SECTION 2

FORESTRY AND MINING

C O N T E N T S

GENERAL

1. The Japan Lumber Company and the local lumber companies appear to take commissions for paper transactions rather than for performing services which maintain and stimulate production. Individual producers desire to replace this government-authorized monopoly with voluntary associations and show that production can be increased without stringent governmental controls.

2. Labor unrest is the main problem of coal mine operators. The employees want more pay and a voice in management. To add to the problems of the coal industry, the distribution of food is inadequate in Hokkaido, partially because of impeded transportation caused by heavy snowfalls.

FORESTRY

VENEER AND PLYWOOD

3. Japan has 235 veneer and plywood factories, 137 of which are operating. Log and glue shortages have closed 51 factories and bomb and fire damage has closed 47 more.

The annual plywood production capacity destroyed was 119,800,000 square feet. When log and glue shortages are overcome, the annual plywood production capacity for the 188 factories will be 327,900,000 square feet. Of these factories 85 produce veneer for plywood. Present production based on figures for December 1945 and January 1946 is about 144,000,000 square feet per year.

4. Japan had 35 plywood factories planned or under construction and five veneer factories installing plywood equipment during the last days of the war. The 40 factories had a total planned capacity of 24,830,000 square feet of plywood annually. Plans are being made to complete and open some of these factories as well as some of the factories partially destroyed during the war.

5. Stockpiles of plywood increased from 3,214,000 square feet

in January to 6,359,000 square feet in March. The largest part of the stockpile is in Hokkaido and northern Honshu, far from consumer centers.

CHARCOAL

6. Following are figures on charcoal production:

PLANNED PRODUCTION OF CHARCOAL
21 April 1946 - 31 March 1947
(metric tons)

Source	
Private forests	2,191,800
State forests	116,600
Crown forests	20,600
Total	2,329,000

SOURCE: Ministry of Agriculture and Forestry, Bureau of Forestry.

7. Charcoal production for the fiscal year 1945-1946 was 1,281,000 metric tons, only 55 percent of that planned. With a recent price increase and improving labor conditions, the 1946-1947 goal will probably be achieved.

PETROLEUM PRODUCTS FOR FOREST INDUSTRIES

8. SCAP has agreed to allot to the wood industries one-half kiloliter (132.1 gallons) per registered gasoline-using truck per month. Lubricating oil is allotted at the rate of four percent of the gasoline allotment. The Bureau of Forestry was instructed to see that logging trucks in each prefecture receive their proper share.

TIMBER CONTROL

9. The Timber Control Law of 1941 gave the Japan Lumber Company absolute powers over the timber industry for maintaining wartime supply. Under the Japan Lumber Company were prefectural and local companies to carry out its orders.

In 1945 the prefectural governors were empowered to use other means of intraprefectural control. Under this law several prefectures are changing to voluntary control organizations.

PULP AND PAPER

10. The loss of Karafuto created a shortage of raw materials for the pulp and paper industry. Karafuto chiefly furnished chemical pulps, producing about two thirds of Japan's sulfite pulp and about three quarters of its kraft. Nearly nine tenths of the total mechanical pulp was made in Japan Proper, so the proportion of groundwood to total pulp is now greater than before.

Since groundwood is inferior to chemical pulps for strength and permanence, the quality of paper is declining. Because kraft is the strongest of common pulps, it is considered indispensable for such things as multiwall cement bags.

11. SCAP investigated the research facilities of the Oji Paper Manufacturing Company's Jujo mill, which is experimenting with substitute fibers for paper and rayon pulp. Experimental

papers were made from various hardwoods, straw and bamboo cooked by the sulfite, kraft and soda processes.

Other research concerned preparation of dilute caustic solution by electrolysis of sea water, attempts to utilize ammonia-treated sulfite lignin for fertilizer, study of lignin plastics and adhesives and the manufacture of sulfite turpentine and alcohol.

MINING AND GEOLOGY

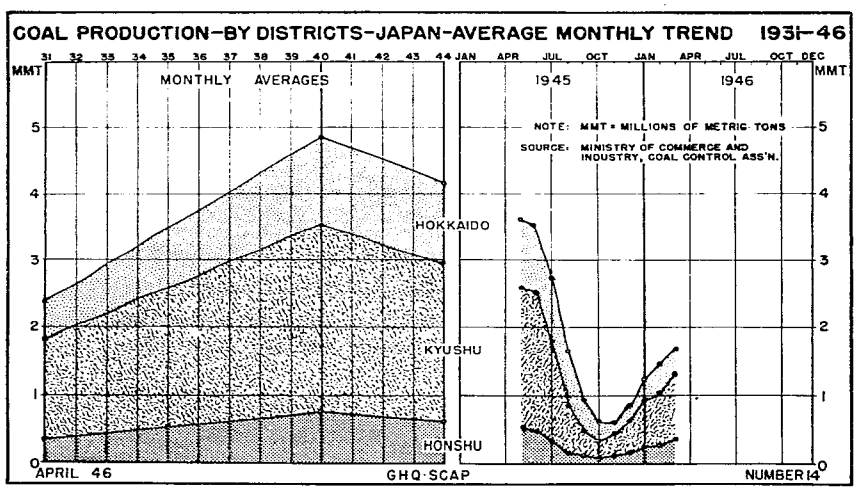
COAL

Present Situation

12. Labor's problems reduced miner efficiency, particularly in Hokkaido, as explained in the Labor Section, page 88. Production per man shift in Hokkaido for the last five 10-day periods, in metric tons, was: 1-10 March, 0.27; 11-20 March, 0.28; 21-31 March, 0.31; 1-10 April, 0.26; 11-20 April, 0.25.

Production

13. Production of coal during the third 10-day period in March was 656,600 metric tons, bringing the total for the month to 1,650,000 tons, as shown in the accompanying chart. This is the amount previously estimated by the Coal Control Association.



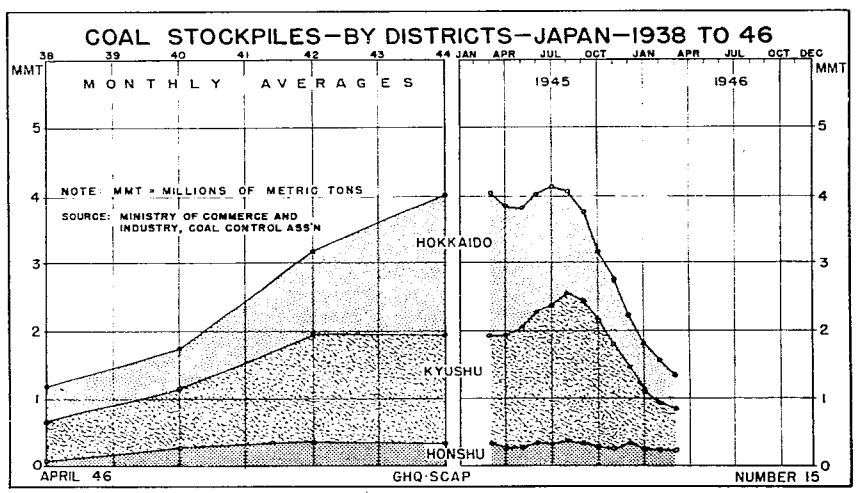
The coal industry makes an extra showing for the last month of the fiscal year by withholding some coal to include in the March figure. The 24 percent increase during the third 10-day period over the second 10-day period therefore does not indicate a steady production trend.

A slump occurred in the first 10 days of April. Production dropped from an average of 68,400 metric tons per working day during 21-31 March to an average of 60,800 tons during 1-10 April, a decrease of 11 percent. The decrease caused the Coal Control Association to revise its estimate of April production from 1,650,000 to

1,560,000 metric tons.

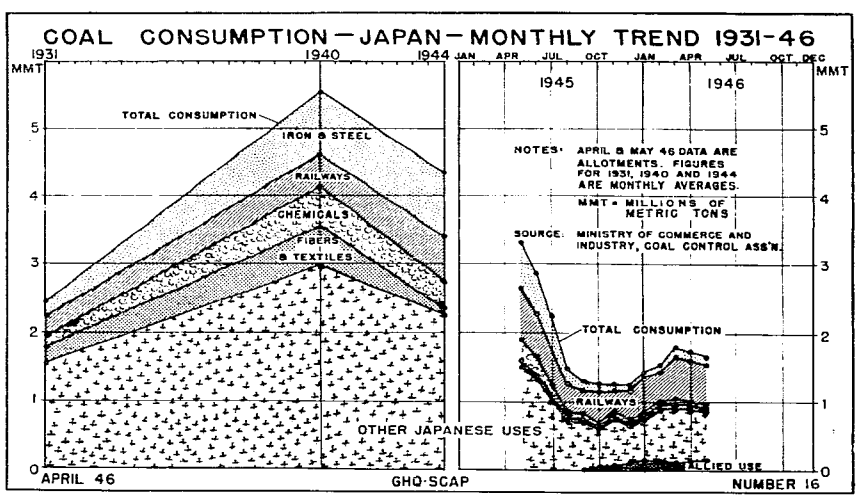
Preliminary figures on the second 10-day period indicate an increase to 577,400 metric tons because Kyushu miners decided to put forth extra effort for one week in the middle of the month. This week is known as Extra Production Appreciation Week in recognition of the extension of extra rations for miners. This extra effort significantly shows that production can be raised by the diligent cooperation of labor.

14. The increased production eased the strain on stockpiles, which were reduced by only one percent as shown on the accompanying chart. This was the smallest depletion for one month during this year.



15. Total number of coal mine employees increased two percent and absenteeism remained at 15 percent.

16. The accompanying chart, and charts, pages 100, 101, 102 show figures on consumption of coal.



MINERALS AND METALS

Lead and Zinc

17. There is an acute world shortage of lead. Japan has large enough stocks for this year, but the future is not bright.

18. In Japan the major lead mines are also the major zinc mines. Figures on the most important mines are given in the accompanying table. All are operating far below capacity and are trying to increase production.

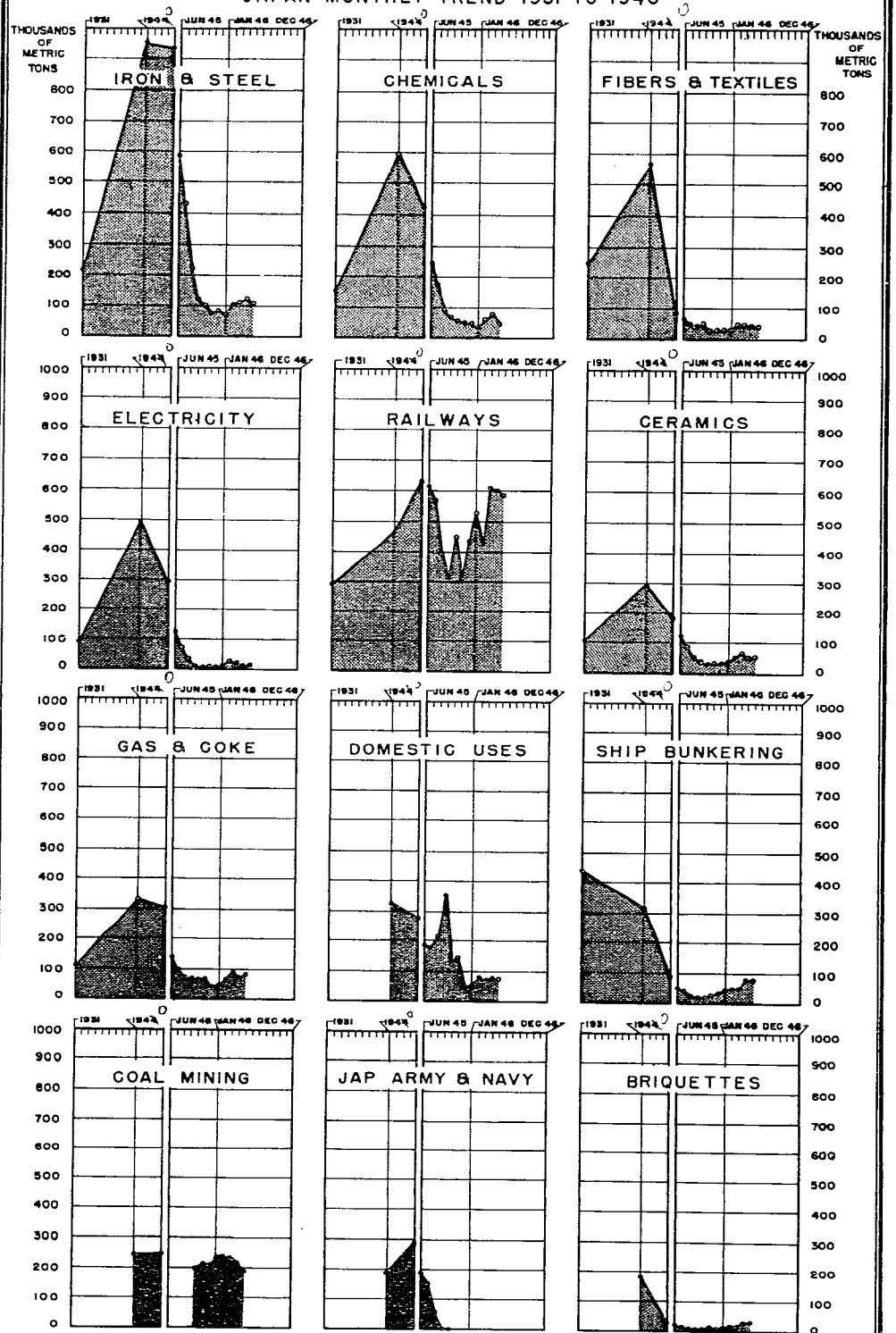
CRUDE ORE PRODUCTION OF IMPORTANT LEAD-ZINC MINES IN JAPAN

Mine	Prefecture	(metric tons/day) Present Production	Full Capacity	Grade of Ore (percent of metal) Lead	Zinc
Kamioka	Gifu	700	3,000	0.7	5.5
Hosokura	Miyagi	100 to 150	1,000	1.7	5.9
Nakatatsu	Fukui	200	450	0.5	3.8
Budo	Niigata	60 to 80	200	2.0	6.0
Chichibu	Saitama	preparing to open at about 50	150	0.3	8.0
Funauchi	Aomori	100	150	1.8	5.2
Odomori	Miyagi	40	65	0.8	5.0
Daira	Akita	-	-	3.5	4.4
Minamizawa	Yamagata	preparing to open	15	5.5	11.6

SOURCE: Mines listed.

COAL CONSUMPTION BY INDUSTRIES

JAPAN-MONTHLY TREND 1931 TO 1946



NOTES: 1931 DATA ARE MONTHLY AVERAGES. 1940 AND 1944 DATA ARE MONTHLY AVERAGES FOR 1 APRIL TO 31 MARCH FISCAL YEARS. APRIL AND MAY 1946 DATA ARE ALLOCATIONS.

SOURCE: MINISTRY OF COMMERCE AND INDUSTRY, COAL CONTROL ASSN.

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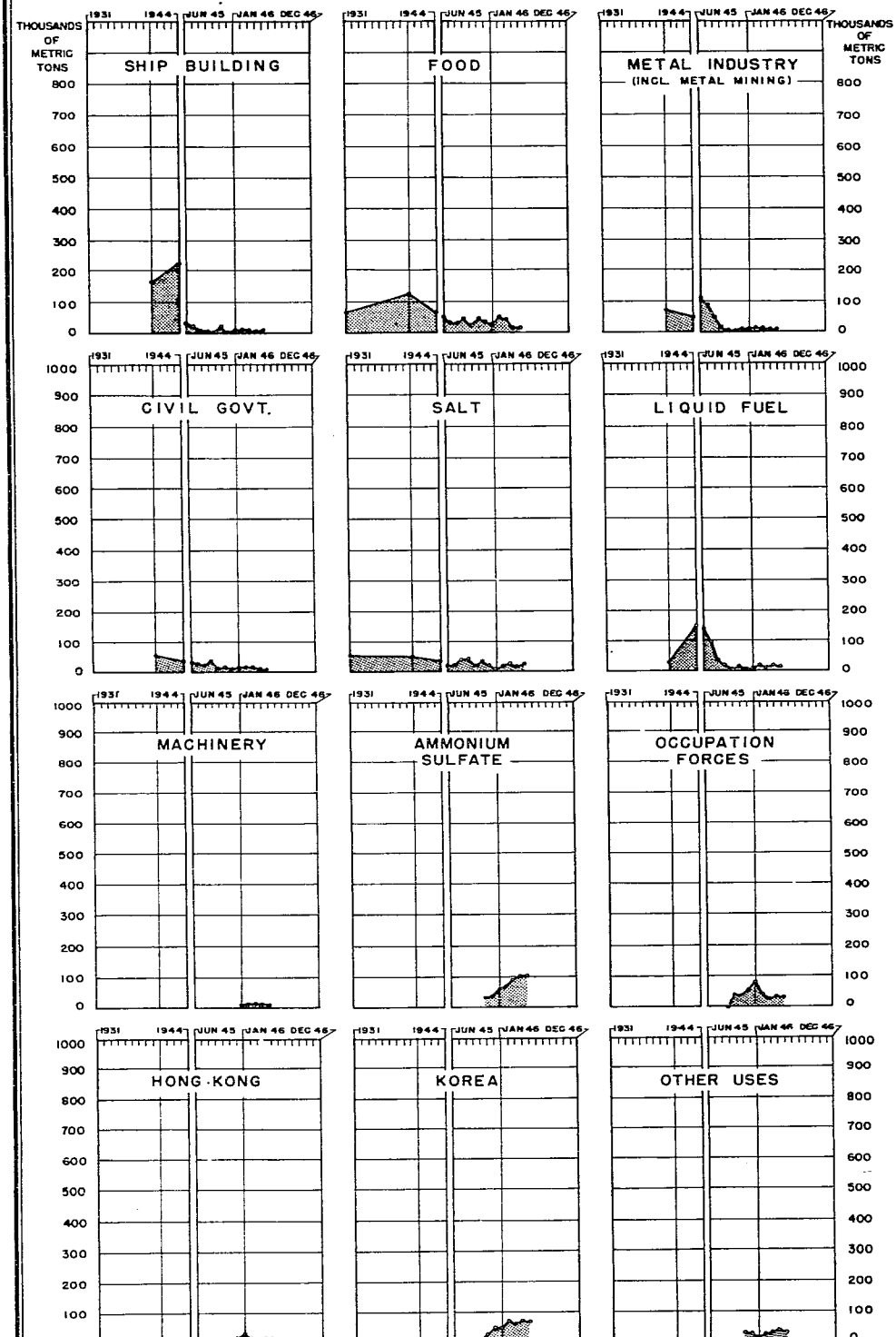
COAL CONSUMPTION BY INDUSTRIES

JAPAN–MONTHLY TREND 1931 TO 1946



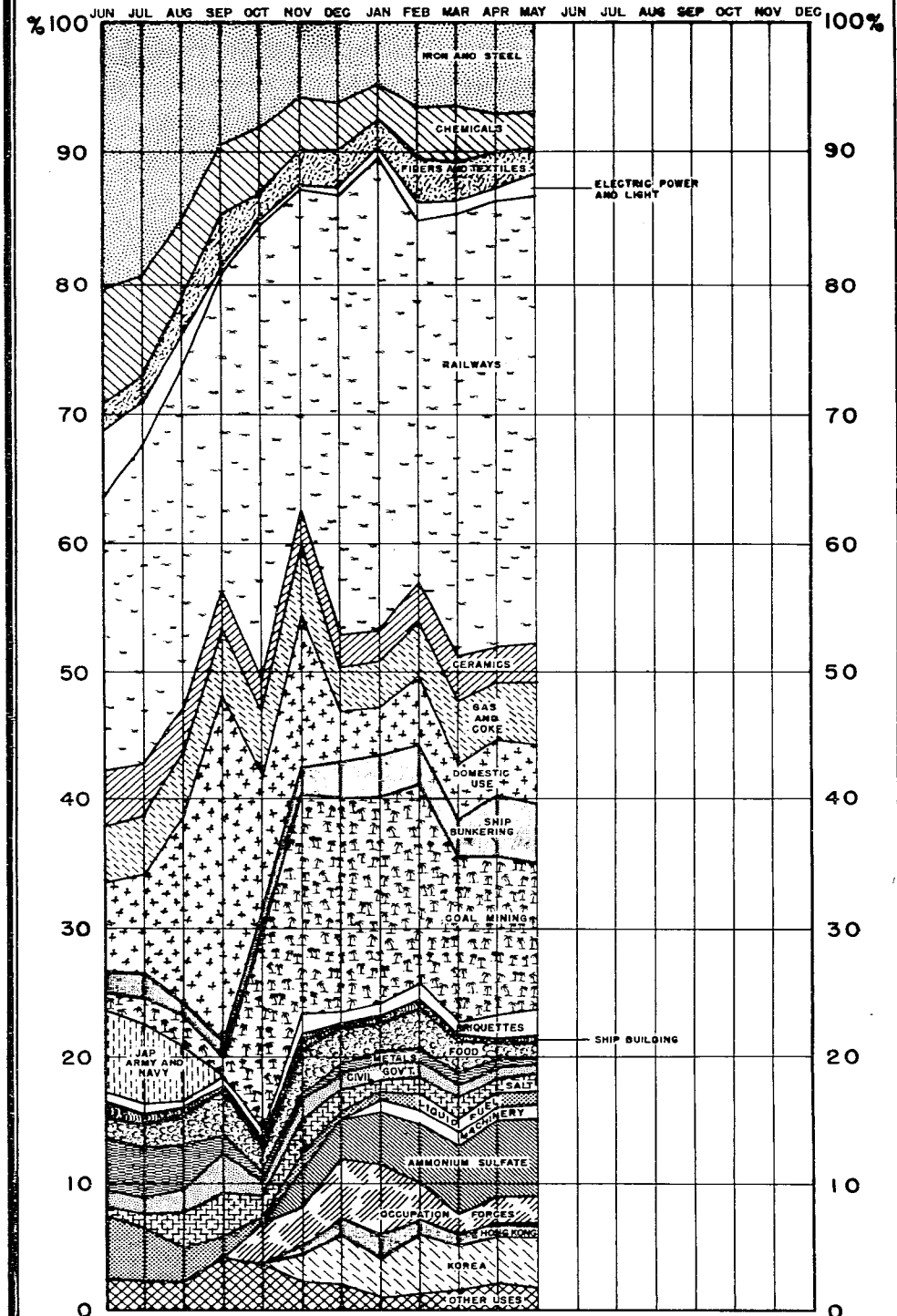
NOTES: 1931 DATA ARE MONTHLY AVERAGES. 1940 AND 1944 DATA ARE MONTHLY AVERAGES FOR 1 APRIL TO 31 MARCH FISCAL YEARS. APRIL AND MAY 1946 DATA ARE ALLOCATIONS.

SOURCE: MINISTRY OF COMMERCE AND INDUSTRY, COAL CONTROL ASSN.

APRIL 46 GHQ·SCAP NUMBER 17b

PERCENTAGE COAL CONSUMPTION BY INDUSTRIES

JAPAN — JUNE 1945 TO MAY 1946



NOTE: APR AND MAY 46 DATA ARE ALLOCATIONS. AMMONIUM SULFATE WAS INCLUDED WITH "OTHER USES" FROM JUN TO OCT 45; MACHINERY WITH "OTHER USES" FROM JUN TO DEC 45.

SOURCE: MINISTRY OF COMMERCE AND INDUSTRY, COAL CONTROL ASSN.

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SECTION 3

HEAVY INDUSTRIES

C O N T E N T S

1. Heavy industries generally registered production gains in March although total output is still a small fraction of capacity.

2. A program for Occupation Force dependents' housing got under way.

METAL INDUSTRIES

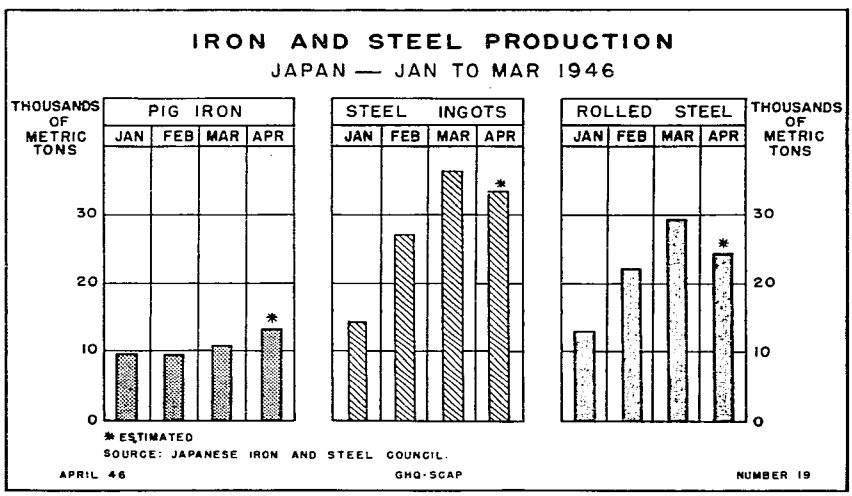
Iron and Steel

3. The increase in iron and steel production during March was far short of that necessary to meet current needs.

Pig iron production was approximately three percent of the wartime peak. Four of the five operating blast furnaces were located in the Yawata district and 31 furnaces were idle.

Open hearth steel production was confined to a few scattered plants. Electric furnace plants were melting minor amounts of scrap. Their expansion is handicapped by the limited supply of graphite electrodes.

Rolling mills are turning out light-weight articles such as roofing sheets, small pipes and rods.



Light Metals

4. Aluminum production totaled 872 metric tons during March, more than double February figures. The April estimate is 1,000 tons. Three additional reduction plants began operations.

5. Rolling mill production increased 40 percent in March, as indicated below, and is expected to reach 2,215 metric tons in April.

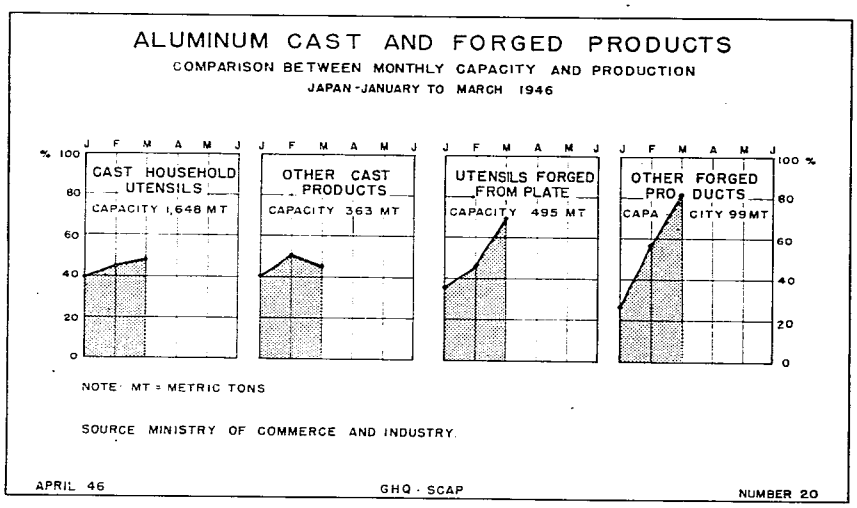
ROLLING MILL PRODUCTION
(metric tons)

Item	Aluminum			Aluminum Alloy			Total		
	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
Sheet	551	712	823	317	216	450	868	928	1,273
Pipe	13	1	8	4	21	13	17	22	21
Rod, bar, profile	0	4	2	15	19	71	15	23	73
Wire	4	7	10	2	9	3	6	16	13
Foil	0	0	1	0	0	0	0	0	1
Total	568	724	844	338	265	537	906	989	1,381

SOURCE: Ministry of Commerce and Industry.

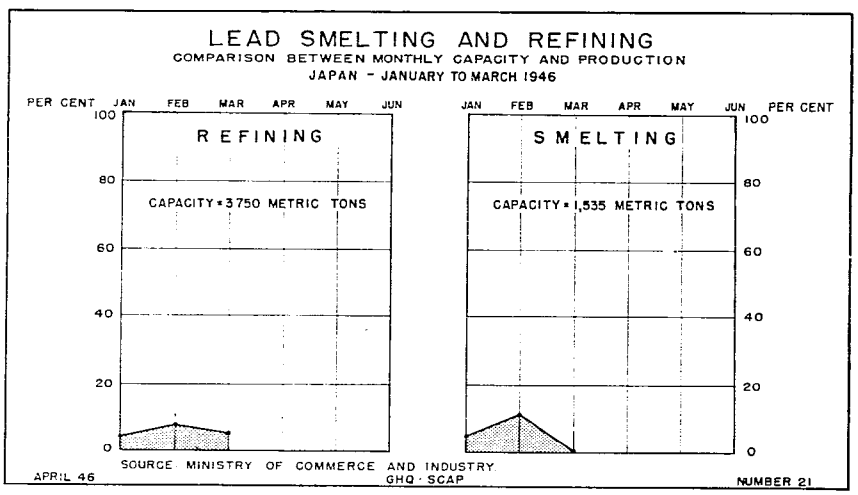
Production of tin foil was unchanged at 33 metric tons.

6. Aluminum casting registered a slight gain in March and aluminum forging rose approximately 50 percent.

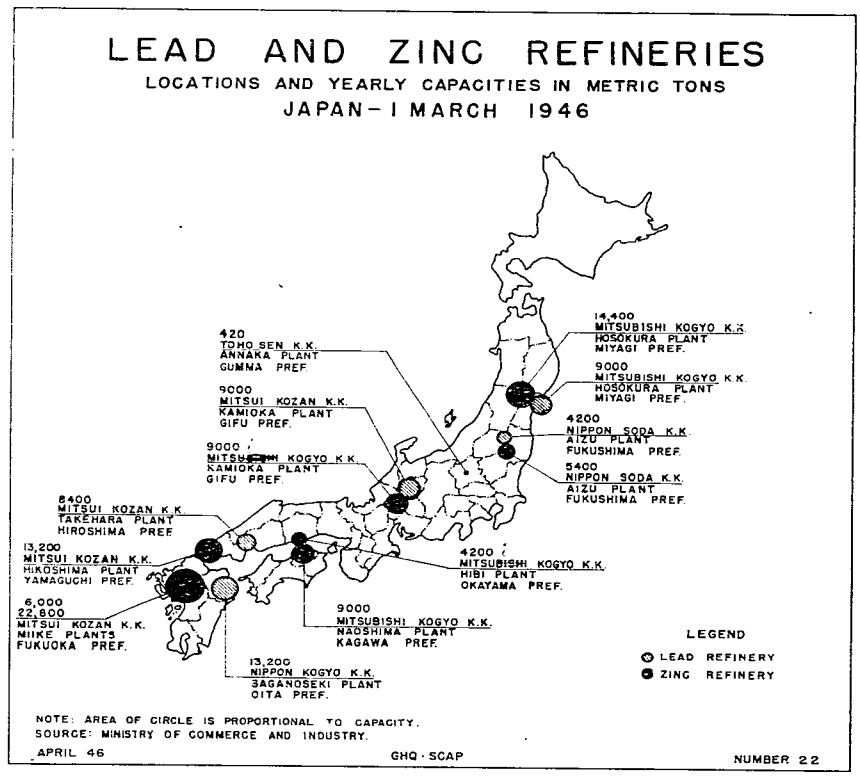


Lead

7. **Lead smelting and refining dropped more than 50 percent below the February total. Ore and fuel shortages hindered production.**

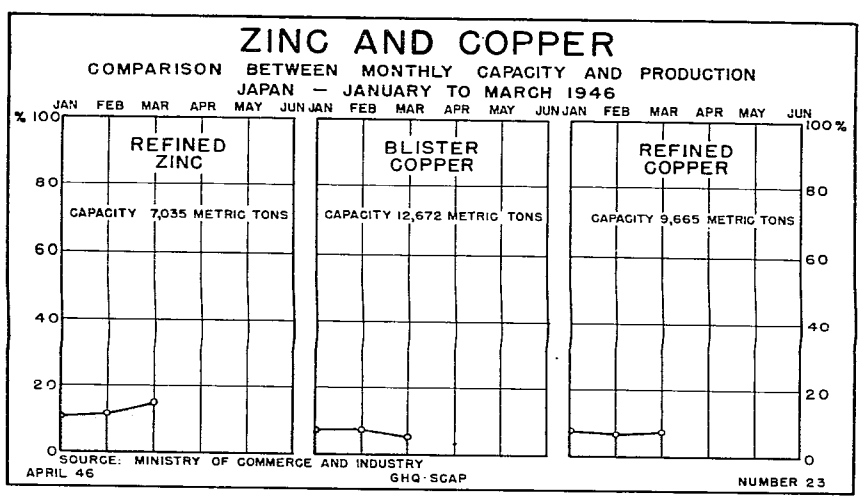


The locations and capacities of Japan's lead and zinc refineries are shown on the following map.



Zinc

8. Zinc refining increased over 20 percent during March. Estimated April tonnage is 1,122 metric tons.



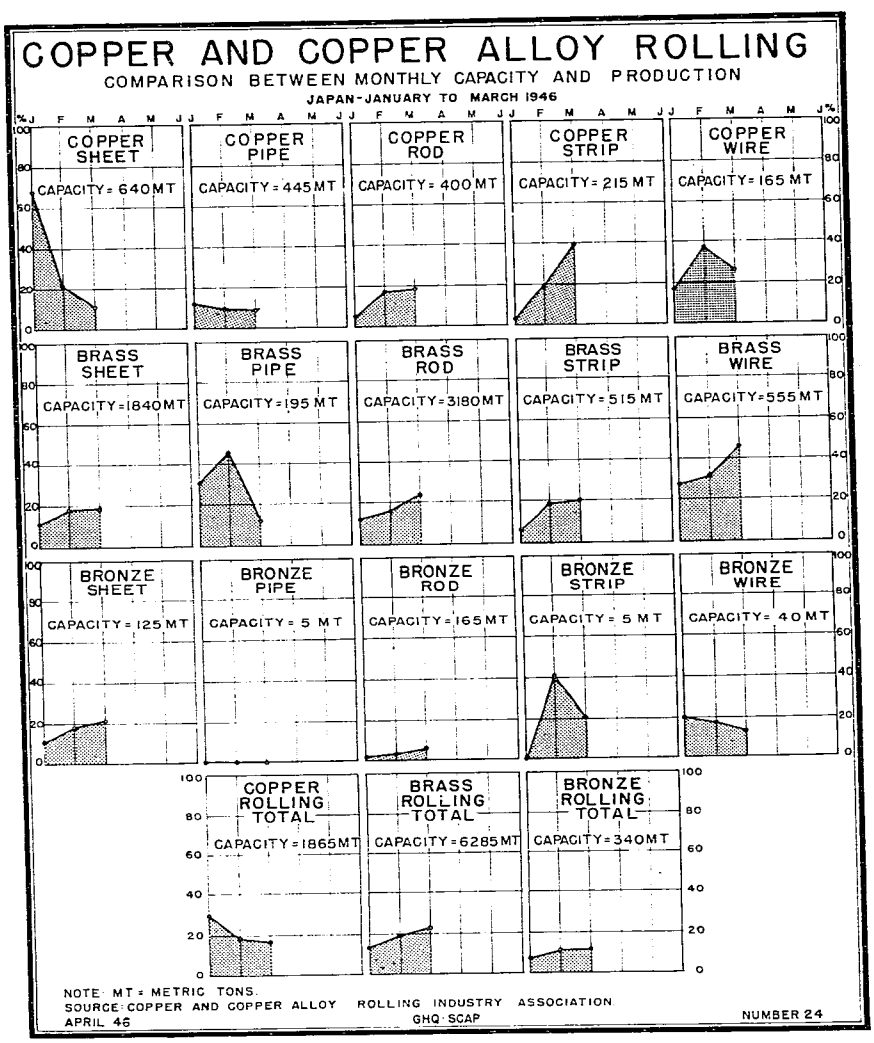
Copper

9. March production of blister copper was about two thirds of the February output. This was largely attributed to the shortage of fuel.

10. Copper refining increased moderately in March even though one less refinery was in operation.

The locations and capacities of Japan's copper smelters and refineries are shown on chart, page 108.

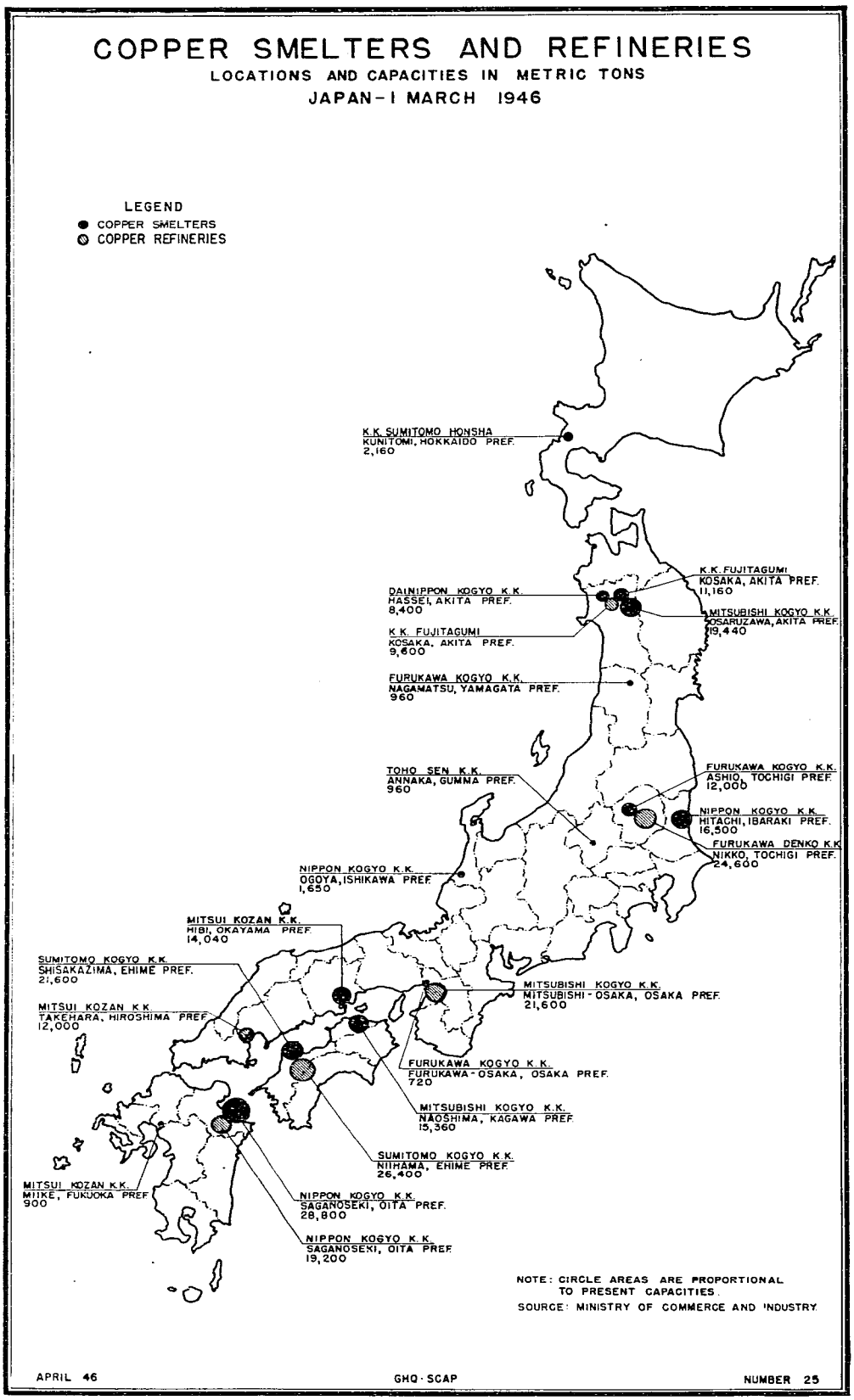
11. Ninety of the copper and copper alloy industry's 145 rolling plants were active in March. Total production of 1,805 metric tons is analyzed on the following chart:



COPPER SMELTERS AND REFINERIES

LOCATIONS AND CAPACITIES IN METRIC TONS

JAPAN - 1 MARCH 1946



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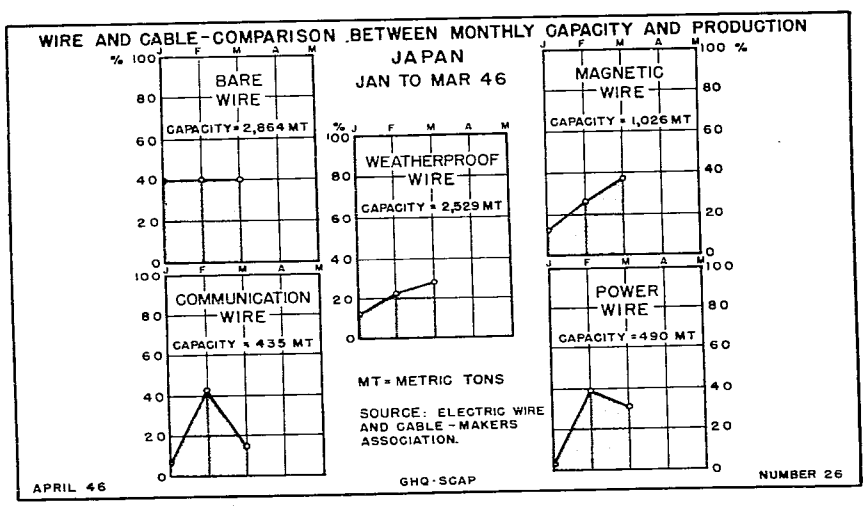
Wire and Cable Industry

12. March production of wire and cable was almost identical with that of February. The details are shown in the accompanying chart.

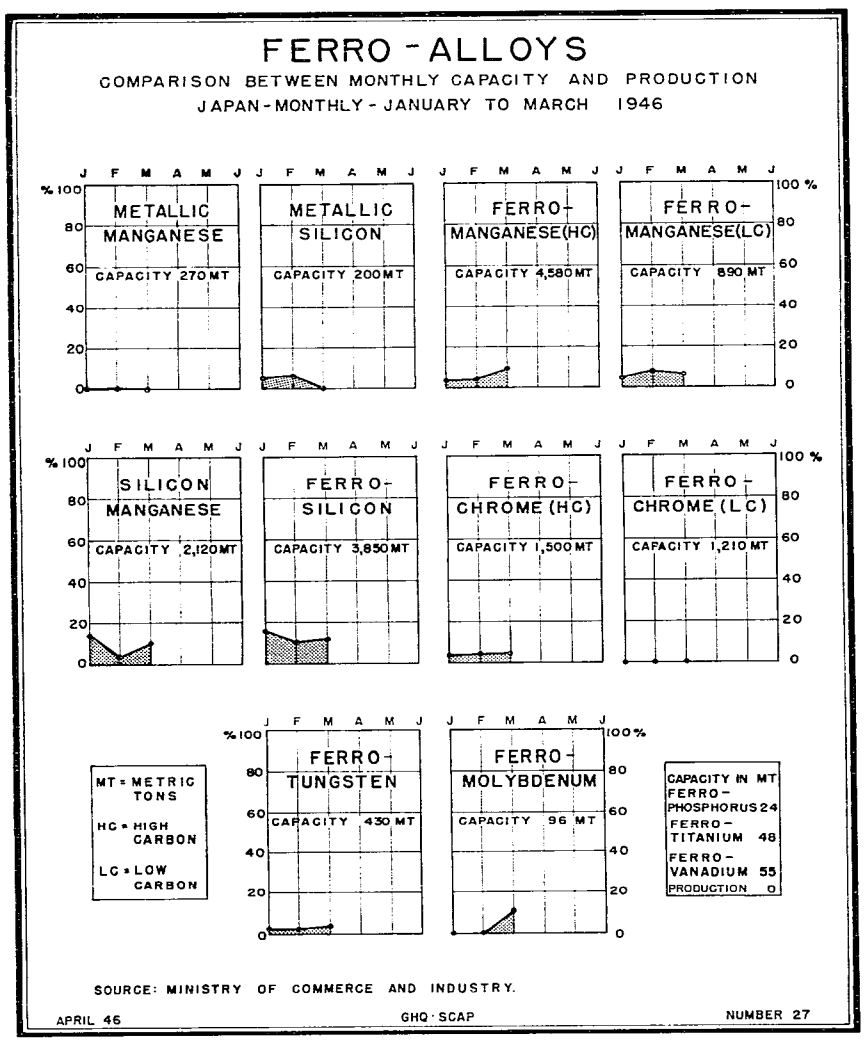


Other Nonferrous Metals

13. All tin, nickel and antimony refineries continued inactive due to lack of fuel.

Ferroalloys

14. Production of a few important ferroalloys registered slight increases during March as shown in chart, page 110.



RUBBER

15. Stocks of crude rubber decreased about five percent during the month ending 20 March.

STOCKS OF CRUDE RUBBER
20 March
(metric tons)

Possessor	Stock
Rubber factories	5,190
Telegraphic Wire Union Factory	579
Rubber Control Union	13,935
Trade Regulation Organization	3,740
Army and Navy	4,920
Total	28,364

SOURCE: Rubber Control Union.

PETROLEUM

Crude Oil

16. Production of crude oil is expected to maintain its present level.

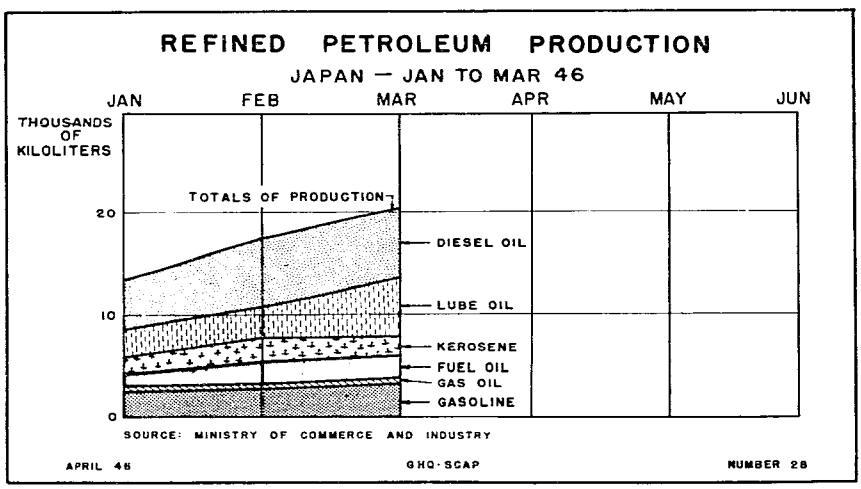
CRUDE OIL PRODUCTION
(kiloliters)

Period	Consecutive Weeks				Total
13 Jan - 9 Feb	4,127	4,040	4,131	4,082	16,380
10 Feb - 9 Mar	4,134	4,033	4,176	4,165	16,508
10 Mar - 6 Apr	4,000	4,196	4,265	4,317	16,778

SOURCE: Ministry of Commerce and Industry.

Refined Petroleum

17. With improvements in transporting crude oil, production of refined petroleum is increasing proportionately. There is no production of synthetic petroleum.



CEMENT

Production

18. Eleven companies operating 36 plants have a present total capacity of 270,000 metric tons per month. It is possible that after air-raid damage repair the 1947 capacity will be 370,000 tons, and the 1949 capacity will be 500,000 tons, only 125,000 tons short of the peak year, 1940.

CEMENT PRODUCTION
(metric tons)

1930	3,290,387	1938	5,705,561
1931	3,213,279	1939	5,945,671
1932	3,312,430	1940	6,002,379
1933	4,274,307	1941	5,828,459
1934	4,400,827	1942	4,356,023
1935	5,392,002	1943	3,767,666
1936	5,570,924	1944	2,959,686
1937	5,833,911	1945	1,176,159

1946 Production

January	34,137	March	67,871
February	38,402	April a/	70,000

a/ Estimate.

SOURCE: Cement Association.

19. The most important need of the cement industry is for more coal. Other short items are raw materials, spare parts, transportation and labor. Main spare parts needed are steel plates for kilns, dryer shells, lining for mills, grinding balls, conveyor belts and ball bearings. While at present all cement bags are returned, only two thirds are in condition for re-use.

LUMBER

20. The monthly capacity of the Japanese sawed lumber industry is approximately 290,000,000 board feet. This represents the combined capacities of approximately 7,500 sawmills of all sizes.

LUMBER PRODUCTION
(board feet)

January	130,000,000
February	154,000,000
March	184,000,000

SOURCE: Ministry of Agriculture and Forestry.

ESTIMATED DEMAND AND SUPPLY OF LUMBER a/
1946
(1,000 koku) b/

Use	Demand	Supply
Housing	53,316	31,552
Mining		
Coal mines	5,400	5,400
Metal mines	1,935	1,800
Others	1,007	1,007
Public construction	20,060	8,000
Pulp	11,940	6,448
Transportation		
Railway ties	5,219	2,549
New railroad cars	567	280
Railroad repairs	535	440
Automobiles	556	231
Ship materials		
Wooden ships	2,500	1,500
Fishing boats	2,530	1,520
Steel vessels	550	370
Communications		
Telephone poles	1,611	1,115
Cross arms	330	140
Packing	8,114	2,000
Veneer	1,795	1,795
Furniture	3,000	1,000
Clogs	2,460	1,000
Agricultural machinery	738	738
Barrels	912	580
Matches	564	452
Sports and stationery goods	1,458	357
Spindles	400	300
Machinery parts	393	153
Umbrella rods	257	124
Sawdust and excelsior	247	100
Measuring machines	150	80
Segregation plates	150	80
Pencils	95	66
Miscellaneous	---	1,430
Total	128,789	72,607

a/ Includes all logs cut as distinguished from sawed lumber.
b/ These koku are in terms of logs, and in this case 1 koku equals 80 board feet.

SOURCE: Ministry of Agriculture and Forestry.

CONSTRUCTION

Japanese Housing

21. March construction of Japanese houses is shown in the

following table:

BUILDING CONSTRUCTION
March

Type of Building	Number	Floor Area (tsubo) a/
New houses	18,537	180,880
New houses and shops	5,475	82,719
Others	3,221	114,640
Total	27,233	378,239

a/ One tsubo is approximately four square yards.

SOURCE: Ministry of Home Affairs, Bureau of Reconstruction.

22. Owing to the shortage of construction materials the Japanese Government housing program for the fiscal year 1946-47 was revised downward.

REVISED JAPANESE HOUSING PROGRAM

Administrative Districts and Prefectures	Proposed Houses, Shops, Billets, etc.	
	City	Rural
Hokkaido		
Hokkaido	6,700	20,000
Tohoku		
Aomori	800	3,000
Iwate	400	6,000
Miyagi	1,000	2,200
Akita	100	4,800
Yamagata	200	2,500
Fukushima	1,200	4,100
Kanto		
Ibaraki	1,200	3,800
Tochigi	600	2,500
Gumma	500	1,300
Saitama	500	1,400
Nagano	200	4,300
Chiba	700	2,000
Tokyo	40,000	300
Yamanashi	1,000	3,000
Kanagawa	8,500	900
Niigata	600	1,600
Tokai		
Toyama	1,000	800
Ishikawa	500	800
Gifu	1,000	2,100
Shizuoka	2,000	4,100
Aichi	9,500	2,100
Mie	1,500	2,500
Carried forward	79,700	76,100

Administrative Districts and Prefectures	Proposed Houses, Shops, Billets, etc. City	Rural
Carried forward	79,700	76,100
Kinki		
Shiga	100	1,000
Fukui	1,000	800
Kyoto	500	300
Osaka	20,000	800
Hyogo	9,000	1,800
Nara	100	100
Wakayama	1,000	500
Chugoku		
Tottori	300	1,100
Shimane	200	700
Okayama	1,000	1,600
Hiroshima	4,700	1,000
Yamaguchi	3,000	650
Shikoku		
Tokushima	800	800
Kagawa	800	950
Ehime	1,400	1,000
Kochi	600	800
Kyushu		
Fukuoka	17,800	1,500
Saga	1,000	500
Nagasaki	3,300	1,000
Kumamoto	1,000	2,000
Oita	600	1,000
Miyazaki	800	2,600
Kagoshima	1,300	1,400
Total	150,000	100,000

SOURCE: Ministry of Home Affairs, Bureau of Reconstruction.

Dependent Housing

23. Designs and working plans for houses for dependents of occupation personnel have been completed and the areas selected for group housing are being cleared and graded. Construction materials are in production and additional stocks are being obtained from Japanese arsenals and war factories and civilian sources. Materials are being assembled in warehouses near construction areas.

24. Some individual Japanese houses have been taken over by SCAP for families of occupation personnel. These houses, rehabilitated apartment houses and quonset huts will be adequate for the first contingent of dependent families. The new group housing will provide for families arriving later.

Public Works

25. An extensive program of engineering and construction projects is planned to start in May.

Railway Construction

26. New railway construction, except for sidings and spur lines required by the Occupation Forces, has been practically at a standstill due to labor, financial and material deficiencies. Maintenance and repair work has been continued as far as possible but roadbeds and tracks are deteriorating.

SHIPBUILDING

27. From 20 March to 20 April civilian shipyards repaired 344 merchant vessels totaling 1,027,626 gross tons. This is twice the tonnage reported for the previous month.

28. Five steel ships totaling 12,040 gross tons were launched and four steel ships totaling 7,040 gross tons were completed. In the same period one wooden vessel of 150 gross tons was launched and four wooden vessels totaling 650 gross tons were completed.

29. Reports received from 68 of the 84 major Japanese shipyards indicate that 47 are working 8 to 12 hours a day, nine work 16 hours and 12 work around the clock.

The yards can handle more shipbuilding than has been allotted, although handicapped by damaged equipment and by shortages which make it difficult to attract labor.

30. A SCAP directive of 15 April authorized the manufacture of mine-sweeping equipment to clear Japanese sea and harbor areas.

CHEMICAL INDUSTRIES

31. Production of chemicals remains low but the rate of increase is generally encouraging. Repair of plant equipment continues to keep capacity ahead of available soft coal and imported raw materials such as anthracite and coking coal, benzene and toluene.

PRODUCTION RATES OF IMPORTANT CHEMICALS
(metric tons)

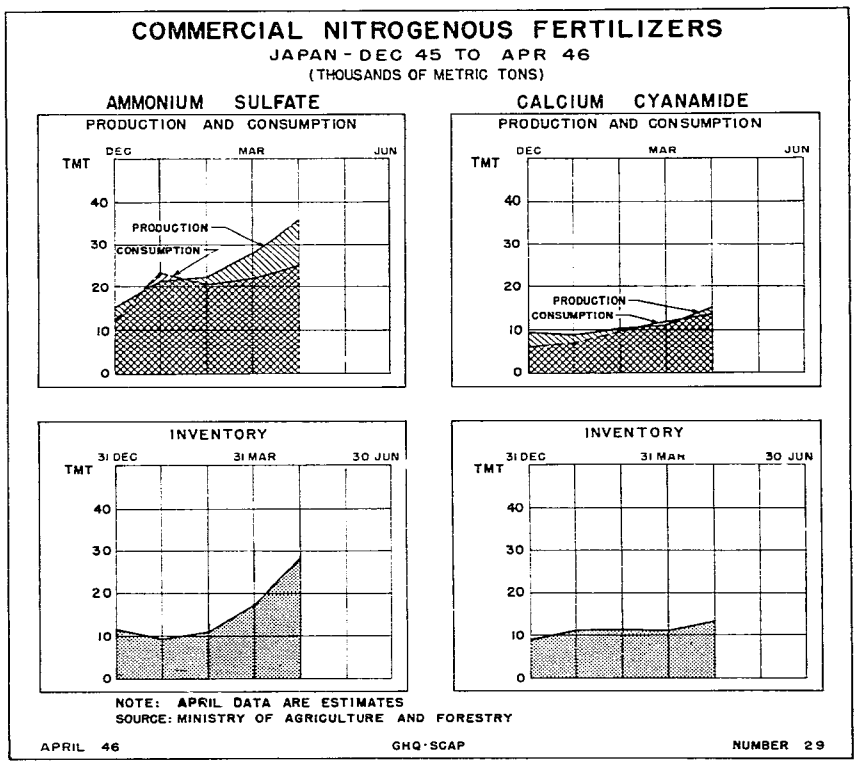
Product	March	Percentage of Minimum March Requirements	April a/
Sulfuric acid	56,562	18	71,000
Ammonium sulfate	28,908	23	36,000
Salt	15,832	17	18,000
Calcium cyanamide	11,450	31	16,000
Calcium carbide	10,325	31	13,000
Ammonia	9,592	27	13,000
Calcium superphosphate	3,404	27	12,000
Soda ash	2,716	37	5,300
Caustic soda	2,187	24	3,700
Hydrochloric acid	1,085	17	1,800
Nitric acid	723	8	1,000
Benzene	352	34	800
Methyl alcohol	214	10	600
Sodium bicarbonate	337	51	300
Dyestuffs	58	9	200
Ethyl alcohol (kiloliters)	1,268	25	1,800

a/ Estimate.

SOURCE: Ministry of Commerce and Industry.

Fertilizers

32. The Ministry of Commerce and Industry plans to increase fertilizer production by (1) granting extra food to fertilizer workers, (2) awarding top transportation priorities to the industry and (3) stimulating production of necessary machinery. Fertilizer production has risen but is still below capacity and far below requirements.



33. In the nitrogenous group, figures on ammonium sulfate and calcium cyanamide are shown in the foregoing chart. Their estimated April production is 29 and 43 percent, respectively, of monthly requirements. Superphosphate production, dependent entirely on imported phosphate rock, remains insignificant. Potash, never produced to any great extent, remains low.

34. March imports of phosphate ore were 7,000 metric tons. April imports are estimated at 8,100 tons. Only 2,026 tons of phosphatic fertilizer reached local agricultural associations in March, about two percent of requirements. April shipments are estimated at about 2,200 tons.

Salt

35. Salt is still critically short, with March production about 60 percent of estimates. Production will probably increase during warm weather.

Soda Industry

36. In spite of the salt shortage the production of caustic soda, hydrochloric acid, bleaching powder and soda ash has increased

steadily. Chlorine production dropped from 197 metric tons in February to 83 tons in March. Because of the shortage of containers chlorine is being converted to hydrochloric acid and bleaching powder.

Dyestuffs

37. The production of dyestuffs is still negligible, but with larger coal allocations production should increase in May.

Explosives

38. The explosives industry has not been making the amounts authorized. This has not affected mining because industrial consumers have not used as much as expected. Stocks are adequate for the near future.

MACHINERY

39. Activity in the machinery industries continued to emphasize maintenance of equipment and manufacture of small items. Scarcity of materials still restricts production of heavier types of machinery.

40. The Ministry of Commerce and Industry surveyed 789 large plants in April and obtained the information in the accompanying table.

MACHINE TOOLS

District	Total Units	Operating	Idle	Beyond Repair
Hokkaido	1,768	762	997	9
Tohoku	7,445	3,566	3,582	297
Kanto-Shinetsu	107,508	36,467	66,984	4,057
Tokai-Hokuriku	36,715	16,934	15,826	3,955
Kinki	20,811	11,045	8,713	1,053
Chugoku	11,979	5,487	5,960	532
Shikoku	528	250	278	0
Kyushu	15,124	6,032	6,170	2,922
Total	201,878	80,543	108,510	12,825

SOURCE: Ministry of Commerce and Industry.

OTHER MACHINERY

District	Total Units	Operating	Idle	Beyond Repair
Hokkaido	2,475	1,172	1,292	11
Tohoku	1,958	1,152	761	45
Kanto-Shinetsu	62,407	42,976	16,158	3,273
Tokai-Hokuriku	17,541	12,512	4,058	971
Kinki	11,306	7,847	2,459	1,000
Chugoku	7,469	4,010	3,065	394
Shikoku	372	181	127	64
Kyushu	14,350	9,237	4,871	242
Total	117,878	79,087	32,791	6,000

SOURCE: Ministry of Commerce and Industry.

Aircraft and Munitions

41. There were 321 munitions factories in Japan when the war ended. This does not include arsenals, explosive plants or aircraft factories of the Government.

Size	Factories	Machine Tools
Over 1,000 machine tools	19	55,143
500 - 1,000 machine tools	15	10,803
100 - 500 machine tools	188	39,261
Under 100 machine tools	99	7,170
Total	321	112,377

Machine Tools and Bearings

42. Operations in the machine tool industry continue on a small scale, most plants concentrating their efforts on consumer items.

43. Bearing production for March was valued at ¥ 4,000,000, a 30 percent increase over the previous month. As of 31 March, 46 factories of the 10 major companies and 16 minor companies had been authorized to operate on a temporary basis.

Industrial Machinery

44. The principal producers of printing and bookbinding machines are reconstructing damaged factories and repairing printing and binding machines. Production of new machines is slow because of lack of material.

The Printing and Bookbinding Machine Association reports 39,478 letter presses, 18,325 lithographic presses and 10,944 book-sewing and stitching machines are now in operation.

45. The six principal producers of paper-making machinery have a combined capacity of 3,000 metric tons per year. Highest production was attained in 1937, when 5,100 tons of paper-making machinery were produced. The 1946-1947 production is estimated at 208 tons per month.

46. During April 31 producers of textile machinery went out of business. The remaining 464 are engaged in repair work. Only three of the largest plants are in production.

47. The metal farm machinery manufacturers, with a peak capacity of 104,000 metric tons in 1944, are estimated to have a capacity of 80,000 tons during 1946-1947. Reports indicate that actual production will be 20,000 tons.

48. The number of plants producing industrial machinery and their present capacity are shown in the following table.

INDUSTRIAL MACHINERY MANUFACTURE a/

Description of Product	Factories Operating	Annual Capacity (metric tons)
Internal combustion engines	56	8,450,000
Steam boilers and accessories	93	1,265,000
Water turbines	1	75,000
Industrial blowers	190	7,425,000
Cranes, hoists, elevators	171	24,633,000
Mining machinery	188	13,152,000
Chemical production machines	236	26,304,000
Iron and steel production machines	163	66,268,000

a/ Partial survey.

SOURCE: Industrial Machinery Association.

SECTION 4

MANUFACTURING

C O N T E N T S

FOOD PROCESSING

1. Only two major changes in production of processed foods were noted during March. Sake production reached its seasonal peak, while the beet sugar refining season in Hokkaido closed 8 March and the industry will remain dormant until November.

2. The moderate decline in canning during March resulted from the completion of the mandarin orange pack. With the opening of the herring season in Hokkaido the emphasis is expected to return to the packing of fish which normally constitutes 70 percent of all commercial canning.

CANNED FOODS INDUSTRY

	January	February	March
Production (metric tons)			
Actual	675	691	394
Capacity	25,395	19,285	20,300
Canneries			
Operating	37	36	51
Idle	273	274	259
Employees	10,861	9,002	8,025
Raw materials on hand, end of month (metric tons)	4,202	1,305	748

SOURCE: Ministry of Agriculture and Forestry.

BEET SUGAR REFINING

	January	February	March
Production (metric tons)			
Actual	766	1,327	138
Capacity	5,940	5,940	5,940
Refineries			
Operating a/	3	1	1
Idle	0	2	2
Employees	1,159	1,012	742
Raw beets on hand, end of month (metric tons)	6,508	840	0

a/ The operating season closed 8 March.

SOURCE: Ministry of Agriculture and Forestry.

FLOUR MILLING

	January	February	March
Production (metric tons)			
Actual	27,783	28,384	30,751
Capacity	105,375	106,174	106,400
Mills			
Operating			
More than 15 days	797	716	726
Less than 15 days	332	289	288
Idle	631 a/	759	833
Employees	6,664	7,198	7,728
Wheat in hands of millers, end of month (metric tons)	42,479	49,943	44,703

a/ Revised by Japanese.

SOURCE: Ministry of Agriculture and Forestry.

3. Beer production increased 18 percent during March.

BEER INDUSTRY

	January	February	March
Production (hectoliters)			
Actual	70,744	76,226	93,041
Capacity	200,220	183,862	183,871
Breweries			
Operating	13	13	13
Idle	0	0	0
Employees	3,968	3,995	4,064
Raw materials and fuel on hand, end of month (metric tons)			
Rice	646	792	505
Barley	5,311	5,939	6,895
Malt	73,067	67,155	13,940
Coal	2,454	3,208	3,185

SOURCE: Ministry of Finance, Tax Bureau.

4. Fuel and raw material shortages, insufficient transportation facilities and scarcity of packing materials continued to retard wine and liquor production. The increased production of sake was due to the highly seasonal nature of the industry.

SAKE INDUSTRY

	January	February	March
Production (hectoliters)			
Actual	3,684	188,242	1,072,857
Capacity	1,053,857	1,150,548	-
Factories operating	2,428	2,724	1,915
Employees	24,009	26,971	17,715
Raw materials and fuel on hand, end of month (metric tons)			
Rice	49,408	18,537	482
Barley	0	0	3
Maize	120	57	48
Bran	-	12	2
Alcohol (hectoliters)	6,833	11,782	8,201
Coal	35,255	21,985	14,977

SOURCE: Ministry of Finance, Tax Bureau.

IMITATION SAKE INDUSTRY

	January	February	March
Production (hectoliters)			
Actual	25,490	16,216	19,066
Capacity	79,385	79,831	80,875
Factories operating	36	29	39
Employees	1,518	1,389	2,185
Raw materials and fuel on hand, end of month (metric tons)			
Rice	109	122	106
Sweet potatoes, raw	1,153	979	180
Sweet potatoes, dried	4,478	3,683	6,011
Maize	2,013	1,972	2,287
Bran	-	241	271
Alcohol (hectoliters)	17,636	21,877	25,256
Coal	7,365	10,904	7,547

SOURCE: Ministry of Finance, Tax Bureau.

SHOCHU INDUSTRY

	January	February	March
Production (hectoliters)			
Actual	36,134	35,665	34,082
Capacity	173,803	163,130	170,757
Factories operating	352	342	323
Employees	3,391	3,413	3,752
Raw materials and fuel on hand, end of month (metric tons)			
Rice	713	392	437
Barley	44	64	8
Sweet potatoes, raw	1,481	922	4,417
Sweet potatoes, dried	9,675	11,070	7,069
Maize	6,971	5,987	6,429
Bran	-	568	478
Alcohol (hectoliters)	-	893	676
Coal	9,701	10,589	9,569

SOURCE: Ministry of Finance, Tax Bureau.

LIQUOR AND WINE INDUSTRY

	January	February	March
Production (hectoliters)			
Actual	8,797	10,389	6,521
Capacity	86,452	92,181	89,773
Factories operating	278	258	254
Employees	2,948	2,758	3,257
Raw materials and fuel on hand, end of month (metric tons)			
Rice	670	696	534
Barley	638	487	592
Sweet potatoes, raw	900	619	517
Sweet potatoes, dried	1,185	306	1,462
Maize	825	807	968
Bran	-	212	488
Malt	258	871	636
Alcohol (hectoliters)	9,124	7,837	17,481
Coal	5,767	11,498	6,097

SOURCE: Ministry of Finance, Tax Bureau.

5. The confectionery industry received a special government allotment in February of approximately 2,500 metric tons of raw sweet potatoes. The cakes made from this material were given to local prefectural governments which used them to encourage the collection of rice from local farmers.

CONFECTIONERY INDUSTRY

	January	February	March
Production (metric tons)			
Actual	1,110	2,433	1,150
Capacity	32,154	43,807	32,154
Factories			
Operating	460	825	585
Idle	8,384	8,019	8,259
Employees	22,031	25,173	24,750
Raw materials on hand, end of month (metric tons)	2,809	4,461	1,478

SOURCE: Ministry of Agriculture and Forestry.

6. The February increases of price ceilings on bean paste were further advanced effective 1 March. Although the prices paid to the producer remained the same, a subsidy was granted to give him an increased return for his goods.

BEAN PASTE CEILING PRICE CHANGES
Effective 1 March
(yen/kan) a/

Seller	Old Price	New Price
Producer	¥ 36.50	¥ 36.50
Prefectural Miso Control Co.	40.00	66.20
Retailer	50.00	80.00

a/ One kan equals 8.27 pounds.

SOURCE: Ministry of Agriculture and Forestry.

BEAN PASTE INDUSTRY

	January	February	March
Production (metric tons)			
Actual	22,874	18,853	18,657
Capacity	62,813	62,813	62,813
Bean paste in course of brewing, end of month (metric tons)	70,191	68,240	115,255
Newly mixed raw materials, end of month (metric tons)	17,591	16,902	18,186
Factories			
Operating	3,417	3,367	3,311
Idle	609	659	715
Employees	22,349	23,164	23,886
Raw materials on hand, end of month (metric tons)			
Soy beans	24,457	20,358	21,448
Rice	3,968	4,182	3,824
Barley	6,003	5,587	4,851
Salt	13,752	13,984	12,842
Sweet potatoes	1,387	1,659	1,658

SOURCE: Ministry of Agriculture and Forestry.

7. Production of soy sauce continued to decline due to shortages of critical raw materials.

SOY SAUCE INDUSTRY

	January	February	March
Production (metric tons) a/			
Actual	29,630	27,678	24,297
Capacity	92,417	91,100	88,099
Soy sauce in process, end of month (metric tons) a/	299,006	295,450	288,311
Factories			
Operating	5,865	5,644	5,611
Idle	222	443	476
Employees	17,081	20,497	22,311
Raw materials on hand, end of month (metric tons)			
Soy beans	10,276	11,520	9,640
Wheat	6,637	5,865	5,803
Salt	4,673	3,820	6,803

a/ Soy sauce requires from 10 to 12 months to produce. Present production was actually started last year. Raw materials mixed now will not become finished sauce until March or April 1947.

SOURCE: Ministry of Agriculture and Forestry.

SYNTHETIC SOY SAUCE INDUSTRY

	January	February	March
Production (metric tons)			
Actual	453	511	485
Capacity	23,722	23,722	23,722
Factories			
Operating	30	29	29
Idle	23	24	24
Employees	1,350	1,356	1,360
Raw materials on hand, end of month (metric tons)			
Soy bean meal and cake	2,664	2,758	2,570
Castor cake	-	-	127
Hydrochloric acid	657	781	816
Soda ash	1,004	1,097	1,120
Caustic soda	451	500	386
Salt	846	789	883
Fish meal	209	205	308
Wheat flour	43	80	69

SOURCE: Ministry of Agriculture and Forestry.

MEAT INDUSTRY

	January	February	March
Production (metric tons)			
Actual	42	30	36
Capacity	110	110	110
Factories			
Operating	35	32	47
Idle	169	172	157
Employees	423	438	460
Raw material on hand, end of month (metric tons)	60	36	37

SOURCE: Ministry of Agriculture and Forestry.

VEGETABLE OIL AND FAT INDUSTRY

	January	February	March
Production (metric tons)			
Edible oil and fat	647	867	965
Drying oil	73	130	153
Other	32	137	111
Factories operating	178	168	180
Employees	3,101	2,793	3,013
Raw materials on hand, end of month (metric tons)			
Soy beans	5,839	5,858	4,547
Rape seed	6,084	6,636	4,498
Other oil seed	7,193	6,990	7,667

SOURCE: Ministry of Agriculture and Forestry.

8. Lack of fodder and feed concentrates for cattle continued to indirectly restrict the milk processing industry. Although SCAP has approved a request to import feed concentrates no appreciable quantities are expected to arrive in 1946.

MILK PROCESSING INDUSTRY

	January	February	March
Production (metric tons)			
Actual			
Condensed milk	86	128	105
Powdered milk	252	171	179
Butter	70	53	52
Capacity			
Condensed milk	1,895	1,895	1,895
Powdered milk	722	722	722
Butter	454	454	454

	January	February	March
Factories			
Operating			
Condensed and powdered milk	51	51	51
Butter	97	97	97
Idle			
Condensed and powdered milk	10	10	10
Butter	11	11	11
Employees			
Condensed and powdered milk factories	1,500	1,611	1,527
Butter factories	409	435	453
Raw materials on hand, end of month (metric tons)			
Sugar	4,206	3,872	3,240
Salt	36	33	32

SOURCE: Ministry of Agriculture and Forestry.

9. Tin container manufacture increased in March due mainly to U.S. Army orders for 27-pound cans for DDT dusting powder. Production of cans of similar size for household purposes and of containers for salves and other medicines also increased.

CONTAINER INDUSTRY

	January	February	March
Production			
Tin containers (metric tons)	200	293 a/	482
Paper containers (thousands)	741	1,991	1,836
Factories operating	5	5	5
Employees	2,018	2,089	1,936
Raw materials on hand, end of month (metric tons)			
Tin plate	1,358	1,374	1,306
Lining compound	289	282	163
Solder	76	73	51
Tin	64	77	57
Lead	10	15	15
Nails	93	90	100
Binding wire	4	5	3
Lacquer, inside	46	47	46
Lacquer, outside	17	17	17

a/ Revised by Japanese.

SOURCE: Oriental Can Co.

PULP AND PAPER

10. Pulp production in March was 21.9 percent greater than in February. The manufacture of paper showed a gain of 25 percent. The Oji Paper Company's production increased 14.5 percent for pulp and 18.8 percent for paper.

PULP AND PAPER PRODUCTION
(short tons)

Product	Jan	Feb	Mar	Oji Co. a/	Percent Produced by Oji Co. a/
Pulp					
Rayon	0	0	56	0	0.0
Chemical	2,277	3,551	5,230	1,949	37.2
Mechanical	6,835	7,836	8,597	6,886	80.0
Total	9,112	11,387	13,883	8,835	63.6
Paper (foreign)					
Printing	2,668	2,842	3,242	2,481	76.5
Newsprint	3,523	5,066	5,886	5,886	100.0
Writing and drawing	33	0	30	0	0.0
Wrapping	1,350	1,220	1,748	1,381	79.0
Board	2,623	1,606	1,941	778	40.0
Cigarette	205	238	226	131	57.9
Other b/	1,349	1,328	1,765	234	13.2
Total	11,751	12,300	14,838	10,891	73.3
Paper (Japanese)					
Machine-made	786	1,023	1,783	63	3.5
Handmade	41	26	70	0	0.0
Total	827	1,049	1,853	63	3.4
GRAND TOTAL c/	12,578	13,349	16,691	10,954	65.6

a/ For March only.
b/ Includes condenser, typewriter, carbon and glassine papers.
c/ Paper only.

SOURCE: Paper Control and Distributing Association.

GLASS INDUSTRY

Sheet Glass

11. Production of sheet glass for March increased 21.2 percent over February, due largely to the delivery of an increased coal supply to one glass plant in Kyushu. Shortages of coal and soda ash remained the limiting factors in production.

WINDOW GLASS PRODUCTION
(cases of 100 sq ft 2 mm glass)

	January	February	March
Production			
Actual	21,355	54,140	64,981
Capacity	190,000	190,000	190,000
Factories operating	2	3	3
Employees	1,299	1,346	1,703

SOURCE: Japan Sheet Glass Control Association.

POLISHED PLATE GLASS PRODUCTION
(cases of 100 sq ft 2 mm glass)

	January	February	March
Production			
Actual	586	895	1,724
Capacity	2,625	2,625	2,625
Factories operating	2	2	2
Employees	390	402	388

SOURCE: Japan Sheet Glass Control Association.

Glassware

12. Glassware production during March increased 121 percent over February. Beverage bottles registered the greatest individual gain with about 650,000 produced compared with none in February. The industry plans to produce about 900,000 bottles per month for the next 12 months.

Medical containers, tableware and kitchenware also showed appreciable increases.

GLASSWARE PRODUCTION
(metric tons)

Item	January	February	March
Beverage bottles	50	0	412
Food containers	0	0	7
Medical containers	148	140	395
Technical and scientific ware	103	88	100
Electrical products	178	146	180
Table and kitchenware	87	85	160
Art and decorative ware	0	4	5
Signal light lenses	1	6	10
Light globes and shades	13	18	8
Thermometer tubing	11	17	12
Ampoules	89	153	180
Injection syringes	6	10	3
Glass tubing	3	14	30
Polishing marbles	25	30	32
Glass buttons	5	7	3

Item	January	February	March
Toilet bottles	15	24	100
Glass buoys	15	4	20
Battery glass	20	5	7
Miscellaneous	25	17	35

SOURCE: Japan Glass Industry Control Association.

Fiber Glass

13. The scarcity of coal and the shortages of raw materials, especially boric acid, caused production of fiber glass to drop about 25 percent during March. Only four of the seven existing companies were in operation.

FIBER GLASS PRODUCTION
(kilograms)

Month	Production
November	8,560
December	17,530
January	11,366
February	11,741
March	8,746

SOURCE: Japan Inorganic Fiber Industry Control Union.

Optical Instruments

14. The upward trend in production of optical instruments continued during March with a 30 percent increase over February.

INSTRUMENT PRODUCTION

Instruments	January	February	March
Cameras	746	1,378	2,010
Projectors	-	-	28
Binoculars a/	911	1,668	2,031
Microscopes	115	140	70
Transits	12	50	95
Levels	11	29	145
Sextants	48	55	66
Gas indicators	136	123	195
Photomeasuring instruments	-	6	9
Reading microscopes	-	10	12
Spectrometers	10	2	5
Interferometers	350	300	300

a/ Revised by Japanese.

SOURCE: Ministry of Commerce and Industry.

REFRACTORY INDUSTRY

15. Production of refractory bricks continued to increase.

REFRACTORY PRODUCTION
(metric tons)

Type of Refractory	January	February a/	March
Fire clay	10,660	11,351	12,597
Silica	2,079	2,481	2,757
Chrome	114	243	188
Magnesia	329	26	259
Corhart	13	49	124
Forsterite	0	8	0
High alumina	186	325	367
Total	13,381	14,483	16,292
Plants operating	75	87	93

a/ Revised by Japanese.

SOURCE: Ministry of Commerce and Industry.

ABRASIVE INDUSTRY

16. March production of abrasive articles dropped 11.7 percent due to the limited amount of coal allocated to the industry.

GRINDING WHEEL AND STONE PRODUCTION

Month	Production (metric tons)		Plants in Operation	
	Vitreous Bond	Elastic Bond	Vitreous Bond	Elastic Bond
January a/	221	26	31	10
February a/	289	27	34	11
March	245	34	27	8

a/ Revised by Japanese.

SOURCE: The Grinding Wheel Manufacturers Association.

VITREOUS ENAMEL WARE

17. Because of changes in size and design of utensils, production of enameled iron kitchenware increased in tonnage 116 percent over February, although the number of pieces produced was only 6.1 percent higher. Limited coal and sheet iron stocks continued to keep production at a low level.

VITREOUS ENAMEL WARE PRODUCTION

Month	Production		Plants Operating
	(units)	(metric tons)	
January	23,050	25	3
February	41,500	24	5
March	44,050	52	4

SOURCE: Japan Union of Enameled Ware Manufacturers.

ALUMINUM HOUSEHOLD WARE

18. Sheet aluminum ware production increased 110 percent in tonnage over February and cast aluminum ware increased 227 percent.

SHEET ALUMINUM WARE PRODUCTION

Month	Production (units)	Production (metric tons)	Plants Operating	Employees
January	348,640	73.4	11	3,093
February	508,813	131.0	13	3,583
March	1,253,593	275.0	17	4,050

SOURCE: Japan Aluminum Utensil Controlling Association.

CAST ALUMINUM WARE PRODUCTION

Month	Production (units)	Production (metric tons)	Plants Operating	Employees
January	39,900	50.0	6	696
February	40,560	54.5	8	759
March	137,488	179.0	22	1,159

SOURCE: Japan Aluminum Utensil Controlling Association.

CERAMICS AND POTTERY

19. The production of pottery products continued at a low level due to the shortage of coal. Complete reports on the industry are not available at present due to the large number of small, widely scattered plants. Data contained in the following table are confined to production in the larger plants in the Nagoya area. Industrial items constitute the major part of the production.

POTTERY PRODUCTION
(units)

Type of Ware	January	February
Tableware	301,348	263,851
Kitchen utensils	1,000	5,000
Artistic ware	1,218	3,355
Sanitary ware	27,230	30,337
Insulators	959,898	1,347,599
Earthen pipe	3,100	10,430
Floor and wall tile	1,742,000	58,000
Acid-proof apparatus	58,520	303,100
Chemical ware	3,300	5,850
Special porcelain	13,824	14,000
Acid-proof bottles	7,276	13,700
Tower packing rings	4,726,000	10,747,000
Other ware	672,000	623,000

SOURCE: Porcelain and Chinaware Control Association.

ELECTRICAL EQUIPMENT

20. Production increased in March, activity being mainly directed toward the manufacture of small equipment. In addition many plants are engaged in the repair of damaged equipment required for the reconstruction of other industries.

ELECTRICAL MANUFACTURING INDUSTRY
March

Product	Quantity Produced	Distribution of Products: Occupation Forces	Distribution of Products: General Market	Distribution of Products: Stock	Percent of February Production
Motors					
Under 1 hp (ac and dc)	1,500	0	1,200	300	176
1 hp and over					
Standard induction motors under 100 hp	5,655	68	3,808	3,591	153
Other induction motors	2,500	11	2,200	289	250
Synchronous motor above 200 hp	3	0	3	0	-
Other dc motors	38	0	38	0	152
Gear motors	55	0	55	0	110
Special motors	25	0	25	0	167
Motor-driven tools	1,100	0	850	250	88
Generators and M-G sets, except turbo-generators	514	5	509	0	205
Transformers					
Power	1,500	0	1,500	350	136
Standard distribution					
1 kva-15 kva	2,429	23	2,181	225	135
20 kva-200 kva	320	67	233	20	134
Rectifiers					
Steel tank	5	0	5	0	167
Mercury	47	0	45	2	940
Power condensers	30	0	30	0	150
Furnaces and related equipment	62	0	57	5	95
DC welding apparatus	280	0	260	20	-
Control apparatus (except railway)					
Hand-control apparatus					
Starters	1,500	0	1,200	300	167
Controllers (reversing)	125	0	125	0	104
Control switches	110	0	110	0	128
Other	5,500	0	4,500	1,000	184
Remote-control apparatus					
Contactor	900	0	900	0	106
Contactor panels	260	0	260	0	
Other	35	0	35	0	
Resistors	100	0	100	0	116

Product	Quantity Produced	Distribution of Products: Occupation Forces	Distribution of Products: General Market	Distribution of Products: Stock	Percent of February Production
Switchboard apparatus					
1200 volts and under	1,000	0	1,000	0	372
Over 1200 volts	450	0	450	0	287
Meters, instruments, and related equipment					
Indicating dc voltmeters and ammeters	1,402	2	1,302	753	182
Indicating ac voltmeters for switchboards	9,114	7	7,598	2,310	
Portable ac voltmeters and ammeters	807	0	807	330	67
Circuit testers	2,422	176	2,392	255	97
Insulation resistance meters	286	24	286	0	238
Oscillographs	1	0	1	0	20
Pyrometers	50	0	13	37	167
Bridges	1	0	1	0	-
Watt-hour meters	4,159	0	1,076	4,083	104
Thermometers	318	0	166	152	-
Thermocouples	40	0	13	27	-
Household apparatus and appliances					
Flatirons	1,500	0	1,200	300	177
Toasters	550	50	450	50	147
Hot plates	50,000	0	30,000	20,000	87
Room Heaters	15,000	0	10,000	5,000	
Other	20,000	0	12,000	8,000	-
Electrical supplies					
Fuses (kilograms)					
Wire	9,026	0	8,900	800	181
Tape	8,450	0	7,860	1,600	169
Cutouts	10,842	150	10,368	324	108
Key sockets	2,700	274	2,260	166	45
Receptacles	20,417	485	19,159	773	68
Surface receptacles	1,907	276	380	1,251	19
Tumbler switches	3,015	10	2,005	1,000	60
Ceiling rosettes	3,068	350	2,672	46	-
Current taps	583	40	34	509	-
Pull switches	6,398	198	5,920	280	-
Electric line material hooks	12,850	0	12,850	0	-
Cable hooks	26,540	0	26,540	0	-
Insulation materials					
Cotton tape (rolls)	8,200	0	8,200	0	-
Varnished cotton line tape (rolls)	1,000	0	880	120	

Product	Quantity Produced	Distribution of Products: Occupation Forces	Distribution of Products: General Market	Distribution of Products: Stock	Percent of February Production
Insulation materials					
Varnished tubes (meters)					
Cotton	7,000	0	7,000	187,215	-
Silk	0	0	0	7,800	-
Varnish (kilograms)	0	0	0	1,840	-
Compounds (kilograms)	0	0	0	16,433	-
Illuminating equipment					
Fixtures and apparatus	225,988	10,762	43,266	171,960	80
Light bulbs					
General use a/	2,394,665	22,531	2,723,017	0	169
Special b/	92,126	0	92,126	0	778
Flashlight	436,664	0	436,664	0	105
Storage batteries					
Automobile	7,610	0	11,970	13,250	-
Motorcycle	2,590	0	2,730	1,100	-
Electric vehicle	2,660	0	3,630	5,150	-
Ship and mining lamp	7,600	0	20,310	1,760	-
Fishing lamp	3,760	0	4,040	880	-
Signal lamp	11,000	0	5,000	9,340	-
Stationary	5,020	2,300	2,330	5,070	-
Portable	2,230	0	6,960	4,800	-
High voltage	80	0	100	420	-
Battery plates	260,000	0	290,000	202,000	-

a/ Includes bulbs of 15 to 300 candle power.
b/ Includes bulbs over 300 candle power and special applications for automobiles, railroads, etc.

SOURCE: Ministry of Commerce and Industry.

TRANSPORTATION EQUIPMENT

21. The manufacture of transportation equipment was limited by shortages of coal, sheet carbon steel, pig iron, nickel, rubber and petroleum products. Transportation difficulties continued to hamper the distribution of both raw materials and finished products.

BASIC RAW MATERIAL REQUIREMENTS
MOTOR VEHICLE INDUSTRY
Fiscal Year 1946-47
(metric tons)

Item	Steel	Special Steel	Pig Iron	Rubber
Materials for new vehicles	75,550	19,800	23,100	5,280
Spare parts	10,300	9,050	7,980	23,100
Substitute fuel burners	19,040	-	2,094	-
Total	104,890	28,850	33,174	28,380

SOURCE: Ministry of Transportation.

SUMMARY OF TRANSPORTATION EQUIPMENT PRODUCTION

Item	Produced Jan	Feb	Mar	Total 1st Quarter	April Estimate	Employees
Truck chassis	415	561	1,115	2,091	1,500	14,827
Electric autos	15	22	21	58	40	255
Three-wheel autos	70	84	51	205	115	2,580
Small cars	0	0	3	3	7	130
Motorcycles	0	0	0	0	0	663
Tractors	45	41	87	173	191	11,625
Bicycles	6,161	5,389	2,255	13,805	5,000	5,680

SOURCE: Automobile Control Association and Ministry of Commerce and Industry.

22. The production of truck chassis increased 99 percent over that for February. The total number of chassis manufactured was approximately 39 percent of the estimated maximum capacity of the three major producers.

PRODUCTION AND DISTRIBUTION OF TRUCK CHASSIS
March

	Toyota	Nissan	Diesel	Total
Stock on 28 February	303	204	91	598
Produced	504	537	74	1,115
Total available	807	741	165	1,713
Shipped	423	575	128	1,126
Stock on hand, end of month	384	166	37	587

SOURCE: Automobile Control Association.

23. Two of five three-wheel motor car plants were active during March and produced only 61 percent of the February output, approximately three percent of the estimated maximum capacity of the five plants. One additional plant is expected to start production in April.

PRODUCTION AND DISTRIBUTION OF
THREE-WHEEL MOTOR VEHICLES
March

	Hatsudoki Seizo	Toyo Kogyo	Total
Stock on 28 February	73	18	91
Produced	12	39	51
Total available	85	57	142
Shipped	85	57	142
Stock on hand, end of month	0	0	0

SOURCE: Automobile Control Association.

24. Two of four electric automobile plants were in operation during March. Production was five percent lower than in February and 21 percent of estimated capacity.

PRODUCTION OF ELECTRIC AUTOMOBILES

	January	February	March
Nihon Denki	13	16	18
Nakajima	2	6	3
Total	15	22	21

SOURCE: Automobile Control Association.

25. Small car manufacture was resumed during March by one of two manufacturers. Three cars were produced and distributed.

26. No motorcycles were produced during March. Estimated plant capacity of the two former makers is 300 motorcycles per month.

27. Eight of 11 tractor manufacturing plants were active during March, four more than in February. March production more than doubled that of February and was 17 percent of the estimated total capacity.

PRODUCTION AND DISTRIBUTION OF TRACTORS
March

	Produced	Distributed	On Hand End of Month
Mitsubishi	3	0	3
Kubota	15	15	0
Kanegafuchi	11	11	0
Kato	10	10	0
Komatsu	15	15	0
Haneda Seiki	12	8	4
Niigata Tekko	9	7	2
Kongo Seisaku	12	12	0
Total	87	78	9

SOURCE: Automobile Control Association.

Bicycles

28. In 1940 1,235,000 complete bicycles were produced, while bicycle parts valued at ¥ 21,000,000 were also manufactured. This production was accomplished in 1,350 factories employing 20,250 people. Most of the factories were small and produced only a few types of parts which were collected and assembled in a small number of factories.

At present 134 factories are operating and employ 5,680 persons. Shortages of steel, coal, petroleum products and nickel are aggravated by the fact that the factories are widely scattered, making delivery of raw materials and finished products difficult.

PRODUCTION OF BICYCLES

Period	Produced
January	6,161
February	5,389
March	2,255
Total	13,805
Estimated for April to June	15,000
Estimated for July to September	20,000
Estimated for October to December	25,000

SOURCE: Ministry of Commerce and Industry.

RUBBER PRODUCTS

29. Production of rubber goods during March was 115 percent of that for February and approximately 40 percent of capacity. The industry's 409 factories have a capacity of 3,694,792 kilograms per month. Shortages of coal, labor, petroleum products and textiles, and the limitation on crude rubber consumption all restrained production. Raw material stocks of crude rubber, latex, textiles, benzol, gasoline and reclaimed rubber were reduced below the February level while coal stocks were increased.

RUBBER GOODS PRODUCTION
(kilograms of crude rubber)

Product	January a/	February a/	March a/	March Percent of February
Auto tires and tubes	126,303	230,570	290,131	125.8
Bicycle tires and tubes	126,628	138,397 b/	139,134	100.5
Rubber soled socks	136,202	178,503	175,620	98.3
Rubber soled canvas shoes	89,952	44,668	32,891	73.6
Shoes and boots	21,965	130,349	173,268	132.9
Soles and heels	65,690	33,837	57,609	170.2
Belting	57,476	64,701	43,393	67.0
Hose	37,557	34,871	47,890	137.3
Rubber cloth	92,244	103,023	117,790	114.3
Repair sheet for tires	19,564	6,129	21,151	345.0
Medical goods	32,992	38,554	39,483	102.5
Latex goods	4,062	5,270	8,352	158.4
Rice thrasher rolls	51,424	53,424	58,661	109.8
Mechanical goods, etc.	171,198	221,777	276,336	124.6
Total	1,033,257	1,284,073	1,481,709	115.3
Reclaimed rubber	30,850	56,950	75,000	132.0

a/ Represents production from the 21st of the preceding month to the 20th of the current month.
b/ Revised by Japanese.

SOURCE: Rubber Control Union.

Employment in rubber goods factories rose from 32,091 in February to 35,319 employees in March.

LEATHER

30. Hide jobbers, anticipating an increase in the official price, were unwilling to dispose of their stock during March. Although there was an increase over February the collection of raw hides and skins was still unsatisfactory.

Finished leather production continued to be hampered by lack of food for laborers, coal, raw hides, transportation, and by the difficulty of getting new yen currency for purchase of raw materials.

HIDES RECEIVED BY TANNERIES
(thousands of pounds)

Type	January	February	March
Cattle	261	43	255
Buffalo	0	103	19
Horse	26	4	112
Pig	1	0	16
Shark	0	0	2
Total	288	150	404

SOURCE: Hide and Leather Association of Japan.

TANNED LEATHER PRODUCTION
(thousands of pounds)

Type	January	February	March
Cattle			
Sole	253	363 a/	224
Harness	39	46	25
Case	6	31	41
Upper	84	168	43
Belting	12	90	96
Horse			
Case	29	19	12
Upper	5	22	25
Pig			
Sole	-	13	13
Case	118	7	12
Upper	2	6	8
Kid	116	24	1
Buffalo			
Sole	-	0 a/	129
Harness	-	10	4
Belting	-	25	112
Sheep and goat	-	-	1
Whale	-	-	40
Pig, vegetable cured	-	-	7
Shark	-	-	1
Total	664	824	794

a/ Revised by Japanese.

SOURCE: Hide and Leather Association of Japan.

LEATHER GOODS PRODUCTION
(thousands of pounds)

Item	January	February	March
Belting	114	95	93
Packing	7	54	45
Textile	13	7	9
Artificial limbs	1	1	-
Harness			
Riding	2	2	-
Drawing	10	14	-
Packing	2	3	-
Footwear (handmade)			
Men's	30	1	-
Women's	3	-	336 a/
Children's	100	- b/	-
Footwear (machine-made)			
Men's	130	116	158
Industrial gloves	2	1	3
Bags			
Handbags	1	1	-
Purses	72	78	-
Portfolios	-	-	5
Valises	-	-	1
Dustkeepers	2	4	5
Total	489	377	655

a/ Represents accumulated production of many small manufacturers for the entire first quarter, not previously reported.
b/ Revised by Japanese.

SOURCE: Hide and Leather Association of Japan.

SECTION 5

TEXTILE INDUSTRY

C O N T E N T S

GENERAL

1. The industry as a whole registered only a slight increase in March due to the tendency of producers to hold their stocks pending action by the Government on new price schedules. The one exception to this was wool and worsted weaving which expanded materially as a result of the release by SCAP of stocks in the mills.

SPINNING PRODUCTION
(thousands of pounds)

Type of Yarn	January	February	March
Cotton and mixtures			
Pure cotton	1,885	2,393	3,225
Mixed (1/3 staple fiber)	134	54	50
Mixed (1/2 staple fiber)	3	1	2
Staple fiber	437	809	700
Other mixtures	610	924	1,342
Total	3,069	4,181	5,319
Silk and rayon			
Rayon pulp	0	0	0
Rayon	206	254	379
Staple fiber	967	1,401	1,545
Spun silk	68	103	88
Mixed (waste silk and staple fiber)	2	12	17
Noil	43	32	41
Total	1,286	1,802	2,070

Type of Yarn	January	February	March
Woolen and worsted			
Woolen	1,037	1,441 a/	1,271
Worsted	255	349 a/	406
Total	1,292	1,790	1,677
Hard fibers			
Flax and China grass	311	467	442 b/
Ramie	17	193	376 c/
Jute	173	184	193
Rope	1,856	1,581	1,717
Cord	229	177	185
Fish net twine	100	140	133
Total	2,686	2,742	3,046

a/ Revised by Japanese.
b/ Flax only.
c/ Ramie and China grass.

SOURCE: Japan Textile Association.

WEAVING PRODUCTION
(thousands of square yards)

Type of Yarn	January	February	March
Throstle spun a/	259	325	173
Woolen	199	327	1,935
Worsted	31	19	709
Flax and hemp	748	836	726
Cotton	5,621	6,444	8,270
Rayon	939	2,193	1,278
Silk (spun and raw)	2,167	3,718	1,865
Staple fiber	1,267	1,960	1,703
Regenerated b/	142	237	363
Silk fiber	-	307	319
Fuji silk	-	103	133
Others	-	264	144
Total	11,373	16,733	17,618

a/ Made largely from waste flax, ramie and cotton.
b/ Made from waste cotton, flax, ramie, and wool fibers and used as substitutes for cotton yarn.

SOURCE: Japan Textile Association.

COTTON

2. The cotton industry continued recruitment of labor and installation of machinery in anticipation of cotton shipments from the United States in May. Although spindles in the mills were increased by 77,690, making a total of 2,347,602, the supply of raw cotton on hand justified the increase in operation of only 53,307 spindles. The number of looms was increased by 869 but only 74 of these were put into operation during March.

Five new weaving mills were reported by the spinning companies but only one was placed in operation.

Cotton cloth production increased by 1,826,785 square yards during March, despite a reduction of 854 looms operating and a decline in the number of weavers at work. Inventory of cotton yarn in the hands of spinners increased while stocks in the hands of independent weavers declined.

3. The Committee for Export of Cotton Fabrics of the independent weavers will prepare an inventory of all yarn stocks in the hands of weavers as of 1 April and base a new production plan on the results.

4. Some of the discrepancies in figures furnished by Japanese mills were traced to their practice of reporting cotton removed from warehouses as "consumed". In the future they will conform to U.S. reporting practices.

5. Approximately 2,500 bales of raw cotton formerly under control of the Japanese Army and Navy were turned over to the mills after being released to the Home Ministry by the Occupation Forces. The Textile Association is compiling a report on stocks of this hitherto unreported cotton.

SILK

6. The silk industry was retarded during March pending settlement of new price schedules by the Government. Although 2,380 new basins were installed there was an increase of only 1,353 bales of reeled silk during March. The Board of Raw Silk Industries has recommended to the Government that action be taken on prices as soon as possible to get goods moving in production channels. Shortages of labor and coal were also delaying full production.

The recovery program of the Raw Silk Bureau for 1946-1947 calls for the installation of 20,000 basins, but material shortages make it difficult to meet this figure. Most of the 2,380 basins installed in March were new since few of the basins damaged during the war have been found worth repairing.

7. Figures for the stock of cocoons on hand at the end of March reflect normal withdrawals for reeling purposes before the new crop begins to move in June.

It is expected that the quality of fiber produced by the cocoons from the spring, summer and fall crops will be of a much finer grade than that produced from cocoons raised during the war since the eggs distributed for these crops are of superior breeds.

With a raise in the price paid growers more mulberry saplings will be available to increase mulberry acreage.

8. Much of the silk reeled during the quarter was reported by the Board of Raw Silk Industry to be suitable for export. About 20 percent is expected to be 13/15 denier, between grades A and D. Testing of this silk at the Yokohama Conditioning House from 1 to 10 April showed 2,744 bales of 20/22 in grades B to AAA and 699 bales of 13/15 in grades C to AAA. An additional 2,030 bales which were retested for export were found to be 13/15 in grades B to Special AAA, and 150 were 20/22 in grades C and B.

9. The Board of Raw Silk Industry held its first meeting to organize research on problems confronting the raw silk industry. Six subcommittees were appointed for: (1) technical study of the raw silk reeling process; (2) study of silkworm egg raising and popularization of this industry; (3) study of selection of silkworm eggs; (4) combined chemical and physical study for improvement of

raw silk quality; (5) promotion of raw silk export; and (6) study of prices of silkworm eggs, cocoons and raw silk, as well as their by-products.

Spun Silk

10. The Raw Silk Bureau's figures show a small increase in production of short silk fiber during March.

A meeting of the Spun Silk Division of the Board of Raw Silk Industry was held to discuss the supply of raw materials. The Division reported that supply of waste silk has been unsatisfactory due to the low price of raw silk and lack of cooperation on the part of the Raw Silk Control Corporation (now being dissolved) in procuring waste silk. The Division decided to by-pass the Distribution Control Company and buy waste silk direct from merchants.

Cut silk has been mixed with cotton and staple fiber and spun by cotton spinning companies. With the cotton program getting under way it was decided that cut silk stocks will hereafter be spun by the spun silk industry in order to free cotton spindles.

Silk Weaving

11. Freezing of raw silk stocks halted activity by 2,541 weaving mills and 8,675 looms. Operations of the remaining weavers were curtailed and output of silk cloth declined approximately 50 percent during March.

Movement of silk cloth into consuming channels declined from 10,427,424 square yards in February to 895,032 in March. Much cloth was withheld from the market pending new price schedules.

SCAP has directed the Japanese Government to release 55,000 broken bales of raw silk in the hands of weavers for manufacture into cloth for export.

MONTHLY REPORT ON RAW SILK SITUATION

Item	February	March	April b/	May c/
Reeling basins in operation	19,600	21,980 a/	23,996	26,732
Reeling plants in operation	161	165	175	181
Raw silk produced (bales)	4,386	5,742 a/	6,246	7,753
Short fiber machines in operation	144	144	144	144
Short fiber plants in operation	15	15	15	15
Short fiber produced (thousands of pounds)	304	336 a/	300	50
Cocoons on hand, end of month (thousands of pounds)	94,372	88,946 a/	83,057	75,747
Raw silk inspected and rechecked for export (bales)	13,500	[illegible],531 a/	8,800	13,000

a/ Revised by Japanese.
b/ Estimates, revised by Japanese.
c/ Estimates.

SOURCE: Ministry of Commerce and Industry.

RAYON

12. A new rayon mill with a daily capacity of 46 short tons started operations in March with an output of 10 tons. Other rayon plants increased their rate of operation to use up small stocks of raw materials accumulated at the end of the quarter. These two factors accounted for an increase of 50 percent over the output in February even though there was only a small increase in operating capacity.

The government has allotted 3,600 tons of caustic soda for the April-June quarter, the first allotment since the last quarter of 1945. Salt allotments for the industry are yet to be fixed.

Rayon yarn production was larger during the month, but weaving was curtailed because transportation difficulties held up yarn deliveries.

Chemical Fibers Division of the Japan Textile Association conducted a conference between yarn producers and weavers to arrange for smooth flow of yarn to the weavers.

WOOL

13. On 1 March SCAP lifted the ban on the use of wool stocks in the hands of the mills. This was an important factor in the material increase in the weaving of woolen and worsted goods during March. Previously the industry had been using army and navy stocks and stocks which had been set aside by the Japanese Government for industrial purposes.

Wool spinning concerns curtailed operations slightly in March because of restrictions on the withdrawal of funds.

KNITTED GOODS

14. There were 1,094 mills and 10,543 machines operating in the knitting factories during March. Restrictions on the use of funds held up reconstruction and limited operations.

A conference was held by representatives of the industry on: (1) plans to increase knit goods production in 1946; (2) plans to increase domestic allocation of knit goods for the rest of 1946; and (3) restoration of damaged factories and increased allotment of supplies, particularly needles. The members will seek release of frozen funds.

KNITTING MACHINES IN OPERATION

Type of Knit	28 February	31 March
Warp	61	62
Circular	1,448	2,332
Flat	1,272	1,247
Flat for gloves	3,304	3,868
Hosiery	3,477	3,034
Total	9,562	10,543

SOURCE: Japan Textile Association.

PRODUCTION OF KNITTED GOODS

Product	January	February	March
Underwear (dozen)	44,753	53,501	70,497
Stockings (dozen pair)	180,807	172,613	194,593
Gloves (dozen pair)	89,670	96,764	68,242

SOURCE: Japan Textile Association.

DISPOSITION AND STOCK OF KNITTED GOODS
March

Product	Delivered to Japan Knitted Goods Company	In Mills Ready for Delivery 31 March
Underwear (dozen)	23,423	121,348
Stockings (dozen pair)	59,520	414,341
Gloves (dozen pair)	3,067	209,826
Others (sweaters, etc)	0	-
Total	86,010	745,515

SOURCE: Japan Textile Association.

CONSUMPTION AND STOCKS OF RAW MATERIALS
March
(pounds)

Material	Consumed	On Hand 31 March
Cotton yarn including mixes	134,279	439,398
Spun rayon	200,691	235,705
Raw silk and spun silk yarn	109,098	673,315
Rayon	124,068	570,215
Woolen yarn	179,876	527,558
Other yarns	13,541	56,186
Total	761,553	2,502,377

SOURCE: Japan Textile Association.

SEWING GOODS

15. During March 73,390 sewing machines and 199,984 yarn twisting machines were operating. In reference to the plan to provide Japan with 80,000,000 pair of tabi during 1946, the following figures were presented at a meeting of the Sundry Goods Section of the Japan Textile Association: disposed of in first quarter, 9,581,085 pair; on hand 31 March, 758,723 pair. Cloth on hand 31 March was 3,645,368 square yards, and an additional 2,000,000 has been allocated by the Textile Bureau.

It is estimated that the cloth available will make 12,300,000 pair of tabi. The remaining 57,360,192 pair will have to be provided for by the Textile Bureau and additional allocations of cloth for this purpose will be requested.

16. The Sundry Goods Section also met to discuss the needs for cloth to be used for the manufacture of elementary school uniforms, an item which is badly needed. The Nippon Garment Control Company acted as adviser at this meeting, and helped make cloth selections.

Restriction on use of funds curtailed the activity of the sundry goods industries by making it difficult for them to pay proper wages and to provide for transportation and distribution of finished items, the representatives of the Textile Association said. Formal request has been made to the Finance Ministry to release more funds to permit higher wages.

This branch is feeling a lack of experienced workers because labor is moving to farms where food is more plentiful.

MANUFACTURED PRODUCTS

Product	January	February	March
Ready-made clothing (pieces)			
Work	646,224	624,358	497,256
Street and house	35,422	187,934	158,661
Kimonos	10,241	30,098	247,347
Underwear, shirts, etc.	769,164	1,437,926	a/1,618,616
Elementary schools uniforms	86,786	119,141	256,559
Secondary school uniforms	-	-	67,397
Footwear (pair)			
Tabi	2,734,109	2,689,091	2,917,355
Sewing thread (pounds)			
Silk	32,667	25,040	47,624
Cotton	87,615	254,476	315,052
Rayon	5,629	10,735	4,361

a/ Revised by Japanese.

SOURCE: Japan Textile Association.

DISPOSITION AND STOCK OF SEWING GOODS
March

Product	Delivered to Distributing Association	In Mills Ready for Delivery 31 March
Sewing thread (pounds)		
Cotton	166,793	880,898
Silk	6,795	177,018
Rayon	3,395	50,556
Ready-made clothing (pieces)		
Work	936,657	9,147,689
Street and house	41,276	453,248
Kimonos	42,492	325,376
Underwear, shirts, etc.	572,250	6,029,264
Elementary school uniforms	27,067	1,994,060
Secondary school uniforms	0	157,630

Product	Delivered to Distributing Association	In Mills Ready for Delivery 31 March
Bedding (sets of 3 sheets)	46,614	71,142
Footwear (pair)		
Tabi	2,559,852	758,723

SOURCE: Japan Textile Association.

CONSUMPTION AND STOCKS OF RAW MATERIALS
March

Material	Consumed	In Mills 31 March
Yarn (pounds)		
Cotton	346,693	1,645,404
Raw silk	72,275	716,206
Rayon	4,455	155,195
Total	423,423	2,516,805
Cloth (square yards)		
Cotton	4,861,189	24,812,289
Rayon	352,176	5,077,456
Rayon staple	1,442,076	15,277,952
Raw silk	3,583,074	6,339,248
Mixed silk fiber	64,423	1,210,199
Regenerated yarn a/	314,583	1,631,068
Woolen	212,434	3,057,212
Worsted	-	-
Others	1,128,854	1,720,333
Total	11,958,809	59,125,757

a/ Made from waste cotton, flax, ramie and wool fibers and used as substitute for cotton yarn.

SOURCE: Japan Textile Association.

MISCELLANEOUS FIBERS

17. The industry is at a standstill awaiting government price fixing which is expected in May. Raw hemp stocks mounted to 9,214,287 pounds, an increase of 1,836,868 pounds over February, but the producers refuse to release any stocks because it is anticipated that the new price schedule will allow an increase in rates. This situation has caused the cessation of hemp yarn spinning and weaving.

The Hard Fibers Section of the Japan Textile Association held four conferences during March on (1) future export plans for hard fibers; (2) formation of labor unions within the industry; (3) inspection of hard fibers; and (4) allocation of miscellaneous hard fibers.

MISCELLANEOUS FIBER MILLS AND MACHINES
March

Fiber	Mills	Spindles	Looms	Twine & Cord Machines (stands)
Operating				
Flax	6	26,544	4,218	-
Hemp	152	777	-	777
Ramie	5	35,217	-	-
Jute	3	5,264	250	-
Total	166	67,802	4,468	777
Idle				
Flax	1	24,866	9,221	-
Hemp	0	611	-	611
Ramie	5	30,903	-	-
Jute	0	10,446	340	-
Total	6	66,826	9,561	611

SOURCE: Japan Textile Association.

HARD FIBER PRODUCTION

Item	February	March
Fiber (thousands of pounds)		
Flax	467	442
Ramie	193	376
Jute	184	193
Total	844	1,011
Cloth (thousands of square yards)		
Flax	826	726
Hemp	11	0
Ramie	234	1,037 a/
Jute	46	56
Total	1,117	1,819
Manufactured products (thousands of pounds)		
Rope	1,581	1,717
Fish net twine	140	133
Cord	177	185
Jute bags (pieces)	0	10,000 b/
Total	1,898	2,035

a/ Estimate.
b/ Not included in total.

SOURCE: Japan Textile Association.

CONSUMPTION AND STOCKS OF RAW MATERIALS
(thousands of pounds)

Fiber	Consumed		On Hand at End of Month	
	February	March	February	March
Flax	653	1,017	7,543	7,604
Hemp	1,673	1,361	7,376	9,214
Rayon staple	15	31	209	178
China grass and ramie	167	523	2,427	2,065
Jute	285	752	3,162	3,562
Sisal	129	111	1,123	1,047
Others				
Maolan fiber	642	258	423	448
Bamboo	823	346	650	305
Kan-pon	2,226	378	1,187	810
Total	6,613	4,777	24,100	25,233

SOURCE: Japan Textile Association.

FIBER STOCKS IN MILLS
(thousands of pounds)

Fiber	31 January	28 February	31 March
Pure cotton	9,491	7,959	7,281
Staple fiber	23,772	19,343 a/	24,067
Rayon	20,288	17,350	14,734
Spun silk	3,361	1,658	1,939
Woolen	14,822	14,335	14,564
Worsted	5,587	5,059	4,554
Wool waste	5,860	6,413	2,316
Camel and goat hair	2,197	2,233	12,089
Silk fiber	7,622	3,265	10,242
Short cut cocoon	3,548	3,684	
Miscellaneous woolens	5,352 a/	5,789 a/	6,452
Sisal b/	-	1,123	1,047
Jute	2,747	3,162	3,562
China grass	1,067	2,427	2,065
Flax	4,189	7,543	7,604
Rope	5,907	7,376	9,214
Maolan	13,477	423 a/	448
Bamboo		650 a/	305
Kan-pon		1,187 a/	810
Other miscellaneous hard fibers	1,146	3,128 a/	4,543
Total	130,433	114,107	127,836

a/ Revised by Japanese.
b/ Reported and included for first time.

SOURCE: Japan Textile Association.

YARN STOCKS
28 February and 31 March
(thousands of pounds)

Type of Yarn	In Mill		On Market	
	February	March	February	March
Pure cotton a/			3,250	2,010
Spinners	6,518	7,090		
Independent weavers	2,517	2,175		
Hosiery manufacturers	402	330		
Thread manufacturers	1,484	1,313		
Sundry goods manufacturers	748	702		
Fish net goods manufacturers	812	1,544		
Net and rope goods manufacturers	81	113		
Total	12,562	13,267	3,250	2,010
Cotton mixtures				
Mixed (1/3 staple fiber)			691 c/	580
Spinners	746	648		
Independent weavers	197	260		
Mixed (1/2 staple fiber)			2	1
Spinners	219	216		
Independent weavers	20	26		
Staple fiber (spun rayon)			384	92
Spinners	2,481	2,626		
Independent weavers	788	778		
Throstle			0	0
Independent weavers	2,508	1,595		
Regenerated b/			0	0
Independent weavers	456	352		
Short cut cocoon			0	0
Independent weavers	678	787		
Other mixtures			195	88
Spinners	2,866	3,128		
Independent weavers	1,777	1,822		
Hosiery manufacturers	132	109		
Thread manufacturers	192	332		
Sundry goods manufacturers	39	37		
Total	13,099	12,716	1,272	761
Total pure cotton and cotton mixtures	25,661	25,983	4,522	2,771

Type of Yarn	In Mill		On Market	
	February	March	February	March
Silk and rayon				
Silk	5,068 c/	4,815	-	-
Rayon	3,284 c/	2,899	-	-
Spun silk	660	748	-	-
Mixed (waste silk and staple fiber)	86 c/	104	5 c/	5
Noil	323	329	-	-
Total	9,421	8,895		
Woolen			-	-
Spinners	1,065	935		
Weavers	475	1,710		
Total	1,540	2,645		
Worsted			-	-
Spinners	903	681		
Weavers	317	617		
Total	1,220	1,298		
Total woolen and worsted	2,760	3,943		
Hard fibers			-	-
Flax	827	1,175		
China grass and ramie	236	334		
Jute	395	442		
Rope	2,399 c/	2,131		
Twine	213	165		
Cord	268	230		
Total	4,338	4,477		

a/ February figures revised.
b/ Regenerated - made from waste cotton, flax, ramie, and wool fibers and used as substitute for cotton yarn.
c/ Revised by Japanese.

SOURCE: Japan Textile Association.

SUNDRY GOODS

18. There were 725 mills in operation during March, an increase of 97 over February. The 25,565 machines in use included 18,774 braid machines, 6,414 narrow width looms, 314 lace machines and 63 fringe machines. Also made operable were 4,507 narrow width machines and 12,017 braid machines.

Most significant development was the increase by 540 percent in production of fish net, a product needed particularly for supplementing Japan's food supply.

A meeting was held with heads of the local prefectural branches of the Sundry Goods Section of the Japan Textile Association to (1) check stocks of raw materials on hand; (2) check monthly allocations; and (3) assist in making proper accurate monthly reports.

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PRODUCTION AND STOCKS OF SUNDRY GOODS
(pounds)

Item	Production February	Production March	On Hand 31 March
Lace, tape, etc	1,142,315 a/	1,123,463	- -
Braid	492,107	766,178	1,926,103
Fringe	36,387	77,635	154,445
Narrow width cloth	472,064	257,549	880,590
Fish netting			
Cotton	39,000 a/	324,435	-
Manila	15,272 a/	20,625	-
Mattress ticking (sets)	106,209	45,419	-
Mosquito net (pieces)	38,923	77,631	-
Hat (pieces)	167,974	281,041	-
Twine and net	-	39,200	58,270
Total	2,510,251	3,013,176	

a/ Revised by Japanese.

SOURCE: Japan Textile Association.

CONSUMPTION AND STOCKS OF RAW MATERIALS
March
(pounds)

Fiber	Consumed	On Hand 31 March
Cotton yarn	61,810	739,261
Raw silk yarn	119,775	458,221
Spun silk yarn	6,740	3,604
Rayon yarn	562,687	878,095
Spun rayon yarn	101,768	210,831
Others	270,683	197,789
Total	1,123,463	2,487,801

SOURCE: Japan Textile Association.

DYEING, FINISHING, BLEACHING AND PRINTING

19. During March 186 boilers, 193 tenters, 214 drying, 29 printing and 63 napping machines operated. Idle machines reported included 143 boilers, 166 tenters, 244 drying, 50 printing and 46 napping machines. February reports of 869 boilers operating were revised to 152 by the Japanese.

The industry (1) made formal request to the Ministry of Commerce and Industry to expedite production and procurement of dyestuffs and chemicals and (2) organized a central agency for obtaining dyeing and finishing orders for the whole industry to avoid cutthroat competition and undesirable advantage of large companies over smaller ones. The industry reports that the restriction on manufacture of narrow fabrics is working a continued hardship on narrow loom weavers and dyers and finishers of over-the-counter retail fabrics for the kimono trade.

DYEING AND FINISHING
March
(square yards)

Cloth	Dyed or Finished	Returned to Client	Remaining at Mill 31 March
Cotton	10,372,845	16,237,005	3,623,616
Rayon staple	8,992,187	11,291,158	2,529,474
Raw silk	5,344,369	2,431,102	2,548,581
Rayon	7,554,228	7,288,881	5,650,334
Linen and China grass	794,276	1,870,405	787,003
Total	33,057,905	39,118,551	15,139,008

SOURCE: Japan Textile Association.

SECTION 6

TRANSPORTATION AND PUBLIC UTILITIES

C O N T E N T S

RAIL TRANSPORTATION

1. Restoration of essential rail facilities is almost complete although many passenger and freight stations, work and repair shops and roundhouses still evidence heavy war damage.

2. A progressive increase in passenger traffic occurred during March due primarily to lifting of wartime travel restrictions, repatriation and travel of urban populations to rural areas in search of food.

Financial Condition

3. Spiraling labor, material and other operating costs in addition to wartime dislocations caused the government railways to close the 1945-46 fiscal year (ending 31 March) with an estimated deficit of ¥ 1,028,726,000. Revenue was estimated at ¥ 1,849,434,000 and expenses at ¥ 2,878,160,000.

The private railways also ended the fiscal year with substantial operating deficits.

4. Freight rates were increased approximately 300 percent effective 1 March.

Passenger fare increases of 250 percent (exclusive of commuter and season ticket fares) became effective 1 March.

Rolling Stock

5. Restoration of rolling stock manufacture and repair facilities is reflected in a progressive increase in units available.

OPERABLE ROLLING STOCK

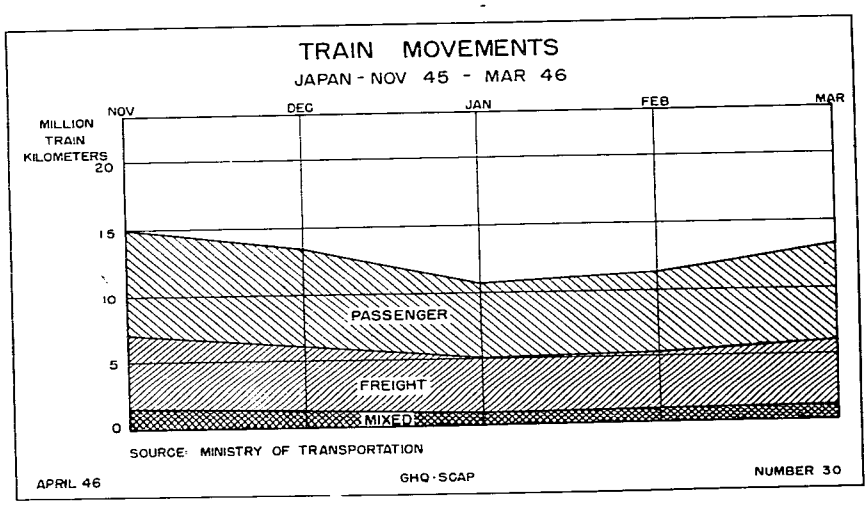
Kinds	31 January	28 February	31 March
Government railways			
Steam Locomotives	4,429	4,487	4,549
Electric locomotives	233	253	275
Electric motor cars	747	771	732
Electric trailers	658	658	640
Passenger cars	10,111	10,134	10,177
Freight cars	114,570	114,724	114,899

Kinds	31 January	28 February	31 March
Private railways			
Steam locomotives	384	392	393
Electric locomotives	130	128	132
Internal combustion locomotives	12	19	18
Electric motor cars	4,533	4,586	4,743
Electric freight cars	160	163	161
Electric trailers	685	682	686
Internal combustion cars	112	115	117
Passenger cars	787	792	766
Freight cars	7,817	7,854	7,819

SOURCE: Ministry of Transportation.

Rail Movements

6. The upward trend in train movements noted last month was maintained and increased in March, as indicated by chart



Despite cancellation of 104,925 kilometers of freight train operations the following figures indicate that the increase was substantial.

TRAIN KILOMETERS OPERATED

	Passenger	Freight	Mixed
January	5,563,382	4,136,861	921,326
February	6,109,770	4,178,288	1,016,279
March	7,153,184	4,850,927	1,134,598

SOURCE: Ministry of Transportation.

7. Further evidence of this progressive increase is reflected in passengers and tonnage handled.

PASSENGERS AND TOTAL TONNAGE HANDLED

	Passengers	Tonnage (metric tons)
January	175,193,810	5,737,831
February	176,468,866	6,090,008
March	214,249,017	7,196,100

SOURCE: Ministry of Transportation.

CLASSIFICATION OF TONNAGE HANDLED
(metric tons)

Commodity	January	February	March
Coal	1,446,429	1,407,053	1,530,100
Lumber	448,512	545,095	762,400
Fertilizer	64,378	74,291	95,700
Rice	216,884	173,869	248,000
Gravel	180,756	207,949	304,000
Ore	41,976	78,260	87,200
Cement	28,778	34,841	63,400
Iron and steel	68,897	125,160	171,100
Petroleum	87,496	83,943	117,200
Cotton goods	102,973	89,940	98,800
Flour	19,668	19,632	31,000
Sugar	2,346	2,018	1,600
Others	3,028,738	3,247,957	3,685,600
Total	5,737,831	6,090,008	7,196,100

SOURCE: Ministry of Transportation.

8. The following table indicates the trackage in operation at the close of the 1945-46 fiscal year:

OPERATING RAIL KILOMETERAGE
31 March

	Government Railways	Private Railways	Total Railways
Steam	16,496.7	2,278.0	18,774.7
Electrified	3,031.0	5,282.2	8,313.2
Total	19,527.7	7,560.2	27,087.9

SOURCE: Ministry of Transportation.

9. Transportation requirements of the Occupation Forces continued to be met as they increased from 393,119 kilometers in February to 410,007 kilometers in March.

Railway Labor

10. A decline was evident in the number of employees of the government railways at the close of the 1945-46 fiscal year.

NUMBER OF GOVERNMENT RAILWAY EMPLOYEES

	February	March
Male	549,218	446,866
Female	80,659	61,419
Total	629,877	508,285

11. The private railways employed 89,701 during March 26,450 of whom were women.

MOTOR TRANSPORTATION

12. Although fuel shortages continue to render approximately 50 percent of the vehicles inoperable some improvement in motor transportation was noted in March.

13. Automobile chassis production increased from 561 units in February to 1,115 units in March. This substantial increase far exceeded advance estimates for the month.

14. The motor vehicle situation at the close of the 1945-46 fiscal year follows:

ANALYSIS OF JAPANESE MOTOR VEHICLES
31 March

Type	In Actual Service	Operable	To Be Repaired	To Be Retired	Existing
Trucks					
Standard	19,785	38,643	21,210	9,704	69,557
Small	11,640	25,611	20,955	-	46,566
Busses	6,467	10,000 a/	923	5,621	16,544
Passenger cars					
Standard	7,497	10,998	5,999	3,828	20,825
Small	1,535	3,019	2,276	-	5,295
Special cars	2,944	6,211	2,759	819	9,789
Total	49,868	94,482	54,122	19,972	168,576

a/ Estimate.

SOURCE: Ministry of Transportation.

WATER TRANSPORTATION

15. Progressive increases have been evident in dry coastwise shipping throughout the last three months:

CARGO CARRIED
(long tons)

Commodity	January	February	March
Coal	122,146	134,813	189,324
Charcoal, coke	9,542	12,624	16,856
Lumber	17,754	17,717	22,247
Paper and pulp	13,802	7,638	4,963
Provisions	8,699	11,368	24,595
Iron and steel	4,460	16,782	14,761
Miscellaneous	23,866	22,910	29,223
Total	200,269	223,852	301,969

SOURCE: Civilian Merchant Marine Committee.

CARGO SHIPPED TO KOREA
(long tons)

January	February	March
27,580	58,305	74,626

CARGO SHIPPED TO CHINA
(long tons)

January	February	March
2,484	2,999	13,100

SOURCE: Civilian Merchant Marine Committee.

ELECTRIC POWER

16. The power generated for March was 79 percent of the power generated during the same period in 1944. The reflection of this increase in load as compared with previous months is graphically shown by districts for 10-day periods in chart, page ~~168.~~ 165

17. A rapid growth in power demand has been evident since the surrender.

18. The relative demand for the three classifications of electric power (lighting service, contract power and noncontract power) is presented in chart, page 163.

19. The various types of lighting service are determined by the nature of the service and the rates charged. These include:

(1) Metered service: supplied to urban domestic consumers who are privileged to use power for light-load household appliances and electrical apparatus, the limit being 600 watts per circuit.

(2) Flat-rate service: not metered and limited to a registered quantity of lighting load. These rural consumers contract to report the addition of heating appliances for the purpose of adjusting rates and protecting distribution circuits, but few comply.

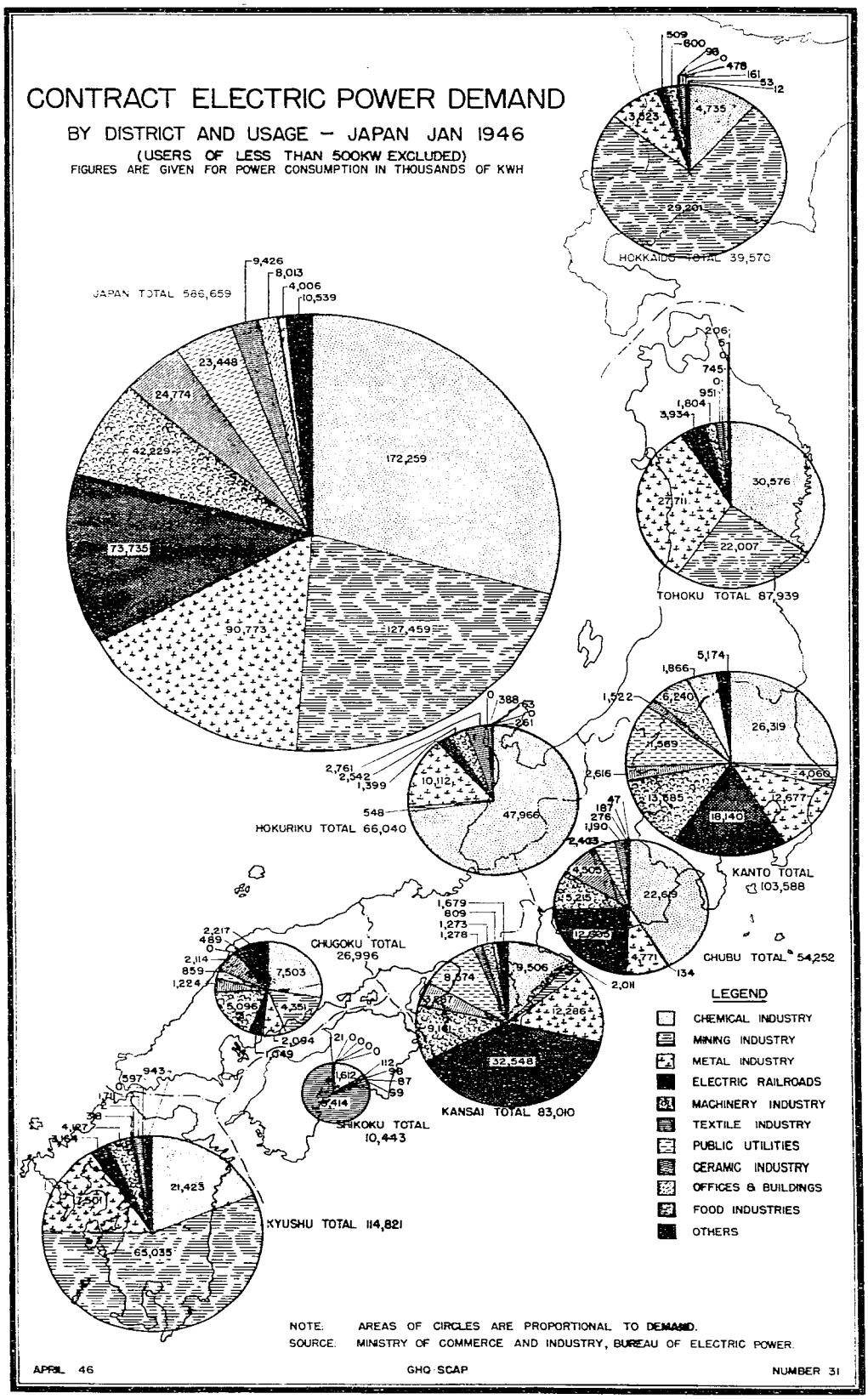
(3) Large consumers, street lighting service and other special consumers: types of service and rates determined according to special demands of each consumer.

20. Flat-rate type of service records indicate that there are less than two lamps reported per customer for nonmetered service.

LIGHTING SERVICE
31 January

Type of Service	Number of Customers	Number of Lamps
Metered	3,097,165	29,569,794
Flat-rate	8,190,899	15,144,200
Total	11,288,064	44,713,994

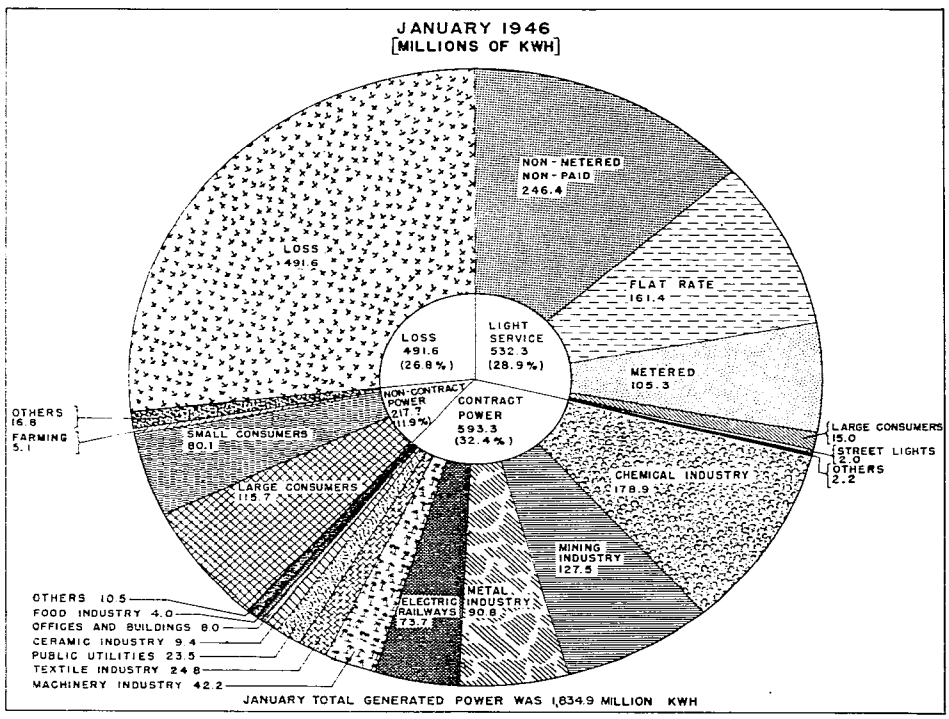
SOURCE: Ministry of Commerce and Industry, Electric Power Bureau.

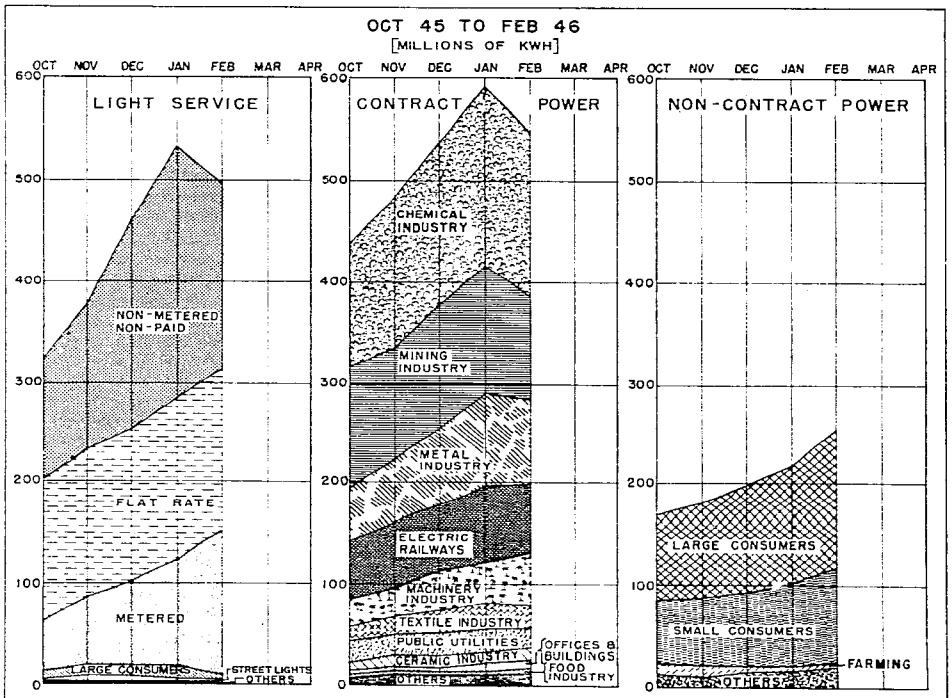

CONTRACT ELECTRIC POWER DEMAND
BY DISTRICT AND USAGE – JAPAN JAN 1946
(USERS OF LESS THAN 500KW EXCLUDED)
FIGURES ARE GIVEN FOR POWER CONSUMPTION IN THOUSANDS OF KWH
HOKKAIDO TOTAL 39,570
TOHOKU TOTAL 87,939
JAPAN TOTAL 586,659
KANTO TOTAL 103,588
HOKURIKU TOTAL 66,040
CHUBU TOTAL 54,252
CHUGOKU TOTAL 26,996
KANSAI TOTAL 83,010
SHIKOKU TOTAL 10,443
KYUSHU TOTAL 114,821
LEGEND
CHEMICAL INDUSTRY
MINING INDUSTRY
METAL INDUSTRY
ELECTRIC RAILROADS
MACHINERY INDUSTRY
TEXTILE INDUSTRY
PUBLIC UTILITIES
CERAMIC INDUSTRY
OFFICES & BUILDINGS
FOOD INDUSTRIES
OTHERS
NOTE. AREAS OF CIRCLES ARE PROPORTIONAL TO DEMAND.
SOURCE. MINISTRY OF COMMERCE AND INDUSTRY, BUREAU OF ELECTRIC POWER.
APRIL 46
GHQ SCAP
NUMBER 31

PUBLIC UTILITY

ELECTRIC POWER DEMAND

BY USAGE - JAPAN - OCT 45 TO FEB 46





NOTE: CONTRACT POWER IS LIMITED TO USERS OF MORE THAN 500 KW; LARGE CONSUMERS (NON-CONTRACT) 50-500 KW; SMALL CONSUMERS UNDER 50 KW LOSS AND NON-METERED, NON-PAID POWER ARE ESTIMATED

SOURCE: MINISTRY OF COMMERCE AND INDUSTRY, BUREAU OF ELECTRIC POWER.

APRIL 46 GHQ SCAP NUMBER 32

0393

21. The contract power demand classification includes only those consumers provided with 500 kilowatts or more connected load. The principal industries fall into this group. Chart, page 165 is an illustration of this demand by distribution district and usage. The electrification of industrial equipment has contributed substantially to the increase in demand within this classification.

22. The project of the Japan Electric Generation and Transmission Company (Nippon Hassoden K.K.) and nine Electric Distribution Companies (Haidens) using electric power for the manufacture of salt continues to be a source of large and increasing power demand.

POWER DEMAND FOR SALT MANUFACTURING BY NIPPON HASSODEN K.K. AND THE NINE HAIDENS
(thousands of kwh)

District	Oct 45	Nov 45	Dec 45	Jan 46
Tohoku	350	440	328	920
Kanto	46	118	668	1,810
Chubu	300	360	460	910
Hokuriku	2,000	2,760	2,670	480 a/
Kansai	260	330	410	900
Chugoku	80	190	220	230
Shikoku	1,000	1,400	1,730	1,360
Kyushu	-	-	-	-
Hokkaido	-	-	-	-
Total	4,036	5,598	6,486	6,610

a/ Decrease due to the damage of the main transformer of the Uwatsu Salt Manufacturing Plant.

SOURCE: Ministry of Commerce and Industry, Electric Power Bureau.

GAS INDUSTRY

23. The demand for gas continues to exceed the amount manufactured. The allocation of coal for the gas industry has been approximately 3.3 percent of the total coal available in Japan. The allocation for May will be in the neighborhood of 59,000 metric tons as compared with 56,500 tons for April.

24. The industry now has a daily average production capacity of 4,077,100 cubic meters of gas. Actual daily average distribution amounts to 391,128 cubic meters. Although repair work is under way the distribution systems are in poor condition. At least two months will be required to place the system in proper operating condition. Intermittent supply during the day continues to be necessary. Normal operating pressure is maintained only a few hours each day.

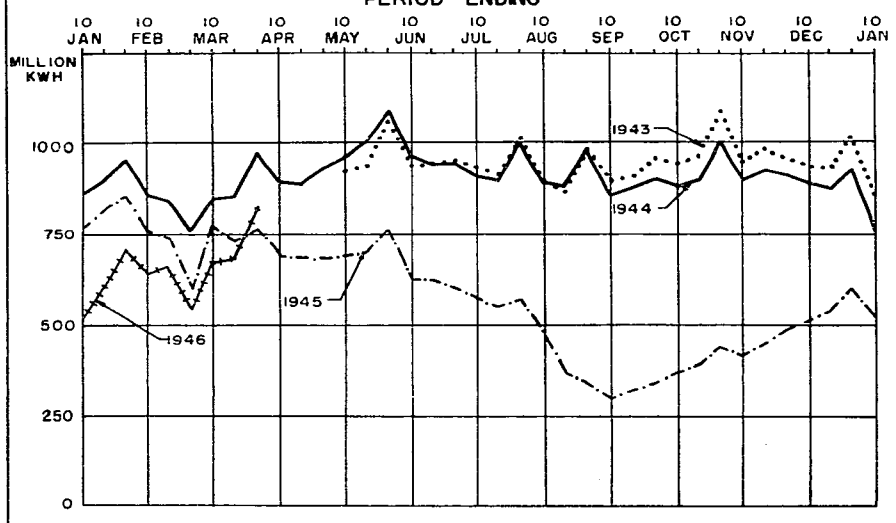
ELECTRIC POWER DEMAND

BY 10 DAY PERIODS 1 MAY 1943 - 31 MARCH 1946

JAPAN

TOTAL DEMAND

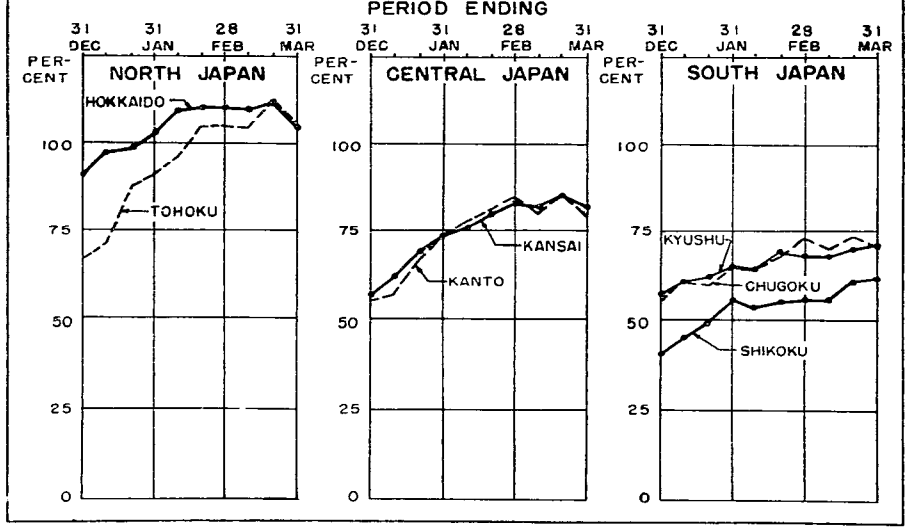
JAPAN



NOTE: LAST PERIOD IN FEB. 1946 COVERS 8 DAYS

BY DISTRICTS

EXPRESSED AS PERCENTAGE OF DEMAND FOR CORRESPONDING PERIOD TWO YEARS PREVIOUS



SOURCE: MINISTRY OF COMMERCE AND INDUSTRY - BUREAU OF ELECTRIC POWER

APRIL 46 GHQ - SCAP NUMBER 33

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SECTION 7

COMMUNICATIONS

C O N T E N T S

WIRE COMMUNICATIONS

Occupational Services

1. Initial estimates of materials required to furnish telephone service for dependent and troop housing in Japan were completed. These plans provide that the Japanese supply materials, install, construct and maintain such services as will be required.

ESTIMATED TELEPHONE REQUIREMENTS FOR
DEPENDENT AND TROOP HOUSING
31 March

Class of Material	Unit	Amount
Cables (various sizes)	feet	2,250,000
Telephone instruments	each	21,000
Cable terminals	each	6,200
Tile conduit	feet	250,000
Messenger strand	feet	450,000

2. Arrangements were completed to provide telegraphic and messenger delivery of expeditionary force and sender composition telegraph messages to addressee Army Post Offices throughout Japan. Previous arrangements provided for the delivery of these messages after receipt from the international radio circuits to a designated APO in Tokyo from which office they were dispatched to all other Army Post Offices by mail. This new service will extend to 12 cities and provide for direct delivery to the terminal offices of 80 percent of the APO's within Japan, with a relatively short mail haul for the remaining 20 percent.

3. A comparison of the calls handled by overseas radio telephone circuits during February, March and the first three weeks of April follows:

OVERSEAS RADIO TELEPHONE CALLS

Period	Calls Completed	Backlog of Applications at End of Period
February	674	111
March	1,483	407
April a/	1,096	159

a/ First three weeks.

4. A resume of overseas radio telegraph service for the same period is presented below:

MESSAGES HANDLED

Circuit	February	March	April a/
Tokyo - United States	40,390	46,257	36,897
Tokyo - Geneva	781	670	466
Tokyo - Moscow	543	381	331
Tokyo - Stockholm	350	236	141
Osaka - London	316	454	386
Total	42,380	47,998	38,221

a/ First three weeks.

5. An investigation of toll operating methods and traffic handling was initiated in connection with plans for use of domestic long distance service to supplement direct circuits now used by the Occupation Forces. This study includes investigation of the number of calls placed, number completed, time required to complete calls and flow of calls to and from selected points.

It was found that the high percentage of canceled calls was the result of excessive delays in completion, which ranged from five to 240 minutes on major circuits.

6. Chart, page 169, indicates the percentage of calls completed and the working condition of circuits at 1200 on 5 March.

7. Poor operating practices and an insufficient number of circuits rather than inoperative circuits were found to be the chief reasons for excessive delays and failure to complete calls.

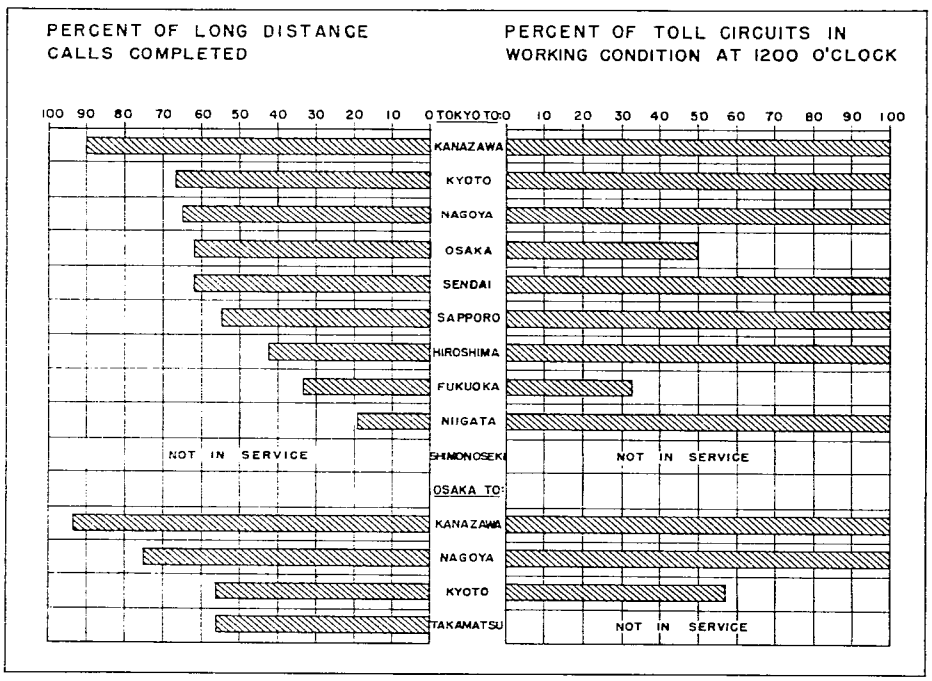
Construction and Rehabilitation

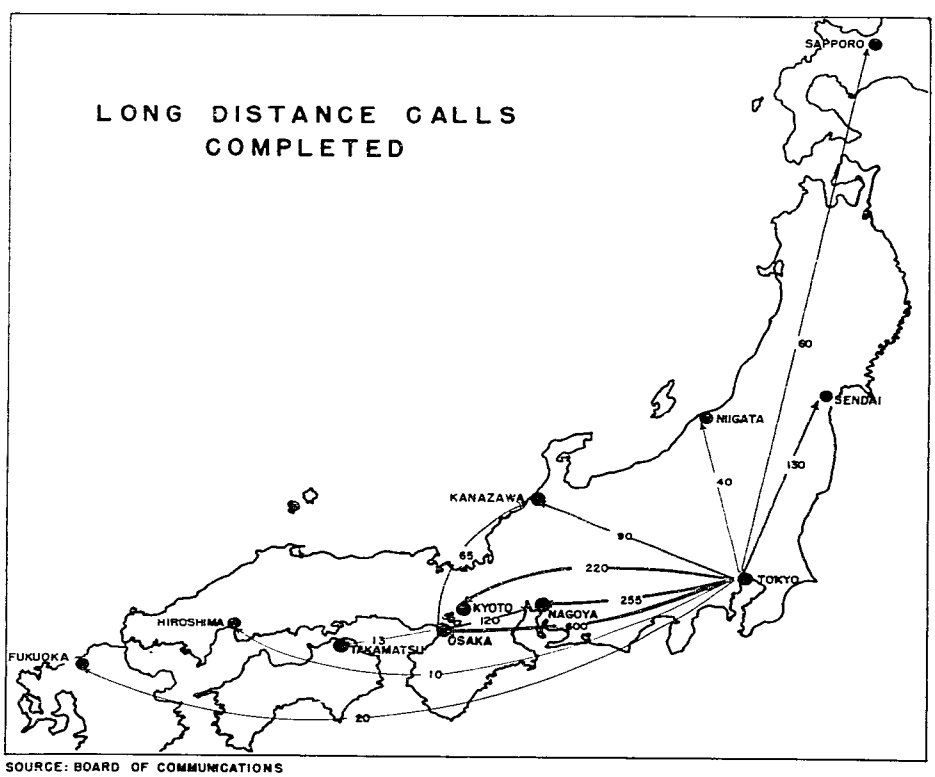
8. Field inspection of inside and outside telephone plant was made in the Fukuoka-Sasebo-Nagasaki area. Rehabilitation of this war damaged plant has been slow due to lack of materials and transportation but is now sufficient to restore service to most of the important cities and towns on Kyushu.

9. The Board of Communications has prepared an annual construction program for 1946-47 based on repair of all war damage during a three-year period and on making certain plant extensions for the Occupation Forces. Lists of critical material requirements necessary to execute this program were prepared and submitted to other ministries of the Government for approval.

LONG DISTANCE TELEPHONE SERVICE

FROM TOKYO AND OSAKA TO SELECTED CITIES
ON 5 MARCH 1946





SOURCE: BOARD OF COMMUNICATIONS

APRIL 46 GHQ - SCAP NUMBER 34

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Present tentative allocations of critical materials will not cover day-to-day maintenance requirements necessary if deterioration of the system is to be stopped. The following table indicates the low ratio of allocations to requirements:

BOARD OF COMMUNICATIONS CONSTRUCTION PROGRAM
MATERIALS REQUIRED AND TENTATIVE ALLOCATIONS
April - June

Material	Requirement (tons)	Allocation (tons)	Allocated/Required (percent)
Steel	10,000	2,122	21
Copper	3,750	1,050	28
Lead	4,750	1,200	25
Cement	15,000	1,200	8
Tin	250	60	24

SOURCE: Ministry of Commerce and Industry.

10. Carrier repeater equipment has been obtained to provide 12 additional telephone circuits between Tokyo and Sapporo. This will provide an increase of about 50 percent in telephone facilities between Honshu and Hokkaido

Maintenance

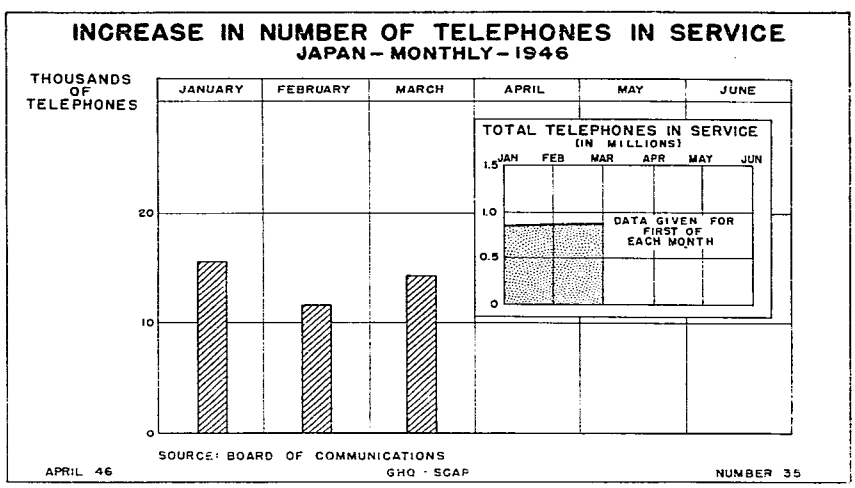
11. Shortages of normal maintenance supplies continued to retard improvements in both exchange and toll service.

Operations

12. Improvement in telegraph service continued during April. By the middle of the month all messages from the 16 principal cities served by direct circuits from Tokyo were being handled by wire or radio and none by mail.

13. Telegraph traffic is increasing following the sharp drop that occurred early in March as a result of the emergency financial measures.

14. There was a consistent increase in the number of telephones in service during Janary, February and March. Monthly additions to service are indicated by accompanying chart.



RADIO COMMUNICATIONS

Broadcasting Corporation of Japan

15. The Board of Directors of the Broadcasting Corporation of Japan at a special meeting on 27 April elected Dr. Iwasaburo Takano president of the Corporation.

16. A progressive increase in receiver licenses and program transmission time of the BCJ was noted during February and March.

Domestic Radio Communications

17. The number of radio stations in Japan by operating agency and type of service is indicated by the accompanying table:

DOMESTIC RADIO STATIONS IN OPERATION
(excluding mobile stations)
15 April

Operating Agency	Total a/	Number Providing Each Type of Service b/ Broadcast	Coastal c/	Fixed c/	Special d/
Board of Communications	163	-	10	146	9
Broadcasting Corporation of Japan	102	102	-	-	-
Demobilization Ministries and Palace Guard	31	-	25	30	2
Lighthouse Bureau	14	-	-	5	11
Police Bureau	55	-	-	55	2
Railroad Bureau	25	-	4	20	7
Weather Bureau	31	-	-	30	4
Other e/	35	-	26	5	4
Total	456	102	65	291	39

a/ Totals except for BCJ are less than the totals providing each type of service because many stations provide one or more types of service.

b/ Each transmitter site counted as one station.

c/ Public (official business only) and private stations.

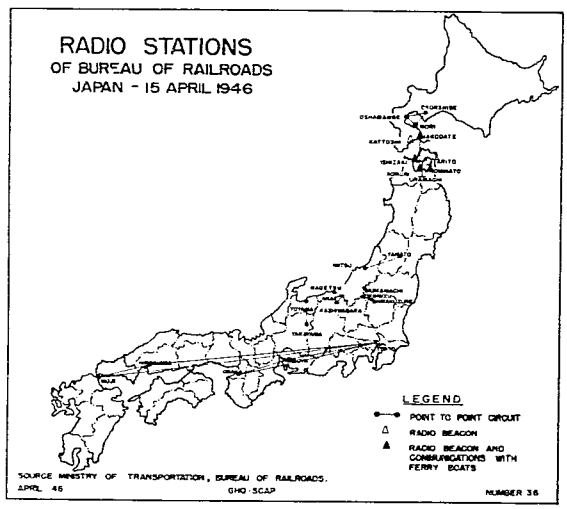
d/ Radio beacon, special broadcasting, standard-frequency and standard time signal stations.

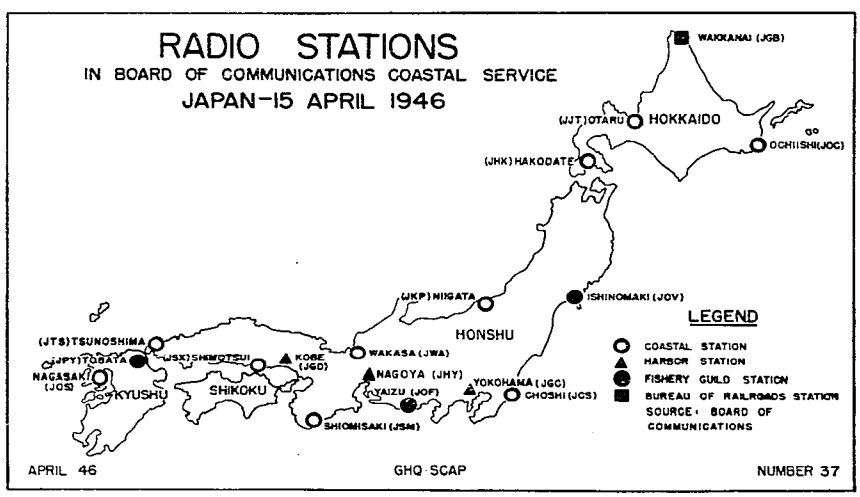
e/ Stations operated by private owners and certain government agencies.

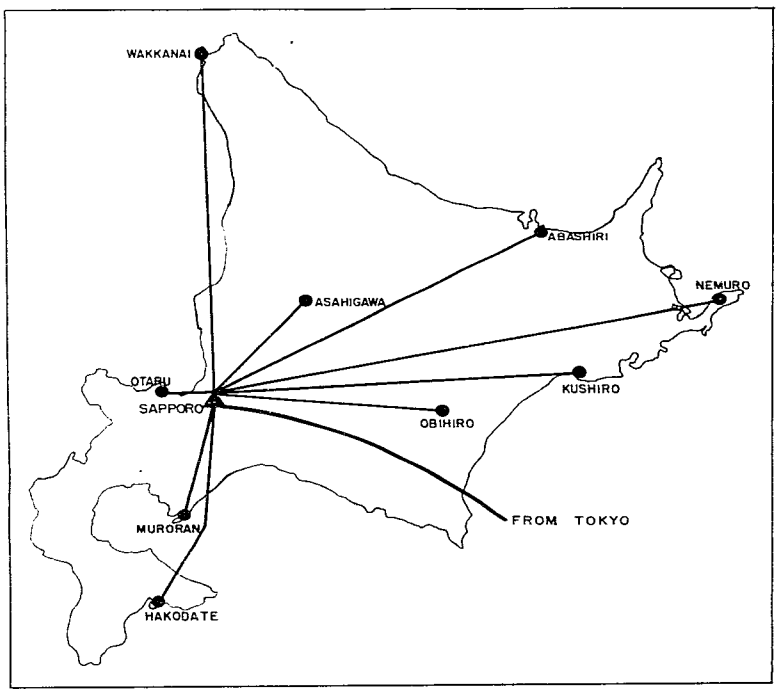
SOURCE: Board of Communications.

18. As indicated by charts, pages ~~172 and~~ 173, all interdistrict communications of the Police Bureau are routed through Tokyo.

19. The following charts indicate the location of the fixed stations of the Bureau of Railroads and the public-coastal service stations.







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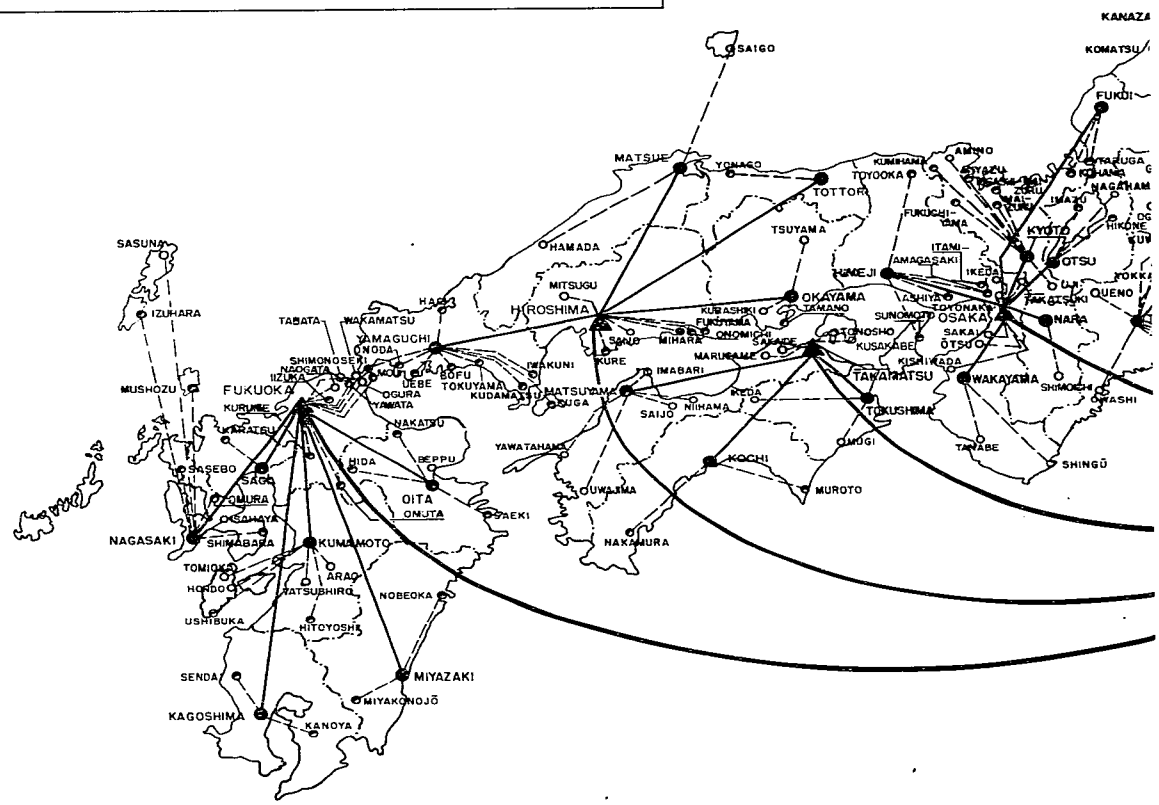
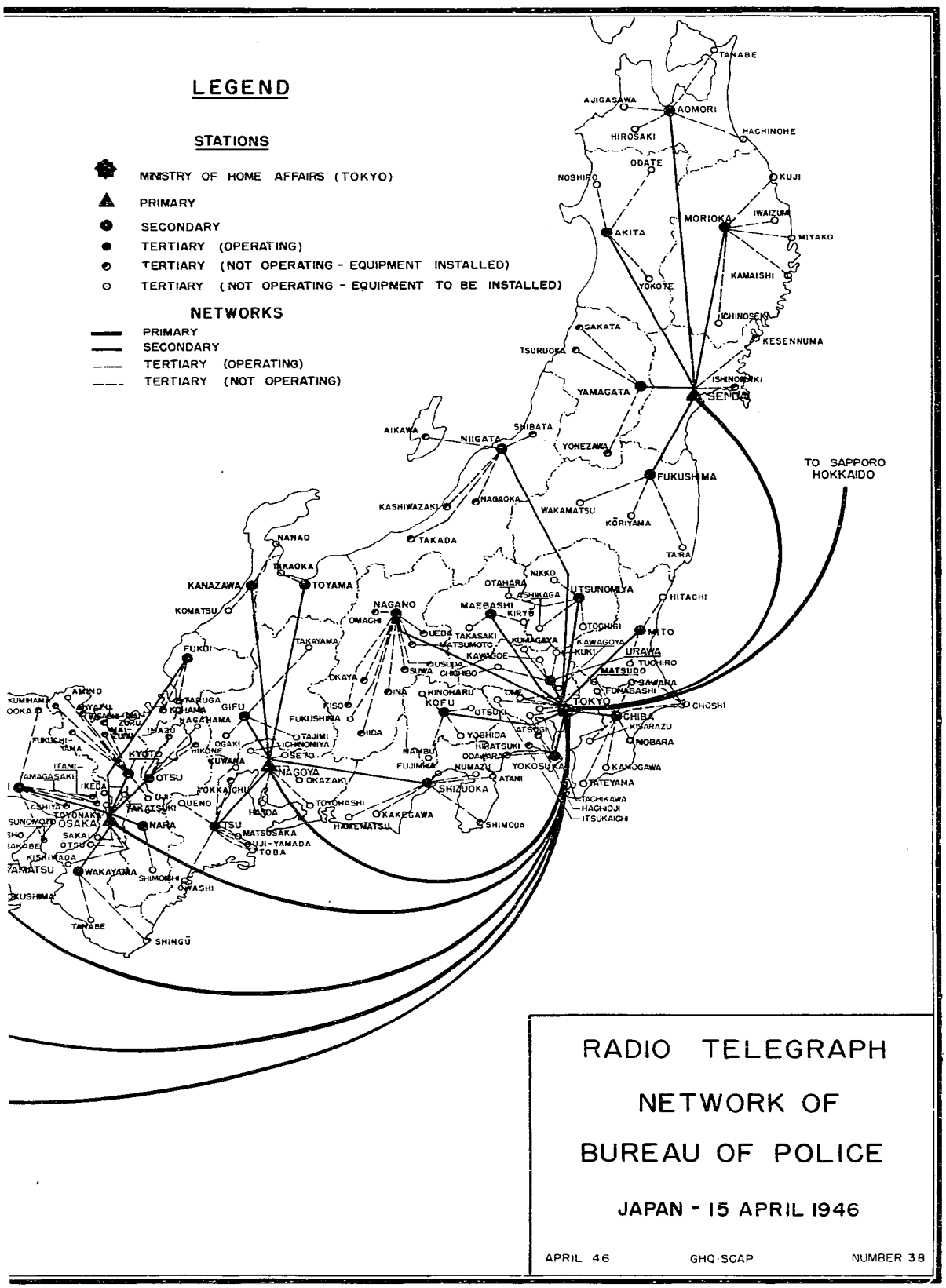


SOURCE: MINISTRY OF HOME AFFAIRS.



RADIO TELEGRAPH NETWORK OF BUREAU OF POLICE

JAPAN - 15 APRIL 1946

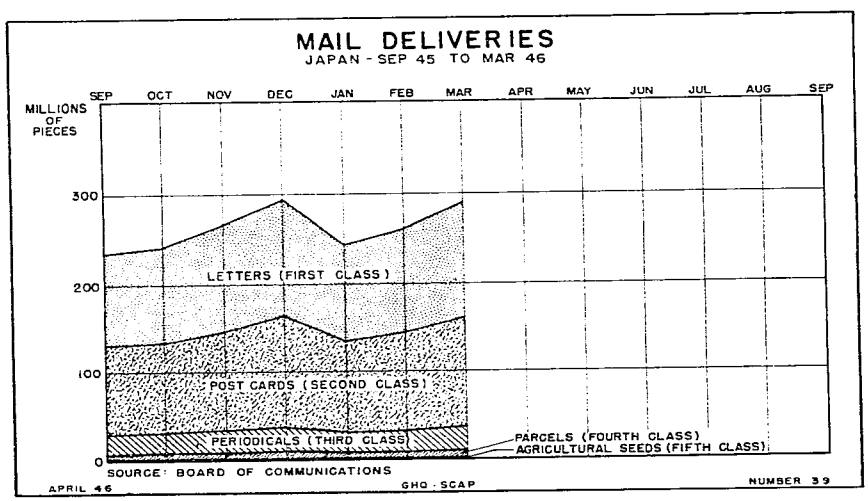
APRIL 46 GHQ·SCAP NUMBER 38

0402-3½

20. During April the Lighthouse Bureau, continuing its repair and restoration of marine radio navigational aids, placed four additional stations in operation. Eleven of the 17 stations are now operating.

POSTAL COMMUNICATIONS

21. A consistent increase was evident from January to February and February to March in the volume of all classes of domestic mail handled. The following chart indicates the trend in mail deliveries from September through March.



22. Receipts of foreign mail increased sharply during the first three months of 1946 while the amount of foreign mail dispatched declined. The increase in mail received was due to greater availability of shipping facilities, while the decline in mail dispatched reflects the repatriation of Japanese soldiers and nationals.

VOLUME OF FOREIGN MAIL HANDLED
(thousands of pieces)

Areas	January	February	March
Received from			
China	0	50	283
Korea	95	157	4,039
Ryukyus	0	0	1
Other	342	342	4,008
Total	437	549	8,331

Areas	January	February	March
Dispatched to			
China	108	182	138
Korea	52	66	113
Ryukyus	4	3	42
Other	885	388	262
Total	1,049	639	555
GRAND TOTAL	1,486	1,188	8,886

SOURCE: Board of Communications.

23. Steps were taken to reactivate postal savings, postal life insurance, postal life annuities, postal transfers and money orders. Preliminary data received show an increase in postal savings deposits in March reflecting the rush to deposit the old yen as required by the currency conversion measure. A decline in money orders sold resulted from the tighter money situation arising from the emergency financial measure.

COMMUNICATIONS MANUFACTURING AND SUPPLY

Production

24. The production program of the communications equipment manufacturing industries does not appear as encouraging as previously indicated, although the rehabilitation and reinstallation of equipment continues to show progress. Recent information discloses that previous production figures and forecasts of the Ministry of Commerce and Industry can not be attained due to the condition of plant equipment and material shortages.

25. The increase in broadcast receiver production during March and the increase anticipated for April are not expected to continue. The majority of materials consumed up to this time have been drawn from rapidly diminishing industry-owned stockpiles.

RADIO BROADCAST RECEIVERS AND TRANSMITTERS

Product	Plants Operating		Production		Forecast
	Feb	Mar	Feb	Mar	Apr
Broadcast receivers	14	15	15,000	25,000	38,000
Transmitters	4	6	24	48	60

SOURCE: Ministry of Commerce and Industry.

26. Due to a misunderstanding between the receiver manufacturers and the Ministry of Commerce and Industry in which the Ministry allocated materials to cover only an approximate 20 percent of the over-all estimated program, basic revisions in production programs have been necessary. Materials allocated for radio receiver production for the second quarter of 1946 amount to only 26 percent of those required.

27. In view of material allocations expected for the remainder of 1946 the original program calling for 3,100,000 broadcast receivers was revised to an estimate of 600,000.

28. A number of the materials essential to the manufacture of broadcast receivers are either not produced in Japan or are not found in sufficient volume to support an adequate production program. If production is to be maintained importation of certain of these items may become necessary when existing stockpiles are depleted.

29. A critical shortage of receiver tubes is the final retarding influence in the broadcast receiver production program. At present more than 30,000 new receivers are complete and ready for distribution pending availability of tubes.

30. An indication of current tube production follows:

TUBE PRODUCTION

Product	Plants Operating		Production		Forecast
	Feb	Mar	Feb	Mar	Apr
Receiver tubes	7	9 a/	175,000	128,000	200,000
Repeater tubes	1	1	2,500	2,300	6,000
Transmitter tubes	5	5 a/	6,200	3,150	3,000
Total	13	15 a/	183,700	133,450	209,000

a/ Plants manufacturing more than one of items listed.

SOURCE: Ministry of Commerce and Industry.

31. Recent plant inspections and conferences between SCAP representatives and manufacturers concerned have resulted in a clarification of the tube production potentialities of the industry. These indicate a revision in estimated production figures for receiver tubes from the original goal of 20,000,000 set by the Ministry of Commerce and Industry to 2,500,000 for 1946.

32. The principal factor involved in this extreme reduction was a condition existing at the Tokyo Shibaura Company. Using an average production figure for each machine, with the assumption that necessary raw and service materials would be made available, the Tokyo Shibaura Company quoted an approximate yearly potential production figure of 36,000,000 tubes. On the strength of this information the Ministry of Commerce and Industry made the conservative estimate of 20,000,000 tubes for the year.

Investigation and conferences with the firm disclosed that only one of the four American-made machines relied upon for largest percentage of production was in working order, operating only at 10 percent efficiency, since Japanese attempts to manufacture parts have been unsuccessful to date. Japanese-manufactured parts are of such poor quality that the ratio of rejections prohibits their use. If any substantial production of tubes is to be expected it will be necessary to obtain American-made parts for these machines.

33. At present there are more than 1,000,000 broadcast receivers out of service in Japan due to lack of tubes. With a potential production of 600,000 new receivers and a minimum supporting maintenance stock it would require approximately 8,000,000 tubes for the year. With the current potential annual production forecast of only 2,500,000 tubes the outlook is not encouraging.

34. Large transmitter tubes remain on the critical supply list. Lack of copper has been one of the major retarding factors in production of this type tube.

35. Wire communications equipment production continued to increase during March. The production of telephone sets and automatic switch sets more than doubled, as indicated by the following table:

WIRE COMMUNICATION EQUIPMENT PRODUCTION

Product	Plants Operating		Production		Forecast
	Feb	Mar	Feb	Mar	Apr
Telephone sets	5	6	4,100	8,400	15,000
Manual switchboard	2	5	11	31	100
Automatic switch	1	4	1,750	3,750	8,000
Carrier equipment	0	2	0	60	90
Repeater equipment	0	2	0	15	70
Telephone cable a/	4	4	234	350	400

a/ In kilometers.

SOURCE: Ministry of Commerce and Industry.

Component Parts

36. The following tabulation indicates that production of component parts is being resumed by a large number of concerns, which for the most part are small firms specializing in one or two items. The most critical component part item in broadcast receiver production, outside of tubes, is expected to be electrolytic capacitors, due to the abnormal demand for this item compared with productive capacity. Several concerns are introducing this item in production and it is expected that satisfactory capacity will be available in the last quarter of 1946.

PRODUCTION OF COMPONENT PARTS

Product	Plants Operating		Production		Forecast
	Feb	Mar	Feb	Mar	Apr
Condensers	20	25	530,000	765,000	1,000,000
Resistors	9	11	400,000	550,000	800,000
Transformers	8	12	16,000	27,500	35,000
Speakers	5	6	18,000	24,000	30,000
Other radio parts a/	30	40	750	1,000	1,000
Wire communication parts a/	10	14	1,500	2,200	3,200

a/ Production figures in thousands of yen

SOURCE: Ministry of Commerce and Industry.

Japanese Army and Navy Communications Equipment

37. The redistribution of Japanese Army and Navy signal equipment continues to lag behind receipts.

38. The committee formed to assist in the redistribution of Japanese Army-Navy equipment held its first meetings on 15 and 18 April. Allocation was made of 63,000 of the 140,000 tubes in the possession of the Board of Communications which have been classified by type. These tubes are now being distributed to Japanese civilian agencies.

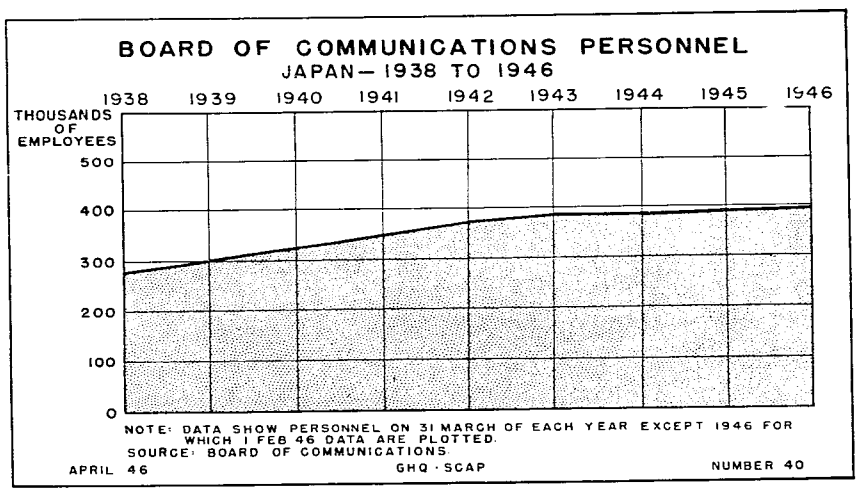
Research

39. The inventory of research facilities in the manufacturing industry has been practically completed and the inventory of research facilities of educational and private agencies is well under way. Emphasis is now being placed on preliminary technical investigation of communications research projects. Reports of 10 preliminary technical investigations have been received.

BOARD OF COMMUNICATIONS

Personnel

40. The following chart indicates the number of employees of the Board of Communication for the last nine years. The total employed on 11 February 1946 was higher than evident during the latter quarter of any previous fiscal year.



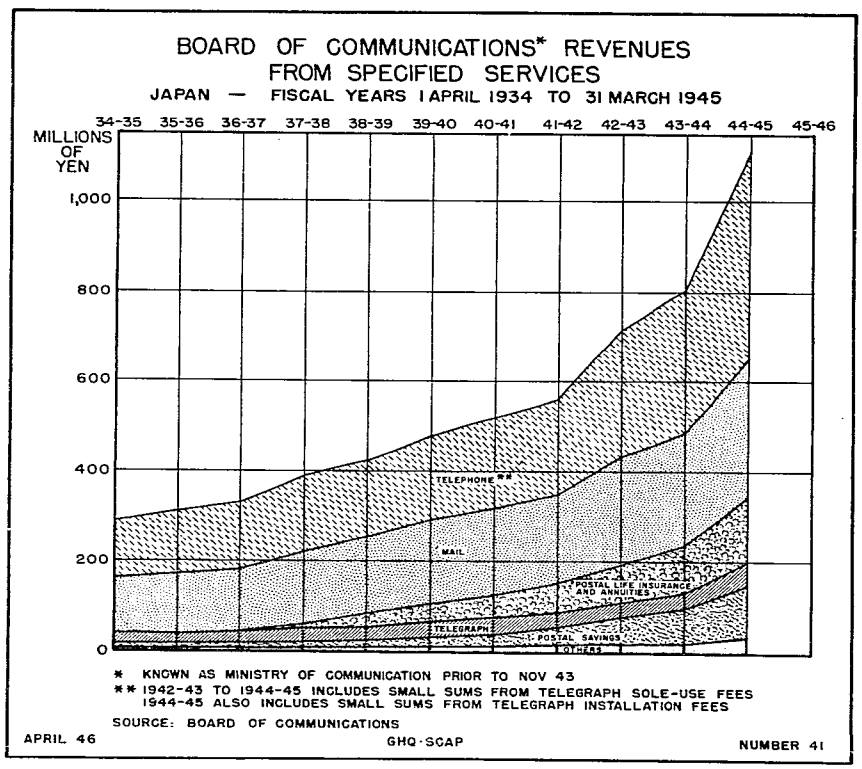
SCAP has initiated a survey to ascertain the nature of the training offered in the Board of Communications schools, since it is believed that the operations of the Board are handicapped by inadequately trained personnel.

41. A single labor union, the All Communications Employees' Union (Zen Teishin Jyugyoin Kumiai) now has a membership of approximately 75 percent of the employees of the Board of Communications.

Financial Aspects

42. The Board of Communications informally submitted a third tentative budget, which will become in effect a revision to the budget carried over from the previous year, as explained in last month's report.

43. Revenues of the Board of Communications for the fiscal year 1944-45 reflect a continuation of an upward trend that has been evident for many years. This trend is more pronounced for telephone, mail and postal life insurance than for other communication facilities. The following chart indicates this trend.



SECTION 8

LABOR

C O N T E N T S

LABOR LEGISLATION

1. The revised draft of the Labor Disputes Adjustment Bill was completed and made public on 23 April. This bill, to be introduced in the May session of the Diet, is intended to replace an act of the same name which has been on the law books since 1926 but has been a dead letter, only four cases ever having been considered under its provisions.

2. Public hearings on the new bill were held from 25 to 30 April with more than 20 labor union and employee representatives from all over Japan testifying. The hearings were the first in the history of Japan to give the persons directly affected an opportunity to participate in the formulation of law.

LABOR UNIONS AND EMPLOYERS' ORGANIZATIONS

3. The Ministry of Health and Welfare reported that on 28 February Japan had 1,326 unions with a membership of 877,014. Of these, 373 unions having 142,189 members were reported organized during February.

4. The following table indicates that transportation is the most highly organized of industries in Japan:

UNION MEMBERSHIP BY INDUSTRY
(28 February)

Industry	Unions	Membership
Transportation and communication	263	285,342
Machines and tools	314	192,961
Mining	148	94,128
Electric power and gas	54	56,414
Metallurgy	103	52,987
Chemicals	91	37,575
Government workers and liberal professions	89	29,450
Textiles	62	26,776
Construction	24	16,656
Printing and bookbinding	26	13,359
Lumbering and woodworking	44	11,644
Commerce	12	7,886
Agriculture and forestry	3	666
Other industries	62	25,544
Mixed	31	25,626
Total	1,326	877,014

SOURCE: Ministry of Health and Welfare.

CLASSIFICATION OF UNIONS BY SIZE

Members	Unions
Less than 100	202
100 to 500	636
500 to 1,000	228
Over 1,000	199
Unknown	61
Total	1,326

SOURCE: Ministry of Health and Welfare.

5. The formation of new labor unions slowed during March and early April.

UNIONS FORMED IN METROPOLITAN TOKYO
(October 1945 - March 1946)

	Unions
October	5
November	24
December	68
January	118
February	108
March	43
Total	366

SOURCE: Tokyo Metropolitan Government, Labor Section.

6. Labor leaders concentrated on the formation of federations and consolidation of small local unions into more comprehensive organizations. Several new national unions were established and the second major federation approached its inauguration.

7. At the end of March the Preparatory Committee of the All Japan Congress of Industrial Unions (Zenkoku Sangyo-betsu Kumiai Kaigi) claimed the affiliation of 15 major industrial unions with a total membership of 910,000. Industries included were: coal mining, steel, newspapers, motion pictures, rubber, chemicals, metals and machinery.

8. The Japan Council of Electric Workers' Unions was consolidated into a national union on 7 April. This union is one of the largest, claiming a membership of 85,000 of the total number of 120,000 workers in the electric power industry.

9. On 21 April 100 delegates representing 86,000 members throughout Japan formally inaugurated the All Japan Coal Miners' Union with Takashi Mizutani as president. Mizutani, a communist who is also president of the Hokkaido Coal Miners' Union, has been a leading figure in coal miners' organization since the end of the war.

Some 200,000 coal miners, most of them unionized, remain unaffiliated with this organization.

10. The All Japan Steel Workers' Union was formally inaugurated 4 April by delegates from 50 labor unions repreaenting more than 100,000 workers in the iron and steel industry. The majority of the union membership is in the Kanto district.

11. Registration of labor unions has begun as provided by the Labor Union Law requiring the unions to register within a week after their formal organization or within a week of 1 March, when the law became effective.

12. Employer associations in national industries paralleling organizations of workers made their appearance in the coal, steel, rubber and fertilizer industries. In each case the principal announced aim was to study and establish sound labor relations policies. Most important were the Federation of Coal Operators inaugurated on 1 April, covering mines with about 200,000 employees, and the Federation of Iron and Steel Manufacturers whose inauguration has been announced for 4 May by the Preparatory Committee.

LABOR RELATIONS

13. The Labor Relations Committees set up during March established procedural regulations and began to operate. Most active were the Central Labor Relations Committee and the Special Maritime Labor Relations Committee. The prefectural Labor Relations Committees have not yet been completely organized.

14. The first case handled by the Central Labor Relations Committee concerned the demand of the Government Railway Employees' Union for reinstatement of three union members suspended for one year by the Government Railway Bureau for leading a "safety drive" go-slow strike on 28 February.

Following investigation the Central Labor Relations Committee upheld the suspension by a 12 to 2 vote. The grounds for this action were that go-slow tactics were not authorized by the

union and consequently were not covered by Article 12 of the Labor Union Law which provides protection for acts of dispute proper to the conduct of the business of a union.

Committee members Tokuda and Arahata, communist and ex-communist respectively, orally opposed the decision on grounds that:

(1) The clear intent of Article 12 was to protect labor union members from employer retaliation for labor activity.

(2) Go-slow tactics were proper although not formally authorized because the assumption of strike leadership by a union member is proper union activity.

(3) Discipline for unauthorized acts of a union member rests with the union, not the employer.

The far-reaching implications of the decision touched off a volume of union discussion and considerable activity aimed at reversing the decision.

15. The Special Maritime Labor Relations Committee has discussed but not decided the question of whether ship captains may belong to a legitimate labor union or whether such membership converts the organization to a company union.

16. Labor disputes were numerous but actual stoppages remained few. According to a survey made by the Ministry of Health and Welfare 132 labor disputes involving 82,382 participants occurred in February. Of these only 21 disputes involving 3,957 participants resulted in strike action hampering services or production operations.

17. Classified by principal demands, 103 of the disputes were for increased wages, 9 for democratization of management, 4 for reinstatement of discharged employees, 3 for severance allowances, 1 for wage adjustments, 1 for a shorter working day and 11 for other demands.

18. The question of payment for articles produced in an establishment under "production control" by the union during a labor dispute was raised in the Takahagi Coal Mines in Ibaraki Prefecture. On 2 April the union at the four small mines of the Takahagi Coal Company assumed responsibility for operating the mines when labor-management negotiations broke down.

In order that payment of wages to the 1,750 workers of the mines be continued the union sought payment for the mined coal. The Coal Board of the Ministry of Commerce and Industry instructed the Japan Coal Company, allocation and distribution agency for all Japanese coal, to direct the payments to the Takahagi Coal Company president.

This decision brought protest not only from the Takahagi Coal Miners' Union but also from the union of employees of the Japan Coal Company. After extended negotiations and publicity the Coal Board reversed its decision and ruled that the Japan Coal Company was free to decide who was to receive payments for coal mined.

The Japan Coal Company then decided to pay the Takahagi Coal Company's president, whereupon the union of employees of the Japan Coal Company overruled their management, assumed operational responsibilities and instituted a complicated procedure by which payments for coal would reach the Coal Miners' Union for the purpose of wage payments.

At the end of April the basic dispute between the Takahagi Coal Miners' Union and the Takahagi Coal Mining Company remained unsettled.

WAGES AND WORKING CONDITIONS

19. Wages and cost of living remained relatively stable throughout most of April. Wage studies indicate that, despite continual adjustments, current earnings of the average worker are less than half of his monthly expenditures.

20. Several new principles regarding separation allowances were laid down in a SCAP memorandum of 4 April to the Japanese Government approving payments to 130,000 discharged government employees. The memorandum provided that:

(1) Payments were to be spread out over a period of months, usually from 8 to 13 months.

(2) Payments were to be stopped immediately upon re-entry into government service, whether national, prefectural or municipal.

(3) The amounts paid monthly were to equal two thirds of the regular monthly salary.

(4) Insofar as possible February 1946 was to be used as a base for determining the amount of monthly payments.

21. These principles were partly to forestall the inflationary effect of large sums being paid at one time. The designation of a specific past month instead of the last month employed as the base period for computing separation allowances was intended to lessen the pressure for temporary wage increases to raise indirectly the total separation allowance paid.

22. The SCAP memorandum modified some of the generally undesirable features of the separation allowance system and provided a basis for the establishment of a sound unemployment insurance system for government employees. By making the benefits smaller than the regular wage the incentive to find new work was increased.

23. A conference of prefectural labor officials was held on 20 April under the auspices of the Ministry of Health and Welfare to consider changes required in existing protective legislation. Among the decisions made was one to extend the provisions of the Factory Act, which now sets minimum standards of safety and hygiene for factories of 10 or more employees, to all factories and work shops regardless of size. Other problems considered were increased protection to women and minors, improvement of the inadequate factory inspection service and a new safety and health program.

EMPLOYMENT AND UNEMPLOYMENT MEASURES

24. Unemployment continued at a high level. The census taken on 26 April was designed in part to determine the actual unemployment situation by classifying workers according to the number of days worked the previous month.

25. The number of persons seeking employment through the labor exchanges continued to increase while job openings showed a general decline. Contrary to earlier experience in the labor exchanges of the six major prefectures (Tokyo, Osaka, Kyoto, Kanagawa, Aichi and Hyogo) the number of applicants in March nearly equaled the number of job openings on hand.

	Number of Openings	Number of Applicants
January	101,827	41,727
February	99,464	54,841
March	66,884	66,548

SOURCE: Ministry of Health and Welfare.

26. Degree of placements continued at less than half of the number of applicants, as indicated by weekly activity reports for all labor exchanges covering the one-month period ending 18 March:

RECORD OF LABOR EXCHANGES ACTIVITY
(19 February - 18 March)

	Jobs Offered	Applicants	Placed
19 Feb - 25 Feb	57,381	42,818	20,661
26 Feb - 4 Mar	81,360	56,576	19,431
5 Mar - 11 Mar	69,380	60,755	23,456
12 Mar - 18 Mar	56,104	52,020	22,872

Additional reports of exchange operations from the major prefectures of Tokyo, Osaka, Kyoto, Kanagawa, Aichi and Hyogo for the five weeks ending 29 April follow:

	Jobs Offered	Applicants	Placed
26 Mar - 1 Apr	23,865	26,600	9,360
2 Apr - 8 Apr	25,304	24,792	10,496
9 Apr - 15 Apr	19,932	24,110	9,002
16 Apr - 22 Apr	22,162	23,984	9,219
23 Apr - 29 Apr	20,851	20,919	9,806

SOURCE: Ministry of Health and Welfare.

27. In a major effort to relieve unemployment and stimulate production a multi-billion yen works program designed to employ 2,500,000 workers was prepared in April by the Ministry of Health and Welfare in conjunction with several other ministries. Pending approval of the necessary budget items and the organization of the Economic Stabilization Board, the following general principles were adopted governing the operation of the works program:

(1) Primary emphasis is to be placed on work which increases or facilitates the production or distribution of necessities, notably food, clothing, fuel and shelter.

(2) In the formulation of productive programs and in determining their locations consideration is to be given to providing work for as many of the unemployed as can be usefully occupied on programs that will directly contribute to economic recovery and physical reconstruction.

(3) Preference is to be given to programs that will produce commodities for consumption within the next year.

(4) Emphasis is to be placed on projects using a minimum of materials and equipment that are in short supply. Programs are to be undertaken to increase the supply of such materials and equipment or to facilitate their transportation and distribution.

(5) The works program is considered part of the national production program as a whole and the planning, supervision and allocation of production facilities and materials are to be under the jurisdiction of the proposed Economic Stabilization Board.

(6) The works program is to be entirely under the control of the Japanese Government and the management of the component projects is to be the responsibility of the respective ministries. Where privately owned facilities needed for essential production are not being operated the Government will operate them with just compensation to the private owners.

(7) The various ministries and bureaus sponsoring programs are to consult with SCAP to assure conformity to SCAP policy.

(8) Compensation paid on work projects is to be equivalent to that prevailing for similar work in the community.

(9) All workers on work projects are to be referred by public employment exchanges.

(10) Any unemployed employable person is to be eligible for employment on a work project without proof of financial need provided he has not refused work in private employment for which he is qualified, under reasonable wages and working conditions. Employable persons receiving public assistance are to be given preference in referral to work programs.

28. Among public works having high priority in this program are land reclamation, construction of access roads to forests and mines, repair of harbors for use of fishing vessels and construction of housing in areas where labor is needed.

29. In anticipation of the designation of certain industrial establishments as reparations items and to keep those establishments in full operation until their actual removal, the Japanese Government was directed by SCAP to take steps to retain the labor force in those plants as long as possible. The Ministry of Health and Welfare issued instructions on 23 March to the prefectural governors delineating government policy as follows:

(1) No unreasonable dismissal of workers from reparations plants was to take place.

(2) Upon the closure and removal of the plants preferential re-employment rights in comparable jobs will be available through national employment exchanges to workers who remained on the job after reparations designation.

(3) Specific guarantee of separation allowance was to be given to workers who remain on the job.

(4) An intensive publicity campaign was to be carried out to impress upon the workers the importance to the domestic economy of their staying on the job.

(5) Periodic reports on labor force in the reparations establishments were to be required as a check.

30. The recruitment of workers for the expanding textile industry fell below schedule. On 31 March only 709 men and 8,531 women had been recruited compared with the 1,420 men and 15,792 women scheduled.

LABOR USED BY OCCUPATION FORCES

31. The supply of labor for the Occupation Forces continued in excess of demand during April. The Central Liaison Office stated that the new currency control measures were forcing many voluntary unemployed to seek jobs. Work for the Occupation Forces is preferred to some private employment because an extra rice ration up to 150 grams per day is distributed by the local governments to most classes of Occupation Forces workers.

32. On 16 April the Central Liaison Office instructed prefectural governors to set a minimum age of 16 years for workers employed for the Occupation Forces. Reasons stated for the age limit were the inefficiency in work and frequent accidents accompanying the employment of children.

COAL MINE LABOR

33. Coal mine employment reached a new peak since the occupation, with a total at the end of March of 286,570 persons regularly engaged in the mines.

COAL MINE EMPLOYMENT
(1 March)

	Male	Female	Total
Underground	152,062	10,490	162,552
Surface	85,951	38,067	124,018
Total	238,013	48,557	286,570

SOURCE: Ministry of Commerce and Industry.

34. Delays and failures in ration distribution to coal miners especially in Hokkaido were reflected in reduced worker efficiency. The low extra allowance for the miner's family, only 100 grams per day per adult, has been partly responsible. In order to share their daily supplementary ration with their families many miners have been foregoing their noonday meal and lowered efficiency has resulted.

35. In anticipation of the enforcement of the legal ban on the employment of women underground in coal mines a delegation of women from the coal miners' unions in the Joban area called on the Coal Board of the Ministry of Commerce and Industry on 25 March to request that measures be taken to assure their employment elsewhere in the mines.

On 1 April the Ministry of Commerce and Industry sent instructions to the prefectural governors requiring that:

(1) Every effort be made to transfer to daytime surface

work the women affected by the ban of night work and underground work.

(2) Priority in re-employment be given through the employment exchanges to women unavoidably discharged from mine employment.

(3) Employers pay to women unavoidably discharged a special separation allowance of at least one month's salary in addition to normal separation payments. This special allowance is to be repaid to the employer by the Finance Ministry.

(4) Special relief provisions be extended to the women unable to find re-employment.

(5) Discharged women be permitted to live in company houses until they find re-employment and other dwellings.

MISCELLANEOUS

36. From 18-20 April a conference of Military Government Labor officers from all Japan was held in Tokyo to discuss the local labor situation and problems involved in the implementation of basic labor policies. The Military Government labor officers also met with the members of the Advisory Committee on Labor from the United States currently assisting in the handling of Japanese labor problems.

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SECTION 9

IMPORTS AND EXPORTS

C O N T E N T S

GENERAL

Customs Bureau

1. To establish proper customs controls and restore efficient operation SCAP directed the Japanese Government on 8 April to centralize all customs functions and the administration of all related matters in the Ministry of Finance. During the war the functions of the customs service were scattered among various bureaus of the Ministries of Finance and Transportation and much of its trained personnel was disbanded.

Foreign Trade Agencies

2. A SCAP directive of 3 April recognized Boeki Cho, the reorganized Board of Trade, as the sole agency of the Japanese Government empowered to deal with SCAP on all foreign trade transactions. This action implemented the directive of 14 March which set the procedure governing Japanese exports.

All personnel of Boeki Cho of the rank of Chief of Bureau or higher including advisers and counselors will be subject to approval by SCAP. The president is directly responsible to the Minister of Commerce and Industry, except on matters concerning food, fodder and fertilizer which come under the direction of the Ministry of Agriculture and Forestry and government monopoly items which are subject to the Ministry of Finance.

Boeki Cho will be responsible for insuring the quantity, quality and clear title of goods approved by SCAP for export and for delivery of the goods to the designated agency of the country for which they are destined. The U.S. Commercial Company will take title to goods for United States markets and after distribution will deposit the receipts in a dollar account. Such Japanese imports as are approved by SCAP will be purchased from this fund but the exact method of procurement has not been finally determined. At present trade is being conducted on an open account basis with all countries pending agreements which will establish exchange value.

The Foreign Trade Fund, a ¥ 50,000,000 pool established by the Japanese Government, will be available solely to Boeki Cho, except as otherwise directed by SCAP, to pay the yen value of the export goods to the producers. All sums received by Boeki Cho from the sale or distribution of import goods will be deposited in the fund.

3. A SCAP directive of 14 March ordered the dissolution of Koeki Eidan (National Trade Corporation), Japan's wartime foreign trade agency. After inventory all Koeki Eidan stocks approved by SCAP for export will be delivered to Boeki Cho.

EXPORTS

4. Raw silk shipments aggregated 8,300 bales in the period from 26 March to 22 April. Of this total 4,500 bales were loaded at Yokohama and 3,800 bales were loaded at Kobe.

An additional 9,634 bales were ready for loading by the end of April.

All raw silk in the possession of weavers and manufacturers, estimated at about 5,000,000 pounds in unopened bales, was ordered retested. Silk found suitable for export (42 denier and finer and export Grade E and higher) is to be packed in standard export bales.

An additional 55,000 domestic bales of raw silk (83 pounds each) known to be unsuitable for export in raw form were released for manufacture of broad width, all-silk fabric for export. Types and percentages of these fabrics were specified as follows:

Type	Percent	Type	Percent
Crepes	28	Tie silk	3
Habutae	38	Georgette	2.5
Fuji	10	Velvet	2
Satin	3	Underwear	2.5
Taffeta	2.5	Novelty	3
Poplin	2.5	Bolting cloth	3

It is expected that all these items will be exported in the greige (unbleached and undyed).

Releases for manufacture of textiles to be sold to the Occupation Forces from 1 to 22 April totaled 673 domestic bales of raw silk. The April allotment of silk fabric for similar sale was 30,000 bolts.

Authority was given to release for industrial use in Japan 45,897 yards of finished silk bolting cloth, 17,300 yards of greige and semifinished silk fabrics and 21,344 pounds of raw silk for the manufacture of additional bolting cloth.

Resumption of sale in Japan was authorized for stocks of silk fabrics which are physically in the possession of retail establishments.

5. Shipment by air of 50,400 sheets of silkworm eggs to the U.S.S.R. was effected in the second week of April. Reimbursement will be by import into Japan of foodstuffs or similar essential goods which the U.S.S.R. agrees to make available.

6. Samples have been obtained of 3,500,000 yards of linen fabrics which are available for export.

7. White rabbit furs totaling 240,000 pelts have been offered for export to the United States. Approximately 500,000 additional pelts will be raised in Japan for export in 1946.

8. The demand for pearls on the part of the Occupation Forces is greater than reported stocks of pearls suitable for export. Cultivation of pearls, other than medicinal, has been banned in Japan since 1941. Pearl production in 1946 and 1947 will be negligible. Cultivation to be resumed this year will produce a crop of small pearls in 1948 and larger pearls in 1950.

9. To serve the Korean fishing industry, a total of 65,000 bundles and 58,000 pieces of bamboo will be exported in the period ending 30 September.

10. Further shipments to China, mostly for the Kailan Mining Administration, will include dynamite and electric detonators and 22 mine locomotives. Further material ordered to be shipped to Korea includes cigarette paper, boiler tubes, gasoline locomotives, communications equipment and steel locomotive tires.

EXPORTS
1 April - 25 April

Commodity	Country	Unit	Quantity Shipped
Raw silk	United States	bales	8,300
Silkworm eggs	U.S.S.R.	sheets	50,400
Mulberry seedlings	Korea	pieces	910,000
Pitch	Korea	metric tons	1,114
Coal	Korea	metric tons	26,219
Vegetable seeds	Korea	kilograms	21,481
Mining timbers	China	pieces	33,197
Railway sleepers	China	pieces	28,118

11. Preparation for export shipment was ordered covering the following commodities in short world supply:

Crude Rubber - 10,000 metric tons
(Not less than 5,000 metric tons is to be Grade 1 superior quality rubber and the remainder shall be Grade 2)

Antimony - 1,500 metric tons
(98.5 percent pure or better)

Pig tin - 10,000 metric tons
(99.8 percent pure or better)

IMPORTS

12. Direct imports of food and release of U.S. Army surplus stocks to meet Japanese civilian needs included 24,690 long tons of wheat and rice delivered during late March and early April. These stocks were immediately delivered to the Japanese Government. Other shipments of foodstuffs were received but remained under SCAP control.

The Japanese Government has been directed to take over approximately 10,000 tons of surplus U.S. Army food from Okinawa.

13. A program has been arranged whereby Korea will ship to Japan 15,000 tons of fresh fish and approximately 10,000 tons of salted fish during June and July. Because of the Korean need of salt for curing the fish, a 4,000-ton shipment of salt from China was diverted from Japan to Korea.

14. The first shipments of raw cotton from Commodity Credit Corporation stocks in the United States are expected to arrive late in May. The program calls for shipment of the bulk of 890,000 bales (estimated 1946 requirements) before the end of July.

IMPORTS
1 April - 25 April

Commodity	Country	Unit	Quantity Shipped
Salt	China	metric tons	2,333
Lubricating oil	U.S. Army	gallons	153,700
Rice	U.S. Army	Long tons	7,955
Wheat	U.S. Army	Long tons	9,141

SUMMARY OF EXPORTS FROM JAPAN
Since 15 August 1945

Destination	Commodity	To End of December 1945	January and February c/
CHINA	Detonators (Elec.)		150,000 pcs
	Dynamite		800 cs
	Mining timbers	84,033 pcs	290,625 pcs
	Mulberry seedlings		800,000 pcs
	Railway sleepers		
	Silkworm eggs		
HONG KONG	Coal a/	24,344 M.T.	36,629 M.T.
KOREA	Coal a/	109,217 M.T.	109,199 M.T.
	Communications equip.	170 boxes	
	Mulberry seedlings		
	Pitch	1,336 M.T.	1,959 M.T.
	Silkworm eggs	150,000 sheets	
	Vegetable seeds		
RUSSIA	Silkworm eggs		
U. KINGDOM	Larch seed		
UNITED STATES	Raw silk		
U.S. ARMY	Electric heaters		2,000 sets
POST EXCHANGE (in Japan)	Silk cloth b/	450,250 yds	1,418,700 yds
	Raw silk b/		16 bales
	Silk yarn b/		45,647,200 yds

a/ Figures revised from those shown in previous reports.
b/ Numerous purchases are made from Japanese sources by the U.S. Army Post Exchange for sale to members of the Occupation Forces. Items reported here are only certain types of purchases of goods of paramount export significance.

SUMMARY OF EXPORTS FROM JAPAN
Since 15 August 1945

March (Adjusted)	1 April to 25 April (Estimated)	Total
		150,000 pcs
		800 cs
201,103 pcs	33,197 pcs	608,958 pcs
1,200,000 pcs		2,000,000 pcs
35,000 pcs	28,118 pcs	63,118 pcs
300,000 sheets		300,000 sheets
15,703 M.T.		76,676 M.T.
72,702 M.T.	26,219 M.T.	317,337 M.T.
		170 boxes
	910,000 pcs	910,000 pcs
3,339.9 M.T.	1,144 M.T.	7,778.9 M.T.
		150,000 sheets
	21,481.25 kg	21,481.25 kg
	50,400 sheets	50,400 sheets
	100 lbs	100 lbs
2,600 bs/cs	8,300 bs/cs	10,900 bs/cs
		2,000 sets
1,499,920 yds		3,368,870 yds
24 bales		40 bales
		45,647,200 yds

c/ Figures shown in the January and February 1946 column are all for February, except for the following amounts (in January): Hong Kong, coal 28,878 M.T.; Korea, coal 37,278 M.T.; Korea, pitch 1,959 M.T.; and Army Exchange, silk cloth 795,700 yds.

SUMMARY OF IMPORTS INTO JAPAN
Since 15 August 1945

Source	Commodity	To End of December 1945	January and February c/
CHINA	Salt		9,313 M.T.
HONG KONG	Tapioca a/	410 L.T.	
KOREA	Salt	2,381 M.T.	
U.S. ARMY	Dynamite	50 S.T.	50 S.T.
	Fog oil	3,761,887 gals	
	Fuel oil b/	42,685 bbls	139,949 bbls
	Kerosene	24,738 bbls	13,226 bbls
	Lubricating oil		
	Rice		
	Wheat		
	Wheat flour		2,000,000 lbs

a/ Tapioca - 410 L.T. now confirmed by the British Embassy to be the correct amount.

b/ Figures revised to include quantities not previously reported to this office.

SUMMARY OF IMPORTS INTO JAPAN
Since 15 August 1945

March (Adjusted)	1 April to 25 April (Estimated)	Total
42,100 M.T.	2,333 M.T.	53,746 M.T.
		410 L.T.
		2,381 M.T.
		100 S.T.
		3,761,887 gals
2,578 bbls		185,212 bbls
3,030 bbls		40,994 bbls
	153,700 gals	153,700 gals
	7,955 L.T.	7,955 L.T.
	9,141 L.T.	9,141 L.T.
7,010,000 lbs		9,010,000 lbs

c/ All figures shown in the January and February 1946 column are for February, except the amount of fuel oil delivered, which was 69,930 bbls. in January and 70,019 bbls. in February.

NOTE: Shipments of phosphate rock have been received from Kita Daito Shima.

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SECTION 10

RATIONING AND PRICE CONTROL

C O N T E N T S

1. The critical food situation necessitates continued stringent government control to insure maximum distribution of available supplies. Supplementary rations have been reduced and limited to persons in essential categories. Distribution is closely supervised to intercept illegal claims for food. Additional measures have been enforced to prevent inflationary prices and eliminate black markets.

FOOD

Staple Foods

2. Total staple foodstuffs under government ownership or control on 31 March equalled 67.8 days' supply as compared with 153, 176 and 144 days' supply in March 1943, 1944 and 1945 respectively. Available stocks varied from 6.9 days' supply in Hokkaido and Tokyo to 178.9 days' supply in Nara as indicated in chart, page 200. Purchases of staple foods are shown in chart, page 201.

3. The plan of interprefectural redistribution of food has become increasingly difficult to operate because of transportation difficulties and the reluctance of local officials to export food in the face of subsequent shortages.

Some areas have been forced to curtail the ration distribution. Hokkaido has omitted the daily staple food ration in various localities for 20 to 70 days since December. Yamanashi and Kanagawa Prefectures are several days behind in the ration distribution. The food supply in Tokyo has steadily decreased during March and April. In mid-April stocks were down to 2.6 days' supply and distribution had been omitted for five days during the month.

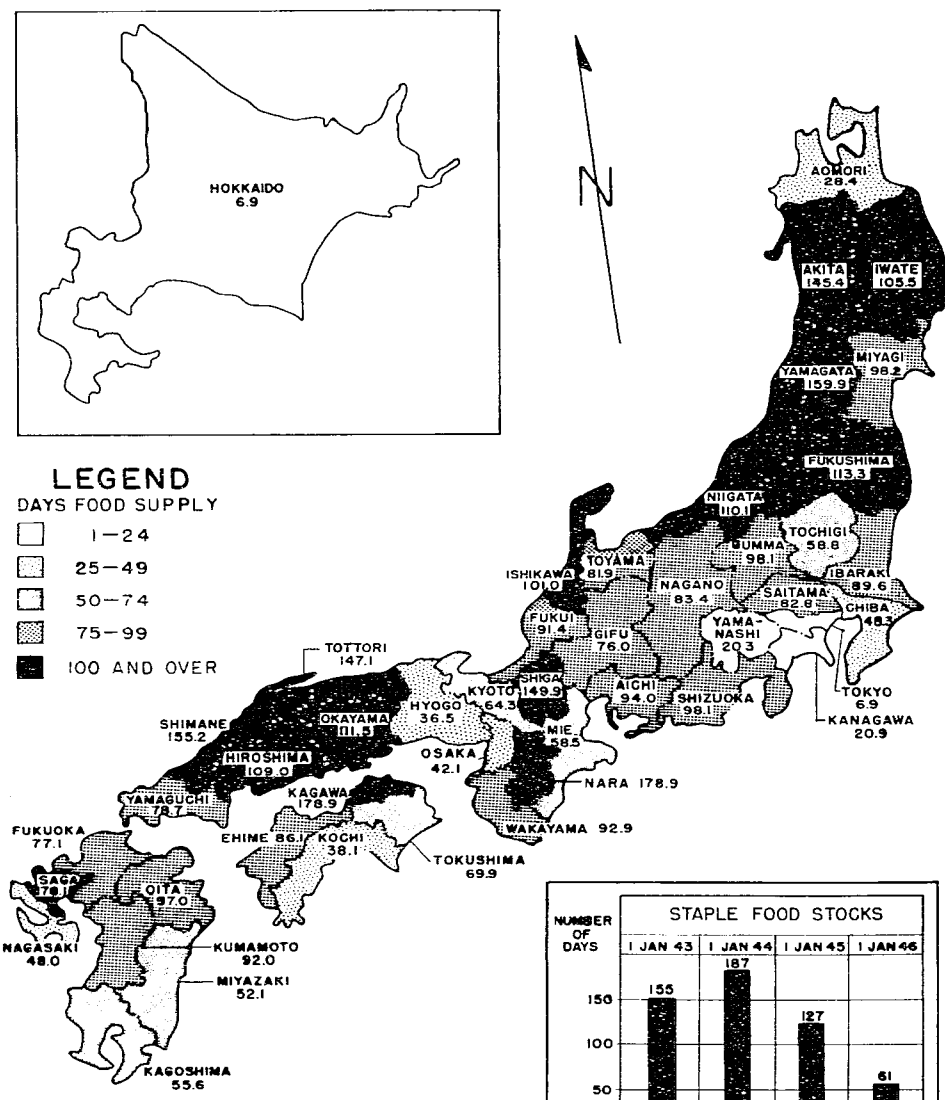
4. Distribution of the normal staple food ration of 297 grams (1,042 calories) per day must be further curtailed. The Ministry of Agriculture and Forestry is attempting to reduce total distribution by the following methods:

(1) Supplementary rations for employees engaged in heavy labor were reduced 50 percent after August 1945. They are being further reduced and limited to employees in such essential industries as coal mining, transportation, construction and fishing.

GOVERNMENT CONTROLLED STAPLE FOOD STOCKS

DAYS' SUPPLY BY PREFECTURES

JAPAN – 31 MARCH 1946



SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY.

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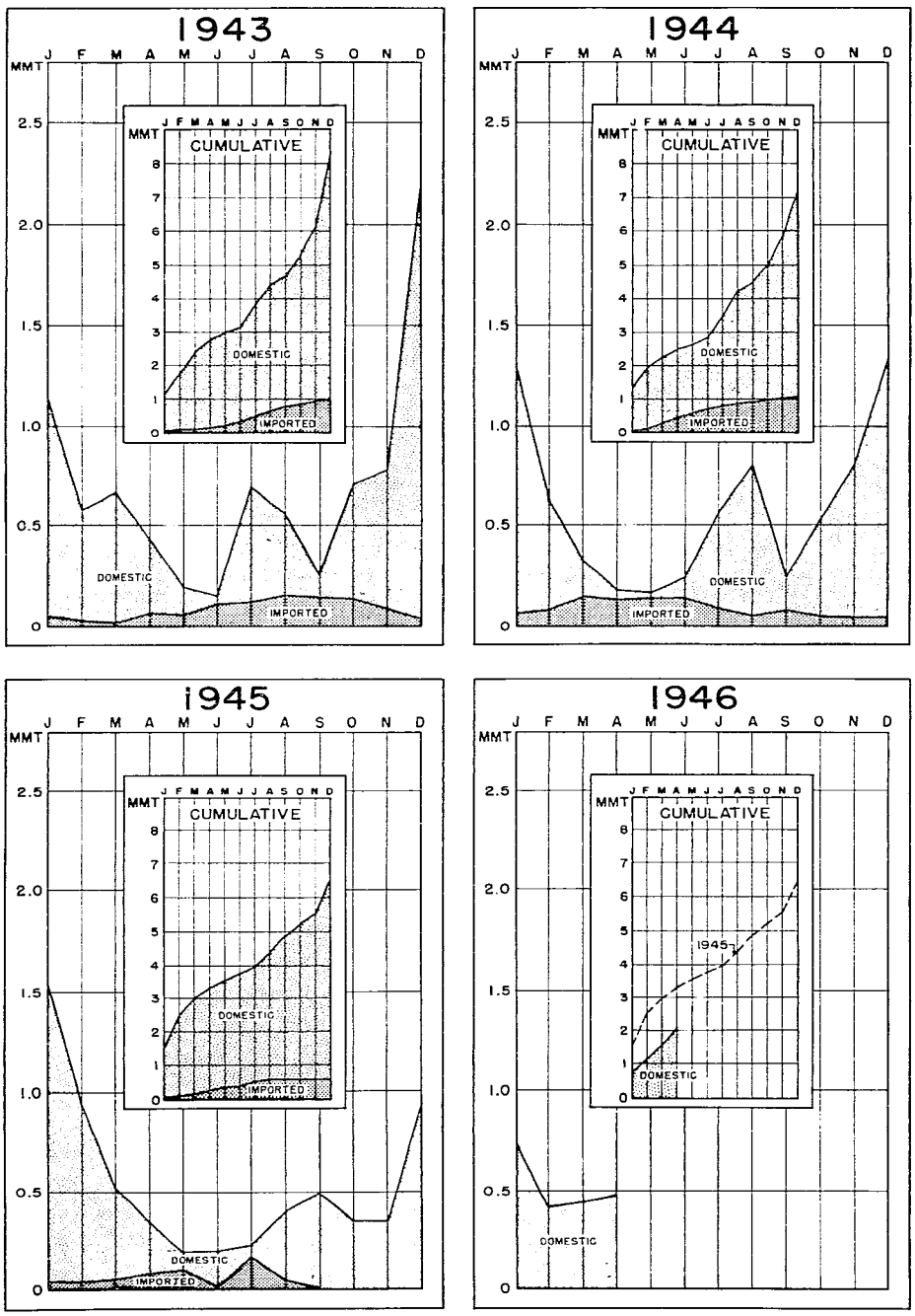
STAPLE FOOD

PURCHASES BY THE JAPANESE GOVERNMENT

MONTHLY 1943-1946



MMT = MILLION METRIC TONS

NOTE: ALL QUANTITIES HAVE BEEN EXPRESSED IN TERMS OF RICE. COMPARABLE FIGURES FOR CEREALS OTHER THAN RICE HAVE BEEN OBTAINED BY COMPUTING THEIR NUTRITIONAL EQUIVALENT IN METRIC TONS OF RICE.

SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY

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(2) Control of the "ghost population" has been difficult because of the large number of deaths, shifts of population and repatriation. A drive to eliminate this group is in process.

(3) Small farmers are encouraged to turn in their crops to the Government and receive the staple food ration when their supplies are exhausted. Since crops are often underestimated and farmers have access to perishable foods, the Government plans to reduce staple food rations to farmers to a minimum.

(4) Distribution of the staple ration will be delayed intentionally when the Ministry is convinced that large numbers of citizens in given areas have hoarded foodstuffs. The size of the cities and availability of perishable foodstuffs will be considered.

(5) The issuance of rice to the Tokyo Metropolitan Police and prefectural officials for emergency relief purposes has been discontinued.

Imports

5. The following imported foodstuffs were released to the Japanese Government for distribution:

Food	Short Tons	Date
Flour	1,000	11 February
Flour	3,500	15 March
Wheat cereal	200	10 April
Misc. canned goods	1,000	10 April
Damaged wheat	272	10 April
Potatoes	750	21 April

These foodstocks were in danger of spoilage or were already partially spoiled. The Japanese Government was directed to take all precautions in the handling of the food which will be distributed as part of the staple food ration. Detailed reports will be submitted to SCAP.

6. When imported foodstuffs or army excess stocks are not in danger of spoilage SCAP directs the Government to take possession of and store the food under suitable conditions until formal authorization for its distribution is received. Detailed reports of storage must be maintained and monthly physical inventories are required.

7. The following measures were adopted by the Government to insure the proper handling and distribution of imported foods:

(1) Workers handling imported foodstuffs will be closely supervised and searched.

(2) Railway transportation of imported foodstuffs will be under close scrutiny.

(3) A publicity campaign will be undertaken to warn the people of the consequences of black-marketing imported food.

(4) Those engaged in black-marketing imported foods are subject to imprisonment up to 10 years or to a fine up to ¥ 50,000.

Perishable Foodstuffs

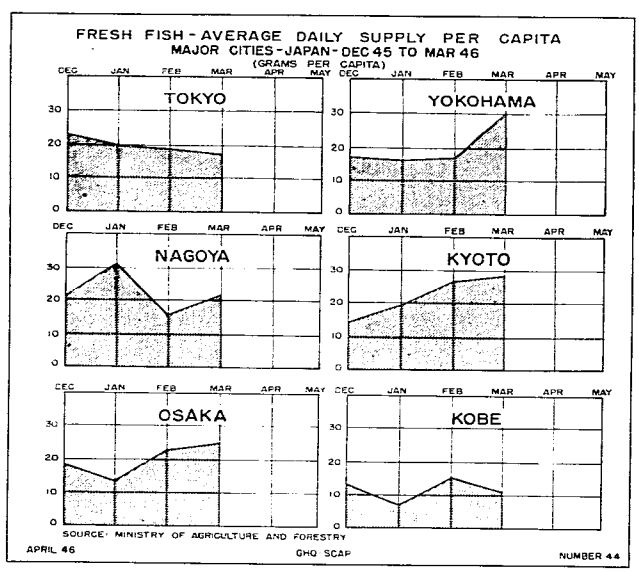
8. The March distribution of vegetables in major cities exceeded that of February, reflecting the seasonal increase in production. The increase varied from 72 percent in Tokyo to 174 percent in Kyoto with other cities recording percentage increases as follows: Yokohama, 83; Nagoya, 116; Osaka, 150; and Kobe, 166. Per capita distribution in major cities from December through March is shown in chart, page 204.

9. The reduced distribution of vegetables under the "bargain sale" system continued through the last 10 days of March, but returned to its former level early in April. The success of this system is attributed to the fact that nearly all vegetables are distributed through official channels. Black-market distribution of vegetables is comparatively unimportant since the subsidy makes it more profitable to sell through official channels.

10. The Government plans to reduce prices to producers periodically in order to discontinue subsidy payments after 1 June. To strengthen official controls over vegetable distribution when subsidies are no longer available, the Government prepared an ordinance establishing tighter controls over the distribution of fresh fruit and vegetables and processed vegetables such as pickled and dried daikon.

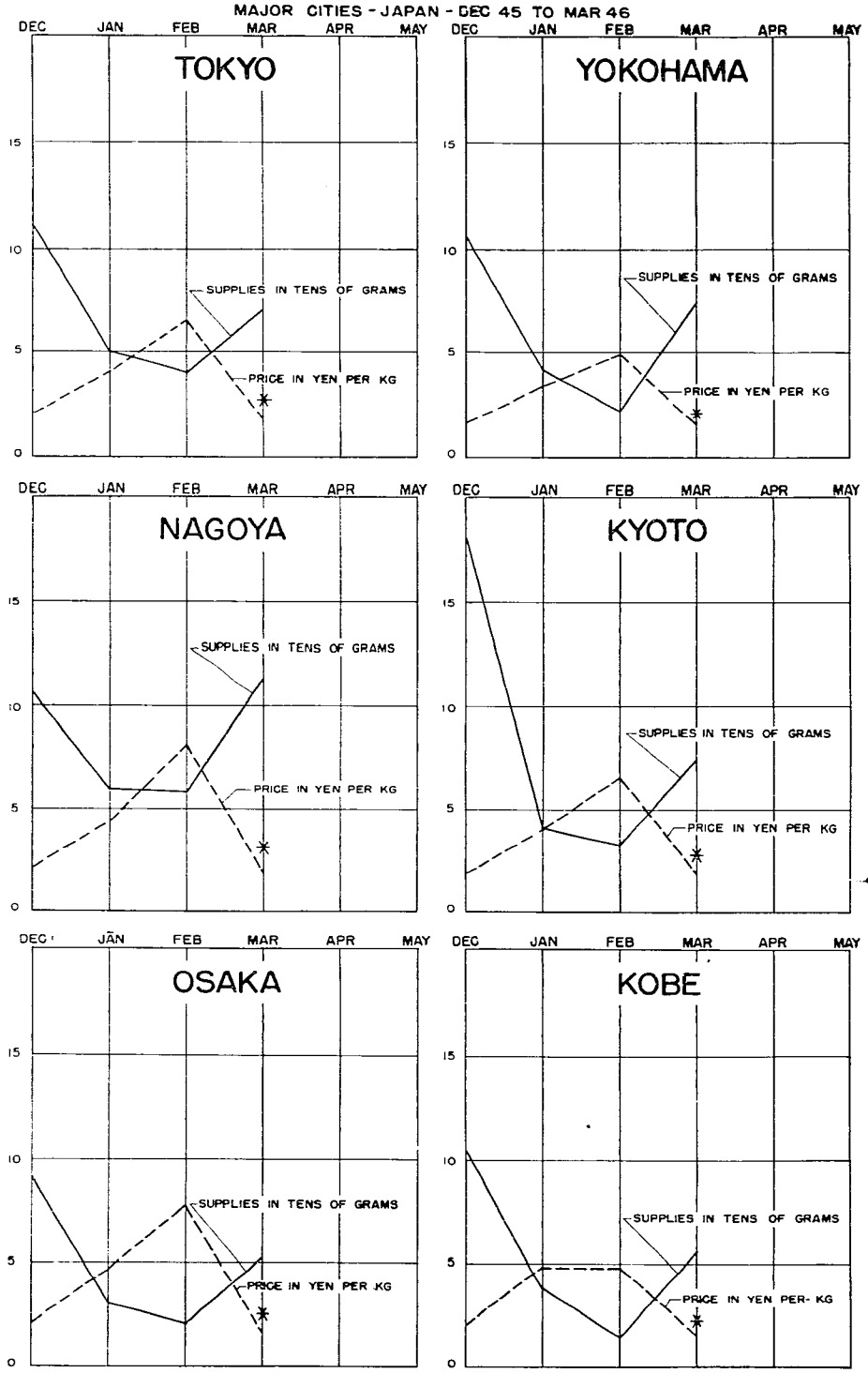
Fish

11. Distribution of fish during March was not as widespread as vegetable distribution. The quantity distributed in Tokyo and Nagoya remained at the February level. In Osaka, Kyoto and Yokohama increases were 10, 30 and 89 percent respectively. Distribution in Kobe was only 50 percent of the February quantity. The per capita distribution of fish in the six major cities from December through March is shown in the following chart.



FRESH VEGETABLE SUPPLIES AND PRICES

AVERAGE DAILY SUPPLY PER CAPITA AND AVERAGE RETAIL PRICE PER KG
MAJOR CITIES - JAPAN - DEC 45 TO MAR 46



NOTE: *MARCH PRICES REFLECT RESULTS OF GOVERNMENT SUBSIDIES.
SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY.

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12. Most of the fish distributed in the major cities is rationed and sold at official prices. In Tokyo new channels of distribution have been set up in addition to the rationing carried out by the members of the Retail Dealers' Association. The most important of these is the Consumers' Purchasing Association, which began operation 25 February. It was organized primarily to protect consumers from illegal actions by fish dealers who bought fish at "link" prices and resold them at "nonlink" prices.

13. The re-establishment of official prices on 10 March eliminated the confusion and undesirable consequences of the previous dual price system. Rationing by the Consumers' Purchasing Association has been integrated with the normal rationing system. Distribution will be made by the Consumers' Purchasing Association in a district when more than 50 percent of the inhabitants favor that method.

CLOTHING

14. The textile ration coupon expired on 31 March. Clothing and textiles are now being distributed only for emergency requirements and for essential industrial uses. Total clothing distribution in Japan from January through March in indicated in the following table:

DISTRIBUTION OF CLOTHING

Item	Unit	January	February	March
Cotton cloth	sq yd	16,609,096	18,427,387	46,256,745
Staple fiber cloth	sq yd	2,172,729	2,661,766	2,902,335
Rayon cloth	sq yd	-	62,000	30,312
Worsted and woolen	sq yd	61,682	355,573	429
Hempen cloth	sq yd	-	163,806	-
Blankets	sheet	84,248	378,354	23,880
Cloth bedding	set	16,852	49,347	43,673
Working dress	piece	1,021,556	708,162	659,246
Elem. school uniform	piece	109,293	33,775	27,067
Ready-made clothing	piece	2,256	3,058	41,036
Japanese clothing	piece	38,176	7,582	42,492
Cloth goods	piece	289,671	528,492	572,250
Hats	piece	173,132	59,388	66,799
Tabi	pair	2,674,121	4,347,130	2,559,852
Undershirts	dozen	2,182	6,797	8,682
Stockings	dozen	12,846	54,632	16,063
Gloves	dozen	45	136,646	73,606
Hand knitting yarn	pound	150,900	57,370	38,350
Cotton sewing thread	pound	104,445	148,515	123,915
Twine	1,000 yds	-	-	6
Tape	1,000 yds	700	820	-

SOURCE: Ministry of Commerce and Industry.

The Textile Bureau of the Ministry of Commerce and Industry has prepared a one-year rationing program which will go into effect on 1 June. This plan places distribution on a priority basis with preference given to essential categories of workers and to the needy.

FUEL

Coal Prices

15. The Japan Coal Company purchases all coal mined in Japan and makes all sales to consumers. The prices paid producers are higher than those charged consumers and the difference is made up by government subsidy. For coal produced in Hokkaido and Kyushu, approximately 85 percent of Japanese coal production, the consumer pays the appropriate price shown in the schedules below plus a fee for transportation and operating costs.

CONSUMER PRICE SCHEDULE
Types 1 and 5 coal a/
3 March
(yen/metric ton)

Quality Classification	Lump	Screenings	Fines	Mine Run
Special	136.40	131.40	119.40	132.90
1	123.20	118.20	106.20	119.70
2	108.20	103.20	91.20	104.70
3	90.70	85.70	73.70	87.20
4	73.90	68.90	56.90	70.40
5	54.30	49.30	37.30	50.80

a/ Mined in Hokkaido and Kyushu.

SOURCE: Japan Coal Company.

CONSUMER PRICE SCHEDULE
Types 2 and 3 coal a/
3 March
(yen/metric ton)

Type 2 Coal		Type 3 Coal	
Quality Classification	Screenings	Quality Classification	Lump
Special 1	151.40	Special	135.50
Special 2	148.90	1	125.10
Special 3	146.40	2	116.10
1	141.40	3	113.10
2	138.40		
3	134.90		
4	130.90		
5	125.90		
6	119.90		
7	112.90		

a/ Mined in Hokkaido and Kyushu.

SOURCE: Japan Coal Company.

TRANSPORTATION AND OPERATING COSTS
3 March
(yen/metric ton)

Sales District	Cost
Kanto	70.40
Tokai	80.80
Chugoku	89.10
Shikoku	89.10
Kinki	86.10
Hokuriku	80.80
Tohoku	70.40
Yamaguti	34.60
Northern Kyushu	7.20
Southern Kyushu	15.10
Hokkaido	8.10

SOURCE: Japan Coal Company.

Type 1 coal is used generally. Types 2 and 3 are consumed primarily by the iron and steel and gas industries.

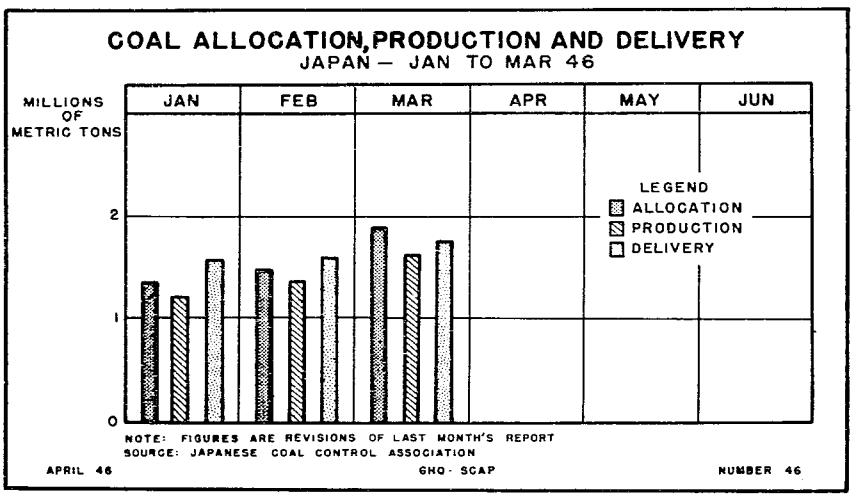
Coal Allocation

16. The allocation and delivery of coal are presented in the accompanying table and chart:

COAL ALLOCATION AND DISTRIBUTION
(1,000 metric tons)

	February		March		April	May
Industry	Allocation	Delivery	Allocation	Delivery	Allocation	
Transportation	524.6	508.4	696.5	669.2	605.5	586.0
Mine use	231.0	225.4	225.3	235.3	216.9	194.0
Iron and steel	58.7	94.3	96.9	101.1	125.5	116.0
Gas and coke	71.5	63.6	91.3	81.0	77.0	82.0
Chemical fertilizer	80.8	70.2	103.5	90.3	105.2	106.0
Chemical industry	12.7	56.5	52.9	80.1	51.2	46.0
Export	88.0	79.6	88.0	78.4	88.0	88.0
Heating and cooking (Hokkaido)	71.0	80.5	40.7	75.4	60.0	77.0
Ceramics	10.0	46.3	48.6	62.6	48.6	52.0
Textile industry	22.0	45.4	44.4	47.6	45.5	43.0
Foodstuff	19.0	36.0	39.5	25.2	19.2	18.0
Shipbuilding and machinery mfg.	14.0 5.0	26.2	26.2	29.4	15.1 6.5	26.0
Allied Powers	97.0	58.7	56.5	28.7	34.5	122.0
Salt	20.0	14.0	36.6	28.6	21.2	26.0
Liquid fuel	2.3	19.5	30.2	19.6	22.2	18.0
Electricity generation	27.0	23.0	52.1	18.9	15.6	16.0
Government and public use	-	-	14.7	16.2	-	9.0
Briquettes and charcoal	43.4	17.0	34.0	15.7	34.0	34.0
Metal mining and refining	0	3.5	7.3	13.2	5.0	5.0
Metal industry	0	3.6	8.5	4.1	7.5	7.3
Others	34.0	86.4	106.0	26.6	64.0	27.0

SOURCE: Ministry of Commerce and Industry, Coal Board.



LUMBER

17. The Bureau of Forestry with the assistance of the prefectural governments allocates the amount of lumber distributed within each prefecture and between prefectures.

Distribution Within Prefectures

18. The local lumber companies, subsidiaries of the Japan Lumber Company, are responsible for distribution within prefectures. Each company directs the amount of timber which private forest owners may sell, the amount of lumber a mill owner may cut and the sale of that lumber. It buys stumpage, cuts and logs the timber, mills it and sells the final product to the consumer. Most of the logging and milling is accomplished by operators under contract to the local lumber company.

In making a purchase the buyer is allotted his ration by the prefectural office and submits an application for the purchase to the local lumber company which directs one of the mills to deliver the lumber.

Distribution Between Prefectures

19. Local lumber companies are frequently required to purchase their supply outside the prefecture to meet the distribution quota. Thirteen prefectures whose needs exceeded their production required imports amounting to approximately 35 percent of Japan's total production.

The local lumber company is notified of the amount of timber it must distribute and the available sources to make up deficiencies in production. It then notifies the Japan Lumber Company, which makes the necessary purchases and ships the lumber to the buying company. The latter sells it to the consumer.

When an association such as the Paper Control Corporation needs lumber the allotment is made directly by the Bureau of Forestry. The association allots necessary amounts to its members. If enough timber is not produced a ration permit is issued by the Bureau of Forestry to make up the deficit. The association member then purchases

the required amount from the local lumber company or the Japan Lumber Company.

COMMERCIAL FERTILIZERS

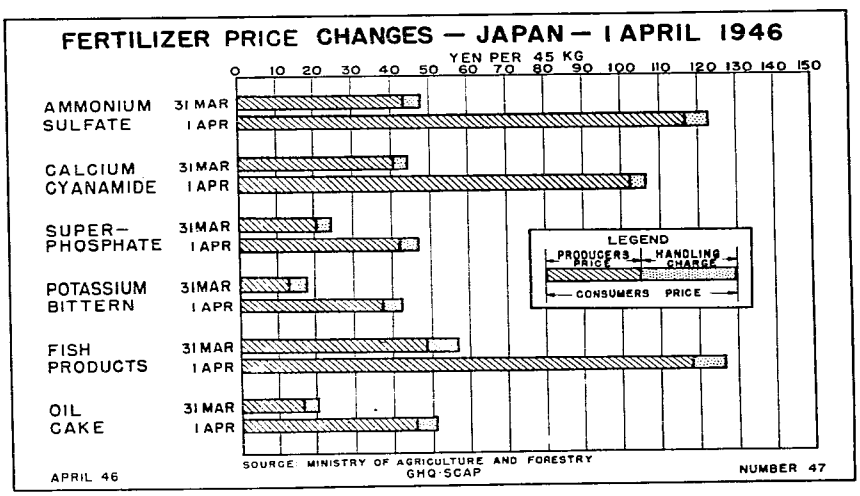
Distribution

20. Stocks of fertilizers in warehouses of many local agricultural associations decreased due to the inability of the transportation system to handle shipments of quotas to prefectures and the failure of manufacturers to fulfill production estimates for March.

Many farmers have not been receiving the amount of fertilizer authorized by the present rationing system. In addition failure of the associations to award bonus rations according to plan is threatening to impede further the Government's food collection schedule.

Price

21. The general rise in the cost of production and handling of fertilizers led the Ministry of Agriculture and Forestry to promulgate a new fertilizer price schedule on 1 April. The accompanying chart compares new and old prices.



The Japanese Government hopes that higher prices will stimulate production and accelerate the repair and expansion of plant capacity in the industry. The increase was passed on to the farmer because of the high prices being received for crops.

RENT CONTROLS

Housing Rentals

22. The Japanese Government estimates that there is a shortage of 3,150,000 houses in Japan. Of this figure 2,100,000 were destroyed by war action, 500,000 were destroyed to prepare fire strips and coastal defenses and 550,000 are needed for Japanese families repatriated or scheduled for repatriation.

23. Present legal rentals of houses built prior to 4 August 1938 are frozen as of that date. Legal rentals of houses built since that time are based on the first rental charged, provided that it is reasonable in relation to the cost of construction and rentals on comparable houses.

There is evidence to indicate that price ceilings are being violated. Data collected by the Bureau of Statistics indicate that the national rental index is 140 percent above the 1938 level. Violations of the rental ceiling are stimulated by the failure of the present law to require the registration of all rentals.

The War Calamity Rehabilitation Board is responsible for the administration of the present rent control law. This agency has under consideration two plans to raise rents above the 1938 level.

Hotel Rentals

24. The number of Japanese style hotels has been decreased by war destruction from 42,534 to 31,922. Their capacity was reduced from 1,276,020 persons to 957,660. The prefectural capitals had 5,194 hotels with a capacity of 155,820 persons before the war. Now they have 2,070 hotels with a capacity of 62,000 people.

In December 1945 prefectural governors were permitted to set hotel rates at their discretion. This has resulted in legal rates of more than five times the 1940 level. Posting of maximum legal rates is required, but this is often violated.

MISCELLANEOUS GOODS

Consumer Goods

25. The retail selling prices of miscellaneous consumer goods are estimated by the Ministry of Commerce and Industry at 50 to 80 percent of black-market prices. Although black-market prices have not changed in the last four months, retail ceiling prices increased from 100 to 500 percent. During April increased production kept prices of most consumer goods stable.

Radio Sets and Vacuum Tubes

26. The official prices of the "National" radio set are ¥ 330 to the manufacturer, ¥ 370 to the Radio Distribution Corporation and ¥ 420 to the dealer. Although the manufacturing price is based on the official price of raw materials, manufacturing costs often exceed ¥ 500.

Since radios are not considered a critical item priorities for raw materials have been given to other industries, causing many manufacturers to resort to black-market sources. Radios made from these materials usually are sold in the black market.

Because prices of raw materials have increased monthly manufacturers with materials on hand prefer not to use up their stocks. The Ministry of Commerce and Industry has decided to place a tax on stocks of raw materials to offset the difference between old and new prices.

27. Radio sets, complete except for tubes, are being held in factories because of the scarcity and cost of vacuum tubes. The present distribution of tubes is only 40 percent of radio production.

The official price of tubes is ¥ 20 although wholesale

dealers and radio manufacturers often pay from ¥ 40 to ¥ 60. Many manufacturers are holding tubes in anticipation of better official prices.

MOTOR VEHICLES

28. The number of vehicles in operation decreased during the war in comparison with the number in existence because of shortages of drivers, parts, repair facilities, fuel and oil.

The Ministry of Transportation states that during the fiscal year 1946-47 approximately 15,000 four-ton trucks and 15,842 busses will be needed to bring the number of operating units to a normal level.

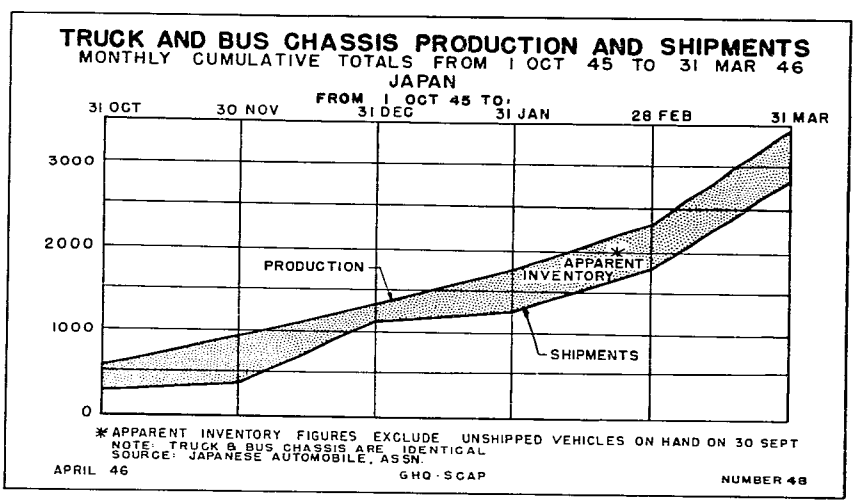
Rationing

29. The distribution of motor vehicles is controlled by the Ministry of Transportation. After obtaining figures on chassis production from the Automobile Association the Ministry determines the quota of vehicles to be shipped to each prefecture.

An individual desiring to purchase a truck or bus must submit an application to the prefectural government. If his application is approved he is given a purchase permit which enables him to submit his order for a vehicle to the local distributing company. The latter receives the chassis allocated to its prefecture directly from the chassis maker, has the vehicle completed and delivers it to the consumer.

Distribution

30. Distribution of chassis during the last quarter of 1945 and the first quarter of 1946 has kept pace with the rise in chassis production. There are transportation difficulties to overcome in shipping the chassis as promptly as they are produced, but because production has been low this obstacle has not been important. The accompanying chart shows that stocks at the end of March were only slightly greater than stocks at the end of November, although production increased from 335 units in November to 1,115 units in March.

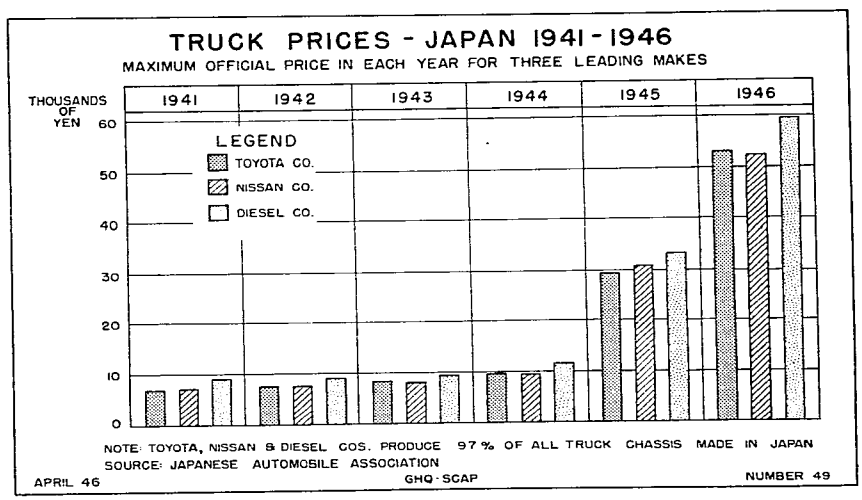


31. The distribution of spare parts and of raw materials for parts is not well organized and controls over the distribution and sale of materials and finished products are not effective. Officials of the Automobile Association believe that independent wholesalers are obtaining a large proportion of their raw material needs from black-market sources at prices far above official quotations.

To stop these activities the Japanese Government has organized investigation teams to locate hidden stockpiles of materials. In addition the automotive industry is urging all spare parts dealers to join the Association of Spare Parts Dealers.

Prices

32. Prices of motor vehicles, based upon production cost plus four percent, are determined by the Ministry of Transportation. A brief review of prices of trucks and busses is presented in the following chart.



Prices in the automotive industry are in accord with the general price level set by the Ministry of Finance. The producer price of chassis increased an average of 870 percent from December 1941 to March 1946. Cab and substitute fuel machine prices increased about 630 and 470 percent respectively in the same period.

ENFORCEMENT

33. Most frequent violations of price control and rationing laws involve rice, potatoes, supplementary foods, greens and firewood. The number of violations in prefectures with the most offenses follow:

PRICE CONTROL AND RATIONING VIOLATIONS

Prefecture	Cases				People Involved			
	Dec	Jan	Feb	Mar	Dec	Jan	Feb	Mar
Yamaguchi	5,764	4,709	1,914	1,558	7,354	5,816	2,361	2,006
Hokkaido	4,014	2,567	3,308	--	5,343	3,420	4,169	--
Fukuoka	3,261	1,734	2,718	1,741	3,408	1,810	2,854	2,045
Chiba	3,114	2,201	3,790	6,413	3,564	3,661	4,442	7,301
Osaka	3,037	3,136	3,736	5,117	3,286	3,369	4,157	5,751
Okayama	2,598	1,802	2,804	2,903	2,897	1,932	2,988	3,073
Hyogo	2,308	14,411	3,350	2,514	2,430	23,218	7,484	2,733
Mie	2,268	2,023	1,770	2,257	2,393	2,040	1,840	2,325
Saitama	2,241	2,870	2,583	1,896	2,349	2,949	2,803	1,991
Aomori	2,129	2,604	1,325	1,531	2,246	2,742	1,386	1,646
Tochigi	1,616	5,539	2,765	1,441	1,642	5,595	2,799	1,443
Ibaraki	917	4,660	3,736	3,784	1,025	5,170	3,945	4,177
Kumamoto	1,833	2,571	1,305	2,349	1,845	2,676	1,383	2,410
Shiga	887	1,287	2,078	1,523	994	1,336	2,170	1,639
Gifu	748	1,753	1,882	1,688	828	2,176	2,568	2,038
Tokyo	915	1,472	1,061	3,718	1,064	1,570	1,241	4,121
Aichi	1,191	1,415	1,482	3,065	1,609	1,897	1,825	6,555
Shizuoka	1,857	1,674	1,436	2,635	1,949	1,811	1,542	2,701
Akita	1,207	1,639	1,168	1,883	1,314	1,749	1,321	2,077

SOURCE: Ministry of Home Affairs, Economic Police Section.

34. Authorities have been lenient with violators of price control and rationing laws. From December through February only 7.4 percent of the offenders apprehended were brought to trial. Of those tried 25.7 percent were sentenced.

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SECTION 11

FINANCE

C O N T E N T S

1. Steps were taken by SCAP to develop a free and independent banking system and to establish sound lending and investment practices. The system which compelled banks to make loans to certain businesses regardless of merit was stopped.

Additional restrictions were placed by the Japanese on withdrawals of deposits to reduce the amount of currency in circulation.

2. The Japanese Government submitted to SCAP plans to attain a simpler and more equitable tax system. Special taxes to increase revenue were studied.

MONEY AND BANKING

Foreign Exchange

3. The Japanese Government was authorized to pay to the families of deceased Japanese military personnel yen currency brought in on behalf of such deceased personnel by repatriating Japanese nationals. Japanese currency and nonnegotiable financial instruments confiscated from repatriated Japanese nationals in areas outside of Japan were received and turned over to an agency of the Japanese Government for distribution to their owners.

4. All Bank of Japan currency in Korea has been deposited in blocked accounts in banks and other financial institutions. Repatriates returning from Korea to Japan are not able to bring Bank of Japan notes as they did prior to the calling in of this currency. In place of Japanese currency repatriates are given certified receipts against which payment may be made by the Japanese Government up to the amounts authorized for import into Japan.

5. Instructions were issued to the Japanese Government to establish a foreign trade fund which will consist of yen proceeds from the sale of imports to Japan and from which funds will be drawr to pay for Japanese export goods.

Credit and Currency Policy

6. To establish sound lending and investment practices by financial institutions instructions were issued on 5 April requiring the Japanese Government to terminate the system of designating financial institutions as the exclusive sources of credit and the exclusive agencies for providing other banking facilities for individual industrial and commercial enterprises and organizations.

These instructions also terminated the compulsory loan system under which Japanese financial institutions were required to supply credit to certain business organizations regardless of the merit and security underlying the loan.

7. Because of the rapid increase in currency circulation the emergency financial measures of the Japanese Government were amended by the Japanese to restrict the flow of currency into the hands of the public. Specific measures taken were:

(1) Withdrawals from restricted accounts for living expenses were reduced from ¥ 300 to ¥ 100 per month for the head of a family, provided that one or more members of the family are employed and that the family income from wages aggregates ¥ 200 or more per month. If the family income from wages is less than ¥ 200 per month, the difference between ¥ 200 and the actual family earnings may be withdrawn from restricted accounts by the head of the family in addition to the ¥ 100 otherwise allowed.

(2) Special withdrawals from restricted accounts for war damage sufferers were stopped.

(3) Withdrawals from restricted accounts for living expenses by farmers, retail merchants and others whose income consists mainly of cash were stopped.

8. Considerable difficulty has been encountered in the use of restricted checks. Many instances have occurred of persons refusing to make contracts or deliver materials unless payment was made in cash or by unrestricted check.

A dual price system has developed under which purchases made with cash or unrestricted checks are priced 20 to 50 percent lower than when restricted means of payment are used.

9. In order to alleviate the difficulties of certain non-Japanese nationals under the emergency financial measures, the Government was directed to exempt from the provisions of the withdrawal restrictions the accounts of non-Japanese who were imprisoned or whose property was taken, blocked or sold by the Japanese Government during the war because they were citizens of countries at war with Japan or because of their anti-Japanese sympathies.

Currency Circulation

10. During the deposit freeze and currency conversion period the note circulation decreased from ¥ 62,000,000,000 in old currency on 18 February to ¥ 15,000,000,000 in new currency on 9 March. Because ¥ 4,500,000,000 of old currency was not turned in to financial institutions it ceased to have value. Note circulation on 23 April was approximately ¥ 26,000,000,000 as compared with ¥ 18,800,000,000 on 1 April.

During the early part of April the note circulation increased by approximately ¥ 500,000,000 per day. During the third week of the month the daily increase averaged about ¥ 300,000,000. This reduction was caused by the fact that withdrawals from restricted accounts for living expenses were concentrated in the early part of the month.

11. The Bank of Japan estimates that the deposit withdrawals which have resulted in the increase of the note circulation were for the following purposes, expressed in percentages: living expenses, 35; salaries and wages up to ¥ 500 per month per individual, 25; various business expenses, 10; and other purposes including withdrawals by war damage sufferers, 30.

Bank of Japan

12. The increase in currency circulation is reflected in the condensed statement of the Bank of Japan as of 20 March and 20 April 1946. The increase was initially effected by withdrawal of bankers' deposits with the Bank of Japan and by the increase in loans to other banks.

BANK OF JAPAN
Condensed Statement
(millions of yen)

Assets	20 March	20 April
Cash and bullion	640	654
Government bonds and securities	3,636	3,255
Advances to Government	10,523	10,921
Loans	27,013	29,959
Agencies accounts	23,783	24,726
Miscellaneous accounts	1,544	2,337
Inter-office items on Government account	0	619
Inter-office account	6,713	10
Total	73,852	72,481
Liabilities		
Notes issued	17,959	25,328
Government deposits	39,207	35,091
Other deposits	8,043	6,542
Miscellaneous accounts	1,022	5,230
Net profit for current period	626	58
Capital and reserves	212	232
Inter-office items on Government account	6,783	0
Total	73,852	72,481

SOURCE: Bank of Japan.

Ordinary Banks

13. Aggregate deposits in all ordinary banks increased by ¥ 3,549,000,000 or 3.5 percent during February, reflecting the effects of the currency conversion and restrictions upon deposit withdrawals. Loans continued to expand but at a decreased rate.

ALL ORDINARY BANKS
(millions of yen)

Item	28 February	Net Change from January
Deposits	104,370	+ 3,549
Loans	79,034	+ 2,371
Securities	42,990	+ 67
Borrowed money (Bank of Japan)	25,257	+ 168

SOURCE: Bank of Japan.

14. Results of the currency conversion program are reflected in the following deposit figures of all types of banks of deposit except the Bank of Japan and the Deposit Funds Management Bureau.

		Deposits (millions of yen)
16 February	(announcement of conversion)	129,589
2 March	(beginning of conversion)	149,982
7 March	(end of conversion for public)	160,441

On 7 March ¥ 127,892,000,000 was in restricted deposits, ¥ 31,275,000,000 in unrestricted public funds and bankers' deposits and ¥ 1,274,000,000 in other unrestricted accounts.

Special Banks

15. February figures for special banks reflected a continued increase but at a lesser rate.

NINE SPECIAL BANKS
(millions of yen)

Item	28 February	Net Change from 31 January
Deposits	26,257	+ 1,074
Loans	26,054	+ 493
Securities	15,704	+ 397
Borrowed money (Bank of Japan)	6,318	+ 307

SOURCE: Bank of Japan.

Savings Banks

16. In savings banks deposits and loans increased slightly in February but security holdings continued to decrease.

ALL SAVINGS BANKS
(millions of yen)

Item	28 February	Net Change from 31 January
Deposits	7,321	+ 170
Loans	888	+ 14
Securities	8,482	- 86
Borrowed money (Bank of Japan)	2,510	+ 16

SOURCE: Bank of Japan.

Deposit Funds Management Bureau

17. On 31 March 1946 postal savings deposits totaled ¥ 54,155,000,000 as compared with ¥ 43,277,000,000 the previous

month and ¥ 30,845,000,000 on 31 March 1945. Cash on deposit with the Bank of Japan on 31 March 1946 amounted to ¥ 6,145,000,000, an increase of ¥ 5,113,000,000 over the previous month.

The Deposit Funds Management Bureau estimates that ¥ 2,371,000,000 of new investable funds will be available in the fiscal year 1946-47.

War Damage Claims

18. Blocked accounts created as a result of war damage claims during March increased by approximately ¥ 40,000,000. War damage payments into unblocked accounts during the same period amounted to ¥ 27,000,000, a decrease of ¥ 14,000,000 from the previous month.

Releases and transfers from the blocked accounts during March totaled ¥ 764,000,000 as compared with ¥ 302,000,000 in February. This increase in withdrawals was almost entirely accounted for through releases for repayment of debts.

Insurance

19. A draft of proposed amendments to the Annuities Law was received from the Board of Communications. The important changes suggested were that the government monopoly of industrial insurance be abolished and that the maxium amount of insurance written on any one life be raised from ¥ 2,000 to ¥ 5,000.

Because of increased collections resulting from the reestablishment of communications and the prepayment of premiums with old yen insurance companies now have approximately ¥ 1,500,000,000 for investment. All Japanese insurance companies are holding a large amount of industrial securities which have become nonproductive.

Liquidation

20. The Bank of Japan, as liquidator, was ordered to commence payment of depositors' and certain other liability claims against the Deutsche Bank fuer Ostasien.

21. The Bank of Japan was ordered to consolidate the accounts of all closed institutions under the jurisdiction of the Committee of Conservators for Closed Institutions into individual fiscal agency current accounts in the names of the respective institutions. Control of these accounts remains with SCAP.

22. The Bank of Japan was directed to open a general overhead current account in the name of the Committee of Conservators for Closed Institutions. This account will be operated by the Committee under SCAP supervision and will reflect the overhead activities of the Committee.

23. The Committee of Conservators was ordered to conduct an extensive study of retirement allowance practices of institutions closed at the time of occupation. Retirement allowance claims constitute not only a major claim against the assets of closed institutions but also, under Japanese law, a highly preferred claim.

24. With the approaching culmination of authorized payment of liability claims against the Bank of Chosen and the Chosen Colonization Bank, the Bank of Japan has been instructed to study the practicability of consolidating its liquidating activities in Tokyo.