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HEADQUARTERS
U.S. STRATEGIC BOMBING SURVEY
(PACIFIC
C/O POSTMASTER SAN FRANCISCO

INTERROGATION NO. 196

PLACE: TOKYO

DATE: 30 Oct. 1945

Division of Origin: Basic Materials.

Subject: Allocation and stock-piling of non-ferrous metals.

Personnel Interrogated:

- Mr. S. FUJII, Managing Director, Metals Distribution Control Co.
- Mr. I. KNOUYE, Mgr. of 1st. section of Metal Dep't.
- Mr. S. KUYAMA, Mgr. of 2nd. section of Metal Dep't.

Where Interviewed: Toyo Hotel

Interrogator: Lt. FREEDMAN

Interpreter: Lt. BOHANNAN

Allied Officers Present: Lt. BEYER, Mr. COLWELL

Summary: Information was obtained relating to the background and development of the Metals Distribution Control Company, its functions in the allocation of non-ferrous metals, and the levels of pertinent stockpiles during the war.

Distribution: All Divisions

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The Metals Distribution Control Company (Kinzoku Haikyu Tosei Kaisha), a subsidiary of the Mining Control Association, operated to distribute the total available new supply of the precious metals the non-ferrous metals (excluding the light metals), and the principle ferro-alloys. This interrogation was confined to operations in non-ferrous metals.

Background and Development of the Company.

Before 1938 metals distribution was not directly controlled. During 1938 separate associations were set up for individual metals, largely under the control of producers in the field. In November of 1938 the government ordered the output of all refineries together with metals imports sold through the pertinent association. In February 1942 the existing associations in the field were combined into the Japan Distribution Co. (Nippon Kinzoku Haikyu). Two years later, in February 1944, the company was reorganized under its present title. The chief effect of the last reorganization was the minimization of the power of shareholders in the company (the principal non-ferrous metals producers). From that point forward the company operated largely to carry out the directives of the Munitions Ministry.

In addition to its functions in the allocation of materials (discussed below) the company was the instrument of government subsidies. Having bought all refined metal at the established price, it sold the acquired materials invariably at a lesser price, the difference amounting to government subsidy to the producer.

Allocation Procedure.

The Mining Control Association received estimated production statistics or succeeding periods by year and quarter from member companies. Such statistics, transmitted to the Ministry of Commerce and Industry (later the Munitions Ministry), provided the supply data for the overall allocation plan. The company then executed delivery orders to consumers in exchange for purchase certificates issued by the competent agencies in the various allocations categories. Secondary metal was not allocated.

According to Mr. FUJII, consumer's authorizations did not specify grade of material (e.g. fire refined zinc or electrolytic zinc); the Metals Distribution Co. determined the quality to be delivered on the basis of available supply and requirements of the consumer.

In cases where purchase orders exceeded supply because of failure to produce estimated quantities, stocks were drawn down, or consumption was directed to the following quarter, in which such held-over demand was taken into account in fixing the overall allocation. Early in the war estimated and actual production were declared to have been fairly close, but divergences appeared beginning about mid - 1944.

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Stocks

The Distribution Co, as sole recipient and distributor of all newly produced or imported metal, was in position to furnish some data on stockpiles of pertinent metals within Japan. Such stockpile data, however, includes only refined metal, excluding metal held in ore or intermediate form. It also excludes metal held in inventories of consumers or metal producers.

The records of the company disclose the following stockpile data on principal non-ferrous metals as of the beginning of the war (Feb. 1942) and the end of the war (in metric tons)

	<u>Beginning of War</u>	<u>End of War</u>
Copper	46,518	3,692
Tin	1,232	4,700
Lead	55,399	10,962
Zinc (electrolytic)	7,593	8,173
Zinc (fire refined)	4,642	15,739
Mercury	15	201

Copper stocks were largely depleted by the second quarter of 1944; zinc and lead supplies were sufficient; tin became tight by the second quarter of 1944 because of the failure of imports. Copper was stated to be the particular non-ferrous shortage. The relatively more easy position in lead and zinc were due to the short position in copper, reducing complementary uses of lead and zinc. Additional data was requested on stockpiles and allocations of the non-ferrous metals.