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Division of Origin: Oil and Chemical.

SUBJECT: Consolidated Memorandum of Interviews Concerning
the Civilian Oil Industry.

Personnel interrogated and background of each:

(See page # 2)

Interrogator: G. M. WILLIAMS, Lt Comdr, USNR.

Interpreter: FRANK TURNER, Lt, USNR.

Summary: (See Part I, page 3)

CONSOLIDATED MEMORANDUM OF INTERVIEWS CONCERNING

THE CIVILIAN OIL INDUSTRY

Witnesses:

- MIZUTA, M. : President of the Petroleum Control Association, Chairman of the Board of Japan Petroleum Co., very cooperative; social, but not business English.
- TAKASHIMA, M. : President of the Imperial Fuel Development Co., Cooperative; no English.
- SAEDA, S. : Chief of the Oil Planning Section, Fuel Bureau, Cooperative; minimum English.
- KANEKO, S. : Synthetic Oil Section, Fuel Bureau, Cooperative, No English.
- KATAYAWA, K. : Director, Petroleum Control Association; Managing Director Maruzen Petroleum Company; Cooperative, no English.
- MORI, Shiki : President Joint Enterprise Company, poor witness; no English.
- YOSHIDA, Y. : Assistant to SAEDA, cooperative.

Conferees:

- MITA, S. : Private secretary to TAKASHIMA.
- SHONO, N. : Engineer Imperial Fuel Development Company.
- NAMBU, M. : General Secretary, Petroleum Control Association; General Secretary, Toa Fuel Company; Cooperative.
- WATANABE : Secretary of the Joint Enterprise Company; poor witness, no English.

Japanese Interpreters:

- WAKIMURA, Y. : Economic Adviser of the Foreign Office, (Oil); Professor of Economics, Imperial University, Cooperative, good English.
- ODA, M. : Asano Bussan Company; good English.
- FUJIMOTO : No remarks.

Interrogator:

WILLIAMS, G.M., Lt Comdr, USNR

Interpreter:

TURNER, FRANK, Lt, USNR.

PART I

The Japanese oil industry is divided into three rather tight separate compartments. The Army and the Navy each have their own oil establishments and the civilians have their own. This memorandum concerns solely the civilian industry, whose effort was almost exclusively directed to civilian consumption.

By and large, the civilian supply was entirely separate from that of either service, its processes were separate, and its system of distribution separate. The only place the three industries came together at all was in the planning of the General Mobilization Bureau of the Munitions Ministry and in the Cabinet. There during the war some of the armies sources' crude imports from Borneo and Sumatra was allocated to civilian refineries for civilian use.

This memorandum has attempted to consolidate the testimony but has not attempted to any degree to correct or analyze it. Consequently, some mistakes may be found, but it is believed that the information is at least 90% correct and will give the broad introduction it is intended to give.

Many important points have not been developed, because records or figures were requested, which up to the time of this writing have not been received or analyzed. A list and description of these records and figures will be prepared shortly.

The following topics are covered:

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|----------|---|
| Part II | Government Organization |
| Part III | Extraction, Import, Processing and Distribution plans.
Extraction
Import
Joint Enterprise Company
Refineries
Synthetic Producers
Petroleum Monopoly
Petroleum Distribution Company |
| Part IV | Miscellaneous
Civilian Allocation of Petroleum
Price Fixing
Plant Protection
Labor
Shortages |

PART II

GOVERNMENT ORGANIZATION AFFECTING FUEL:

During the major part of the war the Governmental organ primarily concerned with civilian petroleum was the Fuel Bureau of the Munitions Ministry. Prior to that the Fuel Bureau had been a section in the Mining Bureau of the Commerce and Industry Ministry. Both the Munitions Ministry and the Fuel Bureau experienced many organizational permutations, but Chart I presents a generalized organization for both the Munitions Ministry and the Fuel Bureau. A complete set of organizational charts for the Fuel Bureau is found in Appendix 1.

The routine Governmental supervision of the oil industry was administered through the Fuel Bureau, but also through such semi Governmental organs as the Joint Enterprise Company which

purchased and sold all crude oil and the Petroleum Distribution Company which made consumer or retailer distribution. These matters are considered in detail in Part III.

Two governmental organs were concerned in working out the allocation of petroleum products. The General Mobilization Bureau made the first recommended allocation, and thereafter the Cabinet Ministers or the Cabinet took the matter up.

Past Fuel Bureau Chiefs and Fuel Bureau Section Chiefs are listed in Appendix 2.

PART III

EXTRACTION, IMPORT, PROCESSING AND DISTRIBUTION FLOW:

General:

Governmental control of the civilian oil industry is exercised not only through general regulations, but through absolute control of distribution, both after extraction or importation and after processing by refining or synthetic production. The laws and regulations concerning the oil industry are listed in Appendix 3. The control of distribution is illustrated in Chart 2. As indicated in this chart all domestically produced and imported crude oil is sold to the Joint Enterprise Company (Kyodo Kigyo KK), which allocates the crude to refineries, who in turn must sell their product to the Petroleum Monopoly (SEKIYU SENBAI), which also purchases all imported refined products and all refined products to the Petroleum Distribution Company (SEKIYU HAIKYU TOSEI KK). The Petroleum Distribution Company also purchases some non-monopoly items directly from producers and processors. These items are cutting oil, liquid paraffin, tempering oil, petrolatum, asphalt, bottom oil, emulsified asphalt, pitch and paraffin wax. Consumer distribution, however is similar to monopoly products. The Petroleum Distribution Company makes final distribution to retailers and consumers according to a rationing system. Prices are fixed by the Government at each step along the way.

Each of the following sections describe in greater detail the organization of the industry at the various stages, extraction, import, Joint Enterprise Company, refining, synthetic production, petroleum monopoly, petroleum Distribution Company.

Extraction:

Domestic extraction is 95% in the hands of the Imperial Oil Company (TEIKOKU SEKIYU KK), which was organized under a special law in late 1941 and early 1942. The President of the company is KASHIMOTO, K, who started out in a comparatively small way in Niigata, and is now the grand old man of the oil industry. Incidentally, it was testified that much of the capital and private control of the extraction industry lies with the Niigata men. The principal stockholders of Imperial Oil are as follows:

Government	86,000,000	All
Japan Petroleum Co. (Nippon Sekiyukk)	65,000,000	figures
Japan Industrial Co. (Nippon Kogyo KK)	17,000,000	Yen
Nakano Industrial Co. (Nakano Kogyo KK)	7,000,000	paid
Showa Petroleum Co. (Showa Sekiyu KK)	6,000,000	up
Small Holders	<u>105,000,000</u>	
Total	286,000,000	

Japan Petroleum, Japan Industrial and Showa Petroleum are oil refineries and Nakano Industrial is a mining firm, whose owner, NAKANO, a Niigata man, is also a large stockholder in Japan Petroleum. The largest individual shareholders of Japan Petroleum

are OGURA, F., YAMAGUCHIE, S., and NAKANO.

The company was organized to increase production probably at Army and Navy instigation. Large mining companies had to turn in their physical assets for stock, which interfered with the vertical structure of such concerns as Japan Petroleum Company, which mined, imported and refined. Production actually went down to begin with, then went up.

The Government, in addition to its financial interest in and guaranteeing dividends and interest of Imperial Oil Company, sets quarterly production quotas, gives subsidies for test drilling, etc. in the industry generally. Government men figure largely in the Company's personnel. In addition to the Imperial Oil Company, there are about ten small producing companies.

The total annual domestic Japanese crude oil production amounts to about 300,000 K:10 litres, which is roughly one tenth of the normal Japanese civilian demand, and between one third and one half of the war time Japanese civilian demand. Only about 5% of the Japanese domestic crude goes into aviation gasoline.

All crude oil produced has been sold at Government fixed prices to the Joint Enterprise Company (Kyodo Kigyo KK) since 1937.

Import:

Importation of petroleum has largely been in the hands of 6 Japanese and 2 foreign companies. Smaller foreign interests were squeezed out by the 1934 law requiring a stock pile equal to six months business. The principal importers are:

Mitsubishi Shoji Company	(Mitsubishi Shoji KK)
Mitsu Bussan Company	(Mitsui Bussan KK)
Hayashikane Shoten Company	(Hayashikane Shoten KK)
Japan Gyomo Company	(Nippon Gyomo KK)
Japan Petroleum Company	(Nippon Sekiyu KK)
Showa Petroleum Company	(Showa Sekiyu KK)
Rising Sun Oil Company	(Shell)
Socony Vacuum	

It will be noticed that the Japan Petroleum and Showa Petroleum are also refiners. The Japan Petroleum Company was also an extractor until the Government required it to sell its business to the Imperial Oil Company. Japan Petroleum works with Asano Bussan Company in its importing business.

Principal exporters to Japan before the war were Standard Oil of California, Union Oil Company and Associated Oil Company. Importers sold crude oil and some lubricating oil to the Joint Enterprise Company (Kyodo Kgyo KK) at American market price plus charges for transportation etc. Some refined products were sold directly to the Petroleum Monopoly (Sekiyu Senbai) or the Petroleum Distribution Company (Sekyu Haikyu Tosei KK). While they existed foreign importers could sell directly to wholesalers.

Government control was exercised through import control quotas and Yen exchange.

After 1941, the Army and the Navy imported all oil from Navy sources in Borneo and Army sources in Java and Sumatra. It is believed that Capt. HARA of the Naval Munitions Bureau and Major TAKAHASHI (Since Interviewed) of the Army Military Affairs Bureau are informed on such importation. Prior to the war, it is believed that the Army and the Navy effected some of its imports thru these firms.

Joint Enterprise Company (Kyodo Kigyo KK)

None of the witnesses was informed on the first Kyodo Kigyo KK, which apparently began operations about the time of the "China Incident" and lasted until the early part of 1938. It was suggested that Mr. HASHIMOTO might be informed about this company. Its name incidently is pronounced the same as its successor but has a different Japanese character, whose shade of meaning has not an English equivalent.

On 24 March 1941, the first stockholders meeting of the successor Joint Enterprise Company was held. This company was undoubtedly formed under the Petroleum Industry Law (Sekiyu Gyo Ho) to adjust the differences in prices between the domestic and imported crude before sale to the refineries and second to provide storage space for the required 6 months supply of the refineries. The refiners testified that the Government initiated the Joint Enterprise Company without consulting them.

The original authorized capitalization was 5,000,000 yen and the principal stockholder was the Japan Petroleum Company. It is believed that refiners, producers, importers and others were shareholders. The records of the company have been burned twice and Mr Shiki MORI is a very poor witness. The company presently has an outhorized capitalization of 26,660,000 yen with 26,455,000 paid up. Chief of the 20 present stockholders and their shares follow:

Japan Petroleum Company (Nippo Sekiyu KK)	12,371,250 yen
Showa Petroleum Company (Showa SekiyuKK)	3,374,250 "
Kanto Tanker Company (Kanto Tanker KK)	3,000,000 "
Imperial Oil Company (Teikoku Sekiyu KK)	1,491,500 "
Mitsui Bussan Company (Mitsui Bussan KK)	1,372,000 "
Manchurian Oil Company (Manchu Sekiyu KK)	869,750 "
Korean Oil Company (Chosen Sekiyu KK)	812,250 "

Mr. K. HASHIMOTO was chairman of the board and Mr. TATEISHI president in 1941. They were elected by representatives of the shareholders but their election was subject to governmental approval.

Immediately prior to the formation of the second Joint Enterprise Company the difference in price between domestic and imported crude oil was absorbed through a system established by the refiners of adjusting profits and losses. With the formation of the Joint Enterprise Company, refiners paid a uniform price for domestic and imported crude oil and the adjustment was taken up by the Joint Enterprise Company.

To meet the stock piling requirements of its shareholders the Joint Enterprise began the erection of tanks, purchased some from refiners and importers, and leased others. Mr. Shiki MORI has no knowledge or records of the tank volume owned in 1941 but by 1943 the following tanks were owned by the Joint Enterprise Company:

10 tanks at Minoshima	120,000 Kilo Litres	- 756,000 bbls
1 tank at Yamada Wan	12,000 " "	- 75,000 "
2 tanks at Matsuyama	24,000 " "	150,000 "

Incidently, the Matsuyama, Yamada Wan, and 2% of the Minoshima plants were destroyed by bombing.

Some suggestion of the volume of business done may be gathered from the following incomplete records:

	Domestic Purchases	Imports
1942	265,291 Kilo Litres	
1943	268,415 " "	
1944	276,031 " "	183,009 Kilo Litres (Fiscal year)

The imports during the war were made by the Army and the Navy and were sold to the Joint Enterprise at a price fixed by the Government. The last tanker that came in arrived in February of 1945. The amount of oil the Joint Enterprise Company received was determined by what civilian consumption was allowed by the allocating authorities in the General Mobilization Bureau of the Munitions Ministry and the Cabinet Planning Board.

Refiners:

In 1930 there were about 30 refineries operating in a relatively free market, where competition was so keen that as many as 3 or 4 successive dividend periods would be passed, although prior to that time profits had been adequate. In 1934 without consulting industry it is testified, the Government commenced control of the industry and began licensing price fixing and suggesting the elimination or amalgamation of refinery companies as well as assuming the power of inspection and reports. By 1937 there were only about 15 refiners and this number gradually decreased to 8 (names of all companies, amalgamations with dates etc. have been requested). Government control eliminated ruinous competition but kept profits relatively small. The section of the 1934 law requiring maintenance of a 6 months supply was unpopular with the industry, as it required erection of new storage tanks, frequently entailing the borrowing of money. Non-compliance meant the loss of the company's charter. In 1937 the Government again began pressing the refiners to amalgamate, this time into one company, for the purpose, it was testified, of permitting the Government to manage the industry as it pleased. The refiners were successful in resisting this effort.

The present eight refining companies follow:

Japan Petroleum Company	(Nippon Sekiyu KK)
Mitsubishi Petroleum Company	(Mitsubishi Sekiyu KK)
Toa Fuel Industry Company	(Toa Nenryo Kogyo KK)
Maruzen Petroleum Company	(Maruzen Sekiyu KK)
Showa Petroleum Company	(Showa Sekiyu KK)
Koa Petroleum Company	(Koa Sekiyu KK)
Japan Industries Company	(Nippon Kogyo KK)
Taikyo Petroleum Company	(Taikyo Sekiyu KK)

The total refining capacity in Japan during the war was as follows:

Civilian Plant Capacity (Japan and Formosa - latter very small amount) - Fuel Bureau Figures.

Year	Light Crude	Heavy Crude	Total	Cracking
1941	2,418,300	864,350	3,282,600	873,000
1942	2,433,900	1,022,100	3,456,000	870,000
1943	2,298,900	959,100	3,258,000	930,000
1944	2,564,400	1,135,200	3,699,600	750,000
1945	1,471,200	871,200	2,342,400	291,000
1945*	571,200	205,500	776,700	0

Units - Kilo Litres per year

*After damage by bombing

However, this capacity was at all times greatly in excess of available crude oil and the refiners who testified estimated the

utilization of available capacity as follows:

1941	60%	
1942	60%	toward the beginning and lower toward the end of the year.
1943	36%	
1944	18%	

These eight refiners are evidently closely associated. The first formal association admitted is the Petroleum Refiners Industry Conference organized in November 1942. This group had formal articles and officers. Six months after the beginning of war with the United States, these eight refineries pooled their profits and losses as the importation of oil was so limited that contracts could not be met. As early as 1937 refiners of lubricating oil had combined to set quality and price standards for various grades.

On 28 July 1945 the Munitions Ministry ordered the formation of the Petroleum Control Association (Sekiyu Tosei Kai) under the Essential Industries Order (Juyo Sangyo Dantai Rei). The association was formed 16 August and a copy of the articles in Japanese is held by USSBS. Mr. MIZUTA of the Japanese Petroleum Company was nominated as president by the Industry and accepted by the Government. No Government man was appointed to the control association and the speedy termination of the war has diverted Government attention away from the association. The control association is organized in three departments: General Affairs (Somubu), Production (Gyomubu), and Administrative (Kanribu). Membership in the Control Association includes the 8 refiners and the Joint Enterprise Company (Kyodo Kigyu KK) from whom they procure all their crude oil. No regulations however, have been promulgated and no action has been taken by the control association. The refining industry is very uneasy about its connection with the Control Association and its officers have requested the interrogator for his opinion as to whether they should resign, and were referred to a Japanese lawyer.

The refiners have organized a committee for post-war Petroleum Policy in Japan and have requested the writer for permission to import about 2,500,000 metric tons of oil and refined products. The provisional articles of the committee and the request are attached hereto as Appendices 4 and 5 for such consideration as GHQ deems appropriate.

Synthetic Producers:

The beginning of the synthetic motor oil industry in Japan dates from 1934-1935 when three nitrogen producer's turned out gasoline and heavy oil as by products. These companies were:

Mitsubishi Synthetic Oil Company	(Mitsubishi Yuka Kogyo KK)
Ube Nitrogen Industrial Company	(Ube Chiso Kogyo KK)
Korean Nitrogen Industrial Company	(Chosen Chiso Kogyo KK)

The Mitsubishi plant at Naihore originally had a capacity of about 8,000 kilo litres annually which was later stepped up to about 16,000 kilo litres annually. The Imperial Fuel Development Company bought up this plant in 1944. The Ube Nitrogen plant has a capacity of about 14,000 kilo litres annually. This name of this company was later changed from Ube Chiso Kogyo KK to Ube Kosan KK and is to be distinguished from the Imperial Fuel Development Company plant at Ube which is called the Ube Yuka KK. The Korean company (Chosen Sokitan Kogyo KK) had an annual capacity of about 8,000 kilo litres. However, in 1944 the plant was moved from Eian which is not near any coal to Agochi which is near coal. The new plant has never gotten under operation. This company, which was a subsidiary of the Korean Nitrogen Industry Company,

received a loan from the Imperial Fuel Development Company sometime in 1942 or 1943, and in 1943 the company was re-organized and the Imperial Fuel Development Company became a 50% owner.

In 1937 the Government formulated a 7 year plan to bring Japanese domestic and Manchurian production up 2,000,000 kilo litres annually, which was considered to equal one half of the probable Japanese civilian consumption at the end of that period. It was known that the Army and Navy were interested in the project in furtherance of this plan. The Synthetic Oil Industry law (Jinzo Sekiyu Seizo Jigyoho) was passed in August 1937. It exempted synthetic oil companies from taxes and granted subsidies which amounted to approximately 47 yen a kilo litre for gasoline and 18 yen a kilo litre for heavy oil. (Prior to 1937 subsidies had been given to synthetic producers by the expedient of the diet authorizing such subsidy from the budget.) In January of 1938, the Imperial Fuel Development Company law (Teikoku Nenryo Kogyo KK Ho) was passed, which set up the Imperial Fuel Development Company to help the industry generally and to operate its own plants.

The Imperial Fuel Development Company produced and used the German Lurgi low temperature carbonization patent rights. It has three operating plants, which together produce about 60% of Japan's synthetic oil. In 1939 it helped finance and build the Ube Synthetic Oil Industrial Company stock. This plant has an annual capacity of 35,000 kilo litres. Also in 1939, the Imperial Fuel Development joined the Oji Paper Company, the Mitsui, and the Mitsubishi Ruiring Company to build a plant at Nabuchi (Kara-futo). Mr. TOKASHIMA became a director of the Imperial Fuel Development Company at this time to represent the Mitsui interests. The Nabuchi plant was originally planned to have a 50,000 kilo litre annual capacity, but due to shortages only the first part of the planned development was completed and the annual capacity has been about 30,000 kilo litres. In 1944, the Imperial Fuel Development Company took over the previously mentioned Mitsubishi Synthetic Oil Company (Mitsubishi Yuka Kogyo KK) on an exchange of stock. The first was started by the Mitsui mining company and called the Mitsui Miike Synthetic Oil Experimental Company (Mitsui Miike Sekiyu Gosei Shiken Koto KK). It was organized in 1938 at Miike near Omuda. In December 1939 the Hokkaido Synthetic Oil Company (Hokkaido Jinzo Sekiyu KK) began building a main plant at Takikawa and an experimental plant at Rumoi which were completed in 1943. The Imperial Fuel Development Company, the Mitsui interests and Hokkaido capital financed this venture. In the middle of 1944, the Imperial Fuel Development Company, the Japan Petroleum Company and the Amogasaki Iron works started a third Fischer Tropsch plant called the Amogasaki Synthetic Fuel Company (Amogasaki Jinzo Sekiyu KK). A fourth Fischer Tropsch plant was started about the same time at Kinkow near Kinshu Manchuria, called the Manchurian, (Manchu Gosei Nenryo KK), each with planned capacity of 40,000 kilo litres annually. The latter two plants never did get into production. The Miike plant with planned capacity of 40,000 kilo litres annually only reached a maximum output of 65 kilo litres a day, and the Hokkaido plant with a planned capacity of 66,000 kilo litres annually reached a maximum daily output of 45 kilo litres. In the autumn of 1944 the three Japanese Fischer Tropsch plants were amalgamated into the Amalgamated Japan Synthetic Company.

A summary of the combined productive capacity of the synthetic oil industry by about the middle of the war is as follows:

	Annually
Imperial Fuel Development Company	81,000 Kilo litres
Japan Synthetic Oil Company (Fischer Tropsch)	30,000 Kilo litres
Nissan Liquid Fuel Company	20,000 Kilo litres
Ube Nitrogen Industrial Company	14,000 Kilo litres

Speaking with reference to the Imperial Fuel Development Company plants, coal production was sufficient throughout the war in quantity but not always in quality for synthetic processing on a 24 hour basis. Government policy was to control the extraction of the coal through the Japan coal Company (Nippon Sekitan KK) and the Karafuto Coal Company, (Karafuto Sekitan KK) which were to purchase and distribute all coal produced in Japan and Karafuto, in a manner similar to the operation of the Joint Enterprise Company and Petroleum Distribution Company in the Oil Industry. Actually the two Karafuto plants of the Imperial Fuel Development Company were exempt from this operation because of ownership of their own coal mines (N.B. In the oil industry, refiners had been compelled by the Government to sell their extraction companies to the Government controlled Imperial Oil Co., and received their raw material on allotment only) Actually the Karafuto coal and synthetic fuel plants were physically juxtaposed and operated as intergral units. In Ube, the Imperial Fuel Development Company did not own the coal mines and consequently its Ube Yuka Kogyo KK and the Independent Ube Kosan KK had to rely on allotment for coal. Some difficulties were encountered byt since the coal was of too low grade for Army or Navy use the allotment priority for synthetic oil was high (Note Mr. TAKASHIMA and Mr. TOREKO said it was #1, but testimony of the coal industry said it was #3 after Army and Navy and Transportation requirements).

The Major shareholders in the Imperial Fuel Development Company follow:

Name	Number of Shares
Minister of Finance	2,600,000
Mitsui Interests	199,400
Mitsubishi Interests	140,000
Japan Petroleum Company	142,000
Kyoei Foundation Ass'n	100,000

The Government has underwritten the interest on bonds and other indebtedness of the company and guarantees a 6% dividend. In addition to operating its own plants, the Imperial Fuel Development Company invests in and makes loans to other synthetic oil companies. The position of the I.F.D., as it calls itself is quite secure. Its own 3 plants have about 60% of the Industry's capacity, of the seven plants not entirely owned by IFD, IFD from present testimony helped finance two, and is 50% owner of a third.

The Government control of IFD is considerable. Mr. TAKASHIMA, IFD president, testified in the presence of Mr. KANEKO of the Fuel Bureau, that in general IFD thinks up its own policies but before executing any of them, discussions are had with the synthetic oil section of the Fuel Bureau at the appropriate level. If the matter is of great importance Mr. TAKASHIMA himself presents the tentative policy. Lesser problems are presented by technical or management personnel as the case may be. As to wheather the Government ever changed his plans, Mr. TAKASHIMA was emphatic that his plans were always changed by the Government. Incidentally, of some interest is the fact that Japanese law prevents civil servants from entering their cogizant field or private industry until after 5 years, and industry men because of the civil service system can not get into Government except at the Ministerial level.

Petroleum Monopoly (Sekiyu Sentai)

The Petroleum Monopoly is a governmental agency which purchases all refined petroleum products and resells them to the Petroleum Distribution Company (Sekiyu Haikyū Tosei KK). By this operation the Government is able to pay the necessary price

premiums to maintain domestic refining and synthetic production and to pass such domestic products and such products as are imported along for ultimate distribution at the same price.

The Petroleum Monopoly appears to be an integral part of the Fuel Bureau with its administration in the hands of the Oil Policy (Yuseika) and the Oil (Sekiyuka) sections. The oil Policy Section sets the price at which crude is purchased, and the Oil Section fixes the price at which crude is sold to the Petroleum Distribution Company. When Admiral ENOMATO was chief of the Fuel Bureau in the Munitions Ministry he was also head of the Petroleum Monopoly.

Petroleum Distribution Company (Sekiyu Haikyu Tosei KK)

The Petroleum Distribution Company was preceded by the Petroleum Joint Sales Company, which was organized in 1938 with TATEISHI, Shinro, former member of the Department of Commerce and Industry as president. In 1943, it is believed, the Petroleum Distribution Company was founded with HORIE, H., as President. The purpose of the organization is to control the distribution to consumers of all petroleum products. Prior to the organization. Refineries were generally interested in distributors to the extent of owning about 1/2 of their stock. With the advent of the unified distribution system, all of the physical assets of the old distributors were taken over. It was testified that the Government had no financial interest in the Petroleum Distribution Company, but that the Government made suggestions, which were generally followed.

The Petroleum Distribution Company purchases the majority of its products from the Government Petroleum Monopoly but purchases a few non-monopoly items (listed in the first paragraph of part III) directly from producers and processors. The Petroleum Distribution Company sold all of its products to dealers and consumers by a ticket ration system. Imperial and Port and Railway requirements sales are direct. Other sales are through retail dealers. All prices are fixed by the Government.

The records of the Petroleum Distribution Company were utilized to help determine necessary civilian petroleum consumption.

PART IV

MISCELLANEOUS

Civilian Allocation of Petroleum:

The estimate of civilian petroleum requirements began with the examination of the Petroleum Distribution Company's records of past utilization by the Fuel Bureau's Oil Policy Section. The recommendations of the Fuel Bureau, were transmitted to the General Mobilization Bureau, which after consulting with the Army and Navy made the first proposed allocation of critical materials between the Army, Navy and civilian users. This proposed allocation was presented by the Munitions Minister to Cabinet or Cabinet Planning Board where the final allocation was worked out. The civilian allocation was subdivided between consumers by the Oil Policy Section, which issued an order to the area Governors, who in turn distributed ration tickets to the individual consumers pursuant to this order. In order to permit administrative adjustment of individual civilian allotments a small reserve pool was maintained for emergencies. Industrial plants requiring oil in excess of their allotments could appeal through the prefectural government to the Petroleum Distribution Company for relief.

As pointed out by a later witness, Vice Admiral MORITA, the armed services got double consideration of their requirements in that Army and Navy officers manned the General Mobilization Bureau to a considerable extent. The Admiral also pointed out that the matter of allocation was one causing endless controversy and that the quarterly allocations generally failed to see the light of day until well on into the middle of the period.

Price Fixing:

General price fixing became effective in Japan on 18 Sept 1939 when all prices and wages were frozen as of that date. Price controls in the oil industry, however, began as early as 1934. During the war price control began the first step with the production of the crude oil and followed through to distribution of the final product to the ultimate consumer.

The general price freeze acted as the stable element in the price policy but this policy was constantly reviewed in the light of the policy of setting overall prices to insure 6% return on investment. The fuel Bureau through the Oil Policy Section was charged with the initial recommendation as to crude and refined prices, the Oil Section with distribution prices, and the Fuel Bureau's task was considerably simplified by its power to require uniform records and reports. Apparently, it was the Bureau's custom to examine only the semi-annual balance sheets and get to go into the original records and documents. Incidentally Mr. SAIDU testified that all expenses such as advertising were limited by the Government which also supervised the salary structure. Prime responsibility for price fixing in the Fuel Bureau rested with Mr. TAKAHASI in 1941, Mr. KOTSU in 1941 or 1942, and Mr. SAEDA in 1943-1945. Messrs. HIJINATA and TAKEHIKO were responsible for synthetic oil price fixing.

After the Fuel Bureau had completed its recommendation as to price fixing, the price Administration office acted on the recommendation. Their function was to consider the recommended prices as they fitted into the general overall price structure. While the Fuel Bureau's recommendation were substantially followed, in 1944, for example, the Fuel Bureau recommended what amounted to 20% increase as of April, but the Price Administration postponed the change until June and decreased the raise 10%. Prices for oil were ultimately issued by the Munitions Minister.

Mr. SAEDA testified that there was a gradual increase in the general price level of petroleum. His off hand estimate as to the amount of this increase follows:

1938	-	100
Jan 1942	-	120
June 1944	-	132

In June 1944 the price of crude had risen from 85 yen per kilo litre before the war to 172 yen per kilo litre. This does not particularly jive with testimony that the price paid to the military was based not on cost but on what the price would have to be to permit everyone to earn 6% at the going consumer price but in April of 1944, some companies had to change from a 6% to a 4 1/2% dividend rate.

While industry apparently was not directly consulted, at least on one occasion they took the initiative, according to Mr. MIZUKA, to go to the Government to get a price increase.

The price Administration in 1938 was in the Commerce and Industry Ministry (Messrs TAKEUCHI, NIIGURA, and NEATILQ, 1943 in Agriculture and Forestry, in 1945 in the Planning Bureau of the Cabinet (Mr. AKINAGA), and since August in the Investigating office of the Cabinet (Mr. NAGASAKI, S.)

Plant Protection:

Plant protection in the Petroleum industry was the result of private initiative spurred by Governmental suggestion. Mr. TAKASHIMA probably represented the general point of view when he testified that in his personal opinion the loss of Saipan created only a faint possibility of bombing of the Japanese homelands and that only the first B-29 raid on Yawata made them apprehensive. Mr. ISHUI reported that the general opinion prevalent in the Imperial Fuel Development Company was that such protective measures as were taken were unnecessary.

The extractive part of the industry was generally out of harm's way, and defensive measures in the homeland affected processing and storage units. The Defense Section of General Mobilization Bureau of the Munitions Ministry issued instructions to the Fuel Bureau about air raid defense, and plans went to a) revetments etc. b) dispersal, c) Underground. The defense section (Suzuki, T.), the Army Fuel Headquarters, and the Navy Munitions Bureau sent representatives to the individual plants and made recommendations late in 1942 and again in late 1944. The resulting recommendations to the individual companies were what the Japanese suphemnsticly call "Government Suggestions" which the individuals concerned were not legally obliged to follow but generally did.

In putting up the revetments "suggested" by the Government, the plants not only had to pay for their own defenses but they had to fight for materials, and sand bags often took the place of concrete, which was hard to get. Most of this building was begun toward the end of 1943.

The refineries had two plans for dispersal. The first began in November 1944 was to have been completed in March 1945, and was nearly completed. It involved the Pacific Coast refineries at Kawasaki and Osaka, which were especially concerned with imported fuels. A second dispersal plan for domestic crude refineries was to have begun in May 1945. The Fuel Bureau prepared the plans and issued orders to the individual companies.

The joint Enterprise Company in February 1945 at the direction of the Government started to disassemble storage tanks for dispersal but bombing prevented any effective action.

A considerable underground refinery program was initiated. At the end of the war a quarter of the excavations for the Funakawa plant (50,000 kilo litres annual capacity) were completed. The Wakayama plant (300,000 kilo litre annual capacity) and the semi-underground Yamagata plant (50,000 kilo litre annual capacity) never got beyond the paper planning stage. The Wakayama plant was to process pine root oil as well as crude petroleum. As far as civilian production went the 300,000 kilo litre plan for 1945 proved a delusion.

The Miike synthetic oil plant was designed with underground tanks, and early in 1945 plans were laid for underground tanks for the Nissan plant.

Testimony revealed no special corps for plant repairs.

Some air raid shelters were built and caves were used where accessible. Shelters were used in the case of high explosive attack, but dispersal had to be relied on in the event of incendiary attack.

As for general defense, Mr. SAEDA reports making demands in the spring of 1945 for fighter protection for the refineries in the Tohoku - Nigata - Aburatsubo area. The chief of the General Mobilization Bureau also made similar requests of the chief of Military Preparation Bureau of the Army, (Seibi Kokyu). None of these requests were granted, and Mr. SAEDA had the mixed pleasure of seeing the Aketa area largely destroyed. Barrage balloons were not wanted as regarded ineffective.

The following is a partial report of damage to refineries, which has been amplified by special report:

Destroyed

Kudamatsu Plant	-	Japan Petroleum Company
Awagasaki Plant	-	Japan Petroleum Company
Kawasaki Plant	-	Showa Petroleum Company
Kawasaki Plant	-	Mitsubishi Petroleum Co.
Shimotsu Plant	-	Maruzen Petroleum Company

80% Destroyed

Minoshima (Wakayama)	-	Toa Fuel Industry Company
Tsurime (Yokohama)	-	
Akita	-	Japan Petroleum Company
Ube	-	Imperial Fuel Dev. Company.

Labor:

The petroleum industry experienced a labor shortage during the war. This shortage, however, was not felt by the refineries, where there was insufficient crude oil to maintain production at plant capacity. These factors contributed to the shortage of labor in petroleum extraction and synthetic production: 1st, Increased production, 2nd, loss of labor to Armed Forces, 3rd, poorer quality of labor replacing workers lost to the services. As a result of the first and last factors, according to Mr. SAEDA's on the spot estimate, the number of workers in the petroleum extraction and refinery increased as follows:

	1941	1945
Mining	7,000	10,000
Refining	3,000	4,000
	<u>10,000</u>	<u>14,000</u>

As the refiners testified workers were kept on only to meet future requirements it is possible that Mr. SAEDA's off hand estimate is not entirely accurate in this respect.

The shortage of skilled labor in petroleum extraction was especially acute. The industry was able to secure the return of 80 skilled men in 1944, but the industry had to turn to special training schools early in the Great War to help solve the problem. There were two such training schools, one at Akita, and one at Kashiwazaki, each with a capacity of 200 students a year. The normal curriculum was one year with special students taking three years.

The synthetic oil industry getting started about the time the China War got underway was able to draw skilled labor from the chemical industry, but by 1943 things began to get quite difficult. However, the synthetic oil industry as early as 1938 started a system of non-cash inducements to labor such as rice, victory gardens, clothing of all kinds and housing. This system was practiced widely in the whole oil industry, particularly after the general price and wage fixing order issued under the General Mobilization Act on 18 September 1939 freezing prices and wages at the level existing on that date. Labor recruitment was systematized to the extent that oil companies had to get a quota from the prefectural government before invading the labor market. Eventually, however, the oil companies' inducements were insufficient, and labor had to be drafted. Companies advised the ken government of their requirements. The ken generally pared this amount down but would then select men from their rolls who could best be spared. Mr. SAEDA estimated that about 1500 men were so drafted for oil extraction and 500 for refining and that they were mostly farmers, Mr. TAKASHIMA's figures show that of the employees in the whole synthetic fuel industry as of July 1945, 706 were drafted, 1,332 were mobilized students, and 3,010 were Koreans out of a total of 12,981 (See appendix 6). Mr. TAKASHIMA estimated that most of the drafted workmen were formerly handicraft artisan working in their own homes, while Mr. SAEDA thought that most of the men going into extraction and refining phases of the industry were farmers.

Labor costs and problems apparently don't overworry the average industrial executive in the oil industry, and such questions required great soul and paper searching to produce any answers at all. It was estimated that in the synthetic oil industry the starting wage, exclusive of the abovementioned benefits, was 1 yen 20 sen a day and that skilled labor got 5 yen. Throughout the industry 2 days off a month was the rule. The refinery plants ran 10 hour shifts with 2 hours off, except that the distillation plants had to be run 24 hours a day in order to keep the fires going and men working there worked 12 hour shifts. The synthetic plants apparently worked a 24 hour day in all departments. Most departments worked on two twelve hour shifts and some apparently worked on three eight hour shifts.

Air raids created absenteeism largely because of burning of workers homes. Also after a raid many workers at that particular plant would not report for several days.

Shortages:

- Extraction: Skilled labor was the principal bottleneck, next was pipe and tubing.
- Refining : "Crude oil", Special steel tubing for furnaces.
- Synthetic : Cobalt.
- Building : Construction labor, concrete, steel, machinery.

In the matter of pipes and tubing, old and welded tubes were employed.

The refining branch of the industry built new plants as follows:

Toa Petroleum Company	Wakayama	1939-1942	Avgas
Koa Petroleum Company	Shimizu	1939	Lube
Koa Petroleum Company	Markfu-Hiroshima	1942	Avgas
Maruzen Petroleum Company	Schimotsu*	1940	Lube
Maruzen Petroleum Company	Matsuyama	Not Completed	Lube

* Extension, not new plant.

The Government approved the new building and materials were allotted by the General Mobilization Bureau. However, even after the allocation's were made the Army and Navy took the materials away.

Much of the synthetic oil building was done during the war, and the difficulties encountered may be typified the plants of the Hokkaido Synthetic Oil Company which required four years to build.

Transportation:

Next to lack of crude oil, transportation was the biggest bottleneck for refiners especially those on the Pacific coast of Japan. Civilian tankers were requisitioned by the armed services early in the war. Such tankers as were available were devoted almost exclusively to crude oil. In order to utilize to the fullest extent the tankers escaping submarines, the oil run from Borneo terminated in Matsuyama, Shimotsu or Wakayama. This left the Kawasaki refineries comparatively idle. Civilian refined petroleum products traveled largely in drums. Drums were a considerable head ache because shortage of steel made new drums difficult to get and lack of transportation made old drums hard to get back.

Note:

Appendix 7 gives the name and address of Japanese oil refineries. It should be noted that translators do not always render certain important Japanese terms into the same English terms. For example the Japanese "NIPPON SEKIYU KK" may be translated "Nippon oil Corp", or "Japanese Petroleum Company", or any combination thereof. Where proper names are involved it is always safer to get the Japanese term as well as the English.

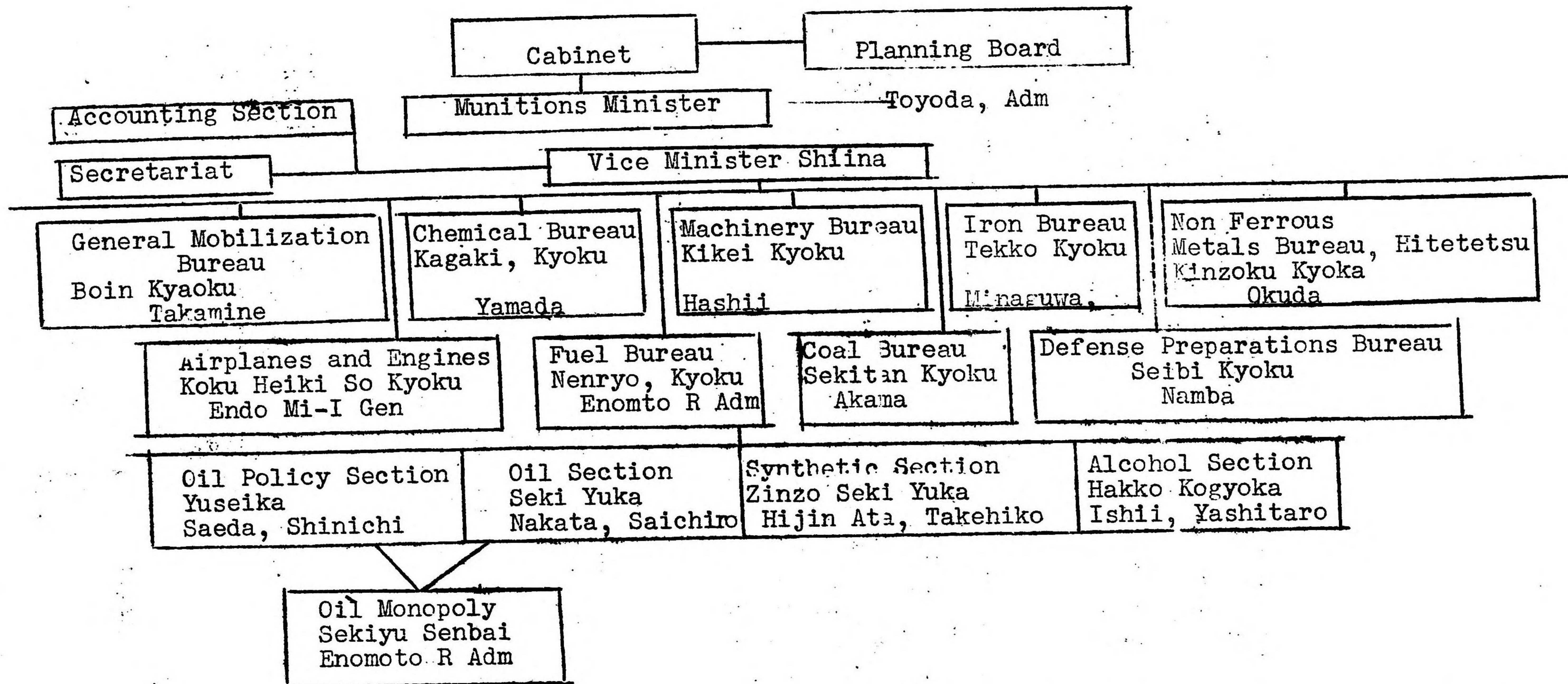


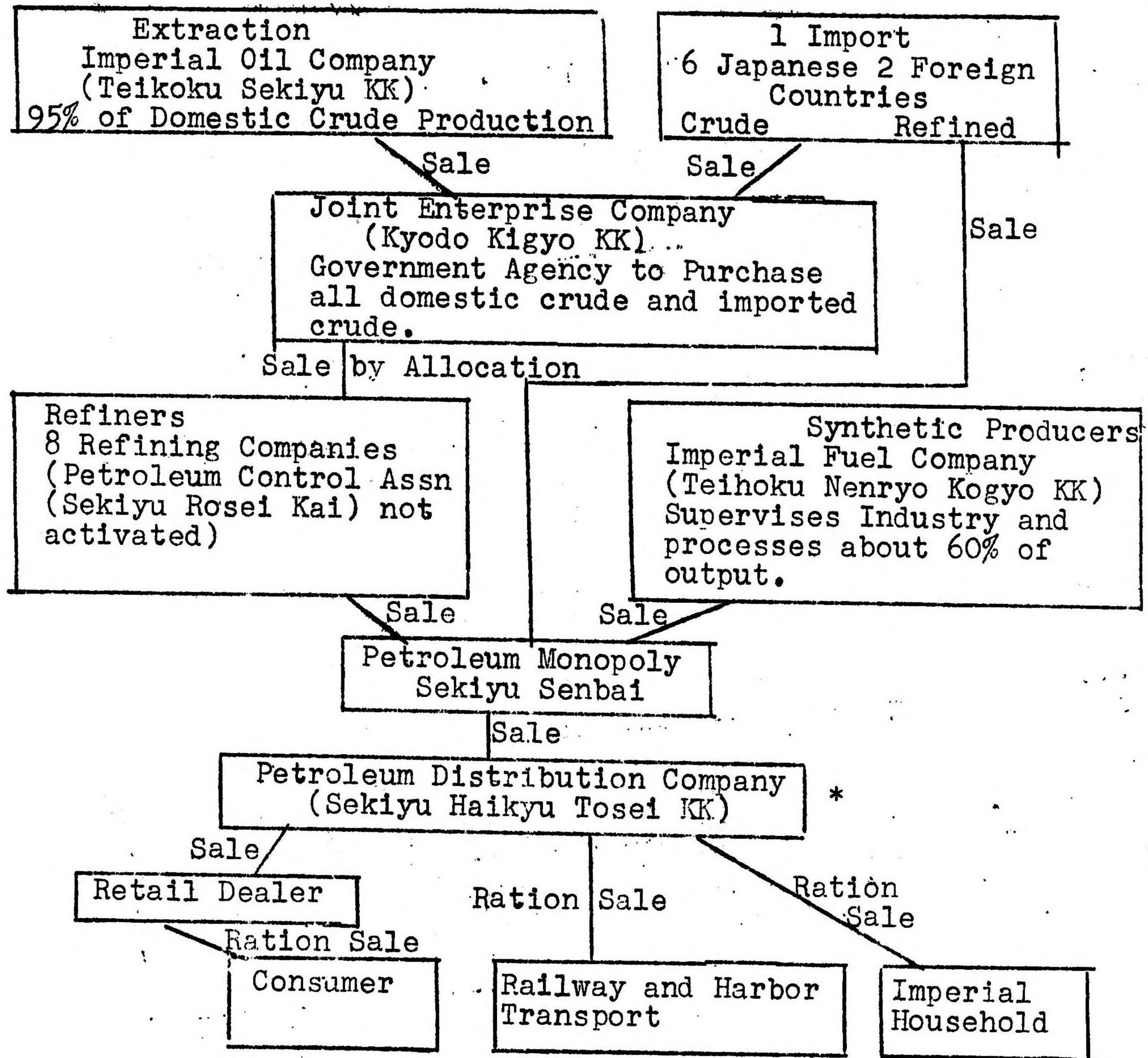
Chart #1
Governmental Organization Affecting Civilian Oil

N.B. See Also Chart "Extraction Import Processing and Distribution Flow Chart "

C H A R T # 1

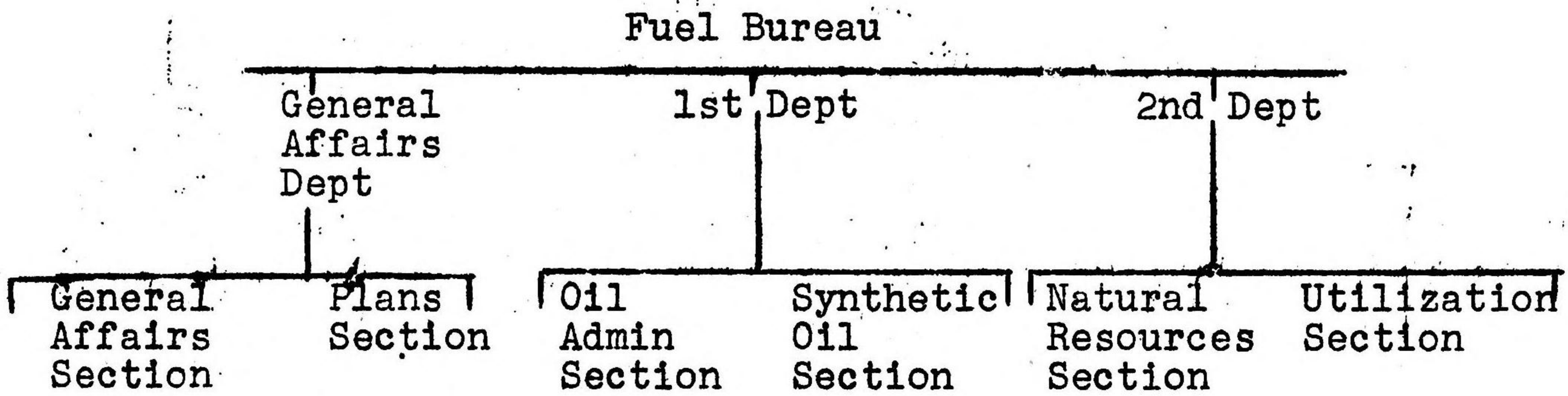
203-17

EXTRACTION, IMPORT, PROGRESSING AND DISTRIBUTION CHART

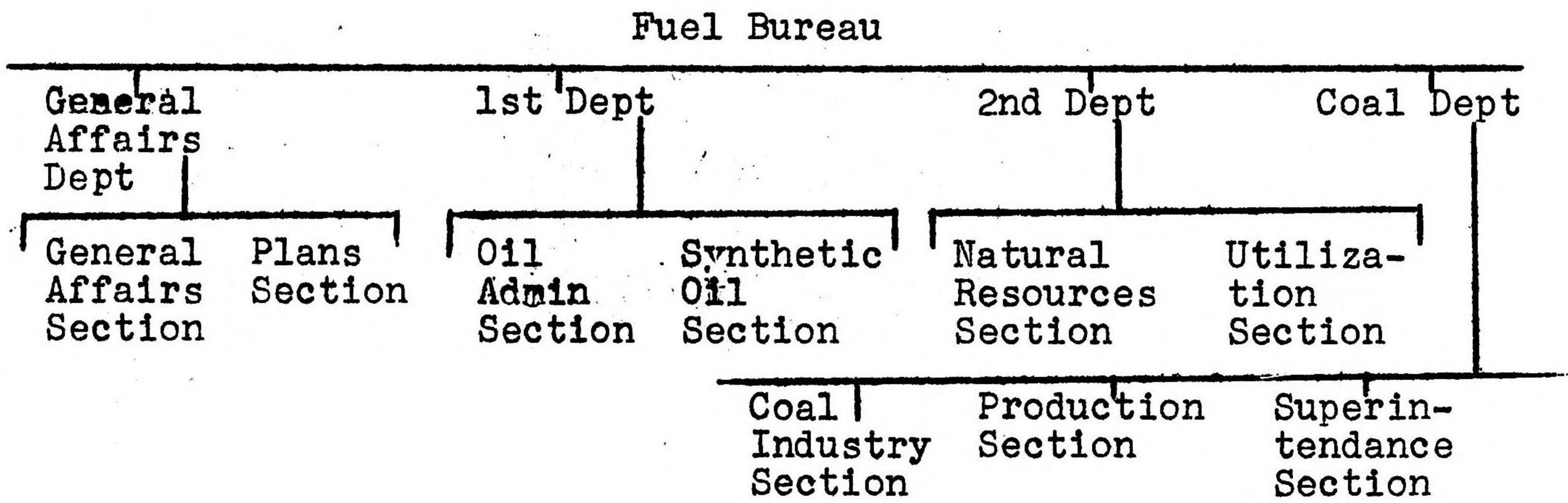


Appendix 1
 Organization of the Fuel Bureau, 1937 to date

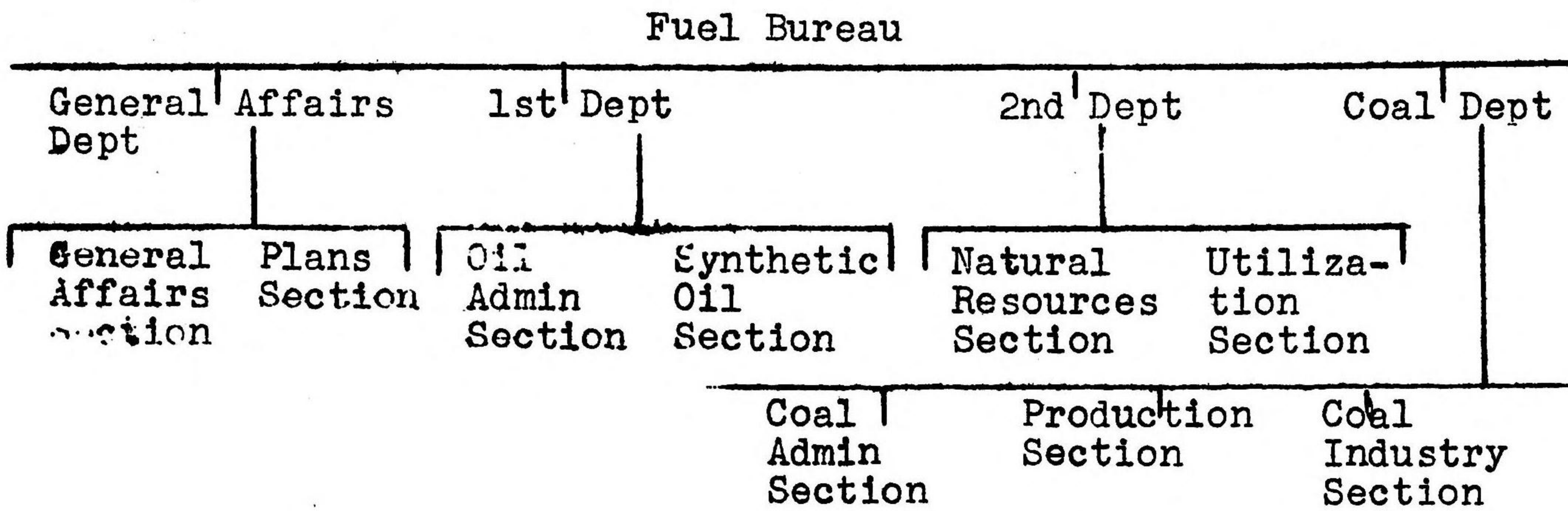
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16 Jun 39

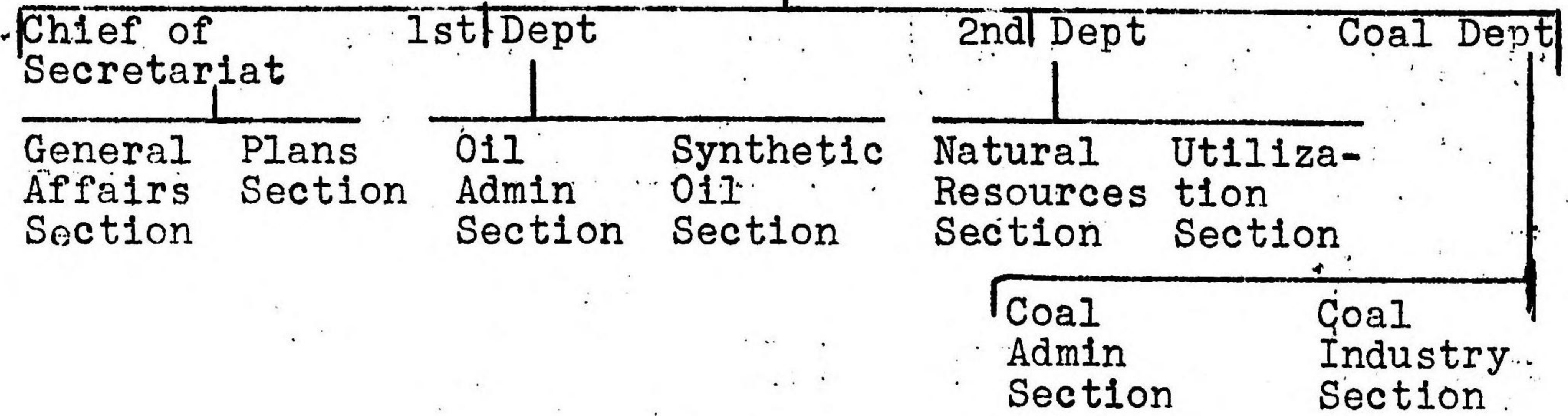


31 Aug 40



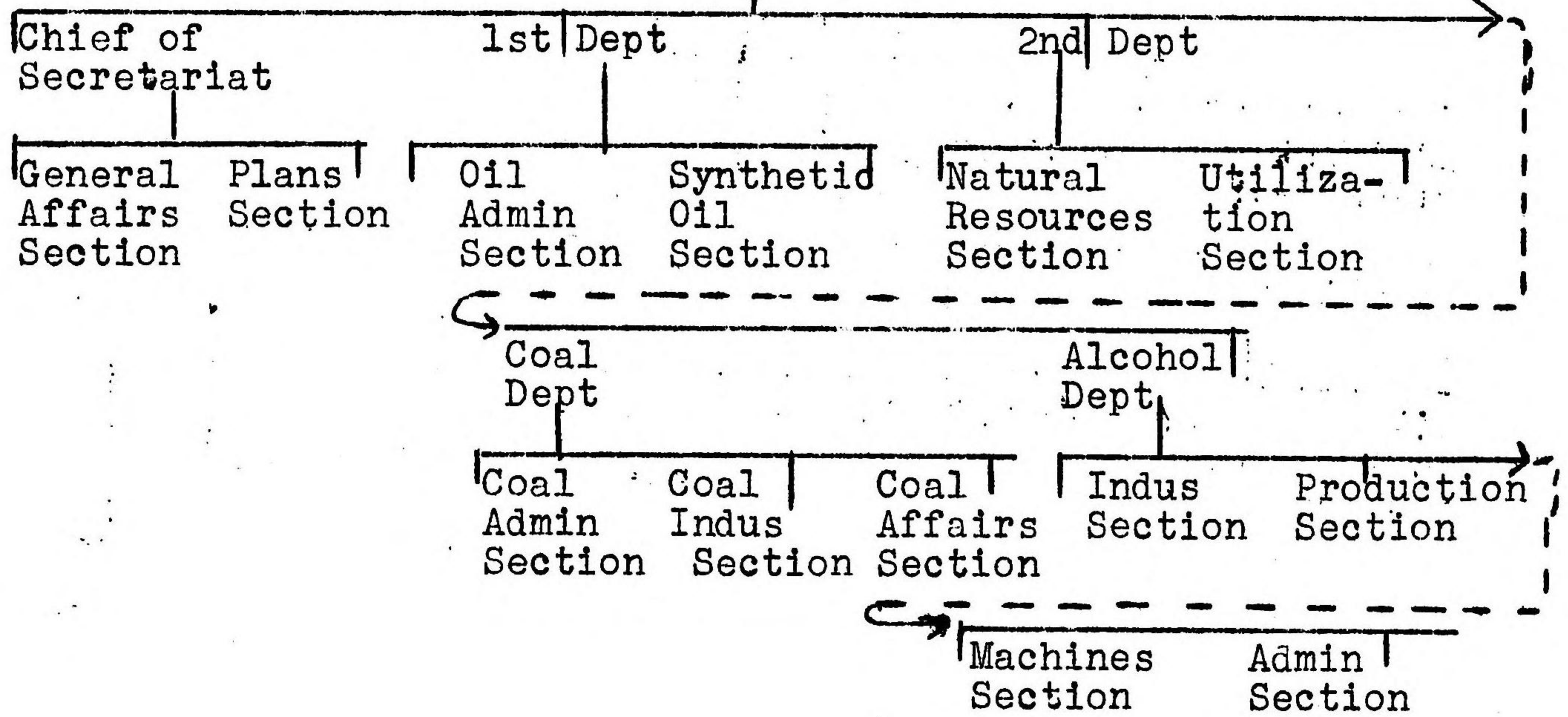
11 Apr 41

Fuel Bureau



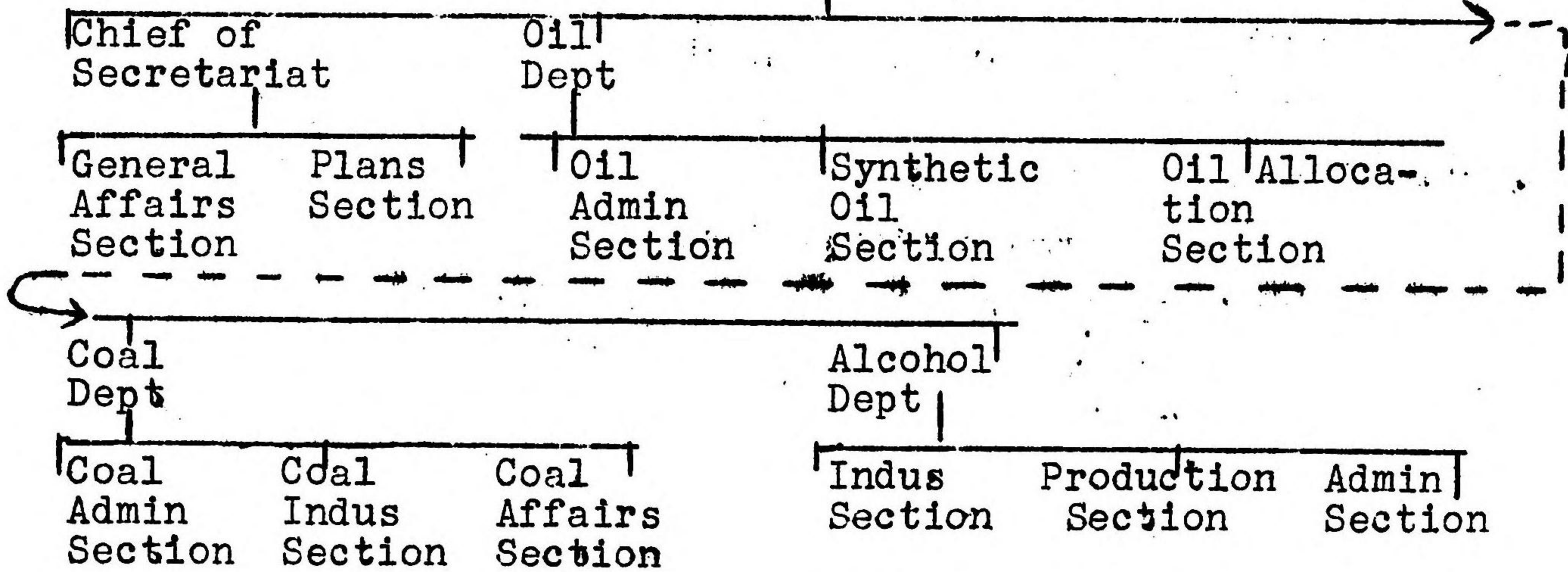
1 Apr 42

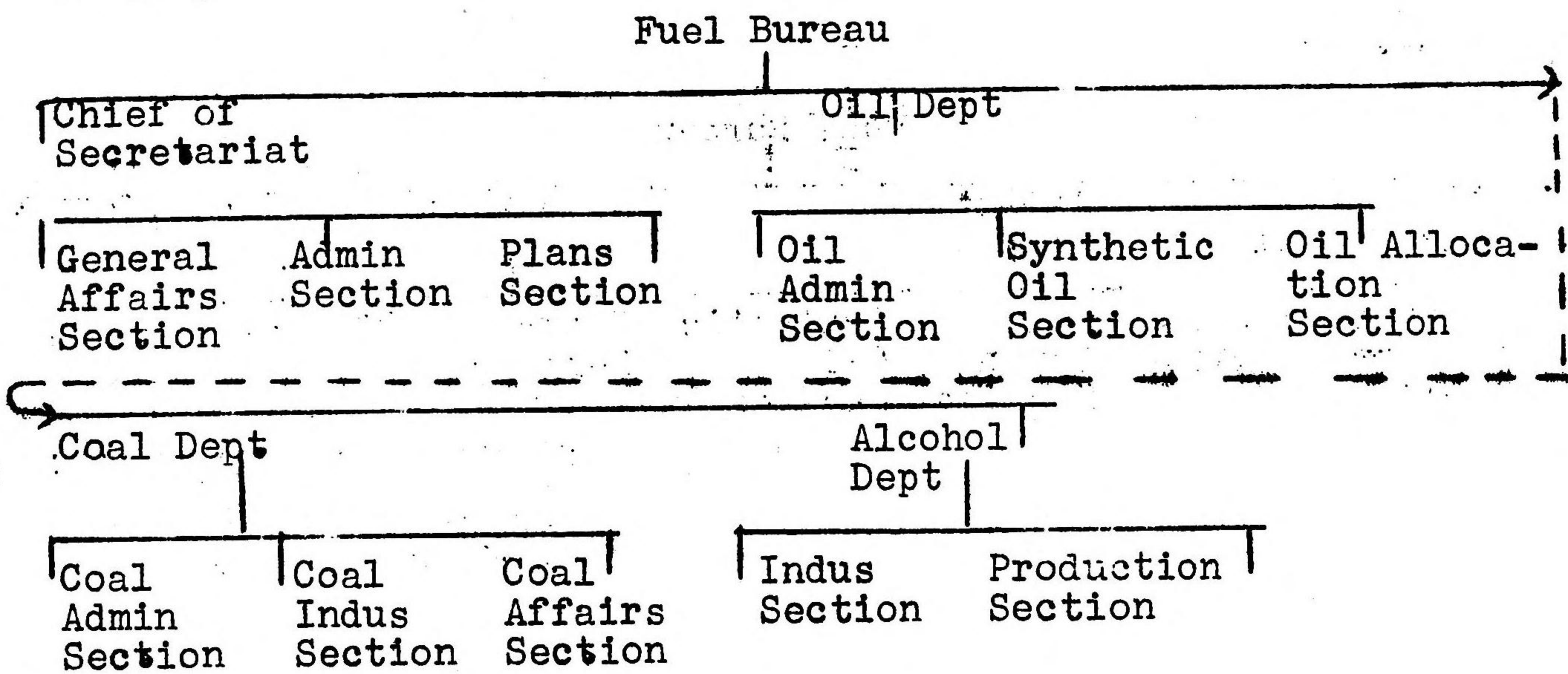
Fuel Bureau



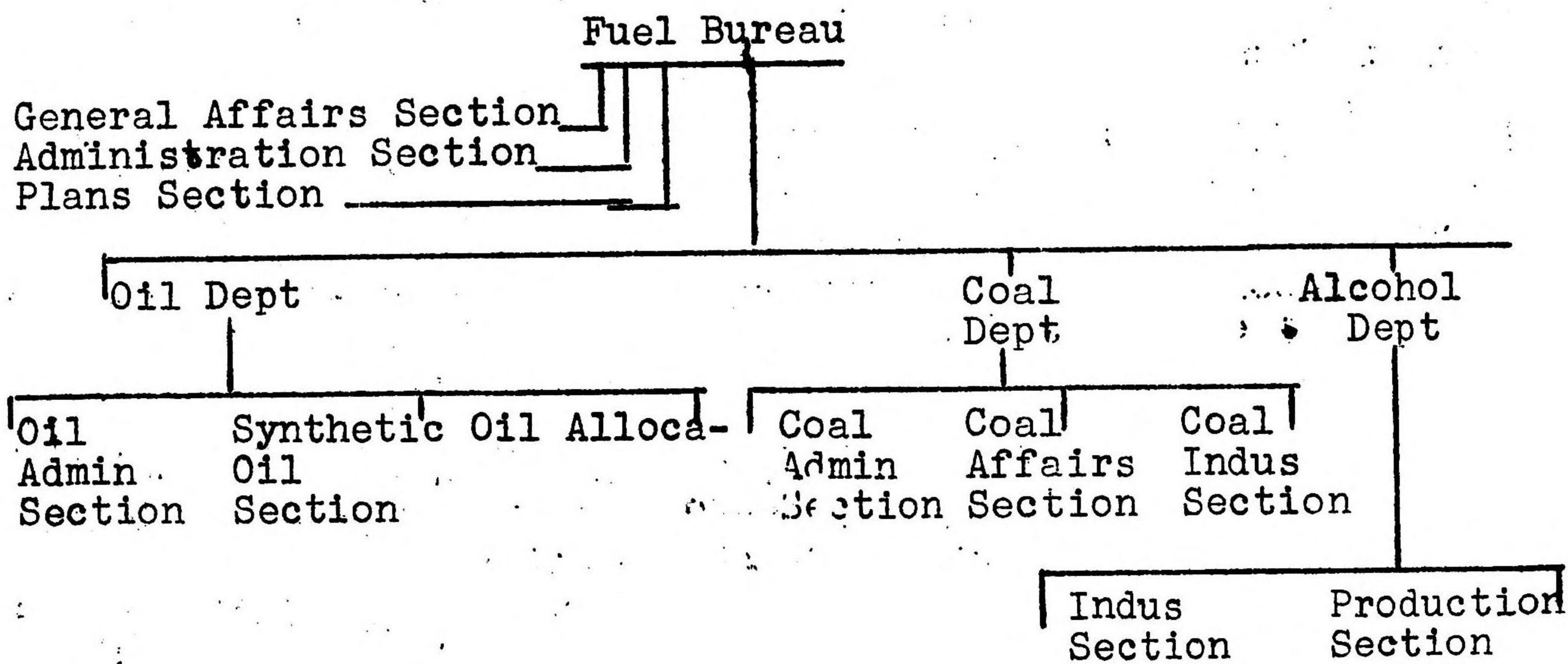
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Fuel Bureau

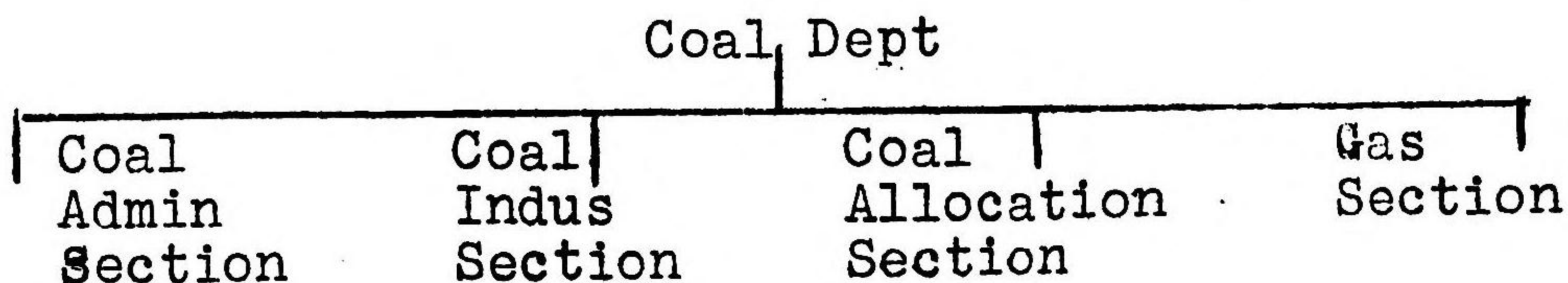




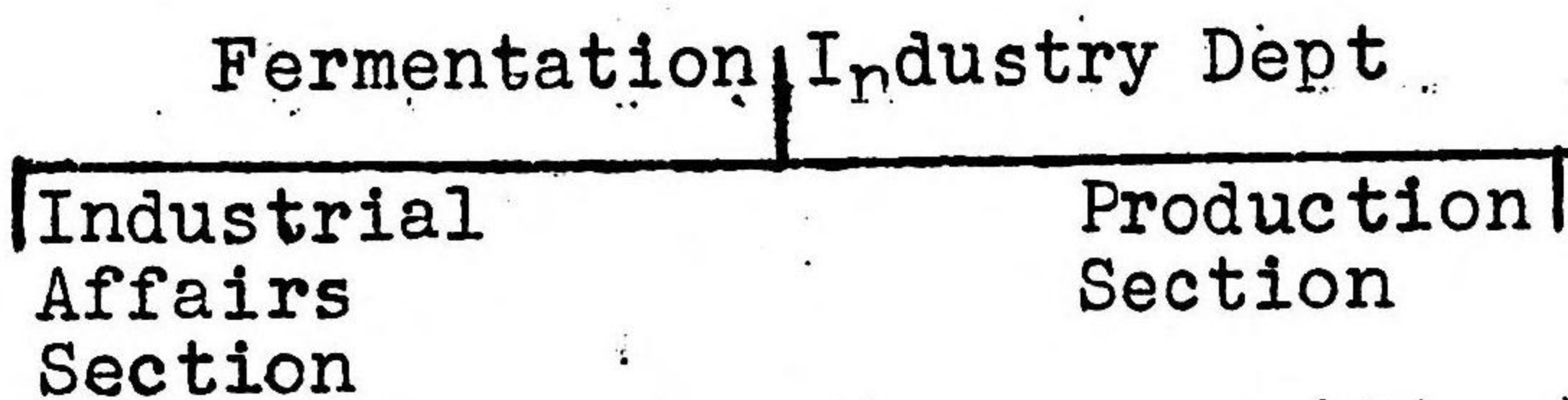
1 Nov 43



20 Sep 44



1 Apr 44 - 19 Sept 44



6 Jun 45

Fuel Bureau

Fermentation Industry Section	Synthetic Oil Section	Oil Section	Oil Admin Section
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Coal Bureau

Coal Affairs Section	Coal Industry Section	Coal Admin Section
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26 Aug 45

Fuel Bureau

Gas Section	Coal Section	Fermentation Industry Section	Oil Section	Fuel Admin Section
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APPENDIX II
Chronological List of
Fuel Bureau Chiefs and Fuel Bureau Section Chiefs

APPROX date	Fuel Section, Mining Bureau, Commerce and Munitions Ind.
1937	Takeuchi, Kakichi
1938	Kojima, Shinichi
1939	Higashi, Eiji
1941	Kogane, Yoshiteku
1941	Kusunose, Isunei

Fuel Bureau, Munitions Ministry

1943	Hishinuma, Isamu
1943	Nambu, Keiichi
1944 (July)	Enomoto, Ryuichiro

Fuel Bureau Commerce and Industry Munitions

1945	Sakai, Kishii
------	---------------

Fuel Section Chiefs
Oil Policy Section

1937	Sakai Tsuda Takahasi (Maj)
1940	Kouzu Saeda, S.

Oil Section

1941	Kouzu Kato Tanaka Nakata
------	-----------------------------------

Synthetic Section

Yamaguchi
Enomoto
Hishigata, T

APPENDIX III

Laws and Regulations Concerning the Oil Industry

1. Petroleum Industry Law (prescribed permit system of petroleum refining industry as well as its control and encouragement for development).
2. Synthetic Oil Industry Law (For development of synthetic oil industry).
3. Petroleum Resources Development Law. (For development of oil field).
4. Petroleum Monopoly Law (Government monopoly of Petroleum products).
5. Petroleum sales regulations (Prescribe the ticket system on sale of petroleum products).
6. Petroleum Distribution Regulations (Prescribe the route of distribution of petroleum products).
7. Crude oil Regulations (Prescribe sales route of crude oil).
8. Waste oil Regulations (Prescribe sales route of waste oil).

THE PROVISIONAL ARTICLES OF
THE COMMITTEE FOR POST-WAR
PETROLEUM POLICY IN JAPAN

Article 1: The Committee shall be called the Committee for Post-war Petroleum Policy in Japan.

Article 2: The objects of the Committee shall be

- (a) To study the post-war petroleum situation in Japan.
- (b) To acquire necessary petroleum for transportation, fishing, agricultural, and general industry in order to guarantee the maintenance of our living standard.

Article 3: The Committee shall undertake the following matters in order to attain the objects stated in article 2

- (a) Investigation and study of petroleum situation.
- (b) Planning and making proposition to the government and other organizations concerning the acquirement of petroleum.
- (c) Exchange of informations and promotion of mutual co-operation among the members of the Committee.
- (d) Execution of other matters unmentioned in article 3 which are necessary to attain the objects mentioned in article 2.

Article 4: The Committee shall have an office within the office of Japan Petroleum Control Board.

Article 5: The members of the Committee shall be constituted by the representatives of importers, refiners, distributors, and major consumers of petroleum.

Article 6: The Committee shall have the following officials

- (a) The Chief of the Committee.
- (b) Few members of the standing committee

Article 7: The chief of the Committee shall be elected by and from the members of the Committee.

Article 8: The members of the standing committee shall be appointed by the chief of the Committee.

Article 9: The chief of the Committee shall have the power to appoint advisors, counsellors, and general secretary if necessary.

Article 10: The chief of the Committee shall supervise the affairs of the Committee and shall act as chairman of the meetings.

The members of the standing committee shall assist the chief of the Committee and in his absence, shall undertake the duties of the chief of the Committee.

The members of the standing committee shall present their opinion, attend the meeting and discuss propositions presented.

The advisors and counsellors shall attend meeting concerning the problems of attaining the objects of the Committee stated in article 2, and shall present their opinion to the chief of the Committee.

General secretary shall manage the business affairs of the Committee.

Article 11: The meeting of the Committee shall be called by the chief of the Committee whenever necessary and by the demand of the members of the Committee presenting proposals.

Article 12: The Committee shall appoint few members to form a sub-committee in case of necessity.

Appendix

Article 13: The articles of the Committee shall be effective from and on October 1st of the year 1945.

Article 14: The names of the chief and the members of the Committee at the time the articles are adopted are enumerated on the separate pages.

The Chief of the Committee:

Nasakichi Misuta

Chairman of Japan Petroleum Board

The Members of the Committee:

Consumers

Fukuo Shina

Head of the Purchasing Dept of the
National agricultural Association

Harutaro Yawataya

Managing Director of Consolidated Japanese
Shipping Association

Hanjiro Koda

Standing Director of Central Marine Pro-
ducts Association

Yutaka Yasuda

Director of Amalgamated Society of Auto-
mobile Freight Transportation

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ducts Association

Yutaka Yasuda

Director of Amalgamated Society of Auto-
mobile Freight Transportation

Tsuruzo Yagi

Managing Director of Amalgamated Society
of Bus Service

Importers

Arata Ninomiya

Vice President of Asano Bussan Co.

Nijiro Arimoto

Head of Fuel Dept of Mitsui Bussan Co.

Yo Kido

Asst Manager of Nissho and Co., Tokyo
Branch

Tsuyoshi Okuno

Head of Metal and Fuel Dept of Mitsubishi
Shoji Co.

Shunkichi Nomura

President of Nomura and Co.

Distributors

Heijuro Horie

President of National Petroleum Distribu-
ting Co.

Refiners

Fusazo Ogura

President of Nippon Oil Co.

Kihachiro Yamashita

President of Maruzen Oil Co.

Eizo Nagesaki

President of Showa Oil Co

Empei Nakahara

President of Toa Fuel Industry Co

Shigeo Okubo

President of Mitsubishi Oil Co

Eizaburo Noguchi

Director of Koa Oil Co.

Maketo Takahashi

President of Taikyo Oil Co

Mitsuo Kurihara

Vice President of Nippon Mineral Industry
Co.

Terunosuka Shikimori

Director of Kyodo Kigyo K.K.

Japan Petroleum Controlling Board

Kazuo Katayama

Chief Secretary

AN ASPECT OF PETROLEUM
IMPORT BY
THE COMMITTEE FOR POST-WAR
PETROLEUM POLICY IN
JAPAN

JAPAN POST-WAR OIL COMMISSION

Petroleum is one of the important things indispensable to our daily life. It is needless to explain how the necessity of petroleum products as they are widely used in agricultural, fishing, shipping, and highway transportation etc. We will review briefly our post-war demand of petroleum products by Japanese industries.

Japanese industries have two difficult tasks, namely, stabilization or maintenance of our living standard, and reparation. For these two purposes all machineries available must be quickly and efficiently mobilized. But mobilization without sufficient supply of petroleum is entirely useless, for reconstruction of Japan and reparation are completely dependent upon the supply of petroleum.

Figures which appear in the latest statistics, that is 1937, for the supply of petroleum is not proper to measure the actual demand in Japan, as the year 1937 is the year of the Chinese Incident and these, therefore, should be considered as abnormal.

The total consumption of refined products is pre-war year 1936 including Korea and Formosa reached to 3,119,803 metric tons or approximately 3,120,000 metric tons. Out of which, 320,000 tons were refined from Japanese crude oil, 1,040,000 tons from imported crude oil, and the balance of 1,810,000 tons were imported as refined products. The above figures include refined petroleum of 60,000 metric tons exported over-sea.

As the total figure 3,119,803 metric tons includes Korea and Formosa, deduction of 15%, which is equivalent to the consumption in these two territories, would show the approximate consumption in Japan Proper, namely 2,642,686 metric tons.

What would be the consumptive demand in the future? Peacetime industries must be kept in full operation in order to maintain the Nation's living standard, at the least, at present level, and also for reparation. This would require petroleum products equal to or more than those consumed during 1936, disregarding the actual natural increase in demand during the past nine years.

In order to meet this anticipated high demand, it is desirable to import 1,370,000 metric tons as refined products and the balance 890,992 or approximately 1,000,000 metric tons as crude oil from 1946 onward and one quarter of the above or 250,000 tons for the last quarter of the year 1945,

(October to December). The reason for importing as crude oil is primarily based on the necessity of giving employment to workers who lost their occupation with the armistice, and secondly to utilize refining equipments undamaged by air-raids. And of the various kinds of crude oil, California crude oil is the most preferred, if permissible, as Japanese refiners are experienced in treating crude oil of this grade and quality. But if not permissible, naturally any crude oil will do.

The reconstruction of New Japan and oil industry are vitally related, and we firmly believe that they are inseparable and indispensable.

STATISTICS FOR 1936 SUPPLY OF PETROLEUM OF ENTIRE JAPAN (with the exception of military consumption as there is no data available)

(An extract from PETROLEUM DIGEST)

	Japanese refined products			Imported refined products	Exported refined products	Total Consumption including Korea & Formosa.
	from Japanese Crude Oil	from Imported Crude Oil	Total			
Gasoline	62,063	447,988	510,051	502,404	2,114	1,010,341
Kerosene	35,785	75,854	111,639	73,610	25,178	160,071
Light Oil	42,549	86,304	128,853	6,870	15,906	119,817
Lubricating Oil	59,870	164,436	224,306	58,946	14,943	268,309
Fuel Oil	120,696	257,620	394,316	1,169,786	2,837	1,561,265
TOTAL (Korean and Formosan Consumption included)	320,963	1,048,202	1,369,165	1,811,616	60,978	3,119,803
Net Consumption (15% deducted as Korean and Formosan consumption)	272,818	890,977	1,163,790	1,539,874	60,978	2,642,686
Desired Future Import		1,000,000	1,369,868			

Note: Figures are metric tons.

APPENDIX VI

EMPLOYEES OF IMPERIAL FUEL DEVELOPMENT COMPANY
(end of war)

	Men	Women	Total
Company Member	3891	342	4233
Levyed workmen	445	0	445
Mobilized student	178	9	257
Service	0	69	69
Korean	2985	0	2985
Captive	0	0	0
TOTAL	7499	490	7989

EMPLOYEES OF OTHER SYNTHETIC OIL COMPANIES EXCEPT KOREAN SYNTHETIC OIL COMPANY

	Men	Women	Total
Company Member	2671	882	3553
Levyed workmen	261	0	261
Mobilized student	772	303	1075
Service	15	63	78
Korean	25	0	25
Captive	0	0	0
TOTAL	3744	1248	4992

<u>TOTAL</u>	Men	Women	Total
Company Member	6562	1224	7786
Levyed workmen	706	0	706
Mobilized student	950	382	1332
Service	15	132	147
Korean	3010	0	3010
Captive	0	0	0
T O T A L	11,243	1738	12,981

APPENDIX VII

ADDRESSES OF OIL COMPANIES AND LOCATION
OF PLANTS

JAPAN OIL COMPANY LTD.

Main Office: TOKYO TO, KOJIMACHI KU, MARUNOUCHI, 3-CHOME,
4.

Plants:

YOKOHAMA OIL REFINERY		YOKOHAMA SHI, SHINAGAWA DU, MORIYA-CHO, 4-CHOME, 18
TSURUMI " "	" "	YOKOHAMA SHI, TSURUMI KU, YASUZEN-CHO, 2-CHOME, 1
NIIGATA " "	" "	NIIGATA SHI, NUTTARI, 477
KASHIWAZAKI " "	" "	KASHIWAZAKI SHI, BIWAJIMA 1483
AKITA " "	" "	AKITA SHI, TSUCHIZAKIKO
HOKKAIDO " "	" "	AISOME CHO, TUSCHIHAWA, 20
KANSEI " "	" "	HOKKAIDO, SAPPORO GUN, TEINA MURA, MAEDA, 340
KUDAMATSU " "	" "	AMAGAZKI SHI, NISHI UMETATECHI, DAINIKU, 1 GOGHI
		KUDAMATSU SHI, HIGASHI TOYOI GAZA

SHOWA OIL COMPANY LTD

Main office: TOKYO TO, SHINAGAWA KU, OI MINAMI HAMAKAWA CHO
1865

Plants:

HIRAZAWA OIL REFINERY		AKITA KEN, YURI GUN, HIRAZAWA MACHI
NIIGATA " "	" "	NIIGATA SHI NUTTARI, 4914
KAWASAKI " "	" "	KAWASAKI SHI, OGI CHO, 46
SEKIYA " "	" "	NIIGATA SHI, SEKITA OKAWAMAE DORI 1098

MARUZEN OIL COMPANY LTD

Main Office: TOKYO TO, KOJIMACHI KU, YURAKU CHO, 1 CHOME 7

Plants:

SHIMOTSU OIL REFINERY		WAKAYAMA KEN, KAISO GUN, SHIMOTSU MACHI
MATSUYAMA OIL REFINERY		EHIME KEN, MATSUYAMA SHI, OKAGA CHO
IMAFUKU " "	" "	NAGASAKI KEN, MITA MATSUURA GUN, IMAFUKU MACHI
KYUSHU " "	" "	FUKOUKA KEN, TABATA SHI, OKINADAI
YOKOHAMA " "	" "	YOKOHAMA SHI, TSURUMI KU DAIKOKO CHO
HASHIKURA Branch Plant		TOKUSHIMA KEN, MIYOSHI GUN HASHIKURA MURA
KIKUMA " "	" "	EHIME KEN, KIKUMA CHO

Addresses of Oil Companies (cont'd)

EAST ASIA FUEL INDUSTRIES LTD

Main office: TOKYO TO, KYOBASHI KU, GINZA, 3 CHOME, 1;

Plants:

SHIMIZU OIL REFINERY	SHIZUAOKA KEN AMBARA GUN, SODESHI MURA
WAKAYAMA " "	WAKAYAMA KEN, KAISO GUN HAJIKAMI MURA

MITSUBISHI OIL COMPANY LTD

Main office: TOKYO TO, KOJIMACHI JU, MARUNOUCHI, 2 CHOME 6,

Plants:

KAWASAKI OIL REFINERY	KAWASAKI SHI, OGI CHOME 16
-----------------------	----------------------------

DAIKYO OIL COMPANY LTD.

Main office: TOKYO TO, KYOBASHI KU, GINZA, NISHI 3 CHOME;

Plants:

YOKKAICHI OIL REFINERY	MIE KEN, YOKKAICHI SHI
------------------------	------------------------

KOA OIL COMPANY LTD.

Main office: TOKYO TO, KYOBASHI KU, MARUNOUCHI, 1 CHOME 1

Plants:

MARIFU OIL REFINERY	YAMAGUCHI KEN, KUGA GUN, WAKIMURA, 2000
YOKOHAMA OIL REFINERY	YOKOHAMA SHI, TSURUMI KU KAIKOKU CHO 36

JAPAN MINING INDUSTRIES

Main office: TOKYO TO, NIHONBASHI KU, MURAMACHI, 1 CHOME 7

Plant:

FUNAKAWA OIL REFINERY	AKITA, FUNAKAWA MINATO MACHI
-----------------------	------------------------------

File

HEADQUARTERS
U.S. STRATEGIC BOMBING SURVEY
(Pacific)
APO 234

INTERROGATION NO. 210 PLACE: Tokyo
DIVISION OF ORIGIN: Oil and Chemicals. DATE: 3 Nov 1945
SUBJECT: Army-Navy Oil Committee.
PERSON INTERROGATED: Rear Admiral YAMAMOTO, YOSHIYO. *
WHERE INTERVIEWED: Room 340, Meiji Building.
INTERROGATOR: Lt Comdr G. M. WILLIAMS and Mr. BAYLES (Civ).
INTERPRETER: Ensign C. A. RACKUS, USNR.

SUMMARY:

1. Allocation of oil between Army, Navy, and Civilians.
2. Army-Navy Oil Committee.
3. Supreme War Council.
4. Stocks for invasion.
5. Allocation of tankers and actual shipments of oil.

* For background of Admiral YAMAMOTO see page 2.

Interrogation of Rear Admiral YAMAMOTO.

QUESTION: What were you doing in 1935?

ANSWER : I was in England.

QUESTION: What were you doing in England?

ANSWER : From 15 May 1935 I was language officer for one year. In 1936 I was Assistant Naval Attache.

QUESTION: What did you do in 1937?

ANSWER : I returned to Japan 16 July 1937.

QUESTION: What did you do in Japan then?

ANSWER : Became staff officer, Bureau of Military Affairs.

QUESTION: Were you a section chief?

ANSWER : I was responsible for personnel; was in charge of them. Chief job was this.

QUESTION: What was your next work?

ANSWER : I remained in the Bureau until November, 1939.

QUESTION: What was your next job?

ANSWER : Became staff officer in China Sea Fleet.

QUESTION: What was the principal base for this outfit?

ANSWER : Shanghai, China.

QUESTION: What followed next?

ANSWER : I returned to Japan 9 February 1942.

QUESTION: What was your position when you returned?

ANSWER : I remained off duty. In July of the same year I became Chief of the First Section, Bureau of Military Affairs.

QUESTION: What was the First Section charged with?

ANSWER : It takes care of the administration of general affairs.

QUESTION: How long were you in that position?

ANSWER : I remained in this position until July of this year.

QUESTION: After July what position did you hold?

ANSWER : I was ordered to be attached to the Bureau of Military Affairs, with special duty to the Chief as an adviser to him.

QUESTION: We asked for the Vice Minister of the Navy as we understood he had been chairman of the Oil Committee but they said that you knew more about it than he did. Give in your own words the operation of the Army-Navy Oil Committee?

ANSWER : The committee was set up especially for the allocation of oil between the Army and Navy. The allocation of oil for the civilians was through the General Mobilization Bureau. The officer from this bureau attended the committee meetings of the Oil Committee when it was to allocate oil. The greatest difficulty of the committee was to find the best way to bring oil from the southern areas. Then the next greatest problem was how to allocate the oil in the most feasible way to the Army and Navy.

The committee had two chiefs, one was the Vice Minister of the Navy and the other the Vice Minister of the Army. Therefore, when the two chiefs did not agree it was to be decided only by co-operation and agreement. The two chiefs had the same position in equality.

QUESTION: What happened when they didn't agree?

ANSWER : They disagreed very often. We could never have enough oil. We could not meet the requirements of both the Army and the Navy. So they didn't agree very often. After long negotiations it was eventually decided by compromise.

QUESTION: Did the ministers participate in these conferences in order to reach an agreement?

ANSWER : No, the ministers did not attend the committee meetings. The Vice Minister received the order of the Minister and then he expressed the will of the Minister.

QUESTION: Proceed with your explanation.

ANSWER : We tried to make more tankers because we didn't have enough to bring oil up from the south areas. We guessed if we had 300,000 kiloliters of oil we could meet the requirements, so we tried to build the necessary tankers to bring that amount in. We tried not only to build new tankers but we converted other vessels into tankers, but owing to your submarine attacks we could not maintain the necessary tankers. We could not expect the 300,000 kl of oil.

QUESTION: This 300,000 kl of oil, was that the amount of tanker capacity?

ANSWER : We had to bring that amount monthly. It was our needs.

QUESTION: Whom was this for?

ANSWER : Navy, Army, and civilian. It was imports from the South Seas.

QUESTION: When did you begin to feel the submarine attacks first?

ANSWER : In September, 1943 your submarine attacks became very serious. Of course, the threat of attack was here since the beginning of the war. Soon after the air attack from China was inaugurated and that menace had to be put up with. After the beginning of 1944 the air attacks became very serious so that sometimes we had no more than 90,000 kl of oil imported from the South Seas.

QUESTION: Was that per month?

ANSWER : Yes. We tried to improve radar and underwater detection to make possible escort. Then we changed the organization of convoy, adding more escorts to it.

QUESTION: What date was this?

ANSWER : We had bigger convoys so that we could supply more escorts, from the beginning of 1944. But such measures were not effective because of the US superiority of the submarine and in air attacks. It was very overwhelming. But in the first half of 1944, although we had many difficulties in the convoys, in the south the factories and oil fields were not damaged so we had no difficulty in the supply of oil.

QUESTION: Were you able to keep up the 300,000 kl per month?

ANSWER : No, we did not receive that amount. We received only 90,000 or 100,000 kl. After the first air attacks on Palembang in August of 1944 the equipment wasn't damaged very much but air mines were laid in the river Lushi so that navigation became impossible and we could not carry oil to Singapore for more than a month. We transferred some of the ships from Miri to carry oil between Palembang and Singapore. We introduced such measures as loading oil to vessels by smaller craft. The larger vessels carried the oil to Singapore. After the air attacks began at Miri in October of 1944 we had difficulty in carrying oil from here also.

Examples of the allocation of oil are as follows:

1944 (first half)	- Army	1.0
	Navy	1.45
	Civilian	0.45
1944 (second half)	- Army	1.0
	Navy	1.25
	Civilian	0.3
1945 (2nd quarter)	- Army	1.0
	Navy	1.05
		2.5

The reason why civilian proportion rose, though the whole amount did not increase, was because the Army and Navy did not receive their expected shares.

QUESTION: Was this table the allocation of imported oil or all?

ANSWER : All, including imported.

QUESTION: Who determined this allocation?

ANSWER : It was determined at the Cabinet meeting.

QUESTION: Who proposed this ratio?

ANSWER : The General Mobilization Bureau after it consulted with the Army and Navy bureaus.

QUESTION: Are you sure of that?

ANSWER : Yes.

QUESTION: How could the General Mobilization Bureau set that ratio when they didn't know what the imports were?

ANSWER : We could anticipate the amount of oil imported from the south. The Oil Committee anticipated it.

QUESTION: Admiral, you just said the oil proposed was proposed by the General Mobilization Bureau and now you say that the Army and Navy control it. Who makes the decision? How did they know when they didn't know how much the Army imported?

ANSWER : The General Mobilization Bureau knows this figure because they attend committee meetings.

QUESTION: Which officer attended and knows this figure?

ANSWER : The Chief of the Section, Bureau of General Mobilization. It is the officer concerned with allocation of materials.

QUESTION: Does TANABE know who this officer is? (He was chief of the bureau.)

ANSWER : He knows who attended the meeting.

QUESTION: I want to know who knows what the Army and Navy imported from the south?

ANSWER : Lt Col TANABE, Chief of General Mobilization Bureau would know. He is now with the Cabinet Investigation Board.

QUESTION: I would like to hear what happened when they established this ratio in the second half of 1944. What did you do about this, Admiral?

ANSWER : The Joint Committee was most active during 1943. Since 1944 the committee was no so active. So in deciding the ratio those actually interested in the matter met to decide the ratio. I did not attend the meeting which decided the ratio.

QUESTION: What ratio was decided to your knowledge?

ANSWER : I was not concerned with deciding the ratio, so I did not know what ratio was decided upon. I obtained the figures I gave you this morning from the records of the Bureau of Naval Stores. The Board of Naval Stores decided this ratio. The privilege of giving to civilian use was established. Only minimum civilian use was established. The remaining amount of oil was divided between Army and Navy.

QUESTION: Admiral, you were sent here in lieu of the Vice Minister because you could give us the entire picture of the Army-Navy oil. If you do not know, I want you to bring back every man in the Navy who does know how this ratio was decided. They should be prepared to answer such questions like:

1. What committee meetings took place?
2. What did the Navy propose?
3. What did the Army propose?