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INFORMATION REPORT

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China's Foreign Trade since the Victory.
The First Year of Revival of the Chinese Cotton Industry.
Three Large Iron and Steel Works in Shanghai.
Analysis, with Comments, of the New Regulations Governing the Renting of Houses (Concluded).
Coal Mining and Coal Policy in China 1938-1948.
The Chinese Cement Industry during the Year 1947.

ANNEX
Methods for the Investigation and Collection of the Income Tax on Profit-seeking Enterprises in 1948.
Table of the Starting Points and Rates of Taxation on Incomes of Various Classes for 1948.
Simplified Methods for the Investigation and Collection of the Business Tax on Shipping Enterprises.

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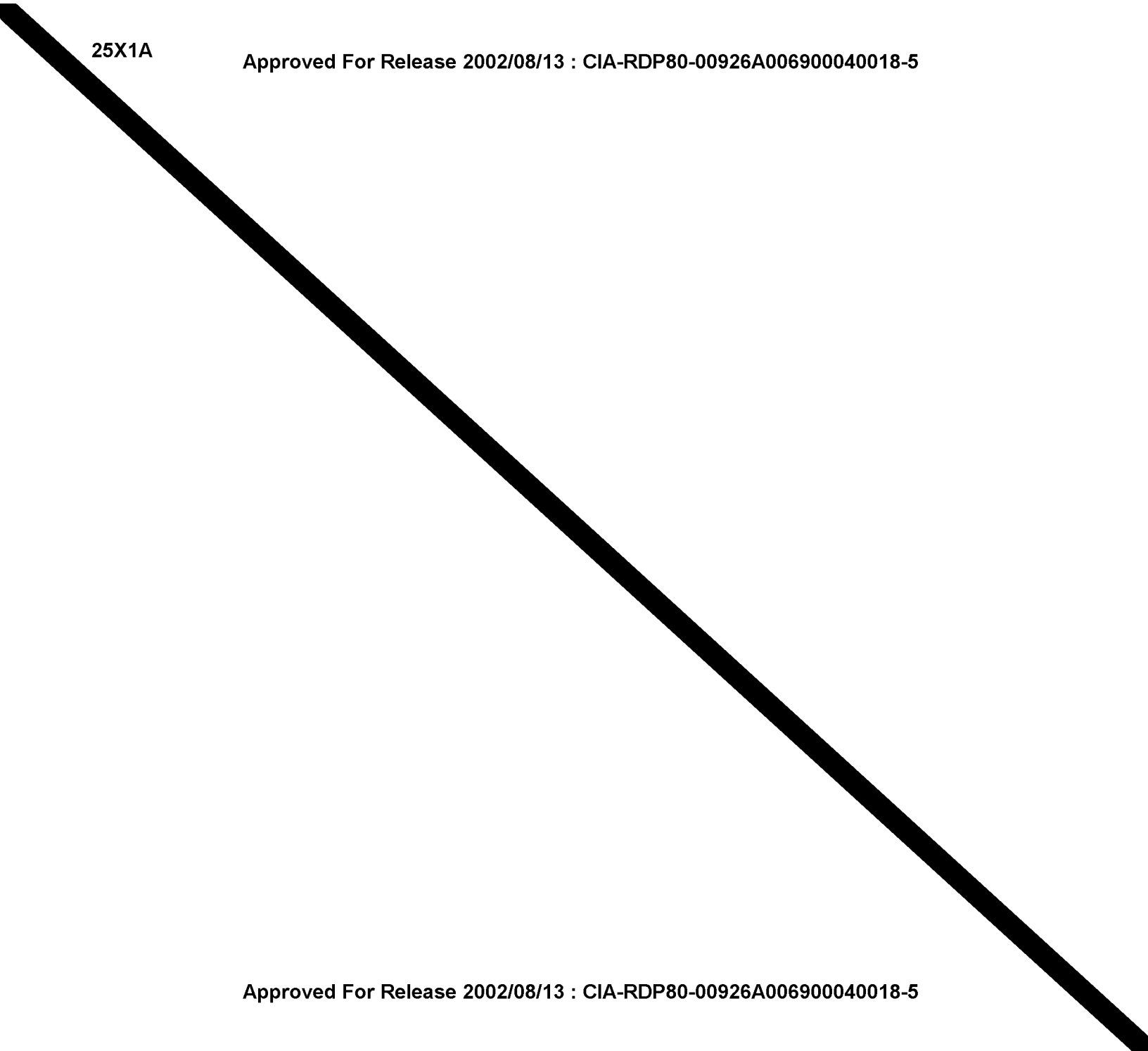

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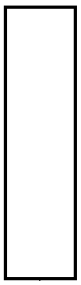

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UNIVERSITE L'AURORE
SHANGHAI
上海重慶南路
BUREAU DE DOCUMENTATION
(ECONOMIE CHINOISE)
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SECOND YEAR — No.XV ✱ February 20th.1948.

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For three important notes.

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2. On the Rules governing the Application of the Business Tax Law: Revision of Art. 9 & 12.
3. On the Industrial Guild Law: Transitional measures.

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EDITOR'S NOTES

1. ON THE COMMERCIAL ACCOUNTING LAW passed by the Legislative Yuan on the 22nd. of December 1947 (see Monthly Bulletin No.XIV - Jan. 1948. Annex XL)

It should be noted that this Law was promulgated by the Chinese National Government on the 7th. of January 1948 (cf. Weekly Review of Laws, Feb. 4th. 1948).

2. ON THE RULES GOVERNING THE APPLICATION OF THE BUSINESS TAX LAW promulgated by the Executive Yuan on the 4th. of August 1947 (see Monthly Bulletin No.X - August-September 1947. Annex XXVI).

A revision of Art. 9 & 12 was published by the Executive Yuan on the 17th. of February 1948 (cf. Shang Pao, Shanghai, Feb. 18th. 1948). The text of the revised articles reads:

"Article 9. A business firm, subject to taxation whether based on the amount of its receipts or of its profits, shall, within five days from the end of every month, fill in a Report for Assessment of Tax, setting forth the amount of its business receipts or profits during the preceding month, and submit it to the competent collecting office which shall, according to the reported amount, fill in and issue a Notification of the Tax Based on the Reported Amount, requesting payment thereof. Also, within five days from the end of March, June, September and December of every year, it shall send its business account books as required by law to the competent collecting office for auditing. If the auditing shows that the amount of tax already paid does not correspond with the amount payable for the three preceding months, then a Notification of Assessment Based on Auditing shall be filled in and issued requiring that the deficiency be made up. If a false return has been made with regard to the amount of business receipts or profits, punishment shall further be imposed according to the provision of Article 21 of this Law".

"Article 12. The competent collecting office, immediately after receiving the taxpayers' Reports for Assessment of Tax as mentioned in the two preceding Articles, shall send officials to investigate and assess the amount of tax to be paid, and fill in and issue a Notice of Investigation and Assessment requesting payment".

3. ON THE INDUSTRIAL GUILD LAW promulgated by the Chinese National Government on the 27th. of October 1947 (see Monthly Bulletin No.XII. Nov.1947. Annex XXXII).

According to a despatch from Nanking dated Jan. 26th. 1948, published in Shang Pao (Shanghai), Jan. 27th. 1948, the Ministries of Finance and Economic Affairs have recently

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jointly laid down transitional measures for facilitating the settlement of matters relating to industrial guilds; these will be effective until the promulgation of the Rules Governing the Application of the Industrial Guild Law. The essential points of these measures are as follows:

1. Important categories of industries, pending a new classification, shall all comply with the old one.

2. Industrial guilds already founded, shall be governed by new laws only after the promulgation of the Rules Governing the Application of the Industrial Guild Law and the new Factory Law.

3. Both the organisation of new industrial guilds now in process and the standards for examining members' qualifications shall be governed by the new Industrial Guild Law (i.e. that of Oct. 27th. 1947).

4. On the day when a factory or industrial guild which complies with the provisions of the Industrial Guild Law, joins an industrial association, it shall cease to belong to any chamber of commerce.

5. From the day of the founding of an association organised in conformity with the Industrial Guild Law, all factories and trade guilds which do not comply with the Industrial Guild Law, shall either join it or organise their own local commercial guild.

6. The title of a newly organised regional guild shall begin by the name of the place where its business office is located.

(End)

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The MONTHLY BULLETIN is edited by The "BUREAU DE DOCUMENTATION" of the Department of Economics and Political Sciences, Aurora University (Shanghai).

Part of the work of the "BUREAU DE DOCUMENTATION" is the systematic filing of all articles in the chief Chinese periodicals (monthly, weekly and daily) which deal with the economic and financial life of the Far East. References on any subject can be found immediately by means of a detailed card index.

The aim of the BULLETIN, which appears on the 20th. of each month, is to put at the disposal of foreigners the economic and financial points of view expressed in articles in the Chinese reviews. A certain number of these articles are carefully chosen and reproduced each month in English, either in full translation or in the form of digests.

Each article translated or summarized is published separately under the heading "DOCUMENT No...." so as to enable each reader to classify them according to his personal system. A classified index will appear at the end of each year.

Where several articles on the same subject are written from widely divergent points of view the BULLETIN summarizes these points of view under the name "STUDY, No...."

When it seems advisable the BULLETIN adds to these Documents and Studies the translation of relevant laws or administrative acts, which form "Annexes" to the Documents or Studies.

The BULLETIN is being published to meet a definite need and any suggestions as to the best way of meeting that need will be welcomed.

Though the selection, translation and summarizing of the articles and other texts is done under the authority of the Dean's Office of the Department of Economics and Political Sciences, the authors, whose names appear on each Document, Study and Annex, are alone responsible for the statements of fact or opinion expressed in them.

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LIST OF CHINESE PERIODICALS RECEIVED AT THE "BUREAU DE DOCUMENTATION" (February 20th. 1948)

QUARTERLY REVIEW

Spinning, Weaving & Dyeing Quarterly	(Fang Chih Yen Chi K'an)

MONTHLY REVIEWS

Banking Information	(Yin Hang T'ung Hsin)
Business Management	(Kung Shang Kuan Li)
The Central Bank of China Monthly	(Chung Yang Yin Hang Yueh Pao)
The Chekiang Economic Review	(Chekiang Ching Chi)
Chemical World	(Hua Hsueh Shih Chieh)
China Industrial Development	(Kung Kwang Chien She)
The China Textile Review	(Ch'ien Wei Kung Yeh)
Democratic Times	(Min Chu Shih Tai)
The Farmers' Bank Monthly	(Chung Nung Yueh K'an)
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The Industry Monthly Magazine	(Kung Yeh Yueh K'an)
The Juristic & Economic Review of Aurora University	(Chen Tan Fa Lu Ching Chi Tsa Chih)
Knowledge & Life	(Chih Shih Yu Sheng He)
Kung Yih Industrial & Commercial Bulletin	(Kung Yih Kung Shang T'ung Hsin)
The Kwangtung Provincial Bank Monthly	(Kwangtung Sheng Yin Hang Yueh K'an)
The Lih Hsin Monthly Review	(Lih Hsin Yueh Pao)
Local Autonomy	(Ti Fang Tzu Chih)
Modern Accounting	(Hsien Tai Kuai Chi)
Modern Postal Administration	(Hsien Tai Yu Cheng)
Modern Railways	(Hsien Tai T'ieh Lu)
The Native Bank Monthly	(Ch'ien Yeh Yueh Pao)
The National Journal of Commerce	(Shang Yeh Yueh Pao)
National Reconstruction	(Chung Kuo Chien She)
The Oriental Review	(Tung Fang Tsa Chih)
The Popular Science Review	(Ke Hsueh Ta Chung)
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The Rural Affairs Monthly	(Nung Ts'un Yueh K'an)
Science	(Ke Hsueh)
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Textile Reconstruction Monthly	(Fang Chih Chien She)

SEMI-MONTHLY REVIEWS

The Business World	(Kung Shang T'ien Ti)
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WEEKLY REVIEWS

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Weekly Critics	(Chou Lun)
The Weekly Review of Laws	(Fa Ling Chou K'an)

DAILY PAPERS

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280 Chungking Nan Lu (Dubail)
Tel: 85761

Topic : China's Foreign Trade since the Victory.
Author: P'ei Shan.
Periodical: The New China Magazine (Hsin Chung Hwa)
Date of Issue: Jan. 16th. 1948.

Document No. 83
Nature: Digest.
Number of pages: 13

CHINA'S FOREIGN TRADE SINCE THE VICTORY

The foreign trade of China since V-J Day may be divided into two stages: free trade in 1946 and strict trade control in 1947. Despite their difference, these two stages share a common feature: on the one hand, the import of foreign goods experienced a tremendous impetus owing to extreme shortage of materials resulting from war devastation, while on the other hand decreased production and soaring commodity prices formed a great hindrance to the export trade.

We shall mainly consider foreign trade problems and policy in 1947 but in order to have an adequate picture of them a few words should first be said on foreign trade during the year 1946.

I - Foreign Trade in 1946.

The total amount of imports in 1946 was CN$ 1,501,200,000,000, while that of exports reached only CN$412,100,000,000 (the imports being 2.7 times as high as the exports) thus showing a trade deficit of CN$ 1,099,000,000,000. These did not include smuggled goods and UNRRA's CN$ 399,200,000,000 relief supplies. Converted into U.S. currency the 1946 trade deficit was about US$ 382,000,000.

It should be pointed out that 57% of the imported goods came from the USA; India taking the second place with 8.75 % and U.K. the third with 4.9%. USA also led in exports, with about 38.7% of the total figure, followed by Hongkong, 28.2% and then U.K. and USSR.

The IMPORTS in 1946 came under 32 groups among which seven accounted for 80% of the total value:

(1) Raw cotton, cotton yarn and cotton thread,
CN$ 336,900,000,000 22% of the total import.

(2) Candles, soap, oils, fats, waxes, gums and resins,
CN$ 174,000,000,000 12% of the total.

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(3) Miscellaneous metal manufactures.
CN$ 97,900,000,000 7% of the total

(4) Paper, maps and books.
CN$ 95,300,000,000 6% of the total

(5) Machinery and tools.
CN$ 76,300,000,000 5% of the total

(6) Dyes, pigments, paints and varnishes.
CN$ 61,300,000,000 4% of the total

(7) Sundry.
CN$ 79,500,000,000 5% of the total.

The leading individual items were cotton, automobiles, gasoline, medicine and drugs, tobacco, newsprint, fuel oil and chemicals.

The EXPORTS in 1946 came under 31 groups among which ten accounted for 80% of the total value.

(1) Animals and animal products.
CN$ 87,800,000,000 21% of the total export.

(2) Oils, tallow and wax.
CN$ 71,400,000,000 17% of the total

(3) Textile fibres.
CN$ 39,600,000,000 9% of the total

(4) Ores and metals.
CN$ 23,200,000,000 6% of the total

(5) Hides, leather and skins, (furs).
CN$ 23,100,000,000 6% of the total

(6) Medicinal substances and spices
CN$ 16,500,000,000 4% of the total

(7) Piece goods.
CN$ 16,200,000,000 4% of the total

(8) Tea
CN$ 15,300,000,000 4% of the total

(9) Yarn, thread and plaited and knitted goods.
CN$ 13,400,000,000 4% of the total

(10) Sundry
CN$ 21,500,000,000 5% of the total

Among the individual items, the most important were wood oil, CN$ 67,998,000,000; bristles, CN$ 67,004,000,000; raw silk, CN$ 32,000,000,000; tea, CN$ 15,300,000,000; salt, CN$ 8,500,000,000; cross-stitch work, CN$ 8,200,000,000; weasel skins, CN$ 8,000,000,000; tin, CN$ 6,200,000,000; tungsten ore, CN$ 5,900,000,000 and hair nets CN$ 5,700,000,000.

The abnormal development of China's foreign trade as seen above can be partly explained by the erroneous policy pursued by her Government. At the end of the war, the Chinese Government which had US$ 900,000,000 at its disposal should have been able to revitalise the national economy by importing large quantities of machinery and by launching an export drive. But the authorities carried out a wartime policy of dumping commodities, aiming at low prices and especially at a low rate

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of foreign exchange. An exchange rate of CN$ 2,020 to US$ 1 was maintained from March to September 1946, and a rate of 3,340 to 1 from September 1946 to February 1947. This was definitely favourable to importers who obtained foreign goods at a low exchange rate and sold them at exorbitant prices. On the contrary export was being strangled, for after converting the foreign exchange into Chinese currency, the exporters inevitably suffered heavy losses. As has been said, the deficit in China's international trade balance reached US$ 382,000,000 in 1946. Meanwhile, overseas remittances barely touched the US$ 31,000,000 level; and if we take into account the expenditure for overseas diplomatic services and foreign exchange for private uses it can be fairly estimated that China's deficit in international payments for the year of 1946 was over US$ 500,000,000.

It was in such circumstances that China's trade policy began to turn from the "laissez faire" attitude to strict control, from extreme lavishness to extreme thrift with the establishment of the Import and Export Commission at the end of 1946.

II - Broad Lines of Foreign Trade in 1947.

When the import quota system promulgated in the autumn of 1946, was enforced at the beginning of 1947, the foreign trade of China came under strict control. This was soon followed by the promulgation in February 1947, of the Economic Emergency Measures prohibiting black market transactions in foreign exchange. Henceforth, all imports came under the control of the Import Control Commission while exports were submitted to the Export Extension Board; these two organizations being later reorganized and combined into the Import and Export Control Commission. It was under such management that foreign trade began to show a marked decline.

China's Import and Export Values During the Period from January to October 1947.
(Published by the Office of the Inspector General of the Customs.)
(Unit: CN$1,000)

Month	Imports	Exports	Trade Deficit:	Ratio between Import & Export (export = 1)
January	150,625,438	48,475,339	102,150,099	3.11
February	216,888,781	81,882,144	135,006,637	2.65
March	430,050,012	144,985,432	285,064,580	2.97
April	520,461,737	210,922,464	309,539,273	2.47
May	521,392,762	415,131,864	106,260,898	1.26
June	532,461,420	266,708,150	265,753,270	2.00
July	721,638,348	236,961,257	484,677,091	3.05
August	938,510,954	478,098,595	460,412,359	1.96
Sept.	1,440,528,398	286,725,778	1,153,802,620	5.00
Oct.	1,746,766,278	530,040,429	1,216,725,849	3.00
Total:	7,219,324,128	2,699,931,452	4,519,392,676	

As the period in question witnessed a continued depreciation of the Chinese currency, it is advisable to convert the foregoing data into U.S. currency in order to arrive at more comparable figures

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China's Import and Export Values
in US dollars
Jan - Oct. 1947
(Unit: US$ 1.)

Month	Imports	Exports	Trade Deficit
January	44,696,592	14,384,572	30,312,020
February	43,008,045	16,237,229	26,771,816
March	35,251,199	11,884,456	23,366,733
April	42,622,248	17,289,314	25,372,934
May	42,738,565	34,028,359	8,710,206
June	43,645,863	21,862,067	21,783,796
July	59,152,695	19,432,714	39,728,981
August	23,978,955	12,215,419	11,763,536
September	25,678,991	6,838,409	18,840,582
October	32,210,370	9,773,945	22,436,435

Note : The following rates have been taken as a basis :-

January:	CN$ 3,350 to US$1.
February:	Average of 3,350 to 1 and 12,000 to 1.
March-July:	12,000 to 1.
August-Nov:	Average of rates as announced by the Foreign Exchange Stabilisation Board.

From the two tables above, it can be seen that exports in Jan-Oct. 1947 were at CN$2,699,900,000,000, whereas the corresponding imports were at CN$ 7,219,300,000,000, making a trade deficit of CN$4,519,400,000,000. If converted into US currency, import values during the period from January to October amounted to approximately US$393,000,000 and export values for the same period about US$164,500,000, showing a deficit of about US$228,500,000.

Now during the corresponding period (Jan-Oct.) in 1946, the imports reached US$490,000,000 and exports US$ 78,000,000, with a deficit of US$412,000,000, so that the combined import and export in Jan-Oct. 1947 (US$557,500,000) was reduced by US$10,500,000 if compared with 1946 (US$ 568,000,000); export being increased by US$85,000,000 and import reduced by 97,000,000 with the trade deficit dropping by US$183,500,000.

On an average, import was only half as much in 1947 as for the corresponding months in 1946:

(Unit : US$ 1)

	1946	1947
April	46,000,000	42,000,000
May	44,000,000	42,000,000
June	68,000,000	43,000,000
July	111,000,000	59,000,000
August	59,000,000	23,000,000
September	73,000,000	25,000,000
October	68,000,000	32,000,000

It should be noted that the above statistics are far from showing the overall picture of China's trade conditions, as they do not include smuggling, both of imports and exports.

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III - Import Trade and Import Policy in 1947.

The imports in 1947 comprise two parts: imports under the quota system, and imported goods paid with foreign exchange not provided by the Government.

The following table shows the imports from January to October 1947 :- (Unit: CN$ 1,000,000)

Items	Value	Items	Value
Cotton	1,555,970	Sulphur black	94,763
Fuel Oil	323,753	New gunny bags	86,702
Gasoline	302,812	Chemicals n.o.p.f.	83,167
Tobacco	233,051	Prime movers	80,004
Rice	185,494	Medicine & Drugs	70,547
Machinery n.o.p.f.	185,494	Wooden planks	67,035
Kerosene oil	178,494	Caustic soda	65,883
Looms	174,061	Lubricants	65,508
Rubber	162,289	Automobiles	64,619
Wheat flour	144,585	RR sleepers	60,903
Dyestuffs	139,374	Tires & inner tubes	63,139
Printing paper	125,256	Round softwood	58,937
Wool	122,187	Steel bars for reinforced concrete	57,012
Locomotives	107,273	Rails	55,896
Trucks	105627		

It may be seen from the above data that in 1947 as in 1946, cotton, gasoline, fuel oil, tobacco and rice continued to be the largest import items. This was due to the enforcement of the import quota system, which was based on the import figures of 1946.

The total import quota for 1947, announced in quarters amounted to US$ 293,550,000. The following table indicates the breakdown of the figures:

Items	Value (Unit: US$ 1,000)
Gasoline, fuel, oil, kerosene oil	49,170
Cotton	80,000
Rice, wheat, and wheat flour	41,000
Tobacco	26,000
Hemp and gunny bags	5,000
Coal and coke	2,000
Metals	13,000
Chemicals	9,000
Paper (including pulp)	16,950
Timber	7,830
Wool and woollen thread	7,400
Artificial indigo, sulphides & dyestuffs	9,100
India-rubber, gutta-percha and manufactures thereof	6,100
Lubricants, oils, fats & waxes	6,860
Machine belting, staroh and other materials	1,056
Ammonium Sulphate and other fertilizers	4,000
Artificial silk (raw materials)	2,260
Medicine and drugs	1,800
TOTAL	284,526

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Cotton, liquid fuels, tobacco, rice and foodstuffs represented 67% of the whole import quota, or US$ 196,170,000, whereas the other 14 items of industrial raw materials received only 33%.

It must be pointed out here that import quotas assigned for the different periods of 1947, rapidly diminished: first quarter, US$ 99,000,000; second quarter, US$ 72,000,000; third quarter, US$67,000,000 and the fourth, US$ 53,000,000.

The quotas for the first three quarters of 1947 (January - October), aggregated US$240,000,000, whereas the total import amounted to US$390,000,000, making a difference of US$150,000,000. Of this latter figure, it is estimated that US$70,000,000 worth of goods were imported in January and April by means of foreign exchange from private sources. Imports outside the scope of the quota comprised the following categories:-

1) Productive Implements [1]: No limit was laid down on the import of productive implements and application might be submitted at any time. It was however very hard to secure permits for items of a value over US$10,000. Looms, prime movers and other machines were among the most important productive implements. These machines delivered in 1947, were in fact ordered in 1946, so that strictly speaking they should not have been listed among the figures for 1947.

2) Daily Necessities [1]: Articles under this category included woollen textiles and other miscellaneous items.

3) Articles imported under the Barter System [2]:

Especially to be mentioned are railroad sleepers, locomotives and rails, mostly originating in Japan. These occupied a very large part of the US$150,000,000 worth of goods imported outside the scope of quota.

It is probable that a part of the articles listed in Schedule II of the Provisional Measures governing the Import and Export Trades, was also paid with foreign exchange not provided by the Government.

The import of goods against foreign exchange from private sources was prohibited after August 16th 1947, and at the same time registration of such goods started. According to the Import and Export Control Commission, goods thus registered amounted to a value of US$41,000,000

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1) EDITOR'S NOTES: cf. Schedule I of the Revised Provisional Measures governing the Import and Export Trades, promulgated by the Executive Yuan on the 17th of November 1946.

1) c.f. Schedule III.A. of the Revised Provisional Measures governing the Import and Export Trades.

2) These are listed in Schedule I.

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of which industrial equipments in Schedule I represented US$4,140,000; industrial raw materials in Schedule II, US$36,530,000, and daily necessities in Schedule III, US$2,760,000.

We must point out the unsoundness of the import quota system carried on by the Government. The whole policy was dictated either by the necessity of cutting down disbursements in foreign exchange or by the desire of assuring revenue for the Treasury. Generally speaking, the quota was based on the import figures of 1946, with only a rise by 100% in the import of gasoline and liquid fuels, and some slight increases in foodstuffs and coal. But the major part of these latter items were destined for military uses. Half of the imported cotton, also, was under Government control. The quota accorded to tobacco may be said to have aimed at maintaining the Government's revenue from customs duties and taxation on cigarettes.

The fact that only 33% of the total was appropriated to 14 items of industrial raw materials and equipment, is eloquent evidence of neglect on the part of the authorities regarding the fate of home industries. The quota provided not more that 30% of the raw materials required by the rubber industry, 14% for the woollen textile industry, 10% for the paper industry and 5% for the match industry, so that an average only 20% of the required raw materials were supplied. No priority was granted to industrial equipment such as looms and other machines, which were nevertheless indispensable to laying down a sound foundation for the industrial production of this country.

It may be mentioned that one of the results of the Government control of the import trade was the elimination of medium and small import merchants, since they were not eligible for receiving allocations in import quota. All import transactions were therefore concentrated on the hands of large firms many of which were operated by foreigners. For instance 90% of the tobacco import quota and of the gasoline quota was accorded to foreign firms. This tends to a monopolisation of the import trade.

We should remember, also the nefarious repercussions on commodity prices caused by the rapid diminution of import quotas for the various quarters and the prohibition in August of import against foreign exchange from private sources. In the price rush in September and October 1947, chemicals which are important industrial raw materials, soared twice as fast as any other goods and were responsible for the rise in many finished manufactures, textile products and metals.

IV - Export Trade and Policy in 1947.

The value of the various exports from China during the months of January-October 1947 was as follows :

Unit : CN$ 1,000,000

Items	Exported from China	Exported from Shanghai
Wood oil	419,663	172,404
Bristles	256,977	72,088
Pigs	187,667	----
Tea seed oil	160,149	12,700
Miscellaneous cotton piece goods	80,505	6,100
Salt	71,566	4
Fine cloth	62,481	62,066
Cotton cloth	54,121	54,121
Sugar	53,436	45
Poultry	98,091	8

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(Continued)

Items	Exported from China	Exported from Shanghai
Silk piece goods (mixtures)	46,913	96,809
Shelled groundnuts	39,988	13,572
Green Tea	36,548	25,586
Tin ingots and slabs	36,319	836
Fresh eggs	33,818	21,610
Tungsten ore	30,722	26,224
Antimony	27,773	14,688
Medicinal substances	25,534	6,431
Fresh fish	21,606	141
White raw silk, steam filature	19,662	17,521
Nankeen	19,102	18,329

Converted into US currency, the value of the monthly export of some of the main items from January to July was as follows:

Unit : US$ 1,000

Items	Jan.	Feb.	March.	April	May	June	July
Wood oil	3,518	4,635	3,273	4,230	9,696	6,200	4,C1C
Bristles	2,996	4,012	1,969	2,005	7,039	3,903	3,529
iece goods	754	1,624	1,044	1,490	2,473	1,877	1,173
Silk	759	3,372	444	441	1,253	241	199
Tungsten and antimony	1,497	1,247	863	781	742	617	395
Tea	251	3,038	381	498	1,062	823	167

Oils and waxes (including wood oil), were the biggest export item, making up 24% of the total export. Animals and animal products followed, and piece goods occupied the third place.

The exportation of WOOD OIL in 1947 showed enormous progress over the preceding year. In 1946, the export volume was merely 38,000 tons as against a prewar annual average of 70,000 tons. But in the months from January to November 1947, it was already 61,000, and as a probable 4,000 tons more were exported in December, the total export of wood oil in 1947 almost reached the prewar level. This improvement was mainly due to the fact that the price demanded by the Chinese producers having been lowered, Americans found it cheap to use Chinese wood oil and imported 50,000 tons from China in 1947, which was equivalent to 5/6 of her annual consumption.

On an average, one pound of wood oil was worth US$0,25, so that China's income from sale of wood oil amounted to US$ 33,000,000 in 1947. Two thirds of this figure were controlled by the Government while the other third represented smuggling through Hongkong.

The management of wood oil is tending to become a monopoly. The China Vegetable Oil Corporation and the Central Trust have become two of the biggest dealers. For instance, during the months May-October 1947, of a total of 9,800 tons of wood oil exported from Shanghai, 2,078 short tons were sold by the China Vegetable Oil Corporation; 2,000 short tons by [illegible] Co., ; 800 long tons by the Central Trust; 917 short tons by Ku Keng Chi Co., ; 63[illegible] short tons by Sheng Li Co., ; 530 short tons by Ho I Co., ; 300 short tons by Fu Chung Co., ; 144 short tons by I Sheng Co., ; 44 short tons by Fu Ch'ang Co., ; and 2,000 tons by six other firms.

Bristles owing to their low production cost, occupied the second rank in export items. According to the US Department of Commerce, China's export of bristles in the second quarter of 1947 was around 2,000,000 pounds, with a value of about US$ 7,596,000. The US Consul General at Chungking did not however receive any export applica-

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applications in the first half of 1947, and only a small quantity was exported from Tsingtao. The explanation is that half of the bristles were smuggled into Hongkong, and imported thence.

According to the Szechwan Animal Products Company, the annual output of bristles for 1947 was about 7,000,000 pounds, a little below the prewar level. About 4,000,000 pounds could be exported.

The transactions on INTESTINES were very meagre, although this also used to be an important animal product for export in prewar days. As a matter of fact, since V-J Day, the high price of intestines at home, has paralysed any attempt to export large quantities. It has been reported that in the month of October 1947, 100 barrels were available for export. But this figure was really insignificant as against a prewar annual export of 10,000 barrels (approximate worth: US$10,000,000).

The export of TEXTILE FABRICS struck a new note in 1947. The volume of their transactions was equivalent to between 1/4 and 1/3 of that of wood oil. Before the War, Chinese cotton yarns and cloths were sold only in the South Seas. But since V-J Day, the China Textile Industries, Inc. has been making exertions to export huge quantities of cotton goods in exchange for Indian and American raw cotton. It has been rather disquieting for China, however, to see the recent dumping of British made piece goods in the South Seas and also to feel once more the fierce competition of the Japanese textile industry in the same region.

From January to November 1947, 3,965 bales of RAW SILK were exported: 1,600 bales to USSR in payment for a debt, 1,200 to USA and 1,000 to India. All these exports were made by the Central Trust which had first made purchases from silk producers in the country.

The export of TIN, ANTIMONY and TUNGSTEN diminished each month. From a monthly export of US$1,490,000 at the beginning of the year, it dropped to US$390,000 in July which was less than 1/3 of the early volume. The National Resources Commission purchased these minerals for export. But as the price it offered was too low, the major part of the export was done by smuggling through South China.

The export of TEA in 1947 [1] outstripped that of 1946, but still lagged far behind the prewar volume. During the months from January to August 1947, altogether 96,402 quintals, i.e. 21,000,000 pounds of tea were exported, as against 69,000 quintals in the whole year of 1946 and a prewar annual average of 484,000 quintals. It should be pointed out that the export of tea in 1946 and 1947 included both old and new tea, since the actual tea output [1]) in these two years was only 28,000 quintals and 50,000 quintals.

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[1]) EDITOR'S NOTE: For other details concerning the production and export of tea in 1947, see Monthly Bulletin No. XI. (Oct. 1947). Document No. 65. "Chinese Tea Trade and Foreign Exchange Regulations". pp. 1,2 and 6.

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Before the war, China used to hold a privileged position in the world tea market. But the situation has completely changed. At present she produces annually 4,000,000 pounds of black tea, which is negligible in the face of a huge annual world consumption of 800,000,000 pounds of black tea, 7/8 of which are being supplied by Java, India, Ceylon and East Africa. China has also lost her monopoly in the green tea market in the Middle East and North Africa where she has only been able to sell approximately 4,000,000 pounds in 1947 as against the pre-war annual average of 20,000,000 pounds. In prewar days, 20,000,000 pounds of tea bricks were sold to Russia annually. This figure however dropped to a mere 300,000 pounds in 1947.

In summarising the above, it may be said that on the whole the export trade in 1947 showed some progress over the preceding year, and in some items (e.g. wood oil especially) it even approached the prewar level.

It should be observed however that in 1947 as in 19.., the Government's foreign exchange policy continued to mar the normal development of the export business. The Government maintained a low rate of exchange and demanded that all foreign exchange secured from exports be surrendered to the Central Bank; this made it impossible for private firms to export without sustaining considerable loss. Export of home products became profitable only when the exchange rate was high. For instance, when the Government revised the exchange rate to CN$12,000 to US$1 in February 1947, exports started to move and reached a peak in May. However, after the skyrocketing of commodity prices in the months of April and May, the official and black market exchange rates fell apart again ; the difference being 60% in April and 100% in May. Later, it jumped to 200% and 300% in June and July, so that exports continued to decline in June, July, August and September. October showed the influence exerted by the introduction of the open market exchange rate. Yet, as commodity prices began to rise and the new rate remained unchanged, the official and black market rates again began to fall apart and another decline in export was experienced. The month of December, brought the hardest trial. For example, wood oil, (Hsi Hung) was priced at CN$2,400,000 per barrel in China whereas the quotation in New York was only US$0.21 per pound which was lower than the domestic price. Bristles were quoted at CN$23,000,000 per Tan [1]) in China and US$1.80 per pound in New York. The cost of 50 kg. of tea was CN$3,000,000 in China, but the same quantity of tea could be sold at US$54.- in New York, which converted into CN$ according to the "open market" exchange rate, was only 1/5 higher than the home price.

Under such circumstances, exporters could make profits only through smuggling and other fraudulent or irregular means. Some merchants smuggled goods out of the country through South China, and sold the foreign exchange they obtained on the black market. Other exporters, having sold their goods pretended that their agencies abroad had not yet sold them, thus delaying the surrender of their foreign exchange until a new revision of the exchange rate. Others still, reported the price at only 1/2 of the actual selling price, so that only 1/2 of the foreign exchange secured from their export was to be surrendered while the other 1/2 could be sold on the black market.

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[1]) EDITOR'S NOTE: 1 Tan = 60.478 kg. or 133.3 lbs.

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In order to counter such fraudulent manoeuvres on the part of exporters, the Central Bank of China declared its resolution strictly to enforce the old order that all export goods must be sold within three months after application for their export or else the goods would be purchased and then sold at low prices by the authorities. Meanwhile, the Import and Export Control Commission demanded that all applicants for export should first report the quotations at which they were willing to sell their products abroad. If the reported prices were found to be too low, the goods would be purchased by the Government at those prices. Needless to say, these measures helped to bring more of the foreign exchange from exports under the control of the Government; but they could not but adversely affect the export trade.

It may be added that a State monopoly of the export trade seems to be on the way. Before August 1947, the Central Trust has already purchased wood oil, bristles, raw silk and tea from the producers. Though this practice has temporarily been discontinued, there is all likelihood that the Government is now considering an overall plan on purchases for export, in order to augment its income in the much-needed foreign exchange.

V. International Payments in 1947.

Let us finally review the trade balances and other items in the international payments of China during the year 1947.

As the imports and exports from Jan. to Oct. 1947 amounted to US$393,000,000 and US$ 164,500,000, their totals for the whole year may be estimated at about US$478,000,000 and US$200,000,000 respectively, showing a trade deficit of approximately US$ 278,000,000.

Of the total import figure of US$ 478,000,000, the Government paid US$ 293,000,000 (quota for the 4 quarters) plus about US$ 57,000,000 (a part of the imports outside the scope of quota under Schedules I and III-A) while the remaining US$ 128,000,000 stood for the value of bartered goods and imports against foreign exchange from private sources.

The import figure stated above does not, however, include UNRRA supplies which amounted to CN$3,000,000,000,000 or US$ 270,000,000 in the period Jan-Oct. 1947.

Besides trade balances, other items of international payments in 1947 deserving our attention, may be stated below:

On the DEBIT side :

(1)	Foreign exchange spent by the Government for purchase of supplies and overseas diplomatic services :	US$ 100,000,000.
(2)	Payment of foreign debts:	US$ 6,000,000.
(3)	Private uses, e.g. students :	US$ 5,000,000.

On the CREDIT side :

(1)	Remittances from overseas Chinese :	US$ 10,000,000

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The figure for remittances is only an estimate. On account of the revision of the official foreign exchange rate in February 1947, remittances from overseas Chinese augmented greatly in March and April, and the Bank of China received US$6,610,000 during the months January-July. Similar increases were witnessed after a new revision of the exchange rate in August. But it may be presumed that the Bank of China could hardly have received more than US$10,000,000 in 1947.

Foreign exchange spent by foreigners in China is not taken into account, since for the most part it escaped the control of the Chinese Government. For instance foreign embassies and consulates usually sold their foreign exchange in the black market.

In view of the above, China's international payments for 1947, under the control of the Government, may be summarised as follows:

(Unit: US$1,000,000)

DEBIT		CREDIT	
Import	478	Imports under the barter system or paid with foreign exchange from private sources	128
Government imports and diplomatic services	100	Export	200
Debt payments	5	Overseas remittances	10
Private uses	5	Balance	250
Total	588		588

We may now figure out the amount of foreign exchange still at the disposal of the Chinese Government at the end of 1947. As has been said, on V-J Day, the Chinese Government had at its disposal US$ 900,000,000. Its disbursements since then have been as follows:

August 1945 - March 1946	US$64,200,000
March 1946 - February 15, 1947	US$288,000,000
February 16,1947-December 31,1947	US$ 250,000,000
Total ...	US$602,200,000

It may therefore be estimated that the Chinese Government held only about US$ 300,000,000 at the end of 1947.

So much for international payments under the Government's control. As for smuggling and clandestine remittances from overseas Chinese, only a rough estimate can be made. Smuggled imports during the year 1947 totalled about US$ 90,000,000 which was equivalent to 20% of the legal import figure for the same year (US$ 478,000,000). Smuggled exports in 1947 came near to US$140,000,000 or 70% of the legal export volume (US$ 200,000,000); 1/3 of the wood oil and 1/2 of the bristles exported from China being smuggled goods. Remittances from

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overseas Chinese escaping Government control, approximated to US$ 140,000,000 for the whole year of 1947. The balance was therefore favourable for China, as is shown in the following table :

(Unit : US$ 1,000,000)

DEBIT		CREDIT	
Smuggled imports	90	Smuggled exports	140
Balance	170	Clandestine overseas remittances	120
Total	260	Total	260

(END)

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(Economic Chinoise)

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Tel nº 751

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THE FIRST YEAR OF REVIVAL OF THE CHINESE COTTON INDUSTRY

(A record of results obtained under the management of the Improvement Bureau of the Ministry of Agriculture and Forestry)

I.- Introduction.

The production of cotton in China reached a peak of 17,000,000 shih tan 1) in 1936. After 1937, most of the cotton growing areas having fallen into the hands of the Japanese, the production dropped considerably, amounting only to 5,000,000 shih tan in 1945. Thus, during the eight years of war, the production of cotton decreased by 44,100,000 shih tan, equivalent to the total production of four prewar years.

According to the estimate of the Chinese Cotton Mill Association, the total area using American seed in this country was 4,700,000 shih mows 2) with a total output of 1,540,000 shih tan of raw cotton in 1922; about 11,000,000 shih mow and 3,780,000 shih tan in 1930; 16,900,000 shih mow and 5,710,000 shih tan in 1933 and 25,490,000 shih mow and 8,890,000 shih tan in 1936. It then represented about 52% of the nation's cotton crop, and in such provinces as Hopeh, Hupeh, Shantung, Shensi, Shansi and Hunan, it occupied an area three times that of the native cotton. Now,however the situation has changed completely owing to the Sino-Japanese conflict. During the war of resistance, though there was some increase in the production of American cotton in various provinces of Free China, this was by no means considerable on account of the

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1) One shih tan = 60. kg. or 110.23 lbs.
2) One shih mow = 6.66 ares or 0.164736 acre.

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limited cotton areas concerned. In the fields in enemy hands the decrease was general. In consequence the proportion between native and American cotton produced in this country has now been completely altered.

This situation cannot but react unfavourably on our cotton industry which suffers from both the insufficiency of raw material and its poor quality. Since all the enemy cotton mills have been taken over, it is estimated that China requires yearly about 11,000,000 shih tan of cotton for its 4,500,000 spindles. This, however, does not include the amount needed for hand spinning and waoding. Before 1937, the Chinese mills throughout the country spinned mainly lo count cotton yarn, and during the war of resistance, all the mills located in Free China were spinning counts below 20. Now 80% of the mills have been spinning 30-- counts, which is better suited to internal needs as well as to the requirements of the south Sea Islands' market. In consequence most of our raw cotton is no longer suitable and our post-war cotton production is not in a position to meet the demand either quantitatively of qualitatively.

In "Outlines for the Revival of the Chinese Cotton Industry", written by the present author, a five-year plan was drawn up the first three years of which should form a recovery stage to restore a production of 17,000,000 tan, the figure of 1935. The remaining two years should be a period of further increase, aiming at 80,000,000 shih mow and a total output of 25,000,000 shih tan. Dr. T.V.Soong asked the author to complete this five year programme within three years. As the situation of the country was still uncertain and time was needed for the arrival of American cotton seed, the concentration of technical staff and the purchase of equipment, 1946 was considered as a year of preparation only, during which the projected increase of the nation's cotton area to 30,000,000 shih mow and of production to 7,000,000 shih tan was achieved. 1947 was the first year set for the revival properly so-called with a proposed increase of cotton area up to 41,190,000 shih mow and of production of raw cotton up to 12,500,000 shih tan. Before entering on a new years work it is good to review briefly the efforts already made and see what has been achieved and what remains to be done.

II.- Seed Selection.

1. Acquisition of American Seeds.

With the exception of the native seed Tieh Tze in Hunan, the seeds distributed by the Cotton Improvement Bureau of the Ministry of Agriculture and Forestry are mostly of American type, derived from the following sources:

a) UNRRA supplied 64,052 bags of cotton seeds or 52,276.26 shih tan.
b) 49,519.81 shih tan of Dolfos and Stoneville seeds were collected from various places in this country.
c) A further amount of Delfos and Stoneville came from Shensi and Szechuan where they had been extensively grown during the war.

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Let us note that it was by no means an easy matter to obtain the various kinds of cotton seed from UNRRA this year. UNRRA was originally requested to supply 6,000 tons of Delfos and Stoneville seeds, the most suitable for cultivation in the Yangtse River and Yellow River regions, as verified by the Central Agricultural Experimental Institute and the former Central Cotton Improvement Institute as well as from past experience. At first, UNRRA agreed only to one thousand tons of Delfos and Stoneville seeds while the U.S. Agriculture Department promised to issue an export licence for 1,500 tons. At this juncture, the present writer wrote an article in English stressing the urgent need of China and sent it to UNRRA and to Mr. Owen L. Dawson the Agricultural Attache of the U.S. Embassy, with a request for further negotiations with the U.S. Agricultural Department. Again, UNRRA was asked for 3,000 tons of 'Ambassador', Delta Pineland', 'Coker' and 'Imperial Seed'. The Imperial and Ambassador seeds, selected types from the Stoneville species, are most suitable for the Yellow River region, while the Coker has very strong resistance to wind and rain and is therefore better suited to places along the coast of Kiangsu and Chekiang and also to places like Szechuan where there is an abundant rainfall. The grade 4, Coker 100 is very similar to the native 'Kwang Tze', and can be grown in places in Hupeh where the native 'Kwang Tze' is used. The Delta Pineland can be used in districts such as Shanghai, Nant'ung and Jukao usually devoted to native 'Hei Tze'. These negotiations finally met with success, and UNRRA supplied altogether 3,202 tons of cotton seed which arrived in April 1947 in Shanghai, whence after the necessary arrangements and examination, they were sent to various places [1].

2. Meanwhile the activity of this Bureau has been mainly directed along the three following lines:

a) To persuade farmers in such regions as Hopeh, Hupeh, Shantung and Hunan, where american cotton seed has greatly degenerated, to utilize new seed.
b) To promote the use of american seed in districts planted mostly with native cotton:- for instance Nantung, T'ait'sang, Chiating, Paoshan, Nanhui, Fonghsien and Ch'uansha in Kiangsu; Hofei, Huaiyuan, Huaining in Anhwei, Hsiaoshan, Juyao, Chenhai in Chekiang.
c) To open new cotton fields in districts such as Haichow, (Kiangsu) Shangch'iu (Honan) and Junyang (Kiangsu), where the soil is suitable for cotton cultivation. However, owing to the hostilities, this work did not meet with complete success.

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1) In speaking of UNRRA consignments it must be added that this organisation supplied also considerable quantities of fertilizers which were distributed to cotton farmers, mostly by the members of this Bureau with proper instruction on how to utilize them.

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Two important remarks should be made in respect of the promotion work. The first concerns the importance of technical guidance; our farmers have little knowledge of the proper care needed by the cotton from American seeds during its growing period as well as during harvesting time. To meet this need, the Bureau established in various cotton producing districts some 33 guidance stations where technical advice was constantly available.

The second is the difficulty of keeping the cotton seed from degenerating. With this aim in view, the Bureau in accordance with the regulations governing the control of cotton seeds as stimulated by the Ministry of Agriculture and Forestry, again organized cotton seed control districts where pure seeds are kept to be used for the next crop.

The total cotton area thus covered during the promotion stage was 4,178,837 mow (See Appendix I). In Shensi, the cotton farmers used their own Stoneville cotton seed. In Szechuan, this Bureau supplied about 1,000 tan of Delfos cotton and the rest was mostly the farmers' own Delfos No.531 as well as Delfos No.531 (24-42) and (4-10) distributed through the Farmers' Bank of China during the War.

In general the conditions of the improved cotton crops this year have been excellent. According to reports from various districts, the average yield of American cotton was 30% more than that of native cotton. In other words, supposing that each mow gave a surplus of 10 chin [1] of raw cotton, there was an increase of 417,883 shih tan and as the price of one tan is now about six million dollars, this means an additional income of $2,50,729,800.

According to the latest revised estimates, the nation's total cotton area in 1947 was 38,531,000 mow, which shows an increase of 9,210,000 mow. Though this still lags far behind what was hoped for, the quantity harvested by area unit has shown a definite increase. The nation's total production was 10,738,000 tan of raw cotton which is 1,760,000 tan less than the planned amount of 12,500,000 tan; but the yield from American cotton attained 7,200,000 tan which is 200,000 more than the expected amount.

III.- Prevention of Harmful Insect Pests.

Among the 160 kinds of cotton pest insects already discovered in this country only 10 are especially harmful, namely [2]) the 'Ti-laohu' (Agrotis upsilon Rott. or Agratis Sp.), 'Ya-ch'ung' (Aphis gossypii Glov.), 'Hung-ling-ch'ung' (Pectinophora gossypiella Saund.), 'Chin-Kan-chuan((Earias capres viridis Wlk.), 'Mien-ling-ch'ung' (Heliotis obsoleta Fabr.), 'Yeh-t'iao-ch'ung' (Chlorita biguttula Shiraki), 'Hung-chi-tzu' (Tetranychus telarius L.), 'Meng-chung-hsiang' (Lygus lucorum Meyer-Durvar or Adelphocaris suturalis L.), 'Chuan-yeh-ch'ung' (Sylepta derogata Fab.), 'Chao-ch'iao-ch'ung' (Boarmia Sp.).

EDITOR'S NOTES: 1) One Chin = 0.50 Kg. or 1.102 lbs.
2) The scientific names are not in the original.

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In an effort to reduce the losses sustained by the cotton farmers, this Bureau ordered large quantities of insecticide including 10,000 chin of 10% DDT, 5,000 chin of aluminium arsenic compound, 14,000 chin of "Bolton powder, 970 powder sprayers, 200 powder spray tubes, and five tons of mercury compound from factories here; and 40,000 pounds of DDT, 60,000 lbs of "aluminium arsenic compound", 10,000 pounds of 666 powder, 100,000 lbs. of sulphur powder, five tons of mercury compound and 600 powder sprayers from abroad.

The insect pest prevention work carried out by this Bureau in 1947 covered a total cotton area of 1,629,946.7 shih mow:

Province	Area Covered by the Prevention Work (Shih Mow)	Province	Area Covered by the Prevention Work (Shih Mow)
Kiangsu	179,653.0	Szechuan	108,209.0
Anhwei	22,529.0	Kiangsi	1,132.0
Chekiang	4,206.0	Hunan	8,998.0
Hopeh	197,907.5	Honan	715,839.0
Hupeh	90,864.0	Shensi	296,128.0
Liaoning	4,481.0		

IV.- Cotton Loans Granted Jointly with the Farmers' Bank.

Rural finance has been very much depressed since the end of the war and this is especially true for the cotton districts. In order to alleviate the difficulties of the cotton farmers, the Farmers' Bank undertook the granting of cotton loans with the Bureau's guarantee for their repayment. These loans consisted of the following:

1. Production Loans.

Production loans amounting to 126,000 million CN$ were distributed in the provinces of Kiangsu, Chekiang, Anhwei, Szechuan, Hupeh, Hunan, Kiangsi, Shensi, Shansi, Honan, Hopei, Shantung, and Liaoning.

2. Cotton Processing Loans.

As the post-war cotton farmers have little equipment for the cleaning and baling of cotton, the Bureau introduced the cotton processing loan. A total amount of 10,600 million CN dollars was distributed for this purpose:

Szechwan	CN$ 500,000,000	Honan	CN$ 1,600,000,000
Hupeh	1,600,000,000	Shantung	700,000,000
Hunan	600,000,000	Hopei	900,000,000
Kiangsu	1,500,000,000	Shensi	1,900,000,000
Kiangsi	200,000,000	Shansi	400,000,000
Anhwei	400,000,000	Chekiang	200,000,000

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3. Insecticide.

As already mentioned, the Bureau ordered drugs from abroad in order to fight insect pests. These drugs were distributed freely to the cotton farmers. As the cotton area is very wide and the demand for insecticide very large, the Bureau distributed special loans in the following provinces:

Hopeh	CN$ 600,000,000	Hupeh	CN$ 200,000,000
Honan	300,000,000	Liaoning	6,900,000,000
Shensi	350,000,000	Anhwei	400,000,000
Kiangsu	630,000,000		

4. Well-digging Loans.

Despite repeated negotiations, the Farmers' Bank refused to consider granting loans for well-digging on a general basis for 1947.

In March, however, a $3,500,000 well digging loan was granted to the cotton farmers of Changan, Shensi. The Farmers' Bank also promised to grant $31,000,000 as loan to Changan, $13,000,000 to Hsienyang, $22,000,000 to Hsingp'ing, and $35,000,000 to Linting, making a total of $101,000,000.

5. Cotton Ginning and Marketing.

The help given to farmers between sowing and harvesting only accomplishes half of the work. It remains to secure properly a series of further operations such as ginning, baling and marketing. Actually if there is no proper control of the cotton ginning, the cotton seeds cannot be kept pure. Again if the problem of collecting and marketing cotton is not reasonably settled, the legitimate interest or profit of the cotton farmers cannot be assured.

Since the war of resistance, the ginning equipment in most places is out of order. The gins which remain are mostly 16" diameter machines, and their working efficiency is very low. Moreover, as the gins are widely distributed, it is very difficult to control the quality of cotton seeds. The Bureau decided therefore to establish in the cotton districts, as many ginning factories as possible, operated by mechanical or man power. In the 18 regions where the use of American seeds has been introduced every grower is required to send his cotton to the ginning factories. Each factory is equipped with a "cotton distribution box", baling machinery and motor engine. The ginning machines were manufactured in Shanghai, while engines were purchased and sent to various places for use. By now, the installation of gins has been completed. (See Appendix II).

On account of financial difficulties, the Bureau is not in a position to establish ginning enterprises on a large scale and it has made arrangements with private ginning factories in various localities, mostly in Kiangsu and Chekiang, to do the ginning work.

The writer of this article was sent to America to conduct negotiations with UNRRA for the supply of 20 units of saw-gins. In spring of 1946, 15 units arrived and were handed over to the management of the Farmers' Bank by the Ministry of Agriculture and Forestry. Moreover, in 1946, the Hsin Shen Cotton Mill purchased two units or sets of saw-gins of "automatic current type", which were later installed in Wusih and Hankua. Other sets were bought by the China Vegetable Oils Corporation and the China Cotton and Hemp Company respectively.

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Concrete plans have already been drawn up for the collection and marketing of cotton. In order to preserve the seeds and to supply proper raw material to the various cotton mills, those intending to collect cotton must first obtain a permit from the Bureau and sign a contract. In 1947, most of the collection was done by the China Textile Development Inc., except for the various hsiens in Chekiang where it was done by the Chekiang Department of Joint Production and Marketing of Cotton, for T'aits'ang where the Hsin Shen Cotton Mill collected, and for Shanghai and Paoshan where it was done by the China Cotton and Hemp Co. The price of the American cotton collected, was about 20-30% higher than that of the native cotton.

V.- Cotton Inspection.

The inspection of cotton aims at improving the quality and broadening its market. Before the war, considerable success had been achieved by such inspection. Unfortunately the work had to stop owing to the Sino-Japanese hostilities. Since the inauguration of the Bureau efforts have been renewed on this line. It is estimated that the personnel required for such technical work would number about 150. With the exception of the heads of important departments, who are experts invited by the Bureau, most of the staff members were found among the senior and middle technical schools in Shanghai. Thirty one came from universities and forty from agricultural high schools where special training was given between August 16 and Oct. 15, 1947.

Five inspection offices were established in Kiangsu, Chekiang, Hupeh, Honan and Shensi. Inspection stations were also created in various important cotton producing districts. Their main duty is to prevent adulteration of the raw cotton by the mixing of water or impurities with it; to enforce proper grading in order to stabilize the value of the product and foster international trade; to determine specifications or standards for the quality of the cotton produced and to improve the technique of inspection.

VI.- Experiment and Research.

Experiment and research, fundamental prerequisites for the reform and improvement of the cotton business, have been carried out by the Bureau this year as follows:-

1. Research on Chemical Fertilizers;

2. Study of machinery for the cultivation of cotton:- In cooperation with the FarmTool Section of the China Agriculture Institute, the Bureau has set aside 60 mow of cotton fields to be cultivated with modern machinery. The aim of such experiments is to compare the cost and yield with that of fields where only human and animal labour are employed.

3. Research and Experiment in the breeding, crossing and raising of the various kinds of seed as well as in the testing of different insecticides.

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The above are the more important works carried out by the Bureau in 1947. It has also undertaken investigations of cotton production, training of experts, and study of the economics of the

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cotton industry. In reviewing the activities of this year, the following points should be especially stressed:-

Though the Bureau is still very new, its complete structure has been successfully organised and its work carried out according to our original plans and schedule. Through its efforts the cotton area has been extended by 4,178,837 mow, and an increase of 41,782.7 tan of raw cotton obtained. This means an income of CN$2,500,000 million and a parallel reduction of foreign import;

The campaign against insect pests has been repaid with remarkable success and the cotton farmers have been convinced of the advantages of using American seeds.

Cooperation for cotton ginning with the cotton dealers and factories concerned has resulted in the raising of cotton prices, to the benefit of the cotton farmers. Furthermore, ginning factories have been established in various places in China.

There are still two points, however, that must be settled if the revival of the cotton industry is to be satisfactorily developed. The first is the lack of funds, the second, the civil war that has been devastating the country day after day. Work could not be carried out in important cotton producing districts as the northern Yangtze and Yellow River Regions. We have also had to withdraw our staff from many places in Hopeh, Southern Shansi, Honan, Shantung, and Hupeh.

Appendix I

Introduction of American Cotton directed by the Cotton Improvement Bureau of the Ministry of Agriculture and Forestry (1947)

Province	Regions	Area Planted in mow	Cotton Seed Used	Hsien
Hopeh	Peiping	113,129.5	Stoneville	T'unghsien, Tahsing, Ant'zu, Luhsien.
	Tientsin	80,060.0	Stoneville	Wut'sing, Kengyang, T'sanghsien.
	Paoting	48,400.0	Stoneville	T'singyuan, Wangtu, Tinghsing, Tinghsien.
	Shihchiachwang	67,000.0	Stoneville	Hsolu, Chingting, Yuansze, Lech'eng.
TOTAL		308,589.5		
Shantung	N.Shantung	5,122.0	Stoneville	Lihoh'eng, Ch'ang-t'sing, T'sihe, Weihsien, Ch'angle, Anch'iu, Itu.
	S.Shantung	50,261.0	Stoneville Trice	Ts'aohsien, Tingtao, Hotse.
TOTAL		55,383.0		

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Introduction of American Cotton directed by the Cotton Improvement Bureau of the Ministry of Agriculture and Forestry (1947)
(Cont'd)

Province	Regions	Area Planted in mow	Cotton Seed Used	Hsien
Shansi	S. Shansi	50,000.0	Stoneville	Anyih, Isze, Yuhsiang, Chiehhsien, Yungtsi, Linfen, Yunch'eng.
Shensi	Chingwei Canal	850,000.0	Stoneville	Chingyang, Sanyuan, Kaoling, Fup'ing.
	Changan	670,000.0	Stoneville	Changan, Lint'ung, Hsienyang, Hsingp'ing, Ngehsien, Chouchih, Ch'unhsien, Lihsien, Ch'ienho.
	Tali	750,000.0	Stoneville	Tali, Ch'aoi, P'ingmin, Heyang, Hanch'eng, P'uch'eng, Weinan, Huahsien, Huayin, T'ungkuan.
	Nancheng	300,000.0	Stoneville	Nancheng, Ch'engku, Yanghsien, Pacch'eng, Mienhsien, Hsihsiang.
TOTAL		2,570,000.0		
Honan	E. Honan	36,692.0	Stoneville	Lanfeng, Shangch'iu, Minch'uan, Yuhsiang.
	S. Honan	11,234.0	Stoneville	Yunan, Ch'uanshan, Nanyang, Ngehsien.
	W. Honan	58,690.0	Stoneville	Wenhsiang, Lingpao, Shenhsien.
	C. Honan	224,361.0	Stoneville & Embassador	Kwangwu, Chenghsien, Loyang, Kunghsien, Fanshui, Yenshih.
TOTAL		330,977.0		
Liaoning		4,000.0	Stoneville	
Kiangsu	Nanking	33,941.6	Delfos and Coker	Chiangp'u, Chiangning, Tanyang, Chenchiang, Chint'an, Chuyung.
	Shanghai	65,111.4	Delfos, Coker and D.P.L.	Shanghai, P'utung, Paoshan, T'ait'sang, Chiating, Changshou, Chiangyin.
	Hsuchow	13,603.75	Trice & Stoneville	Hsuchow, Fenghsien, P'eihsien, Shaohsien, Tangshan, Such'ien.
	Nant'ung-Jukao	94,482.5	Delfos & D.P.L.	Nant'ung, Haimen, Jukao, Tungt'ai.
	Haichow	97,060.0	Stoneville & Empire	Kuanyun, Lienyun, Tunghai, Shuyang.
TOTAL		304,199.25		
Chekiang	E. Chekiang	26,396.2	Delfos & Coker	Hsiaoshan, Chenhai, Juyao, T'zuch'i.

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Introduction of American Cotton directed by the Cotton Improvement Bureau of the Ministry of Agriculture and Forestry (1947)
(Cont'd)

Province	Regions	Area Planted in mow	Cotton Seed Used	Hsien
Anhwei	Huaitung	20,883.0	Delfos	Huaining, Tungliu, Kweitzu, Hsuanch'eng, Chinghsien, Tangt'u, Wangchiang, T'aihu.
	Hofei	9,674.2	Delfos & Coker	Hofei, Shouhsien, Huaiyuan.
	Fuyang	33,154.0	Stoneville	Fuyang, T'aiho, Yungchang.
TOTAL		63,711.2		
Kiangsi		2,240.0	Delfos	Kiukiang, Yunghsiu, P'engtse.
Hupeh	Suihsien-Tsaoyang	46,938.0	Delfos	Suihsien, Tsaoyang,
	T'ienmien	29,800.0	Delfos	T'ienmen, Mienyang, Hanch'uan.
	Hsiangfan	36,946.0	Delfos	Hsianyang, Hsiench'uan, Tzuchung, Kuch'eng,
	Chingcha	83,673.0	Coker & Delfos	Chiangling, Kungan, Sungtzu, Chihchiang, Chingmen.
TOTAL		197,357.0		
Hunan	Pinhu	105,417.0	Delfos	Lihsien, Anhsiang, Linli, Hanshou.
Szechuan	W.Szechuan	160,000.0	Delfos	Shehung, Yent'ing, T'ungch'uan, Mianyang, Suining, Lemao, Nanpu, Ilung, Chint'ang, Teyang, Chiangyu, P'engming, Chungchiang, P'engch'i, Fengchieh, Yunyang, Ch'uhsien, Kwangan, Pachung, Nanchiang, Chienyang, T'zuyang, Kwangyuan, Ihua,
Taiwan		567.5	Delfos	T'aitung, Chiai.
GRAND TOTAL		4,178,837.45		

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Appendix II

Ginning Factories (Man power or Motor Operated) established by the Cotton Improvement Bureau of the Ministry of Agriculture and Forestry(1947)

Province	Regions	Location	No.of Gins	No.of Baling Machines	No.of Cotton Distribution Boxes	H.P.
Hupeh	T'ienmien	Hsient'aoch'eng in Mienyang	20	1	1	25
	Suihsien-Tsaoyang	Miench'ang in Suihsien	20	1	1	25
	Hsiangfan	Shuangkuchen; in Hsiangfan	20	1	1	25
	Chingsha	Chiangk'ou in Chihchiang	20	1	1	-
	Chingsha	Shataokuan in Sungtau	20	1	1	25
Honan	E.Honan	Railway Station, Shangch'iu	8	1	1	8
	C.Honan	Kuyungcheng in Kwangwu	12	1	1	12
	C.Honan	Loyang	0	1	0	(24)
Chekiang	E.Chekiang	Chenhai	12	1	1	12
	E.Chekiang	Hsiaoshan	12	1	1	12
Kiangsu	Nant'ung-Jukao	Nant'ung	20	1	1	30
	Nant'ung-Jukao	Tungt'ai	8	1	1	8
	Nanking	Chiangp'u	8	1	1	8
	Nanking	Shaolingwei, Nanking	4	1	1	8
Hopeh	T'unghsien		20	1	1	35
	Langfang		20	1	1	35
	Peiping		4	1	1	6
	Tsingyuan		20	1	1	30
Kiangsu	Tanyang		Hand-operated gins			
	Haichow		"			
Anhwei	Hofei		"			
Hupeh	Shashih		"			
	Mit'oszu		"			
	Shataokuan		"			
	Hehsien		"			
	Suihsien		"			
	Tsaoyang		"			

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Appendix III

Ginneries Specially set up in Kiangsu & Chekiang

Regions	Location of Ginnery		Remarks Power-operated
Shanghai	Tach'ang, Shanghai		Ginnery specially set up.
	Kiangwan, Shanghai		"
	Yanghsing, Paoshan		"
	Hsingch'ang village in Nanchiang		"
	Yuehp'u village in Paoshan		"
	Santun village in Nanchiang		"
	Hsituk'ou in Fenghsien		"
N.Chekiang	Hsinp'uyuan in Juyao	No.1	Specially set up Ginnery.
	Tungshant'ou in T'zuch'i	No.2	"
	T'ienyanghuang in N. Chenhai	No.3	"
	Jungchia in N.Chenhai	No.4	"
	Nanhung, Chenhai	No.5	"
	T'angwant'ang, Nanhung in Chenhai	No.6	"
	Haimeishan Island	No.7	"

(End)

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U N I V E R S I T E L ' A U R O R E

- S h a n g h a i -

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(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel:85761

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THREE LARGE IRON AND STEEL WORKS IN SHANGHAI

In recent years, growing demands for iron and steel goods on the market of Shanghai have contributed to a fair development of its local iron and steel metallurgical industry. Among the 21 iron and steel works now operating in the city, three of the largest, which it is our purpose to introduce here, deserve special attention: the Shanghai Iron and Steel Mfg.,Co.,Ltd., the Asiatic Steel Co.,Ltd., and the Ta Hsin Steel Factory.

I.- The Shanghai Iron & Steel Mfg.,Co.,Ltd.

Before discussing the equipment and productive capacity of the various plants of this Company, it may be interesting to know how and when it was formed.

At the end of the War the Chinese Government took over numerous plants from the Japanese and among them 3 iron and steel factories and 1 smaller workshop, which it offered for sale. Tenders were invited, but no one wanted to buy them.

Later the Central Trust of China induced industrial and commercial circles to organise a Company by the name of The Shanghai Iron & Steel Mfg.,Co.,Ltd., which was to purchase the above factories and workshop. The capital of the Company was 2,500 million CN dollars, of which 1/3 was to be contributed by the Central Trust and the remainder by iron and steel dealers and manufactures.

The Company was formally founded in December 1946, with its head office in Chung Shih Building, Room Nos. 15-16, at No.14 Museum Road. Its three factories were amalgamated to form Factories Nos. 1 and 2, located at Changhuapin, Woosung and Huanghsing Road, Hongkew. As both their premises and machinery were in wretched condition, it was only in December 1947, after 5 months of repairs that resumption of work was made possible. Recently the Company has annexed the Hou Hsin Factory at Choutu, which it has converted into Factory No.3 and set to work. The small workshop mentioned above, which is situated at Lanchow Road, has been transformed into a transportation station.

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Administratively the Company consists of 3 departments, for general affairs, finance and business. Each factory is headed by a Director under whom there are sections for engineering and for general affairs. An Engineers' Office, presided over by a Chief Engineer, takes charge of engineering planning and technical improvement.

Equipment and Productive Capacity.

1. Factory No.1.

Factory No.1 is a plant devoted solely to the work of manufacturing various kinds of iron and steel and casting iron and steel goods.

The equipment for the iron smelting which have been removed to this plant from Hsitu, Pootung, are one 20-ton modern furnace, 4 horizontal hot air furnaces, 1 gas washing tower and 2 electric motor driven blowers. The construction of skip hoists for charging with raw materials as well as shops for iron casting and hoisting rooms will be completed about July 1948. The raw material used is iron ore, but scrap iron sheets easy to collect in the city itself, may also be utilised. The monthly output of iron can reach 500 to 600 tons.

The main equipment for steel manufacturing consists of one 15-ton Martin furnace with 5 gas producers. The steel casting shop has 2 cranes of 10 and 30 tons capacity suspended from beams. Scrap iron and steel are used as raw materials, and as huge quantities are available on the local market, there can be no problem regarding their supply. The monthly production of carbon steel, tool steel, alloy steel, etc., reaches between 600 and 1,000 tons. The quality of the goods is said to be quite up to normal standard and they are also very economical. The foundation of another Martin furnace has already been built and the work of construction will be finished upon the arrival of fire bricks. It is hoped that the production may then be doubled.

The furnaces for the iron and steel metallurgy have been put into service, after careful planning. The cast iron produced from the iron smelting furnaces while still hot, is passed over to the steel furnace. This co-ordinated operation saves fuel and increases production.

In an effort to reduce losses from the casting of large steel ingots by 10 to 20%, it is planned to install some additional rolling mills for steel ingots and steel heating ovens, so that all cast steel ingots while still hot, may immediately be kept in hot ovens.

In order to bring future output up to standard, a testing department has been established with all necessary instruments and chemicals for testing purposes.

2. Factory No.2.

This factory undertakes the work of rolling various steel products. It has the most up-to-date equipment in China, namely: one 13" triple series preliminary rolling mill, six 11" double series intermediate rolling mills and eight 11" double series finishing mills, driven respectively by 300, 600 and 800 H.P. motors.

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The intermediate and finishing mills are of Belgian type, employing the continuous rotation method of rolling. Automatic devices are provided for the feeding in of the steel ingots and the discharge to the steel heating furnaces. From the steel heating furnace to the preliminary rolling mills, a belt conveyor is employed. The wire rod produced is reeled by two winding machines. By working day and night, the present equipment can produce more than 1,000 tons of steel wire rod monthly. It is estimated that output could be increased 3 times, if some more preliminary rolling mills were installed.

3. Factory No.3

Factory No.3 is a steel works and steel rolling mill as well as an iron foundry. It covers a very large area of approximately 500 mowe [1] which is almost equal to the sum of the area of the other two factories. The chief equipment of the factory are as follows:

Steel Works:	
10-ton Martin steel furnaces	2
Gas producers	4
20-ton electric crane	1
Bitter spar furnace	1
Limestone furnace	1
Pulverizers	2
Steel Rolling Mills:	
20" preliminary rolling mill	1
16" finishing mill	4
12" steel wire drawing machines	6
Hot cutting machine	1
Steel heating furnace	1
Wire winding machines	2
Iron Foundry:	
15-ton iron blast furnace	1
10-ton iron blast furnace	1
Repair Shop:	
1-ton cupola	1
1/2-ton cupola	1
16' lathe	1
8' lathe	1
6' lathes	4
20' planes	2
1" drills	2

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1) EDITOR'S NOTE: 1 mow = 6.7448 ares or 0.166 acre.

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4. Transportation station:

This station possesses 1 large hydraulic baling press with auxiliary equipment. The work consists in sorting the various kinds of scrap iron purchased and in packing scrap iron that rusts easily. Communications are very convenient at this station so that the cost of transportation of materials is greatly reduced.

II.- The Asiatic Steel Co.,Ltd.

The factory of the present Asiatic Steel Co.,Ltd. was the former Japanese Asiatic Steel Factory at Hochien Road, Yangtzepoo, which after V-J Day was taken over by the Ministry of Economic Affairs. Preferential right of purchase for this factory was granted by the Executive Yuan to the Hua Hsin Electro-metallurgical Co., which had the credit of greatly contributing to the development of the steel industry in this country during the War.

The Asiatic Steel Co.,Ltd. was founded in Nov. 1946, with its head office at Room No.606, Kuo Hua Building, Peking Road. As its plant and equipment had been damaged, repair work had to be done before work could be begun. In addition to the original equipment, the Company has lately spent over CN$10,000 million on the installation of new rolling mills.

The main work of the Company is steel casting and the manufacture of machines for casting. The largest steel castings can be as heavy as 4 tons while iron castings may reach as much as 7 tons each. Nails especially are produced in large quantities. The whole plant consists of: 1) steel casting shop, 2) iron casting shop, 3) metal works, 4) nail shop, 5) steel wire shop, 6) bolt shop, 7) wire drawing shop, 8) tube drawing shop, 9) rivet shop, 10) machine shop, 11) metallic gauge shop, 12) plane shop and 13) steel rolling shop. The above units are all in operation.

The productive equipment is as follows:

1) Smelting equipment:
   - Steel: One 3-ton and one 2-ton electric furnace; two crucibles
   - Iron : one 25-ton iron smelting furnace.

2) Mechanical Equipment:

Wire drawing machines	107
Nail manufacturing machines	60
Wooden bolt machines	76
Machine bolt machines	29
Steel wire machines	25
Machines spring aluminium wire for garden use	6
Iron gauze looms	10
Shoe nail machines	5
Nail machines	49
Galvanized iron wire machine	1
Tube drawing machine	1
Plane rolling machine	1
Corrugated iron sheet machine	1
Driving engines and other auxiliaries	98

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Working at full capacity, the above equipment could yield the following monthly output:

Drawn wire	500 tons
Nails	8,000 barrels
Steel castings	200 tons
Steel ingots	400 "
Bolts	50,000 grosses
Steel wire cables	300 tons
Cast iron	100 "
Iron wire and steel wire gauze	10,000 metres
Barbed wire	150 tons
Machine bolts and spikes	100 "
Galvanized iron wire	400 "
Drawn tubes	30,000 feet
Galvanized iron sheets	100 tons
Corrugated iron sheets	15,000 sheets

On account of shortage of raw materials, however, the above standard cannot be reached. So far, monthly production has only been as follows:

Drawn wire	150 tons
Nails	2,000 barrels
Steel castings	100 tons
Steel ingots	100 "
Cast iron	50 "
Bolts	20,000 gross
Various manufacturing works undertaken for other factories.	

When the installation of steel rolling mills has been completed, the factory will be able also to produce round steel, angle iron, [illegible] steel, and steel wire rods.

At present, the Company has 426 employees and workmen, showing an increase of 161 persons when compared with the personnel at the time of the taking-over. If production can be carried out at full capacity, the Company will have to employ more than 1,000 workmen.

III.- Ta Hsin Steel Factory.

The Ta Hsin Steel Factory at No.730 Kiangp'u Road, was founded in 1934. Its main equipment is:-

1-ton electric furnaces	2
1-ton Bessemer converter	1
52" cupola	1
36" cupola	1
28" cupola	1

The factory mainly produces cast iron, cast steel and steel ingots. Its maximum production of steel and carbon steel is 1,200 tons per 3 months, marketed in Shanghai and the Kiangsu and Chekiang provinces. The maximum quarterly output of steely iron is 300 tons.

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In order to do justice to the Ta Hsin Steel Factory, it seems necessary to recall the great role played by it before and during the War.

After its establishment in 1934, the factory imported an arc furnace for the manufacture of pure steel, and rapidly gained an excellent reputation for making chassis. About that time, the British-owned Shanghai Omnibus Company which planned to build double-decked buses, ordered 40 chassis from Japanese manufacturers. When the first Japanese-made chassis arrived in Shanghai and was assembled for a test service, carrying 40 passengers, however, the rear shaft broke during the drive. This failure embarassed the Bus.Co., which had already announced to the public the forthcoming introduction of new double-decked buses. With a view to remedying the situtation, the Company requested the Ta Hsin Steel Factory to design and manufacture the required chassis parts. The factory studied the structure and dimensions of the transmission parts of the chassis, made them from alloy steel and finally completed a solid chassis which could smoothly carry 80 passengers without the slightest risk of breaking the rear shaft. As a result, the Bus.Co. immediately cancelled its contract with the Japanese manufacturers and signed one with the Ta Hsin. Following this event, the factory became famous all over China.

To make sure of the quality of its steel, the Ta Hsin sent its products to the British Shipping Society for examination. After a strict test, the Society issued a testimonial certifying the excellent quality of the steel produced, declaring that the Ta Hsin was the only steel factory in the Far East able to manufacture such good steel. It is said that though there were several hundred steel factories in Japan, up to that time the British Shipping Society had issued testimonials only to two of them.

From then on, the China Steel Vehicle Company which used to build freight wagons for the Ministry of Railways, began to purchase chassis parts from the Ta Hsin. The Shanghai-Nanking Railway Administration, the Old Dockyard, the New Dockyard, the Kiangnan Dockyard, Butterfield & Swire and Jardines soon followed suit one after another, entrusting to the Ta Hsin the work of manufacturing various machine parts for marine use.

Later, the Ta Hsin Factory also designed express trains by using special cast iron, carbon steel, alloy steel, etc., and made it possible for a train to reach Nanking from Shanghai within 24 hours and 25 minutes.

After the outbreak of the War the factory was first moved to Pach'ishan, Hankow, and then further westward to Chungking. During the hostilities, it rendered considerable service to the country, and was able to export architectural steel, light rails and other materials.

After the War, despite tremendous difficulties in taking over its old plants and in transporting its equipment back to Shanghai, the factory has already succeeded in resuming work. It is hoped that it will in due time recover its former importance in the local iron and steel industry.

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APPENDIX

Thanks to the recent development of the iron and steel industry in Shanghai, many Chinese are now able to use home products instead of depending on foreign supplies. A list of iron and steel goods from Chinese factories in Shanghai which can replace imported goods, is given below for purposes of reference:-

	Wire Rod	Bamboo steel, squares & round	Steel bars of square, round, hexagonal, octagonal section	Iron plates	Flat and round spring steel
Quality	S.A.E.10 10-1030	S.A.E.10 10-1030	S.A.E.10 20-1090	S.A.E.10 20-1030	S.A.E.92 55-9260
Uses	Nail & architecture	Architect	Archit., machines, ship-building	Archit., machines, ship-building	Architect., machines, ship-building
Efficiency (As compared with imported goods)	Same	Same	1" & 2" square & round same as imported	Thickness above 4", same as imported	Below 4", round & polygonal of less than 2" diameter, same as imported
Monthly output (Ton)	1,500	2,400	100	100	30
Monthly requirement (Ton)	2,000	1,500 to 2,500	---	---	---
Quotation(Unit: $10,000)	4,500	4,000	5,000	5,000	5,000
Goods which can replace foreign goods	Wire rod	Bamboo steel, square & round 3/8" to 1"	Round, square, flat, hexagonal & octagonal steel rods below 2"	Iron plates	Flat and round spring steel
Market in Shanghai	70%	70%	60%	60%	60%
Market in other regions	30%	30%	40%	40%	40%

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	Triangle Iron	I Beam	Channel	Window frames	Hoops
Quality	S.A.E.10 25	S.A.E.10 25	S.A.E.10 25	S.A.E.10 25	S.A.E.10 25
Uses	Architect., machines, ship-build.	Architect., machines, ship-build .	Architect., machines, ship-build.	Windows	Pipes and bales
Efficiency (as compared with imported goods)	Below 3" x 1/2 same	Below 3" x 1/2 same	Below 3" x 1/2 same	316,320, 521,522, 511,501, 581,same	No.18 & 20, 4" x 3" - 3/4 inferior to imported
Monthly output (Tons)	100	30	30	120	80
Monthly requirement (Ton)	---	---	---	200	500
Quotation (Unit: $10,000)	5,000	5,000	5,000	8,000	9,000
Goods which can replace foreign goods	Triangle irons, I beams & channels below 4"	Triangle irons, I beams & channels below 4"	Triangle irons, I beams & channels below 4"	Steel window frames	Hoops
Market in Shanghai	60%	60%	60%	90%	90%
Market in other regions	40%	40%	40%	10%	10%

(End)

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- S h a n g h a i -

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(Economie Chinoise)

283 Chungking Nan Lu (Dubail)
Tel:85761

Topic:	Analysis, with Comments, of the New Regulations Governing the Renting of Houses (concluded)	Document No.: 86
		Nature: Translation
Author:	Prof. Sung Chia-huai	Number of pages: 7
Periodical:	The Juristic and Economic Review of Aurora University (Chen Tan Fa Lu Chiu Chi Tsa Chih)	Remarks: See Document No.76 in the Monthly Bulletin No.XIV.
Date of Issue:	in course of publication.	

ANALYSIS WITH COMMENTS OF THE NEW REGULATIONS GOVERNING THE RENTING OF HOUSES (concluded)

VII.- Cancelling of Leases. Art.9,11,14 & 15.

According to Art. 450, § 1 & 2 of the Civil Law, the relationship established by a lease of fixed term ceases at the expiration of that term, while the two parties to a lease of indefinite term can at any time cancel the contract provided no custom exists on this point, in favour of the tenant. The liberty of the lessor to cancel a lease of indefinite term was restricted, however by the promulgation in 1943 of the Regulations on the Leasing of Houses in Wartime,[1] and he could no longer do so save in one of the cases laid down in Art. 7 of those Regulations. In the case of a fixed term lease, if one month before the term expired the tenant gave notice to the lessor of his intention to renew the contract, the lessor could not refuse. Since the abrogation of these 1943 Regulations the reasons for which a lessor may take back his house are laid down in Article 100 of the Land Law; but as the Judicial Yuan has declared that this article is inapplicable to fixed term leases (see Interpretations Nos. 3489 & 3603, as quoted above) tenants who have made such contracts have now no protection.

Art. 9 of the New Regulations is almost identical with Art.100 of the Land Law, but establishes a distinction between fixed-term leases with a term of less than two years and those with a longer term. For the future, therefore, the mere expiration of the term of the lease does not necessarily end the relationship.

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1) NOTE: The tenant could always terminate the lease, on the conditions laid down in the Civil Law.

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Since the purpose of these Regulations is to settle disputes between landlords and tenants during the present housing crisis, and given that this article limits strictly the various reasons for cancellation of which the lessor might avail himself, it seems that he can no longer base such a cancellation on one of the causes laid down in the Civil Law unless it appears also in the Regulations. This may be deduced from the terms used in the text of the Regulations: - "cannot cancel the lease except in one of the following cases". But in the circumstances mentioned in Art. 447, § 2 of the Civil Law, that is, when the tenant, unknown to the lessor or against his will, has removed objects which come under the lessor's rights of retention, it seems that the lessor can still use the power of cancellation given him by the Civil Law, even in the places and during the periods of application of the Regulations on leasing.

For the reasons for which the lessor may terminate the lease we must examine carefully the restrictions laid down in Art. 9, § 1 of the Regulations 1):-

1) "If the lessee puts the premises to illegal use". This is identical with the provision of Art.100, No.4. of the Land Law.

2) "If, for reasons for which he is responsible, the lessee owes an amount of rent equal to the amount of the cash security given plus at least two months' rent". This resembles the provision of the Land Law, Art.100, No.3, except that the words "For reasons for which he is responsible" do not there occur. Since the Civil Law has already laid down (Art.230) that a debtor is not behindhand if the payment due has not been made for reasons outside his control, it follows that the contract of lease cannot be cancelled because of non payment of rent unless this is the fault of the tenant. It must be noted, however, that the rent is a money debt and for money debts there can be no question of impossibility of execution; therefore even where the tenant has no money to pay the debt, there is always delay of execution. Consequently unless the tenant has just reason to refuse payment of the rent he is always responsible for the reason of its non payment.

Neither the Regulations nor the Land Law has made clear whether the lessor, in cancelling the lease according to this provision, should observe or not the formalities of summons laid down in Art. 440 of the Civil Law 2); but according to Interpretation No.3489 of the Judicial Yuan, such a summons is indispensable and the lease can only be cancelled if the tenant has failed to pay the rent within the term fixed in this summons from the lessor 3).

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NOTES: 1) The tenant, on the other hand, can always, in order to terminate the lease, invoke the provisions of the Civil Law, notably Art. 424, 430, 435, II, 436.

2) Art. 440 of the Civil Law:- "When the tenant is in arrears with the payment of the rent, the lessor may fix a suitable term and summons him to pay within that term. If the tenant fails to pay within the term the lessor may cancel the lease".

3) Interpretation No.3489 of the Judicial Yuan:- "3. A lessor who resumes possession of his house because of non-payment of the rent, as provided by Art.100, No.3 of the Land Law, must according to the provisions of Art. 440, § 1 of the Civil Law, fix a suitable term and summons the tenant in arrears to pay within that term. The contract of lease can only be cancelled if the tenant has failed to pay within the term".

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3) "If the lessee has intentionally or through negligence damaged the lessor's house and fails to make repairs or to pay adequate compensation". This provision is again similar to that of Art. 100, No.6 of the Land Law. It is true that the Land Law speaks of "the house" and its "dependances" while the Regulations only mention the house; but it is obvious that the dependances are also included.

Consequently the present provision may be applied whether the damage is done to the house or to its dependances. If either has been damaged by the fault of some person other than the tenant, the latter is still bound to make reparation according to the provisions of Art. 443 of the Civil Law 1). If the tenant does not make reparation, therefore, the lessor may cancel the lease.

4) "If the lessee contravenes the provisions of § 1 of Art. 6" of the Regulations; that is to say, if the tenant has sublet the whole house to another, or if having sublet part of the house in spite of an interdictory clause in the lease, he has obtained neither the written consent of the lessor nor his signature to the contract of subletting, then the lessor may cancel the lease and resume possession of the house. The Regulation does not, however, define the situation of the subtenant once the relation between lessor and lessee is terminated. If the whole house has been sublet, since this is forbidden both by the Civil Law and by the present Regulations the subtenant has no right to protection. If only part of the house has been sublet, it is possible that the subtenant was in ignorance of the prohibitive clause in the lease, and the provisions of Art. 7 § 1 of the Regulation would seem to be applicable by analogy; that is, the subtenant would have a preferential right to lease the part he had held as subtenant.

5) "If proof is furnished that the lessor is taking back his house for his own use, in accordance with the provisions of Art.11". Art. 11 of the Regulations reads as follows: "If after a lease of indefinite term has been in force for two years, the lessor for adequate reasons has to take back the house for his own use, he shall furnish definite proofs of his need, and further give the lessee three months' notice of the cancellation of the lease". This is why with a fixed-term lease, whatever the length of the term, (twenty years is the maximum according to the Civil Law) it is impossible for the lessor to take back the house for his own use so long as the term of the lease has not ended. With a lease of indefinite term, before the house can be taken back for personal use, two years must have elapsed; but these two years are counted from the conclusion of the lease, not from the coming into force of the Regulations. In any case, if the house is to be taken back for personal use, the following conditions must be fulfilled:- just cause, certain proofs, warning given three months in advance. Personal use covers not merely use as a dwelling, but also the personal conducting of a business, as is stated in Interpretation No.2954 and in Interpretation No.3489 of the Judicial Yuan 2)

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NOTES: 1) "If by reason of facts for which the responsibility falls either on those who live with the tenant, or on third parties whom he has allowed to use the thing leased or to enjoy its fruits, the object leased is damaged or destroyed, the tenant is bound to make good the loss".

2) Interpretation 2954 of the Judicial Yuan: "The terms 'taking back of the house for personal use' used in Art.11, of the Regulations on the Leasing of Houses in Wartime include also the taking back of a leased house in order personally to conduct a business".

Interpretation No.3489: "2nd. The taking back of a leased house in order to use it for one's own business is included in the taking back the house as a personal dwelling in Art.100.No.1 of the Land Law."

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Art. 15 of the Regulation should be quoted in full on this question:- "If anyone who has taken back a house for his own use, keeps it vacant for three months or again leases it within one year, the original lessee shall have the right to claim the continuation of his lease; he may further ask for compensation for damage or injury". On this point two cases must be distinguished:

a) If the lessor has left the house unoccupied during three months, the original tenant may demand the continuation of his lease and at the same time claim damages in the form of interest; or he may claim damages without requiring that the lease be continued.

b) If within a year the house is relet by the lessor to a third person, the original tenant can claim damages but cannot demand the continuation of his lease; for if he were allowed to continue his lease the new tenant would suffer unforeseen loss. Again, since the Regulations only say he may "claim" the continuation of his lease, the original tenant's right of tenancy is not ipso facto reconstituted but depends on the consent of the lessor to a new lease; though if he refuses this the original tenant can certainly bring an action against him.

6) "If the term agreed on for the lease has expired" - "This provision shall not apply to a fixed term lease of less than two years or to one containing a special agreement". The Chinese expression " a lease of less than two years " appears to include a lease of two years. It is only when the term of the lease exceeds two years that the contract can be cancelled on its expiration. As an example of a special agreement may be quoted the clause by which the tenant reserves the right to renew the lease on its expiration. This provision tends to protect tenants holding short term leases (in Shanghai, leases are often for six months only) and for this reason it should have the force of an order. Therefore if the term of the lease is less than two years, even if it has been laid down in the contract that the tenant is to move out at expiration of the lease, any reason to the contrary notwithstanding, the lessor cannot use such a stipulation as basis for taking back the house. Even in leases with a term of over two years, the expiration of the term is not in itself sufficient to end the contract; the lessor must declare his intention to cancel the lease and unless this declaration has been made before the expiration of the lease the contract is considered to continue for an indefinite term [1].

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1) NOTE: Art. 451. Civil Law: "If after the expiration of the lease the tenant continues to use the thing leased or to enjoy its fruits, and the lessor does not immediately express his will to the contrary, the lease is considered as prolonged for indefinite term".

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7) "If the lessee has closed up the house and has ceased to use it for more than six months". The purpose of a house is to be used. If therefore the tenant has not used the house for six months, clearly he does not need it and it is quite normal that the lessor should be permitted to cancel the contract. But the question whether the tenant is using the house or not must be answered according to circumstances. The fact that the house remains closed only constitutes a "presumption" of its disuse and cannot always cause the cancelling of the lease. For example a house used for storing goods, even though it remains closed for six months is in continuous use. On the contrary, even though a house is not closed down if according to the facts it may be judged that the tenant no longer uses it regularly, the contract can also be cancelled; thus when the tenant has moved, leaving some small goods in the house, or giving into a friend's charge, in certain cases it may be said that the tenant no longer uses it.

8) "When the house has to be rebuilt, and the lessee has been notified three months in advance, and furthermore a building license has been secured". We may add here the text of Art. 14 of the Regulations: "If after being rebuilt a house is still to be leased out, the original lessee shall have a preferential right to rent it". If the rebuilt house is to be used by the lessor in person or is sold to a third party the tenant cannot exercise his right of preference. Even when the tenant holds a right of preference for the lease, the clauses of the new lease must always be decided by mutual agreement between the two parties. But if the lessor proposes inacceptable conditions with the object of inducing the tenant to give up his right to preference, it appears that the tenant may bring an action before the courts.

9) "When the lessee violates the restrictions laid down in the lease", Restrictions laid down in the lease must be taken to mean special clauses inserted in the lease and tending to limit the tenant's manner of usage. This does not mean that a violation of any restriction whatever contained in the lease can constitute a reason for cancelling the lease. For some time it has become customary in some places - Shanghai, for example, to use contracts of lease entirely printed in advance, containing severe restrictions on the method of using the house, so that the least negligence on the part of the tenant may be construed as a violation of the restrictions of the lease. It must be emphasised here that cancellation can only be admitted if the restrictions contained in the lease are judged reasonable in the given circumstances and if the cancellation of the lease is an equitable sanction against the violation of these restrictions.

The nine facts thus far enumerated are the causes of cancellation of the lease by the lessor. But Art.9 of the Regulations in no way prevents the contract of lease to be accompanied by a cancellation clause, nor does it do away with the effects recognised by the Civil Law on the fulfilment of the cancellation clause [1].

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1) NOTE: Interpretation No.3489 of the Judicial Yuan: "4. The provision of Art.100 of the Civil Law - corresponding to Art.9 of the Regulations on the Leasing of Houses - has not the effect of forbidding that the contract of lease should contain a cancellation clause, nor does it waive the effects of implementing the cancellation clause, as laid down in the Civil Law. If an agreement has been made between a lessor, A. and a tenant, B. that if a third part, C. should need the house leased, the contract shall automatically terminate, it must be concluded that the lease is accompanied by a cancellation clause and that as soon as the condition is fulfilled, A can take back the house".

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VIII.- Rent Revision.Art.10.

Art.10 of the Regulations deals with the revision of rents. This question had already been dealt with in Art.442 of the Civil Law, as follows: "When the object leased is a house either party may ask of the court an increase or decrease in the rent because of fluctuations in the value; but this provision does not apply to fixed term leases". The provision of the Civil Law applies, therefore, only to leases of indefinite term. Since the promulgation of the Complementary Rules on Civil Procedure during the Period of Demobilisation, appeal may be made to its 12th Article, to demand the revaluation of all debts, including rents from fixed term leases. But the conditions required by Art.12 of the Rules on Civil Procedure are extremely strict (circumstances which could not be foreseen at the time of the contract, manifest lack of equivalence in the commutative contract, etc.) Art.10 of the Regulations for the leasing of houses has therefore been drawn up to enlarge the scope of rent revision. By this article any obvious change in the local economic situation is enough to allow the parties interested to ask for an increase or decrease of the rent; moreover such a modification is possible not only for leases of indeterminate term but also for fixed term leases down to a limit of one year.

IX.- Deposit of Rent refused by the lessor.Art.12.

Art.12 deals with the deposit of rent. Where a creditor refuses to accept payment, the debtor, to free himself, can deposit the sum he owes with the Bureau of Consignation. The rules govefning this matter are to be found in the Civil Law, Art.326 ff. and in the Law on Deposits promulgated on Jan. 7, 1937. According to Art.12 of the New Regulations, if the lessee, without legitimate reason, refuses to accept the rent, it is no longer necessary to make use of the Bureau of Consignation; the tenant can deposit the money in a bank or at the post office. On the other hand, Art.12 contains no detailed rules on the procedure of depositing, on which reference must therefore still be made to the provisions of the Civil Law and of the Law on Deposits.

X.- Miscellaneous.Art.16,17,18,19 and 20.

Art.16 lays down that competent governments, according to the provisions of Art.94 and 95 of the Land Law, must build houses for the inhabitants of their districts and encourage the residents to build for themselves. Strictly speaking, this article has nothing to do with the present Regulations which, as their title shows, deal with the letting of houses and not at all with their building. Nevertheless, it is obvious that the disputes about leases are caused principally by the housing shortage and will vanish as soon as there are enough houses. Art. 94 of the Land Law, which deals with the building of houses by the public authorities, runs as follows:- "In towns, the administration should build a certain number of spare houses to be let to private

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individuals as personal dwelling". "The rent of the houses mentioned in the preceding paragraph shall not exceed the interest, at 8% per year, on the value of the land and building". Art.95 of the Land Law, on the building of houses by the residents themselves, says: "In order to remedy the present housing shortage, the municipal or district authority may, with authorisation from the Executive Yuan, reduce or suppress the land taxes and improvement taxes on new houses and fix the length of this reduction or exemption". The total or partial exemption from land tax and improvement tax, laid down in Art.95, is fairly easy to realise, since it needs only a decision by the competent authority and an authorisation from the Executive Yuan. The building of spare houses seems harder of realisation given the present financial difficulties of the public authorities.

Art.17 again has nothing to do with letting houses and is only of interest to the personnel of the public authorities.

Art.18 indicates which authority can inflict penalties for the breaking of these Regulations. Such penalties are to be pronounced by the courts and are of a civil character.

Art.19 and 20 of the Regulations give the right of recourse to the courts to a tenant expelled without reason and the owner of a house illegally occupied by another. Both articles simply lay down the principle of recourse to the courts, giving no detailed rules. It therefore appears that the common procedure should be followed, of bringing an action in court; these two rules have little practical utility.

Art.21 recognises the right of provincial and municipal authorities to draw up complementary measures, adapted to local needs; these measures are to be approved by the Executive Yuan and may not contravene the provisions of these Regulations which, since they have been passed by the Legislative Yuan, have the force of Law.

Art.22 is concerned with the length of time in which these Regulations are to apply; which will come to an end three years from their date of promulgation, December 1st. 1940.

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BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel:85781

Topic:	Coal Mining and Coal Policy in China 1938-1948. (Part I)	Document No.: 87
Author:	Li Ming-ho	Nature: Digest
Brochure:	Ten Years of China Economics (Shih Nien Lai Chih Chung Kuo Ching Chi)	Number of pages: 13
Published by:	The China Book Co.,Ltd. January 1948.	Remarks: Original title is "The Coal Mining Enterprises in the last Ten years".

COAL MINING AND COAL POLICY IN CHINA 1938-1948 (Part I)

The article of which a full digest is here given is one of the twenty studies gathered by Mr. T'an Hsi-hung under the title "Ten Years of China's Economics". The first volume of this work has recently been published.

The subject seems of special interest at the moment, since the problem of the production and distribution of coal is occupying the responsible authorities and leading to new research in order to maintain existing industries and develop new ones.

The original article is divided into seven chapters whose essential points and statistics have here been regrouped under three principal headings. This issue will contain a short summary, followed by the first part, "The Development of Coal Mining in Free China during the War and its Results". The remaining two parts, "Coal Mines in the Liberated Areas", and "Coal Demand and Supply and Future Prospects", will appear in the March Bulletin.

Certain lines of information, insufficiently brought out in this article may be supplemented by re-reading Documents and Studies already published in the Monthly Bulletin, especially those on coal in the provinces of Hunan, Kiangsi, Kwangtung, Shensi and Shansi, to which reference will be made in the course of the study.

The Editor.

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China ranks fourth among the nations as regards coal reserves, coming after the United States, Soviet Russia and Canada. Before the war, estimates made by the Geological Survey of China put the total reserves of China at 266,311,000,000 metric tons but more recent investigations reach the figures of 444,611,000,000 and it seems that this is more accurate.

Coal Reserves in the Various Provinces
(Unit: 1,000,000 m.t.)

Northeastern Provinces	Geographical Survey	Other Estimates
Liaoning	1,836 1)	3,110
Kirin	1,143 1)	1,594
Heilungkiang	1,017 1)	4
Antung	---	785
Sungkiang	---	440
Hokiang	---	3,326
Hsingan	---	1,126
Liaopeh	---	249
Nenkiang	---	16
Total for N.E.	3,996	10,650
Jehol	614	1,763
Chaher	504	504
Suiyuan	476	476
Ninghsia	457	457
Kansu	1,056	1,056
Chinghai	824	824
Sinkiang	31,980	31,980
Shensi	71,950	71,950
Shansi	127,127	295,600
Hopeh	3,065	4,365
Honan	7,764	8,034
Shantung	1,639	2,126
Kiangsu	217	217
Anhwei	360	760
Chekiang	100	100
Hupeh	354	354
Hunan	1,293	1,293
Kiangsi	700	700
Szechuan	3,833	3,833
Sikang	531	531
Kweichow	2,518	2,518
Yunnan	2,310	2,310
Kwangsi	1,157	1,157
Kwangtung	333	333
Fukien	153	153
Taiwan	---	444
GRAND TOTAL	266,311	444,611

1) EDITOR'S NOTE: These figures correspond to the old Chinese provinces as they existed before the Mukden Incident.

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Before the Mukden Incident of September 18th.1931, the yearly production of coal in China(Manchuria included) reached 30,000,000 metric tons. After that it remained at about 20,000,000, the more productive mines being located in the provinces north of the Yellow River.

In order to promote the development of industries in Contral and Southern China and to increase the resources for national defence special measures were taken either to open new coal mines or improve those already existing. New mines were opened by the National Resources Commission at Yuhsien in Honan, and Kaok'ang, P'inghsiang and Tienho in Kiangsi; the Reconstruction Commission opened coal mines at Huainan in Anhwei and reorganized those at Ch'anghsing in Chekiang; and the former Ministry of Industries helped private interests to open the Tachung coal mine at Hsuchow in Kiangsu and to develop the P'olo mine at Lop'ing in Kiangsi, the Fukuo mine at Ch'uchiang in Kwangtung and the Yuanhua and Lihua mines at Tayeh in Hupeh. Meanwhile two important companies, the Chungfu in Honan and the Kailan in Hopeh, were reorganized so that Chinese and foreign interests were better balanced. Further action was taken to help the various coal companies that were experiencing difficulties and to provide better coal distribution throughout the country as Northern China had a surplus and the regions along the Yangtze River a deficit in production as compared with demand. With this in view the former Ministry of Industry established a Commission for Adjusting the Finances of the Coal Trade and a general conference was summoned in 1936 to discuss and draw plans to solve the problems concerning coal production, marketing and consumption. But owing to the outbreak of hostilities, the project could not be carried out.

New measures had to be taken to cope with the situation created by the Japanese invasion. The Ministry of Economic Affairs was established in 1938 and together with the Third Department of the Military Council, the National Resources Commission, the Reconstruction Commission and the National Economic Council, had to face the many problems of resisting enemy oppression. During all these years special care was devoted to the coal mines of Szechuan, Hunan, Kiangsi, Kwangsi, Yunnan, Kweichow, Shensi and Kansu.

Such afforts were crowned with success as already in 1942 coal production in Free China amounted to 6,000,000 metric tons which was enough for industrial, military and civilian requirements. In 1944 a War Production Bureau was inaugurated in order to carry out a systematic promotion of coal production in the free provinces. When Japan surrendered, the Government without abandoning the wertern regions had to turn specially to the newly liberated provinces in order to relieve the pressing coal famine in such big cities as Shanghai, Hankow, Tientsin, Tsingtao, Peiping, Mukden, Canton and Taipeh.

Unfortunately, new difficulties arose with the communist disturbance: mines just restored were plundered and communications disturbed. The Ministry of Economic Affairs and the National Resources Commission did their best to help the old mines in spite of the campaign against the rebels and to maintain the coal supply by discovering new fields and increasing the capacity of those already existing in Central and Southern China. As a whole their policy has met with real success: In 1946 the total coal production reached 18,000,000 m. tons and it was over 19,000,000 in 1947.

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Coal Production by Provinces Before, During and After the War

(Unit: 1 metric ton)

	1936	1942	1946	1947
North Eastern Provinces:-				
Liaoning	---	---	1,800,000	2,160,000
Kirin	---	---	---	219,000
Heilungkiang	---	---	---	---
Antung	---	---	---	---
Sungkiang	---	---	---	---
Holiang	---	---	---	---
Hsingan	---	---	---	---
Liaopeh	---	---	882,000	600,000
Nenkiang	---	---	---	---
Total for N.E.	12,000,000		2,682,000	2,979,000
Jehol	---	---	1,500,000	1,599,000
Chahar	247,093	---	30,000	180,000
Suiyuan	72,593	---	73,000	80,400
Ninghsia	15,000	74,000	150,000	159,600
Kansu	100,000	100,000	286,000	240,000
Chinghai	---	---	50,000	50,400
Sinkiang	10[illegible],000	---	200,000	176,400
Shensi	200,310	505,940	650,000	540,000
Shansi	2,866,487	---	960,000	600,000
Hopeh	7,575,591	---	4,650,000	5,540,000
Honan	2,266,600	698,900	1,000,000	720,000
Shantung	3,988,157	---	837,000	300,000
Kiangsu	367,250	---	450,000	624,000
Anhwei	1,010,614	20,000	700,000	871,000
Chekiang	242,472	2,000	10,000	99,600
Hupeh	563,642	37,000	150,000	308,400
Hunan	919,006	1,[illegible]92,000	500,000	699,600
Kiangsi	346,869	200,000	140,000	219,600
Szechuan	663,988	2,850,000	1,860,000	1,748,400
Sikang	---	30,000	30,000	30,000
Kweichow	80,000	303,000	800,000	199,200
Yunnan	123,647	242,450	180,000	300,000
Kwangsi	100,000	93,000	60,000	132,000
Kwangtung	351,252	70,000	40,000	60,000
Fukien	50,000	30,000	30,000	30,000
Taiwan	---	---	1,000,000	1,100,000
GRAND TOTAL	34,250,356	6,313,837	18,408,000	19,487,400

I.- The Development of Coal Mining in "Free China" during the War and its Results.

It is interesting to review the development of coal mining in Free China during the war, not only to appreciate the work achieved, but also in connection with plans for the better utilization of the country's coal resources in the future.

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Let us examine first the policy adopted during war time and then the results obtained in each province.

The numerous measures taken by the Ministry of Economic Affairs during the war to promote the development of coal mines in "Free China" had a triple aim in view: to increase production, to control marketing and to supply the smelting and refining works of the interior with coke of good quality.

In order to increase coal production in the West, the procedure for obtaining a license of exploitation was very much simplified as well as that for obtaining loans to remove and repair the much needed machinery or even to buy it in foreign countries; moreover all people engaged in coal mining either workers or technicians were temporarily exempted from military service.

Already in 1938 a Fuel Control Office was set up in Hankow to regulate the demand and supply, secure speedy transportation, prevent adulteration and limit prices and profits. After the fall of the Wuhan cities, the office was removed to Szechuan where it was chiefly concerned with coke problems. In 1943, a Branch of the Fuel Control Office was put specially in charge of supplying the railroads in Kwangtung, Hunan and Kwangsi, and in 1944, another Branch was created to supply the new industries in Honan and Shensi. Then the Bureau of War Production was set up and the former office remained only concerned with coke production.

Finally the Ore Smelting Research Laboratory was created. Its chief function was to experiment with the various bituminous coals in order to find the most suitable ones for coking and to establish good coke factories Promising results were obtained with the Permian coal of Szechuan and especially good coke was obtained from the coal of the T'ienfu, Chiangho, and Huaan mines so that the production of iron could be increased.

1. Szechuan.

The results obtained in this province are clearly shown by the following figures:

Szechuan Coal Production during the War.

1938	1,400,000	1942	2,805,000
1939	2,350,000	1943	2,900,000
1940	2,790,000	1944	2,700,000
1941	2,800,000	1945	2,300,000

Among the various mines listed below the Weiyuan, Shihyen, Huach'ang, Yita, Chienchuan, Tatung, Huaan, Chengtu, Huayin and Chuan-ti coal companies were newly opened or reoganised. Part of the machinery removed from the Chungfu Coal Mine (Honan) was handed over to the fields of T'ienfu and Chiayang while better equipment and means of transportation were given to the old mines at Santsai-sheng, Paoyuan, Chiangho, Tunglin and Shihlin.

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Except for the Chilch'ang Coal Mining Co., which produces anthracite all the coals are bituminous. The maximum daily output is given thus:

Coal Mining Co.		Maximum Daily Output	Coal Mining Co.		Maximum Daily Output
Weiyuan Coal Co.	1)	500 tons	Paoyuan	o	300 tons
Huach'ang	o	250 "	Changho	o	100 "
Yita	o	100 "	Tunglin	o	200 "
Chienchuan	2)	120 "	Shihlin	o	250 "
Tatung	o	50 "	Hopiu	5)	100 "
Huaan	3)	100 "	Chiengpei	6)	80 "
Chengtu	o	50 "	Changpama	o	200 "
Huayin	o	100 "	Yungku	o	60 "
Chuantsi	o4)	100 "	Chuchiang	o	60 "
T'ienfu	o4)	1,500 "	Hsingkwo	o	100 "
Chiayang	2)4)	600 "	Fuhua	o	50 "
Santa'aisheng	o	300 "	Ch'ich'ang	o	50 "

Remarks:

o - Privately owned.
1) - Jointly owned by the NRC and the Salt Administration.
2) - " " " " " private interests.
3) - " " " " Ministry of Economic Affairs and private interests.
4) - Combined to form the T'ienfu Coal Mining Co.
5) - Publicly owned.
6) - The Szechuan Mining Co. jointly owned by the NRC and Provincial Government.

Production of Principal Mines in Szechuan, Jan.-June 1947. (in met.tons)

T'ienfu	308,924.40	Chukiang	17,850.00
Weiyuan	64,154.00	Huayin	14,715.88
Shihlin	43,601.00	Hoping	13,251.00
Yita	18,714.99	Hochuan	10,385.00
Tunglin	17,004.72	Yungku	2,600.00

3. Sikang.

The Yikai Coal Field under the management of the NRC and the Sikang Provincial Government, furnished coal to the copper, lead and zinc mining enterprises of Szechuan and Sikang for refining purposes.

Sikang Coal Production during the War.

1938	20,000	1942	30,000
1939	30,000	1943	30,000
1940	32,000	1944	30,000
1941	30,000	1945	30,000

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3. Yunnan.

During the war several new mines were opened: the Hsuanling coal mine to furnish coke, the Hsiangyun to supply the projected Yunnan-Burma railway, the Ipinglang for the requirements of the salt works of western Yunnan and the iron and steel works of the Province.

Yunnan Coal Production during the War.

1938	150,000	1942	242,450
1939	220,000	1943	250,000
1940	252,000	1944	260,000
1941	300,000	1945	250,000

The National Resources Commission after having invested funds in the Mingliang Coal Mine bought all the remaining private shares and reorganized the Company to deliver coal to the industries of Kunming, to the Yunnan-Indochina railway and to the projected Hsup'u-Kunming Line.

Meanwhile the Miaoke Mine was readjusted for the benefit of tin refinery works.

Coal Mining Co.	Maximum Daily Output	Ownership
Mingliang	300 m.tons	NRC
Hsuanming	50 " "	"
Ipinglang	150 "	West Yunnan Enterprise Bureau of the Prov.Govt.
Miaoke	80 "	NRC, Prov.Govt.& Bank of China.

All these mines produce bituminous coal.

Production of Principal Mines in Yunnan Jan.-June 1947.(in met.tons)

Mingliang	33,807.04	Ipinglang	22,767.87
Miaoke(Tin Co.)	9,132.00		

4. Kweichow.

Great efforts were made during the war in this province, known to be poor in coal, to increase its production chiefly with a view to the opening of the Kweichow-Kwangsi railway.

Kweichow Coal Production during the War.

1938	100,000	1942	303,000
1939	200,000	1943	310,000
1940	270,000	1944	260,000
1941	300,000	1945	192,000

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Among the newly opened mines such as Chutung, Lintung, Tuyun and Nantung, the last, located in the T'ungtzu district, has been the most important and was able to furnish coke to the Steel Factory of Taluk'ou near Chungking.

Coal Mining Co.	Maximum Daily Output	Ownership
Kweichow Coal Mining Co. (Chutung & Lintung Mines)	80 m.t.	NRC & Private interests.
Nantung Coal Mining Co.	400 "	NRC & Arsenal.

During the first half of 1947 the Nantung Coal Mine produced 26,230.60 met.tons.

These mines produce bituminous coal.

5. Kwangsi.

Before the war, the Bank of China had cooperated with the Kwangsi provincial government to open the Heshan Coal Mine in the Ch'ienkiang district. Its semi-anthracite, mixed with Hunan coal was utilized by the Hunan-Kwangsi Railway. In 1944, the Ministry of Economic Affairs supplied loans to this enterprise for developing means of transportation and increasing coal output.

The other important mine is that of Hsiwan (Bituminous) which was much developed by the P'ingkwei Mining Bureau to supply electric plants and tin refineries.

Kwangsi Coal Production during the War.

1938	100,000 m.t.	1942	93,000
1939	150,000 "	1943	150,000
1940	60,000 "	1944	200,000
1941	60,000 "	1945	10,000

Coal Mining Co.	Maximum Daily Output	Ownership	Production Jan.-June 1947
Heshan	300 m.t.	Bank of China & Prov.Govt.	16,737.20
Hsiwan	80	NRC & Prov. Govt.	9,977.70

6. Hunan [1].

When the war broke out, the province of Hunan had several coal mines in good condition, some which, as Shihmenk'ou in Liling, Kuanyint'an in Ch'igang and Yunhu in Hsiangt'an belonged to the provincial government while the Yichang, Yangmeishan and

1) EDITOR'S NOTE: For complementary details see "Minerals in Hunan" by Hsiang Hsieh in Monthly Bulletin No.II (November 1945) Document No.13, pp.1-2, and "Bituminous Coal Mines along the Canton-Hankow Railway" by Chu Hsiao-hing in Monthly Bulletin No.XII (November 1947) Document No.91.

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Tzuhsing mines were privately owned and run by the South Hunan Coal Mining Bureau and the Chunghsiang, Hsiangkiang and T'anchiashan in the Hsiangt'an district.

In order to supply the industries of western Hunan, the National Resources Commission organized the Ch'ench'i Coal Mining Co. with the machinery removed from the Yuanhua mine of Tayeh in Hupeh, and also the Ch'iling Coal Mining Bureau, given charge of the newly opened Yichiach'iao coal field in Lingling for the requirements of the Hunan-Kwangsi railway; the latter was the only source of coal for the army and the railroad after the fall of Changsha and Hengyang in 1944. The Yunghsing anthracite mine was also opened by the NRC.

Hunan Coal Production during the War.

1938	940,000 m.t.	1942	1,102,000
1939	970,000	1943	1,150,000
1940	1,018,373	1944	550,000
1941	1,100,000	1945	150,000

Coal Mining Co.	Maximum Daily Output	Coal Mining Co.	Maximum Daily Output
South Hunan Coal Mining Bureau	500 m.t.	Ch'iyang	150
		Yunhu	50
Yunghsing	70	Ch'ench'i	50
Ch'iling	300	Hsiangkiang	150
Liling	250	Chunghsiang	50

All the mines referred to, except Yunghsing, yield bituminous coal.

After the war, a reorganisation was made of the various companies in the Hsiangt'an district. A part of the former Chunghsiang enterprise was joined to a part of the former Yunhu to form the Huhsiang Company under the joint control of the NRC and the Provincial Government. The other part of the Chunghsiang was amalgamated with the T'anchiashan to constitute the new Chunghsiang Coal Mining Co. depending directly on the National Government. The Hsiangkiang mine is managed by the NRC together with private capitalists. As a whole the Hsiangt'an mines have been well supplied with new machinery and constitute the main sources of supply for the Hupeh-Hunan-Kiangsi region.

Production of Principal Mines in Hunan.
Jan.-June 1947. (in met.tons)

South Hunan Coal Mining Bureau	63,595.95	Yunghsing	10,599.00
		Hsuhsiang	2,482.03 o)
Hsiangkiang	50,952.95	Ch'ench'i	6,700.00
Ch'iyang	20,129.00	Hotsu	18,742.00
Liling	11,354.25	Huiming	10,082.00
Chunghsiang	10,735.90	Yungshao	11,234.48

o) April, May and June only.

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7. Kiangsi.

At the beginning of the war, the Anyuan coal field at P'inghsiang was readjusted by the NRC and the Kiangsi Provincial Government. Later, the machines of this mine together with those of the Kaok'ang Coal Mine were removed to Hunan Province by the NRC for strategic and communication purposes. The T'ienho Coal Mine in South Kiangsi was opened in the very early period of the war but plans for its development were hindered by hostilities. The P'ole Coal Mine, main source of fuel for the eastern section of the Chekiang-Kiangsi Railway, was repeatedly assisted financially by the Bureau for the Adjustment of Industry and Mining.

Kiangsi Coal Production during the War.

1938	400,000	1942	200,000
1939	300,000	1943	160,000
1940	200,000	1944	120,000
1941	220,000	1945	100,000

Coal Mining Co.	Nature of Coal	Maximum Daily Output	Ownership
Kaok'ang Coal Mining Bureau at P'inghsiang	Bituminous	50	NRC
P'inghsiang Coal Mining Readjust Bureau	"	250	NRC & Prov. Govt.
T'ienho Coal Mining Bureau	"	100	"
P'ole Coal Mining Bureau	"	200	Priv.

Production of Principal Mines in Kiangsi.
Jan.-June 1947.(in met.tons)

T'ienho Coal Mining Office	13,263.90 m.t.	Coal Mining Bureau of Western Kiangsi	10,091.40
Loping Mine Kiangnan Coal Mining Co.	11,890.85	K'enkou Mine, Chekiang-Kiangsi Rlway Mining Co.	5,001.71

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8. Kwangtung.

The Fukuo Coal Mining Co. of Ch'uchiang, a private enterprise, had to close on account of the war. Meanwhile the National Resources Commission and the Kwangtung Provincial Government cooperated to run the coal mine of Patauling in Juyuan[1].

Kwangtung Coal Production during the War.

1938	380,000	1942	70,000
1939	300,000	1943	100,000
1940	50,000	1944	100,000
1941	50,000	1945	100,000

The Fukuo Coal Mine has produced 3,252 m.t. during the first semester of 1947.

9. Honan.

The Yinghao Coal Mine was opened by the Lunghai Railway Administration for its own requirements and the Lungmen Anthracite Mine by the Honan Provincial Government to supply coal to the city of Loyang. In the last period of the War, they, as well as the Mingheng Coal Mine, were at one time occupied by the enemy.

Honan Coal Production during the War.

1938	400,000	1942	698,000
1939	400,000	1943	700,000
1940	430,000	1944	300,000
1941	460,000	1945	50,000

Coal Mining Co.	Nature of Coal	Maximum Daily Output	Ownership
Lungmen	Anthracite	100	Prov. Govt.
Mingsheng	Bituminous	300	Priv.
Yinghao	"	60	National
Fuyu	Semi-bituminous	100	Priv.

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1) EDITOR'S NOTE: For further details, see Monthly Bulletin No.XII (November 1947) Document No.71 "Bituminous Coal Mines along the Canton-Hankow Railway" by Chu Hsiao-hing.

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We have seen, in reviewing conditions in Szechuan, that part of the machinery from the famous mines of the Chungfu Company had been removed behind the fighting lines shortly after the beginning of the Sino-Japanese war. After the Japanese retreat these mines were for a time in the hands of the Communists; in 1946 they were returned to their owners but development remained very difficult as the Tao-ch'ing Railway was disrupted by civil warfare.

Production of Principal Mines in Honan [1]
Jan.-June 1947. (in met.tons)

Minsheng	87,894.00	Yinghao	16,297.10
Chungfu	76,683.15	Fuyu	9,055.00
Yuhsien	5,538.00		

10. Shensi.

When the Peiping-Hankow Railroad was cut, the Lunghai Railway Administration, together with the Shensi Provincial Government, opened new coal mines in T'ungkuan and repaired the branch line from Hsienyang to T'ungkuan in order to facilitate the transportation of coal. Industry having developed rapidly in Shensi Province since the war broke out, coal was needed urgently in Sian and Paoshi, where many new factories had been established. The Ministry of Economic Affairs helped the Hsin Sheng Company of Paishui, the Hsinhsing Company of P'uch'eng and the Yung Hsing Company of Lunghsien to increase their output of coal and to improve their means of transportation. The rail section from Honan to Shensi, the Kuo-Lung Line, was repaired and the Ministry of Economic Affairs requested the Ministry of Communications to construct a light railway from Fup'ing to Paishui for transporting coal. The machinery of the Minsheng Coal Mine was removed from Honan into Shensi, and given to the new coal mine at Linyiu and the Lin Feng Mining Company was formed. At the same time, coal mines were opened in Hanchung to meet the local needs in the southern part of the province.

Shensi Coal Production during the War.

1938	240,000	1942	505,000
1939	320,000	1943	600,000
1940	419,000	1944	550,000
1941	500,000	1945	600,000

1) EDITOR'S NOTE: An article on "Present Conditions of Industries in Honan" published in the Native Bank Monthly of January 1948 contains different figures for the coal mines in Honan. They are given below for reference:

Mine	District	Monthly Production Original	Present	Remarks
Chungfu	Chiaotso	75,000 tons	15,000 tons	
Liuhokou	Anyang	65,000	0	) Both are occup.
Hsingchi	T'angying	9,000	0	) by the Communists
Tungfeng	Yuhsien	13,500	4,500	
Lungmen	Loyang	20,000	7,000	
Minsheng	Shenhsien	15,000	6,600	
Ch'iukou	Hsinan		1,500	
Yuch'ing	Mienchih		3,000	

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Coal Mining Co.	Maximum Daily Production	Ownership	Production Jan.-June 1947
T'ungkuan [1]	600 m.t.	Lunghai Rwy.& Prov.Govt.	
Hsinsheng	100	Private	18,547.00 m.t.
Hsinhsing	80	"	
Lunghsien Mine of Yunghsing Co.	50	Priv.& Bank of China	17,451.00
Linfeng	50	Private	
Pingyao Mine of Shensi Enterpr.Co.	80	Prov.Govt.	

All the mines referred to produce bituminous coal.

11. Kansu.

Only a few small coal mines at Akansheng existed with a production scarcely sufficient for the use of Lanchow City. The NRC first opened the coal mine of Yungteng and then the Kansu Coal Mining Bureau was established to control the mines of Akansheng and Yungteng in order to supply more coal to the developing industry in the provincial capital.

Kansu Coal Production during the war.

1938	90,000	1942	100,000
1939	90,000	1943	100,000
1940	98,245	1944	110,000
1941	100,000	1945	200,000

Coal Mining Co.	Nature of Coal	Maximum Daily Output	Ownership
Kansu Coal Mining Bureau	Bituminous	80 m.t.	NRC & Prov.Govt.
P'ingch'ung Coal Mining Bureau	"	40 "	Priv.

(To be concluded)

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1) EDITOR'S NOTE: For a detailed account of this enterprise, see Monthly Bulletin No.IX (June-July 1947) Study No.IX "The T'ungkuan Coal Mine in Shensi".

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- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel:85761

The Chinese Cement Industry during the year 1947.

STUDY NO.: 15
Number of pages: 9

Articles and reports digested and combined in this Study:

"Future of China's cement industry" by Huang Ta-neng, Ta Kung Pao, October 8, 1946.
"Cement industry in Taiwan", Shang Pao, October 19,1946.
"Cement industry of to-day in North China" by Hsi Cheng-hsu, Ta Kung Pao, January 16,1947.
"The China Portland Cement Co.,Ltd.", Economics Weekly, March 27,1947.
"General conditions of the cement industry in North China" by Hsu Ching-sheng, Shang Pao, April 18,1947.
"The Cement Factory of Kaohsiung" by Euyang Ch'ung, Chin Yung Jih Pao, May 4,1947.
"The Saichuen Cement Works in Canton" by Liang Feng, Shen Pao, May 4,1947.
"Production of Gypsum in Hsiangtan", Ta Kung Pao, July 1, 1947.
"Production and marketing of Yingch'eng gypsum", by T'sing Pai-ch'ang, Chin Yung Jih Pao, August 24,1947.
"Gypsum discovered at Fengchieh, Szechuan", Chin Yung Jih Pao, Sept. 26,1947.
"Chinese cement guilds plead restriction of Jap cement production", Chung Yang Jih Pao, November 9, 1947.
"The manufacture of sulphuric acid and cement in Nanking" by Szu-Cheng, Ching Yung Jih Pao, November 21, 1947.
"Cement industry in North China and Mr. Lu Chung-hsien" by Hsu Ying, New China Magazine, December 1, 1947.
"China's cement industry of to-day", Shang Pao, December 15, 1947.
"Taiwan to promote production of cement and fertilizers", Shang Pao, December 21, 1947.
"Cement output in Taiwan", Sin Wen Pao, December 29,1947.
"The Chinhsi Factory of the North China cement Company" by Ke Fu-hsi, Popular Science Monthly, January 1948.
"Marketing collaboration between the Chi Hsin and North China Cement Companies", Chin Yung Jih Pao, February 2, 1948.
"Cement guilds suggest readjustment of commodity tax", Shen Pao, February 5, 1948.

THE CHINESE CEMENT INDUSTRY DURING THE YEAR 1947

I.- General Conditions.

In reviewing the history of the Chinese Cement Industry, Mr. Chi Ch'ung-wei showed, in his article in the Ta Kung

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Pao[1] of Dec. 10th.1946 that the Chinese production in 1936 (5.76 million barrels of 176 kg.) not only exceeded the demand for home consumption (5 million barrels) but was beginning to develop a market for exports, especially in the Malay States and the East Indies. As far as quality was concerned, "The degree of fineness, the character and time of setting and the intensity of resistance to expansion of the various brands of Chinese cement not only satisfied the general requirements but were most of them superior to the British make".

After the war, however, all the hopes which had been entertained for a speedy recovery of the former state of affairs and even for development were "very soon shattered by all sorts of difficulties and hard blows". Mr. Chi Ch'ung-wei lists what he considers the most important reasons for the depression of the year 1946:

1. High cost of production as compared with selling prices;
2. Shrinkage of the marketing areas owing both to disrupted communications and to civil warfare;
3. Dumping of foreign cement;
4. Insufficiency and high price of working capital;
5. Decrease in productive efficiency of workmen.

The same factors can be stressed in considering the conditions of the Chinese Cement Industry in 1947, except for the third, "Dumping of foreign cement". In this respect, the situation had already improved during the first six months of 1947 when the Government stopped providing foreign exchange for cement from abroad. Since then, import licences have been temporarily withdrawn. Moreover, instructions directed towards the utilization of Chinese products in all government construction projects have been issued by the Executive Yuan. As a result of these measures only cement of Chinese make is being used in the construction of highways, in the New Harbour of T'angku and in other similar works.

A few figures will be enough to give a clear view of the problem of the disparity between cost of production and selling price. For example: a ton of gypsum o.o.d. at Hankow was only CN$700,000 in September but CN$2,920,000 by the end of November, an increase of 300%. Diesel oil climbed from CN$1,411,000 per ton to CN$3,500,000 during the same period, an increase of 150%. The upward adjustment of the tariff for electric power ran from CN$1,451.48 per KWH in September to CN$3,885.02 in October. Wages also increase according to the cost of living index which was 34,400 in September and 53,100 in December. On the other hand, a bag of cement of 50 kilogrammes was sold at CN$150,000 at the end of September and CN$240,000 towards the last days of November. In short the cost of cement production increased by four times while the selling price only went up by 60%.

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1) EDITOR'S NOTE: See Monthly Bulletin No.V (February 1947).Document No.32 "The Struggle of the Chinese Cement Industry" by Chi Ch'ung-wei.

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The difficulties of marketing are only too obvious in the face of the ceaseless inflation and of the warfare affecting more and more areas. This had reacted heavily on the cement industry during the past year. The government has had to suspend all the construction projects which could temporarily be done without. According to estimates of the National Federation of Cement Guilds, the stocks of cement accumulated up to August 31, 1947, in the cement factories then operating, amounted to 6,258,000 bags or 312,900 metric tons. Meanwhile the Cement sold in Kiangsu, Chekiang, Anhwei, Shanghai and Nanking amounted to 400,000 bags in July and 300,000 bags in August, but even though it had far exceeded the monthly consumption of 60,000 barrels [1] or 10,200 metric tons in the early part of 1947, this was of little help.

Moreover transportation capacity is being reduced on account of military commandeering. Frequent increase in freight charges adds heavily to the already excessive cost of production and the innumerable taxes imposed upon the cement industry help to aggravate the blocking up of the market. The commodity tax on cement gives a good illustration. Its assessment varies considerably according to different districts and cement guilds are constantly requesting the authorities to impose uniform measures and even to readjust the present official rate (15%) because of the precarious situation of the industry.

II.- Procuring of Raw Materials With Special Reference to Gypsum.

The main raw materials for making cement are: limestone, clay, gypsum and fuel. The first two are obtainable almost everywhere without any difficulties. Coal is extremely insufficient especially in South and East China where many cement factories are built. Unless the political situation is improved, the fuel problem will continue to grow. The supply of gypsum is rather difficult as we shall see below. Packing materials such as paper bags and gunny bags are also lacking on account of the insufficient supply of foreign exchange. A total of US$800,000 had to be allocated for gunny bags for the first nine months of 1947. Import quotas for paper bags are given in principle but neglected in practice.

As everyone knows gypsum, in a proportion of about 3%, is necessary to control the setting time of cement. The annual production in China before the War was 83,700 metric tons, mainly distributed to the manufacturers of fertilizers (60%), cement works, (38%) and beancurd makers (2%). The present demand for the cement works throughout China is only about 3 to 4 thousand tons per month but this would be tripled if all the cement factories resumed normal production.

Gypsum is found mainly in Hupeh and Hunan where Yingch'eng and Hsiangt'an are particularly famous. Limited quantities are also produced in Honan and Shansi. The gypsum in Taiwan is completely disregarded on account of its inferior quality

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1) One barrel = 170 kilogrammes.

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and synthetics are being used instead. Other regions producting gypsum include the Ch'ient'ang districts in Chekiang and T'aiping, Yaan and Tsingp'u in Szechuan. According to the local Shang Pao (Sept.26,1947), a new mine has been discovered at Kungpeich'iao near Fengchieh in eastern Szechuan. Preliminary survey by the Department of Reconstruction of the Szechuan Provincial Government estimated the reserves at 2,000,000 tons, but further survey made by the Yung Li Chemical Works disclosed that the mineral has probably a depth of 60 metres so that it should be at least 4 million tons.

Actually the cement works in China receive their main supply of gypsum from two regions: Yinch'eng and Hsiangt'an, on which the following information is available:

1. Gypsum from Yingch'eng.

It is famous throughout this country for its purity and its high setting power which appears to be the best known to the Chinese cement manufacturers. Gypsum mining is now a semi-public enterprise jointly operated by private interests and the Hupeh Provincial Government. Extraction of gypsum is mainly done by excavating the quarries which numbered 30 before the War. Only 8 remain in operation to-day, with a total capacity of 10,000 tons monthly. Restricted by marketing facilities the production has dropped until the monthly sale is around 5,000 tons. A contract was made between the miners and the National Federation of Cement Guilds in July 1947, for the supply of 3,000 tons of gypsum to the cement works; but it lasted only two months as the price level went up much higher for other commodities than for gypsum. Since the end of the war Yingch'eng gypsum has been distributed in the following manner:

Cement manufacturing:	Shanghai	(70%)
	Canton	(10%)
	Tientsin	(10%)
Fertilizer manufactures in Kiangsu, Chekiang, Anhwei, Kiangsi, Fukien and Kwangtung:		(10%)

At present the Yingch'eng Gypsum Company has branch offices in Tientsin, Canton and Shanghai and is planning to produce refined gypsum for exportation.

2. Gypsum from Hsiangt'an.

This is also very popular with the cement works especially those in Hunan. Regular supplies are going to the Cement Works in Shaoyang and the Hwa Hsin's plant in Ch'engch'i. The productive capacity is about 4,000 tons monthly but actual production has averaged only 2,500 tons since June 1946.

III.- Principal Chinese Cement Factories.

Toward the end of 1947, the National Federation of Cement Guilds stated that the total production of cement factories

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throughout China amounted to 60,010 tons per month.

Cement Works	Productive Capacity per Month (Tons)		Actual Production Per Month (Tons)
Taiwan Cement Co.	54,000		13,500
Chi Hsin Cement Co.	25,000		16,290
China Portland Cement Co.	22,500		12,000
Shanghai Cement Co.	8,300		4,900
Hwa Hsin Cement Co.	33,900		3,900
Saichuen Cement Works	6,600		3,600
Szechuan Cement Co.	4,500		2,100
Tienhsiang Cement Co.	1,800		1,500
Chia Hwa Cement Co.	830		750
Shun Chang Cement Co.	1,250		660
Chien Ya Cement Co.	840		600
Kweichow Cement Co.	300		210
North China Cement Co. [1]	33,000		
Liaoning Cement Co.	28,000		
Northwest Industrial Development Co.	6,000	suspended	
Kansu Cement Co.	360		
Chi Cheng Cement Co.	300		
Kiangnan Cement Co.	22,500		
	249,980		60,010

1. North China.

One cannot help thinking that the situation of cement in North China looks rather gloomy. The cement plant of the Northwest Industrial Development Company in Taiyuan, Shansi, is producing only restricted quantities for military consumption within its province. Owing to the heavy destruction in Manchuria the production in the Northeastern cement factories is almost nil, and supply has to depend upon North China where two of the largest cement companies in China, the Chi Hsin Cement Co., and the North China Cement Co. are being troubled by under-consumption.

The Chi Hsin Cement Co. in T'angshan, Hopeh, is a private concern and one of the oldest in this industry in China. Fuel as well as other raw materials being available from nearby districts, the Chi Hsin is in a better position than the North China Cement Company on which more will be said below. During the first year after reconversion (1946) the Chi Hsin produced 124,276 tons from which 44,599 had been sold. In 1947 the monthly production was limited to

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1) EDITOR'S NOTE: According to Chin Yung Jih Pao, (February 2,1948) only the plant in Chinhsi suspended operation while the one in Liuliho is still producing 13,000-15,000 tons monthly.

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16,290 tons as the selling returns on the market were not big enough to cover the normal costs. The products are mainly sold to Shanghai, Tsingtao, Amoy, Swatow, and to the districts along the railways in North China. Quick hardening and anti-corrosive cement is also produced by the Chi Hsin Cement Co. and is mainly used in the construction of the new Harbour of T'angku. The equipment comprises the following:

5 rock crushers	15 boilers
8 coal pulverizers	3 turbine generators
14 rock grinders	190 motors
10 clinker crushers	2 packing machines
6 revolving kilns	1 fully equipped machinery work-shop.

The North China Cement Company, under the National Resources Commission, has two plants: one in Liuliho in Hopeh and one in Chinhsi in Liaoning. Both of them were taken over from the Japanese after V-J Day. The production of the two plants combined could reach at least 30,000 tons monthly but following the suspension of the coal supply from Fuhsin and Peip'iao the Chinhsi plant has stopped work. The Liuliho plant is still operating and maintains a monthly output of between 13-15 thousand tons.

The installations of these two plants are composed of:

Liuliho Plant	Chinhsi Plant [1]
2 rock crushers,	3 crushers
2 dual gyratory crushers	3 drying machines
2 clinker crushers	3 pulverizers
4 revolving kilns	2 air separators
2 turbine generators	2 rotary kilns
	2 clinker crushers
	1 600 KVa generator

1) NOTE: Further details on the Chinhsi Plant are given in an article recently published by the Popular Science Monthly - Jan. 1948: "The Chinhsi Cement Factory under the North China Cement Company" by Ke Fu-hsi.

A Comparison of the cement ("Great Wall Brand") made by the North China Cement Co. with the German specifications.

		German Specifications	Great Wall
Fineness 4,900-mesh per sq.cm.		Maximum 25%	5%
Setting time	First setting	Shortest 60 minutes	77 minutes
	Final setting	Maximum 10 hours	2.3 hours
Soundness	Steam exposure	Absence of crack surface	Absence of crack surface
	"Ray's" test	Maximum 10 cm.	3 cm.
Tensile strength after 7 days		At least 18 kg. per sq.cm.	25
1 part cement: 3 parts sand (by weight)	" 28 days	At least 25 kg. per sq.cm.	31
Compressive Strength 1:3	" 7 days	At least 180 kg. per sq.cm.	360
	" 28 days	At least 275 kg. per sq.cm.	410

Other data:

Dry process is in use on account of humidity in Chinhsi.
Fuel supplied by Peip'iao, Fuhsin and Fushun.
Limestone quarried in Yangchiachangtse, 20 li from Chinhsi.

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Both of these plants hold large stocks of finished products: those in the Chinhsi plant are blocked by disruption of communications in the Northeast and those in the Liuliho plant by competition with the Chi Hsin Cement Company. The main markets for the Liuliho products are the Public Works Departments of the Peiping and Tientsin Municipal Governments and the cities in Northwest China. Competition has been reduced by an agreement between the Chi Hsin and the North China through which both agreed to supply the market at the ratio 5:1 (80% from Chi Hsin and 20% from North China). This agreement was later improved and it was decided that the ratio should be variable according to prevailing conditions as follows:

When monthly sales are lessthan	5,000 tons:	4:1
" " " "	5,000-10,000 tons:	3:1
" " " "	over 10,000 tons:	2:1

2. Kiangsu.

There are six cement factories in the province of Kiangsu. The Kiangnan Cement Works which used to produce 22,500 tons monthly are now closed down pending installation of new machinery. Among the five remaining in operation only two are worth mentioning.

The Shanghai Cement Company, located at Lunghwa, Shanghai, is equipped with 1 rock crusher, 2 clinker crushers, 2 revolving kilns and 1 coal pulverizer. Maximum production is about 180,000-200,000 bags monthly, consuming about 1 million KWH per month. Owing to power restrictions, the actual output is 70,000 bags monthly.

The China Portland Cement Company, at Lungt'an near Nanking, produces Portland cement and special cement. It has 2 turbine generators, 4 rock crushers, 4 clinker crushers, 2 coal pulverizers, 4 kilns, 2 mixing machines, 4 drying machines, 3 packing machines and a fully equipped work shop. The present output is 12,000 tons monthly which is one third of its pre-war standard.

3. Taiwan.

The Taiwan Cement Company, taken over from the Japanese has three plants located in Kaohsiung, Szuao and Chutung. The machines in the first two plants are rather worn out and reparations are still under way in Chutung. Production facilities are generally better in Kaohsiung as limestone and clay are found near the plant, while the two other plants are handicapped by inconvenience in transportation especially during the rainy season. In 1947 from January to the end of November the three plants produced altogether 162,257 metric tons.

Kaohsiung	117,831
Szuao	33,898
Chutung	10,528
	162,257

During the same period 179,871 tons were sold: 80% to government enterprises and 20% to private firms. 30% of the total was destined to official works in China proper. Meanwhile we learn from the local Shang Pao (Dec. 21,1947) that the normal demand in Taiwan alone reaches 25,000 tons per month.

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In addition to its main production of raw cement, the Kaohsiung plant manufactures also lime, cement beams, cement bricks, cement tiles, cement-coated paper bags and cement sleepers for railways. It has a full staff of 1,174 members and the following equipment:

8 Air compressors	2 Drying machines
7 Rock crushers	3 Packing machines with large size pulverizers and compression hammers
3 Revolving kilns	
6 Clinker crushers	

Actually a sum of US$ 2 million has been collected for the purchase of new equipment from USA. Up to the present moment 3,170 metric tons of such supplies have already arrived. The assembly is expected to be completed by June 1948 after which a monthly 50,000 metric ton production will be available to meet the local market and demands in the South Seas. The profits will be used in the reconstruction of the plant in Chutung; but the result of this project is to a large extent dependent upon the supply of paper bags and fuel. Of the former, the monthly requirement for the three plants combined is approximately 300,000 bags which cannot be entirely supplied by local manufacturers. A requisition has been filed with the authorities in order that foreign exchange obtained from the sale of cement to the South Seas may be allocated to the Company for the purchase of good paper from abroad. The ration of coal given by the local authorities is always insufficient and work has often been interrupted for lack of fuel. Actual coal consumption is 7,000 tons monthly but when production increases 17,000 tons will be required 1).

4. Central and Southwest China.

The merger of the Hwa Chung and the Kunming Cement Companies has given birth to the Hwa Hsin Cement Company which during the War was supplying cement to the districts in Central and Southwestern China. Besides the two plants in Ch'ench'i (Hunan) and Kunyang (Yunnan), a new one is being erected in Tayeh where new machines from America will be installed with a productive capacity of 6,000 barrels daily. When the new plant is in operation, the production capacity of the Hwa Hsin Co. will be greater than the local demand but it aims also at marketing its products to the cities along the lower Yangtze. Coal and gypsum will be within reach from the Yuan Hwa and Hwa Li Coal Mining Companies at Tayeh, and the Yingch'eng Gypsum Co. Production in the plants in Hunan and Yunnan had reached some 4,000 tons a month towards the end of 1947.

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1) NOTE: According to the Central News Agency 1,500 tons of cement are being shipped to Manila from Kaohsiung, Taiwan. Mr. Hsu Chung-ch'en, general manager of the Taiwan Cement Co., stated that the present output of the Taiwan Cement Co. is 20,000 tons monthly which will be increased to 40,000 by October, 1948. The products are chiefly destined for local consumption. However, when there is surplus available it will be marketed first to the South Seas Islands in order to provide foreign exchange for the Government, and next to Fukien and Kwangtung. Cement is being sold to Manila at US$20 per ton c.o.d. Kaohsiung. (Shen Pao, Feb. 18,1948)

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There is a small-scale cement factory in Shaoyang, Hunan, where the production is supervised by foreign experts. The cement works were erected only very recently and the output is insufficient to supply the large demand. With adequate increase of equipment the factory will be capable of a daily production of 13,300 lbs. At present the Shaoyang Cement Factory has one upright kiln, one mixer, one clinker crusher, one rock crusher, one 15 KVA power generator, one 25 HP steam engine and two winnowing machines 1).

5. South China.

The Saichuan Cement Works in Canton operated by the Kwangtung Provincial Govt. is the only factory of this kind in operation in South China. The tensile strength of the cement produced by this factory reaches 640-680 degrees. The machines in this factory were installed before the war by the F.L. Smidth Company, a Danish concern. Two out of the three kilns were removed by the Japanese during their occupation and only one remains operating with a daily output of 1,200 barrels or 204 metric tons daily.

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In concluding this brief study we may mention the fears so often expressed lately by the Chinese cement works on the subject of future competition from Japanese cement. They say very truly that the war has done little harm to the Japanese cement industry. According to a report made by the China Mission in Japan there are still 37 cement factories with an approximate production of 6,100,000 tons per year. This is considered as a tremendous menace and restrictions have been requested again and again in order to avoid future dumping on the Chinese market. It is noted further that the present consumption in Japan being about 3,200,000 tons yearly, a 2,900,000 tons surplus would be free for disposal in foreign land. According to a recent report published by the local Shen Pao (Jan. 17.1948) some 14,000 bags of Japanese products were shipped to Hongkong where Chinese products are already in sufficient supply. The cement guilds have called the attention of the Customs to this fact in order to prohibit the smuggling of such materials into the Chinese territories.

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1) NOTE: A few details, from other sources, on the Szechuan Cement Works and the Kweichow Cement Co. are presented below for reference.

Szechuan Cement Works (Chungking):-

A rotary kiln F.L. Smidth (Danish) installed in 1937- A small research laboratory - The wet process is used - Theoretically it can produce 150 tons of Portland cement per 24 hours; but the kiln was damaged during the war, the refractory material is poor and actually the factory can only work 15 days a month. Warehousing facilities are also very limited . d part of the stock is being spoiled by exposure. - Coal comes from Nanchuan (120 km), limestone from Mao Erh Hsia (60 km), clay on the spot; gypsum comes from Chichiang (100 km).

Kweichow Cement Co. (Kweiyang):-

Chinese vertical kilns - crushing apparatus is also Chinese - Cement rather poor .

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BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel:85761

Methods for the Investigation and Collection of the Income Tax on Profit-seeking Enterprises in the Thirty-seventh Year of the Chinese Republic (1948);

Promulgated by the Executive Yuan on the 2nd. of February 1948;

Published in Sin Wen Pao(Shanghai), Feb. 3rd. 1948.

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METHODS FOR THE INVESTIGATION AND COLLECTION OF THE INCOME TAX ON PROFIT-SEEKING ENTERPRISES IN THE THIRTY-SEVENTH YEAR OF THE CHINESE REPUBLIC(1948)

Article 1.

The investigation and collection of the Income Tax on profit-seeking enterprises in the thirty-seventh year of the Chinese Republic (1948), besides being governed by the provisions of the Income Tax Law [1], shall also be carried out in accordance with these Methods.

Article 2.

The competent collecting office shall first, at the beginning of the year, provisionally assess the amount of the tax and order the taxpayers to make payment thereof; later when the amount of tax payable has been investigated and assessed according to the tax law, a notification shall be issued regarding the amount of tax still to be paid, or if any sum has been paid in excess, a refund shall be made.

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1) EDITOR'S NOTE: The Income Tax Law was promulgated on April 16th. 1946 and the Rules Governing its Enforcement on July 3rd. 1946. For their translation, see Monthly Bulletin No.1 (October 1946). Annexes I & II.

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Article 3.

The amount of tax to be paid provisionally, shall be assessed in conformity with the following regulations:

1) In accordance with the number of times both annual Revenues and Income Taxes on Profit-seeking Enterprises as estimated for the thirty-seventh year of the Chinese Republic (1948) have increased as compared with those for the thirty-sixth year(1947) and also in accordance with the number of times the commodity prices general index number for the thirty-sixth year (1947) has increased as compared with that for the thirty-fifth year (1946), the amount of tax to be paid provisionally by each taxpayer shall be fixed at six times the total amount at which the Income and the (Excess) Profit Taxes on his profit-seeking enterprises were assessed and payable by him in the thirty-sixth year (1947).

2) If a profit-seeking enterprise was newly established during the thirty-sixth year of the Chinese Republic(1947) or if although founded before the end of the thirty-fifth year(1946) it has not yet paid the tax, the amount to be paid shall provisionally be assessed on twelve point six per cent of the actual amount of capital which it declared for registration.

If the amount of the tax to be provisionally paid as mentioned above, is to be assessed according to Paragraph 1 but on an operating period comprising less than the whole of the thirty-fifth year of the Chinese Republic (1946), or if it is to be assessed according to Paragraph 2 and the operating period was more or less than the whole of the thirty-sixth year(1947), it shall be calculated for the actual operating period in proportion to an entire year.

Article 4.

The competent collecting office shall, within one month after the fifteenth of February, fill in and issue to the taxpayer a notification of payment, setting forth the assessed amount of tax provisionally to be paid by him and asking him to make payment within thirty days after receipt of the notification.

Article 5.

When the competent collecting office has received returns on the amount of their (taxable) income 1) from taxpayers, the following profit-seeking enterprises shall immediately be subject to an auditing of accounts:

1) Companies.
2) Public enterprises operated by any grade of government.
3) Principal stores and branch stores whose business offices are situated in different places, whose capital and management are not separate and whose tax is payable by the principal store.

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1) EDITOR'S NOTE: The Chinese characters "So Te" are translated by "(taxable) income" as they refer to "the amount of net profit after deducting from the total receipts in a fiscal year all actual expenditure, bad debts, depreciation, wastage of stock on hand, taxes and dues" as stipulated in the Income Tax Law Art.13, Paragraph 1.

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4) Those which have been liquidated because of merger, dissolution, transfer or suspension of business.
5) All those which, though not being within the scope of any of the four preceding Items, possess complete sets of account books and have been designated by the competent collecting office.

Article 6.

The amount of (taxable) income of profit-seeking enterprises which are not provided for in the Items of the preceding Article, may be investigated according to the standard system of tax assessment.

Article 7.

For profit-seeking enterprises the amount of whose (taxable) incomes is to be investigated according to the standard system of tax assessment, various standard rates for assessing the tax shall be prepared as stipulated in Article 5 in compliance with the data obtained through the auditing of the accounts of these firms.

If the number of the above firms does not amount to the percentage provided for in Item 2 of Art.8 as a basis for assessing the standard rates of taxation, the deficiency shall be made up by including in the investigation those firms which have comparatively complete account books, bills and certificates.

Article 8.

The methods for preparing standard rates shall be as follows:

1) As preparation, a detailed classification of businesses shall be made, and within each business "manufacture" shall be distinguished from "trade" and "wholesale" from "retail". Furthermore, the competent collecting office, taking into consideration local conditions and actual requirements, shall classify the amount of capital and operations - (or amount of income) - into large, medium and small grades.

2) The rate of turnover of capital, rate of gross profit on sales, ratio of expenses to sales, ratio of gross profit to capital, ratio of expenses to capital, ratio of income to capital, ratio of expenses to income, rate of net profit on sales and ratio of net profit to capital shall be computed for each type or kind of business or for each grade.

3) The unit of calculation [1] shall not be less than five per cent of the total number of firms engaged in each type of business; where the calculation is made for each kind or grade of business, the unit shall not be less than five per cent of that particular kind or grade.

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1) i.e. the number of firms according to whose data standard rates for assessing the tax are to be prepared (see Art. 7 - Paragraph 2 above).

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Article 9.

Where a business keeps no account books, its rate of net profit and the various other rates may be computed according to the rates assessed in the preceding year, taking into consideration the actual business conditions and the fluctuations in commodity prices in the thirty-sixth year of the Chinese Republic (1947). If no rate was assessed in the preceding year, then the various rates may be determined according to actual business conditions in the thirty-sixth year (1947) of businesses of similar type.

Article 10.

Where the (taxable) income of a profit-seeking enterprise is to be investigated according to the standard system of tax assessment, its reported amount shall be approved if it reaches the standards provided in Article 8 or 9; if the reported (taxable) income does not reach this standard, its amount shall be computed according to the standard rates for that type of business and in conformity with the following provisions; no further auditing of accounts shall be made.

1) If the (taxable) income of a trading or manufacturing business is higher when computed on the amount of sales than when computed on the amount of capital, its amount shall be assessed according to the rate of net profit on sales; if the (taxable) income is higher when computed on the amount of capital than when computed on the amount of sales, then its amount shall be assessed according to the ratio of net profit to capital.

2) The amount of (taxable) income of a firm for the supply of labour or credit shall be assessed according to the ratio of net profit to capital.

3) If the amount of sales is not definitely known, it may be assessed according to the rate of turnover of capital; if the amount of income of a firm for the supply of labour or credit is not definitely known, it shall be assessed according to the ratio of expenses to income.

Article 11.

If the law prescribes that the amount of (taxable) income be forthwith determined, the computation shall be based on the maximum amount according to the standard rates as prescribed in Art. 8 and 9.

Article 12.

After assessing the amount of tax payable, the competent collecting office shall issue a notification of payment to the taxpayer, setting forth the amount in excess of the tax provisionally paid and requiring him to make payment within ten days. If any sum paid in excess is to be refunded, a form for the refund shall be filled in and sent, together with the amount of tax to be refunded and an interest thereon for the period between the day of payment of the provisional amount of the tax and the day preceding that of the arrival of the refund form, calculated according

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to the rate of interest granted by the Central Bank to Modern and Native Banks on their guarantee reserve funds for deposits. If the amount of tax payable is equivalent to the amount of the provisional tax, this shall also be notified.

Article 13. If any taxpayer fails to pay the tax within the prescribed time limit, the competent collecting office shall submit the case to the court which shall inflict penalties according to the provisions of the Income Tax Law.

The penalties mentioned above shall be carried out by the court within seven days after receiving the case.

Article 14. These Methods shall come into force on the day of promulgation.

(End)

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- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

28C Chungking Nan Lu(Dubail)
Tel:85761

Table of the Starting Points and Rates of Taxation on Incomes of Various Classes for the Thirty-seventh Year of the Chinese Republic (1948).

Promulgated by the Executive Yuan on the 12th of February 1948;

Published in Sin Wen Pao(Shanghai), Feb. 13th. 1948.

Annex No.: XLIII

Annexes concerned: Nos.I & II 1).

Number of pages: 4

Remarks: Translated by our Legal Department.

TABLE OF THE STARTING POINTS AND RATES OF TAXATION ON INCOMES OF VARIOUS CLASSES FOR THE THIRTY-SEVENTH YEAR OF THE CHINESE REPUBLIC(1948)

I.- Class I Section A.

Tax on income from the operation of Companies 2).

a. Starting points of taxation: annual income which amounts to ten per cent of the amount of capital assessed for taxation.

b. Tax rates:

1) 4% on any income from 10% up but less than 15% of the amount of capital for tax assessment.
2) 7% on any income from 15% up but less than 20% of the amount of capital for tax assessment.
3) 10% on any income from 20% up but less than 30% of the amount of capital for tax assessment.
4) 13% on any income from 30% up but less than 40% of the amount of capital for tax assessment.
5) 17% on any income from 40% up but less than 60% of the amount of capital for tax assessment.

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EDITOR'S NOTES:

1) i.e. Monthly Bulletin No.I (Oct.1946). Annexes I & II. "Income Tax Law" promulgated by the National Government on the 16th of April of 1946, and "Rules governing the Enforcement of the Income Tax Law" promulgated by the Executive Yuan on the 3rd. of July 1946.

2) i.e. Stock Company Limited, Joint Stock Company Limited or other limited companies (cf. Income Tax Law. Art.2.-Class I.A.)

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6) 21% on any income from 60% up but less than 90% of the amount of capital for tax assessment.
7) 25% on any income from 90% up but less than 130% of the amount of capital for tax assessment.
8) 30% on any income from 130% up but less than 200% of the amount of capital for tax assessment.
9) 35% on any income from 200% up but less than 300% of the amount of capital for tax assessment.
10) 40% on any income equivalent to or exceeding 300% of the amount of capital for tax assesement.

On incomes from public utility companies and industrial, mining or transportation enterprises, the amount of tax payable at the rates given above shall be reduced by ten per cent.

II.- Class I Section B.

Tax on the business income of any profit-seeking enterprise under partnership, individual proprietorship or any other form of organisation.

a. Starting point of taxation: annual income amounting to fifty million dollars.

b. Tax rates:

1) 4% on any income from $50,000,000 up but less than $100,000,000.
2) 7% on any income from $100,000,000 up but less than $200,000,000.
3) 10% on any income from $200,000,000 up but less than $400,000,000.
4) 13% on any income from $400,000,000 up but less than $800,000,000.
5) 17% on any income from $800,000,000 up but less than $1,600,000,000.
6) 21% on any income from $1,600,000,000 up but less than $3,500,000,000.
7) 25% on any income from $3,500,000,000 up but less than $8,000,000,000.
8) 30% on any income from $8,000,000,000 up but less than $20,000,000,000.
9) 35% on any income from $20,000,000,000 up but less than $50,000,000,000.
10) 40% on any income equivalent to or exceeding $50,000,000,000.

On incomes of public utility companies and industrial, mining or transportation enterprises, the amount of tax payable at the rates given above shall be reduced by ten per cent.

III.- Class II Section A.

Tax on income from professional or artistic services.

a. Starting point of taxation: annual income amounting to twenty-four million dollars.

b. Tax rate: three per cent.

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IV.- Class II Section B.

Tax on income from any fixed salary or wage.

a. Starting point of taxation: monthly income amounting to two million dollars.

b. Tax rates:

1) 1% on any income amounting or exceeding $2,000,000.
2) An additional 2% on any part of the income in excess of $10,000,000 up to $20,000,000.
3) An additional 3% on any part of the income in excess of $20,000,000 up to $40,000,000.
4) An additional 4% on any part of the income in excess of $40,000,000 up to $60,000,000.
5) An additional 5% on any part of the income in excess of $60,000,000.

V.- Class III.

The rate of taxation on income from interest shall be five per cent.

VI.- Class IV.

Tax on income from lease of property.

a. Starting point of taxation: annual income amounting to twenty million dollars.

b. Tax rate: four per cent.

VII.- Class V.

Tax on income from temporary sources.

a. Starting point of taxation: income amounting to ten million dollars.

b. Tax rate: six per cent.

VIII.- General Income Tax.

a. Starting point of taxation: annual general income exceeding three hundred million dollars.

b. Deductions granted:

1) An amount of fifteen million dollars shall be deducted for each member dependent on the family for support.
2) An amount of five million dollars shall be deducted for each person being educated.

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c. Tax rates:

1) 5% on any part of the income in excess of $300,000,000 up to $500,000,000.
2) 7% on any part of the income in excess of $500,000,000 up to $1,000,000,000.
3) 10% on any part of the income in excess of $1,000,000,000 up to $2,000,000,000.
4) 13% on any part of the income in excess of $2,000,000,000 up to $4,000,000,000.
5) 17% on any part of the income in excess of $4,000,000,000 up to $10,000,000,000.
6) 22% on any part of the income in excess of $10,000,000,000 up to $30,000,000,000.
7) 26% on any part of the income in excess of $30,000,000,000 up to $90,000,000,000.
8) 35% on any part of the income in excess of $90,000,000,000 up to $300,000,000,000.
9) 42% on any part of the income in excess of $300,000,000,000 up to $500,000,000,000.
10) 50% on any part of the income in excess of $500,000,000,000.

(End)

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- S h a n g h a i -

BUREAU DE DOCUMENTATION
(Economie Chinoise)

280 Chungking Nan Lu (Dubail)
Tel:85761

Simplified Methods for the Investigation and Collection of the Business Tax on Shipping Enterprises.

Laid down by the Bureau of Taxation with the Concurrence of the National Shipping Federation (date of promulgation unknown); Published in the Lih Hsin Monthly Dec. 15th. 1947.

Annex No.: XLIV

Annexes concerned: Nos. XXII & XXIII [1]

Number of pages: 5

Remarks: See p.3 for an important Appendix: "Supplementary Provisions..."

SIMPLIFIED METHODS FOR THE INVESTIGATION AND COLLECTION OF THE BUSINESS TAX ON SHIPPING ENTERPRISES

1. In order to raise efficiency and to eradicate malpractices in the levy, all shipping enterprises shall be subject to the special business tax [1] whose investigation and collection shall be simplified according to these Methods, since most shipping businesses are international or interprovincial communications with great numbers of branch or sub-branch organs and all adopt a centralised system with respect to their management and accounting.

2. If there exists in any province or municipality shipping enterprises which are neither international nor interprovincial and as a consequence of the simplified levy of the special business tax thereon, the ordinary business tax is decreased, the amount shall be estimated by the Central Government and made good by means of the special business tax.

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1) EDITOR'S NOTE: See Monthly Bulletin No.IX (June-July 1947). Annexes XXII and XXIII. "The Special Business Tax Law" promulgated by the Chinese National Government on the 1st. of May 1947, and "Rules governing the Application of the Special Business Tax Law" promulgated by the Executive Yuan on the 11th. of June 1947.

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3. Shipping enterprises shall report on and pay the special business tax to the local competent collecting office through their principal institution - including general company, general administration, or head office, i.e. the 'head office of a company' as mentioned in the Company Law [1]) or the 'principal store' as mentioned in the Commercial Registration Law [2]). No further payment shall be made by any branch or sub-branch organ - including branch and sub-branch companies, branch administrations, branch offices, branch divisions or places of business, i.e. the 'branch office of a company' as mentioned in the Company Law or the 'branch store' as mentioned in the Commercial Registration Law.

4. The competent collecting office shall investigate and assess the special business tax on shipping enterprises according to the provisions of the Bureau of Direct Taxation of the Shanghai Municipality, regarding the standard assessment of the income tax on profit-seeking (enterprises) [3]), and (also) according to the following methods:

a) The competent collecting office shall, with the concurrence of the local shipping guild, investigate the aggregate amount of the business receipts and net tonnage of the steamers of three to five shipping companies chosen at random, and average the business receipt per ton: this shall be taken as the standard rate of business receipt per ton for the various shipping companies. The formula of computation shall be as follows:

Standard business receipt per net ton =

$$\frac{\text{Aggregate amount of business receipts of X no. of Shipping Co.}}{\text{Aggregate amount of net tonnage of X no. of Shipping Co.}}$$

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EDITOR'S NOTES:

1) The company Law was promulgated by the Chinese National Government on the 12th. of April 1946.

2) The Commercial Registration Law was promulgated by the Chinese National Government on the 28th. of June 1937, and its Application Rules, promulgated by the Ministry of Economic Affairs on the 13th. of May 1938. For a new Draft of the Commercial Registration Law, see Monthly Bulletin No.XIII. (December 1947). Annex XXXVI.

3) See Explanation & Practical Examples for the Standard Assessment of the Income & (Excess) Profit Taxes, issued by the Shanghai Office of the Bureau of Direct Taxation and published in the Lih Hsin Monthly, August 15th. 1947.

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b) The total business receipts of each shipping company shall be computed according to the total net tonnage of the steamers of that particular shipping company at the standard rate of business receipt per ton. The formula of computation shall be as follows:

Total Business receipts of a Company =

Standard rate of business receipt per net ton multiplied by Total net tonnage of the steamers of that particular Company.

c) The amount of tax to be paid by a shipping company shall be computed on the number of actual working days of the various steamers. The formula of computation shall be as follows: 1)

The amount of tax to be paid by a Company =

(1) Total business receipts, multiplied by

(2) $\frac{\text{No. of days in taxable period - No. of non-sailing days}}{\text{No. of days in taxable period}}$ multiplied by

(3) Tax rate

5. The number of working days shall be computed on the time of actual sailing and of anchoring for loading or discharging cargoes. If a non-working period caused by repairs or accidents at sea, is less than three days, it shall still be counted; if it exceeds three days, then deduction shall be made according to the number of days.

Each company shall be responsible for filling in and submitting a report regarding its actual working days.

6. The shipping guild shall assist the tax collecting office in settling any problems arising from the computation or technique of the business tax on shipping enterprises.

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1) EDITOR'S NOTE: See Appendix on p.4 for an important change in the calculation of the amount of tax payable.

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APPENDIX

SUPPLEMENTARY PROVISIONS GOVERNING
THE LEVY OF THE SPECIAL BUSINESS TAX ON
SHIPPING ENTERPRISES

Laid down by the Ministry of Finance and
published in Ta Kung Pao (Shanghai)
February 13th. 1947.

1. All shipping companies which have been registered for sailing on international or interprovincial lines, shall, according to the tonnage of their ships and the amount of their receipts from operation, report for and pay the special business tax.

2. It is approved that starting from the day of the renewal of the levy on transportation business - the first of October of the thirty-sixth year of the Chinese Republic (1947) - the special business tax on shipping enterprises be paid collectively by the general office of each company. But the report and payment must be made before the time limit set in Articles 7 and 11 of the Rules governing the Application of the (Special Business) Tax Law, failing which the general office of the company shall be held responsible for the delay in the report or the payment.

3. The local competent collecting offices shall audit the business books and certificates of the general office of each shipping company in their localities and figure out the standard average amount of business receipts per ton for three months - the total business receipts for three months of all the shipping companies divided by the total tonnage of their shipping - this shall be taken as basis for assessing the tax for each quarter. No.further quarterly auditing of accounts shall be made. But if there has been any increase or decrease in the prices of tickets or freights charged by the business, the standard average amount of business receipts per ton shall be re-assessed in proportion to that increase or decrease.

4. The number of working days for any shipping company shall be counted as ninety days for each quarter; no reduction is made in this for non-sailing days. The formula for computing the tax shall be as follows:

The amount of tax to be paid by a Company =

(1) The standard average business receipts per ton in three months, multiplied by

(2) The total tonnage of the steamers of that Company, multiplied by

(3) Tax rate.

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If there has been any increase or decrease in the tonnage of the steamers of a shipping company on account of a change in the navigation lines or for any other reason, it shall immediately be reported to the local competent collecting office and an adjustment shall be made in the assessment of the tax for the following quarter.

5. Whenever it is necessary for purposes of control in levying the special business tax on shipping enterprises, the local competent collecting office shall at any time again investigate sample cases chosen at random from the relevant books and certificates of the branch or sub-branch business units. They may also at any time write to the authorities concerned requesting them to investigate and verify the working conditions.

(End)

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