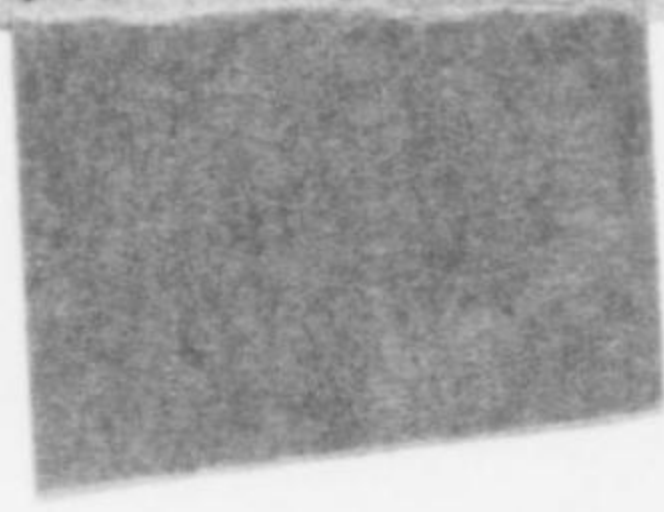


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Excerpt from The Official Gazette

March 12, 1940

Stenographic Record of the Proceedings
of the House of Representatives, No.24,
75th Imperial Diet.

Monday, March 11th, 1940

Convened at 1:28, p.m.

Bill for Coal Supply Control Law

State Minister FUJIWARA, ~~Ginjiro~~ mounts the platform.

State Minister:
(Mr. FUJIWARA, ~~Ginjiro~~)

I shall explain the ~~circumstances~~ that have necessitated the proposal of the bill for Coal Supply Control Law just submitted for deliberation.

In view of the current supply and demand situation of resources in Japan, it will not be too much to say that the factor which has the most vital importance in meeting the urgent need of enhancing productive power and controlling commodity prices is the adjustment of the demand and supply of coal as well as the standardization of its prices. Turning however to the actual demand-and supply condition of coal in Japan, we cannot but note that while the demand for



coal has been on a sharp increase since the outbreak of the China Incident, the supply has been lagging far behind, due to many difficult circumstances at the mines. These circumstances, coupled with the difficulties arising from various bottlenecks in the rationing channel, have made the supply of coal even to those establishments which cannot do without coal impossible. Moreover, our policy to encourage foreign trade and enhance productive power is now being hampered seriously. Above all it is a matter of sincere regret regarding coal supply to power plants and other industries the situation has come to such a critical stage as you all know well, menacing all fields of our national life. In order to tide over such a crisis, we must take every possible measure to improve the present condition. If we leave the matter as it is, all the troubles mentioned above will continue to exist, and no one can expect our national policies to produce the desired results. It was for this reason, in order to control the supply of coal, the Government proclaimed the 'Regulations for Controlling the Sale of Coal', in accordance with the provisions of the 'Law for Temporary Measures concerning Export and Import Goods and other Commodities'. The latest circumstances, however, have made it necessary further to unify and rationalize the existing supply organizations and to establish a central organization that will be powerful enough to control and regulate the supply of coal.

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Next, in order to meet the rapidly increasing demand for coal and to prepare for our long-range national construction program, it is urgently necessary to hit upon a large-scale plan for raising the output of coal and to put it into practice as soon as possible to increase the supply. However, the worsening of the production conditions at the mines has adversely affected the profits of individual enterprisers to such an extent that today we can not hope for any increase in output unless some steps are taken to raise coal prices.

On the other hand, however, we cannot afford to try a general raising of coal prices, for it would necessarily entail many unfavorable influences upon the prices of other commodities and would run counter to our present price policy. We must then, on the one hand, fix a set of official prices at a reasonable standard in compliance with our low-price policy, and must, on the other, do all we can to encourage the production of coal and to ensure its supply to those enterprises who need it most.

For these purposes the Government is now studying measures to encourage extended development of mines, by granting, for example, subsidies for increased output or to newly developed mines. Expenditures for these measures are also prepared in the form of an additional budget. However, there are still questions that cannot be solved by such measures only.

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If the above mentioned system of official prices is to be established, it is necessary to place various sorts of coal that are produced all over the country under a certain system of standardized gradings and to fix adequate prices corresponding to such gradings. Unfortunately, however, the actual production conditions at the mines and the quality of coal produced does not always coincide with the above mentioned gradings. For instance, in some mines the production conditions are not very favorable, costs are high, and the coal produced there is of a somewhat inferior quality, while in other mines we find a completely reverse situation. Accordingly, the present coal prices are based upon two or three different systems. Under such circumstances, in my opinion it seems necessary, considering the benefit of the mine owners, to fix the sale prices of coal at such a reasonable standard as will meet the present needs of the country, or, in other words, as will help increase its production on the one hand without impairing the rational management of production on the other.

Taking into account all the above mentioned circumstances, we believe that, in order to harmonize the requirements of our price policy, such as the maintenance of low price, sale of coal according to official standards etc., with the commercial requirements for increasing the production of coal,

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it would be most effective to establish a unified and comprehensive organization that will be capable of such a big task.

Therefore, considering also the above mentioned requirements in controlling the supply of coal, the Government is now planning to establish a special central organization to monopolize the purchase and sale of coal. With such an organization as the center, the Government will unify all the existing sale organizations into a systematic whole so that the supply of coal may be smoothly carried on, and will at the same time make the above organization utilize a pool price system in order to solve the question of coal prices to which I referred to before. On the other hand, in order to provide against possible commercial losses on the part of this central organization, a special additional budget is now being prepared, side by side with the above mentioned subsidies for increased output and newly opened mines, with a view to making up for losses that this organization may incur in purchasing coal. Now, it is a matter of course that such an operation requires by its nature to be carried on by a state organization of completely impartial standing. We cannot expect any private enterprise to discharge such a function. This is why the Government is planning for this purpose to establish by law the Japan Coal Co. Ltd., which is to be a special company

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of semi-governmental and semi-popular character.

The present bill contains provisions concerning the control of coal supply as well as those concerning the organization, authority and supervision of the Japan Coal Co. Ltd. These provisions, we believe, cover matters of utmost significance for smooth supply and increased production of coal in the future as well as for the present. We sincerely hope you will approve it after due deliberation. (applause)