

E C O N O M I C S

AGRICULTURE

CONTROL

A ten-day review of the improved prices of North China, and other developments of new food policies. Since the adoption of the new food policy, prices in North China have been improved. This is evidenced by the favorable conditions shown by sale of such commodities as beans, flour, and noodles of various kinds. In fact, almost every commodity has dropped 20 to 40 yen in price. For example, on the 21st of the month, the price of yellow beans in Haichou was listed as 113.40 yen, and the following day it dropped to 96.20 yen. Other commodities, cotton cloth, for instance, also followed the same trend.

Furthermore, according to the survey made regarding the wholesale prices in Tientsin as of the first part of June, the general price index number showed a lowering of prices by 1.61%; foodstuff by 4.31%; agricultural products by 10.16%. This resulted in the lowering of living expenses of the workers by 5.31%.

However, this stabilizing trend might not continue because of the following factors:

- 1) Basically speaking, the prices of foodstuffs in North China seldom maintain stability. How long emergency measures taken in regard to prices of food can remain effective, is a problem.
- 2) China is still in the process of a war which would disturb any economic situation.

Lastly, we may add that Japan is very much concerned with the economic situation of China, especially while the war is still going on. Japan therefore, has tried to extend help to the Chinese Government, which has established the Bureau of Food Control, so that prices can be stabilized.

(IDC R3291:981 7/1/43)

Statistics

Kuan Wu discusses the new reconstruction of North China, and analyzes the significance of the food policy. A chart is given to indicate the population in various provinces in North China, total production of food by catty, total amount of consumption, etc.

Food is essential to the winning of a war. Germany was an example of this in the last war. The work of reconstructing North China should therefore be focused on the food problem. The methods are to increase production, equate distribution, and encourage importation from Central China, Mengchiang, and Manchukuo.

The following table shows the population, total production, and consumption of food of various places and provinces in North China.

Province:	Population	Production (unit, 1,000 catties)	Consumption (unit 1,000 catties)
Hopeh	28,326,121	9,910,132	3,467,636
Shantung	23,611,014	16,161,541	16,605,506
Shansi	10,209,770	4,085,062	5,128,865
Honan	10,153,195	2,096,854	5,081,597
Tsingtao	1,763,676	633,812	881,838
Su Huai	9,614,598	6,748,998	4,807,298
District:			

(IDC R3025:2835 Oct. 1943)

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## AGRICULTURE

### EXPERIMENT STATIONS

The Real Estate Scientific Research Bureau of the North China Agriculture Experiment Station ... in order to improve and increase the agricultural (attractions) of North China, has constructed (dormitories) in the suburbs of Peking at Paishiangan. ... Yesterday ... a completion ceremony was held at the bureau. Over 200 Chinese and Japanese leaders attended.

(Peking Mand. 10/17/43)

### CULTIVATION OF NEW LAND

A new company has been formed to cultivate the land at the Gulf of Chihli. This land was considered, up to now, not cultivable, because of the high content of alkali. The new company was formed in 1941. A five year plan was worked out to clear the reed land along the rivers Lwan, Matchang, Yingting and Chaoching, and along the Seotchau Canal. Main products to be cultivated there will be rice and cotton. The company has a capital of 18,000,000 yuan; it was formed by the semi-official Japanese Oriental Development Corporation, together with Mitsui, Mitsubishi and Kanegafuchi. Most of the settlers are Koreans trained by Japanese experts. These experts use the same methods as Japanese immigrants to the United States used in cultivating the land along the Colorado River.

(IDC R5102 March 1943)

### LABOR TRAINING

In order to improve the agricultural fields of the four provinces in North China and to train specialists in the branch of agriculture, the Technical Department of North China Agricultural Experimental Field, specially opened examinations for apprentices at Peking, Tsinan and Tsingtao. It is planned to accept 160 apprentices in Peking. The applicant must be above 17 and below 23 in age. He must be a graduate of a junior high school, and must be of good character.

(Peking Mand. 6/11/43)

### PRODUCTS IN GENERAL

#### Farm Products and Live Stock

Wheat, Kao-liang millet, millet, soy beans, corn and cotton come mainly from the huge plains of Shantung, Hopeh and Shansi Provinces. The following figures show the average cultivated areas according to provincial population and families.

Province	Family	Farm. Family	Cultivated Area (tsubo unit-a tsubo-3.95 sq. yd.)
Shantung	6,659,858	5,918,280	110,662,000
Hopeh	4,938,655	4,223,704	103,422,000
Shansi	2,263,408	1,874,082	66,560,000
TOTAL	13,861,921	12,016,066	280,654,000

The following figures show the average cultivated areas and percentage of each area:

Locality	Cultivated Area (tsubo unit)	Average Percentage
Tientsin	2,808,869	50%
Shihmen	2,419,321	54%
Peking	712,397	41%
Paoting	749,138	38%
TOTAL	8,590,035	49%

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#### PRODUCTS IN GENERAL

The average exportation of wheat for the last four years was 140,700,000 baboru (a baboru-132 lb.); millet 90,500,000; Kao-liang millet 77,200,000; corn 45,400,000; soy beans 44,500,000; peanuts 24,500,000; barley 23,600,000; millet 19,500,000; oats 11,800,000 and peas, rice, vegetables and tobacco 3,000,000. The average production of cotton for the last four years was 2,200,000 baboru. The peas of Laiyang, the apples of Yennao, the peaches of Hsinchou, the white vegetable of Techou in Shantung, the pears of Ting-hsien and chestnuts in Hopeh were all as good as those of California in North America because of the good climatic and natural conditions.

1) The policy of self-support and self-sufficiency of food. The Asiatic Prosperity Institute, North China Industry Research, North China Communications, New People's Society, and North China Development endeavored to increase the production of food by contributing a sum of 6,000,000 yen in 1941 to make loans for seeds, to break new soil and install water equipment 313,200,000 tsubo of land must be cultivated before a self-sufficient amount of food is produced. The North China Development Company, Japanese and Chinese Incorporated, contributed 18,000,000 yen to the farm industry in March, 1941. Ten million two hundred and fifty thousand yen of this sum was invested by the Government Administration Committee and 7,750,000 yen was invested by the Oriental Colonization Company, Mitsui, Mitsubishi, Oriental Paper Manufacturers, Municipal Military Granary and the Cotton Thread Company for soil improvement, for the selection of the best variety of seeds, management of farms, establishment of self-built farms and other necessary farm improvements.

2) China Road Protection for Model Farms. According to the 1940 reports of all Railway Bureaus, a total of 113,000 tsubo of land is suitable for farming. The cultivation of the areas in Tientsin, Peking, Tsinan, Taiyuan, and Kaifeng will be taken into consideration from 1941 under a three year plan. As part of the work in this plan, there will be a three months training for the brighter farm youths of 18 to 25 years of age. They will be taught the subjects of agriculture, railway, Japanese language and all communistic ideas they may have will be abolished.

3) Agricultural development. Ch'ating Station has become the center of agricultural developments along the Chingshan R.R. Line. The productions of soy beans, millet, Kao-liang millet, corn, cotton, and vegetables have been increased. Beans may be had to buy the best variety of cows, horses, sheep, goats, and hogs, so that the best of their kind may be raised.

4) Lutai Corporative farms. The Oriental Colonization Company invested a capital of 1,000,000 yen in 1938 to establish corporative farms from the Chingshan R.R. Line to Hopeh Province. This plan will take in 1000 Korean farming families of 3500 persons, and will teach them to produce all kinds of farm products.

5) The New People's Society, The Agricultural Advisory Board of the New People's Society purchased 650 tsubo of land in east Tientsin and started collective farming in order to produce more rice, wheat, etc. In 1940, the Society imported 1800 Koku (Note: 1 Koku-4.96 bushels) of rice and distributed it among the Chinese farmers who worked on Japanese owned farms. Two hundred thousand koku of rice from 650 tsubo of land is expected to be harvested in Tientsin in 1941.

6) Improving agricultural harvest. In the past 2 or 3 years, severe droughts in North China have caused decreased production, therefore the problem of improving the fertility of soil and live stock increase must be done.

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7) Reorganization of the Wheat Society. In order to be self-sufficient in flour, the Wheat Society of North China was reorganized in July 1941 with a specific emphasis on the distribution of flour through the consumers' department of each factory. For this purpose, branch offices of the Society will be established in every county seat. The North China Agriculture Examination Board will select the superior varieties of farm products and distribute them to all farmers through six branch offices in Chun-liang-ch'eng, Paoting, Tensien, Fengnan, Changtien, and Ch'eng-yang.

8) Cotton growing. Production of cotton in North China holds third place in the world in quality and quantity. The Raw Cotton Production Improvement Society, The Raw Cotton Union, and other organizations have done intensive research in selecting, improving and fertilizing the variety of cotton and soil. A 12 year plan to attain the goal of 10,000,000 bikoru (a bikoru-132 lb.) of rice has been set up. After three years of this plan, the result is the cultivation of 7,300,000 tsubo of cotton fields.

a) Estimated areas of cotton cultivation.

Province	Individual business	Commissioned business
Hopch	766 se (a se-119 Sq. yds) yards)	209,050 se
Shantung	1,018 "	164,075 "
Honan	390 "	66,910 "
Shansi	492 "	44,508 "
TOTAL	2,666 "	484,545 "

The varieties of cotton cultivation.

Variety	Individual business	Commissioned business
Stonehill	70%	77.32%
Trice	16%	13.12%
Kings	14%	9.50%

Recommended areas for cotton cultivation. (1,000 se unit)

Province	1941	1942
Hopch	820	1,000
Shantung	400	550
Shansi	200	200
Honan	200	250
TOTAL	1,620	2,000

Cotton seeds have been distributed and equipment for growing cotton in the recommended areas are being supplied. Methods for exterminating disease and harmful insects are being taught. To encourage cotton growing, model cotton fields are to be established and cotton harvest fairs with prize contests are to be held.

The North China Raw Cotton Stock Company was established with a capital of 3,000,000 yen and it includes a press factory, a storehouse and exchange facilities in Tientsin. The Oriental Cotton Company, the Japanese Cotton Company, and Chiang Shang Raw Cotton Exporters Corporation plan to build press factories that will pack 45 bundles of cotton in an hour and which will be run 20 hours a day.

PRICES

Wang Keh-min, chairman of the North China Political Affairs Commission, issued a statement on July 10 to the effect that strides would be resolutely taken toward the settlement of the foodstuffs problem.

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#### PRICES

Our Peking embassy issued the following statement in the name of Minister Shiozawa and pledged Japan's cooperation. "The prices of foodstuffs have recently dropped suddenly and accompanying this drop, commodity prices in general are also gradually showing a tendency toward a decline. This is truly a result of the appropriateness of the measures of China, and is very encouraging...." (Tok. Jap. 7/11/43)

The North China Commodity and Commodity Price Management Committee decided on the official purchase prices for kaoling and other commodities in June. The committee further decided on the official purchase prices for soya beans and black soya beans also on Nov. 6, and decided to enforce them today. As regards the official prices for peanut oil, and various kinds of oils, and their basic materials, they were resolutely put into effect from September 13, but it was decided to ... as regards soya beans and other products also. The official purchase prices which were recently fixed are (classified) ... 116 momme (1 momme equals .1325 oz.) for soya beans and 12(3) momme for black soya beans.

(Tok. Jap. 11/9/43)

The Municipal Bureau of Social Affairs is taking steps to combat the recent reckless rise in food prices in Peking, which has affected the livelihood of the people. Food is now pouring in smoothly from the outskirts, and soaring prices have been checked during the last few days. However, the amount of food required in Peking is extremely large and it is feared that difficulties of importation will cause an abrupt rise in prices, with subsequent effects on public peace and order. Therefore, the authorities are carefully protecting peasants bringing ... to Peking from the villages, guarding them against profiteers who will be drastically punished.

(Peking Mand. 1/14/44)

Since the spring festival, (the Chinese New Year-ed) prices on food suddenly soared up due to unknown reasons. Prices on other commodities also followed suit in the sudden rise. On main foodstuffs such as ... the price increased 100 yuan per ten catty. Other foodstuffs also rose in a similar scale. In order to calm down the confusion and to keep peace and order, the government will dispatch investigators to the different areas to inspect the cause. If anyone should mark up the prices for controlling the flow of foodstuff, he will be severely punished if discovered.

(Peiping Mand. 2/19/45)

#### DISTRIBUTION

The North China Political Affairs Commission has established a special committee for the distribution of commodities in order to render possible a smooth distribution of commodities to the general public... This special distribution of commodities committee will, for the time being, be managed by a military official of the North China corporations. It will make ... assistance in the political power of national defense more thorough-going.

#### Cooperatives

In order to discuss the cooperatives affairs of this year, and to hear the cooperatives reports of the past year of various provinces and hsiens, the head office of North China's cooperatives decided, on February 27 and 28, to call a general meeting of the representatives of cooperatives in Shantung, Shansi, Hopei, and Honan.

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#### DISTRIBUTION

##### Cooperatives

The matters for the general meeting are now being prepared by the head office. (Peking Mand. 1/20/44)

The North China Cooperative Association will strengthen the organization of its cooperatives. In order to speed up agricultural production and so that all the farmers in North China could have an efficient organization upon which they could depend, the North China Cooperative Association has decided to modify the structure of the cooperatives to some degree. This year the work of the cooperatives will be extended. Besides giving guidance in agricultural production, the village cooperatives will give information regarding (exchange of currency) and other matters. This will not only develop the spirit of cooperatives, but will help establish the reconstruction of the villages. (Peking Mand. 2/29/44)

Tsina: The Shantung Provincial Cooperative Union started to plan its policies for the year 1945. After many a discussion session, Policy Planning Committee will present for approval the policy of 1945 during the first meeting of the Directors on January 30. (Peking Mand. 1/15/45)

##### North China Food Products Corp.

Peking: The North China Political Affairs Commission, on May 11, decided upon the provisional articles of incorporation of the projected North China Food Products Corporation. These articles were made public on May 12. The Commission then plunged into the task of selecting possible candidates to fill the executive positions of the new establishment and of furthering concrete measures on the establishment of the corporation. The corporation is to be a special non-profit organization, to be jointly operated by the Government and by private interests, and will be established under the jurisdiction of the Agricultural Administration. (Tok. Jap. 5/12/44)

##### Trade with Lunghai

Lunghai region has traditionally been regarded as politically belonging to the Central China sphere, but economically belonging to the North China sphere. That is why there have not been many statistics compiled to register the economic conditions of that region.

Before passing to what the Lunghai region transports to other regions, it may be noted that Lunghai also needs certain goods from other places and that these goods go to Lunghai mostly from Tsingta, Tientsin, and Shanghai.

The flow of goods from Lunghai spreads out mostly to the principal cities around Tientsin. The commodities have been principally agricultural products, such as oats, beans, corn, barley, sesame, nut-oil, melon-seeds, peanuts, flour, etc. There are also some exports of cattle, wool, and hemp.

According to statistics (note: time taken not indicated), Lunghai exported to Tsinan agricultural products amounting to 34,780 tons; to Tsingta, 29,299 tons; to Tientsin, 27,598 tons; and to Peking, 5,552 tons. This is why the Lunghai region is regarded as the Ukraine of North China.

However, the economic position of Lunghai is not independent, because the determining power of price is not vested in Lunghai,

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#### DISTRIBUTION

#### Trade with Lunghai

rather in the principal cities of North China. Whether Lunghai should attain independence in this respect is a problem.

(IDC R3741:1214 1/12/44)

#### INSPECTIONS

Peking: Wang Keh-min, president of the North China Political Affairs Council has been on a tour of the harvesting condition of agricultural products and the construction of peace and order in the various parts of Hopeh province. He returned to Peking yesterday afternoon. (Tok. Jap. 10/21/43)

The Bureau for the increase of Food Production, under the Education Department, sent out inspectors yesterday to various cities and provinces. The head office of the North China Student Bureau for the Increase of Food Production, which is part of the Education Department is making an inspection survey of the work done. The Peking Technical School has as its president, Dr. Huang Tu-pen, and vice president, Mr. Lieu Tsung-fan, who divided the investigating groups into two. In general, much improvement has been made since last year. As to the various cities, the investigators had already started out on their missions.

(Peking Mand. 6/17/44)

In order to keep in close touch with rye harvest situations throughout various areas, the North China Political Council Information Bureau has decided to send rye purchasing and inspection groups made up of university students to different parts of the province to make studies and reports on the rye situation. At 11:00 A.M. this morning, these units met at the Information Bureau for a ... meeting. Minister of Information, Mr. Kuan I-chien personally attended the meeting. Also present were interested circles of Chinese and Japanese and many guests. Commissioner of Education, Mr. Wang Shih-fen presided at the meeting. After the meeting started, Minister Kuan made known the purpose of the inspection groups and the duties of these groups. In a speech, Commissioner (Wang) later praised the action of the students, explained their relation to the people, and encouraged them in their work. The spirit and atmosphere of the meeting was very high.

(Peking Mand. 7/21/44)

#### STORAGE

In order to assure smooth distribution of food supplies in the future, the authorities of North China have constructed six new granaries which will accommodate 10,000 tons of grain.

In this year, the North China Transportation Company spent 8,000,000 yuan in building granaries in Peking, Pao-ting, Haichow, Tsinan, Tai-yuan and Tsingtao.

Besides granaries in Tsingtao and Tsinan, which will be completed at the end of March 1944, other granaries have been established.

The building of all these granaries has been a great contribution to the promotion of food policy.

The North China Transportation Company also plans to build central granaries in Peking, Shih-men and various areas along the Lung-hai Railroad in the following year.

(IDC R3684:1166 1/5/44)

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#### LABOR TRANSFER

North China as the sole source of agricultural labor power within the continental sphere, is responding to the demands for increased production power in GEA wartime, and its mission is becoming increasingly important. According to the investigations of the North China Agriculture Laborers' Association, in the last fiscal year (1943-trans.), the number of agricultural laborers dispatched from North China into Manchukuo, Menchiang, and within China was 1,007,035, which manifests a growth of far surpassing the figure of 820,000 decided upon last year end by the agriculture liaison council of Menchiang dispatched to Manchukuo, Central China, and Menchiang, according to the last fiscal year (1943--trans) plan. True, in comparison to the figure of 1,086,000 or more for the 1942 fiscal year, it is a decrease of approximately two months. Dispatches from North China into Manchukuo were suspended as contagious diseases were prevalent in the vicinity of North China, and also due to the decrease of apportionment of the North China Agricultural Laborers' Association because of the establishment of the agricultural administration structure in Manchukuo. On the other hand, the apportionment of laborers in the vital industrial fields to Menchiang and throughout China became greater and these are being suddenly increased. (Tok. Jap. 2/11/44)

#### RATIONING

The second period of sugar and match rationing, due to operate December 31, has been postponed for 6 days due to the incomplete census. (Tientsin Mand. 12/30/43)

The Municipal Bureau of Social Affairs has made great efforts to operate food rationing in order to stabilize living conditions. During each of the past two months, 230,000 piculs of flour have been distributed by the Food Administration. Since the supply fell short of requirements, a black market was inevitable. Hawkers who illegally sold food at retail have been thus far unmolested due to the solicitude of the authorities. This caused food hawkers to appear everywhere in Peking. The situation has now gone from bad to worse, since food dealers have profited by mixing earth with flour. This inhuman profiteering is intolerable. Drastic measures should be taken to redress the situation. The Municipality sent out a staff to watch profiteers for the purpose of punishment. (Peking Mand. 1/1/44)

The rationing of food and matches in Tientsin has been in operation since last October. After an urgent request by local authorities, the Peking Food Administration allotted 300,000 piculs of flour for Tientsin food rationing in November and December. It is understood that overdue rations may be produced immediately and the quantity distributed will total 7 catties per head for both months combined. Regarding matches, owing to reduced production and the shortage of materials, the ration will be 2 boxes per head. Preparations to operate these plans positively have been made and are expected to be put into effect about January 20. (Tientsin 1/10/44)

The 11th of ..., food rationing in Peking with an allowance of 10 catties of flour per head began today. People went with a cheerful air to the ward offices to obtain ration cards and buy their food-stuffs. Gratitude to the authorities for their solicitude was expressed by the people. (Peking Mand. 1/22/44)

Authorities have increased food rations. It is the wrong approach to Chinese New Year, but some merchants are refusing to sell the amount of flour allowed the public as rations. Therefore special



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#### RATIONING

agents have been dispatched by the authorities to inquire into the situation. (Peking Mand. 1/22/44)

The prices of commodities in North China have been climbing since the beginning of this year, reaching a peak during the latter part of March. Since then, prices have begun to fall gradually. Recently, the prices of grains, edible oils and food in general have been dropping. In the Tientsin market, the quotation of grains during the latter part of April were: Gyokumai rice, 710 yen per 100 kilograms; kaoliang 610 yen per 100 kilograms, and broken rice 850 yen. By the latter part of May, the prices per 100 kilograms for Gyokumai rice, kaoliang and broken rice were 610 yen, 510 yen, and 790 yen respectively, showing a drop of 14% in gyokumai rice prices, 16% in kaoliang and 6% in broken rice. Of the edible oil, the price of peanut oil was 3,600 yen for 100 kilograms during the early part of May, but dropped to 2,800 yen during the latter part of the same month; sesame seed oil was quoted at 4,200 yen, but dropped to 3,100 yen during the corresponding period. The rate of fall was 20%. Wheat is the staple food for the people of North China, and as it is in a harvesting period, it has not shown any drop yet, but the price is weak at present. Prices are also dropping in matches and dry goods. The causes of the fall of commodity prices in North China are:

1. The prospect of a bumper wheat crop which is possible because of excellent weather.
2. The Peace of mind of the people which has been brought by the success of our Honan operations, both of which are reflected in the prices. (Tok. Jap. 6/8/44)

The North China Political Council has been studying plans for the ... with the aim of preventing bad inflation and for the (stabilization) of (foodstuffs), and from April has been putting the plan into effect in the four prefectures of Shansi Province, 15 prefectures of Shantung Province, and one prefecture in Honan Province, a total of 20 prefectures. The results have been extremely good. Especially this year, due to good harvest, the farmers are also greatly welcoming the plan. Therefore, from next year throughout all North China, plans are being made to put ... into effect. (Peking Jap. 8/11/44)

#### Food Situation

The food shortage is becoming increasingly serious in the province as a result of continuous drought in the past few years. The average harvest for the entire province has been well below 50%. Food rationing is strictly enforced by the Japanese. People in the large cities are generally living on corn, while flour is extremely scarce. Three years ago, the poor people started eating bean cakes, which were mainly used as fertilizer in peace time. Now, however, most of them can get only rice bran from the rationing office and bean cakes have become a luxury. Thousands of the poor have starved to death, while a great portion of those now alive are inhumanly underfed. Only the puppet government workers are sometimes given comparatively better food, and only the rich can afford the skyrocketing black market prices for food good enough to maintain normal health. Confirmed information says that, in January of this year, corn flour was sold at FRB \$6.00 per catty. According to a recent arrival from Shantung, the price has doubled. At the average rate of exchange, i.e. CN \$10.00 equals FRB \$1.00, this means that one catty of corn flour in Shantung costs \$120.00 in Chungking money. (A-44412b YH/CK-35pt 10/24/44)

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## ECONOMICS

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#### ECONOMIC BLOCKADE

North China army has been carrying out economic blockade against the enemy, limiting distribution of wheat, German millet, kaoling, and corn. Now this limitation is to be cancelled. Appropriate arrangements for marketing prices of food distribution centers and for transfer of foods will be made. (Tok. Jap. 11/5/42)

#### IRRIGATION

Shichiro Miura, chief of the Technological Section of the China Affairs Board, says that in order to make China self-sufficient in food, a Five Year Plan to construct irrigation canals at an expenditure of 2,200,000,000 yen was begun this year.

(Tok. Eng. 8/6/42)

North China Reconstruction Department of Hopeh Political Council sponsors reconstruction work. As part of a Five Year Plan, financed by a 150,000,000 (dollar) fund, engineering works will be started to develop 88,000 cho (1 cho=2.45 A.) for rice and cotton fields. Construction of a 320 kilometer canal between (Sekimon) and (Ton-sukan) will be revived. Three construction works on (Ran), (Seiun) and (Koda) Rivers are being carried out with the work of 30,000 coolies daily, and are 80% completed. In 18 districts of North China, rice field developments will be carried out, with irrigation for dry lands.

(Tok. Jap. 10/18/42)

The reconstruction works authorities at Peking have been working on an irrigation project for the rice-paddies of the Tientsin district of approximately 20,000 chobu by stemming the water which runs in the river (Hakuyotei), running through the province of Hopeh. ... The next step is to attempt to bring the flow of the Yellow River to meet with the southern part of the Canal.

(Tok. Jap. 3/24/43)

North China is going to plant a certain herb called (Itkita) along the banks of the Yellow River and Great Canal to prevent collapse of the banks and dams, to facilitate irrigation, and purify river water next year. The plant has been tested by over 40 experimental stations in North China. The stalk roots can be used as fodder.

(Peking Jap. 12/18/43)

Paoting: In order to bring about results in agricultural production increase this year, the Hopeh Provincial government is planning intensively to better the irrigation by distribution wells in various places. Plans have been made to construct artesian wells in the following places: (Tsinan) and (Paoting), Anting, (Chengteh), (Tsinan), and (Potze). It is estimated that the construction of large wells will cost 13,000 yuan, the small wells 6,000 yuan, and improvement and repairs will cost 57,000 yuan.

(Peking Mand. 3/9/44)

The Labor Service Program Office, under the Kaifeng Welfare Administration of the North China Engineering General Administration, in order to secure means of transportation and secure an irrigation system for agricultural lands, has been working on a project to bring water in from the Yellow River. This project is expected to be completed by March of this year. This canal, which is under construction from the Yellow River, has long been known to be a difficult project, however, the Labor Service Program Office will be completing this project two and one-half years after its beginning. Likewise, a better irrigation project for agricultural land is also being pursued in the (Sinsiang) Sector in an area covering about 18,000 "chobu". This area is also expected to benefit from the canal being built from the Yellow River. It will also influence, to a great degree, the increased production of wheat and cotton.

-101- (Tok. Jap. 2/2/45)

ECONOMICS

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LEVEES

Taiyuan: The levee construction along the Fen River which started on February 1 as part of a gigantic 10 years ... construction plan in Shansi Province is progressing smoothly, and it is expected to be completed by the latter part of June. The huge ... project ... increase the production of foodstuffs and resources such as iron and coal, and will prevent the soil from eroding. Meanwhile reforestation experts are expected to arrive from Chosen on Monday and work will begin immediately. Preparatory work in establishing meteorological observation stations and the construction of dams ... is reported to be progressing smoothly.

(Tok. Eng. 3/29/43)

With the time of annual floods approaching, in order to prevent disasters, the Provincial Government of Hopeh has ordered rigid inspection and reinforcements to be made on all dykes along all the rivers in Hopeh. In the regions of Changhaien and Nanpi, along the southern Gran Canal, there are some breaking of dykes, but the water has not yet risen to that level, at the same time, there are also some crumbling of dykes along the Yungting River. The Provincial Government has now ordered that swift building and repairing of the dykes be made in the area of Changhsien, Hampi, and vicinity of Yungting River in order to prevent the disaster of floods.

(Peking Mand. 7/20/44)

FERTILIZER

In Taiyuan, near coal and gypsum mines of North China, the North China Fertilizer Company jointly financed by the Japan Nitrogen Company and the North China Development Company with a capital of 40,000,000 yen, will build fertilizer plants for a large scale production of ammonium sulphate.

(Tok. Eng. 8/27/42)

President of the North China Development Company, Genshi Kishima, says that a nitrogenous fertilizer company was established on October 1, and its factory is being constructed.

(Tok. Jap. 11/15/42)

Kaya said: "If electric generating plants on the Yellow River and (fertilizer industries) are established, they will serve greatly in the increase of production of foodstuffs and raw cotton."

(Tok. Jap. 2/18/43)

PRODUCTION IN GENERAL

Peking: The Peking embassy authorities announced yesterday the following statement in regard to the estimate of the second agricultural harvest throughout North China. "... throughout North China the estimated crop of this year is extremely good. As was expected, there was suitable rainfall in the central and south Shantung Province and from Kiangsu Wai River area to Hunan Province and great harvest is expected in soy beans which are a specialty of Manchukuo millet, corn, ... and sesame seed as the seed planting and ... was very good.

(Tok. Jap. 9/7/43)

Peking: A marked increase in farm production in North China, this year, is expected, according to a final preliminary survey conducted by the Emergency Foodstuffs Production Increase Committee. According to the survey, production of farm crops in the different provinces in North China will increase from 4% to 29% this year compared to last year, despite a decline of an average of 2% in arable land. It is revealed that farm production, this year, compared to last, is expected to rise 4% in Hopei Province, 29% in Shantung

## ECONOMICS

### AGRICULTURE

#### PRODUCTION IN GENERAL

Province, and 13% in Shansi Province. It is further disclosed, production of miscellaneous cereals will be upped by an average of 6% this year, while the output of sweet potatoes will be increased by 30%. (Tok. Eng. 11/17/43)

Peking: A marked increase in farm production is expected in North China this year, according to a final preliminary survey conducted by the Emergency Foodstuffs Production Increase Committee. There was a view that farm production, this year compared to last year, is expected to rise by 4% in Hupeh Province, 29% in Shantung Province, and 13% in Shansi Province.

(Hsinking Eng. 11/20/43)

#### RICE

The Hopeh Coordinating Council of the China Affairs Board, learned from Chairman Hirozawa that Hupeh's yield of rice and other agricultural products will be beyond the expected, so that such supplies may be viewed with confidence. (Tok. Jap. 8/13/42)

The second transport ship, loaded with southern rice, has arrived at Tangku Harbor for the people of Hopeh.

(Tok. Jap. 9/12/42)

Two treasure ships carrying full loads of rice and sugar from the south arrived at a certain port in North China last week end. It is the third time that such vessels entered the same port.

(Tok. Eng. 11/27/42)

At present, fierce (modern warfare) is in progress against the ... (in) ... of North China. (In spite of this), according to the compradore buying system, report dated August 10, (crop buying) is proceeding very favorably, with more than expected results. The actual results of the compradore system, rice-buying by the authorities on-the-spot, has already definitely surpassed the production quota, and at present, efforts are being made, as ever, to (produce) more. The provinces, individually considered, ... the volume of compradore system buying actually achieved is: Hopeh 124%, Ksantung 111%, Honan 98%, and ... 113%, which corresponds to an (over-all) 13% increase beyond the quota. Moreover, ... Hopeh (60%), Kwantung 67%, Honan 59%, and ... 62%. Hence, by provinces, the individual increases in the allocated quota show as follows: Hopeh (10.26%), Kwantung 26%, while the others will definitely ... during the month of (October). (Hence), the compradore system of rice-buying for this fiscal year is showing better records than last year. This year's unprecedented record, and ... This is due to the fact that ... and transportation facilities have (united) to exert (maximum efficiency), while on the other hand, the agricultural people are offering every cooperation possible....

(Peking Jap. 8/14/44)

The rice crop for this year in ... of North China is extremely favorable. Already ... rice which endorses this fact has started to be (harvested) in (several) places. The bringing in of ... rice to Shanghai by farmers from the various areas has increased. The price of table rice in the rice market has put a spur to its fall in price. In comparison to this spring and beginning of summer, the food situation in Shanghai has taken an outstandingly favorable turn.

(Tok. Jap. 8/29/44)

Crop estimates of the rice yield of North China, this year, have been put at 895,000 koku, an increase of 60% over last year. North

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#### RICE

China expects to have the best crop since 1938.  
(Tok. Jap. 9/11/44)

#### RYE, WHEAT, ETC.

Mr. Wan Yi-tai, director-general of the Industrial Administration of the North China ... Mission, revealed that summer rains make bumper cereal crops in North China the expectation. With favorable weather, this area will be able to drive forward towards self-sufficiency in wheat and other cereals. Formerly rice was imported from Thailand and French Indo-China. Today, the problem has been partially solved by drilling more than 200,000 wells for irrigation and an appreciable increase in the rice crop has been realized in the Tiensin, Peking, and Eastern Hopeh districts.  
(Tok. Eng. 9/17/42)

Wheat production, this year, surpasses the crop of last year.  
(Tok. Jap. 9/30/42)

It is reported that the authorities of North China have worked out a plan for 1943 having as its object the increase of production of wheat to 3,000,000 ..., and of other cereals to 2,500,000 ... and of raw cotton to 600,000 ...  
(Saigon Fr. 1/3/43)

Peking: The crop of cereals in North China is very satisfactory this year. The increase in cultivated areas and the favorable weather together with the whole-hearted cooperation of the (farmers), and wartime foodstuff administration by the government brought forth a tremendous increase in grain products. In Shansi and Honan provinces 93% of the estimated amount for this year has already been (purchased) up, and the (purchase) of other grains is also expected to be very promising.  
(Tok. Eng. 12/1/43)

Harvesting of crops in the outskirts of Peking this year is good. Farmers are not only selling grain in Peking city, but also to the people of the Marine Transportation Service. There are lawless people who make exactions from the farmers in the name of such mariners. Police authorities have been notified.  
(Peking Mand. 12/8/43)

... Buying-in of wheat is also favorable. The ... committee, in step with the buying-in of rice, has commenced the Second Buying-in Campaign in March. Centering around the Pukow area, the results have been more than favorable, ensuring the attainment of the set goal. Thus the exports into North China (is) anticipated greatly.  
(Tok. Jap. 4/24/44)

The harvest of rye in North China is estimated to be great this year. There has been sufficient rainfall this year in North China and the climate has been excellent, it is expected that the recently sown rye will have good harvests. All over in North China and along the Tientsin railway, one can see the green fields waving in the wind. Furthermore, this year, there has not been very many harmful insects, such as locusts, grasshoppers and the like; so there will not be any ill effects on the harvest. To sum it up, North China will harvest a large crop of rye this year. North China is the food supply base of the Greater East Asia war. With such a large crop of rye harvested, the peoples of North China will be able to go about peacefully with their work on national reconstruction.  
(Peking Mand. 5/12/44)

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#### RYE, WHEAT, ETC.

Hsuechow: Because the Hsuechow Japanese Merchant Grain Syndicate will soon furnish the North China various grain syndicates with assortments of grains, a meeting was held on May 14 and 15, two days, with all the representatives of those North China grain syndicates and those Japanese and Chinese representatives of the Hsuechow syndicate assembled together for conference. It was decided that the Hsuechow Grain Syndicate will supply the Tientsin syndicate with millet, barbadoes millet, soy beans, and corn, certain ten thousands yuan per item. On May 16, they discussed the final arrangements of the transaction, and both sides reached satisfactory agreement. Furthermore they elected to have the two ... and ... Banks to take charge. The transaction will soon take place. The supply of certain tens of thousands of tons of assorted grains for the (Japanese)... factory was also decided here at the meeting.

(Peking Mand. 5/19/44)

Peking: This year's wheat crop in North China is said to be the largest in several scores of years. The North China Joint Enterprise Corporation, which holds the sole wheat purchasing rights in North China, has made a survey of the wheat situation, and the reports of its general session show that there has been a 55% increase in the cultivated area in Hopeh Province since last year and that the crop estimates are higher by 68%. The cultivated land area in Shantung Province has decreased 17%, while crop estimates have increased by 64%. In Shantung and Shansi Provinces, the cultivated area has decreased 17% and 3% respectively, but crop estimates have increased 64% and 20% respectively. In Honan Province, the land under cultivation has been augmented by 10% and crop estimates are 20% higher.

(Tok. Jap. 6/12/44)

During the latter part of April, the North China Cooperative Statistics Bureau announced that according to the statistics of February 25 regarding the estimated production of the four North China provinces and Huaihai province to be 1,430,000,000 catties of grain this year. Compared to the harvest of last year which was 1,244,000,000 catties, the estimated increase would be 170,000,000 catties. Due to good weather conditions the North China Cooperative Statistics Bureau made another survey on May 15, and the figures for the estimate harvest are even higher. The estimated harvests from the four provinces of North China and Huaihai province are 18,887,200,000 catties, an increased crop of 1,730,400,000 catties. The statistics of this survey differ entirely from that of the first survey. The North China Statistics Bureau sends surveyors out everywhere to make careful and detailed reports regarding the change of weather and the condition of the growing rye crop. With this minute investigation, the reports and figures of the North China Cooperative Statistics Bureau are very accurate for they are based upon facts. Now we will give you a report of the agricultural conditions of different places and their crop figures: In comparison to the figures of last year, the area of land in cultivation in Hopeh Province has an increase of 37%, Shantung Province has an increase of 21%, Honan, an increase of 7%, and Shansi Province is the same as last year. The average increase of land under cultivation in these four provinces is 15%. The crop increases compared to last year are: Hopeh increased 70%, Shantung increased 8%, Shansi ...%, and Honan Province increased 18%; the average increase of these four provinces is 23%, which in other words means an increase of 1,730,400,000 catties. The good harvest of rye this year is due to good weather conditions, the encouragement of the North China authorities, and the efforts of the farmers in North China. In other words, this is the result of hard work and good spirit by the good people coupled with good con-

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### AGRICULTURE

#### RYE, WHEAT, ETC.

ditions. The rich harvest of this year and the ... of the China plains have a great effect upon the peace movement of our nation. (Peking Mand. 6/28/44)

Peking: This year's wheat crop in the four provinces of North China was estimated to total 5,290,000 tons, according to the second ... figures compiled by the North China General Research Institute. The forecast further disclosed that on the basis of 100 for the 1943 wheat crop, the index numbers for wheat in each of the four provinces stand as follows: Hopeh, 170; Shantung, 108; Shansi, 111; and Honan, 118. (Tok. Eng. 6/28/44)

Peking: The new wheat crop is now entering its harvest season. According to reports of the North China Federated Investigation Research Laboratory as of May 15, the harvest is estimated to be about 130,000 tons. These figures are for the four provinces of Hopeh, Shantung, Shansi, and Honan. (Tok. Jap. 6/28/44)

According to a survey released by the North China General Food Research and Experimental Station, for the period from May 1 to now, the wheat crop of North China now being harvested is estimated at 5,290,000 tons which is an increase of 1,030,000 tons or 24 percent over the 1943 fiscal year. (Tok. Jap. 7/2/44)

The Flour and Wheat Control Committee, which decided upon its functions and personnel and made a new start on July 1, passed four provisional regulations on the control of purchase, process and manufacture, distribution and shipping at its meeting on July 4. Thus the new committee will purchase the 1944 wheat under a more simplified and strengthened system as compared to the previous Flour Monopoly Committee. As a rule commodity prices in North China rise at the end of the ... but this year the rise is very slow as yet. The following reasons are given for this price stability: expectations of an unprecedented wheat crop, restriction of speculation by thorough control of economic disorders, and production of commodities in accordance with present prices. (Tok. Jap. 7/10/44)

On the food production increase front of North China, buying-in of wheat which is the principal farm product of that area, has already begun and here also great results are being scored. According to the survey released by the North China General Experimental Station, the estimated harvest figure for wheat crop in the four provinces of North China is put at 5,290,000 tons. As in Manchukuo, this is the result of favorable weather conditions and the united effort of the government and the people. In communist infested North China the fact that the formula, bumper crop equals increased harvesting, does not hold good has been an increasing source of food problem; therefore, special emphasis is being placed on the buying-up front. This year, joint government and people's food corporations were established in the central and local governments, ... (Tok. Jap. 7/14/44)

Peking: The North China Political Council in order to control inflation and make a reserve of foodstuffs has, since last spring, been carrying out the experiment of collecting actual produce as land tax in lieu of money in 20 hsiens under its jurisdiction. As this has produced extremely good results, the experiment will be carried out on a larger scale at the time of the grain (harvest) next spring and by the time of the wheat crop next year this plan will be effective throughout North China. Preparations are being

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#### WHEAT, RYE, ETC.

made at this time. So far, this plan has been effected in four hsien in Hopeh Province, 15 hsien in Kwantung Province, and one in Honan. The Political Council, in deciding upon the amount to be collected, has taken into consideration the economic condition of every hsien and has fixed the amount to be collected from "se" (approximately 3/20 of an acre) within a certain figure. The rate of taxation, therefore, differs with every hsien but as a general standard, 10 kilograms per one "se" has been adopted and this standard has been divided into three classifications: best, average and poor. As this method of taxation is easily understood by farmers, it is being accepted with great favor.

(Tok. Jap. 8/12/44)

#### PURCHASE OF GRAIN

Due to the cooperation of the executive offices and the administration office in Hopeh Province, good results were obtained in the purchase of grain from farmers. Especially outstanding is the purchase work of this year. Up to January 10 of this year, the condition of the purchases at various places is as follows: Peihaitao ..., a certain number of 10,000 tons which is 90 percent of the aim; Peking district, a certain number of 10,000 tons; Tientsin district, a certain number of 10,000 tons; these two stations are about 60 percent of the aim; Paoting district, a certain number of 10,000 tons which is 40 percent of the aim. Other places also collected the total grain required by the plan. Therefore the purchase of the entire province is ahead of the goal of a certain number of 10,000 tons.

(Peking Mand. 1/20/44)

#### COTTON

The cotton crop will be 20 percent above that of last year.

(Tok. 6/28/42)

Mr. Wan Yi-tai, director general of the industrial administration of the North China ... Mission, says that the production of cotton which last year amounted to between 3,000,000 and 3,500,000 piculs will be increased to approximately 10,000,000 piculs in this area in three or four years.

(Tok. Eng. 9/17/42)

According to Mr. Wang Ing-tai, representative of North China at the GEA Economic Conference, cotton production there is considerably higher this year than in past years.

(Tok. Dutch 11/27/42)

It is reported that the authorities of North China have worked out a plan for 1943 having as its objective the increase of production of cotton to 600,000 ...

(Saigon French 1/3/43)

Peking: The fixed cotton purchase price in North China, 400 yen per picul, has been in effect since September 21 last year. However, in view of the present situation, it was decided in a meeting yesterday to abolish the present fixed price. An announcement to this effect was made the same day by the Information Bureau of the North China Political Affairs Commission.

(Tok. Jap. 4/15/44)

Peiping: In view of the present market conditions, the fixed



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COTTON

prices on the purchase of North China cotton which have been in force since September 21, 1943, have been abolished by an act effective April 15. This announcement was made by the Information Bureau of the North China Political Affairs Commission. The price of ... third class standard had been set up at 400 yuan for one picul delivered in the Tientsin or Tsingtao market.  
(Tok. Jap. 4/17/44)

The new crop of cotton in North China, having ... , has had exceptionally fine weather conditions. Should this condition continue, it is estimated that this year's harvest of cotton will be superior to that of other years. The yield is expected to be twice the amount of previous years.  
(Peking Jap. 8/23/44)

Tientsin: (Cotton manufacturing leaders) residing in the city of Tientsin have been studying the formation of a group organization for promotion (of production) and at this time it has been formed with the approval of the (cotton producers)... Today an inaugural ceremony was held at the Central China Bank Club in Tientsin naming the organization the New Cotton (Enterprisers and Manufacturers) Association (shin menka eikan sha).  
(Peking Jap. 8/8/44)

The harvest season has set in and a report from Shantung Province in China says that a bumper crop of cotton is promised in the northwest district of the province which is the center of this cotton producing province.  
(Tok. Eng. 11/17/44)

Plans for seizing staple cotton and dividing North China into cotton zones were started by the Japanese after the formation of the North China Development Association in 1941. A cotton bloc was set up by the association in each designated zone for the purpose of offering bargain prices in the purchase of the seizure of cotton. Recent initial tabulations on index numbers of commodity values in North China have shown that prices rose 20 times higher in 1943 than the figures of 1941. Besides the seizure of cotton by the Japanese Army garrisoned in North China and the shipping of part of this to Japan, there was likewise a critical food shortage. In the first part of August, 1943, the Japanese ceased to allot food to each household because food was non-existent. Supply of cotton and food from Peiping and Tientsin was severely cut as a result of exhaustion of these major commodities.  
(IDC 7898 9/29/43)

DRUGS

See under HEALTH, WELFARE

FORESTRY

Of the North China provinces Shansi has twice as much forest as all the other combined:

Province	Forestry Area	Possible Area for Reforestation
Hopeh	12,647,000 se	408,931,000 se
Shantung	10,760,000 se	450,373,000 se
Shansi	97,105,000 se	550,262,000 se

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#### FORESTRY

Most of the forest land had been cut drastically in former days. The Shantung Province public affairs office and the Tsinan Railroad Bureau have joined in a 30 year plan to reforest 20,900 se of land in Tsinan and 645 se along the Tientsin-Pukou Line. By the third year of their 30 year plan, 1931, 250,000 trees had been planted. The number of trees planted in the areas for reforestation by railway agencies is as follows:

<u>Name of Railroad</u>	<u>Number of Trees Planted (1,000 unit)</u>	<u>Areas of Refores- tation (Unit: se)</u>
Tientsin	14	40
Peking	25	80
Tsihan	30	70
Changchiakou	94	210
Taihuan	28	90
Kaifeng	58	90

(IDC R 3023:840 1942)

#### ANIMAL HUSBANDRY

The live stock of North China is mainly for labor and fertilizer. Shantung cows are excellent for their quality of beef and its exportation is increasing every year. The investigation of 1936 as to the number of domestic animals and fowls is as follows:

<u>Variety</u>	<u>Hopeh</u>	<u>Shantung</u>	<u>Shansi</u>	<u>Total</u>
Buffalo	72	24	2	98
Cow	1,148	2,220	577	2,044
Horse	413	467	157	1,037
Mule	757	689	335	1,781
Donkey	1,349	2,201	557	4,107
Goat	958	1,478	2,188	4,624
Hog	3,974	4,253	735	8,962
Chicken	14,220	24,201	4,664	43,185
Duck	734	2,597	66	3,397

(IDC R 3023:840 1942)

#### Ducks to Japan

The North China Products Company will send 200,000 frozen ducks to the children of Japan. (Tok. Span. 1/17/45)

#### MARINE INDUSTRY

##### Fish Eggs

On February 19, 6,000,000 eggs of pond-smelt will be sent to Tayuan in North China. At present every possible preparation is being made for this long-distance transportation of the eggs at the Kitamura Fishery Laboratory in Kasumigaura in Tsuchiura City. These eggs will be hatched at Tayuan and the fish will be released to various ponds and lakes around Tayuan for breeding. It is reported that the eggs sent last year are achieving an excellent result. (Harbin Jap. 2/15/43)

# E C O N O M I C S

## INDUSTRY

### North China Development Company

#### Background

Only one year after the outbreak of the Greater East Asiatic War, the British and American influence in the Far East has been wiped out. Although we also learned that the economic power of the U. S. is strong enough to wage a long war and that Britain and the U. S. would launch a counter-offensive in 1944, we doubted that they could. To wage a modern war one must have a combined economic and military force. So in order to win this war, all the countries within the Co-Prosperity Sphere must integrate their economic and military powers into one unitary force.

North China occupied an important economic and military position within the Co-Prosperity Sphere. Its natural resources are iron, coal, salt, aluminum, and shale, all of which are war materials. The production of these materials has been two or one-and-one-half times the estimated output during the last five years. With the supply of these natural resources from North China, the demand of chemical industries in Japan has been met.

Before the Sino-Japanese War, land in North China was laid waste and manpower was not exploited. Ever since the war all these production factors, including national capital have been employed for industrial development. Industries in North China have long been developed along the lines of textile goods, flour, eggs, peanuts, oil, etc. Chinese factories were as many as 410 with a total capital of 275 million yuan and about 100 factories were established with foreign capital. But most of these factories were destroyed by the war. In view of this and with the aim to revive industries in North China, the North China Development Association was organized in Nov. 1938.

Soon after the establishment of this Association, industries in North China began to revive. Coal industry, in particular, has been highly developed. In fact, coal mines in North China are so much that no other locality within the Co-Prosperity Sphere can claim more. It was estimated in this section of China alone 170,000,000,000 tons of coal are still deposited in the ground. In North China, hydro-electricity cannot be highly developed due to the lack of suitable water supply so, if coal mines are to be highly developed, generating power by using coal can also be developed. What is needed for industrial development in North China then is not natural resources but capital. To meet the demand for capital, the North China Development Association was established and its financial aid, coupled with easy access to Manchurian lumber, ... assures rapid progress of the industries in China.

(IDC R2468:470 8/5/43)

After the outbreak of the Pacific War, the Japanese military machine had to depend upon North China for economic resources. It was because of this that the North China Development Corporation was established in order to speed up production.

North China is particularly rich in coal, iron, salt, cotton and woolen products. Of secondary importance,

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### North China Development Company

#### Background

North China has also aluminite, gypsum, manganese, tungsten, asbestos, black lead, mica, fluoride, silica, limestone, and gold. Most of these are developed on a primitive basis but from now on economic resources will produce much more than before, by the above-mentioned corporation.

South China does not have an abundant supply of coal and has to depend on North China for its supply. North China, together with Mongolia and Sinkiang, possesses as much as 80% of all the coal mines in China. Moreover, the coal mines in North China are of a higher grade which are capable of producing good gasoline for airplanes.

Iron mine deposits are estimated at 300 million tons in North China. At present, coal mines are being developed at Chinling-chen, in Shantung, Likuo-yi in Kiangsu and the Lung-yen Iron Mines in Mongolia and Sinkiang.

Cotton crops have been highly developed in Hopeh, Shangtung and in Shansi in North China. The area occupied by cotton plantations was 31.6% of all the areas of these provinces but the crops produced were 35.6% of the total cotton crops in the whole country. After the outbreak of the Sino-Japanese war, the North China Industrial and Scientific Institute, the Central Agricultural Experimental Field, and North China Cotton Products Reform Association were established to introduce reforms to cotton plantations.

The aluminum industry depends very much upon aluminite, which may be found in large quantities in North China. Japan, since the Greater East Asia War, has met her needs for aluminum from North China rather than from overseas as she formerly did.

In respect to transportation, China falls far short from what she needs. China is 20 times larger than Japan in area, yet the length of railways is shorter than that in Japan. However, the length has now been extended and for further promotion to meet war needs the North China Transportation Corporation, as a Sino-Japanese legal person, was established in 1939. According to statistics, the Ching-shan Line is 436 kilo, Chin-pu Line 1,010, the Chiao-chi 449, the Ching-han Line 936, the Shih-tai Line 267, the Tung-pu Line 1,136, the Shih-teh Line 181, the Ching-pao Line 919, the Tung-ku Line 153 and the total length of railways is 5,988 kilo, and this represents an increase of about 1,000 kilo since 1941.

Because of this extension of railway lines, business transportation and travelers have increased. In 1941 there was an increase of 170% in business transportation, and an increase of 115% in travelers (more than 40 millions) over pre-war days. Besides, bus transportation and river transportation have also increased, the former now covers a total of about 13,000 kilo and the latter about 3,800 kilo.

Electricity is always important in the development of other industries. Before the war, North China maintained 170,000 kilowatts for general use, and industries like coal mines and textile manufacturing maintained self-owned electric plants of 150,000 kilowatts.

INDUSTRYNorth China Development CompanyBackground

After the outbreak of war the electric industry was placed under military control. The Chinan Electric Corporation supplied electricity for the Chinan area, the Chefoo Electric Corporation for North Shangtung and the Chiaowan Electric Corporation for Tsingtao and the area around Chiao-chi Railroad. But now all electric industries have been combined under a unitary control. For further development, an increase in capital and a better control of water supply are required.

Natural resources are always to be taken into account whenever industries are to be developed. For over-all planning, the North China Development Corporation, mentioned above, was established. It pays special attention to the purchase, management and sale of economic resources. The total capital of the Corporation at the beginning was 350 million yuan but after April, 1942 the amount was increased to 443 million yuan.

The Corporation invested money in various industrial associations, which included four associations in connection with transportation, one with communications, five with electricity, seven with mine industries, two with the salt industry and six with other industries. The total number of these associations are 25 with a total capital of 434,830,000 yuan.

Changes in organization and an increase in capital, until very recently, have been going on to a certain degree. In Sept. of this year, there were altogether 23 associations and 8 companies through combination. The total capital of these associations amounted to 930,550,000 yuan, and that of the companies amounted to 55,250,000 yuan. (IDC R2468:470 8/5/43)

Kazuo Aoki, Minister of Greater East Asia Affairs, outlines four steps for the development of the North China economy, in answer to a query addressed to him by a member of Parliament concerning the North China Development Co.:

- 1) The Corporation Law in North China will be amended so that the North China Development Company will be able to issue more corporate bonds to meet the present demand. Further, quite a large amount of the company's un-paid capital must be collected as soon as possible in order to have sufficient capital for mass production.
- 2) The North China Transportation Company will be responsible for the over-all project of improving North China's railways and it is now concentrating on the improvement of various lines and the increase of trains. Moreover, the Japanese authorities in North China have paid utmost attention to enlarging harbor facilities. At present the Takuo, Tsingtao and Lingyiin harbors are being improved.
- 3) In order to develop heavy industry in North China, the Japanese Government has planned to construct some water power plants.
- 4) The fundamental policy of handling North China's food problem is self-sufficiency. Therefore, the best effort has been made for flood control and attempts have been made to improve the irrigation system. In

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### North China Development Company

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in addition the Agriculture Research Bureau is newly set up for the promotion of improved rice seeds, the control of insects and diseases and the technical improvement of farming. (IDC R3685:1170 2/2/44)

Up to September 1943 the North China Development Co., a semi-state enterprise responsible for the whole economic development of the country, spent 1,500,000 yen towards industrialization. This company founded the Nippon Steel Tube Co., an ironworks with a capital of 50,000,000 yen; its largest affiliated firm is the Northern Chinese Railway Co.; other affiliated firms are the Northern Chinese Iron Co., the Tatung Coal Mining Co., the Northern Chinese Gold Mining Co., the Hopei Aluminum and Salt Production Co., the Northern Chinese Cotton Co., the Tangku Transport Co., the Shantung Mining Co. (which developed from German enterprise), the Inner Mongolian Electricity and Mineral Distribution Co., and 24 other companies (names not given). (IDC R4356 4/26/44)

#### Companies

The Japanese semi-official North China Development Company recently reported on its capital investments which amounted to 404 million yuan in 1942. All capital invested and all loans granted by the North China Development Company up to now total 1,220 million yuan. This amount is divided among various branches as follows (in million yen): Communication: 837; telegraphy: 52; electricity: 110; mining: 143; salt: 32; other: 56.

The biggest branch company of the North China Development Company is the North China Railroad Company. Other branch companies are:

- North China Iron Company
- Lungyen Iron Mining Company
- Tatung Coal Mining Company
- North Chinese Gold Mining Company
- Hopei Aluminum Mining Company
- Hopei Salt Production Company
- North Chinese Cotton Company
- Hopei Electricity Company
- Cheefoo Electricity Company
- Tsinan Electric Power Company
- Inner Mongolian Electricity Company
- Hopei Telegraph and Telephone Company
- Tangku Transportation Company
- Hsingchung Company
- Hopei Coal Trade Company
- Inner Mongolian Mineral Trade Company
- Shantung Mining Company
- Chiao Electricity Company
- Tsingtau Warehouse Company
- East Chemical Industry Company
- Hopei Gold Mining Company
- Chinghsing Phosphorus Ore Company
- North Chinese Nitrogenous Manure Company.

## E C O N O M I C S

### INDUSTRY

#### North China Development Company

##### Companies

As director Betsukoya of the North China Development Company recently stated, North China's coal output increased 60% in comparison with that of 1937. 41% of North China's coal is exported to Japan, Manchuria, and Central China, while 59% is used for domestic consumption.

Considering iron ore production, the following mines show the best results: Chinglintcheng and Likkwo in the province of Shantung, and Ssutchiaying in the province of East Hopei.

The North China Iron Company, which was formed at the end of 1942 and in which the North China Development Company plays an important part, will start working iron ore in the near future.

Last year the North China Development Company formed the North China Nitrogenous Manure Company which will exploit the gypsum deposits and which will produce ammonium sulphate in its Taiyuan plant in the province of Shansi. Capital stock of this company is 80 million yuan. 50 million yuan of this amount are needed for the set-up of the Taiyuan plant. Production will start in 1944. The Taiyuan plant is of high importance for North China's agriculture because cultivation of cotton and wheat requires great quantities of nitrogenous fertilizer.

The North China Nitrogenous Manure Company also plans to manufacture tar. The new factory is expected to form the basis of a large North Chinese electro-chemical industry, similar to that of Korea. The plant will use the so-called "Winckler Verfahren" (Winckler patent).

As Fukinaga, chief of a division of the Japanese Planning Office (Planamt), announced in one of the last sessions of the..., Japanese industry plans to establish great factories in North China to produce light metals since the rich coal resources make possible cheap production of electric power.

By the increase of production of salt, North China became the greatest salt producer within Greater East Asia.

By the increase of production of cotton it is hoped that North China's textile industry, now working only on a limited scale, will be able to resume production at full capacity, and that the transfer of spinning and weaving mills from Japan to China can be carried out. (IDC R5102 March 1943)

##### Personnel

Kiamatsu Hemia is director of the North China Development Co. (Tok. Eng. 2/16/43)

##### Programs

Peking: The North China Development Corporation held an emergency meeting (for increasing) (wd) and upon deliberations relative to the bill for establishment of a decisive wartime administration for all state corporations in China, in accordance with the establishment of a new effective administration in the

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#### North China Development Company

##### Programs

mainland, a favorable proposal was attained and tomorrow the representatives of the state corporations in wartime now existing in Peking will be summoned. The contents of the proposal will be explained and request will be made for their cooperation. The meeting adjourned at 4:30 p.m.

(Tok. Jap. 9/25/43)

In the meeting of the North China Development Bill Committee of the House of Representatives, which was held today, GEA Minister Aoki replied as follows in response to the question of Representative Shin Ashida in regard to the roads that the two companies, namely the North China Development Co. and the Central China Development Co., should follow in the future: "Today, when a new policy has been put into effect, a movement to give a concrete cooperation with enthusiasm toward the request on Japan in regard to the sufficient maintenance of supplies of raw materials for the increase of fighting strength of our nation is growing in China, and our side is also depending upon the improvement and creative effort of China. The works which are being done by the cooperation of Japan and China are also left to the disposal of China as much as possible. Hence, the two companies, namely the North China Development Co. and the Central China Development Co., are also about to reorganize their administrative methods and structures of the companies so that they may act in accordance with the new situation. It is desired that these companies will be reorganized in accordance with the future outcomes also."

(Tok. Jap. 1/31/44)

Economic development in North China is progressing satisfactorily. In reply to an inquiry made before the North China Development Committee meeting of the House of Representatives on Jan. 31 by Chosaburo Kotaka of Chiba Prefecture with regard to (1) increasing capital of the North China Development Co., (2) existing situation of plans for transportation facilities, (3) plans for development of electric power and (4) food problems, the gist of a reply made by GEA Minister Aoki is as follows: (1) There is no intention of increasing capital for the development of North China. Funds necessary for development will be chiefly covered by the issuance of company bonds. (2) As regards the policy for the management of railways in North China, rather than constructing new railway lines, efforts are being made in repairing railway routes and increasing rolling stocks. With regard to construction of harbor facilities, construction work is now in progress in such places as (Tailang), Tsingtao, and Lienyun. Hence, when construction work at these places is completed, there will be an increase in harbor efficiency. (3) Taking into consideration the matter of supplying electricity power, the increase of production will be strongly carried out. As for materials, production is limited to aluminum. It is the intention of the government to first increase fire power for electricity



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power and then cope with the increasing demand of electricity power. (4) The part aimed by the food policy is self-supply and self-sustenance. In order to attain self-sufficiency in food, riparian improvement and water irrigation are being carried out in North China and cultivation and development work are being carried out in the vicinity of Tai-hu Lake in Central China. Furthermore, various measures for the improvement of technique of exterminating insects that cause damage are being carried out. As for our country, we are extending every possible aid by sending technical experts and establishing agricultural research centers and agricultural experimental stations. The present problem is to lay a firm foundation that will enable effective accumulation of goods and food-stuffs. As for the increase food production measure in North China, the Chinese people have not shaken themselves free from the habit of relying on imported rice which existed even before the outbreak of the China Incident and, due to impediment caused by the competition with the cotton industry, self-sufficiency in food cannot be attained in a short space of time (or in one day). (Tok. Jap. 1/31/44)

In connection with the 1944 industrial plans formulated by the North China Development Co. during these times of decisive warfare, Director Bekkuya...during a press conference held on Feb. 1, announced the intentions that the newly formulated industrial undertakings for the present year would be concentrated in a large scale conversion of Hopeh into heavy chemical industries. Plans for the industrial undertakings for 1944 of all the participating companies will all be on hand by approximately the middle of February, but judging from the plans which have been presented up to the present time, the approximate tendency seems to indicate the newly formulated plans will prove to be a gigantic undertaking, an undisclosed number of times greater than the former. The reasons given for the anticipated undertaking are the rise of prices, the anticipation of materials from the continent by the homeland, and the problem of manpower (in Japan Proper). Because we cannot afford to aimlessly anticipate the supplying of Japan Proper during the year 1944, the various companies in this region endeavoring to attain the greatest efficiency possible from the existing facilities are exerting special efforts along this line, having designated January, February and March the period of efficiency enhancement. Production of coal has attained very excellent results up to the present time. Newly created industries in connection with development of resources will firstly include the electric wire industry, the mechanical machinery industry, the cotton seed oil processing (or manufacturing--trans.) industry, the (wd) tar industry, and the cement industry which will all be established in the near future.

(Tok. Jap. 2/2/44)

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Acting upon the studies made by the Central China New Development Company (Naka Shina Shin Kooryoo Kaisha), the transfer of control of national industries from the North China Development Corporation to the Central China Development Corporation will take place from April, involving electrical, telegraphic, and telephonic industries, and railway and radio companies in the area between Sampo and Bampu on the Tsuura Line. The details have already been agreed upon between the two corporations, and all personnel and equipment will also change hands as of April 1. The latter corporation will establish a branch office at Hsuchow, while the administrative offices will be moved to Bampu. By this arrangement made in the matter of transportation, the Hsuchow Radio Station, which had been under the Peking Radio Corporation (Pekin Koohan Dendai), will be brought under the direct control of the China (Koohan) Establishment Association at Tokyo.

(Tok. Jap. 3/26/44)

Peking: North China will be a thriving center of heavy industry of the Greater East Asia Co-Prosperity Sphere in the near future. This conclusion can be reached from a declaration made in a recent press interview by Juichi Tushima, president of the North China Development Corporation, that his corporation will lay stress on developing the North China iron and machine manufacturing industries. Local industrial circles agree that with ample materials for which North China is already noted, this part of China is destined to play the role of an industrial center. President Tushima's statement suggests: In North China there had been three iron works -- one in Shihchingshan, another in Yangchuan and a third in Taiyuan. Last year another iron works was established when the North China Iron Works was set up as a subsidiary of the North China Development Corporation. The establishment of this new iron works marked a step toward modernization of the iron industry in North China in regards to equipment and production methods. Utilizing higher grade iron ores and coking coal, this new iron works, under new management since August this year, is moving rapidly toward increased production. According to officials of the company, technicians will be invited from Japan to aid in further boosting production. Meanwhile, in response to demands of the machine manufacturing industry, the North China Machine Manufacturing Industrial Company with a joint capital of 13,000,000 yen, shared by the North China Development Company, the Sumitomo Machine Manufacturing Company and the Koa Iron Works, was set up in Tientsin last month for the production of mining instruments and machines as well as of machines and equipment used in transportation. At the same time, the Tientsin Machine Manufacturing Industry Control Association was formed to handle production of electrical apparatus, farming instruments, as well as (scales) and measuring instruments. Thus the day is not far off when North China makes giant strides in the field of heavy industry.

(Tok. Eng. 10/6/44)

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Because of the rise of commodity prices, unforeseen expansion of business enterprises and other changed economic conditions, the business plans of the various affiliates of the North China Development Company were somewhat restricted, falling short of the provisions of the budget at the beginning of the fiscal year. Thus, since September, various adjustments have been under consideration, some of which have been drawn up and presented to the Central Government authorities. The general plan calls for the drastic curtailment of further expansion, the reduction of mounting operating expenses due to rising prices. This is necessitated by the fact that such companies as the North China Food Corporation, the North China Automobile Manufacturing Company, the North China Machine Industry, the Tai Tsing Shan Coal Mining Company, the North China Fuel and Chemical Company, and the North China Electric Wire Company, which were formed this year, did not enter into the early budget calculations. The funds for these enterprises are expected to be raised (locally). (Tok. Jap. 12/10/44)

As the war becomes critical, it is a natural course that the various enterprises under the North China Development Company should direct their sole effort to increase the war strength. The development company has clarified the outline of its policy relative to the 1945 fiscal year budget plan for the participating companies. Its paramount aim is to direct the enterprises to increase the war strength, coupled with the rendering of every effort to economize on material and funds, while maintaining a relative "efficiency and importance policy" is the aim. For this reason, the policy of the companies will be to avoid unnecessary expansion of projects. The maintenance or advisability of continuing the existing projects will be re-examined in the light of their urgency, and, accordingly, their reorganization or postponement will result. New projects will be restricted to those with sound possibilities of being realized and to those which are deemed essential toward greater war strength. Various measures intended to give elasticity and mobility to the working of the projects are to be carried out. (Tok. Eng. 1/28/45)

Development of Industry in General

## I. The fundamental method of development.

The Sino-Japanese Economic Conference of March, 1938 resolved:

- 1) To promote friendly relations between Japan and China, ...farming conditions in North China, and increase export of products to Japan.
- 2) To improve the conditions of finance, irrigation, communications, mailing, repair harbors, industries, and to establish the North China Development Stock Co. together with the Chinese to exploit the natural resources of mining industries in North China.
- 3) To amalgamate Japanese and Chinese capital for

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mutual economic benefits to Japan and China and to expand the exportation capacity to the third country through a plan of more than ten years, a definite five year plan and a first aid plan.

Thus the Sino-Japanese Economic Conference of 1938 aimed to cooperate with the North China Development Stock Co. in November, 1938. This company is incorporated under a China legal person with a capital of 350,000,000 yen, of 7,000,000 shares, half of which is from the government and the other half from the people. It undertook the development of communications, transportation, harbors, electric power plants, steel, coal, gold mining and other works.

#### II. The North China Development Stock Co.

In 1940, the North China Development Stock Co. opened six coal mines under military management: Chung-hsing, Liu-chuan, Ta-wen-kou, Tsu-hsien, Chiao-tsu and Shansi. Two steel manufacturing companies were added in Shih-ching-shan and Shansi.

The increased capital in 1940 was 134,631,000 yen, making a total of 239,340,000 yen for that year. The increased circulation of that year was 191,321,000 yen, making a total of increased circulation at the end of the same year 313,213,000 yen.

An outline of this company's business follows:

1) Communications and transportation. The new road of 6,000 kilometers between Shih-men and Te-hsien was completed. Automobile transportation on the Tung-lu line added up to 10,000 kilometers for that year.

2) Telephone and telegraph systems. Ching-ching area is the center for sending and delivering messages through telephones and telegraphs in North China and in 1940, the first year of its enterprise, a 50% dividend was declared. The North China telegraph and telephone business has shown continuous progress ever since the installment of telephones in the Foreign Settlement of Tientsin in Sept. 1940.

3) Coal. Special attention was paid to increase the coal output and in 1940 the production of hard, sticky coal was amazingly high from all North China coal mines.

4) Steel manufacturing. Lung-yen iron mine is progressing normally and several steel manufacturing concerns are now in operation in the suburbs of Peking.

5) Chemical salts. Export of North China salts to Japan is increasing. A 50% dividend was declared in 1940.

There are 21 branch companies and 8 associations of the North China Development Stock Co. in North China. In 1941, 350,000,000 yen was invested in developing the business of coal, steel, salt and communications.

#### 6) The budget of the Development Stock Co.:

Debenture.....	28(0),000,000 yen
Investments.....	40,000,000 yen
Circulation fund.....	220,000,000 yen
Reserve fund.....	220,000,000 yen

In connection with their exports, the company developed railroads, harbor facilities and electric power. The business expenditure of the North China Development Co. for 1941 was as follows:

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(Unit: 1000 yen)

<u>Department</u>	<u>Investments</u>	<u>Circulation Fund</u>
Communications	-----	127,000
Harbors	-----	55,000
Electricity	15,000	15,000
Industry	15,000	15,000
General industry	9,000	1,000

Bureau I of the North China Development Co. has charge of the entire steel manufacturing affairs and general affairs that are concerned with carbide.

Bureau II has charge of all raw metals, cultivation of soil and gold.

Bureau III has charge of salt, cotton, etc.

The headquarters of the company is in Tokyo. It has control of all business that is related to all the industries in North China and dispatches investigators to encourage the works of the Lung-yen Steel Mine, North China Cultivating...Soil Co., North China Gold Mine and North China Cotton Industry.

7) The financial condition of each branch company under the control of the development company. In 1940 all branch companies declared a minimum dividend of .5%, a maximum dividend of 1.2% and an average dividend of 6.4%.

(Note: Figures in original article end with 2 digits)

<u>Branch Companies</u>	<u>Net profit (Normal period)</u>	<u>Profit transferred from previous period</u>	<u>Total</u>	<u>Dividend %</u>
Tang-ku Transportation	325,592,07	60,039,19	485,631,26	.6
No. China Telephone and Telegraph	906,153,33	208,360,49	1,114,513,82	.5
No. China Electric Industry	1,981,624,71	29,575,45	2,011,198,16	(.6)
Tsinan Electric Industry	223,158,75	23,442,27	246,601,02	.1
Chefoo Electric Industry	34,622,28	14,065,35	48,687,63	.6
Mengchiang Electric Industry	308,823,47	137,841,37	446,664,84	.5
No. China Soil Cultivating	88,187,27	50,313,74	138,501,01	.4
No. China Mining	543,629,50	334,000,000	877,629,50	.5
No. China Cotton	200,227,16	111,449,67	311,676,83	.6
Hsing-chung Co.	572,379,92	205,083,21	777,463,13	.5

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(Note: Figures in original article end with 2 digits)

Branch Companies	Net profit (Normal period)	Profit transferred from previous period	Total	Dividend %
Coal Sales Co.	718,290,83	-----	-----	.6
Tsingtao Wharf Co.	542,002,98	102,589,50	644,592,48	.6
Chiao-luan	469,587,34	61,005,58	530,592,92	1.2

(IDC R3023:840 1942)

List of "Exploitation Corporations"

Names of Corporations	Location	Date of Establishment	Capital (unit 1,000 yen)	Directors
North China Exploitation Corporation	Tokyo	November 1938	350,000	Tsushima, Juichi
Hsing-chung Corporation	Peiping	December 1935	10,000	Yamanishi, Tsunero
North China Communications Corporation	Peiping	April 1939	300,000	Usami, Kanji
Tangku Transportation Corporation	Tientsin	February 1937	6,000	Yokota, Eiji
Tsingtao Putou Corporation	Tsingtao	September 1938	2,000	Sumita, Sakujiro
North China Telephone and Telegraph Corporation	Peiping	July 1938	35,000	Inouye, Otohiko
North China Electric Corporation	Peiping	February 1940	100,000	Chu Tzu
Ming-chiang Electric Corporation	Changchow	May 1938	18,000	I Chin
Chiao-ao Electric Corporation	Tsingtao	May 19..	8,000	Chang Shenho
Tsinan Electric Corporation	Tsinan	January 1940	4,000	Chuang Shih-ju
Chefoo Electric Corporation	Chefoo	In process	2,000	Chang Pencheng
Tatung Coal Mine Corporation	Changchow	January 1940	40,000	Hsia Kungli

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List of "Exploitation Corporations"

Names of Corporations	Location	Date of Establishment	Capital (unit - 1,000 yen)	Directors
Ching-ching Coal Mine Corporation	Peiping	1940	30,000	Ts'ao Ju-lin
North China Coal Sales Corporation	Peiping	November 1940	20,000	Yamamoto, Nobuo
Ming-chiang Mining Corporation	Chang-chia-kow	December 1940	2,000	Iwasaki, Tsuneyoshi
Shantung Mining Corporation	Tsing-tao	May 1942	5,000	Sawamiya, Shigeo
Lung-yin Iron Mine Corporation	Chang-chia-kow	July 1939	20,000	Lu Ching-ju
North China Alumina Mine Corporation	Peiping	December 1939	5,000	Okura, Takuji
North China Gold Mine Corporation	Peiping	April 1938	4,000	Amejima, Tatsuo
North China Salt Industrial Corporation	-----	August 1939	25,000	Uchida, Keizo
Shantung Electric Corporation	Tsing-tao	January 1941	800	Kondo, Tetsuji
North China Cotton Corporation	Tien-tsin	March 1938	3,000	Sasaki, Kunizo

(IDC 6699)

Conferences

Peking: Taking opportunity of the participation in the war of the Nanking Government, a special conference of the Nippon Chamber of Commerce and Industry in North China was held today at Peking Chamber of Commerce and Industry, attended by military, embassy consul-general, consulate members and civilian leaders. Minister Kiyozawa, representing government officials, explained significances of new policy of Japan toward advanced general commercial and industrial businessmen in North China for the future. Commander Nishimura declared the policy of the army relative to the new situation. (Tok. Jap. 2/14/43)

Peking: Commander-in-Chief Okamura of the North China Expeditionary Army, at 5:30 p.m. today, invited about thirty Japanese leaders of important industries in North China, including President Tsushima of the North China Development Company and President Mitani of the Hopeh Transportation Company, to his official residence and exchanged frank opinions in an intimate conference.

(Tok. Jap. 4/14/44)

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#### Labor

##### North China Labor Council

On January 20, the North China Labor Council was formed at Peking. Mimura, advisor of the North China Development Company, is the chairman of the Council. Its function is to secure ample labor for the essential industries of North China. It is expected to become the heart of the regional setups in the new China economic policy. (Tok. Jap. 2/18/45)

##### Patriotic Labor Service Corps

Today in Peking...500 men of the (wd) Corps commenced (wd) work in the (wd) factory as the first group of Patriotic Labor Service Corps. Okamoto, head of the factory, stated to the members of the (wd) Corps who moved from (name) to (name): "By your patriotic labor service, the project will be completed before the expected time, for which I have no words to express my appreciation. Already all machinery (has been set up) and as soon as (wd) is completed we wish to commence work and contribute to the increase of fighting power." The Patriotic Labor Service Corps...and have asked for more carriages for transporting them, since 10-odd carriages are not enough. They are continuing their work by...the hostile feelings toward the old enemy, America. Further, to serve with these members of the Patriotic Labor Service Corps, 20 girls of the fourth year of the (name) Girls' High School offered their services yesterday. (Peking Jap. 8/15/44)

##### Japanese

The Peking Embassy recently (recruited) the first... of 600 men from the important industrial fields in order to strengthen its structure for increase of fighting power, and already they commenced... Further, at this time, they will organize the second (corps) of 400 men. At present, selection of men is taking place through the...under its jurisdiction. After completing the selection by about August 15, the length of...will be announced. The present...are all of Peking, Tsientsin and other cities. After being accepted they will be given deferment for about one year... They will train for one month, beginning in September, and will immediately enter (service), engaging in carrying out important work of control of... Further, the Embassy authorities will complete (selection) of 700, including 300 from Peking and Tsientsin, and 20 from Shimen and...respectively as the third...by September 25, and expects to carry out... by October 10. The capacity of the training center is about 400, it is said. Since it is impossible to accommodate many at the same time, (training) will be given at the seat of...in the various areas... Thus the structure was established for mobilization of the 4,000,000 Japanese in North China for fighting power. (Peking Jap. 8/9/44)

The headquarters of the...of the 110,000 Japanese



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residents of Peking, the Peking Consulate-General, and the (IRAA) Peking Branch, at this time, completed investigations for organization of an increased production (labor) corps. On August 15,...a total of 1,200 men will be (mobilized) to form...and...corps. Also, due to close collaboration of the...and the Embassy, preparations for organization of...labor corps...in the near future positive activities will commence... (Peking Jap. 8/12/44)

For Export

Peking: The North China Labor and Industry Association announced that 1,007,000 laborers in North China were supplied to Manchukuo, Central China and Inner Mongolia during the last year(s). This figure far exceeds the estimated number of 820,000 as decided to be supplied by North China in the Labor Liaison Conference of Manchukuo, China and Inner Mongolia last year. (Tok. Eng. 2/12/44)

Training

In North China, establishment of a People's Training Center has been encouraged by authorities. Beginning January, the first group of students will go into Okura mines. The principal study will be of mutual problems which will bring them closer to the factory workers. The first group will be a selection of 50 from the Okura mines. After training, they will guide the best students...and they will be trained as Okura industrial workers.

(Tok. Jap. 12/12/42)

Workers in Tientsin

Index-Number of expenditures of factory workers:

<u>Kinds of Goods</u>	<u>May 1943</u>	<u>June 1943</u>	<u>June 1942</u>
Food	2,108.84	1,791.86	514.73
Clothes	1,888.10	1,974.09	711.39
Fuel and water	1,491.80	1,562.49	1,062.38
Rent	404.04	404.04	296.79
Miscellaneous	1,752.47	1,561.51	33.79

Explanation: The above figures for Tientsin factory workers were based on the expenditures of 240 workers during 1927 and 1928. (IDC R3291:981 7/1/43)

Inspection

Sixty-one Japanese scientists conduct surveys -- geological, zoological, anthropological -- in Shansi.

(Tok. 5/16/42)

Military and government inspection of factories at Kaifeng begins at 14th and 15th factories, which will

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become branches of the Nitto Flour Mills Co., and at the 17th factory, which will be under the Kaoku Electric Co. (Tok. 7/1/42)

Peking, April 23: The Japanese Ambassadorial Office in Peking, at 10:00 a.m. this morning, announced that Kumaichi Yamamoto, vice minister of the Greater East Asiatic Ministry, and his party who arrived in Peking on April 7 to inspect various industries in North China and Mengchiang, left for Tokyo today after completing a tour of inspection. Yamamoto and his suite, upon arrival April 7, divided into four groups, namely, General Affairs, Iron, Coal and Light Metals, and inspected important industries in North China and Mengchiang. After offering technical suggestions for the elimination of bottlenecks and for efficient application of materials, the group returned to Peking where they drew up supervisory conclusions. ...He declared that close cooperation of the Sino-Japanese is absolutely necessary in order to attain increased production in all fields. Concerning the bottlenecks which are preventing increased production, Yamamoto said technical experts of the inspection party made detailed investigations and it is expected there will be many improvements as measures for overcoming handicaps have been duly submitted to the industrialists concerned. He concluded that he was looking forward to increased production of light metals from alumina, which is found in abundance in North China. (Tok. Eng. 4/22/44)

For three weeks, an inspection mission, comprising representatives of the Army, Navy, Tokyo Imperial University, and the Ministries of Finance, Munitions and Communications and Transportation, headed by Yamamoto, vice minister of GEA Affairs, toured North China and Mengchiang, studying the conditions of essential industries. The mission gave helpful suggestions on the problem of eliminating production bottlenecks in certain industries and also advice to various producers on how to increase efficiency in the utilization of capital funds. The mission expressed confidence that the countries visited would be able to meet the planned production goals for light metals this year and in securing stabilization of the civil administration. Of course, the problems arising from the lack of labor and funds, incomplete production setups, transportation and other bottlenecks and difficulties, have yet to be hurdled. The GEA Ministry is taking the lead in forming concrete plans to break these bottlenecks and speed up operations. Various counter-measures are being conceived in order to expand and increase control and leadership over the affiliates of the North China Development Company and other local industrial firms. Included in these plans are the redistribution of production facilities toward more essential fields and the supplying of Japanese capital to industries which should be encouraged most. (Tok. Jap. 5/2/44)

Manufacturing

Since June, 1937 the various kinds of capital controlling the manufacturing industries in North China are as follows:

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Manufacturing

(unit for capital, 1,000 yen)

<u>Japan</u>		<u>Shantung</u>		Facto- ries	Total Capital	% of Capi- tal Owned
<u>Factories</u>	<u>Capital</u>	<u>Factories</u>	<u>Capital</u>			
32	21,756	61	150,067	93	171,823	60%
<u>China</u>						
90	43,473	162	33,200	252	76,673	26%
<u>Foreign</u>						
24	19,720	6	18,290	30	38,010	12%
<u>Japan-China</u>						
2	4,687	---	-----	2	4,687	2%
<u>Foreign-China</u>						
1	16	---	-----	1	16	---
149	89,652	229	201,557	378	291,209	100%

1) The Tientsin Japanese United Trade Industry Association is a new economic organization which includes 27 firms in North China.

2) Electrical Industry. At the time of the North China Incident there were 55 electric business concerns. The North China Electric Industry Corporation has an estimated capital of 100,000,000 yen; the North China Development Co. (?) 0,000,000 yen; and the Electric Industrialists in Japan 10,000,000 yen. They plan to unify all electrical industries in the Peking-Tientsin areas and other places in North China, and also to plan for a hydro-electric power plant. There is a gas factory in Shanghai but the outlook of gas industry is very poor because of the low living standard of the Chinese population.

3) Lime Industry. There are two companies besides the Chih-hsin Lime Co. at Tangshan but the Chih-hsin Co. produces 40% of all the lime in the whole of China. The production of lime since the China Incident was nearly 1,000,000 tons in 1941. Mitsubishi and Kochu took over the Northwest Lime Builders at Taiyuan that has been producing Asano Cement and P'anch'eng Cement. The North China Lime Co. was established by Japanese lime firms with a capital of 10,000,000 yen and the expectation is to produce larger quantities of lime. The new factories were built in the neighborhood of Peking and Tsinan with the view of producing the maximum amount of rock lime from Luili River, Yuan-ching shan and Chingchunshu.

4) Machine Industry. The East Asia Heavy Industry, North China Automobiles, North China Vehicles, Toyoda Style Steel Building and North Sea Gokin Manufacturing Stock Co. have joined together to bring about a maximum production of machineries.

5) The North China Vehicles Co. This company was established in Peking on June 1, 1940 as a Japanese legal person with a capital of 30,000,000 yen contributed by eleven corporatives.

6) The East Asia Heavy Industry Stock Co. was established with a capital of 2,000,000 yen. It took over the

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Chiaotung Steel Industry in March, 1939. A new factory in Tsingta City was built to manufacture spinning and mining machineries, vehicles, railroad and farm tools.

7) Textile Industry. In view of the increase of raw cotton in North China, the aim of the textile industry is to produce 3,000,000 spindles in the areas of Tsinan, Shihmen and Tientsin. The conditions of supply and demand of cotton thread and cotton cloth in Hopeh, Shantung and Shansi provinces are as follows:

a) Cotton Thread: - (1,000 sacks per unit)	
North China Spinning Production Variety.....	467
The amount of import.....	86
Total amount of supply.....	553
The amount of export.....	27
Demand of North China.....	526

b) Cotton Cloth Industry may be seen through following figures: (1,000 tan unit - a tan - 25 to 30 feet)

North China Spinning Production.....	7,930
Amount of import.....	5,750
Total amount of supply.....	13,780
Amount of export.....	1,750
Demand of North China.....	11,930

8) Woolen Industry. The beginning of this industry was the establishment of Tientsin Isawa Import and Export Carpet Co. in 1938 in North China. After the China Incident, the Manchuria-Mongolia Woolen Cloth Co. erected two factories of 14 buildings and 132 pieces of machines in Tientsin Sixth District on a site of 58,320 square metres. A monthly output of 50,000 metres of woolen cloth is produced by 37 Japanese and 300 Chinese employees in 7 companies in Peking, Tientsin, Tsinan, Shihmen, Taiyuan, Chang-chiakou, Houho and five branch companies in Kaifeng, Tsingtao, Hsuchou, Tatung, Paotao.

9) Silk Thread Industry. Chefoo and Chou-ts'un are noted for the manufacturing of Pine Tree silk and pongee in Shantung Province. The sericulture of Linch'iu area, the artificial silk thread of Tsingtao and the silk cloth of Chouts'un are also famous. The Japanese Tsingtao silk thread and the artificial silk of Shantung form the bulk of silk production. The yearly production of silk in North China is almost 20,000,000 tan.

10) Paper Manufacturing Industry. To increase the pulp production of North China, the Oriental Paper Manufacturing Co. in Tientsin Factory erected several net foreign type machines with the hope of producing 25 tons of pulp daily and 5,000 tons of wood pulp yearly. The kraft pulp of Fuchou is made by the heavy iron sulphuric acid method. The Northwest Business Co. erected a factory with a capital of 450,000 yen. Last year's production of printing and packing paper was 1,300,000 lbs.

11) Match Industry. Since the China Incident, the North China Match Union of Tsingtao and Tientsin and the Chinese Shantung Match Co. and other match factories have had to suspend business because of war. The match factories in Tsingtao and Tientsin areas are gradually starting business again.

12) The Celluloid Industry. The Greater Japan Celluloid Co. established a factory in Tientsin to produce celluloid from raw cotton. The by-products of celluloid are cotton seed oil, paint, and powdered fertilizer.

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13) Soda Industry. The natural soda market is represented by Yung-li Chemical Industry Co. in Tientsin and it supplies the demands of Manchuria and Mongolia.

14) Salt Refining Industry. The Oriental Chemical Industry Co. produces several tens of thousand tons of salt in Shantung and Ch'anglu.

15) Rubber Industry. Since the establishment of six Japanese rubber factories in Tientsin, their one year's production of rubber was worth almost 3,000,000 yen. The Fukusuke Socks Factory is located in Tientsin on Special 3rd District, Line 6, Road No. 31 and occupies 500 tsubo (a tsubo-3.95 sq. yards) of land. 10,000 pairs of rubber shoes are produced daily. The Japan Socks Co. in Tientsin mainly makes automobile tires.

16) Dye Industry. There are six dye factories in Tientsin. The Restoration Chemical Factory at Tientsin occupies a site of 10,000 tsubo and has a capital of 1,000,000 yen. The yearly production of dye amounts to 2,400,000 kin (a kin-1.32 lb.).

17) Paint Industry. The Chinese koma oil and paulownia oil are used by the companies of Manchuria Paints, Greater Japan Paints, East Asia Paints and Kuanhai Paints. The future of the paint industry is hopeful.

18) Leather Industry. The Japan Leather Investment Co. established the (Yuchin) Leather Manufacturing Co. in Tientsin, while the Sakurakumi Trade Co. has expanded into a factory in Peking.

19) Pharmaceuticals Industry. The North Drug Manufacturing Stock Co. in southwest Peking has a capital of 1,000,000 yen, occupies a site of almost 10,00 tsubo, has a factory, manufactures drugs such as ephedrine, carbolic, natron, etc. The Tientsin factory has a farm for growing herbs, etc. for the manufacture of drugs.

20) Soap Industry. There is great possibility in this industry with even a small capital for there is abundant material for manufacturing enough soap to supply the demands of the Japanese.

21) Oil and Grease Industry. Materials for this industry are abundant. There are more than 50 peanut factories in Tientsin which produce 20,000 kins of the peanut oil. (Note: time to produce 20,000 kins not given). Osaka Hirano oil manufacturers have built an oil factory in Tientsin and produce 20 tons of oil daily. The petroleum industry is not encouraging, but some is produced from Chingching coal mine. Mitsubishi, Towa and Kanko companies have undertaken the import of petroleum.

22) Flour Manufacturing Industry. Since the China Incident, the total production of flour was 18,500,000 sacks yearly in North China. The Japanese-Chinese Flour Manufacturers, Japanese-East Flour Manufacturers and Taiyuan Flour Manufacturers have joined to expand their production to meet the entire demand of Japan, Manchuria and China. The Tientsin Flour Industry Co. plans to produce 10,000 kan (a kan-8.27 lbs.) of flour monthly.

23) Wheat Flour Manufacturing and Alcohol Industry. The future for these two industries is encouraging.

24) Brewing Industry. Wheat, soy beans and grapes are abundant and the future is hopeful. The Peking Brewery of Whisky and Beer, Tientsin Greater Japan Beer Co. and Tientsin U.B. Beer Co. produce 4,000,000 cattles of

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Chinese wine yearly and 75,000 koku (1 koku-4.96 bu.) Japanese whisky. There are more than 50 factories throughout North China. Production and consumption of soy sauce and miso (thick soy sauce) are as follows:

<u>Location</u>	<u>Soy Sauce</u>	<u>Thick Sauce (1 koku unit)</u>
Peking	18,880	140,000
Tsingtao	14,400	180,000
Tsinan	14,000	270,000
Tientsin	23,280	1,200,000
Total	70,560	1,790,000
Consumption	36,000	2,200,000

25) Canned Food Industry. This industry does not have much future in North China since canned food is not in much demand by the Chinese and only the Japanese who live in North China desire them.

26) Egg Industry. Export of dried egg powder for different uses is high. It stands next to raw cotton in export in North China.

27) Ice and Refrigerating Industry. Tientsin Ice Manufacturing Co., the Dairen Ice Co. and its branch in Tsingtao are the main companies that manufacture ice for the preservation of beef, egg and shrimp exports in summer.

28) Tobacco Industry. The East Asia and North China Tobacco Companies have factories in Tsingtao and Peking. The yearly consumption of cigarettes in North China is nearly 185,000,000 packages.

(IDC R3023:840 1942)

Recently, the North China Light Industries Development Commission organized two new committees -- the Research Committee and the Enforcement Committee -- whereby the latter is to render active assistance in technique, materials and resources in the actual operation of factories.

(Tok. Jap. 2/18/45)

### Licenses

Tientsin: The Tientsin Special Municipality on Thursday announced that persons engaged in business in the first, second and third corps wards should report at the Social Affairs Bureau of the Special Municipality within three months in order to renew their business licenses. The present decree was necessitated by the retrocession of foreign concessions in the city. The municipal government will renew the business licenses issued by the authorities...Japanese, French and British concessions. (Tok. Eng. 6/25/43)

### Statistics

Manufacturing was originally not very advanced in North China. But ever since the inflow of Japanese capital, manufacturing and industry have been progressing greatly, particularly in the two provinces of Shantung and Hopeh. According to the statistics taken in June, 1937, the number and capital of the factories in these two provinces were given as follows:

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- 1) Where the Japanese capital is dominant: 14 concerned with spinning, one with silk, 3 with flour, 9 with Japanese wine, 2 with Chinese sauce, 4 with beer and cold drinks, one with oat wine, 9 with rubber brewing, 4 with dyeing, 2 with sulphur, and 6 with fertilizer.
- 2) Where capital of another nationality is dominant: 3 with woolens, 8 with rolling press, 5 with tobacco, 2 with egg-goods, 3 with wooden goods, and 2 with cold drink.
- 3) Where the Chinese capital is dominant: 4 with refined salt, 9 with soda, 2 with cement, 23 with flour, 22 with leather, 5 with paper, 6 with stone salt, 34 with phosphorus, 9 with canned goods, 2 with foreign wine, 1 with sugar, 20 with mechanical implements, and 8 with metal goods.

(IDC R3023:840 1942)

##### Textiles

Thousands of rolls of pure cotton fabric, produced in Shansi Province, will be presented to the Japanese people by the JEF in North China. This cotton cloth from the Japanese officers and men is the fruit of controlled economy and nationalized management exercised by the Japanese administration in Shansi Province. The cotton textiles will be sent to Japan proper in time for winter. (Tok. 8/18/42)

Formerly Chinese and Japanese industrialists of the textile industry in North China had separate associations to which they belonged. But now the Japanese authorities in North China have established the North China Textile Industry Association (this name is for temporary use only) which includes all the separate textile associations under it. Its purpose is not only for solidarity in the textile industry but also for the promotion of economic mutual-assistance between China and Japan. (IDC R2655:614 1/19/43)

In North China more than 20 firms which deal with woolen and cotton goods had been making preparations for some time for the establishment of a North China Wool Control Association by order of leaders among the industrialists, and it was announced by the Japanese Embassy at Peking that on June 15 its establishment ceremony was held. This North China Wool Control Association is a union of both Japanese and Chinese firms with a capital of 30,000,000 yen, and the entire area of North China will be in the area of control. The objective of the association is to carry out unified control in purchase, manufacture, distribution, import and export and...of woolen and cotton goods and to cultivate its materials.

(Tok. Jap. 6/18/43)

Peking: Concerning the establishment of the North China Textile Control Association as a comprehensively unified control organ, an Establishment Preparation Committee was created in the latter part of June, and

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since June 22 studies in every detail had been continuing. An outline had been completed recently, so that a first Establishment Committee meeting was held yesterday, in the afternoon, at North China Cotton...Hall, attended by Committee Chairman Wang and Japanese and Chinese committee members. ...As the result of this meeting, all the preparation for the establishment will be completed within this month and the plan will be submitted to the North China Political Affairs Commission for approval.

(Tok. Jap. 7/27/43)

A meeting of the Organization Committee for the North China Textile Industry Control Association was held on July 26 and the North China Political Affairs Council yesterday promulgated and immediately put into effect the North China Textile Industry Control Association (provisional) laws. The North China Textile Industry Control Association is to be established with the aim of promoting increased production and improvement of cotton and other material resources for textile goods, of effecting smooth operation in retail selling and distribution, of planning for the adjustment of textile industry and of effecting appropriate distribution of textile goods.

(Tok. Jap. 8/2/43)

China, India and U.S.A. rank first in the production of cotton. The north and central part of China is particularly suitable for cotton growing because of the soil and climate. China at present needs reforms in production.

There were 28 cotton factories in North China: 10 in Hopeh, 13 in Shantung and 5 in Shansi. North China itself is a large reservoir of manpower and a large market of cotton goods. There are many chances for the advancement in cotton production.

In conclusion, industries in North China have been progressing rapidly and self-sufficiency of industrial goods could be easily expected. We will see that one of the consequences will be the disappearance of handicraft industries. Revival and progress of industries in North China depend largely upon the reorganization of industrial set-up and a better allocation of natural resources. Along this line of development, North China will surely contribute greatly to the prosperity of the Greater East Asia Co-Prosperity Sphere.

(IDC R2468:470 8/5/43)

Regulations controlling indigenous cotton and textile goods in North China have been announced. As of Dec. 3, the people of Peking, Tientsin, Tsinan, Tsingtao and Shihmen (Shihkaichuang) must apply at local textile associations for the consumption of indigenous cotton, indigenous cloth bags, etc.

(Peking Mand. 12/8/43)

The North China spinning and weaving industrial world recently established a spinners and weavers association and another group which handles the processing of raw



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and other types of cotton materials. At present, the industrial world is active in organizing an association of companies engaged in old-fashioned weaving besides securing the participation of other silk spinning and dyeing firms throughout North China. The organization of a group of weaving firms is nearly completed as these weavers are established and possess considerable spinning and weaving machinery in North China. In a much lesser degree, the silk spinners and dyeing companies also are being established into groups, which are being set up in separate districts. Each association will become a supporting member of the spinners unit and will work toward the unification of production and distribution in all fields of endeavor. As soon as controlled management is established over these industries, smooth operation is expected.

(Tok. Jap. 2/13/44)

Osaka: The North China authorities had been studying the industrial reorganization of Japanese and Chinese spinning companies in North China. Having recently decided on a draft proposal, Kozaburo Shiraishi, president of the Spinning and Weaving Industry Association in North China, arrived in Osaka on the 23rd and held a general conference of spinning companies of North China. President Shiraishi explained the proposal of the North China authorities and, as a result of having obtained cooperation, it was decided to enforce it promptly in anticipation of the adoption of the proposal for reorganization of the spinning industry in Central China. 1. Industrial reorganization of Japan-China spinning companies in North China will, for the time being, be carried out uniformly with a fixed ratio for all companies. 2. After enforcement of the above, the diverted use of various factories will be directed by the respective companies towards key industries in the present situation. 3. Disposition of equipment attendant upon industrial reorganization will be handled by the Industrial Equipment State Corporation (Sangyo Setsubi Eidan). 4. For the present, Japanese spinners will be reorganized, but reorganization for Chinese spinners is now being prepared for by the North China Political Affairs Committee and will be enforced correspondingly with that of Japanese spinners. (Tok. Jap. 3/24/44)

Peking: Negotiations between North China and Japan regarding the scrapping of spinning equipment have come to a conclusion. Chairman Shiraishi of the North China Spinning and (Dyeing or Trade) (Shoku) Association, on the 26th, made the following statement: "According to pre-arranged plan it has been decided that a third of the total spinning equipment will be offered for scrap, which will total several tens of thousands of (wd). In 1943, the buying-in and the manufacture of cotton products was unexpectedly unfavorable, resulting in an unavoidable decline in spinning operations, but taking a realistic and long view of North China's position in the GEA Sphere and recognizing the fact that the local manufacture of cotton

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products will be done on an increasing scale, it is not at all wise to reduce the spinning industry at one stroke. The manufacture of cotton articles within localities is a problem to which we and the authorities are giving serious study and a practical solution to the problem will be worked out in the near future." (Tok. Jap. 4/27/44)

The North China Spinning and Weaving Industry Association decided to establish a North China Spinning and Weaving Management Association, patterned after the Shipping Management Association of Japan. The parties concerned will visit Japan to confer with the groups there. The association's general principles are as follows: 1. The association will be the business mechanism for the North China Spinning and Weaving Industry Association and will exercise control over the Japanese engaged in the spinning and weaving industry in Tientsin and Tsingtao. 2. The capitalization is as yet undecided, but all Japanese connected with the spinning and weaving industry in North China, the North China Spinning and Weaving Industry Association, and the parties concerned will be the investors. 3. The principal industries will supply the spinning and weaving industry with materials at a set price. The sales price of the finished products is also to be decided, which will enable the spinning and weaving industry people to give full play to their capabilities. The association will exercise the necessary control and guidance over them.

(Tok. Jap. 6/8/44)

In (Pingnan) they have succeeded in making strange sacks for transporting North China's agricultural products, which are rapidly increasing of late. These sacks are made of fiber of castor bean plants, cotton and mulberry trees, and are as durable as linen bags.

(Tok. Eng. 10/6/44)

Present state of cotton industry controls in China: The structure of cotton industry controls in China has recently been outstandingly rationalized. However, there are geographic differences of characteristics between North and Central China so that the structure of the control organization is not uniform throughout. First, considering the control structures of North China cotton industry, the former Kohoku control organization was revised and unified last September the first, and the Kohoku Fiber Control Federation was born. This Federation is a general highest fiber control organ of joint Japanese-Chinese interests coming directly under the North China Political Action Committee. It has seven organizations under it but organizations concerned with the cotton industry include the five as follows: North China Cotton Production Development Association, North China Weaving Industry Association, North China Fiber Company, North China Fiber Association, and North China Joint Industries Federation. These are also joint Japanese-Chinese

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organizations and are directly responsible for the various divisions such as purchase of the cotton crop, production of cotton threads and cotton goods, distribution, control and import-export control. With regard to the cultivation and purchase of raw cotton, an epochal administrative machinery has been worked up. This is a cotton industry organization made up by the bringing together of Japanese and Chinese weavers and cotton traders under the direction of the North China Cotton Development Association. Its structure is as follows:

CHART NO. I

ORGANIZATION OF THE COTTON INDUSTRY IN NORTH CHINA

AREA

GROUP NUMBER ONE P'eng-teh, Pao-ting, Lin-ching  
(Kanebo)

Ta Hsing  
Kuang I  
Jen Feng

(Kanematsu)

Ying Keh  
San Ch'ang  
Kanebo Cotton Division

GROUP NUMBER TWO Tientsin, Teh-hsien, Shun-teh  
(Yokuho)

Hua Hsin  
Ch'eng Ta  
Wei Hui  
T'ung Hsing  
Shuang T'ai

(Yesho)

San Ling  
Sung Pen  
Tung Yang Fang Mien Hua Pu (Japanese)

GROUP NUMBER THREE Han-tan, Pei-ching (Peking),  
(Nichibo) Chang-tien

Tientsin  
Chen Hua

(Sankyo)

Jih Mien (Japan cotton)  
An Mao  
T'ung Ch'eng

GROUP NUMBER FOUR Shih-men, T'ang-shan, Chi-nan  
(Naigai Cotton) (Tsinan)

Shanghai  
Feng-t'ien  
Ts'ang-fang  
Fu T'u  
Jih Ch'ing  
Ch'eng T'ung

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(Tomen)

Jih Hua

Tung Yu

Note: Name of company appearing first in brackets is the presiding company; that appearing second in brackets is the company occupying the vice president seat of the organization.

In other words the four cotton industry organizations each have a prominent weaver as president and a prominent cotton business house as vice president. The principal cotton producing areas of North China have been divided up into twelve districts and each is responsible for three divisions. Of course the organization has just been established and expectations can only be made on the basis of next year's cotton crop, but it is a new organization worthy of note in the point that the Japanese and Chinese weavers and cotton businesses have joined with the cotton farmers of North China to make for increased production.

Next, our cotton industry controls for Central China. Because of its geographical characteristics the establishment of the control organization has been later than that of North China. However, it finally took shape at the beginning of this year. A control organization in Central China calls for a division of Japanese and Chinese interests and is entirely the opposite of the unified Japanese-Chinese effort in North China. The upper echelon of the control structure consists of the Cotton Industry Monopoly Committee which is one section of the National Commercial Control Federation. Under the Monopoly Committee are found the China Cotton Industry Federation and the Japanese Cotton Industry Federation which are purchasing and rationing control organizations. Again, the Chinese Cotton Goods Industry Federation and Japanese Cotton Goods Industry Federation exist as cotton goods control organizations. In other words, in both the cotton industry and the weaving industry there are separate and independent Japanese and Chinese control organizations. In order to make for a liaison between the two the Chinese-Japanese Cooperative Association has been set up. The present structure is said to be an ideal one for producing Japanese and Chinese inventiveness and effort under present Central China conditions. However, there are still some points to be considered with regard to management and there may be a few changes made in the future.

The Japan Cotton Growers Association and the Central China Cotton Improvement Association which is under the direction of the Commerce Division of the Chinese Government act as organizations for the increased production of cotton in Central China. However, it would appear that the Chinese organization is not very active at the present time and a positive policy and some activity are desirable in the future.

Thus, a control structure of the cotton industry has been set up in North and Central China, but from the overall standpoint of the industry in China there is

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yet room for improvement. It is unreasonable to expect a uniform structure throughout North and Central China. But as a problem of the future there is adequate necessity for a closer organic relationship between the two.

Chinese weaving industry lacking in raw materials:

It is an indisputable fact that the weaving industry in China which is located in an area that formerly held third place in cotton production in the world is hampered by a lack of raw cotton. The present cotton production figures for China are unknown but in 1936 there was an unparalleled good crop and it is clear from Chart No. II that subsequent to the China Incident in 1937 there has been a progressive decline.

CHART NO. II

CHINESE COTTON SUPPLY (in thousands of kintaru)

	<u>Excess Foreign Cotton Import</u>	<u>Internal Raw Cotton</u>	<u>Total Supplies</u>
1931	2,336	3,871	6,207
1932	1,834	4,902	6,737
1933	768	5,911	6,680
1934	954	6,773	7,729
1935	234	4,958	5,192
1936	38	8,150	8,188
1937	258	--	--
1938	1,199	--	--
1939	2,385	--	--

Note: Figures from Naigai Mengyo Nenkan.

In particular we cannot entertain great expectations from the present cotton harvest because of adverse weather conditions. As will be seen below, the price of new cotton has been doubled to 400 yen. It is said that judging from production figures in the interior the cotton price will be approximately 700 to 800 yen so that the new cotton price will not stimulate the cotton crop to any major degree. The future of weaving in China is not as good as was the case in the past.

Problems facing the weaving industry:

The results of changing the weaving period due to a lack of raw materials will appear more or less in the accomplishments of the industry. Chart No. III shows cumulative results of the industry in China subsequent to the China Incident.

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CHART NO. III

CUMULATIVE RESULTS OF THE WEAVING INDUSTRY IN CHINA

	Average Paid-up Capital (in millions of yens)	Profits (in millions of yens)	Percentage of Profit (in %)	Dividend Percentage (in %)
1937 1st part	71	12	3.27	0.88
1938 1st part	76	7	1.91	0.33
1939 1st part	80	22	5.38	0.57
1939 2nd part	81	27	6.65	1.17
1940 1st part	81	32	7.85	1.43
1940 2nd part	83	36	8.69	1.43
1941 1st part	90	35	7.88	1.43
1941 2nd part	90	35	7.81	1.43
1942 1st part	90	33	7.48	1.43
1942 2nd part	90	33	7.32	1.48

Note: The following six companies have been lumped together: Yokuho Weaving, Naigai Cotton, Kanegafuchi, Doko Weaving, Nichika Weaving, and Toka Weaving. Profits are prior to amortization.

However, while the latter part of 1937 showed a decline in weaving activities it was not bad enough to show a precipitous decrease in dividends. This was because of a rise in prices of items on hand and because of former accomplishments. The actual accomplishments of the industry from a management-efficiency standpoint were probably not as good as the figures indicate. Moreover, future account results will probably not produce a profit which is inferior to this. That is because the financial set-up of the weaving industry in China is quite strong and because internal results over a period of years have accumulated to a considerable extent. As may be seen in Chart No. IV, giving the cumulative financial debits, approximately sixty per cent of stock capital is in the reserves. This is more than the fixed reserves. The external indebtedness of 207,720 yen includes moneys which may be regarded as internal deposits. The fixed reserves in the first period of 1938 amounted to more than the stock capital and were reduced to 43% of the stock capital in the last part of 1942.

CHART NO. IV

OVERALL FINANCIAL DEBITS OF THE WEAVING INDUSTRY IN CHINA

	<u>First part 1938</u>	<u>Last part 1942</u>
Stock capital	82,822	299,879
Reserves	15,940	171,537
External indebtedness	111,875	207,729
Loans	43,390	40,024
Total capital in use	194,696	507,600
Fixed reserves	110,317	130,290
Investment estimate	--	97,039
Floating capital	84,367	280,280
Deposits on hand	27,943	72,754

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Note: Chart No. IV in thousands of yen. Includes losses and profits brought forward, losses during present period, and unaccounted losses which were taken from stock capital. Loans include check payments and firm loans. The number of firms is the same as those in Chart No. III.

Thus the weaving industry in China contains a strong financial structure but we cannot be too optimistic about the future. Besides the problem of cotton raw materials which has a direct influence on the industry, the price of the manufactured product must be revised in accordance with the increase in price of raw materials in North China and because it is expected that the raw cotton buying price will be raised in accordance with the controlled buying price of cotton thread and cloth in Central China.

At the time of the new cotton crop period on September 21st last, the North China authorities doubled the buying price of cotton from the former 200 yen per picul to 400 yen (standard fine fibre, f.o.b. Tientsin). The former cotton thread and cloth controlled price was based on a raw cotton price of 200 yen so that it is clear that it will now be profitable to manufacture under the present doubling of past price. Of course the price of the manufactured item will go up but it will probably be less than the percentage of increase of raw cotton so that the finances will become worse to that extent.

On the other hand the cotton thread and cloth forced buying price was decided last August 26 in Central China. Cotton thread will have a controlled price of 6,000 yuan per bundle of 20 hand Blue Phoenix and cotton cloth will have a controlled price of 375 yuan per roll of Dragon Head. The increase in price is approximately 4,000 yuan in the case of cotton thread and approximately 200 yuan in the case of cotton cloth. Since the price of the manufactured item has been raised in this way it is natural that there will be a revision of the former current buying price of 900 yuan. We need not indicate how this increase in price will affect the acts of the companies. In addition, as is generally known, the power to tax has been transferred to the national government and taxation which was formerly not imposed will be increased. There is also a sharp increase in commodity prices and the increase of wages and other economic expenses cannot be regarded lightly.

Future trends in the revised weaving industry in China:

As stated above there are various types of difficult problems in the future path of the weaving industry in China. Moreover, the greatest difficulties lie in certain points which cannot be solved by the weaving industry itself. As one method of solving the problem it is natural that a revision of the industry should be discussed but a specific policy has not been decided upon. There is no limit to the estimations which can be made as to future developments but judging from the

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examples of revision of the weaving industry within Japan three policies can be considered: a decrease of companies, a priority system assigned to the various factories, or a unification of the two systems. At present the weaving industry in China consists of four firms under the direct management of weaving companies in Japan (Nichibo, Fuji Weaving, Kurabo, and Nisshin Weaving); six companies which are capitalized by Japanese weaving interests (Shinka Weaving, Nichika Weaving, Kanegafuchi, Yokuho Weaving, Soki Weaving and Karayama Kashin Weaving); and two firms which were capitalized by cotton buyers (Shanghai Weaving and Taian Weaving). The Naigai Cotton, the Doko Weaving and the Toka Weaving are independent weavers in China. Accordingly, at the time of unification there will be difficult problems which cannot be solved simply from the standpoint of financial liaison between the Japanese cotton industry or the cotton purchasing firms with the exception of the Independent weavers in China. Even though a factory priority system is established there will be a problem of how to utilize the facilities of factories which are abandoned. In the case of Japan these were utilized in various war-time services but conditions in China are a great deal different from those within Japan. With regard to the revision of the weaving industry in China, various hindrances can be foreseen but it may be said that there is fairly strong feeling for revision and the amalgamation of Tika and Nichika which is to be carried out on April 1st of next year is one manifestation of this.

The above tells of present conditions of cotton industry controls in China and future trends of the weaving industry there but it should be definitely stated that the cotton industry in China is not simply an internal problem of that country. This is because Chinese cotton is a basic material for clothing in the Greater East Asia Co-Prosperity Sphere and is a supply base also for manufactured items. Accordingly, policies for the increased production of cotton, cotton industrial controls, and the revision of the cotton industry in China which constitutes the center of the weaving industry - these should be set up from the viewpoint of a clothing policy for the Great East Asia Co-Prosperity Sphere. (CBI 10/24/44)

Paper

Following the Manchurian Incident and the Sino-Japanese War, Japanese capital and technical facilities have had a chance to flow into the Asiatic Continent. The paper industry, along with the other industries, was able to carry on there and the Tungyang Paper Industry Corporation was accordingly established in June, 1936. Geographically speaking, North China has a great number of pools and ponds, and along the banks of these pools and ponds plenty of reeds. This reed pulp is very good raw material for the paper industry. As a result of this paper corporation, North China is



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at present self-sufficient in paper supply, and has begun to restrict the import of paper. The original plan was to produce (5,000) tons of paper per year but the amount has reached as high as 20,000 tons a year. This was partly the result of a continual conversion of plant establishments.

The paper plant was built in Huitui-chen, a suburb of Tientsin, and was completed in November 1938. The plant has three paper-making machines and an electric battery of 2500 kilowatts. It produces more than five types of paper, including 5,000 tons of printing paper per year.

Capital of the plant was originally decided at 10,000,000 yen. Up to date 7,500,000 yen have been received. The chief shareholders are: 1) Asahi Industry, 65,000 shares; 2) Nomura Gomai (Note: a corporation); 3) Oda Manjo, concurrently deputy director of Asahi Industry; and 4) Nomura Life Insurance Co. Important staff members of the organization up to the end of 1942 were: Chairman, Board of Directors-Oda Manjo, Special Director-Kiyomizu Taro, Standing Director-Takeiuchi Senjo, Standing Director-Nagamatsu Shuichi. (IDC R2468:470 Aug. 5)

Wire

Peking: In order to secure self-sufficiency in aluminum and copper wires and cables necessary for supply power to the various heavy and chemical industries in North China, the Development Corporation on Jan. 31 held its first meeting of promoters for the establishment of the North China Electric Wire Manufacturing Co. It is reported that the new company, with its central office at Tientsin, will be capitalized at 30,000,000 yen and backed by influential Japanese companies such as the Furukawa and Sumitomo Electric Engineering Companies as well as the Fujikura Electric Wire Manufacturing Co. (Tok. Eng. 2/1/44)

Peking: It is learned the inaugural meeting of the North China Electric Wire Corporation was held today at the North China Development Corporation. At the meeting the following persons were elected to the Board of Directors: Shinta Matsumoto, president of the board of directors; Shinichi Higashimori, managing director; Tatsuo Samejima and Saburo Inagawa, directors; and Kazuo Nishimoto, Goro Ishiba and Shoichi Nishida, auditors. (Tok. Eng. 2/17/44)

Light Industries

The North China Light Industries Council has placed the following nine items on the list of essential production this year: pencils, porcelain articles, containers, tooth pastes and powder, shoe polish, ink, straw matting, "geta", and brushes. It will also endeavor to secure the materials for the production of these articles, and the carrying out of these plans is expected to aid greatly in combating inflation. (Tok. Jap. 1/14/45)

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#### Manufacturing

##### Light Industries

In order to expand the light industries in North China and to encourage the different factories located at the different places in North China, the North China Light Industry Promotion Committee will dispatch investigators to the different areas to inspect the industries in North China for a period of one month, beginning January 22. They will investigate the supplies, resources and labor required by the factories to resume smooth operations. (Tok. Mand. 1/22/45)

##### Chemicals

Coal is accessible along side iron mines in North China. The quantity of coal...is of great importance to the development of chemical industries. Besides non-metallic mines, such as alumina, shale, mica and fluorite is (sic) also found in this area. All that needs to be done is to unearth these resources for the development of chemical industries in North China. (IDC R2468:470 8/5/43)

Peking: Large scale development of the heavy chemical industry in North China will be carried out by the North China Development Co. this year, declared the director of the concern at a press interview yesterday. He revealed that the activities of the company in the 1944-45 fiscal year will be on an exceedingly larger scale than the preceding year and every effort will be made to promote efficiency to the maximum. The director added that, due to the rapid development of the heavy chemical industry since last year, priority will be given to the production of materials for this purpose. (Singapore Eng. 2/2/44)

##### Factories Returned to Chinese Owners

See under WAR MEASURES.

##### Utilities

Peking: In order to meet the increased demands for electric power supplies, due to increased production by state industries, the North China Electric Supply Company decided to increase its capital by 122,000,000 yuan, making its total capital 400,000,000 yuan. (Hsinking Eng. 6/25/43)

I. The establishment of the North China Electrical Industry Co., Ltd.

The North China Electrical Industry Co., Ltd. was established in 1940, a year after the restoration of the Nanking Government. This company was set up to revive the electrical industry, to improve economic conditions and to control all the electrical industries in North China. This company is formed by the North China Political Council and Japanese legal persons. In the beginning, this company took over the Tientsin Electrical Industry Co., Ltd., Chi-tung Electrical Industry Co., Ltd. and Peiping Chinese Merchants

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Electric Light Co. which included a total capital of 100,000,000 yen for the three companies. At the end of 1940 Tsinan Electric Co., Chiao-ao Electric Co., Ltd. in Tsingtao and the Chefoo Electric Co. were added to the North China Electrical Industry Co. The three companies had a total capital of 77,000,000 yen. The capital of the North China Electrical Industry Company has now increased to 177,000,000 yen.

Since all electrical industries have come under a unified control in North China, economics, military affairs, and even politics have improved.

II. The business of the North China Electrical Industry Co., Ltd.

The original companies which were taken over by the North China Electrical Industry Co. became the branches of this later company. The original Tientsin Electrical Industry Co. became the Tientsin branch, which takes care of the business in Tientsin, and the same has been done with the other companies in their various localities. Since the war of Greater East Asia, the North China Electrical Industry Co. planned to further expand the electric power supply for civilians and to actively improve the development of land so that production may be increased. But because of the hardships in Occupied China due to the guerrillas, and the limitation of technical materials, the progress of this company has been limited. It may need the promotion of a second and even a third period of construction. If the rivers in North China were under control and their power harnessed to increase the supply of electric power, the loss of electricity would be decreased. The company will have to take the water power into consideration sooner or later.

III. The income and expenditure of the North China Electrical Industry Co.

From the first of April to September 30, 1941, the income and expenditure of the company were:

(Unit: 1,000 yen)

<u>Kinds</u>	<u>March, 1941</u>	<u>September, 1941</u>
Total Income	10,949	13,924
Total Expenditure	6,257	9,525
Profit	4,692	3,589

IV. Officers and shareholders of the North China Electrical Industry Co., Ltd.

The company is located in Peiping with the following officers in charge:

President: Chu ...  
 Vice President: Uchifuchi Noki  
 Directors: Akitoni Kentaro  
 Shao Tung-hu  
 Chu Shu-yuan  
 Ochiai Genko  
 Mori Usaku  
 Takahara Susumu  
 Li Hsuan-wei  
 Matsunaga Yasuzaemon  
 Chang Pi  
 Inspectors: Takeda Heisaburo  
 Tang Chien  
 Chou Ta-wen

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### Utilities

The largest shareholders:

North China Political Council	953,000 shares
North China Development Co.	597,000 "
Tientsin Municipal Government	47,000 "

(IDC R2468:570 8/5/43)

Peking, July 14: The Second Manchukuo-Mengchiang-North China Electric Power Coordinating Conference, which was scheduled to be opened around mid-July in Hsinking, had been postponed for the convenience of Manchukuo. However, recently Manchukuo has presented plans for a conference between North China and Manchukuo only. ...after negotiations, the conference will be held on the same day, provided Manchukuo agrees. North China anticipates the acceleration of the flow of material supply from Manchukuo and the exchange of personnel connected with electrical work between Mengchiang and Manchukuo as a result of this conference. (Tok. Jap. 7/15/44)

### Mining, etc.

Metal industries include: iron, gold, silver, copper, lead, black lead, manganese, tungsten, phosphorus or limestone, tin, molybdenum. Non-metal industries are: coal, slime, rock coal, sulphur, saltpetre, asbestos, granite, marble, silica, quartz, slime rock, silicate cotton, rock ink, rock flo..r, sand and rock, lime, oil shale, mica, precious stones, rock salt, natural soda, sulphuric acid, soda, plaster and alum. The estimated amount of coal in North China is 132,800,000,000 tons, which is 53.2% of all coal deposits in China; iron is estimated 148,000,000 tons, which is 46.09% of all iron deposits in China.

#### 1) Coal

- a) Rock coal, needed for steel manufacturing purposes, takes the first place in production and anthracite coal, needed for chemical industry, takes the second place.
- b) The arrangement for transporting coal in 1940 was inefficient. The Hsin-hang-kou Transportation Co. now undertakes the business of transporting all coal products.
- c) The Mitsui Mine at Chung-hsing, Mitsubishi at Ta-wen-kou, Meiji at Tzu-hsien, Okura at Shansi, Development at Yang-chuan, Development at Chia-tso should be reorganized to combine Japanese and Chinese capital into unified corporations.

#### 2) Tungsten

In order to increase the output of tungsten, electric power plants should be equipped to supply a sufficient amount of electric power.

#### 3) Raw metals

- a) Mitsui, Mitsubishi, Meiji, Okura, Chiao-tso and Liu-chuan coal mines invested half their capital in the North China Development Stock Co.

The capital of Chung-hsing Coal Mine Association is 9,000,000 yen, Ta-wen-kou Coal Association is 10,000,000 yen, Tzu-hsien Coal Mine Association is 8,000,000 yen, Shansi Coal Mine Association is 13,000,000 yen, Chiao-tso Coal Mine Association is 5,000,000 yen, and Liu-chuan Coal Mine Associa-

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tion is 3,000,000 yen. In order to control the distribution of coal, the North China Wholesale Coal Co. was established in October, 1940 with a combined Japanese and Chinese capital of 20,000,000 yen. From April, 1941 the company will undertake the exportation of coal products to Japan.

A ceiling price system was enforced in April, 1941 in order to keep up an increased production of coal. The North China Wholesale Coal Co. and Shan-hsiao Co. in Shantung Province have adopted the ceiling price system and are expecting to double the production of coal in the ensuing year.

#### b) Steel manufacturing

The government authorities of North China set up three departments, the General Public Reclamation (Japanese-Chinese), the Japan Exporters and the China Exporters, to take charge of the distribution of steel production for 1941 and great developments are expected.

Three steel manufacturing companies in Shih-ching-shan, the Okura and the Development of Tai-yuan and Yang-chuan, have joined under the North China Development Stock Co.

Shih-ching-shan Steel Manufacturing Co. was initiated in November, 1939 and its normal operations are being continued. Yang-chuan Steel Manufacturing began its work in June, 1939 and the Tai-yuan Steel Workshop was started on Nov. 7, 1940 to make certain types of furnaces. This company is now planning to branch out into the Chiang-chun-ling Lime Stone Mines in Hopeh Province, Tai-yuan Brick Factory, Tung-shan Steel Shop, Ting-pao Steel Shop and Ning-wu Steel Shop.

There is also a Chung-shan Steel Business which manufactures flatirons and electric irons.

#### c) Gold producers

In 1937, 14,000,000 yen was spent in expanding gold production in Hopeh Province. At present, there are three companies undertaking the business on a large scale: The Continental Mining Industry of Heng-chin Co., Hsing-ga Gold Producers, and North China Gold Producers. When the Greater East Asia Co-Prosperity Sphere is established, unlimited natural resources may be developed from Chien-an, Chang-ping, Fang-shan, Yuang-ping, I-hsien, Wan-hsien, Mo-hsien, Cho-lu, Ching-ching of Hopeh Province; Li-cheng, Fu-shan, I-shui of Shantung Province; and Wen-hsi, Yuan-chu, Hsia-hsien of Shansi Province.

#### d) The aluminum mining industry

The development of alumnite rocks for aluminum, and raw material for fireproof bricks was undertaken in December, 1939 by the North China Alumnite Mining Limited Co. which owns the site in the neighborhoods of P'u-chuan, Po-shan and Pa-chih. Its area is 4,000 tsubo (a tsubo-3.95 sq. yard). The average depth of ore is from 2.5 to 3. meters. The estimated alumnite rock deposits in Po-shan are about 15,000,000 kilograms, in P'u-chuan about

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250,000,000 kilograms, in Huang-shan about 15,000,000 kilograms and in the Hei-shan neighborhood about 10,000,000 kilograms. The total is about 700,000,000 kilograms of ore to be mined. The yearly production of fireproof bricks is 30,000 kilograms. The alumina clinker factory of Shantung produces 40,000 kilograms yearly. The Chang-tien Mine of Chiao-chi Line produces 550,000 kilograms. Shang-tung Co. added 5,000,000 yen in 1942 to make a capital of 10,000,000 yen.

#### e) Tungsten

The North China Mining Stock Co. (temporary name) was established in January, 1942 with a capital of 3,000,000 yen. It took over the Chi-tung Mining Business to mine tungsten, coal, steel, gold, aluminum, etc. and at the same time to control all mining of tungsten in North China.

#### f) Gypsum

Formerly, gypsum was imported from Italy and America, but recently the Mitsui, Mitsubishi, Okura and Asano concerns discovered a rich gypsum mine in Shansi Province. It is estimated that there are 200,000,000 tons of gypsum in the neighborhood of Ling-shih, Shansi Province and 100,000,000 tons in Fuchia-kou. Work is to start in 1942 on gypsum deposit in Hsin-shan.

#### 4) Salt industry

The North China salt activities are mainly in Hopeh and Shantung Provinces. There is Chang-lu salt from Hopeh Province sea shore, Tsingtao salt from Chiao-chou bay, Haichou salt from Huai-nan, Huai-pei salt and Shantung salt from Shantung Province sea shore. The distance from Shanghai-kuan to the mouth of the Yellow River, consisting of 24 salt fields, is about 340 miles. At the mouth of the Pei-ho-kou River, there are three salt fields, Tengku, Tangku, and Hsinho-kan, and one in Peitang-kou. The area is 9,000 chobu (a chobu-2.45 acres). The North China Salt Industry, Shantung Salt Industry, Hsing-chung Co. and the Oriental Colonization Stock Co. are planning to develop more salt fields.

Hsing-chung Co. revived the devastated salt fields of 4,000 chobu on the Tengku coast in the summer of 1938 and rebuilt the salt fields of 1,000 chobu between the Takan River and Chien River where (3)50,000 Chinese were living during 1939. The Oriental Colonization Co. established a 12,000 chobu salt storage in the southern vicinity of Taku. The North China Salt Stock Co. established huge salt fields of 3,600 chobu in 1940 and 3,400 chobu in 1941 in Chi-tung-ch'u, Leting-hsien, Taching River.

The goal of the salt business in 1942 is to develop new areas in both Shantung and East Hopeh, to dredge the water gates, to arrange for salt water accumulation and to install new water mills. Bromine, bitter chlorate, potassium bitter soil, caustic soda and bleaching powder are to be produced as supplementary products through the new arrangements and equipment. The Shantung Salt Co. purchased the salt of Tsingtao in Shih-tao, Chinkou, Weining and Weihaiwei from the Chinese to export to Japan and Korea. The Kochu Co. realizes

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the urgent need of materials for chemical manufacturing industries so it plans to establish additional salt fields in Kou-ch'uanchia and Nuku-kuo. By the end of 1940 the plans are expected to work out effectively and the Kochu Co. will be considered from 1941 on as a branch company of the North China Development Stock Co.

The North China Salt Industry Research Office was established in 1940. The branch offices in Peking, Tsingtao and Tokyo published the results of research and investigation work every month and conducted meetings on apprenticeship, study classes and lectures.

(IDC R3023:840 1942)

Vice Minister Yamamoto of the Greater East Asia Affairs, at a press interview in Peiping, asserts that the production of metals in North China and the Mengchiang area has increased yearly and the production of 1943 was large enough to supply Japan's war industries.

The article states that the Vice Minister of Greater East Asia Affairs, Yamamoto, was interviewed on 21 April, at 5 P.M. at the Peking Restaurant by Japanese correspondents in Peking while on his inspection tour of the Mengchiang area, North China. He said that there are three departments of essential industry in Mengchiang area, North China: light metals, iron, and coal. Several problems connected with the transportation of these products are to be studied during the inspection tour. As he observed the conditions of Kai-luan, Tientsin, Tsinan, Chang-chiakou...from Japan proper because, in North China, mainly Chinese are engaged to work in the coal mines. As directed by orders from Japan, effort has been put into making the industries up-to-date, thus leaving little room to increase the production of these industries. Now that the building up of the industries is completed, emphasis on production may be made from 1944 to supply Japan's needs.

Agricultural products and other essential products may not be developed too hastily, but iron and coal at least can be increased more than before. One assurance of production that has made the tourist happy is that alumina will continue to be supplied from North China to Japan. In order to insure the future guarantee of all essential industries, Japan must give attention to the welfare of the Chinese laborers on whom Japan must depend to carry on the production of all essential material.

The following officials accompanied Yamamoto on his inspection tour: Lt. Commander Ohashi; Colonel Hayashi; Matsuda, Chief of General Affairs Bureau of Finance Ministry; Shiina, Chief of General Affairs Bureau of Munitions Ministry; Minakawa, Chief of Iron Mining Bureau; Yamaguchi, Chief of Coal Department; Ishida, Railway Inspector of Transportation and Communications Ministry; and Nagai, professor of Tokyo Imperial University.

Other representatives of Osaka Industry Efficiency Research Institute, Labor Science Research Institute, Steel Control Association, Coal Control Association, Japan Steel Manufacturers, and Light Metal Control Association, totaling 35 in all, also made the tour with Yamamoto.

(IDC 7372 4/24/44)

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The Manchukuo Coal Development Co., which is engaged in developing natural resources of North China, has recently found great mines at (Ningkuta) and Kaolingtzu, whose output is said to be 350,000,000 tons of good quality coal. The Manchukuo company will start the Kaolingtzu Coal Development Co., Ltd. with a branch office in the home office and will start work immediately.

(Tok. Jap. 9/4/42)

The 8th Hopeh Inquiry Board Conference will be held Nov. 20 in Peking to discuss improvement of industries administrative policies, Oversea Comrade Association, refining of coal, classification of grades of coal, investigation for new mines, etc.

(Tok. Jap. 11/13/42)

According to Mr. Wang Ing Tai, representative of northern China at the GEA Economic Conference, mining production, especially of coal and iron, shows more in sight than of last year.

(Tok. Dutch 11/27/42)

Kiamatsu Hemia, director of North China Development Co., at economic conference in Peking, Monday, disclosed that coal output in North China has now increased from 50% to 60% as compared with production prior to outbreak of China Incident.

(Tok. Eng. 2/16/43)

Talk of Kaya, Minister of Finance: "Without North China we cannot establish a Co-Prosperity Sphere. Deposits of coal amount to 200 billion tons and our steel industry cannot do without...coal and...coal."

(Tok. Jap. 2/17/43)

1) Ta-wen-kou coal mining.

This coal mining consists of two coal mines. One is the Chih-tsai and the other is the Hua-feng located near Ta-wen-kou, south of Tsinan, along the Tientsin-Pukow Railroad. The coal from these mines is very "sticky" (soft-coal). The amount of heat it contains is 7,500 calories. Because of the lack of transportation, the coal has not been exported to Japan. These two mines supply coal to the factories along the Tientsin-Pukow Railroad.

2) Tzu-hsien coal mining.

This coal mining in Tzu-hsien includes the mines in Chung-ho, Yung-an, Yi-pei and Tzu-hsien, on the border of Hopeh Province, along the Peiping-Hankow Railroad. The coal is "sticky", semi-hard, and contains 7,700 calories of heat. Factories along the Peiping-Hankow Railroad are supplied with this coal.

3) Shansi coal mine.

This includes all coal mines in Shansi except two, the Hsi-shan and the Hsuan-kang. According to an estimation, there are 175,000,000,000 tons of latent coal in Shansi. This amount is seven times more than the amount of coal in Japan and six times more than the amount in Manchuria.

The coal mines which have been developed in Shansi are



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located in Yang-chuan, Shou-yang, Kao-chia-tan, Chieh-hsiu, Hsiao-..., Tung-shan and Hung-tung. The mining industry is not on a large scale. The kinds of coal in the above places are as follows:

- a) Yang-chuan. Hard coal, containing 8,000 calories. Supplies domestic fuel and fuel for vehicles.
- b) Shou-yang. Semi-hard coal. Suitable for railroad engines.
- c) Kao-chia-tan. Very "sticky", bituminous coal with sulfur in composition.
- d) Tung-shan. "Sticky", soft coal.
- e) Chieh-hsiu. Not "sticky" but semi-hard.
- f) Hung-tung. Very "sticky", soft coal. Suitable for iron factories.

Besides the above-mentioned coal mines which are related to the North China Development Co., there are eleven coal mining companies which include Ta-tung, Shantung Mining Industry, Chiao-tso, Hsin-tai, Ching-ching and the Kai-luan Coal Mine operated by the Army, etc. Only the latter mine uses machineries in its operations. Most of the others still use human strength.

As to the labor problem, the author suggested that the authorities take notice of strikes among laborers and give more guidance and training to the laborers. The author also suggested that the authorities restrict the establishment of more coal mining industries for the purpose of better control.

(IDC R2655:614 2/20/43)

The largest number of coal mines in North China is found first in Shansi, then Hopeh, Honan, Shantung and Chahar. The following table serves as an illustration (unit -- 1 million tons):

Province	Anthracite	Bituminous	Lignite	Others	Total
Shantung	28	1,613	--	--	1,639
Hopeh	981	2,088	2	--	2,071
Honan	4,455	3,209	--	--	7,764
Chahar	17	487	--	--	504
Suiyuan	58	398	22	--	476
Shansi	36,471	87,985	2,671	--	127,127
Shensi	750	71,200	--	--	71,950

In addition to these seven provinces, coal is also found in neighboring provinces, namely, Ninghsia, Kansu, Sinkiang and Chinghai. Taken together they contain 221,000 million tons of coal. Manchuria adds 20,000 million tons.

There are at present nine coal mines undergoing development in Hopeh Province: the main ones being in Kailan, Peking-Hsishan, Liuchiang, Lincheng, Chinghsing, etc. Five in Shantung Province: Chunghsing, Tzuchuan, Nanshan, Hsintai, Changchiu, etc. 23 in Honan Province: Wu-an, T'su-hsien, Luhokou, Chiaotso, P'inghsin, etc. All in various parts of Shansi Province and there is one coal mine being developed in each of

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Suiyuan, Chahar and Shensi provinces.

Before the Sino-Japanese War, part of the Chinese coal mines were operated on foreign capital and technique. For example, the coal mines Sino-British and Chiaotso were mainly British while Tzuchuan, Chunghsing and Chinghsing were German.

The yearly output of the coal mines in Shantung was 3,500,000 tons, in Hopeh 7,500,000 tons, in Honan 700,000 tons and in Shansi 14,210,000 tons. At present, the development of coal mining in North China is entirely different from what it was before the war. Japanese capital and technique have been introduced in place of those from the Western world. The following lists, indicating the ownership of each organization, illustrates the present situation:

- A) Of Sino-Japanese ownership:
  - 1. Tatung Coal Mine Corporation with a capital of 40,000,000 yuan.
  - 2. Chinghsing Coal Mine Corporation with a capital of 30,000,000 yuan.
- B) Of Japanese legal person:
  - 1. Shantung Mining Corporation, 30,000,000 yuan.
  - 2. Shansi Industrial Corporation, 30,000,000 yuan.
- C) Coal mining organizations under Japanese civil law:
  - 1. Chunghsing Coal Mining Agency, 5,220,000 yuan.
  - 2. Tawenkou, 17,220,000 yuan.
  - 3. Liuchuan, 4,020,000 yuan.
  - 4. T'zu-hsien, 14,340,000 yuan.
  - 5. Chiaotso, 8,932,000 yuan.
  - 6. Shansi, 13,310,000 yuan.
  - 7. Hsintai, 1,900,000 yuan.
- D) Of Chinese legal person (Mongolia and Sinkiang)
  - 1. Taching-shan Coal Mining Corp., Ltd., 2,000,000 yuan.
  - 2. Huayuan, 2,500,000 yuan.
  - 3. Paohsing, 160,000 yuan.
  - 4. Mongolia-Sinkiang, 5,000,000 yuan.
  - 5. Papao-shau, 500,000 yuan.

Besides the above, there are other organizations dealing with coal business for certain mines. They are:

- 1) Nippon Iron Mining Corporation in Laiwu.
- 2) The same corporation in Kushan.
- 3) Mentao-kou Coal Mining Co.
- 4) Nogami East Asia Mining Corporation in Toli.
- 5) Tantai Coal Mining Agency of the Nippon Mining

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#### Coal

- Corporation in Tatai.
- 6) Chuannan Industrial Corp.
  - 7) Lifeng Coal Mining Corp., Ltd.
  - 8) Changcheng Coal and Railroad Corp., Ltd.
  - 9) Chungwai Mine Corporation in Yushin.
  - 10) Liukiang Mining Agency of Japanese-Chinese Coal and Shipping Corporation.
  - 11) T'ang-yin Coal Mining Corp., Ltd.
  - 12) Chufou Papao-sha(u) Coal Mines.

In conclusion it may be said that in view of the increasing demand for artificial gasoline for automobiles and of coal as fuel for the expansion of various industries, the development of coal mines, and therefore coal business, will surely have a bright future.

(IDC R2468:470 8/5/43)

Japanese occupational authorities, in an effort to increase net coal production in North China, have pressed into service a large number of able-bodied...to work the mines. This is according to a recent "Central News" message from an undisclosed locality in Shantung Province. In certain areas of Taiwan and other areas in the North, it is learned here the Japanese have increased, tho slightly, their coal production.

(Chungking Eng. 8/13/43)

The Wainan Coal Mine is situated at a distance of 5 hours by navigation upstream from Pengpu on the Wai River. Though destroyed by fleeing Chungking Forces, it resumed production soon after the Japanese Forces' occupation of the area and at present is playing a vital role in the operation of munition and peace industries in Central China. In order to further expand the mining industry, a 5-year increased production program has been under way... Increased electric power generation plants are planned and a number of shafts will be installed in the near future.

(Tok. Eng. 10/7/43)

Tatung mine, Shansi Province, is located about 120 miles due west of Kalgan and produces a high grade bituminous coal, 16,000 B.T.U. low ash, high volatile combustion -- a good coking coal. The coal is transported by rail via Kalgan, and practically all is being shipped from Chingwantao to Japan. In counting the number of cars of coal being hauled by rail daily from this mine, it is estimated that the mine is producing from 40,000 to 50,000 tons per day. The Japanese have greatly increased production since they took over.

(Dissem. No. 17602d Nov. 1943)

Montekou mine, located about 15 or 20 miles from Peking, produces a semi-bituminous coal of an inferior grade. About 1200 tons are produced daily and all of this coal is used in the Peking area.

Lien Yuen iron mine, located at Hsuan Hua Fu, 30 miles southeast of Kalgan on the Suiyuan railroad, was reopened by the Japanese and is mining about 1000 tons of iron ore per day. This ore is going to Japan, being

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#### Coal

shipped from Tangku, where the Japanese have built special piers for handling coal and iron ore. This is a low grade ore. (Dissem. No. 17602e Nov. 1943)

The Kailan Mining Administration's principal mines are located: (1) Tungshan Mining area; (2) Linsi area; (3) Kuyeh area.

Present production of all areas is 17,000 tons daily. The Linsi area is the largest and most important of these properties.

The bombing of the Linsi mine in April, 1942 did very little damage. It did not stop production even for one day. One bomb came close to the power station and, if it had been a hit, it is estimated that the mines would have been put out of commission for at least a year. The power plant produces about 15,000 h.p. which is used primarily for continuously pumping water from the mines. There is no other available source of power. The raid killed about a hundred Chinese, including one Chinese doctor who was American educated. No Japanese were killed. The raid was a boost to Chinese morale, but from that angle the greater part of the effectiveness was lost as there was no follow-up.

All coal from these mining areas is hauled by double track railroad line to Chingwantao, where it is loaded for shipment directly to Japan. The coal trains are continuously shuttling forth and back between the mines and Chingwantao.

About 35,000 coolies are working in the mining areas. A bridge over the Lan Ho River, across which all coal must be hauled, is a controlling factor for the transport of coal from the mines. It is assumed that the area surrounding the bridge is protected by anti-aircraft, although no definite information has been gained on this point.

At present no Americans are connected with the mines.

About 10 British are now working in clerical jobs in Tenghsien, about 40 Belgians are left at the mines.

At the present time, there are considerable anti-aircraft and searchlights mounted in the mining area. Some of these are mounted on the slag piles. As of March, 1943 there were twelve anti-aircraft guns in the Linsi mining area.

The Chungsing mines are located 30 miles west of Shih Chia Chwang junction of the Peking-Hankow railway and the Cheng Tai railroad. As of March, 1943 this mine was producing from 2000 to 3000 tons daily of a good quality anthracite coal. The mine is equipped with German machinery.

Due to the fact that Chinese hold the area surrounding Ching Chow, which is the junction of the Lunghai railroad and the Peking-Hankow line, the Japanese are using the Lunghai railroad only from Kaifeng to Sinpu on the coast. It is believed that all of the coal from the above mine is being shipped out of China from the port of Sinpu on the coast.

The coal mine at Tatungfu in northern Shansi, on the Suiyuan railroad going to Kalgan and Peking, produces

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high grade bituminous coal. It is reported that the Japanese have developed this mine greatly since they took it over and its production has been increased at least ten-fold. The Japanese seem to be paying much attention to this mine. A very rough guess at production is 2000 tons daily. It is understood that the output of this mine is also being exported to Japan and Manchuria. (Dissem. No. 17602f Nov. 1943)

Peking: Anxiety was felt for a time about North China's coal output situation for the 1943 fiscal year, as a result of falling into difficulties in ensuring a supply of workers, reflecting the unexpected agricultural prosperity owing to the recent prices of food-stuffs. However, the coal mines bent their full efforts on breaking this bottleneck of production. Especially, as a result of the united efforts of the government and the people during the period for the advancement of the new construction of North China some time ago, the coal output situation recently made a speedy favorable turn. When a change is occurring, as at present, it is seen to be certain that the output will surpass for certain the coal output for the last fiscal year. Owing to the foregoing, the North China Development Company has already made general plans to increase the coal output plan for the 1944 fiscal year a certain percentage above that for the 1943 fiscal year and is going to begin concrete negotiations with the government soon. (Tok. Jap. 12/6/43)

The Peking municipal authorities have previously warned dealers not to raise the price of coal, following the increasing demand on the advent of bitter cold, yet certain dealers have mixed miscellaneous substances with coal. This adulteration must cease immediately, and measures will be enforced as soon as possible by the municipal bureaus and the coal guild. (Peking Mand. 1/3/44)

Since the new year was coming near, coal dealers, under the pretext of shortage, purposely raised prices in defiance of control. The retail price of coal has been over \$1,000 per picul and \$1.00 per 10 or 15 catties. The authorities decided to take measures to prevent profiteering in essential commodities. (Tientsin Mand. 1/15/44)

Yamamoto Jikan, Vice Minister of GEA, with others gave a report on the investigation of coal and light metal mines in North China and Mengchiang in April, 1944. The Kailuan Mines, a British concern before the war, has a coal deposit of 168,000,000,000 tons. The company has been considering Japan's request to produce coal for iron factories and to supply the locality and Manchuria with coal. Many improvements have been made. The result is that the ash content of coal in iron processing is 1% lower and pig-iron production is 3% higher. The Chung-hsing Mines, jointly operated by the Japanese

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and the Chinese, have a deposit of 40,000,000 tons of coal. The mine authorities are working on the problem of producing coal for iron processing.

(IDC 7371 4/26/44)

...The coal deposits of (Tailoo, Tusao and Chungsing) in North China are considered of the richest in the world. The high grade coal produced in large quantities is suited for manufacturing steel. These North China coal mines have been one of the main sources of feeding the war industries of Japan and Manchukuo...

(Shanghai Eng. 1/31/45)

#### Iron and Steel

Kiamatsu Hemia, director of North China Development Co., at an economic conference at Peking on Monday said that there has been remarkable progress in the development of...resources in leading iron mines in Lunying, Mengchiang, (Sing Le-cheng) and (Likuo) in Shantung Province, as well as (Suchowying) in eastern Hopei.

(Tok. Eng. 2/16/43)

President Tsushima of the North China Development Co. stated: "Iron, coal and other so-called preferable industries for the national defense are the main natural resources of North China. It is intended that a drastic improvement in increase of iron and coal industries and establishment of new factories or expansion of existing aluminum factories will be planned in this year. I wish to a certain extent that the development facilities may be equipped on the spot... it would encourage and harmonize the industries of North China."

(Tok. Jap. 3/18/43)

Tientsin: Recently, reports...the iron mining fields of Japan carried out an extensive exploitation project of (Tsu Chia-yeing) iron mines in Hopeh Province. The party of experts found that (Tsu Tyai-ying iron ore contains as high as 50% and some ores nearly 70% of iron. It is expected that when the mine is fully developed it will become one of the leading iron mines in North China, topped only by (Lung Yen) and (Sing Ling-hsien).

(Tok. Eng. 5/22/43)

The recent experiment undertaken by experts of the (Yawata) Iron Works of Japan reveals that the gigantic coal deposits of (Tartung) are estimated to exceed 40,000,000 tons. Hitherto the (Tartung) coal was regarded as unfit for the production of iron and large quantities were consumed for running engines and generating power as industrial fuel. But the recent experiment proves that the (Tartung) coal, used together with a coal of a higher grade, forms an ideal coke for the production of pig iron. In line with this discovery, the (Tartung) Coal Mining Company will treble its present capital of 40,000,000 yuan to meet the future demand of coal production.

(Tok. Eng. 5/23/43)

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Hsinking: Upon his return from an inspection tour of the (Tungting ore) region, President (Tatsunuhiko Tadazaki) of the Manchuria Heavy Industry Development Co. spoke that he was highly impressed with the prospects of the (Tungting ore) area as a rich coal mining center and as an iron-smelting center. He said that iron deposits and (laminae) have been recently discovered at (Sun Chow Su) and a rich quality hematite at (Sow Chow Shun). (Hsinking Eng. 6/10/43)

With an enormous amount of 300,000,000 tons of iron mines, North China will surely be extremely important in the field of iron industries in the future. But at present there are only three iron factories, namely, the Shanching Mountain Iron Factory, Hopeh Province, Taiyuan Iron Factory and Yangchuan Iron Factory of Shansi; and all these were run by primitive methods which did not yield good results. It has been strongly felt that iron industries must be highly developed. The North China Development Association, in cooperation with the Japan Iron Corporation, therefore has planned to speed up production. Iron industries in North China are now progressive along this line. (IDC R2468:470 8/5/43)

In December, 1935 some Japanese industrialists planned to establish a Hsing Chung Co. in North China in order to promote the iron industry around that area. When the Sino-Japanese War broke out, the plan was interrupted. However, in 1938, the Japan Iron Works Co., with its technical facilities, assisted such an enterprise. Ever since then the work gained momentum and up until the outbreak of the Pacific War, production of iron had increased immensely because of the richness of the natural resources in North China. In view of this, the sponsors of the project called a conference in December, 1942 to study to further its progress. The outcome of the conference was an announcement, on Dec. 10, formally organizing The North China Iron Works Corporation. Matters concerning capital and management were discussed with the Japanese authorities concerned. The result was that a capital of 100,000,000 yen for the corporation was decided upon; half the amount to be contributed by the North China Development Association and half by the Japan Iron Works Co. The corporation is in Peking and its iron factory is to be established in a region between Peking and Tientsin. The chief officers of the organization are: Chairman, Board of Directors -- Watanabe Gisuke; Standing Directors -- 1) Okumura Shinji, 2) Adachi Motonji; Directors -- 1) Kamiyatani Kiyomatsu, 2) Okayama Kiroshi; Supervisor -- Matsuyama Sadaji. This newly established corporation has run smoothly in the past years. In 1943, the first phase of the business plan was achieved. It is estimated that a period of ten years is required to get enough melting furnaces. It is the conviction of authorities in Tokyo that, if there is close cooperation among Japan, Manchukuo and China, a great expansion of iron production can easily

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be expected. At present, the corporation produces 100 tons of iron per day; in 10 years time it is expected to be 1000 tons per day and it is their belief that under the guidance of Japan Iron Works Co. that aim will be attained in the course of time.

(IDC R2468:470 8/5/43)

Tokyo: The small type furnaces recently completed by the Yawata Iron Works of the Japan Iron Manufacturing Co. will shortly be sent to the Chinese continent and the Southern Regions for the manufacturing of iron on the spot. It is revealed that the Yawata Iron Works recently established a new record in the construction of these small furnaces.

(Hsinking Eng. 8/19/43)

Shogo Tajiri, head of the North China Iron Works... said: "The North China Iron Works (capital 100,000,000 yen) realized that technical reinvestigation should be made on the small furnace, which is the basic equipment in the local system at the North China Iron Works. As a result, the entire (wd) will be reformed. The chief characteristic of the small furnace is the Neppuuro (head, wind, furnace) and it is the crux of the technical problem. At first, the small furnace was used when it was seen that iron manufacturing was possible with the use of the simple iron pipe method blast furnace, but it does not quite work. It is for this reason that the blast furnace was improved and a sort of compromise resulted. If so, then the peculiarity of the small furnace is lost and the large furnace becomes more efficient. At this time such (wd) thoughts as (wd) is the same as the small blast furnace must be changed. It is often said 'politics suppressed technique in connection with the small furnace' but it is very important at this time to reexamine the small furnace. The path that the North China Iron Works has trod has been one of difficulty and suffering, what with food conditions, epidemics, heavy rains, but it ploughed through it successfully and was blessed with the raw materials on the spot, so the North China Iron Works is at last on its course..."

(Tok. Jap. 12/2/43)

Juichi Tsushima, President of the North China Development Corporation, in a press interview yesterday predicted a bright future for all industries in North China. With reference to iron and steel industries, Tsushima stated that besides maximum utilization of the existing blast furnaces, large and small blast furnaces have been installed by the North China Steel Manufacturing Co., which is jointly capitalized by the North China Development Corporation and the Nippon Steel Manufacturing Co. He added that these furnaces have also been installed by the Tsingtao Steel Manufacturing Co., which is jointly capitalized by the North China Development Corporation and the Nippon Steel Tube Co. Emphasizing that the output of coking coal for steel and iron manufacturing accounts for 40% of the



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total coal output of North China, Tsushima declared much can be expected in the future of this industry in North China. He also stressed that the production capacity of the steel and iron industry will be boosted in a few months when all the small blast furnaces will be put into operation. He said the output of coal is 250% greater than the output in 1938.

(Tok. Eng. 12/22/43)

Peking: The 1944 operational program of the North China Iron Manufacturing Company (Kitashima Seitetsu) was recently decided upon, and rapid expansion of the local iron manufacturing industry can be looked to. That is to say, in the new year, construction of small-type blast furnaces will be entirely abandoned, and the principal goals will be the speeding up of Japanese blast furnaces and the completion and perfection of auxiliary equipment needed to raise the capacity of existing facilities. In line with increased construction, the intention is to expand steel manufacturing and (wd) facilities, as well as to perfect the handling of by-products from (wd) of coke furnaces. Consequently, in comparison with the 1943 construction in which energy was expended for the urgent completion of small-type blast furnaces and (wd) facilities, 1944 will see the emergence of the local iron manufacturing industry to the stage of actual perfection and, as such, much is expected of it. Conforming to the above, this company will resolutely carry out a fundamental renovation of its organization in the new year, commencing in April. Using the greater part of the head office organization, certain operational (wd) will be concentrated upon, and the Peking head office is expected to be confined to the scale of a liaison organ with the authorities. (Tok. Jap. 3/28/44)

Peking: With a view to further accelerating increased production, the North China Iron Manufacturing Co. recently reorganized its structure with emphasis laid on actual place operations. In the new setup, the main office company here is made up only of the President's Chamber and Planning and Liaison Rooms instead of the former General Affairs and Construction Departments. The company's works, which were formerly used as an operation department, are renamed as an Iron Foundry with heads of the Chamber and four new departments of General Affairs, Production, Engineering, and Defense placed in it. It is understood the president assumes concurrently the post of head of the new foundry. Two branch offices at Nanking and Tientsin, which were formerly under the control of the main office, are placed under the jurisdiction of the iron foundry. In line with the reorganization, structure personnel shifts are also announced. (Tok. Eng. 4/2/44)

The Lung-yen Iron Mines, with a deposit of 200,000,000 tons, started operation in 1937. Production, up to the year 1942, was amazing. But in 1943, production was only 70% of the 1942 amount. This was due to inefficiency on the part of the laborers. This year, labor

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is to be recruited in the locality. Also a plan for mine selection is to be established; otherwise there would not be any increase in the production.

(IDC 7371 4/26/44)

On the morning of July 19, the GEA Ministry held a steel conference at the Minister's residence on Nagata-Cho. The main guest was Minister Fujiwara, who had just returned from his tour of North China and Mengchiang. Others present were Aoki, GEA Minister; Takeuchi, Secretary of General Affairs of the GEA Ministry; Minagawa, Iron Ore Bureau of the Munitions Ministry, and the representatives of the Japan Aeronautic, Japan Steel, North China Development, North China Steel, Manchukuo Steel, Lungyen Iron Ore Companies and those representing the interests of Mengchiang and Shansi industries. The parley took up the discussions of various measures to increase the production of iron products in North China and Mengchiang.

(Tok. Jap. 7/19/44)

Grateful for the recent great results achieved by the Japanese forces, the people of North China, which is the rear line supply base, have expressed their gratitude in great uplifting of spirit. In every important industry, the people's determination to increase "victory-certain" production has been tremendously strengthened. There is, for instance, an iron factory in North China which, on October 13, announced its great accomplishment. From April to September, its record of production on the average showed that it had made a new record, from 100% to 158%. Also in the field of coal, (Fan Tu) and (Pan Yan), the production results have also proven the spirit of the North China All-out Forward Corps (Hwa Fei Chung Chin Chuan).

(Tok. Cant. 10/23/44)

The Hsin Min Society of Peking and Yenching decided at their respective general meetings to send an undisclosed number of youths from the four branches of the society in Peking and in the other hsiens under their jurisdiction to work in one of the foundries of the North China Steel and Iron Works. They will work from November 1 to 31 to help boost steel production, which is North China's most immediate requisite.

(Tok. Jap. 10/29/44)

Peking, December 25: North China is one of the most important arsenals of natural resources in GEA, contributing largely toward the Japanese war efforts to liberate the Co-Prosperity Sphere from Anglo-American exploitation. ...Along with the broad increase of production, shipments to Japan have been sharply on the upgrade during recent five months, surpassing first half of the current year by it...60%. Vast iron ore deposits of the very best quality ore... Endowed with a great supply of these essential materials, the steel industry is being developed at a remarkably swift pace in North China.

(Tok. Eng. 12/24/44)

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In North China, the iron industry has been modernized, following the establishment of the North China Steel Works. Small blast furnaces have also been installed to speed up the manufacture of iron, and already substantial progress has been made. The iron mines in Central China are around (Wangshan, Taiyeh and Pieng-tushan). These mines are operated by the Central China Steel Works, a subsidiary of the China Development Corporation, and their production has shown a steady increase... (Shanghai Eng. 1/31/45)

##### Salt

Kaya said: "Salt is produced most abundantly in North China and our chemical industries cannot get along without it." (Tok. Jap. 2/18/43)

Peking: It is expected that the production of salt in North China will hit a new high as a result of the establishment of new salt works in Hankow, Tashentang, Tachingho, and other towns. The production of the Changlu Salt Works registered an increase of 50% over the figures for last year.

(Tok. S. 5/22/43)

The chief salt field of North China is in Changlu. Two other fields are in Shantung Province. The (Santung) fields use sun light to prepare salt. With good weather, and favorable geographical and geological factors, North China is also important in the development of salt and its related industries. Soda is an essential mineral for chemical industries, and it can be produced in connection with the production of salt. At present, the Yung Li Chemical Industry Association, established in Tangku, is producing this chemical. Salt residue is also a useful chemical for a medical purpose, or as fertilizer, etc. At present there are in North China the Tung Yang Chemical Association, the North China Salt Industry Association and a salt residue factory in (Hanku), all of which are exploiting salt for different purposes.

(IDC R2468:470 8/5/43)

The main organization for the salt industry is the North China Salt Corporation, Ltd., which was established under the Chinese law in Aug. 1939. It has a capital of 25,000,000 yuan of which 18,750,000 yuan came from the North China Development Association and 6,250,000 yuan from the North China Political Council.

Because chemical industries in Japan have been greatly developed, the need of salt has also been great. Japan does not produce enough salt for her own consumption and the greater half of her salt supply has come from foreign lands, i.e. from the Iberian Peninsula, Africa, North China and Manchuria. But since the outbreak of the European war, Japan can only depend on nearby places and also...from Changlu and Chingtao in China. In Shantung, a sister organization, called the Shantung Salt

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Corporation is producing Chingtao salt and, in order to attain a reasonable output to meet the ever-increasing demand, it has been encouraged to turn out greater production.

After the North China Salt Corporation was established, the salt fields were enlarged and new technical facilities introduced. Its first step was to revive the deserted fields in Hanku and... The acreage of these fields is about 9000 choho (Note: 1 unit = 2.45 acres). In addition, newly developed fields in Taku, Tachingho and Tashengtang cover about 15,000 choho. Improvements have been made in respect to sea-water salt also. The North China Salt Corporation, in cooperation with the Tung Yang Textile Association, put out a capital of 6,000,000 yuan to establish a Tung Yang Chemical Industry Co. for the production of chemicals in connection with salt.

The North China Salt Corp. established a branch office in Tientsin besides those in Tokyo and Kobe. The staff officers of the corporation are: Chairman, Board of Directors - Uchida Keizo; Directors - Mori Shinji, Ando Heizo, ...Yu-chi and Chiang Yin-chiao; Supervisors - Uehara Hinosuke and Wang Yu-lin.

(IDC R2468:470 8/5/43)

Tientsin: The output of salt this year from the famed Changlu salt farm in North China topped estimates by a good margin, according to results made known now. The fine results are due generally to favorable weather and efforts of authorities concerned. It is learned transportation of salt by land and by sea during the first half of the fiscal year ending in September, this year, was carried out satisfactorily in accordance with the salt export program.

(Tok. Eng. 10/9/43)

Arriving in Hsinking on 25 March 1944, Oyoshima, president of the North China Development Company, told the press that the three-year plan to develop the salt fields has achieved amazing results and the government is continuing its efforts to develop them.

In addition to the above, article states that the exploitation of North China and the development of manufacturing here are to be accelerated. The assistance of Manchukuo will still be appreciated. Shale and quarry will be refined into magnesium, which is extremely necessary for war.

(IDC R4266:1447 3/27/44)

From Tsing-tao comes the news that the salt produce of Shantung Province at the end of October had exceeded the anticipated goal by 30%. Also a new reservoir, which was being constructed since this May, has been completed.

(Tok. Eng. 11/12/44)

#### Petroleum

The North China Petroleum Control Association (Kita Shina Sekiyuu Toosei Kyookai--Ed.) in Peking has made

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##### Petroleum

plans to resume production of vegetable oil to be used as a lubricant in place of mineral oil, and is engaged in large scale production of vegetable oil, using raw materials such as castor beans, peanuts, cotton and poppies. (Tok. Jap. 10/2/44)

In view of the fact that all of North China has been predominantly using mineral (lubricating) oil in the past, the North China Petroleum Control Association has adopted measures to put vegetable (lubricating) oil to general use. To carry this out, the Vegetable (Lubricating) Oil (Production) Committee (Shokubutsusei Junkatsuyuu Kyooshutsu Iinkai--Ed.) has been established. It will program construction of (new) factories as well as formulate plans for improvement in the (production) of vegetable base (lubricating oils). (Tok. Jap. 11/17/44)

##### Light Metals

Report of North China Development Co. to Hsin Min Society: Coal, iron, aluminum, gold and other vital materials are being produced in ever increasing quantities by joint Japanese-Chinese concerns. (Tok. Eng. 10/31/42)

#### I. The establishment of the North China Aluminite Mining Industrial Co., Ltd.

- 1) The North China Aluminite Mining Co. was founded in 1938. The capital of this mining company came from Kyochu Co. and Chojo Mining Co., Ltd. After the Kyochu Co. was reorganized as the North China Developing Co., the North China Aluminite Co. was also reorganized in 1939 as the North China Aluminite Mining Industrial Co.
- 2) The capital of this company is 5,000,000 yen. Half of this amount came from the Japanese North China Developing Co. and half of it came from the Chinese Government. 200,000 yen of the government's share came for the Shantung Provincial Government.

#### II. The resources of aluminite in North China.

Along the Tsingtao-Tsinan Railroad and Tientsin-Pu kou Railroad, the land is rich with aluminite. In the Kai-luan coal fields there are about 400,000,000 tons of aluminite deposits. 60% of this 400,000,000 tons of aluminite ore has been found to contain about 8,000,000 tons of aluminum. Japan depends on the transportation of aluminum from the South Pacific. Since the war began, the United States and Great Britain have been trying to blockade Japan. The transportation of this important metal is necessary and so is the development of the aluminite mines in North China very necessary to the building of airplanes.

#### III. Business of this company.

The aluminite mines in Kai-luan and Shih-men have

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been developed and are still being developed. The Pao-liu mine area and Ku-yeh in Chi-tung have also been developed since 1942. Plans have been made to produce 23% more in 1943 than that produced in 1942.

IV. Income, expenditure and profit for September, 1942.

Income and Expenditure	Unit: 1,000 yen
Total income	2,616
Total expenditure	2,377
Profit	239
Previous balance	110
Net profit	239
Total	349

Administering the profit	Unit: 1,000 yen
Legal reserve fund	24
Special reserve fund	40
Retirement fund for officers	15
Dividends	95
Bonus for officers	18
Balance carried over	157

V. Officers

Chairman of Trustees

Vice-chairman of Trustees      Ogura Takuzo

Trustees:

Sun Wei-yu  
Liu Shih-yuan  
Nabeshima Kimon  
Sato Seitaro  
Huang Hsiao-ping  
Liu Lo

Inspectors:

Mizutani Senchuma  
Chang Huang-chuan

Large shareholders:

North China Developing Co.	49,000 shares
North China Political Council	49,860 "
Yamanishi kero	860 "
Ogura Takuzo	100 "

(IDC R2468:570 8/5/43)

The Munitions Ministry decided to appoint Hajime Kagayama, vice president of the Sumitomo North China Mining Co., as chief of the Non-ferrous Metals Bureau and announced...the dismissal of Vice Minister Kishi from taking general charge of the affairs of the bureau. (Tok. Jap. 11/13/43)

Domei, Asiatic report: At suggestion of Light Metals Control Association, various companies had been carrying on research on ore handling techniques at the Yokohama plant of Showa Denko, to produce alumina using North China aluminite. Nippon Alumina will use the soda lime process, while Showa Denko and Toyo Light

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Metals will use the alkali process.  
(Tok. Jap. 12/13/43)

Peking, March 18: A wide scale increase in the production of light metals as well as aluminum, the stabilization and production of raw materials as well as materials which heretofore were abundantly available from Japan and Manchukuo, further bolstering peace preservation as well as labor are three keynotes for the North China Development Company's 1944-45 business activities. These measures are now being closely studied by the company officials with Japanese government experts. According to the business plan of the company, industrial investment during the new business year is double that of last year, due to price rises in the majority of materials. Particularly noteworthy in 1944-45 investments is the company's dependence on funds which will be raised within North China instead of Japanese sources. It is generally (believed) restrictions on remittances from China to Japan and Manchukuo, which were recently...as well as...companies debentures of smaller denomination, will...to raise company's 1944-45 industrial funds in China. At the same time it will contribute to the absorption of purchasing power. (Tok. Eng. 3/17/44)

Peking: The commendation ceremony for the meritorious services rendered by...for discovery of a huge (lode) of aluminite in a certain place in North China, thus contributing much to the aluminite industries and therefore toward increase of national war strength, was held at noon yesterday at...of the Japanese Embassy. (Tok. Jap. 6/8/44)

This year Hopeh has been taking every possible step to bring about a great increase in the production of alumina, a basic material for aluminum, to supply Japan. President Sato of the Hopeh Alumina Company made the following statement in regard to increased production of alumina and increased export to Japan: "I have this to say regarding greater increased production of alumina. We are not producing the expected amount at present, due to the fact that material from outside reached us behind schedule. However, now that we are fully equipped with material here as well as in Manchukuo and Chosen, we expect production to be stepped up to normal by next month. Even now we are shipping out alumina to Japan according to schedule, because we keep a substantial amount in store for that purpose. I am confident that we can fulfill the necessary amount to increase fighting power to any extent." (Tok. Jap. 8/3/44)

The Commerce and Agriculture Ministry, the Greater East Asia Ministry, the Mines Control Association and the North China Communications Company have organized and sent an inspection group to look into the possibilities of securing rock phosphate in North China. The inspection party returned recently and made a report to

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the authorities concerned. According to the report made, there is a great future for rock phosphate mining of North China. It is not very difficult to achieve this year's goal, but it is necessary to effect basic improvements in the transportation and mining methods. The group offered the following suggestions for overcoming current difficulties: The present method of mining is the rather primitive method of open pit mining, but this should be changed to shaft mining so that production can be increased. However, for the time being, both open pit and shaft mining should be carried on so as to not make any drastic changes which will affect production efficiency. In the transportation field, the present system of employing hand labor for carrying phosphate from the foothills to the railroads is very inefficient, and this must be remedied. At the same time, motorized sailing vessels should be utilized in the sea transportation service from North China, while measures must be effected also for overland transportation on the continent. The authorities concerned are expected to act upon the suggestions contained in the report of the inspection mission. (Tok. Jap. 9/25/44)

Aluminum shale is found in all the coal fields of North China. In the Kailan Coal Mine in eastern Hopeh Province there are available 8,000,000 tons of aluminum shale, with a content of more than 60% aluminum, and 17,000,000 tons with aluminum content from 50% to 60%. In addition, it is estimated that there are several hundred million tons of aluminum shale deposits, both open and underground, at a coal mine in..., Shantung Province. Aluminum content of aluminum shale at this particular coal mine ranges from 75% to 80% a ton. This aluminum shale is of a very good quality, containing but very little iron, with 12% silicic acid of a very good quality. At present, only open mines are operating, but production now reaches sizable proportions. In one recent month, output showed a 40% increase over the monthly production goal.

#### Collaboration with Manchukuo

Peking: President Takasaki of the Manchuria Industrial Development Co. arrived at Peking yesterday. President Takasaki gave a press interview today at the Manchukuoan Embassy at Peking and spoke of the object of his present visit to Peking as follows: "The object of my present visit is to abolish the (unified) (wd) enterprises of Manchukuo and North China in connection with steel manufacturing, which is absolutely necessary for increasing fighting strength, and to plan for close collaboration. Measures for promotion are being enforced in Manchukuo at present, but these require enormous facilities, materials and manpower, hence it is difficult to meet the demands for an urgent increase in production. Thus, if it is more effectual, from a general viewpoint, to rely entirely on the abundant mineral veins in North China, I believe it will be better to place the materials and technology in



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our possession at the disposal of North China and to cooperate in increasing North China's production. Hence, I intend to hold preliminary consultations. To my way of thinking, I believe that, in order to increase fighting strength to the maximum degree with the minimum of materials and manpower, we must expand the scope of production as much as possible and carry on production smoothly within that scope. This holds true in the case of (wd) relations between Manchukuo and North China but is also the same in the structure of the enterprises themselves."

(Tok. Jap. 3/12/44)

Peking: North China has much to learn from her northern neighbor, Juichi Tsushima, president of the North China Development Company, told the press today upon his return from a visit to Manchukuo, March 30. He said he completed various concrete arrangements for further cementing Chinese-Manchukuo economic relations, whereby furthering their contributions to Japan's war efforts. He stated the arrangements include the supply of lumber, idle electric generating facilities and raw materials for iron ore, as well as cardinal foodstuffs from Manchukuo. He added that through cooperation of the North China Development Company and the Manchuria Industrial Development Corporation priority will be given to supply these materials and facilities from Manchukuo to North China in the near future. (Tok. Eng. 4/4/44)

#### Export

Minister Shiozawa reports of North China conditions: Production of national defense resources, such as coal, iron, cotton and salt, has increased greatly. Great quantities are being shipped to Japan as well as to Manchukuo and Korea. (Tok. Jap. 11/9/42)

#### Miscellaneous Data on Tientsin, etc.

1. Scarcity of crude rubber compelled conversion of rubber goods industry in Tientsin, and the use of scrap rubber.
2. Insufficient pig-iron delivery reduces production of Tientsin iron foundries. Several have shut down.
3. North China Electric Power Company plans restrictions on the use of current.
4. In order to combat inflation, the North China financial authorities established a Sino-Japanese committee for the regulation and retirement of paper money. They further suggest curtailing loans and standardization of purchasing power of currencies and unification of taxation.
5. Industries generally suffer from restrictions, and the production of the cartels (sic) is declining.
6. The Tientsin harbor engineer's office is planning to make the Chinchung River near Tientsin navigable for ships.
7. The North China Forest Planting Association is re-planting their alkaline rented properties at Tsinghai, Tsinghsien District, Hopei Province, with tamarisks.
8. More than sixty small Japanese rail and water shippers have combined to form the Tientsin Transport Company.

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INDUSTRY

Miscellaneous Data on Tientsin, etc.

9. Nineteen vegetable oil refineries at Tientsin, with a total capital of FRB \$10,000,000, and 30 presses, produced in 1943:

Ground nut oil	3,500	tons
Cotton seed oil	1,250	"
Fish oil	600	"
Aromatic oils	150	"
Linseed oil	3	"

Due to shortage of raw materials, there has been a decline in production since the beginning of 1944.

(A-38841 15800-905 (FE 422)  
9/5/44)

## E C O N O M I C S

### PUBLIC WORKS

Water works and civil engineering in North China:

I. The reconstruction of water works and city planning in North China was planned by the reconstruction headquarters which was organized by Chinese and Japanese politicians and engineers in 1940. According to the program, the estimated expense will be 652,259,000 yen. Eighty percent of the water works, public roads, and city planning should be done by the end of 1947. The objectives of this program: to avoid annual flood catastrophes; to improve the water supply, irrigation and shipping routes; to drain the Yellow River and its branches; to reconstruct roads and cities and to establish waterways in the rivers and canals.

II. The construction headquarters decided on four major plans for water works and one for city planning in North China.

Plan I is a two-year program of waterworks estimated to cost 100,000,000 yen.

Plan II is a five-year program which chiefly deals with drainage systems estimated to cost 200,000,000 yen.

Plan III is a 7 year program which chiefly deals with irrigation, drainage and shipping routes in Tientsin area. The estimated expense is 300,000,000 yen.

Plan IV is a three year program from 1941 to 1943 for the construction of the Shihchin Canal. The length of the canal will be 320 km., the width at the bottom will be 12 m. and the top 20m. and the depth 2m. The Panama Canal plan and its system is to be adopted. The shipping capacity is to be 100 tons which will make the carrying capacity 1,500,000 tons per year. This program will cost 20,000,000 yen. This canal will be from Shihmen to Paiho near Tientsin.

The general plan of the main waterworks is to build water dams on the up stream of the Yellow River and its branches and improve the shipping routes and irrigation for 100,000,000 Chinese farmers in this area. The authorities estimated that by 1947, the grains produced in this area will be around 6,770,000 kokus of rice (koku equals 4.96 bushels), 1,060,000 bushels of wheat and 700,000 bushels of grains. These amounts may be estimated at a value of 70,000,000 yen.

Plan V is a five year program of city planning for North China. This program which was started in 1941, will be carried to 1945 at the expense of 2,250,000 yen. The city planning for North China will include repairing and rebuilding roads, setting in drainage systems and reconstructing industrial cities such as Peiping, Tientsin, Tsinan, Shihmen, and Taiyuan in North China. (IDC R 3023:840 1942)

### TRANSPORTATION

In North China the unlimited natural resources, the railways and motor roads, canals and like utilities are being perfected and strengthened. In this way all plans concerning the new policies in this area are being completed. Among these works is to be noted the admirable and amazing reconstruction of harbors in the Tangku area. Tangku area construction was begun in 1940. Tangku which is the front gateway of North China was chosen as the location in which a five year plan is in effect. Thus by May, 1942, the first pier in this harbor was completed. (Tok. Jap. 6/26/43)

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The governors, mayors and other high administrative officers continued to hold meetings this morning and afternoon in the conference room of the North China Political Council. They discussed the problems concerning communications, transportation, finance and others. They ended their discussions at 3:20 p.m.

(Peiping Mand.  
1/24/45)

#### Roads

The North China government had repaired 2,160 miles or 3,600 kilometers of destroyed roads by the end of 1941, according to Shichiro Miura, chief of the technological section of the China Affairs Board. In May of last year a bus service covering 7,800 miles or 13,000 kilometers was resumed.

(Tok. Eng. 8/6/42)

A motor road connecting Fengjun with Shahoehen is under construction by the Japanese forces in eastern Hopeh Province.

(Tok. Eng. 9/21/42)

Aiming at the increase of transportation for cereals concentrated in (Paochiang), a new highway for motor cars has been recently opened by the North China Railway Company.

(Tok. Eng. 11/18/44)

The highways in North China are being completed one after another. In order to facilitate the transportation of the minerals, cotton, foodstuffs and other vital commodities produced in North China, the public works administrations of the North China Political Commission undertook the task of building highways in the different areas in North China. The development of this construction project has been extremely swift. Since the beginning of this year the highways which were completed include the (Peking ...) highway with a total length of 170 kilometers, the Taiyuan-(Potow) highway on the section between (Hsian-Kang-Cheng and Yuon-Pinge ?) 40 kilometers in length, and the Taiyuan-Kaifeng highway on the section between (Changyech and Tishtsegkwan), a total of 92 kilometers.

(Tok. Can. 12/11/44)

The ... road which was destroyed in part by enemy demolition work was completed within two weeks, through the efforts of our engineering corps and the earnest cooperation of the local residents. It is an automobile road which is 110 kilometers long and 6 meters wide, and it extends from Indo-China to ... This work shows that this is the completion of the artery of the East Asiatic sphere by connecting Manchuria to Singapore by way of southeastern China and Indo-China according to our cross-continental strategy. Simultaneously, the waterway between (Taiko) and ... which was closed during military operations has been opened for public use. As you already know (Tai) River is a most important waterway for traffic joining ... and (Kanto). As one of the economic powers for the prosecution of resistance in southwestern China, this river traffic was a great Chungking artery. Hereafter, the completion of the ... public road and the opening of the ... waterway will not only establish a traffic line between Indo-China and ..., but in military operations our forces will command

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#### Roads

the use of it as a traffic artery without any regret to the absolute advantage of our ... campaign. (Tok. Jap. 12/30/44)

#### Automobiles

The Peking railroad division of the North China Communication Company starts to operate natural gas automobiles today. The two already completed autos were tested with excellent results. It was estimated that an ordinary auto would consume 32¢ of gasoline per kilometer, but these cost only 8¢ of natural gas per kilometer. The top speed of these cars was 72 kilometers per hour and further improvements will enable them to make 185 kilometers per hour. (Peiping Mand. 10/14/42)

### RAILROADS

On the main line of the railroad between Kalgan and Peking at Ching Lung Chiao a switchback is used in order to get the railroad across over the grade. The cars are pushed up one leg of the Y and then back over the other. This switchback is located just where the railroad line goes through the Great Wall and is a controlling factor in the railroad system. The largest railroad junction in North China where all rail lines merge is at Fengtai, 7 miles southeast of Peking. Japanese have large warehouses here and great quantities of war supplies come in and out from Manchuria and also by rail from Tangku (located at the mouth of the Hai Ho River). The Hai Ho River is being dredged and kept in good navigable condition from Tangku to Tientsin. Guerilla activities along the railway run seem to be confined to the damaging or removing of fish plates from the rails in order to derail trains. This has been particularly effective in disrupting traffic. The bombing or blowing up of trains has not been part of the program for some time. (A 17602 November 1943)

See also INDUSTRY NORTH CHINA DEVELOPMENT COMPANY  
Background

#### New Construction

After 9 months of strenuous effort by the Japanese Railroad Engineering Corps, the Siang Ting Railroad branch of the Peking-Hankow Railroad connecting (Hsie Ting) and (Chang Tsiang Fao) was opened for public service on Saturday. Consequently construction works in this sector will have remarkable development. (Tok. Jap. 10/18/42)

Peking: The longest railway of 450 kilometers cutting across central Hopeh Province to the southwestern tip of Shantung and joining Peking and Tsinan has been completed. The construction started in the spring of 1941 and was carried out through cooperation of Chinese and Japanese. Wang I-tang yesterday named this line the Pei-Tsi Railroad, taking the first characters of Peking and Tsinan. As a result of its construction, time of

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#### New Construction

travel between Peking and Tsinan has been reduced from 8 to 4 hours. Furthermore, when the concrete highway is completed, busses will cover this distance in only 5 hours. (Tok. Jap. 12/12/42)

Pengpu, on the Tientsin-Pukow railway, and Shuikiahsiang, terminus on the Huainan railway, were formally opened for service on June 29 with a ceremony held at the square in front of the Pengpu railway station. Construction of the new line which was started by the Central China Railway Company in the middle of last March, was completed within the short period of three and a half months. Immediately following the opening ceremony, a test run was made on the whole stretch of line. The new line was built for the purpose of facilitating transportation of coal which is produced along ... railway and of developing ... resources along the entire Huai River valley. From Shuikiahsiang, where it terminates, the new line is connected with the Huainan railway which runs southward to the Huainan coal mine. (Tok. Eng. 6/28/44)

#### Railroad Protection

While the GEA War is approaching the final victory, the duty of transportation in North China is greatly increased. In order to carry out this duty successfully, the ... Association in Hopeh started to form an organization for the protection of roads. The other counties in Hopeh Province are also preparing to organize such "Ai-lu-tuen" (road loving corps). They all reported that by the end of February this year such organizations will be completed and ready to perform their services. (Peking Mand. 1/15/45)

#### Security measures and communications

1) The police system is composed of a Bureau of Police, a Division of Police and a Branch Office of Police. Chinese women police act as special police. The main duty of the police is to protect the communications lines from being destroyed by Chinese patriots and communists.

2) Ai-lu-ts'un is an organization of civilians who live within an area of 10 kilometers on both sides of railroads, automobile and water transportation lines and whose duty it is to protect the communication lines. Any civilian can be a member of Ai-lu-ts'un. The head of the railroad station can be the head of an Ai-lu-ts'un group. The promoters of this organization who are at the same time in the division of police can be appointed as assistants to the heads of such organizations. There are 8,000 Ai-lu-ts'un groups and the membership includes 30,000,000 persons.

3) There are 14 Ai-lu-hui-min research institutes and 500 Ai-lu-schools and affiliated agricultural schools. The North China Communications Company trains Chinese farmers in farming and gives them a knowledge of railroads. There are 720 Youth Corps with 26,500 members who investigate and report to the Japanese authorities

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attempts to destroy communication lines. In 1940 there were 6,200,000 police and detectives for the communications. (IDC R 2468:570 August 1943)

North China Development Company: Operations and Construction

The North China Development Company made a report to the Hsin Min Society which revealed that the railroad operated by this company at present covers approximately 6,000 kilometers and occupies the central part of the former Chinese Railroad of 11,300 kilometers, but plans for construction are steadily progressing. The amount of transportation has increased 56 percent over pre-war rates. There were 40,000,000 passengers carried last year, an increase of 115 percent over the time prior to the China Incident. (Tok. Jap. 10/31/42)

North China Control Bureau

The North China Control (Bureau) decided to carry out (general) control and to raise passenger and freight charges in the field of railroad, automobiles and ... The present raising of freight charges is to cope with the actual demands of the increase of fighting power and for concentrating the entire mission and ... of the North China Control (Bureau) in the strengthening of transportation power which is the prime objective. (Tok. Jap. 2/28/45)

North China Communications Company: Railroad Communications

The North China Communications Company controls both land and water communications in North China and Meng-Chiang. The company is incorporated by Chinese and Japanese. It has a capital of 400,000,000 yen, 110,000 employees, 8,000 Chinese and 3,000 Japanese. More than 40,000,000 passengers traveled on this company's communication lines. This number is 115 percent increase over the total number of passengers before the outbreak of the Sino-Japanese war. The income of the company was 133,600,000 yen in 1939 and 217,900,000 yen in 1940. The new railroad lines added in 1941 were:

<u>Names of lines</u>	<u>Destinations</u>	<u>Length of line</u>
Tung-ku Line	Tung-Chou-Ku-pei-kou	126 kilometers
Hsin-kai Line	Hsiao-yi Kai-feng	89 "
Northern section of Tung-p'u Line	Shuo-hsien Yuan-p'ing	104 "
Ta-tai Line	Men-tou-kou-Ta-tai	34 "
Ta-ch'ing-shan Line	Pao-tou Chao-k'ou	41 "
Hsi-tso Line	Ma-t'ou Hsi-tso	21 "
Tung-Iu Line	Tung-kuan Lu-an	1174 "
Shih-te Line	Shih-men Te-hsien	181 "
Shih-chia-kang Line	Chiang-ts'un Shih-chia-kang	8 "
Shih-T'an Line	Hsuan-kang Shih-tan	3 "
Pa-chih Line	Po-shau Pa-chih-chuang	9 "

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##### North China Communications Company: Railroad Communications (Cont'd)

<u>Names of Lines</u>	<u>Destinations</u>	<u>Length of Line</u>
Chih-chai Line	Tung-t'ai-ping Chih-chai	26 kilometers
Liu-ch'uan Line	Liu-ch'uan-Liu-ch'uan Coal Mine	16 "
Huai-ching	Ch'ing-hua-Huai-ching area	18 "

The company has ten other railroad lines which are old ones.

Meng-Chiang Railroad Company has several railroads going through farming areas. Branch lines of these railroads run through coal and iron mining areas. The railroads cover 500,000 square kilometers where 5,500,000 people live. The total amount of freight transported by this company in 1940 was 1,535,000 kilogram tons.

##### Automobile Communications

In 1941, Meng-Chiang Motor Company had automobile lines totaling 5,000 kilometers and North China Communications Company had lines totaling 13,236 kilometers, with about 2,000 cars. In 1940 (from January to November) the daily income of North China Communications Company was 50,000 yen. Passenger and freight transportation percentages of North China Communications Company were 43% and 57% respectively. The company is planning to lengthen its automobile lines to 35,000 kilometers by buying newer and larger models of automobiles.

##### Water Communications

By 1946 North China Communications Company will cover 5,000 kilometers of water routes in the rivers of North China. In 1942, there were 13,000 licensed boats, and they carried 1,000,000 kilogram tons of cargo. Practically all the cargo consisted of war supplies, 80% of which was foodstuffs. The company plans by 1946 to increase its transportation to 3.3 times the amount it had in 1942. In 1940, the same company controlled all civilian boats. In 1944, new transportation lines 4,300 kilometers in length through eight rivers in North China were added. The length of motorboat lines was 1,310 kilometers for 1942 and 1,515 kilometers for 1944. By 1946, the company plans to increase its business to ten times the amount in 1942. Tsen-tsin special third area wharf owned by this company is used mainly for imports from Japan. Hsien-ho wharf is shipping place for coal and the China Merchants' Steamship Navigation Company wharf ships out ore and alumina.

##### Security Measures and Communications

The police system is composed of a Bureau of Police, a Division of Police, and a Branch Office of Police. Chinese women police act as special police. The main duty of the police is to protect the communications lines from being destroyed by Chinese patriots and Communists. Ai-lu-ts'un is an organization of civilians who live within an area of 10 kilometers on both sides of railroads, a auto-



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##### Security Measures and Communications

mobile and water transportation lines and whose duty it is to protect the communications lines. Any civilian can be a member of Ai-lu ts'un. The head of the railroad station can be the head of an Ai-lu-ts'un group. The promoters of this organization who are at the same time in the division of police can be appointed as assistants to the heads of such organizations. There are 8,000 Ai-lu-ts'un groups and membership includes 30,000,000 persons.

There are 14 Ai-lu-hui-min research institutes and 500 Ai-lu schools and affiliated agricultural schools. The North China Communications Company train Chinese farmers in farming and give them a knowledge of railroads. There are 720 Youth Corps with 26,500 members who investigate and report to the Japanese authorities attempts to destroy communication lines. In 1940, there were 6,200,000 police and detectives for the communications lines. Fu-lun school trains the children of employees of the North China Communications Company to prepare them for work in the company. The same company owns automobile and vehicle companies. The names of the companies are as follows: Meng-Chiang Automobile Company, Tientsin Communications Company, Limited, Tsingtao Communications Stock Company, and North China Vehicle Stock Company. (IDC R2468:570 Aug. '43)

##### The History of the North China Communications Co.,Ltd.

Communication is important to economics and the cultural and national defense of the nation. A good communications organization strengthens military preparations. The railroads in China are essential before any land transportation from Tokyo to Singapore can become effective. That is the reason why the North China Communications Co.,Ltd. was established in 1939. The capital of the company in the beginning was 300,000,000 yen, which was divided into 6,000,000 shares. The Japanese North China Developing Co. held 150,000,000 yen of the stock which was paid in goods. The Manchuria Railroad company held 120,000,000 yen of the stocks in cash. The North China Political Council held 30,000,000 yen of the stocks in cash. In 1942, the stockholders decided to increase the capital of North China Communications Company to 400,000,000 yen. The North China Developing Company added 1,700,000 shares which equalled 85,000,000 yen and the North China Political Council added 300,000 shares which equalled 15,000,000 yen.

##### The Work of the Company

1. Building railroads, highways and water transportation in North China.
2. Building railroads for the Mongolian Government since the Communists ruined part of the railroad.

##### The Business of the Company

Railroad business: After the war, the Chinese destroyed part of Lunghai Railroad. After the Japanese entered No. China, new railroads were built.

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The following table shows the length of the railroads built before the war.

<u>Names</u>	<u>Destination</u>	<u>Length</u> (KM)
Ching-Shan Line	Peiping-Shan-hai-Kuan	423
Ching-han Line	Peiping-Hankow	629
Ching-pao Line	Feng-tai-Pao-tao	817
Ching-pu Line	Tientsin-Pu-koa	832
Shih-tai Line	Shih-mon-Taiyuan	246
Hua-Ching Line	Hsin-hsiang-Huai-ching	99
Tung-pu Line	Ta-tung-Pu-chou	834
Chia-chi Line	Tsingtao-Tsinan	349
Lunghai Line	Lien-yun-Ma-tou-Kai-fung	501

The following table shows the newly built railroads in North China.

<u>Names</u>	<u>Destination</u>	<u>Length</u> (KM)
Ching-Ku Line	Hsin-tung-chou to Ku-pei-kou	127
Hsin-Kai Line	Hsiao-chi to Kai-feng	78
Shih-te Line	Shih-men to Te-hsien	181
Tung-yu Line	Tung-Kuan to Yu-an	178
Ta-tai Line	Men-tou-Kou to Ta-tai	34
Tung-pu-... Line	So-hsien to Yuan Ping	104
Ta-ching-shan Line	Pao-tou to Pao-Koa	104
Hsi-tso Line	Ma-tou to Hsi-tso	21
Shih-chia-Kang Line	Chiang-tsun to Shih-chia-Kang	8
Shih-tan Line	Hsuan-Kang to Shih-tan	3
Pa-chih Line	Po-Shan to Pa-chih-chuang	9
Chih-tsai Line	Tung-tai-ping to Chih-tsai	26
Liu-chuan Line	Liu-chuan to Lia-chuan Coal Mines	16
Huai-ching Line	Ching-hua to Huai-ching	

Highways and bus-lines.

Highways can supplement railroads and they are necessary in North China.

The following table shows the increase of highways as for certain months:

<u>Year</u>	<u>Month</u>	<u>Total Length of Highways (KM)</u>
1939	April	5,000
	October	7,000
1940	April	9,000
	October	10,000
1941	May	13,000
1942	March	15,000

The following table gives the number of passengers and the amount of goods transported by bus and trucks from 1937 to 1941:

<u>Year</u>	<u>No. of passengers</u>	<u>Amount of goods</u> (unit: metric tons)
1937	2,630,719	62,807
1939	6,688,733	244,986
1940	9,285,627	314,267
1941	8,884,657	340,458

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Water Transportation

In ancient China, the Grand Canal was built for water transportation. There are, at present, several rivers in North China which can be used for transportation. There are wharves for loading and unloading goods. The company owned six wharves in 1942.

The following table shows the inland water transportation routes in North China.

Name	Destination	Length (Km)
Tung-pei Ho	Lu-tai to Feng-tai	196
North Grand Canal:	Tientsin to Tung-chou	143
Tzu-ya Ho:	Tientsin to (Hantau)	755
Ta-ching Ho:	Ti-liu-Pao to Pao-ting	196
South Grand Canal:	Tientsin to Hsin-hsiang	1.177
Hsiao-Ching Ho:	Pai Kuan to Yang-Chia-Kou	298
Grand Canal	Tung . . . to Huai-an	709
Yellow River:	Lo-pei to Tung-a	200
Yen-Yun Ho:	Ta-pu to Huai-yan	170

Additional Business and Investments: This company established organizations for police administration, education, health, welfare, travelling and research, and the company also invested in:

1. Meng-chang Automobile Company: The capital of this automobile Company was 6,000,000 yen. The North China Communications Company holds 4,000,000 yen of its stocks.
2. Tientsin Communications Company, Ltd.: The capital of this company is 2,000,000 yen, half of which came from the North China Communications Company.
3. Tsingtao Communications Company, Ltd. The North China Communications Company held half of the 11,000,000 yen capital of the Tsingtao Communications Company, Ltd.
4. North China Vehicle Company, Ltd. This company has two factories for manufacturing equipment for communications. One is in Tsingtao and the other one is in Shan-hai-Kuan. The total capital of this company is 30,000,000 yen of which 8,000,000 yen came from the North China Communications Company.

The following table shows the income and expenditure of the North China Communications Company in 1942.

	(Unit: 1,000 yen)
Income from Railroads	466,353
Income from water transportation	11,163
Income from highways and buses	32,891
Interest on income	1,120
Total Income	511,527
Total Expenditure	492,546
Profits	18,981

(IDC R3022:836 9/5/43)

North China Transportation Company

The North China Transportation Company announced changes of fares and rates on the trains and other means of trans-

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portation, in order to prevent inflation during war time. The changes will become effective April 1. Third class passenger, 4¢ per person per mile, 2nd class passenger, 8¢ per mile, 1st class passenger, 12¢ per mile; railways ordinary baggage rate: 5 pounds below 100 miles, 60¢; 5 pounds below 300 miles, \$1; 5 pounds below 600 miles, \$1.50; 5 pounds below 1,000 miles, \$2.00; 5 pounds above 1,000 miles every 500 miles adds 50¢. After 5 pounds, every five pounds below 100 miles, 40¢, below 300 miles 70¢, below 1,000 miles \$1.10, below 600 miles, 90¢, and above 1,000 miles every 500 miles adds 20¢.

(Peking Mand. 3/27/43)

The North China Transportation Company put into effect a control over a part of passenger traffic from February 1 and in conjunction with the strengthening and effective enforcement of ... and the reduction of the number of passenger trains, which were previously enforced, will carry out continental administration over essential commodities during the decisive war. The passenger control which will be enforced hereafter will involve restrictions on ... as regards passengers travelling on the continent, the abolition and curtailment of ..., the ... and control of ... passengers, and control over the management of ...

(Tok. Jap. 1/27/44)

Peking: As the result of the enforcement of various wartime emergency measures, such as the increase in number of freight cars, decrease of passenger cars, increase of tractive force of locomotives and the promotion of efficiency of freight loading at night, the North China Transportation Company has achieved a marked increase in the amount of raw war materials and daily necessities transported. The total amount of freight transported during February showed an increase of 6% as compared with that in the corresponding period of last year. According to kinds of materials, the amount of iron ore transported showed an increase of 17%, pig iron 43%, aluminum 25%, coal, almost no change, and agricultural products 60%.

(Tok. Eng. 3/18/44)

The North China Transportation Corporation has decided to issue and put into effect on April 1, the regulations for Japan, Manchukuo, and China transportation, together with the Southern China Transportation Emergency Measures, in order to bring out an increase in the transportation power among Japan, Manchukuo, and China.

(Tok. Jap. 3/21/44)

In order to increase the power of the automobiles, the North China Transportation Company is building special auxiliary charcoal burners. In order to save gasoline, the North China Transportation Company had remodeled 70% of its automobiles into charcoal burner cars by utilizing charcoal gas instead of gasoline. However, due to the reason that the gas from charcoal is not clean, these cars often stalled the engines. Such incidents often are too troublesome and waste of time. In order to increase the driving power of the cars, the North China Transportation Company is specially fitting an auxiliary burner at the end of each car. A pipe connects this burner with the engine. Now, whenever

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#### North China Transportation Company

the regular burner is stalled or in trouble, the engine can be shifted to use the gas from the auxiliary burner for driving the car. But if the rear additional burner is in trouble, it can be taken down for repair and still drive with the front burner. In this way, cars can continue to run to their destinations without much delay.

(Peking Mand. 5/11/44)

The "Love-Line" Service Corps of the North China Transportation Company accomplished good results. To bring some comfort and service to 30,000,000 (sic) "Ai-lu" (Love Road or Love Railway Line-trans.) youths, the North China Transportation Company formed a "Love-Line" Service Corps on May 20 which traveled along the (Chou-han), (Ping-teh), Tsin-pu, and Tsin-han railways giving comfort and service to the "Ai-lu" youths, the results of which have been very commendable. This group will be (returning) on May 13. At that time, they will study and analyze the structure and equipment of that organization for improvement. During the middle part of September, this group will make their second tour along the Tung-pao (Han-chui, (Chiao-han), and Lunghai railways to perform services. (The Ai-lu youths are evidently young men rounded up in groups to guard and protect the railroad lines, to prevent sabotage.

(Peking Mand. 8/10/44)

#### North China Railways Corporation

The North China Railways Corporation has decided to transfer its employees between Tangshan and (Ningau) on the Tientsin-Pukow railway to the Central China Railways Company on April 1. Moreover, the North China Transportation Company is to transfer all transportation affairs between Suchow and (Wangfu) to the Central China Railways Company on April 1. (Tok. Jap. 3/25/44)

The North China Railways Corporation, in order to convert traffic into decisive wartime conditions, beginning on April 1, will raise transportation fees on passengers and baggages and adjust rates. The main points of the adjustment in rates for passengers, freight and transportation fees were announced the day before yesterday. According to the new regulations, the ordinary passenger rate will be raised to more than double the present rate. Express rates, sleepers and hand baggage rates are also to double the present price. In matters concerning freight, relative to vital commodities, particularly, special transportation rates have been fixed. That is, steel, coal and other daily necessities will be fixed. That is, steel, coal, and other daily necessities will be reduced by 50% of the ordinary transportation rates. There is a 30% deduction for travel in military employment. (Tok. Jap. 3/26/44)

Peking: The North China Railway Corporation, beginning on April 1, will change the time schedule of the three passenger lines, including the Keijo-(Fuzan,) Shingishuu-Mukden and Peking-Mukden lines. The present change will place importance upon centralized transportation of vital

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### RAILROADS

#### North China Railways Corporation

products for perfection of increased transportation of vital commodities in time of war and general travelling will be suppressed as much as possible. The fourteen outgoing and incoming trains which included travellers' cars will be decreased in number. On the Tokyo bound trains, leaving Peking going into Fuzan: leaves Peking 6:10 a.m. and arrives at Fuzan the next day at 6:55 a.m. On the Peking bound trains, leaving Fuzan going into Peking: Leaves Fuzan 2030 and arrives at Peking the next day at 2350. The continental cross-country train, "Greater Asia" time schedule between Peking and Fuzan will be changed in this way beginning on April 1.  
(Tok. Jap. 3/28/44)

Peking: The ceremony held yesterday morning in which honors were awarded to 400 model staff members, in which 1,000 local members were inspected and in which a memorial for those who died in line of duty was unveiled, featured the fourth day of the five day celebration commemorating the 5th anniversary of the establishment of North China Railway Company. Various other events were also held during the day, while a special radio program was given in the evening. Since its inauguration in 1939, the North China Railway Company has been making great progress. Its railroad lines have been extended from 5,000 to more than 6,000 kilometers, motor highways from 4,000 to 18,000 kilometers, while inland river routes, which formerly were slightly more than 100 kilometers, have been extended to 4,200 kilometers. Passenger and freight traffic handled by the railway company rose by 31 and 182% respectively within five years. North China railways played an important part in bringing about closer Sino-Japanese collaboration by promotion of the welfare of 3,000,000 local inhabitants.  
(Tok. Eng. 4/19/44)

#### North China Traffic Corporation

On August 15, North China Traffic Corporation (Kahoku Kootsuu Kaisha) established a system (with) the railways, relative to the handling of hand baggage (for express trains.) According to this, (the hand baggage will be limited to 40 kilograms), per person. ... those (stations affected by the revised rules are) Peking, Tientsin, Doozan), ... Shanhaikwan and (Kaigan)...  
(Peking Jap. 8/14/?)

A program has been under way on the part of the North China Traffic (Company) for reconstructing automobile roads in the various provinces so that higher efficiency may be reached in the transportation of vital materials. Recently, a new road was opened to traffic which links (Tientsin) with the (peninsula) to the northeast. In view of the rapid opening of many such roads, transportation of vital materials is fast becoming strengthened.  
(Tok. Jap. 11/17/44)

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## TRANSPORTATION

### RAILROADS

#### Greater East Asia Railway

Hankow: "Reopening soon of the Peking-Hankow and the Canton-Hankow Railways will ... the way for the prospective Greater East Asia Railway line linking Japan and the Southern Regions," declared Kubo Nagakawa of the local office of the Central China Railway Company, in commenting on the economic significance of Japanese operations on the China continent. In an interview with Domei, Nagakawa stressed the ... kilometer Canton-Hankow Railway are (no) trunk lines which connect the 5 provinces of Hopeh, Honan, Hupeh, Hunan and Kwangtung--the areas most rich in natural resources in China. He said that if extended to the north, these trunk lines would connect with the South Manchuria Railway line to form an artery traversing the continent and running to Japan proper via Tientsin, Mukden and Fusan. Southward, the two trunk lines will lead to Kwelin and Liuchow by the Hengyang-Kwelin Railway and via Nanking will link with the French Indo-China Railway at Chennankwan. The above trunk lines then will run to Shonan via Hanoi, Saigon and Bangkok, forming a Greater East Asia transportation artery. He revealed the 500 kilometers section between Liuchow and Chennankwan, at present, is not yet connected by rail, however, construction of the rail bed reportedly already has been completed. By reopening completely the Peking-Hankow Railway and the Canton-Hankow Railway, the Japanese forces will secure a primary condition for realization of the Greater East Asia Railway line. Nagakawa admitted difficulties are being faced in (completion of the junction between Hankow and Wuchang). However, he hinted that improvement in the junction by means of an underwater tunnel, similar to plans under way between Nanking and Pukow are being formulated. Revealing that at present, a 450 kilometer section of the Canton-Hankow Railway is being operated between Siangtan and (Shackwan) via Chuchow and Hengyang, Nagakawa expressed the belief that many points within this section may have been demolished by the fleeing Chungking troops. However, Japanese skill in railway engineering will easily overcome many difficulties and complete repair work, just as it is being proved in work on repair of the section between Sinyang and (place) on the Peking-Hankow Railway, which is progressing with amazing speed.

(Tok. Eng. 8/26/44)

#### Observation Trip to Japan

The Hopeh Transportation Company has decided to send to Japan on an observation trip 18 chiefs and 3 vice-chiefs of General Affairs of the RR Protection Organization, who have given their efforts untiringly towards the protection of railway transportation and the establishment of peace and order in North China.

(Tok. Jap. 10/15/42)

#### Service between North China to Japan

Peking: Further bolstering land transportation, the China and Japan direct railway freight transportation service for bulky cargo between Japan and North China will be inaugurated from July 15. The new direct freight service, which is a result of negotiations between the

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#### Service between North China to Japan

North China Railway Company and Japanese Government railways, will directly link the railways via Chosen and the South Manchuria Railways. At present, direct service between Japan and North China is available only for light freight. (Tok. Eng. 7/7/44)

Peking: A direct railway freight transportation service for bulky cargo between Japan and North China will be inaugurated Saturday. The new direct freight service which is a result of negotiations between the North China Railway Company and the Japanese Government railways via Chosen and South Manchukuo railways. (Tok. Eng. 7/14/44)

In the transportation of products from North China to Japan, epochal measures have been formulated to use land routes. The index number for volume of freight by land transportation system in North China, taking 1939 as 100, rose to 224 in 1942, and to 255 in 1943, and figures are ascending higher this year. It is recalled that the ratio for land transportation in 1942 was 40, and 60 for marine transportation, whereas the figures were reversed last year to 70 for land and 30 for marine transportation. This year's ratio of land transportation has been increased still further, attesting to the potentiality of railway shipping, which will greatly aid heavy industries in Japan. (Tok. Eng. 12/25/44)

#### Transfer to Army

Peking: President Kohiyama of the Southern Manchuria Railway Company, who is now inspecting the North China and Menchiang areas, arrived in Peking today. At noon, at the North China branch office of Southern Manchuria Railway, he interviewed the press and stated, relative to the matter of railway transportation on the continent, as follows: "Following the transfer to the army of land transportation, the North China Transportation, Southern Manchuria Railway and Chosen Railways, the relationship of these three has become increasingly necessary. At present, already, there is maintenance of perfect relationship among these three, so that thorough transportation on the continent is being carried out very rapidly. Next, as the iron manufacturing industry in Manchukuo plays a tremendous part in the supply of coal for cars and iron ore, give your best efforts to the increased production of these vital resources." (Tok. Jap. 12/13/43)

#### Means to Increase War Transportation

It is reported from Peking that on February 1, the Northern China railways will cancel ladies' compartments and berth facilities, in order to increase space for transporting war material. (Canton Cant. 2/2/44)

#### Usefulness of Canton-Hankow Railway

With the fall of the entire length of the Canton-Hankow Railway to our Imperial troops, the area along this railway, which traverses the two fecund provinces of



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#### WATER

##### Canals

successful round trip between Shanghai and Tsingtao. The construction of junks which suffered because of the wood shortage, is being revived and the old city of junk construction, Wusih, near Nanking, sees a new development. The building of new junks will only increase slowly. There is a shortage of wood in China and as tung oil, which is needed for the vessels is not always available ... from a commentary by Fritz von Driesen, a German Correspondent.

(Tok. German 5/31/43)

Peking: The 1,700 kilometer Grand Canal linking Peking in North China with Hangchow in Chekiang Province, South China, is to be put into operation again to meet increased production and transportation needs as part of the New China Construction Program. The National Government of China has appropriated 1,800,000,000 yuan and is employing 640,000 laborers to repair this historic canal which has fallen into ruin after years of neglect. The reconstruction of the first section of the canal from Taierchiang to Kwachow along the banks of the Yangtze river opposite Chinkiang started on April 1. Yin Ju-keng described the canal as follows: "The canal which begins at Peking runs south to Hangchow, a distance of 1,700 kilometers. At one time it was an important communications artery linking Hopeh, Shantung, Honan, Anhwei, Kiangsi and Chekiang provinces. It later served to industrially develop the provinces of Shensi, Shansi, Hopeh and Kiangsi during the three dynasties of Yuan, Min and Ching. But it ceased to function when the headwaters dried up as a result of a change in the course of the lower reaches of the Yellow River in the fifth year of Kuangpao. ... The reconstruction work cannot be completed over night because of the expenses necessary and the length of the canal, but a five year reconstruction program recently was initiated. The work will be divided into six sections from Tientsin to Hanchow. ... The Canal when completed will connect the Yellow, Hwai and Yangtze rivers and the Haiji Lake. The areas through which the canal runs, are densely populated and rich in resources. I believe the canal will accelerate the movement of goods and contribute greatly to the movement to increase production and speed up transportation which are vital to the prosecution of the GEA war. (Tok. Jap. 4/21/44)

##### Wooden Ships

Peking: The first wooden mast ship in North China was completed by the Tientsin ... corporation at ... shipyards and the ship was named by Minister Shiozawa as the (Dainichi Hokagyo). This ship will travel along the coastal route. (Tok. Jap. 5/22/43)

### COMMUNICATIONS

#### POST OFFICE

Peking: ...In order to contribute to the stabilization of civil administration, the North China Post Office General Bureau sent out construction groups to revive

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## COMMUNICATIONS

### Post Office

the post office administration in the above area. As a result of the efforts put into the restoration of the post offices, the Chengchow Post Office was opened on July 6 and is being welcomed by those who are returning to their homes. On July 19, the Sincheng Post Office was established, and on July 23, the Hsuchang Post Office followed. Yungyang Post Office was completed on July 28. For the time being, only regular mail, both ordinary and special, is being handled.

(Tok. Jap. 8/7/44)

The Civil Administration authorities of North China will, starting tomorrow, accord (special services to) the various important industrial companies and organizations (within Kwantung Province) ... in airmail handling. ... this is to further (expedite) the handling of mail connected with business, ... and labor matters of those important companies and organizations. In order to (obtain) this service, (applications) must be made (beforehand) so that they may be preferentially segregated from other mail to be delivered to their destination. It was decided that, with the exception of night-time, special deliveries will be made (completely out here--trans.) by signing the ... Peking, Tientsin, ... and ... post offices ... to be utilized ... airmail ... addressed to mail delivery Supervisory Bureau ... much will be contributed towards (speeding) of ... (Peking Jap. 8/14/44)

Shantung Liberated Area: "Mail for Japan will be transferred from Tientsin and Tangku after December 15," stated a notice of the Shantung Post Office under puppet postal administration. This is due to the fact that a ship transport from Tsingtao was greatly interfered with by the activities of allied submarines.

(Yenan Eng 1/16/45)

### TELEPHONE AND TELEGRAPH

Expanding its communication network to the Philippines, the North China Telephone and Telegraph Corporation opened on Tuesday services with 8 island cities, including Misamis, (Davio), Santa Cruz, Batangas, (Mombulok) Legaspi, Iloilo and San Jose. The same corporation has also opened today additional telephone services between Peking and Fusan, (Taiku), (Atoho), (Jensen), (Keijo), and between Tsintsin and (Taiku), Shanghai-guan, and Fusan. Philippine Island cities--Montaban, Baguio, Santa Cruz, Batangas, Papulo, Legaspi ...

(Tok. Eng. 10/21/42)

Announcement by the Peking Central Telephone Company. The new Peking telephone book is now ready for distribution. On February 1 to 3, the books will be distributed to the users. Telephone subscribers should go to the designated place to the eastern branch office; western subscribers should go to the western branch, while the southern subscribers should go to the central office outside the Huoping Gate.

(Peiping. Mand. 2/1/45)

# E C O N O M I C S

## FINANCE

### General Situation

#### Currency and money in North China

1. A unified control of bank notes in North China.

Before the war, there were over 30 different kinds of bank notes and foreign notes in North China. Therefore, in February, 1938, the Provisional Government planned to organize a Federal Reserve Bank. The bank was established in March, 1938. The capital of this bank is 50,000,000 yen. Half of this capital came from the Provisional Government and the other half came from banks in North China.

The Government's share of 12,500,000 yen was loaned by the Bank of Chosen and the Specie Bank of Yokohama. Other banks in Japan gave a loan of 10,000,000 yen to the Provisional Government.

2. The control of the yen system (Japanese system) in North China.

Because of the large amount of Japanese, Korean, and Formosan bank notes, the value of the Reserve bank notes decreased. At the same time, it resulted in confusion when money was sent to Japan, Korea and Formosa. Therefore, the Federal Reserve Bank announced that without permission of the bank, the exchange of Japanese, Korean, and Formosan notes, and vice versa was forbidden. At the same time, the sending of money to Japan was limited. Travellers who came to North China had to exchange their Japanese bank notes into Reserve bank notes before they could spend their money in North China.

3. Decrease in the issue of bank notes.

Up to January, 1941, the China Federal Reserve Bank had issued 74,700,000 yen of bank notes, and inflation was suppressed. By June, 1941, the issuance of bank notes was decreased to 68,000,000 yen.

4. Trade Currency of North China.

The development of trade currency in North China is as follows:

- a) Oct., 1938, a foreign exchange fund was established.
- b) In March 1939, a system of control on export money order was established.
- c) In June 1940, a system of control on import money order was established.
- d) In July 1941, the authorities in North China announced that the Japanese yen system would be the foreign trade currency.

5. Finance institutes in North China.

The finance institutes in North China include banks and money exchange firms. The banks in China are mostly foreign owned. The following table shows the North China banks, nationality of the owners and the amount of capital for each one.

Names	Nationalities	Amount of Capital
Bank of Tientsin	Japan	2,500,000 yen
Bank of Tsinan	Japan	1,000,000 yen
Bank of Chosen	Japan	40,000,000 yen
Specie Bank of Yokohama	Japan	10,000,000 yen
Manchuria Central Bank	Manchuria	15,000,000 yen
Hua-yi Bank	Italy	1,000,000 lire
Te-hua Bank	Germany	5,670,000 R.M.
McCaully Bank (?)	Great Britain	3,000,000 lb.
Hongkong & Shanghai Bank Corporation	Great Britain	5,000,000 yuan

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<u>Names</u>	<u>Nationalities</u>	<u>Amount of Capital</u>
The Chase Bank	U.S.	5,000,000 dollars
Bank of America	U.S.	75,500,000 dollars
The National City Bank of New York	U.S.	6,000,000 dollars
Toho Kairi Bank	France	12,000,000 franc.

There are 1025 money exchange firms with a total capital of 79,400,000 yen in China. The largest number of money exchange firms are located first in Shanghai, the Hongkong and Tientsin. In Tientsin, there are 40 money exchange firms with a total capital of 3,450,000 yen.

Oguchi Kienyu of the Oguchi Financial Corporation, lends money to farmers and small businessmen and charges 2.5% interest per annum. This Corporation has done well in North China.

6. Interests.

The annual rate of interest on loans is about 8% in North China. The following table shows the percentage of interest in the banks in North China.

<u>Names</u>	<u>Interest on checking accounts</u>	<u>Interest on special checking Accts.</u>	<u>Interest on Savings Accounts</u>
Japanese banks	0.2%	0.5%	3.5%
Bank of Tientsin	0.3%	0.5%	3.4 to 3.5%
Federal Reserve Bank	0.5%	0.6%	4 to 5%
Bank of Meng-chiang	0.3%	0.1%	4.5%
Bank of Chi-ting	0.5%	0.1%	3 to 6%

7. The restriction of loans from Japanese banks in North China.

The total amount of one loan allowed to be made at one time by a bank was limited to 100,000 yen unless special permission was given by the Japanese Treasury.

8. The reserve funds of Japanese and Chinese banks in North China.

The Bank of Chosen had only three branches in Peiping, Tientsin, and Tsingtao when the war broke out. Later they had eight branches and four agencies. From May, 1941 to June, 1942, the total amount of deposits was about 1,260,000,000 yen and the total amount of payments and loans was about 950,000,000 yen.

The Bank of Tientsin accumulated a profit of 235,574,91 yen for the first part of 1941. In the 19 Chinese banks in North China, there was a total amount of about 134,265,609 yen in deposits and 68,869,228 yen in payments and loans.

9. The establishment of Shansi Industrial Bank.

This Bank was established in July, 1941. The capital of the Bank is 30,000,000 yen.

10. The mobilization of the people's capital in North China.

The development of economics in North China is a guide for the development of capital in a nation. The North China Joint Department of the Koa Institute, the North China Economic Survey Institute of the Manchuria Railroad Co., the Office of Finance of the Japanese Embassy, the Developing North China Co., North China Communications, North China Electric Co. and the Asia Research Institute have organized a joint Committee of Investigation of North China. The Committee organized separate sections and departments to investigate the economic conditions and amount of capital in North China.

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11. Investment and capital of legal persons and people in North China.

- a) The investments of the Legal Persons Association amounted to about 549,000,000 yen from 1940 to 1942 with Japanese legal persons investing 193,000,000 yen in North China.
- b) The investments of civilians in North China totaled about 100,000,000 yen from 1940 to 1942.

(IDC R3023:840 1942)

A summary of economic developments in North China for 1942.

1) Finance

The following table shows the budgets of the North China Political Council:

Year	Annual Income (unit, 1,000 yuan)	Annual Expenditure (unit 1,000 yuan)
1940	160,000	120,000
1941	214,000	214,000
1942	246,000	246,000

The following table shows the salt tax and consolidated tax for various years.

Year	Salt Tax (unit 1,000 yuan)	Consolidated tax (unit 1,000 yuan)
1938	14,478	46,290
1939	23,379	59,402
1940	44,412	81,000
1941	45,821	141,027

Except for the consolidated tax, the North China Political Council has to hand over 30% of the salt tax and 50% of the customs revenue to the Nanking Government.

The financial income of the North China Political Council is not affected by the decrease of customs revenue, but instead it has become more stable with respect to other economic developments.

2) The unity of currency:

- a) The bank notes of the United China Reserve Bank are the only currency used in North China. The following table shows the amounts issued by the bank.

Year	Month	Date	Amount issued
1941	12		966,000,000
1942	3	28	913,429,796
	4	4	922,487,950
		18	910,795,463
	5	2	919,376,486
		16	906,696,406
	6	6	914,311,837
		20	928,933,532
	7	4	945,948,834
		18	912,212,802
	8	1	956,227,083
		15	950,677,000
	9	5	976,251,221

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Year	Month	Date	Amount Issued
1942		19	999,718,058
	10	3	1,067,896,928
		17	1,136,174,888
	11	14	1,321,836,862
		28	1,405,983,069

b) The unity and control of finance:

The methods of unifying finance are to confiscate and readjust the enemy financial organizations, to stop the circulation of legal tenders, to prohibit money exchangers in Tientsin from using weights, and to centralize applications for remittances.

The methods of controlling finance are to restrict the United China Reserve Bank in using its capital, to require financial organizations to deposit a proportion of their deposits with the United China Reserve Bank, and to insist on a capital of more than 500,000 yuan as a requisite before a bank may be started.

Financial organizations are required to get a permit before making a loan of more than 50,000 yuan. They are also required to absorb a certain amount of government bonds of the North China Political Council or local bonds recognized by said council and foreign bonds recognized by the United China Reserve Bank.

If financial organizations deposit money in other organizations, a permit from the United China Reserve Bank is necessary but more than half of their deposits should be placed in the United China Reserve Bank and of the rest not more than 2/10 may be deposited in any one organization.

The following table shows the amount exchanged in various stock exchange companies:

Company	Peking	Tientsin	Tsingtao	Tsinan
Date of establishment	1 May 1942	1 June 1942	1 May 1942	1 July 1942
Members	Specie Bank Yokohama Bank, Bank of Chosen, The United China Reserve Bank and 18 others	Specie Bank Bank of Chosen, Tientsin Bank, and 21 Chinese banks	Specie Bank Bank of Chosen, Tientsin Bank, and eight Chinese banks	Specie Bank Bank of Chosen Tsinan Bank and nine Chinese banks.
1942 May	39,318,177,08		118,741,542,76	
June	83,476,325,46	414,331,330,55	93,097,607,74	37,555,176,88
July	97,381,924,64	359,069,041,38	90,730,638,95	57,967,403,66
August	87,405,491,86	351,020,642,43	106,306,666,85	61,741,093,95

Annual interest newly fixed on current accounts by the United China Reserve Bank is less than 1% and the annual interest on fixed deposits is less than 4%.

3) Control of remittances:

The procedures and business of centralizing remittance applications are turned over to the Specie Bank and Yokohama Bank for enforcement. 100 yuan of legal tender notes is equal to 30 yuan of reserve notes.

4) The following table shows the investment and circulating capital of the North China Exploitation Company:

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Kind of business	Total capital (unit 1,000 yuan)		Ratio	
	Investment	Circulating capital	Investment	Circulating
Transportation	141,104	516,774	55.5	78.9
Communication	9,750	35,700	2.3	5.5
Electricity	67,127	27,185	16.4	4.2
Mining	26,792	4,774	6.2	0.7
Coal	45,167	62,923	10.3	9.7
Salt	19,680	4,800	4.6	0.7
Others	25,216	2,257	5.7	0.3

5) Methods of revitalizing agriculture:

Cooperative Societies are organized in various hsien and provinces to lend money to farmers.

The Shantung Farmers' Bank has been established since 3 March last year with a capital of 10,000,000 yuan. To open the Shih Tsin Canal, to regulate the Yellow River and to promote irrigation are some of the projects to be undertaken by this bank.

6) Food Policy:

Beginning this year, the distribution of essential necessities and the promotion of production have been put into effect.

The article asserts that from now on the work which the North China authorities should continue to do is to control finance, to increase production, to readjust prices, and to develop industries.

(IDC R 3835:1295 1/15/43)

The trend of Financial Conditions in North China.

In the year following the outbreak of the Sino-Japanese War, the Federal Reserve Bank of China was established (i.e. on Mar. 10, 1938). Its branch agencies in North China accordingly adopted the policy of placing finance and currency on a unitary basis. The North China branch of the Central Bank was established in pursuance of the same policy.

The first measure after the organization of the Federal Reserve Bank of China to replace old bank notes with new ones. In 1939, on the first anniversary of the Bank, old bank notes no longer appeared in North China, and this symbolized the initial success of the monetary policy. The second measure was to stabilize prices by adopting a centralized system of exchange achieved after all Anglo-saxon influence in Peking and Tientsin was wiped out following the Pacific War.

The North China Political Council has been helping in these efforts. On Dec. 11, 1941, this council proclaimed a regulation governing the management of financial organizations. It provided that approval of the council must be gotten before a financial organization could be set up, that a new organization must have at least 500,000 yuan from the start and that the financial authorities of the council had the right at any time to conduct an investigation of the accounts of each financial set up.

Formerly the banks in China used to get involved in speculation business. But since the adoption of this new financial system, speculation was abolished. It is hoped that under this new system, North China will attain self-sufficiency in the economic sphere. It was estimated that the national capital in North China amounted to more than 800,000,000 yuan that could henceforth be mobilized for useful purposes.

FINANCEGeneral Situation

At the outbreak of the Greater East Asia War, the seven banks, formerly under Anglo-Saxon management and the three banks (Central, China, Chiao-Tung Banks) under the Chinese pre-war management were closed. But after the setting up of the Committee of Enemy Finance Management, this Committee, under the guidance experts of the Formosa Bank and the Yokohama Specie Bank, conducted an investigation on the above mentioned banks. Following the investigation, the Bank of China and Chiao-Tung Bank were re-established. In February 1943, branch agencies of these two banks were opened in Tientsin, Peking, Chinan, and Tangshan. The capital of the Bank of China was 6,000,000 yuan and that of Chiao-tung Bank was 5,000,000 yuan. In both cases, the Federal Reserve Bank of China and the North China Political Council shared the capital half-and-half. In regard to the banks of the other nationalities, those having re-opened were Tung Fang ... and Chung Fa Kung Shang under French management, Te Hua under German management, and Rome under Italian management.

After the accomplishment of the new financial system in North China, the more important banks owned by Chinese and Japanese in Peking, Chingtao, Tientsin, and Chinan rallied together to form a clearing house. Thus far, the banks who have joined this house are:

- 1) 18 Chinese banks--Federal Reserve Bank of China, Chiao Tung, Chin Cheng, Ta Lu, Yen Yeh, Chung Nan, Liu Hua Hsin Chi, Hopeh, Chi Tung, Chung Fu, Shanghai Commercial, Chekiang Hain Yeh, Ta Chung, Kuo Hua, China Agriculture and Labor, China Industrial, and Ta Sheng
- 2) Five Japanese banks---Yokohama Specie, Korea, Tientsin and Men Chiang.

The following lists the Federal Reserve Bank of China, the Bank of China, and the Chinese banks in North China that were generally under the "guidance" of The Federal Reserve Bank of China and the Bank of China.

- 1) Federal Reserve Bank of China main office is in Peking, with 37 branches or offices in other cities.
- 2) Bank of China--Main office is in Tientsin with branches in Tientsin, Peking, Chinan and Tangshan.
- 3) Bank of Chiao Tung-- Main office is in Tientsin with branches in Tientsin, Peking, Chinan and Tangshan.
- 4) Chin Cheng Bank--Main office is in Shanghai with 3 branches in North China.
- 5) Chung Nan Bank--Main office is in Shanghai with 2 branches.
- 6) Yen Yeh Bank--Main office is in Shanghai with two branches.
- 7) Tai Hua Bank--Main office is in Tientsin with 3 branches.
- 8) Chekiang Industrial Bank--Main office is in Shanghai with 2 branches.
- 9) Shanghai Bank--Main office is in Shanghai with 4 branches.
- 10) Chung Kuo Agriculture and Labor Bank Main office is in Shanghai with one branch.
- 11) Chung Fu Bank--Main office is in Shanghai with 2 branches.
- 12) Kuo Hua Bank--Main office is in Shanghai with 3 branches.
- 13) Chung Kuo Kuo Huo Bank--Main offices is in Shanghai with 2 branches.
- 14) Hsin Hua Bank--Main office is in Shanghai with 2 branches.
- 15) Chi Tung Bank--Main office is in Tientsin, with 12 branches in North China.



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### FINANCE

#### General Situation

- 16) Hopeh Bank--Main office is in Tientsin with 29 branches or offices in North China.

Besides the above, minor banks which have maintained their main offices with one of two branches all in North China ... Ta Sheng, Chung Yuan, Tung Lai, Yu Chin, Tientsin People's ..., Ta Fu, Lu Hsing, Honan Industrial, Shansi Industrial, and Shantung Farmers ... of the above the following nine banks China, Chiao Tung, Chi Tung, Hopeh, Ta Fu, Lu Hsing, Honan Industrial, Shansi Industrial, and Shantung Farmers were all established with capital funds from the Federal Reserve Bank of China.

(IDC R2468:470 8/5/43)

#### Administration

##### Survey

Supreme Economic Adviser, Sotaro Ishiwata ... went to Peking to conduct the first economic survey of North China.

(Tok. Jap. 4/5/43)

##### North China Financing Council

Peking: Under guidance of Embassy authorities, preparations had been in progress for some time past, among Japanese banks in North China to set up a North China Financing Council (Kahoku Kinyu Kyogikai) with the object of attaining smoothness in the adjustment between them and financing organs. The inaugural ceremony was held with ... representatives of the Yokohama Specie Bank, Bank of Chosen, Industrial Bank, Realty Savings Bank (Fudo Chokin), Osaka Savings Bank, as well as all commercial banks in Tientsin, Tsinan, and Tsingtao in attendance. The working aims of this council are: 1. Local policies pertaining to financing, and (participation) in the plans of the authorities; 2. ... pertaining to absorption and investment of capital of the Council members; 3. Adjustment of money rates and various fees; 4. Improvement of business and promotion of the functions of financing enterprises; 5. Adjustment of fields of business operation; 6. Investigation and study of local financing enterprises.

(Tok. Jap. 3/15/44)

##### Conferences

Under guidance of Embassy, preparations had been in progress among Japanese banks to hold a conference to smooth out the adjustment between them and other financing organs. Such a North China Financial Conference was held, attended by representatives of the Specie Bank, Bank of Chosen, Industrial Bank, etc., as well as commercial banks of Tsinan, Tientsin, and Tsingtao.

(Tok. Jap. 3/15/44)

Nanking: Taking advantage of the visit of Mr. Wang Tin-tai, director-general of the North China Financial Administration, the National Government held an extraordinary session of the Supreme National Defense Council Saturday afternoon. At the council, various policies to strengthen the economic ties between North and Central China were discussed, and the establishment of the Nanking branch office of the North China Political Council was decided. The new liaison office will facilitate the unification of North and Central China from the standpoint of financial administration.

(Tok. Eng. 6/27/43)

## E C O N O M I C S

### FINANCE

#### Banks

In order to push economic reconstruction in GEA , a plan is under way by 8 major banks of Tokyo for the establishment of a new bank in North China. The banks include Mitsui, Mitsubishi, Daichi, Yasuda, Dai Hyaku, Sumitomo, Sanwa, and Nomura.

(Tok. Eng. 9/3/42)

Due to expansion of business of branches of Federal Reserve Bank, it has been decided to have advisors for them. Those in Kwangtung and Hankow have already been established, and advisors or "different rooms" will be also for Soochow and Hangchow in the near future.

(Tok. 10/1/42)

The North China authorities will establish Central Reserve Banks in the principal cities of North China, in order to absorb the best branches of China, and in order to augment the staffs of the others, with the former staff as the center. On March 1, the branches at Peking, Tientsin, Tsingtao and Tsinan will open for service simultaneously.

(Tok. Jap. 2/12/43)

The North China Political Council has decided to establish banks in various parts of North China. On February 16, the inaugural meeting of the bank will be held.

(Tok. Jap. 2/12/43)

Peking: As a means to mobilize idle capital into the expansion of productivity, the North China authorities have decided to establish reserve banks in Peking, Tientsin, Tsingtao, and Tsinan. These banks will be open for public service on March 1.

(Tok. Eng. 2/13/43)

Plans for the creation of an industrial bank to advance funds to small industries to aid in their development and to stabilize the civil administration of North China have been progressing. The establishment of the North China Industrial Bank, under joint Sino-Japanese management was decided recently. This bank is being set up with the aid of the Federal Reserve Bank of North China. The first meeting of the promoters was held on September 21, and on October 5, the inaugural general meeting is to be held. The bank is tentively scheduled to open for business on October 16. Financing of industries in North China has been very difficult, owing to the pressure of commercial interests charging high interest rates. With the establishment of the new bank, production financing over a long period at low rates will be made possible. Further, the bank is expected to provide ample capital. The operations are expected to aid in the expansion of the light industries and make ample the supply of materials necessary for production of urgently needed goods. Further, price stabilization is expected to be aided by the bank's operations. The new bank will be capitalized at 20,000,000 yen, half of which is to be paid up. The main bank will be located at Peking, and will occupy the offices of the old Sitan North China Market Financing Company. A branch bank will be established at Tientsin for the time being. The branch at Tientsin will be established in the offices of the old Tientsin Textile Industries Company. Branches will be established later in all of the principal cities of North China.

(Tok. Jap. 9/24/44)

The establishment of the North China Industrial Bank is sought. Since the development of the light industries in North China has been so outstanding, in order to facilitate the transaction of business, there is now being set up plans for the establishment of a North China Industrial Bank. The capital of that bank is

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set to be 20,000,000 yen, and the amount will be raised from Japanese and Chinese business men. When necessity arises, the bank will issue bonds and scrip certificates. (Tok. Cant. 9/30/44)

Peking: The inauguration of the North China Industrial Bank, capitalized at 20,000,000 yen, was held yesterday at Hotel de Peking, with more than 100 Japanese and Chinese officials concerned present. After articles of organization were presented, the North China Electric Company was elected managing director, and Kiichi Sakatani, adviser to the Federal Reserve Bank of China, was selected adviser to the bank. The bank, which was formed as a joint Sino-Japanese financial organ, with the object of promoting light industries in North China, will commence operations from October 12. It will mainly undertake financing long term loans at low interest for light industrial enterprises in North China. The new bank is expected to contribute much toward increasing the production of light industries, at the same time stabilizing commodity prices and the daily livelihood of the populace in North China. (Tok. Eng. 10/3/44)

On October 16, the North China Industrial Bank officially opened its doors for business in Peking. Mr. (Saka ...), adviser to the bank, made a statement regarding the development of the North China light industries upon the establishment of the bank. He said, "Through the enthusiastic help of Japanese and Chinese officials and citizens, the North China Industrial Bank is now officially established. With the establishment of this bank as the first step, the light industries in North China undoubtedly will make great strides. Under the cooperation of both officials and the common people, this development will certainly be brought about. Chinese people who are in related fields are particularly paying a great deal of attention to this matter, therefore, we should exert our efforts to help it attain its destiny." (Tok. Cant. 10/23/44)

The North China Industrial Bank has created a Commerce Industry Information Bureau to offer industrialists advice on factory management and operations. (Tok. Jap. 2/18/45)

Peking Banks

Name	Managers	Name	Managers
Chung Fu Bank Peking Branch	Pan Shan-wen	Chung Fa Industrial & Commercial Bank	
Chung Nan Bank Peking Branch	Cheng Sui-sheng	Chung Kuo Kuo Huo Bank	
China Agricultural and Industrial Bank, Peking Branch	Leng Chia-chi	China Industrial Bank	
Bank of China		Chung Hua Hui Yeh Bank	
Chung Hua Mao Yeh Bank		Peking Agricultural & Industrial Bank	Wu Hsiang-chen

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Peking Banks (cont'd)

Name	Managers	Name	Managers
Peking Commercial Bank		Pe Yang Pao Shang Bank	Wang Ke-min
Bank of Communications		Tung Chiao Min Hsiang	
Hopeh Provincial Bank		Chin Cheng Bank Peking Branch	Yang Yuan- chieh
Chekiang Hsing Yeh Bank, Peking Branch	Shen Fan-szu	Kuo Hua Bank	
Hsin Hua Bank		Chu Hsing Cheng Bank	
Meng Chiang Bank Peking Branch		Te Hua Bank	
Chi Tung Bank Peking Branch		Yen Yeh Bank	

Tientsin Banks

Name	Managers	Name	Managers
Shanghai Commer- cial & Savings Bank		Ta Chung Bank Tientsin Branch	
Ta Sheng Bank	Su Po-i	Ta Tung Bank	
Ta Lu Bank	Su Po-i	Chung Fu Bank	
Chung Fa Indus- trial & Commer- cial Bank		Chung Nan Bank	
Chung Yuan Com- mercial & Sav- ings Bank		Chung Kuo Kuo Huo Bank	
Chung Kuo Agri- cultural and Industrial Bank		China Industrial Bank	
Bank of China		Development Bank of China	
People's Bank of Tientsin City		Tientsin Agri- cultural & Com- mercial Bank	
Bank of Communi- cations		Tung Lai Bank	