cotton in Manchuria

(Unit: One picul, i. e., 132 lbs)

A. 1943 Cotton Production Plan

Manchurian Cotton	300,000	(90,000 for domestic cotton goods)
North China, Estimated	170,000	
Central China, "	-	
Korea, "	30,000	
Total	500,000	

B. Production, 1943

Manchurian Cotton	278,000	(95,000 for domestic cotton goods)
North China, Estimated	80,000	(Remaining 90,000 (old) expected to be allotted for use in plan for utilization of miscellaneous cotton in cotton goods)
Central China, "	-	
Korea, "	30,000	
Total	388,000	

C. Cotton Quotas for 1944

	For Spinning	For Cotton Goods	Total
1943 Balance	23,870	10,149	34,019
Manchurian Cotton	205,000	70,000	275,000
North China, Estimated	110,000	70,000	180,000
Central China, "	30,000	-	30,000
Korea, "	70,000	-	70,000
Total	438,870	150,149	589,019

D. 1944 Cotton Production Plan

Manchurian Cotton	350,000
North China Estimated	220,000
Central China, "	50,000
Korea, "	50, 0
Total	670,000

76. Outline of the Spinning and Weaving Industry in Manchuria

Manchurian Spinning and Weaving Companies (As of 30 Nov 43)

Company	Spindles		Looms		Equipment Being Installed
	Rings	Doublers	Broad	Narrow	
Tokuwa (Spinning) Co,Ltd	34,248	30,184	330	3	Rings 28,352 Doublers 4,836 Looms 174
Ying-k'ou Boseki (Spinning) Co.Ltd	55,728	3,320	1,520	210	
Manchuria Boseki (Cotton (Spinning) Co.Ltd	78,700	3,480	1,045		
Feng-t'ien (Spinning) Mills, Ltd	26,064	888	500		
Kung-t'ai Hosiery Co. Ltd	50,048	920	Hosiery 412		
Toyo Cotton Mills Co, Ltd	48,320	4,620	728	1,534	Rings 4,080 Looms 32
Toyo Tire Industry Co, Ltd	9,840	6,180	12		
South Manchuria (Spinning) Co.Ltd	7,140				Rings 28,140 Looms 1,000 (Kwantung Leased Territory)
Naigai Cotton Co.Ltd	108,352	10,680	2,272		
Manchuria Fukushima (Cotton Spinning) Co.Ltd	49,520	1,000	98		(Kwantung Leased Territory)
Total (Ten Companies)	467,960	61,292 /sic/	6,917	1,797	/sic/

77. Supply and Demand of Cotton Goods in Manchuria

A. Supply and Demand of Cotton Goods (Unit: square yards)

		1943	1944 Estimates	Remarks
Supply	Balance from Previous Year	75,886,403	82,912,525	
	Domestic Production	171,938,657	144,724,427	
	Imports:	110,333,168	91,043,100	
	from Japan	(101,054,720)	(84,843,100)	
	from China	(5,278,448)	(6,200,000)	
	from Korea	(4,000,000)		
	Total	358,158,228	318,680,052	
Distribution	Basic Military and Official Needs	35,704,686	48,820,087	Due to expansion of Army Department
	Production Materials	32,565,616	36,103,936	Due to sharply increased production of Manchurian iron, coal and aluminum.
	Workers' Clothing and Critical Civilian Needs	69,667,336	69,547,854	
	For Storing Goods	102,611,183	87,000,000	
	General Civilian Needs	32,696,882	31,773,220	Includes remainder for uses in manufacture of cotton and silk fabrics.
	Set Aside as Undesignated Goods	-	15,434,955	For canteens and other emergency uses
	Carried Forward	82,912,525	30,000,000	
	Total	358,158,228	318,680,052	

[sic]

B. Supply and Demand for Padding Cotton, etc. (Unit: kilogram)

	1943	1944 Estimates
Supply	10,035,594	10,242,200
Distribution	10,035,594	10,242,200
Detail of Above:		
For Storage of Agricultural Products	6,491,933	5,239,500
Basic Military and Official Needs	425,164	718,500
For Workers Clothing, etc	1,873,500	2,342,000
Absorbent Cotton	234,368	720,000
Civilian Needs	1,010,629	1,222,200

78. Improvement of Sheep's Wool in Manchuria

The improvement of sheep's wool in Manchuria was planned early, and while various facilities were being established, plans were set up in 1947 to develop the industry. Accompanying their execution, the work of improving the wool and of increasing the output was also vigorously pushed forward. Such things as the importation of various excellent breeds of merino sheep, maintenance of improved pastures for such sheep, and other measures were encouraged and the expansion of facilities was attempted. Gradually the expected results were achieved and the number of merino sheep totalled 3,850,000 head in 1942, including over 130,000 or about 3.5 percent crossbreeds.

The production of improved wool is as follows:

Total wool produced: 3,903 metric tons 100%
Improved wool: 178 metric tons 4.6%

79. Stock-Raising in Manchuria

Stock-raising in Manchuria is an element indispensable to the administration of the agricultural industry and also to the public welfare. There is nothing which does not depend upon animal power, including even transportation, manufacture, labor potential and self-supply of fertilizer(manure for cultivation). The excreta of domestic animals, as manure, forms the major part of self-supplied fertilizer. The various types of domestic animals are cows, horses, donkeys, mules, merino sheep, goats, pigs, poultry, geese, etc., and these are scattered everywhere throughout Manchuria. The management of domestic-animal husbandry is extremely careless, due to local peculiarities in the development of cattle raising and depending upon the form of agriculture administration, and in addition, very little thought is given to domestic-animal hygiene. For these reasons there is much room for improvement in stock-raising. Recently, development of the industry has been demanded as an enterprise essential to national defense and industrialization.

Beginning with plans for development of the industry, plans were made for the creation of a Horse Administration Bureau and for an epoch-making improvement and increase in stock-raising. The planned reforms concerned the importation of superior breeds of animals and poultry, breeding of superior types, improvement of the cross-bred animals already owned, increased production of fodder and maintenance of machinery, intelligent disposition of live-stock products, expansion and improvement of medical care for domestic animals, and the centralization of instruction.

Principal Domestic Animals, as of 31 Aug 42:

	Cattle Draught and Beef	Milch Cows	Merino Sheep	Goats	Pigs
Mature Livestock	1,346,790	30,808	3,854,562	1,042,373	1,567,460
Immature Livestock	451,298	15,868		435,736	2,186,807
Total	1,798,088	46,676	3,854,562	1,478,109	3,754,267

80. Plan for the Organization of the Manchuria Budget in 1945

In budgetary matters this year, the policy, in view of the present serious situation, is to take suitable emergency measures for the purpose of concentrating and increasing the country's war potential and for coping with the changing state of affairs. The aim is to appropriate reserve funds greater than in the previous year and to establish a rejuvenated budget system for strengthening the elasticity and mobility of finance, as follows:

1. The execution of plans for strengthening war potential being urgent, we shall concentrate on matters which will bring results in 1945.

2. Fixed expenditures will also be based on the above objectives and after full investigation a revised plan will be carried out. We are planning to spend more on a full staff and on efficiency.

3. In enterprises which require great amount of labor and material, we shall omit only that which can't be helped.

4. In carrying out these enterprises, we shall consistently co-ordinate the utilization of labor, capital and materials and open the way for appropriating the necessary expenditures from the reserve fund for a management which will avoid incongruities.

5. In order to ensure financial resources, we are planning to make additional levies through domestic taxes, etc.

6. In order to strengthen the elasticity and mobility of finance, we shall appropriate larger sums for reserve fund and establish a rejuvenated budget system.

7. In order to strengthen the overall functioning of wartime finance, we shall make the adjustments necessary to a system of regional apportionment.

8. We are planning to revise individual items of the budget and rationalize budget increases.

81. Items on the General and Special Accounts for Manchuria 1944

The budget items for the year are as follows:

A. General Account

1. Annual Expenditures

Department	1944 Budget	1943 (Including Supplementary Budget)	Comparative Increase or Decrease	
General Affairs Department	¥23,214,144	¥87,561,349	minus	¥64,347,205
War Department	228,400	359,700	"	131,300
Civil Affairs Department	34,396,709	15,995,690	plus	18,401,019
Education Department	1,675,059	5,708,572	minus	4,033,513
Foreign Affairs Department	8,068	8,068		0
Justice Department	1,889,417	3,240,247	minus	1,450,830
Agricultural Development Department	23,676,109	23,389,359		286,750
Finance and Commerce Department	1,227,918,960	990,302,742		237,616,218
Transport and Communications Department	1,893,134	1,847,634		45,500
Total	¥1,315,000,000	¥1,128,413,361		¥186,586,639

2. Annual Revenue

Item	1944 Budget	1943 Budget (Including Supplementary Budget)	Comparative Increase or Decrease	
Ordinary Revenue Taxes	¥895,800,000	¥683,911,000		¥211,889,000
Domestic Taxes	(804,214,000)	(582,156,000)		(222,058,000)
Customs Duties	(91,586,000)	(101,755,000)	(minus	(10,169,000)
Stamp Revenue	31,670,000	30,155,000		1,515,000
Monopoly Profits	95,241,900	71,541,014		23,700,886
Government Production Revenues and Other Miscellaneous Revenues	24,882,205	25,106,238	(minus	224,033
Total	1,047,594,105	810,713,252		236,880,853
Emergency Revenue Ordinary Revenue	52,641,395	52,345,162		296,233
Revenue from Manchuria Central Bank	(25,405,000)	(19,946,000)		(5,459,000)
Lottery Revenue	(3,200,000)	(9,000,000)	(minus	5,800,000)
Revenues from Horse-racing	(16,000,000)	(15,000,000)		(1,000,000)
Miscellaneous	(8,036,395)	(8,399,162)	(minus	362,768)
Various Special Accounts	44,764,500	24,384,600		20,379,900
Opium-prohibition Account	(34,490,000)	(15,990,000)		(18,500,000)
State Forests	(7,000,000)	(7,000,000)		
Miscellaneous	(3,274,500)	(1,394,600)		(1,879,900)
National Debt	170,000,000	170,000,000		
Annual Total Surplus		70,970,347	minus	70,970,347
Total	267,405,895	317,700,109	minus	50,294,214
Grand Total	¥1,315,000,000	¥1,128,413,361		¥186,586,639

B. Special Accounts

Name of Account and Authority Concerned	Annual Income	Annual Expenditure
General Affairs Department		
Regional Financial Control Fund	¥77,558,000	¥77,558,000
Pension Fund	19,866,917	13,682,153
Government Employees Mutual Benefit	16,582,390	13,211,047
Scientific Research Projects	9,720,936	9,720,936
Supplies	112,884,722	112,884,722
Official Buildings	64,645,047	64,645,047
War Department		
Munitions Office	20,231,331	20,231,331
Military Arsenals	20,200,000	20,200,000
Civil Affairs Department		
Opium Prohibition	107,074,250	96,723,852
Volunteer Labor Service Units	87,443,375	84,853,789
Justice Department		
Judicial Reform	49,592,563	49,592,563
Agricultural Development Department		
State Forest Enterprises	261,441,386	261,441,386
Colonization Projects	103,850,713	103,850,713
Assistance for Settlers	14,591,321	14,591,321

B. Special Accounts (Contd)

Name of Account and Authority Concerned	Annual Income	Annual Expenditure
Finance and Commerce Department		
National Debt	647,070,000	647,070,000
National Debt Amortization Fund	311,204,722	311,204,722
Investments	283,625,955	283,625,955
State Property Amortization Fund	22,805,567	12,404,567
Monopoly Enterprises	234,353,376	149,219,527
Hydroelectric Construction Projects	70,488,000	70,488,000
Transport and Communications		
Postal Administration	59,835,850	59,540,508
Postal Life Insurance	31,258,168	14,696,286
Flood Control	16,344,120	16,344,120
Ta-tung Harbor Construction	28,270,000	28,270,000
Grand Total	¥2,670,938,709	¥2,546,050,545

C. Budget Since Founding of the Nation (Unit: ¥1,000)

1. Annual Revenue

Year	General Account	Special Accounts	Total	Amount not Materialized	Net Total	Index (percent)
1932	137,957	41,632	179,589	29,815	149,774	1.00
1933	170,542	112,840	284,381	69,995	214,387	1.43
1934	199,930	220,081	420,011	80,706	239,305	2.27
1935	106,080	131,517	237,598	54,803	182,795	1.22
1936	220,823	247,829	468,652	98,595	370,057	2.37
1937	283,148	691,118	974,766	342,610	631,656	4.22
1938	339,975	1,397,763	1,717,728	610,374	1,107,364	7.39
1939	482,708	1,608,282	2,090,990	856,552	1,234,438	8.24
1940	711,759	2,487,947	3,199,706	1,012,054	2,187,652	14.60
1941	649,220	1,847,077	2,498,297	783,769	1,714,528	11.44
1942	823,400	1,750,736	2,574,136	798,175	1,775,961	11.86
1943	1,055,000	2,244,233	3,299,233	1,063,462	2,235,771	14.93
1944	1,315,000	2,670,939	3,985,939	-	-	-

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2. Annual Expenditure (Unit: ¥1,000)

Year	General Account	Special Accounts	Total	Amount not Materialized	Net Total	Index (percent)
1931	19,328	-	19,328	-	19,328	0.14
1932	137,957	41,632	179,589	43,302	136,287	1.00
1933	170,542	113,840	284,382	83,211	201,171	1.48
1934	199,930	210,063	409,993	78,116	231,887	2.44
1935	106,080	97,991	204,071	18,609	185,462	1.36
1936	220,823	190,163	410,986	45,609	365,377	2.68
1937	283,148	656,223	939,371	299,291	840,080	4.70
1938	339,975	1,336,452	1,676,427	572,328	1,104,099	8.11
1939	482,708	1,550,162	2,032,870	780,986	1,251,884	9.18
1940	711,759	2,389,074	3,100,832	925,279	2,175,554	15.96
1941	649,220	1,758,175	2,407,395	760,470	1,700,925	15.96
1942	823,400	1,657,768	2,481,168	722,261	1,758,909	12.48
1943	1,055,000	2,142,430	3,197,430	976,344	2,221,086	12.90
1944 (estimate)	1,315,000	2,546,051	3,861,051	-	-	16.30

82. Commodity Price Rises in Manchuria as Compared with Commodity Price Rises in Japan

Using the 1933 index as 100, the Jun 1944 commodity price indices for Manchuria, Japan, Kwantung Leased Territory and Korea are:

Japan	220.9	(Bank of Japan research as of end of Apr)
Manchuria	349.6	(Central Bank of Manchuria research)
Kwantung Leased Territory	363.7	(Dairen (Ta-lien) Chamber of Commerce and Industry research)

If the above price index for Japan is considered as 100, the price indices for the Manchurian areas will be respectively:

Manchuria	158.6
Kwantung Leased Territory	156.0

That is, the net rise amounts to about 60 percent.

83. Causes and Tendencies of Commodity Price Rises in Manchuria

A. Rising Tendencies in Commodity Prices in Manchuria in Recent Years

Although up until about 1937 Manchurian commodity prices were somewhat less than those of Japan, the divergence in the percentage of rise in the two countries became conspicuous after 1938. This divergence has gradually lessened since the middle of 1940, and up to the present a certain equilibrium has been maintained. For instance, if we use the average 1940 commodity price indices for Japan, Manchuria and Kwantung Leased Territory as 100, the price rise index in Jun 1944 is as follows:

Japan	127.1
Manchuria	155.1
Kwantung Leased Territory	142.8

B. Causes of Sudden Commodity Price Rises in Manchuria

Although the causes of sudden rises in commodity prices in Manchuria are fundamentally the same as those in any country under war conditions, the causes characteristic to Manchuria are:

1. The effect of the markedly high prices and wages in neighboring North China

2. The emergency intensification of production of essential commodities for supply to Japan

3. Rise in price and deterioration in quality of various raw materials

4. Over-all rise in cost of labor

5. Increased expenditure of the Army of Occupation in Manchuria

With these basic causes in mind, and looking to a general stabilization of prices, consideration is being given to the execution of various integrated price policies throughout the entire region under the authority of the central government, the basic purpose being standardization of the Japanese-Manchurian commodity price policy.

84. Regulation of Commodity Price Rises in Manchuria

Commodity price policy and especially price-control policy are bases of all wartime economic regulation. Therefore the responsible government offices are giving special attention to a commodity price policy to stabilize prices and maintain a smooth wartime economy. They are planning stabilization through united action; the basic goal is a common price level between Japan and Manchuria, and nullifying the influence of high prices in neighboring North China.

Measures such as the organization of a rationing system for coal, iron and other raw materials, rigid price control, wage control, self-sufficiency in vital materials, price policy, currency circulation control, and others are in general identical with those in Japan, but special measures necessary in Manchuria are as follows:

1. Manchuria Economic Stabilization Fund

This system carries out the operations of over-all price stabilization and attempts to maintain and control the price of essential production materials and the basic necessities of life. At the same time it attempts to avoid the spread within the country of the high prices of imports from North and Central China, the source of revenue for this being the raising of prices of luxury goods and the establishment of a regulatory fund based on a levy of the difference between the price of exports to North and Central China and their price.

Furthermore, tariff revenue has been reduced to zero by the abolition of Japan-Manchuria customs, and this has had no small effect on finance and commodity prices, but by the use of this (new) convenient system a certain amount of customs revenue can be collected. In addition to an increase of 100 million yen from this source and in addition to the aid it gives in preventing the present fluctuations in purchasing power through the imposition of added fees on tobacco and motion pictures, it plays a large role in the regulation of prices within and without the country because it guarantees a big source of funds.

2. Establishment of the Kwantung Territory Price Stabilization Fund

This fund regulates commodity prices between Manchuria and the Kwantung Territory, providing for the smooth flow of goods between the two. It was established on 1 Sept at the same time as the abolition of tariff between Japan and Manchuria, for the purpose of fusing the economies of Manchuria and the Kwantung Leased Territory. In spite of the previous economic unification of Manchuria and the Kwantung Leased Territory, there were still price fluctuations due to disparities. So this fund was set up in public taxes because of the necessity of correcting this condition, and was combined with the Manchuria Economic Stabilization Fund to regulate a common price level for the two countries.

3. Prevention of High Prices by Strengthening Customs Regulations at the North China-Manchuria Border

In order to stop the recent spread of the high prices in North China, customs controls at the Manchurian border have been strengthened and for this purpose a limitation of passengers and control of goods shipped by rail, including the South Manchurian Railway, are being carried out. Full co-operation is being brought about in executing this policy and at the same time, in the matter of capital, strengthening of the Exchange Control Law is being planned and the flow of capital between North China and Manchuria is being strictly controlled.

85. Plans for the Prevention of High Commodity Prices in North China which Affect Prices in Manchuria

Because Manchuria is adjacent to North China, a rise in prices in North China could not but affect Manchuria. Not only was the rise in domestic prices intensified because of this, but a rise in domestic wages and difficulties in getting Shan-tung laborers also arose. The government is studying various methods of coping with the situation.

The following are the principal methods:

A. Utilization of the Manchuria Economic Stabilization Fund

In order to correct the difference in prices between North China and Manchuria, the mechanism of the economic stabilization fund was utilized. The difference in price for goods exported to North China was absorbed by the importers and then sent back to Manchuria. If there was an excess in the balance on the Manchurian side, it was absorbed in the economic stabilization fund. Then the stabilization fund was applied to offset the difference in the internal purchase price of the goods imported from North China. Thereby, endeavors are being made to prevent the spread of high prices in Manchuria.

B. Strengthening the Exchange Control Law

Manchuria's exchange control law was principally intended for Central and North China. In May of this year the existing law was completely changed and the rules and restrictions on incoming capital were strengthened.

C. Strengthening of Frontier Customs Houses

For the purpose of strengthening the control of the frontier customs houses at Lin-yu (Shan-hai-kuan) and Ku-pei-chiang, the surplus personnel, arising from the abolition of Japanese-Manchurian tariffs, were transferred to the above border stations. Armed customs officers were also sent to the Ku-pei-chiang customs area to enforce a more strict supervision there.

D. Restrictions on Travelers and Baggage to North China

From the beginning of this year higher prices were stimulated in North China by smuggling in the Jehol border area. To prevent smuggling, certain restrictions were enforced in April of this year. These restrictions control travel west of the Hsing-ch'eng station on the Shen-yang (Mukden) to Lin-yu (Shan-hai-kuan) Railway and west of Ch'eng-te on the Chin-hsien to Ku-pei-k'ou Railway. Reasons for travel and social position are the main considerations. Shipping permits are issued for baggage after an estimate has been made regarding the social position of the consignor and the contents of the baggage.

86. The Kwantung Leased Territory Price Stabilization Fund

The fund administration, besides being responsible for the obolition of the Japanese-Manchurian tariff, regulates prices between Manchuria and Kwantung Leased Territory. It was established in October of this year in order to plan a normally smooth supply of materials. So that this may be carried out, it is planned to integrate it with the Manchurian Economic Stabilization Fund Office. Following is an outline of the administration of the fund:

1. Capital - One million yen

2. Officials Managing Director - Official of Kwantung Bureau - MORIOKA Kinichiro
Director - Official of Kwantung Bureau - ICHIKAWA Shigeru
Director - Director of Staple Daily Necessities Association - KAWANO Seiryu
Superintendent - Official of Kwantung Bureau - OWADA Masaru
Superintendent - Chief Director of Kwantung Economic Association - IDEI Morino
Managing Director of Kwantung Price Stabilization Depository and Official of Kwantung Bureau - ISHIBASHI Minosuke.

3. Business

Collection of Price Assessments
Payment of Price Stabilization Grants

NOTE: The Price Stabilization Fund is the money collected on products which require a price rise. It is collected from the dealers or the importers and exporters (including those operating between Kwantung and the South Pacific Islands, Formosa, Korea or Japan) or their corporations, when price stabilization of various commodities in Kwantung Leased Territory is planned. The price-stabilization grant is money which is paid to people who produce the commodities which, for stabilization of prices of various commodities in Kwantung Leased Territory, must have a lower price.

4. Creation of the Economic Stabilization Fund

In order to carry on the business of the managing board, a stabilization fund was created, and receipts and expenditures are to be handled by the Bank of Korea.

5. Cases when economic stabilization funds will be collected are as follows:

a. When prices of the materials concerned are lower in Kwantung Leased Territory than in Manchuria, resulting from payment from the Economic Stabilization Fund in Manchuria

b. When luxury articles and other commodities which are not important to daily living are sold at higher prices than the amount gained by adding a suitable profit to the general cost price

c. Other than the above, when the ambassador deems suitable a levy of the price-stabilization assessment in order to plan the stabilization of prices of various commodities in Kwantung Leased Territory.

6. Cases when price-stabilization grants will be paid are as follows:

a. When prices of commodities concerned are higher in Kwantung Leased Territory than in Manchuria because of payment from the Economic Stabilization Fund in Manchuria

b. When basic commodities concerned with the expansion of production, commodities necessary to wartime living, and other important commodities are sold at prices lower than the amount gained by adding a reasonable profit to the general cost price

c. Other than the above, when the ambassador deems suitable the payment of a price-stabilization grant in order to plan the stabilization of prices of various commodities in Kwantung Leased Territory.

7. Close liaison with the Office of the Manchurian Economic Stabilization Fund:

When it is necessary for carrying on business, money may be exchanged at times with the Office of the Manchurian Economic Stabilization Fund, with the permission of the ambassador.

87. Organization of the Manchurian Economic Stabilization Fund

The Manchurian Economic Stabilization Fund was established in Manchuria in May 1942. Under this organization it was possible to carry on over-all price-stabilization operations. Its objective was to stabilize prices of basic commodities necessary to the livelihood of the people. In addition, it involved regulating the fluctuation of prices in foreign countries, particularly, high prices in North China, and was a contributing factor to the maintenance of parity in currency for both Japan and Manchuria.

During the last fiscal year the Office of the Manchurian Economic Stabilization Fund was given a corporate status and accumulated a regulatory fund through collections. This was handed over as needed in order to maintain the prices of important exports to Japan or to adjust prices of imported necessities. Furthermore, it was considered possible to utilize the Fund promptly by setting up a Utilization Committee for the Economic Stabilization Fund under the direction of the Prime Minister.

However, because the Fund had a deficit, assessments were levied on such articles as tobacco and amusement tickets. In addition, accompanying the abolition of the customs between Japan and Manchuria, effective 1 June of this year, a considerable amount of customs collected will henceforth be paid into this account as the Economic Stabilization Fund, thus assuring the satisfactory operation of the system.

88. Relationship between the Manchurian Economic Stabilization Fund Organization and Special Accounts for Foreign Trade Funds

The purpose of the Manchurian Economic Stabilization Fund Organization is to adjust domestic prices and to plan adjustment of prices between Manchuria and China. The fundamental objective of the Manchurian price policy in relation to Japan is that, with a single standard between the two countries, no universal price differences shall be recognized, as is the case between Japan and China. Therefore, even with this stabilization fund, as a rule no adjustment charge is levied on imports from Japan. Consequently, since there is no price-differential profit to be transferred to these special accounts, Japanese-Manchurian trade goods are not affected by the institution of special accounts. However, under close liaison with the authorities, it is deemed necessary to continue them as a special mechanism for price regulation in Manchuria.

89. Significance of the Abolition of Customs Duties Between Manchuria and Japan

Accompanying the adverse changes in the war situation, it became necessary for the economic relationship between Japan and Manchuria to be even more closely and firmly united. Customs duties and other economic barriers between the two countries needed elimination or reduction. Then it would not be necessary to tie up and interrupt transportation and movement of vital materials because of the administrative red tape of assessing duties. Moreover, the prices of commodities in both countries would be modelled after the principle of so-called Japanese Manchurian parity prices and the relationship would be one of almost no difference. With this intention, beginning with the abolition of the customs duties between Japan and Manchuria, a free flow of passengers, freight, and capital was allowed, and plans were underway for the actual transformation of Manchuria and Japan into one body, both in name and in fact. Both countries saw this come to fruition on 1 May, for Manchurian products entered Japan duty free and Japanese goods entering Manchuria were completely duty free. The process of clearing customs was made as simple as possible, and long with this, methods of controlling trade and exchange were facilitated to the greatest degree. As a result, the movement of passengers, freight, and capital between Japan and Manchuria became very smooth. The economic boundary between Japan and Manchuria was completely removed. The contribution made in this way to the efficiency of our wartime economy was truly great.

Principal points of procedure in claiming duty exemption are as follows:

A. Certificates of origin for goods produced in Manchuria and the Kwantung Territory can be issued by any of the following agencies: the Imperial Consulates in Manchuria and Kwantung Territory, customs houses and civil administration offices, chambers of commerce and industry, etc. In such cases, goods will be exempt from customs duty if verification by an agency of the Japanese customs office is not necessary.

It is not particularly necessary to have a certificate of origin for goods produced in Japan. A declaration shall be made at the place of origin and no inspection of the actual goods need be carried out.

Even when the money for the Economic Stabilization Fund is collected in Manchuria, no inspection of the actual goods be carried out.

B. Japan and Manchuria will completely abolish the joint import-export procedure with respect to freight in adjacent border stations and shall go through the necessary double procedure of having all exporting done through export stations and importing done through import stations.

C. Notification and sanction of exports and imports will be made by means of an investigation of the invoices; this is, as a general rule, the documentary investigation. When, however, there are difficulties connected with the invoice, the investigation will be by means of written evidence as of the bills of lading or the sales contracts.

D. Personal gear of passengers (including items suitable to passenger's rank which show no suspicion of being turned into merchandise) will be admitted duty free.

E. With regard to the supervision of passengers' personal gear, duty will be lowered on such monopoly items as tobacco, salt, matches, etc., and will be modified even on other articles, excepting articles forbidden for export and import (including articles made of metal).

F. In handling goods and people who cross the border of Manchuria and Korea by means other than rail, Manchuria and Korea should work together in designating places where river-crossings must be made, and in this way make thorough arrangements for the prevention of smuggling.

G. With regard to handling sanitation, counterespionage and trade control, on the basis of maintenance of public welfare it is not necessary to follow border-inspection procedures, but suitable measures are to be taken in carrying out the transactions at passenger or freight stations.

H. Summary of Measures Taken to Simplify Exchange Controls

1. In the matter of traveling expenses carried on the passenger's person in the form of currency, exchange, and letters of credit, up to the following sums are allowed without permission: going to Manchuria or Kwantung, ¥2000 (formerly ¥500); going to Japan, ¥1000 (formerly ¥200). Even the matter of granting permission to carry more than the above amounts will not require the approval of the Minister of Finance, but will be transferred to Foreign Exchange Banks of the District Maritime Traffic Offices, and the procedure will be simplified. Exchange of currency which one is carrying at the border will be made at many stations in order to avoid delay. Exchange of loose change is entirely dispensed with.

2. Remittances of industrial funds which are approved by the laws regulating funds do not require approval under the Foreign Exchange Control Law.

3. As for other general remittances permission to purchase foreign exchange drafts for Manchuria and Kwantung Leased Territory, to use letters of credit, and to purchase Manchurian legal tender—in which the Foreign Exchange Bank is the agent—can be granted only by the Foreign Exchange Bank. It also arranges matter for various other types of permits.

I. Summary of Measures Taken to Simplify Foreign Trade Control

1. Japan no longer requires the submitting of reports provided for by foreign trade control regulations, except for export reports (with and without drafts) which are collectible after export.

2. Among exports without drafts being sent to Manchuria or Kwantung Territory, the following need no approval: those in which a third person draws up the draft; those in which acceptance of payment is completed before exportation; and those amounting to ¥500 or less.

3. Those articles imported as stipulated in the rules for carrying out trade-control orders need no approval under rules for regulating exchange.

In Manchuria the permit procedure was completely abolished with exports to and imports from Japan; in Japan, the procedure will be simplified by giving a trade commission complete charge of the import of principal commodities.

90. Inflationary Trends in Manchurian Silver Certificates in 1944

The volume of silver certificates issued was at its highest at the end of the year. There is a tendency for the lowest point to be in April and May, but during 1944, the lowest point was in February. There was a gradual trend upward and at the end of November the amount reached ¥5,357,493,000. Compared with the same time the previous year, this was an increase of ¥2,347,885,000.

The basic reasons for this are:

1. Increased production of critical goods; increases in distribution of reconstruction funds and special government restoration funds after the air raid on An-shan.

2. Increase in amounts of agricultural development fund loans for purchasing at the time when agricultural produce reaches the market.

3. Raising funds in areas of Manchuria in which occupation troops are stationed.

The appropriate bureaus of the government are strengthening measures on increased taxes, savings, and prices, and special endeavors are being made to keep the amount in circulation within six billion yen.

Manchurian Silver Certificates in Circulation (Unit: ¥1,000)

Month	1943	1944	Increase	1944 Percentage of Increase
Jan	1,697,808	3,052,413	1,354,605	100.0
Feb	1,656,560	2,998,355	1,341,795	98.2
Mar	1,633,332	3,016,222	1,382,890	98.8
Apr	1,710,400	3,228,082	1,517,682	109.0
May	1,764,684	3,357,415	1,592,731	109.9
Jun	1,862,002	3,584,751	1,722,749	117.4
Jul	1,929,744	3,656,224	1,726,480	119.7
Aug	2,033,387	3,857,157	1,823,770	125.3
Sep	2,185,553	4,213,258	2,027,705	138.0
Oct	2,581,522	4,653,790	2,072,268	152.4
Nov	3,009,608	5,357,493	2,347,885	175.5
Dec	3,079,794	6,000,000*	2,920,206*	196.4*

*Estimated issue

91. Investments in Manchuria in 1944

The investment plan was drawn up and the sum of 700 million yen was settled upon in consideration of the situation in the money market and the supply and demand of funds. The policy was to lessen the burden borne by the Japanese yen and to increase the supply of domestic capital. Moreover, in order to meet the exigencies of changing conditions during the period of execution of these plans and to maintain flexibility in the investment plan, a sum of 200 million yen was set aside as an adjustment and reserve fund outside the framework of Manchurian investments.

Summary of Investments

A. Government Bonds and Company Debentures

Debentures in Japanese currency of all the companies in Manchuria were turned over, as far as possible, to the raising of funds within the country, and strict regulations were promulgated by which, in accordance with changes in the financial market situation, flotations were suspended, even though they were within the framework of investment plans. As a result of the 295 million yen planned for, it is expected that the actual amount resulting will be only 277 million yen. (Planned amount was 300 million yen, but when allotment was made to the various companies only 295 million yen was alloted. The remaining 5 million yen was transferred to miscellaneous.)

1. Government Bonds

Although planned for ten million yen, these were suspended in order to encourage the issuance of other corporation debentures.

2. Manchurian Colonization Co,Ltd

Issuance of debentures for this fiscal year did not follow the ratio (one Manchurian to two Japanese) for Japanese and Manchurian collections which had hitherto been in force. It is expected that 50 million yen will be floated, of which the company will take up 40 million yen as an investment and the remainder will be underwritten by the Deposit Section of the Finance Department as low-interest debentures.

3. Manchuria Electric Co,Ltd and Manchuria Industrial Bank

In order to keep the markets in operation, a flotation of ten million yen was made.

4. South Manchurian Railway Co,Ltd

Again this fiscal year issues within the country were increased. A flotation of 200 million yen is anticipated, 30 million yen less than the last fiscal year.

5. Kwantung Leased Territory

The Industrial Equipment Managing Board and the Kwantung Leased Territory Housing Managing Board are both new organizations and because of the public nature of their business and their unfamiliarity with the markets their issues were underwritten by the Deposit Section of the Finance Department. The flotation of the former was three million yen, of the latter, four million yen.

6. Manchuria Heavy Industries Co,Ltd; Manchuria Telephone and Telegraph Co,Ltd

Being familiar with the markets, they made flotations within the country with the aim of changing to self-sufficiency in raising capital on the spot.

B. Miscellaneous

Against the planned amount, 405 million yen, the anticipated result is 423 million yen. The greater part of this flotation will be stock investments by Japanese businessmen. This tells the story of flourishing industrial investments, which depend upon the advancements in Manchuria of Japanese firms.

C. Adjustment and Reserve Funds

This fund was to be used as an emergency fund while the main investment plan was being carried out. Present allotments out of this fund are: (1) A fund for the establishment of the Industrial Equipment Managing Board, and (2) payments to the Antung Light Metals Co,Ltd, and the Manchurian Light Alloys Co,Ltd both Sumitomo subsidiaries. At the end of October this year the sum had reached ¥55,245,000.

The actual amount of investments in Manchuria in the years since the country was established will be found in Table No 1. During the 12-year period from 1932 to 1943 it amounted to over ¥7,800,000,000. This does not include the part of this year through October. If this is included, the actual amount is over ¥8,400,000,000. (Refer to Table No 2.) See following page for Table No 1.

Table No 2. Investments in Manchuria Since the Manchurian Incident (Annually)

1932	¥ 97,203,000
1933	151,245,000
1934	271,675,000
1935	378,598,000
1936	262,995,000
1937	348,273,000
1938	439,481,000
1939	1,103,713,000
1940	1,010,704,000
1941	1,423,483,000
1942	1,323,873,000
1943	989,744,000
To Oct 1944	623,162,000
Total	¥8,424,149,000

92. Savings Deposits in Manchuria

A. Manchuria

Savings deposits have been obstructed in Manchuria due to the prevalence of a belief that there was a congestion of currency in the treasury. It was also due to the social structure and to high interest rates from the establishment of the Empire. Especially in the ranks of the Manchurian population there was little conception of saving. And in all other spheres, with few exceptions, there were great difficulties due to lack of knowledge of the general situation and lack of patriotism.

Since it became necessary to increase savings in order to prevent inflation, an objective of 800 million yen savings was decided upon in 1940; since then, suitable results have been attained. (Refer to Table No 1)

Concerning the planned saving for this fiscal year, while lessening appreciably the funds expected from Japan and increasing the funds from domestic industry, an amount of three billion yen, seven million yen for absorption by public securities and ¥2,300,000,000 for industrial expansion), which is about twice the amount of the previous year, has been decided upon. In order that the appropriate offices of the government may work toward this goal, a savings division was created within the departments, and a plan of measures for increasing savings was drawn up. Thus, endeavors are being made to increase savings greatly.

According to the aforementioned plan, in addition to emphasizing an increase in savings by positive administrative action, measures are being devised for the practical use of the Concordia Association and various agencies for the cultivation of saving-consciousness among the people, the spread of organized savings associations among the people, popularization of securities, absorption of funds advanced to farming villages, increase in savings at the source of income, equipping of banking institutions, and public recognition of men of merit. Moreover, in establishing these things concretely, besides setting up within the administrative agencies the existing Committee on People's Savings Practices, we hope to increase farm village savings, to issue Victory Savings Certificates, to organize neighborhood public securities associations, to increase quotas of the influential men in the districts, to increase the savings on opium, to change savings on the selling price of real property by revising emergency fund control laws, and to make positive changes in the selling of lottery tickets. The enlightenment propaganda of the past is being discarded and systematic and semi-compulsory factors are being emphasized gradually.

The results up through the Second quarter of this fiscal year were not good, reaching only 40.4 percent of the goal, ¥1,211,000,000. Since it is recognized that this situation has arisen from a downward tendency in voluntary savings, especially in bank deposits, it is hoped that there will be an increase of savings in this field in the future.

Table No 1. Comparative Table of Estimated Results of Investment in Manchuria and Investment Plans for 1944

(TN: Unit presumably ¥1000)

Items	1943 Results	Planned for This Year	Estimated Results	Estimated Results by Periods			
				Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Government Bonds and Company Debentures							
Government Bonds	15,000	10,000	0	0	0	0	0
Manchuria Colonization Co, Ltd	82,000	50,000	50,000	10,000	20,000	20,000	0
Manchuria Industrial Development Co, Ltd	20,000	0	0	0	0	0	0
Manchuria Electric Co, Ltd	26,700	11,000	10,000	0	10,000	0	0
Yalu R Hydro-electric Co, Ltd	10,000	0	0	0	0	0	0
Manchuria Industrial Bank	30,000	10,000	10,000	5,000	0	5,000	0
Manchuria Telephone and Telegraph Co, Ltd	8,000	0	0	0	0	0	0
Manchuria Railway Co, Ltd	230,000	200,000	200,000	130,000	10,000	60,000	0
Industrial Equipment Managing Board	0	10,000	3,000	0	0	3,000	0
Kwantung Territory Housing Managing Board	3,000	4,000	4,000	0	0	0	4,000
Total	424,700	295,000	277,000	145,000	40,000	88,000	4,000
Miscellaneous	429,491	405,000	423,000	73,752	196,496	112,752	40,000
Grand Total	854,191	700,000	700,000	218,752	236,496	200,752	44,000
Adjustment and Reserve Fund	0	200,000	191,097	31,250	22,395	97,000	40,451

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Table No 1. Comparison of Annual Increases in Individual Savings (Unit: ¥1,000)

Item	1939 Attained	1940 Objective	1940 Attained	1941 Objective	1941 Attained	1942 Objective	1942 Attained	1943 Objective	1943 Attained	1944 Objective
Postal and Government Funds	51,118	76,097	79,404	101,116	73,805	101,200	126,841	170,000	191,960	338,000
Bank Deposits	125,030	148,798	191,490	256,057	317,446	649,500	404,499	530,000	491,257	890,000
Co-operative Savings Association	10,734	12,936	49,462	66,319	85,594	175,200	139,285	270,000	329,141	820,000
Insurance Mutual Financing Association and Development Funds	36,477	43,936	35,628	47,684	38,191	78,000	31,808	21,000	22,748	82,000
Employee's Reserve	36,979	44,537	44,375	59,314	60,000	109,000) 70,346)		))		540,000
Company Reserves	182,194	228,360	223,290	295,757	250,000	240,300) 302,729)		609,000) 605,198)		
Investments in Private Securities	195,733	245,336	206,805	237,933	230,000	146,800) 84,796)				330,000
Total	638,265	800,000	830,454	1,100,000 [sic]	1,055,036	1,500,000	1,160,304	1,600,000 [sic]	1,646,568 (103%)	3,000,000

Table No 2 (Unit: ¥1000)

	Types	Objective	Apr-Jun Actual Increase	Jul-Sep Actual Increase	Apr-Sep Actual Increase	Percent of Objective
Funds in Savings Section	Officials' Pension Fund	5,000	1,269	1,269	2,538	50.8%
	Officials' Mutual Aid Fund	3,000	1,883	1,883	3,766	125.5%
	Gov't Postal Savings	300,000	78,993	92,539	171,532	57.2%
	Gov't Postal Life Insurance	30,000	7,257	7,376	14,633	48.8%
	Sub-total	338,000	89,402	103,093 [sic]	192,469	56.9%
Bank Deposits	Central Bank of Manchuria	0	(-) 3,224	12,341	9,117	-
	Industrial Banks	250,000	21,291	60,788	82,079	32.8%
	Ordinary Banks	590,000	122,617	63,972	186,589	31.6%
	Foreign Banks	50,000	4,837	17,317	22,154	44.3%
	Sub-total	890,000	145,521	154,418	299,939	33.7%
Co-operative Association and Farm Deposits	Co-operative Credit Association for Commerce and Industry	200,000	47,250	30,564	77,814	38.9%
	Agriculture Development Co-operative Association	450,000	64,081	60,240	124,321	27.6%
	Agriculture Development Fund	170,000	56,765	51,486	108,251	63.7%
	Sub-total	820,000	168,096	142,290	310,266 [sic]	37.9%

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Table No 2 (Unit: ¥1000) (contd)

	Type	Objective	Apr-Jun Actual Increase	Jul-Sep Actual Increase	Apr-Sep Actual Increase	Percent of Objective
Savings in Other Financial Institutions	Manchuria Life Insurance Company	10,000	1,979	2,920	4,899	49.0%
	Great East Asia Co-Prosperity Promotion Savings Funds	40,000	5,323	10,027	15,350	38.4%
	Miscellaneous	32,000	5,544	7,021	12,565	39.3%
	Sub-total	82,000	12,846	19,968	32,814	40.0%
Investments in General Securities	Investments in Stocks and Shares	180,000	2,410	109,896	112,306	62.4%
	Gov't Bonds	150,000	19,777	12,771	32,548	21.7%
	Absorbed by General Public	120,000	1,456	12,357	13,813	11.5%
	Miscellaneous	30,000	18,321	514	18,735	62.5%
	Sub-total	330,000 [sic]	22,187 [sic]	122,667 [sic]	144,854 [sic]	43.9%
Miscel-laneous	Employees' Reserves	80,000	22,400	22,400	44,800	56.0%
	Companys' Reserves, etc	460,000	93,000	93,000	186,000	40.4%
	Sub-total	540,000	115,400	115,400	230,800	42.7%
	Grand Total	3,000,000	553,451	657,811	1,211,262	40.4%

B. Kwantung Leased Territory

The goal for savings in the Kwantung Leased Territory for this fiscal year was at first set at 150 million yen. Afterwards, in order to comply with the increase in expenditure for emergency military affairs, the amount was revised to 170 million yen. Since it was expected, however, that currency inflation would reach a considerable figure by encouragement of local production and by collection of materials of war, it was decided that, with great effort, the goal of 250 million yen could be reached. With the Public League for the Development of Asia as a nucleus, a movement was undertaken to increase savings as a token of gratitude for the great victories off Formosa and the Philippines, and a great increase of savings was stimulated. As a result we hope for the revised goal to be surpassed by a wide margin.

The new savings methods put into effect for this fiscal year are national bond savings and a system of savings certificates. Reasonably good results are being obtained as far as the savings certificates are concerned. These are affixed to Kwantung tobacco as a temporary measure to increase revenue and thus check the import of the tobacco into Manchuria. At the same time, a sweeping rise in retail prices was made in Manchuria to create a source of revenue for the Economic Stabilization Fund.

Table No 3. Monthly Increases in People's Savings (For Oct 44)

Type	Current Month	Total Increase for Year up to this Month	Remarks
Deposits in Banking Institutions	¥30,011,371	¥145,929,596	Current deposits exclude commercial deposits.
Postal Savings	4,488,654	27,224,446	
Sub-total	34,500,025	173,154,042	
Post Office Insurance	313,759	2,929,564	
Postal Annuities	24,155	474,422	
Life Insurance	812,000	5,859,000	
Government War Bonds	-	10,242,400	
General Securities	-	4,816,000	
Sub-total	1,149,914	24,321,386	
Grand Total	¥35,649,939	¥197,475,428	The increase was 26.16% of the goal and 78.99% of the Special Endeavour Goal.
Same Period Last Year	¥8,085,011	¥65,272,790	

93. The Manchurian National Debt and Absorption of Bonds

A. Present Amount of National Debt

The national debt at the end of June 1943 consisted of a domestic debt of ¥2,412,044,000 and a debt owed Japan of ¥966,890,000, amounting to a total of ¥3,378,935,000 [Sic], the largest part of which represents industrial bonds pertaining to public investment, hydroelectricity, colonization, national forests, etc. (See Table No 1)

A so-called Special Companies System was adopted in carrying out industrial plans in Manchuria, and these companies were put in charge of administration of plans with national funds. As a result, capital necessary for this purpose was raised to a large extent by national bonds, and about half the amount of the above-mentioned present national debt falls into the category of Special Accounts for Investments.

The fact that the greater part of the national debt, as described above, is made up of industrial bonds which were used in economic development, is a peculiarity of the Manchurian national debt, and for this reason the fact that expansion of production, the establishment of culture, etc., have made progress deserves attention.

Moreover, while a considerable part of the national debt depends upon Japanese investments in Manchuria, this year the policy of self-supply of capital was emphasized and the floating of loans in Japan was discontinued.

B. Absorption of National Bonds

The amount of national bonds which it is hoped will be absorbed this year is set at 700 million yen an increase of 200 million yen over last year. An active campaign was developed, and along with this, great advances were made in bringing about (1) an increase of allotments to savings departments and to ordinary domestic banks, (2) the issuance of new public bonds and patriotic bonds to the general public, and (3) the maintenance of fixed amounts of money on deposit at banking institutions. Consequently, as described in Table No 2, good results were achieved, and it is generally assured that the desired amount will be reached at the end of this year. As shown in Table No 3, the rate of absorption of national bonds at the end of June of this year was 74 percent, and is rising year by year.

Table No 1. Comparative Table of Annual National Debt
(Unit: ¥1,000)

Year ending	Domestic Debt Borrowings	Debt to Japan	Total
Dec 40	991,665	157,176	624,459	1,773,300
Dec 41	1,211,665	173,557	842,062	2,227,284
Dec 42	1,757,323	160,940	953,708	2,871,971
Dec 43	2,123,848	223,717	968,846	3,316,411
Jun 44	2,268,321	144,287	966,326	3,378,934

Table No 2. Absorption of National Bonds as of 31 Oct For the 1944 Fiscal Year (Apr 44 to Mar 45) (All amounts are face value)

Classification of Bond Holders	Amount Hoped To Be Absorbed	Actual Amount Absorbed
Savings Section	260,000	240,000
Industrial Bank	30,000	16,015
Agricultural Development Fund	25,000	15,000
Specie Bank	15,000	15,000
Ordinary Banks	150,000	79,717
Co-operative Credit Associations for Commerce and Industry	60,000	39,300
Insurance Companies	14,500	0
Mutual Credit Companies	1,500	1,298
Companies (Pursuant to Item 11 of Para 5 of the Emergency Capital Control Law)	30,000	10,341
Private Investors (Patriotic Bonds)	60,000	17,390
Salaried Investors (Bonus Bonds)	10,000	6,718
Miscellaneous	64,000	2,960
(A) Grand Total	720,000	443,739
(B) Repurchases	20,000	5,809
Net Amount of Absorption (A) minus (B)	700,000	437,930 (62.5%)

NOTE:

End of Mar 44: Balance of Pledged Bonds: ¥877,796,000
This Year: Amount of Pledged Bonds: 60,000,000
End of Oct 44: Balance of Pledged Bonds: 499,866,000

Table No 3. Comparative Table of Annual Absorption of National Bonds (Unit: One million yen)

Type	1940	1941	1942	1943	End of Oct 44
Domestic Bonds Issued	505	220	415	345	60
Domestic Bonds Absorbed	71	48	201	414	--
Savings Section	39	25	70	190	300
Banking Institutions	20	18	80	163	215
Miscellaneous	12	5	51	61	59
Net Absorption Rate For Year	14.1	22.2	48.4	118.9	--
Annual Absorption Rate	22.0	22.1	29.3	46.1	74.0
Banance of Central Bank Holdings	690	861	1,075	1,005	499

94. Credit Control in Manchuria

Under the present wartime organization, credit control this year, based upon the fundamental policy of casting off Manchuria's dependence upon Japan and of increasing economic contributions to Japan, will strengthen domestic self-sufficiency, even in the various aspects of credit.

The policy of providing for the increase of accumulated capital and of reducing drastically the industrial capital expected from Japan is being maintained. In order to provide for the most efficient use of this domestic capital, the following various policies are being carried out.

A. Merger of Ordinary Local Banks and Intensification of their Development.

Ordinary banks were formerly weak and there were certain regrettable matters connected with the discharge of their allotted functions as institutions organized in the public interest. Since the end of 1941 they have been strengthened and developed into sound banks with appropriate geographical distribution. Consolidation is being carried out with the Manchuria Central Bank as the mediating office. As a result, 43 ordinary banks were merged, at the end of 1941, and at the beginning of this year, three banks in An-tung--the Tung-pien Industrial Bank, the An-tung Bank of Commerce and Industry, and the Daito Bank--were merged, and with the newly established An-tung Bank the number of banks consolidated totalled 20. This foundation is being strengthened gradually.

B. Expansion and Strengthening of the Joint Capital System.

This system has been in operation since the autumn of 1940. It consists of applying the surplus capital of local ordinary banks and co-operative credit associations for commerce and industry to the fund for national policies through the medium of the Manchurian Central Bank. Since last year, the Central Bank's former scope of mediation recommendations has been enlarged, and it has been changed into an independent financial organization. Special deposit accounts, which are special joint capital accounts, were established within the

Central Bank, and the surplus capital of the ordinary banks was deposited en bloc in these accounts (daily interest, 1 to 65 sen). This is now being invested at the reduced daily interest of 1 to 3 sen (backwardation is the responsibility of the Central Bank). At the end of October of this year these amounts reached ¥508,900,000 for deposits and ¥17,700,000 for loans, but very recently emphasis has been placed upon absorbing surplus capital instead of upon capital investment.

C. Promotion of Low Interest Rates.

Because interest rates in Manchuria everywhere rose to remarkably high levels there were many hindrances to business. On the one hand, from the standpoint of absorption and promotion of public bonds and of decline in business, the Manchurian Central Bank became the center; and while the first, second and third interest agreements had already been smoothly concluded in important cities, the fourth agreement, too, was concluded 15 April of this year. Essential points were the discontinuation of the ABC classifications of the third agreement and the classification of banking institutions throughout the whole country into the four categories of special banks, class-1 banks, agricultural development cooperative associations, and class-2 banks. Interest rates on deposits and loans were newly established, and the level of bank rates was accordingly lowered noticeably throuthout. Also, interest rates, which in the past exhibited tremendous variations depending upon the particular banking institutions, were reduced substantially and were standardized.

D. Adjustment in Reduction of Capital Expected from Japan and Change to a Self-Sufficiency of Domestic Capital.

Continuing from last year, industrial capital expected from Japan was kept down to the necessary minimum by supplying as much as possible from within the country. (See section 91.) Consequently, among bonds of important companies in Manchuria (besides the South Manchurian Railway Co,Ltd,Manchuria Colonization Co,Ltd, Manchuria Industrial Development Co,Ltd, and Manchuria Yalu River Hydroelectric Co,Ltd, those issued within the country are increasing gradually.

E. Maintenance of Agricultural Credit.

Worthy of special mention in recent maintenance of agricultural credit was the abolition of the system of "special contractors for special produce,"and accordingly,although in the past the Mitsubishi Trading Co Ltd and the Mitsui Trading Co Ltd,as special contractors, have relied upon Japan proper for purchasing credit, capital is now supplied directly to the Produce Market Association through the Agricultural Development Fund. This is worthy of note since it indicates a gradual conversion of domestic agricultural capital from plutocratic capital to national capital.

F. The Absorption of Idle Manchurian Capital.

Because of the strengthening of controls over the economy, Manchurian business men and industrialists are at present losing their field of investment. In view of this situation, to advance idle capital to enterprises determined by national policy, these men, with the assistance of public associations of commerce and industry, are setting up local light industrial companies which use principally Manchurian capital.

G. Enactment of the Business Credit Law

On 4 Sep of this year the Manchurian Government promulgated the Business Credit Law to strengthen business credit. According to this law the government can promulgate the laws necessary for the transfer of shops and for control of the transfer of industrial spheres of influence to credit institutions. And while it could order amalgamation of ordinary banks, this law as a general rule has not been implemented and we are waiting for the credit companies to organize on their own initiative.

H. Strengthening of the Exchange Control Law

In view of recent economic relations with China, control of exchange with China was strengthened by the complete revision of the Exchange Control Law in May of this year.

I. Revision of the Capital Control Law

In order to provide for even more efficient use of capital, necessary revisions of the Capital Control Law were made, complying immediately with the development of the situation in October of this year. The important aspect of this revision is the expansion of the scope of businessmen and industrial organizations connected with credit control. On the one hand, a basic rule was established so that various policies in this enlarged scope could be carried out immediately in order to absorb the present fluctuating purchasing power; and on the other hand, provision was made for the simplification of the various methods of application.

95. Plans for Manchurian National Funds for 1944

A. Plans for Manchurian state funds for 1944 were correlated with plans for allotment of materials, promoting a rapid and tremendous increase in war strength. In view of the present situation of currency and credit, the policy was adopted of supplying sufficient capital for this purpose, as a general rule, from domestic savings, with the exception of that which depended upon supply from Japan. It was established roughly as follows:

1. Financial capital was caused to maintain an organic relationship to industrial capital, and an increased revenue of 200 million yen was planned in the Financial Administration Department levy. Efforts were made to increase the issue of public bonds by approximately 10 percent.

2. In the use of industrial capital, emphasis was directed towards increasing the output of such basic war materials as iron and steel, coal, nonferrous metals and foodstuffs. This plan was drawn up, and the supply of capital for the purpose limited to a necessary minimum over the amount expected from Japan. A wide increase in the mobilization of savings was counted on, and efforts were made for the self-support of capital.

3. In order to ensure smooth operation of plans for capital depending on changes in conditions, an adjustment reserve fund was set up.

4. In order to guarantee the success of these plans, the essence of the distribution of and changes in national income was grasped and correlated with proper taxation and stabilization funds, and an energetic and strong savings policy was carried out.

Moreover, the growth of excessive purchasing power was prevented by devising appropriate arrangements for the mobilization of capital on hand, and for the rationalization of the regulation of revenues and expenditures with respect to North China.

B. Over-all Plans for Capital of Manchuria, 1944 (Unit: One million yen)

Capital Outlay	Estimated Results for 1943		Planned for 1944	
Fiscal Capital	2,362		2,806	
Central Finance		1,517		1,812
1. Military expenditures for public peace		260		378
2. Administrative expenses		1,151		1,325
3. Capital invested		106		109
Local Finance		845		994
Industrial Capital	2,558		3,061	
Planned Industries		1,846		2,482
Miscellaneous		712		579
Investments Abroad	23		12	
In Japan		20		9
In North China		2		2
In Meng-chiang		1		1
Adjustment Reserve Fund	0		400	
Adjustment of Income and Expenditures Abroad	(Reduction) 63		883	
Grand Total	4,880		7,162	

B. Over-all Plans for Capital of Manchuria, 1944 (Unit: one million yen) (contd)

	Estimated Results for 1943		Planned for 1944	
Supply Within the Area	3,472		5,115	
Financial Administration		1,709		2,115
Department Levy				
1. Central finance		900		1,165
2. Local finance		809		950
Mobilization of Savings		1,303		2,460
1. National bonds		602		627
2. Local bonds		36		44
3. Industrial capital		665		1,789
4. Miscellaneous		0		0
Private Capital		460		540
Supply Outside the Area (Japan)	697		601	
National Bonds		15		10
Industrial Capital		682		591
Miscellaneous		0		0
Required Adjustments	711		1,446	
Grand Total	4,880		7,162	

96. Balance of Trade between Japan and Manchuria for 1944

According to an estimate made in May of this year, it is generally expected that in the Manchurian-Japanes balance of trade for this year the balances will be increased to about 170 million yen, as explained in the following table. The change to a favorable balance for Japan, in contrast with ordinary years, is due to decreased foreign investments in Manchuria caused generally by the supply of local capital and to the expectation that the total expenses of troops garrisoned in Manchuria, which formerly constituted the chief item of her receipts, will be supplied locally.

Estimate of Japanese-Manchurian Balance of Trade for the Fiscal Year of 1944:

Receipts: - ¥3,830,000,000

Commerce - ¥2,124,000,000
Other than commerce - ¥1,706,000,000

(1)	Trade with other countries	¥ 0
(2)	Expenses incidental to commerce	- 1,000,000
(3)	Interest, dividends	- 237,000,000
(4)	Labor	- 319,000,000
(5)	Sea transport	- 10,000,000
(6)	Insurance	- 20,000,000
(7)	Travelers	- 95,000,000
	Money orders	- 18,000,000
	Currency	- 77,000,000
(8)	Government	- 770,000,000
(9)	Foreign capital received	- 109,000,000
(10)	Investment collections	- 145,000,000
(11)	Miscellaneous	- -

Payments: ¥1,945,000,000

Commerce - ¥ 832,000,000
Other than commerce - ¥1,113,000,000

(1)	Trade with other countries	¥ 0
(2)	Expenses incidental to commerce	- 8,000,000
(3)	Interest, dividends	- 3,000,000
(4)	Labor	- 59,000,000
(5)	Sea transport	- 12,000,000
(6)	Insurance	- 9,000,000
(7)	Travelers	- 95,000,000
	Money orders	- 4,000,000
	Currency	- 91,000,000
(8)	Government	- 376,000,000
(9)	Investment	- 480,000,000
(10)	Returned foreign capital	- 71,000,000
(11)	Miscellaneous	- -

Receipt Balance: ¥179,000,000 [sic]

97. Balance of Trade between Manchuria and North China

According to plans drawn up at the beginning of the year a current estimate, the balance of trade between Manchuria and North China would have an excess of expenditures of about ¥29,627,000. (See following table) To settle this, capital was to be sent from Japan. This was the actual situation up to October. Due to the decline in North China imports and the decrease in remittances to coolies, Manchurian receipts took a turn for the better and there is yet no remittance for North China.

The reason for the change to a favorable balance during this fiscal year is the epoch-making improvement in the methods of settling trade accounts to remedy the unfavorable balance from last year. As a result, the price-differential profit on goods exported to North China was collected in North China, the area of importation, and then returned to Manchuria. Actually, however, due to a delay in this return the Manchuria Central Bank (Stabilization Fund Account), anticipating its return, had to make it a floating debt. That is the reason for the change for the better. Moreover, against this floating debt, a credit limited to 190 million yen was established.

Estimated Balance of Trade Between Manchuria and China for Fiscal Year 1944 (Unit: ¥1,000)

Receipts

	Item	Amount	Remarks
Receipts	Commerce		
	Exports	225,188	Computed on Manchurian prices
	Stabilization fund (Adjustment charge)	295,767	Amount of difference in price of imported goods
	Other than Commerce	65,000	
	Excess in expenditure	29,627	
	Total	615,582	
Expenditures	Commerce		
	Exports	420,582	Conversion to Manchurian prices which depend on North China prices: ¥124,815,000.
	Other than Commerce	195,000	
	Basic labor expenses	30,000	
	Laborers' remittances	60,000	
	General remittances	65,000	
	Conversion balance	40,000	
	Total	615,582 [sic]	

98. Functioning of the Manchurian-German Trade Agreement

The initial Manchurian-German trade agreement was "a pact on trade and payments between Manchuria and Germany" which was signed, effective for 1 year, under the legal representation of Manchurian and German liaison officials in Tokyo on 30 Apr 1936. Since then it has been re-examined a number of times and has been extended. The current agreement is the fourth pact, "an agreement for the continuance of the economic relationship between Manchuria and Germany," which was signed in Ch'ang-ch'un (Hsinking) 7 Mar 1942. Signatures were set at Ch'ang-ch'un (Hsinking) on 17 June of this year to a pact extending from 1 Dec 1943 to 30 Nov 1944. The main points of this pact are as follows:

1. Manchuria will supply

Opium	40 metric tons
Coarse morphine	500 kilograms

Price of opium (standard base containing 8 percent morphine)
1 kilogram for 320 Reichmarks
Coarse morphine (standard base, containing 80 percent)
1 kilogram for 2,770 Reichmarks.

2. Materials supplied by Germany will be those (mainly machinery) listed in Table No 2 of the articles decided upon on 31 May 1939.

3. The Berlin Branch of the Yokohama Specie Bank is to receive an established credit from the German Banking Syndicate limited to ten million Reichsmarks for borrowing capital with which to purchase the transportation drafts for the above and for this purpose to inaugurate in the Berlin branch new, special "T Accounts". (The procedure for borrowing this capital is not yet established).

In the use of the above credits, as far as the scope of delivery of materials of supply from Manchuria is concerned, half the contracted amount of Manchurian supplies should be delivered with dispatch following the signing, and insofar as possible, the other half should be delivered by the end of September of this year.

4. In accordance with this agreement, three-fourths of the price of exports from Manchuria is to be paid in special "V" (credit account of the No 2 Pact) or "U" (credit account of the No 3 Pact) accounts; and one-fourth in special "B" (excess accounts deposited by Manchuria).

The balance of various accounts of the Manchurian-German agreement at the end of Nov this year is as follows:

Balance on Manchuria's Outstanding Debt

V account	7,541,413.00 Rm
U account	4,469,508.83 Rm

Part of Advance Payment of Specie Bank

1,960,175.47 Rm

Balance of Manchuria's Excess Deposits

B account	1,250,395.06 Rm

Manchuria's Outstanding Debt, Balanced

12,720,702.24 Rm

99. Reasons for Increasing Capital of the SMR

The importance of the SMR enterprises has created the necessity for strengthening still further its continental transportation potential and for stepping up oil-shale production for the decisive battle ahead.

For the present, those projects which have been scheduled as emergency projects for next year and later are as follows:

First, new double tracks will be constructed to increase transportation capacity. In addition to completing construction of double tracks on both the An-tung-Shen-yuan (An-tung-Mukden) and the Shen-yang-Lin-yu (Mukden-Shan-hai-kuan) lines, plans have been made to spend one billion yen to build new lines such as the T'ung-ming, T'ung-jen, An-jen, Ch'eng-jen, Ya-pei and other lines with the object of guaranteeing the lines of communication between Korea and Manchuria. These measures provide for the development of wartime resources of Tung-pien-tao and the establishment of air defense. Other than that, in connection with the improvement of previously constructed lines, approximately ¥1,600,000,000 have been scheduled for rolling stock, equipment, air defense installations, etc.

Secondly, in matters concerning the iron and steel branch, although the main problem is the expansion of coal mining facilities and oil refineries, plans are in process to increase coal production by at least one million tons or more over and above the 7,370,000 tons provided for in the coal-production plan for the fiscal year 1944. The first and second production plans for oil shale have as their common goal the completion of facilities for 850,000 metric tons.

The capital necessary for carrying out these projects, considering such things as the conditions affecting the future distribution of materials, the increase in prices, wages, etc., is estimated at a minimum of four billion yen. In considering methods of obtaining this capital, the capital of the SMR will have been fully paid up in the current fiscal year, and even with the issuance of debentures the reserve will be no more than 200 million yen. As matters stand, the only way to raise new capital from next year onward will be to issue company debentures. Though this is but one of the many ways to which thought has been given, the ratio between the company's capital and outside capital and the influence on the money markets and the financial world has been taken into consideration and it is judged that both increase of capital and issuance of company debentures is called for. Of the above four billion yen plus, over one billion yen must be raised by calling up new capital and the remaining three billion yen must be obtained by trebling the limit for the issuance of company debentures with at present is double the amount of the paidup shares.

100. The Question of Issuing SMR Debentures

Because SMR bonds are not guaranteed by the government as to payment of principal and interest, even from the standpoint of protection of rights of debenture holders, they must be restricted per se to the limits of their issue. The SMR has been a working company from its inception and because it is not an investment company it has been necessary to maintain a fixed ratio between its own capital and outside capital, and the SMR has not been able to follow the examples of investment companies which rely only on the capital of

other people. Moreover, if an attempt should be made hereafter by means of bond issue alone to supply a working capital for the same company which will rise to the staggering sum of one billion yen per year, the effects on bond markets and on the money market would be unpredictable. Accordingly, to seek a supply of working capital for the said company through bonds alone would mean that the goal would not be achieved.

101. The Four-Year Plan for Raising Capital for the SMR

Present plans for the raising of capital necessary to enterprises of the SMR cover a 4-year period. In view of the present economic situation, is this too difficult an undertaking?

The SMR enterprises—railroads, coal mining, etc., are long-term, continuous undertakings which will require a minimum of four years to reach completion. In the present crisis, however, it is expected that four years will be required to raise the capital even if the above-mentioned plan, which calls only for the capital necessary for essential enterprises, is adopted.

102. Production and Plans for Increased Production of Coal in Mines Operated by the SMR

Though production in coal mines operated by the SMR is gradually decreasing, this is due principally to delays in stripping surface soil and cap rock at the Fu-shun open-cut mines. Otherwise, at Chiao-ho, Lao-t'ou-kou, and other mines, production is showing a tendency to increase yearly. (See table No 1.) However, as is well known, the quality of Fu-shun coal gives it great importance as a fuel for iron manufacture, and even from the standpoint of production it has great influence on the total coal production of Manchuria. Considering this, we must not neglect measures to increase production and must plan measures of improvement. The SMR must appropriate reserves amounting to a considerable sum as working capital for its enterprises. It must expand its equipment for stripping and for disposal of the stripped rock so as to further expand the open-cut mine. To increase coal output it must improve the lines and increase the number of dump-cars and other equipment. Moreover, we are developing equipment for opening the large incline mines of Lao-wan and Oyama the hard coal mine at Lung-feng, and the mine at Chiao-ho, which have been in continuous operation since last year. So, by the end of the Second Five-Year Plan we shall be striving to restore full-capacity production by the SMR for many years to come.

Table No 1. Production (Unit: 1,000 metric tons)

Year	Fu-shun		Yen-t'ai		Chiao-ho	
	Planned	Produced	Planned	Produced	Planned	Produced
1940	8,000	7,268	360	365	700	538
1941	7,100	6,706	400	368	800	936
1942	6,536	6,358	385	404	1,050	1,315
1943	6,450	5,274	400	396	1,320	1,476
		Produced During First Period				
1944		1,962				954

Table No 1. Production (Unit: 1,000 metric tons) (Contd)

Year	Lao-t'ou		Wa-fang-tien		Total	
	Planned	Produced	Planned	Produced	Planned	Produced
1940	177	128	63	76	9,300	8,375
1941	200	183	70	74	8,570	8,267
1942	220	190	75	60	8,266	8,327
1943	250	201	50	52	8,470	7,399
					6,750	
Planned For Whole Year						
Produced First Period						2,916

Table No 2. Second Five-Year Plan (Unit: 1,000 metric tons)

	1942	1943	1944	1945	1946
Plant Capacity	9,920	10,140	10,250	10,800	11,050
Planned Production	8,870	9,350	9,900	10,150	10,800
Capacity of Completed Facilities	9,570				

103. Shale Oil Refining Enterprises of the SMR

The SMR shale oil refining enterprises consist of the Western Oil Refinery, which is at present coming into full operation, and the Eastern Oil Refinery, which is now under construction. In addition, batch plants are being constructed this year which will use as raw material those small pieces of shale 1 inch or less in diameter which have hitherto been discarded as waste.

A. Western Oil Refinery

Construction of the Western Oil Refinery was started in 1928 and was finished in Jan 1930. In view of the importance of the project, the furnaces were remodeled in 1933. Again, in Oct 1939 a second expansion program was completed. At present the productive capacity for crude oil is about 300,000 metric tons and the invested capital has risen to ¥41,300,000. The Western Batch Plant will continue operations through 1944 and 1945 and will be operating on an estimated reserve of ¥14,424,000. Its goal for increased production of crude oil in 1945 is set at 50,000 metric tons.

The progress in increased production at the Western Oil Refinery and attainments for 1942, 43 and 44 are shown in the following tables.

Progress in Increased Production (Unit: metric tons)

Date Completed		Equipment and Capacity	Capacity for Crude-Oil Production
Jun 1930	No 1 Refinery Original Plan	Large Shale 80 x 50-ton Furnace	70,000
Jul 1935	No 2 Refinery Revised and Doubled	Large Shale 80 x 100-ton Furnace	140,000
Oct 1939	No 3 Refinery Second Expansion	Large Shale 80 x 180-ton Furnace	162,000

Actual Production

Type of Oil	1942	1943	First Period 1944
Crude Oil	257,619 metric tons	255,000 metric tons	109,000 metric tons
Heavy Oil	126,730 " "	83,000 " "	
Gasoline	15,161 liters	12,000 liters	
No 1 Light Oil	6,044 "	5,000 "	
Crude Paraffin	35,797 metric tons	23,000 metric tons	
Steamed Coke	13,693 " "		
Broken Coke	2,319		
Ammonium Sulphate	32,329 metric tons	23,000 metric tons	

B. Eastern Oil Refinery

Some of the officials of the Manchuria Administrative Bureau decided at a meeting on 20 Jun 1939 to construct an Eastern Oil Refinery which would produce 500,000 metric tons of crude oil yearly by 1943. The significant changes in conditions after that time, however, made it impossible to produce more than 192,000 metric tons. The cabinet in Jun 1941 recognized the unavoidable difficulies which the SMR would run into in acquiring materials during 1942. In an attempt to bring about peak production it was decided that only 64,000 metric tons were to be produced during 1943 and that the remainder would be carried over into 1945.

Later the war situation demanded, however, that this remainder should be completed as soon as possible. With the assistance of the government in acquiring the necessary materials, construction work commenced on the crude oil refineries in December. Finished products (gasoline and lubricating oil) are

expected to be in production by the end of 1944. It is also expected that the batch plant will be completed by the summer of next year with equipment capable of producing 60,000 metric tons of crude oil. Besides the above, plans have been made for a second increase in production which is to be realized by 1948. The oil refinery will add equipment capable of producing 190,000 metric tons, and the batch plant will add equipment capable of producing 60,000 metric tons, which will make a total increase of 250,000 metric tons. Preparations are being made for the speedy fulfillment of these plans. It is expected that the crude-oil production capacity of both the east and west refineries of the SMR will eventually be about 850,000 metric tons.

104. Jurisdiction of the Government and the Kwantung Army in the Supervision of the SMR

The supervision of the SMR is wholly in the hands of the government. The commander of the Kwantung Army, however, exercises operational direction of the railroad in all military matters. During wartime (including cases of incidents which may lead to war) he can issue orders to the company as the military situation requires. From the beginning, Manchuria has granted to the Kwantung Army commander control of the national railroads and the Army commander has exercised his supervisory privileges. As regards ordinary transport, however, a treaty for the management and trust of the railroad was drawn up between the Manchurian Government and the SMR which gives to the company the management and trust of the railroad. In plans for investment undertakings the company exercises the same rights as to the Government and the Kwantung Army.

105. Private Railroads in Manchuria

Those in operation at present are (distance in kilometers):

A. Eastern Manchuria Railroad Co

Main line		
Hsun-chieh to T'u-men-tzu	105.0	
Branch lines		
Lo-ho-tzu to Tung-miao-ling	16.6	
Ma-ch'uan-tzu to Pan-shita-kou	14.5	
Total		136.1

B. Chin-hsi Railroad Co

Chin-hsi to Yang-chia-chang-tzu	34.1

C. Luan-p'ing Railroad Co

Shuang-t'ou-shan to T'iao-miao	28.0

D. K'ai-feng Railroad Co

Main line		
Shih-chia-t'ai to Hsing-feng	63.7	
Branch lines		
Nan-k'ai to Tung-k'ai	1.6	
Shih-chita-t'ai to K'ai-yuan	2.4	
Total		67.7

E. Harbin Industrial Railroad (also called the Ten-li-ts'un-yung and Ten-li-ts'us Railroad)

San-lo-shun to Ten-li-ts'un	15.4

F. Yu-shu Railroad Co

T'ao-lai-chao to Chuan-shan-tzu	72.0

G. Western Manchurian Railroad Co Ltd

Shuang-ta Line		
Shuang-t'ou-shan to Ta-miao-chien	23.0	
Nu-chao Line		
Nu-erh-ho to Chao-chia-t'un	33.7	
Total		56.7

106. Changes in Administrative Procedures

Although the simplification of administrative procedures, such as approvals, authorizations, and other business matters, is being carried out, what of matters immediately applicable to supervision of the SMR?

Supervision of the SMR is partially controlled by measures and orders decided upon by the company; but, in addition, the railroad operates mainly in accordance with Regulations for Supervision of Manchurian Railroads (orders of the competent minister). Since it is recognized, however, that expediting of approvals and authorizations is necessary to meet present conditions, the foregoing regulations were revised, effective 1 Jun 1943. Results of these revisions have been good. As one of the important revisions, Central Approval and Authorization is revised to Reports. There were also changes to facilitate procedures of supervision between central and local offices.

107. Debentures Issued by the SMR as of Oct 1944 and Estimates for 1945

A.	Debentures at end of Oct 1944		¥2,376,188,000
B.	Amount for issue during fiscal year 1944		¥460,000,000
	Already issued	¥380,000,000	
	Not yet issued	¥100,000,000	
	New ¥30,000,000		
	Conversions ¥50,000,000		
C.	Amount expected to be issued during fiscal year 1944 (Amount desired by SMR) ¥685,000,000		

108. Dividends for Private and Government Shares in the SMR

According to the regulations of the present Articles of Incorporation, private shares will bear dividends reaching 6 percent. For special government shares, there will be no dividend. When profits exceed the dividends, a dividend up to 4.43 percent may be granted on special government shares. Moreover, when profits permit, a second dividend up to 4 percent may be made on private shares. If there is something left above this, an additional dividend of equal amounts for both government and private shares may be made; this dividend, however, may not exceed the limit of 2 percent per annum.

109. Total of Various Loans Made by the SMR to Manchuria

A. Loans as of 31 May 1944

Old loans	¥112,491,000
New loans	1,513,627,000
Total	¥1,626,118,000

B. Investments by the SMR in the Manchurian National Rys, as of 31 Mar 1944

Construction expenditures (temporary)

1. On lines completed as at end of 1943 (loan in process)	¥155,432,000
2. On construction of new lines not completed	281,604,000
3. On improvement of lines laid in 1943 (loans made 1 Apr 1944)	102,467,000
Total	¥539,503,000

110. Recent Balance Sheets of the SMR

(Unit: ¥1,000)

Year	Receipts	Disbursements	Profit
1935	302,159	252,535	49,624
1936	299,044	248,870	50,174
1937	355,048	281,119	73,929
1938	387,411	314,536	72,875
1939	440,907	363,059	77,848
1940	799,228	722,517	76,711
1941	937,671	865,540	72,131
1942	1,106,264	1,021,376	84,888
1943	1,296,423	1,203,466	92,957
1944 (estimate)	1,610,428	1,507,610	102,818
1945 "	2,107,526	1,991,636	115,890

NOTE: The marked increase in receipts and disbursements from 1940 is a result of computing the company's lines and the national lines together:

111. Reasons for Decline of Profit of the SMR and Measures Taken to Improve the Profit Situation

Because of the sudden increase in passenger and baggage traffic accompanying the development of Manchuria and the increase of special traffic under the current situation, the volume of business on the SMR has climbed steadily. Freight receipts are showing an increase. However, despite these conditions, it has become impossible to maintain the former profit level. That is to say, not only has the amount of army freight increased, but there is a tendency of reduction in freight rates for such things as coal and ore. On the other hand, operating expenses show a yearly tendency to increase as a result of increased prices and higher wages. The profit situation can hardly be termed satisfactory. Because loss of revenue through price differentials occasionally arose as a result of the diversion of continental commodities which previously had gone by sea to overland transportation, effective from the end of 1942, an adjustment of passenger fares was hastily made in 1943; and, together with it, an increase in part of army freight rates (for 1943 only) was allowed. In general, it was expected that the requisite profits could be guaranteed, and in this connection, suitable countermeasures are under consideration.

112. Principal SMR Projects for 1944 and for the Future

A. Summary of Projects for 1944

As a result of plans for the efficient use of factories and capital funds, only emergency measures have been undertaken to develop important natural resources and to increase railroad transportation capacity in view of the situation under wartime conditions. The total amount is ¥210,350,000. Of that, working

capital is ¥111,976 [sic]; construction and improvement, ¥96,374,000; and reserve expenditures, ¥2,000,000. An outline of these follows:

1. Railroads

Aside from increasing locomotive equipment, rolling stock, and shop facilities, appropriations have been made only for measures requiring immediate action.

a. Station Equipment

Along with improving transportation on the Shen-yang-An-tung (Mukden-An-tung) and the Shen-yang-Lin-yu (Mukden-Shan-hai-kuan) lines, appropriations have been made for the Kung-yuan and An-tung stations, and for improvements in the vicinity of Shen-yang (Mukden) project started some years ago.

b. Communication Installations

New construction work on the Shen-yang-Chang-ch'un (Mukden-Hsinking) underground cable, project begun some years past, will be undertaken.

c. Rolling-Stock Equipment

To meet the increased traffic, construction of 80 new locomotives and 1,200 new freight cars will be undertaken.

d. Shop Facilities

To manufacture rolling stock and to increase efficiency of repair work, facilities at the Ta-lien (Dairen) Railway Shop will be expanded.

e. Dwellings

Because of the housing shortage and the difficulty in renting, new houses will be built in all districts.

2. Harbors

In addition to constructing moorings for official ships in Ta-lien (Dairen) Harbor, channel dredging, etc., will be undertaken.

3. Coal and Ore

Besides expanding shaft-mining facilities and increasing facilities for open-cut mining, and to meet increased demands for coal in this crisis, appropriations have been made only for facilities at machine shops and other things requiring immediate attention.

a. Open-Cut Mining Facilities

Along with expansion of conveyance facilities for the stripped earth and rock, and in keeping with the progress of open-cut mining and plans for the increased output of coal, it is planned to guarantee the supply of shale for use in oil refining.

b. Shaft-Mining Facilities

To meet increased demands for coal, further excavation will be undertaken of the Lao-wan incline mine, the Oyama incline mine, the Lung-feng anthracite coal mines, and the Chiao-ho coal mines, continuous projects of some years back.

c. Machine-Shop Facilities

Machine-shop facilities, accompanying the expansion of all types of work in the coal mines, will be increased.

d. Dwellings

Because of the housing shortage and the difficulty in renting, new houses will be built in all districts.

4. Oil Refining Plants

In addition to keeping facilities at existing plants up-to-date, work will be commenced to equip the batch plant.

5. Oil Refinery No 2

In addition to planning for the swift completion of the oil refinery No 2, in operation for some years, work on the batch plant equipment will be commenced.

6. Foundries

Foundries will be kept up-to-date.

7. Miscellaneous Installations

Facilities for investigation and research in the central laboratory will be expanded.

B. Future Projects

At present, plans for work on urgent projects in the next 4 years include:

1. Beginning with the completion of double-track project on both the Shen-yang-An-tung (Mukden-An-tung) and the Shen-yang-Lin-yu (Mukden-Shan-hai-kuan) lines new double-track lines will be constructed to increase transportation capacity.

One billion yen have been appropriated as construction expenses for new lines such as the T'ung-ming, T'ung-jen, An-jen, Ch'eng-jen, Ya-pei, etc., to guarantee traffic communication between Korea and Manchuria, to develop wartime natural resources in Tung-pien-tao and for air defense. In addition, about 1,600 million yen have been scheduled for such items as rolling-stock facilities, air-defense equipment, and other items for the improvement of previously constructed lines.

2. Among the above mining items, the most important is the expansion of coal-mining facilities and oil refineries. As far as coal is concerned, plans are proposed to increase production to at least one million tons over the estimated 7,370,000-ton output for 1944. As for oil shale, combining plans number 1 and 2, the objective is to mine 850,000 metric tons.

The above are the principal projects for the next 4 years, but the total amount of money necessary to accomplish this work is an appropriation of four billion yen at the very minimum considering the future increases in prices and wages.

113. Recent Tendencies Toward Increase in Volume of Business of the SMR

A. Development and Extensions of Railroads (in kilometers)

End of 1937	9,655.5
1938	9,846.9
1939	10,459.8
1940	11,039.8
1941	11,097.7
1942	11,230.6
1943	11,230.6

B. Volume of Business

	Passengers (Unit: 1,000)		Freight (Unit: 1,000 mt)	
Year	Company Lines	National Lines	Company Lines	National Lines
1937	17,515,000	20,635,000	25,130,000	20,955,000
1938	21,030,000	28,761,000	26,422,000	27,466,000
1939	30,825,000	45,390,000	31,769,000	36,687,000
	Combined		Combined	
1940	97,822,000		64,506,000	
1941	103,000,000		74,576,000	
1942	132,154,000		84,441,000	
1943	163,544,000		84,984,000	
1944 (estimate)	172,000,000		88,000,000	
1945 (estimate)	180,000,000		91,000,000	

NOTE: Since national and company lines have been one account since 1940, no distinction is drawn.

C. Total Company Personnel

End of 1937	124,231
1938	155,137
1939	196,886
1940	203,878
1941	220,424
1942	296,213
1943	306,213

114. Volume of Special Products Transported by the SMR 1938-1944

(Unit: metric tons)

Period	Special Products	Included Among Items at Left	
		Soybeans	Others
1938			
1st half	2,206,271	927,180	1,279,091
2d half	4,644,711	2,025,146	2,619,565
Total	6,850,982	2,952,326	3,898,656
1939			
1st half	2,919,776	1,063,432	1,856,344
2d half	3,633,814	1,143,878	2,489,936
Total	6,553,590	2,207,310	4,346,280
1940			
1st half	1,146,368	223,327	923,041
2d half	2,715,536	1,126,849	1,588,687
Total	3,861,904	1,350,176	2,511,728
1941			
1st half	1,609,901	365,092	1,244,809
2d half	3,802,168	1,040,758	2,761,410
Total	5,421,069	1,405,850	4,006,219
1942			
1st half	1,511,534	404,353	1,107,181
2d half	3,410,430	1,114,283	2,296,147
Total	4,921,964	1,518,636	3,403,328
1943			
1st half	1,428,872	350,395	1,078,477
2d half	3,070,000	---	---
Total	4,498,872	---	---
1944			
1st half	1,900,000	---	---

115. Freight Handled at the Ta-lien (Dairen) Wharves

A. Freight Movements Since Apr 1944 (excludes imports at Kan-ch'ing-tzu)

	Freight Accumulated at End of Month (Unit: 1,000 mt)	Freight Unloaded (Unit: 1,000 mt)	Freight Loaded (Unit: 1,000 mt)	Workers (Unit: 1,000)
Apr	474	394	389	116
May	408	380	386	108
Jun	400	308	355	93
Jul	397	249	275	87
Aug	340	225	213	78
Sep	345	209	230	79

B. Import and Export Commodities Handled at Ta-lien (Dairen) Harbor (excludes imports at Kan-ch'ing-tzu)

(Unit; 1,000 mt)

Classification	1943 1st Half	1943 2d Half	Decrease
Imports	958	589	369
Exports	916	613	303
Total	1,874	1,202	672

116. SMR's Measures for Diversion of Continental Water Transportation to Overland Transportation

Because of developments in the war situation, the movement to divert to overland traffic all continental commodities previously transported by sea started in Apr 1942; and unified administration, including all continental railroads, was set up because it was a matter of utmost urgency to have all railroad agencies in Korea, Manchuria, and China demonstrate their functions as a geographic unit in close liaison.

On the SMR, the conversion to double tracks on the Shen-yang-An-tung (Mukden-An-tung) and Shen-yang-Lin-yu (Mukden-Shan-hai-kuan) lines will meet the specifications of the above national policy and is steadily being brought to completion. The work on the Shen-yang-An-tung line will be practically completed by the end of Sep 1944, and the Shen-yang-Lin-yu line is expected to be finished in Jun 1945. Work is progressing rapidly.

As regards the steel necessary for these projects, because there has been a sweeping reduction in the quantity of steel first allocated to the SMR because of damage from air raids on An-shan, etc., it was decided to make up this deficiency by withdrawing those rails made available by purchase of the Yung-chi (Kirin) Railroad and the Tung-t'ai-yang Railroad on 1 Dec.

Furthermore, in order to speed the double tracking of main lines on the Korean Railway to correspond with that of the Shen-yang-An-tung and the Shen-yang-Lin-yu lines above-mentioned, 212 kilometers of rails were loaned by the SMR to the Korean Railway, with the consent of the cabinet and work is steadily proceeding, and is expected to open traffic on all lines 1 Jan 1945.

Besides the above, preparations are in progress for an immediate supply of railroad ties and the loan of 290 locomotives and 5,100 freight cars for North China traffic and the Korean Railway in order to establish and maintain an organization for the diversion of important commodities to overland traffic.

117. Unification of Continental Transportation

Once the necessity for establishing a system for the diversion of continental commodities to overland traffic became apparent, the Continental Railroad Transportation Council, was formed Dec 1942, composed of all railroad agencies in Korea, Manchuria, and China; the envoy to China; the Manchurian Government; the Government-General of Korea; the Kwantung Bureau; and the Kwantung Army. Its object was to demonstrate the transport capabilities of the continental railroads of Korea, Manchuria and China, and to use them as an integrated whole. Offices have been set up at Ch'ang-Ch'un (Hsinking), and harmony in routine work is anticipated. This conference will meet twice a year in full session, and in addition to having all composite agencies attend, the participation of agencies related to the Japanese Government and to army and navy control departments is necessary.

The following, decided in council, are expected to be carried out:

1. Traffic mobilization and commodity transport.
2. Efficiency in through transportation.
3. Expansion of facilities in through transportation.

This council has already met six times in Hsinking. Although there are reports of earnest discussion and of good planning by all agencies, attainment of the anticipated success has been gradual and, hereafter, will depend on the practical application of each agency. The current situation is one of working on such matters as achieving practical results in the unification of transportation from the point of view of actualities on the continent.

118. Diversion to Overland Transportation and Its Effects on the SMR

To assist in diverting important commodities formerly transported by sea from North China to Manchuria and Japan to overland traffic, the SMR put into effect the regulation of traffic on both the Shen-yang-An-tung (Mukden-An-tung) and Shen-yang-Lin-yu (Mukden-Shan-hai-kuan) lines. Due to wholehearted co-operation,

the present situation shows no ill effects on the transportation of the aforesaid commodities. However, because of such other measures as the suspension of some of the passenger trains and the loss in revenue because of price differentials, fares and freight rates were raised 1 Jun 1943, and the deficiency has been remedied.

In the current year also, the volume of commodities diverted has shown a tendency to increase. On the SMR, too, measures are under investigation to make these factors universally constant, because, even though it is taken as a matter of course, a price-differential loss in receipts the same as last year is expected.

119. Maintenance of SMR Facilities to Meet the Sharp Rise in Continental Freight Shipped Overland

The former SMR policy on Manchurian railroad transportation gave priority to the expansion and maintenance of various installations on such railroads as the Ta-lien-Chang-ch'un (Dairen-Hsinking) and the Chang-ch'un-Pin-chiang (Hsinking-Harbin) through truck lines connecting northern and southern Manchuria; and hand in hand with the development of Ta-lien (Dairen) Harbor, with which these lines are interdependent, this action has actually brought about an increase in through land-and-sea transportation. The need was early recognized for the expansion of maintenance on both the An-tung-Shen-yang (An-tung-Mukden) and the Shen-yang-Lin-yu (Mukden-Shan-hai-kuan) lines, which are the only truck lines for continental rail transportation. Whereas plans for double tracking the lines had already been settled in Dec 1942, swift completion of the above plans for securing a system of freight to overland traffic became necessary. Last year, 1943, construction work, with the primary aim of converting to double tracks, was pushed to the utmost on both lines.

In plans for the current fiscal year, additional emphasis was given to completing the above objectives, and on the An-tung-Shen-yang line, the work was finally finished 30 Sep 1944. On the Shen-yang-Lin-yu line, operations have been underway since the last of October, and work is slowly but surely going forward, having as its goal the commencement of operations in Jun 1945.

Furthermore, in order to take action in keeping with overland transportation, plans are afoot to maintain installations to meet the sudden increase in transport of commodities, using such methods as expanding the SMR rolling-stock plant and increasing the rolling-stock equipment.

120. Principal Commodities Carried by the SMR, 1943-1944

(Unit: 1,000 mt)

	1943	1944 (estimate)	Difference
Trade Goods (Total)	43,179	47,000	1,821
Agricultural Products	5,765	6,350	585
Coal	17,018	18,500	1,482
Mineral Products	8,871	8,850	21*
Lumber Products	4,230	3,950	280*
Livestock Products	163	150	13*
Other Industrial Products	9,132	9,200	63
Government Goods (total)	21,315	22,000	685
Company Goods (total)	18,491	19,000	509
Total	84,985	88,000	3,015 [sic]

NOTE: *refers to decrease.

121. Number of SMR Subsidiary Companies, Investments and Yield

A. Number of subsidiary companies, 31 Mar 1944 — 68

B. Total investments, 31 Mar 1944 — ¥402,043,000

C. Dividend receipts, 1942 — ¥10,816,000
" " 1943 — ¥14,423,000

D. Investment yield	1942	1943
On amount invested	3.11%	3.73%
On amount entered in books (secret)	3.41%	4.15%

122. Construction of Railroads in Manchuria and Future Plans for Such Construction

A. Construction of National Lines (Extension of Lines Already Completed)

1933	483.3 km	
1934	584.5 km	
1935	1,101.3 km	
1936	591.6 km	
1937	753.0 km	(this figure includes 192.3 km of roadbed only)
1938	128.7 km	
1939	501.7 km	
1940	717.1 km	
1941	56.9 km	
1942	39.5 km	
1943	--	(under investigation)

B. Cost of Construction of National Lines (New Lines). Summary of Accounts Settled (Unit: ¥1,000)

1933	87,769	
1934	129,539	
1935	90,574	
1936	50,917	
1937	58,426	
1938	86,190	
1939	149,899	
1940	114,484	
1941	95,668	
1942	154,836	
1943	--	(under investigation)

C. Railroad Construction Classified According to the Several Planning Stages. (As of 1944.)

1. Completed

1st stage lines	774.2 km	All completed
2d " "	1,133.4 km	" "
3d " "	1,841.4 km	" " (also 192.3 km of road bed only constructed)
4th " "	755.8 km	Part completed
5th " "	305.3 km	" "
6th " "	95.6 km	" "
7th " "	39.5 km	" "
Other lines (Heng-shan-Line)	12.4 km	All completed
Roadbed only	192.3 km	(3d stage lines)

2. For Temporary Operation

5th stage lines	215.1 km
6th " "	209.7 km
7th " "	13.3 km
TOTAL	438.1 km

3. Track Laid

5th stage lines	5.5 km
6th " "	6.5 km
7th " "	34.2 km
TOTAL	46.2 km

4. Roadbeds Under Construction

4th stage lines	103.0 km
5th " "	90.1 km
7th " "	21.0 km
Other " "	54.0 km
TOTAL	268.1 km

5. Construction Not Yet Underway

5th stage lines	211.9 km
6th " "	46.3 km
7th " "	151.0 km
TOTAL	409.2 km

NOTE: (i) Construction of Double Track Lines

Extension of lines already completed	(6th stage)	888.6 km
Track laid	(6th ")	74.0 km
Roadbeds under construction	(6th ")	419.0 km
Roadbeds under construction	(7th ")	8.0 km
Construction not yet underway	(6th ")	318.9 km
Construction not yet underway	(7th ")	392.0 km

(ii) Roads Under Private Management

Extension of lines already completed	80.6 km

123. Reasons for the Transfer of the Proprietary Rights of the North Korean Railways to the SMR

In view of the recent tendency of the via-Dairen water transportation the via-South Korea route, and the so-called via-North Korea route to increase more and more in usefulness, the business of the North Korean Railways has been entrusted to the South Manchurian Railway Co Ltd. By a cabinet decision on 5 Mar

1940, a part of the railway in North Korea (Sangsampong to Chungjin and Hoiryong to Shingerim) was transferred back to the control of the North Korean Railway principally because of a similar degree of utility in having it control local transport inside Korea.

Simultaneously, and for the above reasons, it was decided to press forward from mandated administration of the Unggi to Sansampong Railway and the Unggi harbor installations to the transfer of proprietary rights in them to the South Manchurian Railway as speedily as possible. By this it is expected that there will be no delay in the transportation of critical freight to Japan by the South Manchurian Railway.

The question of compensation for this transfer, moreover, was considered in the main points of the cabinet decision. This was in connection with the matter of compensation for local equipment which the said companies previously handed over to the governments of Japan and Manchuria because of the abolition of the rights of extraterritoriality.

124a. Recent Transportation Between Japan and Manchuria and That Via South Korea

Recent conditions of freight traffic in our country are such that a decrease in the capacity for water transportation could not be avoided. This is due to an increase in freight-space losses which raised the shipbuilding load quantitatively, although in quality more of the so-called improved type ships are being built. It is also due to the lowering of the rate of consignments and loading capacities. Earlier, special vessels were assigned to the southern theater from Japan, Manchuria and China. The restoration of this shipping, in view of the war situation which necessitates making Kita Jima a center of operations for the time being, can hardly be hoped for. For that matter, even in the future decrease in freight space is anticipated. The transportation of continental commodities bound for Japan will increase further, hereafter, creating a condition which forces the diversion to overland transportation.

At the end of 1942 an emergency system for overland transportation was established. Shipments amounted to 1942 to 330,000 tons; in 1943 to 1,750,000 tons; and in 1944, an estimated 4,690,000 tons. In the current year the figure will be more than double last year's, and next year a further proportionate rise is anticipated. As far as Manchurian commodities are concerned, in 1942 shipments amounted to 60,000 tons; in 1943 to 1,300,000; and in 1944 they showed a remarkable increase for the year to an estimated 2,690,000 tons.

Hitherto, Manchurian commodities relied mainly on sea transportation to Ta-lien (Dairen) and in 1943 there were shipped 2,700,000 tons by sea transport and 1,300,000 tons via the South Korea Junction. In 1944, 1,800,000 tons were shipped by sea and 2,700,000 tons went in transit via South Korea. Thus, the South

Korea transit route came to occupy a most important position. In the field of sea transport, the use of the North Korea sea route has been resumed again for northern Manchurian commodities because of the perils of the sea and of the rate of diversion involved by the former route.

In view of the importance of continental railroads, double tracking of both the An-tung-Shen-yang and the Shen-yang-Lin-yu lines of the SMR (double track operation on the former began 1 October; on the latter it was expected that the operations would be completed by June of next year, although part of the bridging may remain unfinished) was speeded up, the operation of some passenger trains was suspended, and the change to a system to meet the war emergency was made. Simultaneously with this regard for the successful transportation of diverted commodities, a good deal of actual aid and cooperation have been exhibited by other continental railroads. They made allotments of large supplies of rolling stock and personnel for the North China railroads and the Korean Railway, lent materials for the double tracking of lines on the Korean Railway, and took steps to simplify various procedures for through transportation.

In addition, in order to plan for one successful transportation of diverted commodities by applying the combined efforts of all continental railroads, the Continental Railroad Transportation Council held a meeting in Ch'ang-ch'un (Hsinking), in Apr 1943 and a business bureau was set up. With close liaison with all military, government, and civilian agencies, the successful transportation of diverted commodities is anticipated. An investigation of transport plans, the increase of through traffic, the increase and transfer of personnel, and transport facilities and other matters were deliberated upon. To meet the needs of the above, the Japan-Korea-Manchuria-China Liaison Council was set up centrally in the Plans Bureau of the Department of Transportation and Communications. It was to be in charge of liaison with local councils so as to carry out central planning with the cooperation of all related agencies.

Thus, due to the earnest cooperation of military, government and civilian agencies, the contribution of the continental railroads to transportation bound for Japan is enormous. Yet, it cannot be said that actual results in the current year are good. From now on in successfully solving the problems of the burden of the large volume of freight which is becoming greater and greater, those questions which are most numerous and which should be settled immediately are:

(1) Delay in expansion of facilities caused by insufficient funds

(2) Expansion of installations of various South Korean ports

(3) Measures for supplementing rolling stock and railroad ties

(4) Guarantee of coal for use in the Korean railroads

(5) Close conformity of the distribution of shipping with railroad traffic.

The Amount of Through Freight Traffic via South Korea
(Unit: Presumably 1,000 tons)

Year	Continental Commodities		Intra-Manchurian Commodities	
	Planned	Attained	Planned	Attained
1942	410	333	320	258
1943	3,130	1,752	1,561	1,305
1944	4,689	---	2,687	---

124b. Measures for Improving Conditions of Merchant Seaman in the Kwantung Leased Territory and in Manchuria

On the basis of a cabinet decision which reads, "In view of the heavy responsibilities shouldered by merchant seamen in wartime, and in order that they may raise their standing in the nation and look forward to the successful accomplishment of their duties, measures are to be studied whereby seamen can be treated as government officials during the Greater East Asia War," there is a bill at present under examination in Japan. This bill proposes to study measures for treating seamen and reserve seamen assigned to ships which the army and navy are using during the war and on ships used in accordance with orders of the army and navy administration in wartime as government officials. In the Kwantung Leased Territory, also, the same sort of measure is in preparation at present. In addition, for crews assigned to ships under Manchurian registry, a similar measure is under investigation in Manchuria.

Transport of Principal Manchurian Commodities, Classified by Routes (Unit: 1,000 tons)

Year	1943 Attained			1944 Planned		
Route	Water Transport	Via South Korea	Total	Water Transport	Via South Korea	Total
Commodity						
Coal	376	291	667	140	660	800
Pig iron and steel	136	608	744	71	644	493
Salt	498	---	498	255	238	562
Non-ferrous metals	557	5	562	422	140	15
Pitch coke	7	4	11	4	11	833
Soy beans	387	315	700	313	520	478
Food cereals	155	---	155	280	198	395
Soy bean cake	321	73	394	164	231	395
Various oil-bearing seeds and fruits	60	19	79	45	43	86
Animal fodder	48	---	48	---	---	---
Ammonium sulphate	46	---	46	---	---	---
Sub-total	2,591	1,315	3,904	1,694	2,675	4,377 [sic]
Total of important commodities including miscellaneous	2,688	1,316	4,004	1,813	2,685	4,498

125. The Manchuria Telephone and Telegraph Co Ltd

A. Communications in Manchuria Before the Establishment of the Company

Wire Communications and Networks	(Extent per square kilometer)	Japan 700 meter	Manchuria 11 meters
outside cities		9,100 "	32 "
Rate of use of telegraph	(per 100 people)	450 telegrams	201 telegrams
Number of telephone subscribers	(per 100 households)	98 calls	0.015 calls

The Japanese and the Manchurian systems conflict. Because of the differences in usage of the mutual organization, there were many instances of waste and inconvenience, and difficulty in liaison. With the independence of Manchuria, this competitive relationship was naturally dissolved, personnel were combined and management was unified.

Although there was discussion as to whether the management would be private or government, since there was need for immediate improvement and expansion in Manchuria, it was deemed advisable that the management be private in order to furnish the capital for this expansion.

Further, in the case of government management, as to the disposition of Japanese and Manchurian sovereignty, i.e., the problem of government registration of the company, a treaty between the two countries was established. Standardized rules based on the results of careful study, and a holding company with joint management by both countries was the result (capital ¥50,000,000). On 26 Mar 1933 at Hsing-king, Manchuria, the Japanese and Manchurian plenipotentiaries signed the "Agreement to Constitute and Establish the Japanese-Manchurian Joint Communications Company in Manchuria." At the same time they exchanged documents dealing with reciprocal relations. The above agreement was given final treatment in Japan and Manchuria, ratified and published. Immediately following this, there was constituted a committee of authorized delegates from the two countries based on the above agreement, and these delegates promulgated the articles of association.

As for stock shares the Japanese Government decided to put up ¥16,500,000 for communications equipment and incidentals thereto. For this amount, she was allotted 320,000 shares of paid-up stock. Manchuria put up ¥6,000,000 in return for which she was apportioned 120,000 paid-up shares. For supporters of the company and for persons connected with it, 270,000 shares were set aside, and the remaining 290,000 shares were put up for public sale.

The work of floating the issues and establishing the company was completed without delay, and the inaugural assembly was held on 11 August of that year. On the same day registration was completed, and on 1 September the company was opened for business.

The aim of the company is to plan for the unification, equipping, and expansion of the communications field in Manchuria, and to cooperate in the execution of measures of both the Japanese and Manchurian governments in the fields of national defense, politics and finance.

126. Registration of the Manchuria Telephone and Telegraph Co Ltd, Under Two National Registries and the Plan to Make it a Manchurian Corporation

Based on the "Agreement to Establish a Japanese-Manchurian Joint Communications Company in Manchuria," the Telephone and Telegraph Company was incorporated both in Japan and Manchuria. As for the idea of making it a corporation so as to bring its capital under the authority of Manchuria, it is felt that the communications field, particularly the electric communications business, would be the precursor of national strengthening and expansion. From the

standpoints of the national defense and finance also, it is an extremely important factor. Furthermore, the business picture, too must reflect clearly and directly the stable imperial policy. Again, from the standpoint of the general issue of national defense of Japan and Manchuria alike, it is considered proper that the company remain incorporated in both countries as at present.

127. Supervision of the Manchuria Telephone and Telegraph Co Ltd by the Governments of Japan and Manchuria

Based on Article 11 of the Agreement, "The Japanese and Manchurian Governments will superintend the business of this Company." The superintending authority for the Japanese government is the Envoy Extraordinary and Ambassador Plenipotentiary resident in Manchuria, with the Minister for Greater East Asia as the central authority. For Manchuria, the Minister of Communications will superintend the business of the Company.

In regard to orders and authorization or approval , the official superintendent authorities will confer and carry out the decisions of the conference. When the views of the parties differ, the views of the Japanese superintendent authority are accepted. Necessary changes in the text of the document have been made subsequent to the conclusion of the Agreement.

128. Business Returns of the Manchuria Telegraph and Telephone Co Ltd, 1933-44

The Company's progress in telephone and telegraph business has been good and business has prospered steadily year by year.

The tendency toward increase of business is as follows:

A. Exchanges and Offices Now in Operation; Number of Circuits; and Length of Lines

Year Ending	Exchanges and Offices	Number of Circuits	Length of Lines (km)
1933	380	446	70,223
1934	548	545	101,623
1935	650	607	112,988
1936	695	741	119,651
1937	748	826	145,455
1938	860	826	145,455
1939	921	895	156,455
1940	965	1,078	108,565
1941	1,060	1,217	163,021
1942	1,122	1,411	179,950
Sep 1943	1,154	1,530	135,226
Jun 1944	1,459		

NOTE: Decrease from 1939 onward is due to changes in cable.

B. Volume of Business

Year	Number of Telephone Subscribers	Number of Listeners to Radio Broadcasts	Number of Telegraph Messages
1933	33,253	8,043	4,817,472
1934	41,498	13,386	17,397,357
1935	54,113	19,764	21,099,727
1936	63,374	41,202	24,792,039
1937	73,939	88,876	29,100,451
1938	82,630	127,417	36,156,675
1939	93,314	225,889	47,225,966
1940	107,708	340,291	53,997,583
1941	118,592	454,839	42,571,406
1942	124,654	509,319	42,634,633
Sep 1943	124,438	548,000	16,000,000 (transmitted only)
Jun 1944	126,260	574,574	12,000,000 (30% decrease)

C. Balance Sheets

Year	Receipts	Disbursements	Profit
1933	¥3.788,445	¥2,948,988	839,457
1934	12,860,296	9,870,629	2,989,641 [sic]
1935	16,494,930	13,104,500	3,390,430
1936	18,239,621	14,686,183	3,553,438
1937	22,302,768	18,519,491	3,783,277
1938	28,346,504	23,432,009	4,914,495
1939	39,069,436	33,171,611	5,897,825
1940	50,498,367	44,042,191	6,456,176
1941	65,005,216	58,088,336	6,916,880
1942	78,212,218	71,065,454	7,146,764
1943	84,216,688	77,067,881	7,148,807
1944(estimated)	112,090,798	101,966,023	10,124,775

D. Number Employed

	Date of Investigation				
	Oct 1941	Apr 1942	Sep 1943	Jun 1944	End of 1945
Office workers	3,643	3,276	-	-	3,784
Field workers	13,411	14,821	-	-	15,951
TOTAL	16,874 [sic]	18,097	17,930	19,989	19,735
Japanese	13,008	13,857	13,169	12,980	
Manchurian	3,866	4,240	4,761	7,009	
TOTAL	16,874	18,097	17,930	19,989	

129. 1945 Industrial Plan for the Manchuria Telephone and Telegraph Co Ltd, and Reasons for Increase in Capital

A. In 1944 there was a definite amplification of defense facilities in northern Manchuria and in the facilities for strengthening the war potential of southern Manchuria. However, this year, especially at the end of Jul 1944, repeated damage was incurred at An-shan by enemy air attacks. Reviewing the actual circumstances, especially in southern Manchuria where Manchuria's war potential is mustered, the communications network is indicated as an important defense factor. It was planned to increase the productivity and transport strength chiefly in the Tung-pian-tao area, with changes increasing the efficiency and maintenance of facilities already established.

Regarding conditions for future receipt of properties and machinery, it is planned to increase efficiency for this fiscal year. In addition we will manufacture as much of the equipment ourselves as possible, and will try to keep operating expenses down to a minimum. As for the reserve fund, ¥4,000,000, or twice that of last year's figure will be appropriated.

Initial expenses for the next fiscal year will be ¥42,679,000 or about ¥25,000,000 less than last year's figure of ¥67,188,000. An outline follows:

1.	Protective installations:		20,403,000 [sic]
	Along trunk lines (cable and short wave)	13,500,000	
	Telephone lines outside city (South Manchuria). New telephone circuits and equipment.	6,403,000	
2.	Defense preparations		3,991,000 [sic]
	Shen-yang (Mukden) bomb shelters	2,451,000	
	Emergency switchboards	1,000,000	
3.	Enlarging and improving		6,431,000 [sic]
	New interior telephone circuit equipment	1,103,000	
	New interior telegraph circuit equipment	349,000	
4.	Dissemination of information and propaganda		1,605,000 [sic]

5. Maintenance and improvement of engineering installations — 5,749,000 [sic]

Equipment for expansion of engineering dept	1,090,000
Improvement of special features in transmission	1,000,000
Equipment of telegraph and telephone dept	1,141,000
Maintenance equipment	1,726,000

6. Various other installations — 500,000

7. Reserve — 4,000,000

TOTAL — 42,679,000

B. Reasons for increase in capital

Capital planned for 1945 is as follows:

1. Amount required

a. Required for 1945	¥50,000,000
b. Investments outside the company	4,800,000
c. Bond redemption	9,250,000
d. Dividends and bonuses to officials	5,748,000
e. Operating fund (Balance forward to following year)	10,665,000
TOTAL	¥80,193,000 [sic]

2. Capital income

a. Carried over from previous year	¥ 5,501,000
b. Stock payments	25,000,000
c. Bond issues	29,000,000
d. Loans repaid	212,000
e. Mortgages refunded	6,010,000
f. Interest	13,166,000
g. Expected increase in deposits	1,300,000
TOTAL	¥80,000,000 [sic]

The capital required for 1945 for the telephone and telegraph co, is about 80 million yen as above, and about 54 million yen can be expected from sources outside the company. The company's present capital is 100 million yen, and is expected to be fully paid up by Oct 1944. The balance of the bond issue reserve was 73 million yen at the end of 1944. When looked at from the standpoint of bond issue reserve, it will be possible to hold over collection of the increased capital next year and to gain the whole amount by company debentures. The year after next, an increase in captial can

be carried out, the bond issue reserve being 19 million yen. Difficulty, however, is expected in the speedy raising of capital and the company will be considerably hard pressed in the management of its capital while collections are being made in the first half-year period. Again it is thought that by a revision of the articles of association that the limit for issuance of company debentures could be raised to double the present figure.

Since the company is a working company, it is necessary to maintain an equilibrium between its own and outside capital. In the event of an increase in capital next year it will be carried out according to the following plan:

Details of the increase in capital

1. 100 million yen (200 ¥50 shares) [sic].

2. Apportionment

   a. Japanese-Manchurian Governments 900,000 shares
   (Japan, 450,000 shares; Manchuria, 450,000 shares

   b. Ordinary stockholders (as of Feb 1945) 550,000 "
   (1 share for 2 shares of previously issued stock)
   (100,000 shares for Manchurians)

   c. Within Manchuria: 550,000 "

3. First call one-fourth (25,000,000 yen)

4. First call to be paid up by 30 Jun 1945

130. Wartime Communications Regulations for the Manchuria Telephone and Telegraph Co Ltd

Along with the yearly increase in the volume of communications, there is a natural tendency to observe the regulations. In wartime the company must do its utmost to accomplish its mission under the supervision of the government by observing the following regulations:

A. Restrictions from the standpoint of economy

1. The handling of special telegrams such as prepaid reply, acknowledgement receipt, multiple address (excluding those of five addresses or less), faire-suivre, and retransmitted telegrams is abolished, but telegrams for military purposes and telegrams concerning conscription falling into the last two classes are handled as before.

2. Exceptional destinations, certification of copy and reading of telegrams at destination are abolished.

3. With the exception of the Imperial family, diplomats, and official telegrams dispatched by military garrisons, the handling of texts whose contents in whole or in part are concerned with congratulations, condolences, and inquiries about one's health is prohibited. However, telegrams of congratulations concerning victory or of condolences concerning those killed in action whether official or private, are not questioned. Moreover, even telegrams of condolence or congratulations or inquiries about health, with the exception of messages between Japan-Manchuria will not be stopped if official or if truly necessary private ones. These will be handled as special cases.

4. Handling of newspaper telegrams which exceed 100 words is prohibited.

B. Restrictions concerning the management of electric communications

1. Restrictions on the handling of communications sent to and received from the Kwantung Leased Territory.

a. Telegrams handled only at risk of sender.

b. The handling of telegrams and communications sent to and received from specified nationals is permitted.

c. With the exception of specially determined cases, private telegrams in Japanese will be written in ordinary language.

d. With the exception of specially determined cases, private telegrams in Chinese will be written in Manchurian or Chinese and these must have a Japanese translation appended.

e. Private telegrams written in the Roman alphabet may be written in German, French, English or the language of any country. Telegrams written in code must indicate the sending and receiving area, must indicate the code book concerned, and have a translation appended.

f. With the exception of specially determined cases, radio telegrams and ship telephone messages will not be handled.

g. Private telegrams or private telephone conversations, the contents of which disclose or appear to disclose movements of Japanese ships, will not be handled.

h. Communications which render it possible to infer weather conditions or heavy damage in relation to weather will not be handled.

i. Telephone conversations restricted to the following languages will be handled.

Between the Kwantung Leased Territory and Japan Proper	Japanese and Manchurian
Between Korea and Formosa	" " "
Between points in China	Japanese, Chinese and Manchurian
Between Manchuria and Macassar	Japanese and Manchurian

2. In regard to the dispatch and receipt of messages in Manchuria, the handling restrictions are almost the same as for the Kwantung Territory.

Even though cooperation is an instrument of national policy between Japan and Manchuria in regard to the telephone and telegraph company, it is expected that because of the intelligence and fifth column warfare which is a special characteristic of the modern war in Greater East Asia, censorship of communications will be carried out by the appropriate agencies of both governments.

131. Effects of Air Raids and Countermeasures

The damage to the Manchurian Telephone and Telegraph Company in An-shan and Dairen (Ta-lien) by the first air attack by enemy planes in the An-shan region on 29 Jul 1944, and subsequently, the attack on 8 Sep, and the third attack of 26 and 27 Sep, together with countermeasures, is in general as follows:

A. State of damage

1. First attack: Hits in 22 places on the cable in An-shan and on telephone communications outside the city caused suspension of service between Shen-yang (Mukden) and Ta-lien (Dairen); wires, circuits, and the whole line were damaged, but the office building was not affected.

2. Second attack: Suspension of service south of An-shan because of trouble with the whole line.

a. There were 29 impeded telegraph circuits and 49 impeded telephone circuits.

b. Within the city, outside of trouble with 15 x 100 (volt) paired cables, and other than damage to several 25, 100 and 200 (volt) cables, main arteries under manholes, collapse of telephone poles, and severing of bare wires, there was damage to 435 private lines.

3. Third attack:

a. Ta-lien (Dairen) region: Hit among 10 telephone poles and 15 bare wires; in addition some cables were cut; no damage to office.

b. An-shan region: In addition to disrupted wires in 6 places between An-shan and Ling-shan and damage to 19 poles, several cables were cut inside the city.

c. Liao-yang region: No damage.

B. Steps taken

During the first air attack, warnings were issued, and at the same time the reception of private telegrams was stopped. In Shen-yang (Mukden) An-shan, Liao-yang and Pen-ch'i-hu, telephone communication within the city was curtailed or restricted except for companies having relationship with the military, government or transportation. Together with making preparations at every opportunity for the 2d and 3d air attacks, on account of the disruption or suspension of wire communication, the main company immediately planned maintenance of communication between big cities by means of a "KO" wireless set. The head of the An-shan office, along with organizing repair squads, cooperated with the Shen-yang (Mukden) manager by dispatching repair personnel and materials. Hereafter, even in air raids, with the same kind of measures the emergency repair work will be finished in a one or two day period.

C. Countermeasures

1. It is necessary to conduct broadcasts according to locality before and after raids as air defense guidance for the people, especially for personnel in important factories. Measures must be taken to prevent the spread of false rumors about the stability of the people. At present they are installing equipment for 10 transmitters in An-shan, Pen-ch'i-hu and Fu-shun.

2. It is necessary to change the location of the line routes so as to lessen the damage to communication lines which run contiguous to the city and to factories. The line between An-shan and Ling-shan, a special route completed in September, was cut during the 3d attack.

3. Each city where there is the likelihood of air attack should quickly set up a second office reserve installation.

4. At important points it is necessary to have quick distribution of "KO" materials for repair.

5. Improvement in storage methods.

6. Increasing wireless equipment in southern Manchuria.

132. <u>The Domestic Labor Situation and the Advisability of Dispatching Colonists</u>

The Manchurian colonization policy must be considered from the standpoint of the vital necessity of achieving its population objective, increasing food production, and strengthening defensive power under present wartime conditions. It is necessary to dispatch the colonists in the numbers planned, in accordance with labor requirements for domestic agriculture and munitions.

133. Need for Dispatching Colonists

In view of the difficulty in ensuring the selection of qualified personnel as colonists, the regulations for the registration of Manchurian colonists were established in May of this year. Simultaneously the various regulations based on the national mobilization law were strengthened. Thus estimates can be made of the planned emigration and assistance which has been given in compliance with labor regulations. However, these regulations apply only to those persons who volunteer as colonists, and in order to plan a well-controlled emigration further careful study should be made giving consideration to the setting up of control through laws and ordinances and the necessity of making suitable investigations according to the nature of colonization work.

134. Policies for Planning the War Emergency Migration of Colonists

In 1945, even though it is necessary to send colonists to Manchuria in accordance with the Second Five-Year Plan, consideration must be given to the unavoidability of a reduction in the number of families in view of the status of capital, materials, and labor under present war conditions. Leadership for the organizing of groups according to the conditions of each locality in Japan proper is planned and we anticipate the basic completion of the colonization groups and the rapid increase in agricultural production. Another objective is the early completion of the colonization groups in order to plan effective use of existing installations. Methods have been devised for these objectives and for organizing and sending out small groups. Early activity for newly formed groups, and facilitating the supplementary activity of existing but incomplete groups are also planned.

135. Plan to Dispatch Displaced Persons, Evacuees, and War Victims as Colonists

If we dispatch as colonists persons displaced through the changing conditions of war, war victims, and evacuees from specially designated areas, their livelihood is assured, and thus satisfactory results can be expected in the guidance and formation of colonization groups, especially in view of the special characteristics such groups show in promoting the increase of wartime food production in the areas they colonize.

136. Achievements in Sending Colonists to Manchuria

We began to send colonists to Manchuria in 1932. In 1936 a plan was decided upon to send one million families within a 20-year period. In 1937 the First Five-Year Plan was actually begun. In 1941, the plan for sending 100,000 families was completed. In 1942 the second plan for sending 200,000 families was begun. This phase is at present in progress.

The results show that in the First Five-Year Plan, SHUDAN (groups), SHUGO (assemblies), BUNSAN (dispersed persons), young men's volunteer units, and mobile colonists' groups were formed and about 81,000 families-81 percent of the planned number-were successfully colonized. In the Second Five-Year Plan, for the most part, the expected results are being obtained from suitable numbers of unemployed workers and those changing employment who are going back to farm on the continent.

Colonists' groups have been formed by merging groups, assemblies, etc., and at present there are 755 such groups with a total of 104,300 families (1944 fiscal year).

137. Colonists Going to the Continent and Policies Toward Future Migration

A. The Continent Corporation and the Manchuria Agricultural Development Corporation which were formed from the unemployed and those changing work, organized five groups (1,200 families) in 1941. Since then the organization of groups has increased considerably each year and in 1944 there were 54 groups (9,350 families) and 6 assemblies (350), making a total of about 9,000 families. At present, results obtained in agricultural management have been better than was expected.

B. Since Jun 1943, organization of the enterprises has been pushed widely and vigorously to completion. Future voluntary migration of agricultural colonists to Manchuria will be encouraged. The policy will be to give guidance, aid and family security to the colonists with special regard for their individual situations, and to bring about a conspicuous advancement in agricultural management and guidance.

138. Policy Toward the Volunteer Units of the Development Groups

After 3 years of training at a volunteer unit station, youths are transferred to the development groups. In the first draft in 1941 there were 67 groups with 16,023 men. The second draft had 43 groups with 8,336 men, the third draft 36 groups with 8,460, and the fourth draft 51 groups with 11,552, which makes a total of 197 groups and 44,371 men. The organization of the groups was hindered from within, however, by the increasing number of men who entered the army, or who were called up for duty. Plans are being made for next year to speed the call for families. Also, in transferring men in the fifth draft of the volunteer units of the development groups, it is being planned to amalgamate them with the already established volunteer units except where this would be impossible from the standpoint of production or national defense. Appropriate measures are being worked out to provide for group operation.

139. Health and Sanitation Policies in the Colonized Areas

In view of the fact that health and sanitation in the colonized areas depended primarily on the hardiness of the colonists and the physical strength of the families, the government in 1943 organized Colonial Health Groups, and made plans for the management of widespread and collective health and sanitation installations. Clinics were set up in the development groups and plans made to establish high-class general hospitals. As well as insuring medical care to the colonists, the government also installed a suitable program of hygienic instruction and preventive methods. For tuberculosis patients the building of a tuberculosis sanatorium with 200 beds was set up as a 2 year project (1944 and 1945). Besides giving patients medical treatment, attempts were made to give precautionary medical examinations aimed at discovering early symptoms and curing patients immediately.

140. Policy Regarding the Transfer of Land to Colonists for Settlement

It was necessary to establish a suitable transfer policy which would take into consideration the ability of the colonists to pay. The price and the time limit were also carefully considered.

141. Current Administrative Status of the Manchuria Colonization Co Ltd

The Manchuria Colonization Co Ltd was formed as an organ to represent national policy in aiding colonists to settle in Manchuria. The business of the company centers around such things as the opening of areas for colonization, offering guidance to colonists from both Japan and Korea, acquiring and administering areas suitable for colonization, assisting colonists to acquire necessary materials, etc. As a representative of government policy, the company conducts few business operations which are profitable. Not only is there a necessity for paying the expenses of such business as aid and guidance for the colonists, but there is no income from it. Thus, with the increase in numbers of colonists, the company has unavoidably shown a loss every year since 1941.

142. Reasons for Assistance to the Manchurian Colonization Co Ltd

The Manchurian Colonization Co Ltd, has been losing money every year since 1941. It is expected that losses will amount to about ¥6,960,000 by the end of 1944, and that they will be more than ¥3,240,000 for the year 1945 alone. The losses are due to the fact that the company has been sustaining alone the cost of aiding and guiding the colonists though this was originally the responsibility of the government. If relieved of this cost the

company could operate quite profitably. Assuming the government helps out by paying a part of the cost of aiding the colonists it is reasonable to expect that a great improvement will be noted in both the condition of the colonists and that of the company.

143. Future Policy for the Administration of the Manchuria Coloniza- Co Ltd

The Manchurian Colonization Co Ltd, has found it impossible every year since 1941 to make ends meet. The reason for this, however, is that the company has been taking over a great many unprofitable functions which are properly the responsibility of the state. Even though the company plans to reduce operating costs in the future and increase income, there are many things which cannot be eliminated. The farm rents are the sole source of income for the company and cannot be reduced, nor can the area supervised be reduced because of the numbers of new colonists. Such enterprises as of forestation would take at least 20 years before becoming a source of revenue to the company. Moreover, there are no other suitable and profitable enterprises which would prevent the yearly deficit. In recognition of this and the fact that it would not be wise to leave the deficit as it is, the government will aid the company yearly with a suitable sum of money. In this way the company will be able to improve its administration and carry out its mission effectively.

144. Contribution of Manchurian Colonists to the Increase in Food Production

The Manchurian colonists increased the amount of land under cultivation from 204,000 hectares in 1943 to 264,000 hectares in 1944. Not only did they far exceed their supply quota of 140,000 metric tons this year but they are also planning to ship over an additional 15,000 metric tons as a gift. By developments to double production, by gifts to the homeland, by the general farm setup, etc., the colonists are actively and ardently increasing the production of food products. And not only are the colonists increasing yearly the amount of food produced but the Manchurian farmers are being made increasingly aware of the need for wartime food increases and are fulfilling their part in the model farm program. Amazing increases in food production throughout Manchuria are evident. A table comparing the amount of agricultural produce and the amount shipped out by the colonists, the Japanese farmers, and the Manchurian farmers, follows:

	Production per household	Amount Shipped out per Household	
Colonists	318 metric tons	174 metric tons	
Japanese Farmers	244 " "	145 " "	1943
Manchurian Farmers	392 " "	155 " "	

The colonists, in contrast to the other two, are doing excellently in the amount sent out.

145. Plans for Increased Colonial Production in 1945

In view of the importance of increasing food production in wartime, 1944 plans called for an increase in acreage to 300,000 hectares and an increase in grain production to 273,000 metric tons. 1945 plans call for increase in land to 405,000 hectares and of grain production to 388,000 metric tons. Plans are also underway to make people more aware of the necessity for increased production, to strengthen operations aimed at improving the land, to make improvements in agricultural methods, and to organize farming means.

146. Plans for Providing Colonists with Farming Implements

It is of primary importance to plan for adequate numbers of farm implements and draft animals, which are the bases of farming, and for the distribution of good seed if the colonists are to be expected to increase production. Up to the present time about 50,000 sets of improved farm implements have been distributed among the colonists. This year the Manchuria Colonization Co Ltd, is setting up a new company called the Manchuria Colonization Farm Implements Co Ltd, which will manufacture a superior type of farm implement, make repairs and work in close co-operation with other small and medium-sized farm implement factories. Plans are being made for an equitable and suitable distribution of farm implements with the purpose of distributing about 10,000 new implements in 1945.

The importation of Japanese horses has had quite an effect upon the draft animal situation. In view of the difficulty in filling the need for farm animals, a better method of handling and protecting horses imported from Japan is being devised, with more care taken in breeding. As a countermeasure for the shortage of Japanese horses, plans are underway for the purchase of ordinary Manchurian horses and for the importation and breeding of an undetermined number of trained horses from Hu-lun-pei-erh in Meng-chiang. By such means it is expected that great improvements will be achieved in colonial farm management.

Plans for the distribution of superior seed are based upon the purchase of the best seed grown in 1945 and its distribution to the colonists.

147. Necessity for Reinvestigation of the System of Young Men's Volunteer Units with Respect to the Military Conscription System

In view of the characteristics of the volunteer units under the present conditions, it is natural that a great number of volunteers, conscripts, and men eligible for conscription from among members of the development groups undergoing training in the young men's volunteer units or those transferred from it should be called up. Taking into account the mission of the volunteer units and the content of their training as well as the necessity for

preserving and maintaining the volunteer units of the development groups, the general opinion is that a co-ordination of the military service and volunteer unit systems should be planned. Means are being devised to amalgamate the new transfers from the volunteer units into the already established development groups, to invite relatives, and to bring in group replacement members. In addition, leadership is eliminating the simultaneous entry of group members into service under the system of volunteering into active service. Since 1943 the members of the volunteer units have been going directly into the army in Manchuria and thereby maintaining the relationship between themselves and the development groups. In view of the present stage of the Greater East Asia War, it is thought that revisions in the system of the volunteer units together with changes in the present military service system will do a great deal to avoid the difficulties heretofore encountered.

148. The Basis for Assignment of 12,000 Men to the Volunteer Units

The number of men to be sent to the volunteer units in 1945 was set at 12,000 from the viewpoint of (1) men available in Japan and (2) the number necessary for maintenance and continuity of the volunteer unit system with respect to its receiving capacity in Manchuria.

(1) Reserve strength to be called up in Japan is based upon the 1945 National Mobilization Plan. The success of the plan calls for recognition of the reserve strength such as an estimated number of graduates from the higher primary departments of the national grade schools, graduates from middle and higher schools, men remaining on farms, etc. In the 1944 plan 13,500 men were apportioned as possibilities from the cities, districts and prefectures, but the actual number obtained was 11,740 (86 percent). The 1945 plan calls for 14,500 men from the same source, which will mean an actual number of about 12,000, and since the organization of the enlistments is being carried out, it is expected at present that the planned number will be assured.

(2) The receiving capacity of the organization in Manchuria is not hindered by a lack of necessary training-station installations or materials. For these reasons the number of men to be called up was set at 12,000--of which 10,000 are to be school graduates and 2,000 youths and adults.

149. Necessity for Reinvestigation of the Training Program of the Young Men's Volunteer Units

The various young men's volunteer units should be uniform in training the soldier-farmers. The training should emphasize the development of qualities for good agricultural colonists by giving co-ordinated training in education, military instruction and agriculture. In response to the current situation it is important to maintain a constant and close connection with the military, especially as regards the emergency demands of national defense, and it is best to provide a leadership which contributes to

protection of the northern areas, national defense and increased production. In view of the food requirements in warfare it is extremely important that emphasis be placed upon increased food production by directing efforts towards training in agricultural management. Therefore, education and instruction should be given as far as possible during periods between intense agricultural activity. Domestic duties should be limited to a necessary minimum, and suitable adjustments should be made in the standards of agricultural management during the training period in Manchuria. An increase in agricultural training is expected.

150. Necessity for the Emergency Mobilization of the Volunteer Army for Military Production

The training of young men's volunteer units is divided between programs in Japan and Manchuria. Before crossing over to Manchuria, the training in Japan consists of a 3-month basic training period aimed at spiritual and physical training, and training in co-operative living. A few of the companies, however, remain in Japan for about a year for the purpose of maintaining and administering training stations. During this period they receive basic training in educational subjects, agriculture and military matters, and receive agricultural training off the station with a view to contributing to the increase in food production. When the necessity arises and when it does not interfere with the maintenance and management of the training stations, these remaining units are mobilized temporarily into the munitions industry to help push the increase in the production of weapons. At present about 1,000 men have been detached to various munition factories. The basic tenets of the above training, which aims at a well-rounded training for the volunteer units with special emphasis on agriculture, will not be changed and the mobilized forces will cross over to Manchuria in accord with prearranged policies.

The training in Manchuria lasts for about 3 years, and basic courses in education, agriculture, military affairs and living are combined with purely practical training. In view of the present emergency, however, a policy of working in munition plants has been adopted insofar as it does not interfere with the maintenance and administration of the training stations. Consequently, during lulls in agricultural activity about 2,500 men are detached and mobilized into munition factories.

The volunteer army system will undergo further study with regard to helping future factory mobilizations.

151. Policy for Assuring Good Leaders

The importance of securing good leaders should be obvious as they are most important in the organization of the prefectural volunteer army units. It is expected that the acquisition of representative men will be assured by setting up a Recommendation Council which will be made up of committees from leading government agencies and other related organizations who are imbued with the spirit of acquiring good leaders.

It is feared that acquiring good leaders will be difficult, and in both Japan and Manchuria, training facilities are being completed and the training of good leaders being undertaken.

Furthermore, various plans are being devised, such as raising salaries, etc., towards the better treatment of the present instructors and candidates.

152. Present Facilities of the Young Men's Volunteer Unit Training Station in Manchuria and Policies for Their Improvement

A number of defects have been found in the facilities of the volunteer unit training stations which were constructed at the beginning of the organization (1938). During the ensuing years improvements and repairs were attempted and plans made to renovate the installations gradually. Since 1943 not only have renovations been carried out on the first installations, but additions have been made which are gradually giving everything a new appearance. Furthermore, in order to assure adequate training, the objective is enough training stations for six units. Attempts will be made to readjust and unify the small stations already existing and to improve and expand their facilities. Work has been in progress on the above scale since 1943.

153. Consideration of and Policy towards Yearly Increases in the Required Number of Wives for Colonists

With the transfer of volunteer unit trainees to the development groups and the inclusion of families, the important problem of colonists' wives arises. In the prefectural and related organizations, classes are held for women colonists and attempts are made to propagandize information desirable to women. In order to broaden and systematize the education, training, and arrangements for marriages as colonists' wives, women colonists' training stations are being set up in the prefectures.

The training of women colonist leaders and the initial construction of barracks for them is being undertaken and encouraged. At present, marriage conditions are being carefully considered in view of the immediate importance of women labor in the face of necessity for increased food production. Plans and policies are becoming clearer and more complete in this regard, and it is expected that the number of single women crossing over to Manchuria will be doubled in 1945, and that the organization of these

recruiting agencies will certainly have the effect of increasing the number of wives for colonists.

154. Government Policy towards the Organization of a Women's Volunteer Army

During the 79th and 81st Sessions of the Diet, petitions were submitted concerning the establishment of "An Organization for the Training of Women as Manchurian-Mongolian Colonists." Following these petitions, people on all sides have been calling for the establishment of a women's volunteer army. The above suggestions would remove the complaints against the method of militaristic propaganda for sending women to the continent, and would lead to the training of unmarried women in Japan and Manchuria in the same manner as the men's volunteer army. The basic idea would be that upon completion of training the women would immediately become colonists' wives. However, in respect to the above, it is important to consider fully not only the connections with the family and marriage systems of Japan, but also in devising the training program to give consideration to the special characteristics of women in comparison to men. In these respects it is thought that at this time there is still considerable room for a more complete study.

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