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Interrogation No. 73

Place: Tokyo  
Date: Oct. 13

Division of Origin: Basic Materials

Subject: SALT PRODUCTION, IMPORTS, AND CONSUMPTION

Personnel interrogated and background of each:

~~MORINAGA, T.~~, Director of Salt Bureau, Finance Ministry  
MORINAGA, T., Chief, 1st Bureau, Salt Bureau, Finance Ministry  
YOSHINACHI, T., Chief, 2nd Bureau, "

Where interviewed: Salt Bureau (En-no Kyukuchō), Securities Exchange, Tokyo

Interrogator: Lt. Cdr. D.A. Burr, USNR

Interpreter: Lt. R. Boyd, USNR

Allied Officers Present: No others

Summary: First contact with Salt Monopoly. Preliminary exploration of subject and request for basic figures.

1. Function of Salt Monopoly; aspects of state control.
2. Nature of domestic production.
3. Prices and subsidy.
4. Allocations and priorities.
5. Tables attached:
  - a. Producers and salt fields.
  - b. Production and import figures.
  - c. Supply and consumption figures.

## Interrogation

Mr. Naganuma has been director of the Salt and Camphor Bureau since August 1945. He was Chief from January to August 1945, and had been in the Ministry of Finance and concerned with the salt monopoly for the past 17 years, the last five of which he spent in China. He speaks good English, though he has never travelled in America or Europe, and the interrogation was largely conducted in English. The two section chiefs took little part in the discussion, but furnished some facts through Mr. Naganuma.

Previous directors of the Bureau were Mr. Kokubu, February - August 1945, now in Osaka, and Mr. Hamada, 1942-1944, now in Nanking.

The Salt Bureau is a part of the Ministry of Finance, and constitutes a complete monopoly of production, importation, sale and distribution of salt in Japan. It was established in 1905, for the purpose of exploiting salt as a basis for excise tax revenue for the "war budget"; according to Mr. Naganuma, however, no tax has ever been imposed during its 40 years existence.

Until the beginning of 1945, production of salt in Japan was limited to "professional enterprisers" who were licensed by the Bureau. Table "A" shows the present number of such producers and the area of their fields. Beginning early 1945 "amateur producers" were permitted and encouraged, and every opportunity was taken to increase production.

All production of salt in Japan, Taiwan, and on the Asiatic mainland is by evaporation of sea water. No brine wells or mines exist. The "professional producers" use both coal and electricity to assist evaporation. For many years roughly one ton of coal has been required to evaporate one ton of salt. Annual figures of domestic production, 1937-1942, and quarterly figures 1942-45 are given in table "B".

Salt producers are organized into a state-recognized and controlled, "Federation of Salt Makers" (Engyo Mumiai Chuo Kwai) with head offices at 28, 2 Awaji-cho, Kanda-ku, Tokyo. Its president for the past five years has been Sataro Tokunaza, now in the salt producing region. All except a small fraction of production is located on Honshu and Shikoku shores of the Inland Sea.

Prices paid by the monopoly to producers are based on cost plus 8% return on invested capital. Prices were planned to be revised once a year; lately, however, price changes have occurred much more rapidly, reflecting rising costs.

Costs include fuel, wages, and shipping costs which are paid by the producer. The present average price to producer is ¥260 per ton. Requests of producers for change in prices are submitted via the Control Association and approved by the Salt Bureau and the Finance Minister. Requests of producers for materials and fuel were submitted to the Mobilization Bureau through the Control Associations and the Finance Minister.

Japan has always been dependent on imports for the major part of its salt supply. In 1940, approximately 55% was imported from Manchuria and China, 3% from Southern Areas, 17% from countries outside East Asia, and the balance produced in Japan. At the end of 1937, the nation's salt stockpile was 400,000 tons, which gradually used up by 1943.

When shipping became really tight at the end of 1944, salt was given the highest priority for space from China. Allocation of 600,000 tons of space was cut only 10% for salt, contrasted with a 44% cut in coal-shipping allocation and total cut for many other commodities.

The producing fields were very seriously damaged for the first time in history by the typhoon of September 1945, as a result of which domestic productive capacity is considered to be only half of normal.

TABLE "A"

SALT PRODUCERS AND FIELDS IN JAPAN PROPER BY PREFECTURE,  
WITH EXTENT OF DAMAGE IN TYPHOON, SEPTEMBER, 1945. (Sub-  
mitted by Salt Bureau, Ministry of Finance, 13 Oct., 1945.

<u>PREFECTURE</u>	<u>Number of Licensed Producers</u>	<u>Area of Salt Fields</u>	<u>Damaged Area.</u>	<u>Percent Damaged</u>	<u>PRODUCTION Oct., 1945 - Mar., 1946</u>		
					<u>Planned</u>	<u>Forecast</u>	<u>Percent of Plan</u>
MIYAGA	201	45ha					
AICHI	549	106					
ISHIKAWA	249	24					
HYOGO	164	705	668	95%	19	1	5%
OKAYAMA	14	354	245	69%	13	4	31%
HIROSHIMA	45	390	355	91%	11	1	9%
YAMAGUCHI	108	619	506	81%	11	2	18%
KAGAWA	134	1,179	502	42%	54	31	57%
EHIME	28	273	248	91%	11	1	9%
TAKUSHIMA	3	365	322	88%	17	2	12%
OITA	34	105					
KAGOSHIMA	<u>235</u>	<u>63</u>					
TOTAL	1,764	4,228	2,846	67%	139(a)	45(a)	32%

(Unit 1,000 Metric Tons)

(a) Including 3,000 metric tons from "others".

TABLE "B"

SALT PRODUCTION AND IMPORTS 1934-1945

Source: Salt Bureau, Ministry of Finance, Oct.13,1945

Unit: 1000 metric tons

	Years beginning April 1,						<u>1942-43</u>				
	1934	1936	1938	1939	1941	1942	1/4	2/4	3/4	4/4	Total
<u>Production</u> (in Japan excluding Taiwan and Chosen)	604	536	636	573	379	445	128	158	97	52	445
<u>Imports</u>											
From Taiwan	100	106	38	43	47	101					
From China	162	300	421	668	792	1,012					
From Manchuria (including Kanto-shu)	183	501	399	471	483	368					
From other areas	<u>738</u>	<u>772</u>	<u>929</u>	<u>453</u>	<u>143</u>	<u>30</u>					
Total Imports	1,183	1,679	1,636	1,445	1,465	1,511					
<u>Grand Total of Supply</u>	1,787	2,215	2,423	2,209	1,844	1,956					

SALT PRODUCTION AND IMPORTS 1934-1945 (cont)  
1943-44

	<u>1943-44</u>					<u>1944-45</u>					<u>1945</u>		
	1/4	2/4	3/4	4/4	Total	1/4	2/4	3/4	4/4	Total	1/4	2/4	Total
<u>Production</u> (in Japan excluding Taiwan and Chosen)	125	129	93	42	389	99	112	75	57	343	64	59	123
<u>Imports</u>													
From Taiwan					123					63			--
From China					801					468			235
From Manchuria including Kanto-shu					463					410			140
From other areas					<u>23</u>					<u>-</u>			<u>-</u>
Total Imports					1,410					941			375
Grand Total of Supply					1,799					1,284			698

TABLE "C"

## SUPPLY AND CONSUMPTION OF SALT (Unit 1,000 metric tons)

Submitted by Salt Bureau, Ministry of Finance, Oct.13, 1945.

<u>Years beginning 1 April</u>	<u>SUPPLY</u>			<u>CONSUMPTION</u>		
	<u>Licensed Production</u>	<u>Amateur Production</u>	<u>Imports</u> <u>Total</u>	<u>Food</u>	<u>Industrial</u>	<u>Total</u>
1937	536		1,742 2278	891	1,413	2,304
1938	484		1,751 2,235	971	1,476	2,447
1939	636		1,806 2,496	1,029	1,409	2,438
1940	574		1,725 2,299	1,062	1,356	2,418
1941	389		1,506 1,895	1,007	930	1,937
1942	475		1,537 2,012	1,038	787	1,825
1943	389		1,412 1,801	1,101	710	1,811
1944	353		1,027 1,380	927	590	1,517
1945 Forecast	165	160	935 1,260	704	467	1,171
1946 Plan	500	400	1,300 2,200	1,100	1,100	2,200

Explanatory notes:

1. The reserve carry-over of salt of approximately 400,000 metric tons in the beginning period 1937 will be considered by this table.
2. The quantity to be imported and the quantity to be consumed in 1945 will be the quantity imported in the latter half period of 265,000 metric tons for food, 240,000 metric tons for industrial use, making a total of 505,000 metric tons.